

COMPREHENSIVE ANNUAL FINANCIAL
REPORT

OF

**ARLINGTON HEIGHTS SCHOOL
DISTRICT 25**

ARLINGTON HEIGHTS, ILLINOIS

As of and for the Year Ended June 30, 2014

Officials Issuing Report

Ms. Stacey Mallek, Assistant Superintendent for Business

Department Issuing Report

Business Office

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

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Arlington Heights School District 25

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

Stacey Mallek, Assistant Superintendent for Business

November 10, 2014

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, 2014, 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 auditors' 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 2013-14 was 5,223. 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, Greenbrier Elementary school runs an early childhood program 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 75,994 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 \$77,121, 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 \$343,500. 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 2005-2006 fiscal year. The District added two additional classrooms at Olive Mary-Stitt Elementary School and six 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
K	458	457	455	454	453	452	450	449	448	447
1	518	527	526	524	523	521	520	519	517	516
2	551	535	544	543	541	540	538	537	535	534
3	593	569	552	562	560	559	557	556	554	553
4	606	600	577	560	570	568	566	565	563	562
5	613	611	606	582	565	575	573	571	570	568
6	581	646	644	638	613	595	606	604	602	601
7	570	585	651	649	643	618	600	610	608	607
8	635	572	587	654	652	646	620	602	612	611
Total	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. As of December 1, 2013, the District paid down all of the debt issued as promised to the taxpayers. The District is grateful for the continued support from the community.

Strategic Vision

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

Mission

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

Vision

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

Strategic Vision 20/20

Core Subjects and Content

- Arlington Heights School District 25 provides a comprehensive, cohesive, and student-centered education that optimizes the capabilities of the whole child. Excellence defines the core subject areas-literacy, mathematics, the sciences, foreign language, social studies, health and wellness, and the arts-needed to live and contribute in a global community. Core subjects include emerging content areas critical to the future success of our students in the work place and in the world. Core subjects emphasize...
 - An engaging, rigorous, and meaningful curriculum
 - effective use of technologies
 - high level thinking skills and creativity
 - global understanding
 - geographical
 - cultural
 - second language acquisition
 - personalized learning to address all learners
 - access to high quality curriculum and instruction
 - instruction that matches capability and learning style
 - academic, behavioral, social, and emotional support
 - enrichment and accelerated learning
 - application of learning to real life
 - relevance and timeliness
 - financial, economic, business, and entrepreneurial literacy
 - civic literacy and service learning
 - awareness of the world of work

21st Century Learning

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

Life Skills

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

21st Century Assessment

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

Structural Foundations

- Arlington Heights School District 25 provides the community with a school district that has structurally sound foundations through fiscal planning; hiring and retaining quality staff; providing safe, up-to-date facilities; and the involvement of community as constituents who support learning. These foundations include...
 - responsible resource allocation
 - varied means of communicating information
 - multiple opportunities for community involvement
 - data-informed decision making

- System-wide evaluations assure attention to the continuous improvement process and include...
 - screening to guarantee the hiring of high quality staff
 - performance evaluations for all employees
 - organizational health surveys
 - audits (i.e., finance, staffing, energy, space, enrollment, board policies and procedures)

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

Financial Overview

As resources become scarcer and more segments of the community vie for their use, planning and sound fiscal policies become even more critical in providing the financial support needed for the District to fulfill its mission. Accordingly, five-year financial projections, Board budget sessions, and quarterly budget updates have been implemented to provide the Board with accurate financial information and the community the opportunity to participate in the discussion process. 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 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, 2014, 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.

Property Taxes. 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 2013 EAV of \$1,544,470,073 represents a 13% decrease over the 2012 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 2014 and was fifty-five percent of the 2012 tax bill. The second installment is due in September after the close of the fiscal year and is the difference between the actual 2013 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. Following is a tax rate comparison for 2013 and the preceding two fiscal years.

<u>Fund Type</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General	3.0407	2.6013	2.4279
Special Revenue	.6047	.5027	.3733
Debt Service	.0000	.2999	.2887
Capital Projects	.0130	.0116	.0107
Total Tax Rate	<u>3.6584</u>	<u>3.4155</u>	<u>3.1006</u>

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, 2013 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, 2014.

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,



Stacey Mallek

Assistant Superintendent for Business/CSBO

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, 2013*

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



Handwritten signature of Terrie S. Simmons in black ink.

Terrie S. Simmons, RSBA, CSBO
President

Handwritten signature of John D. Musso in black ink.

John D. Musso, CAE, RSBA
Executive Director

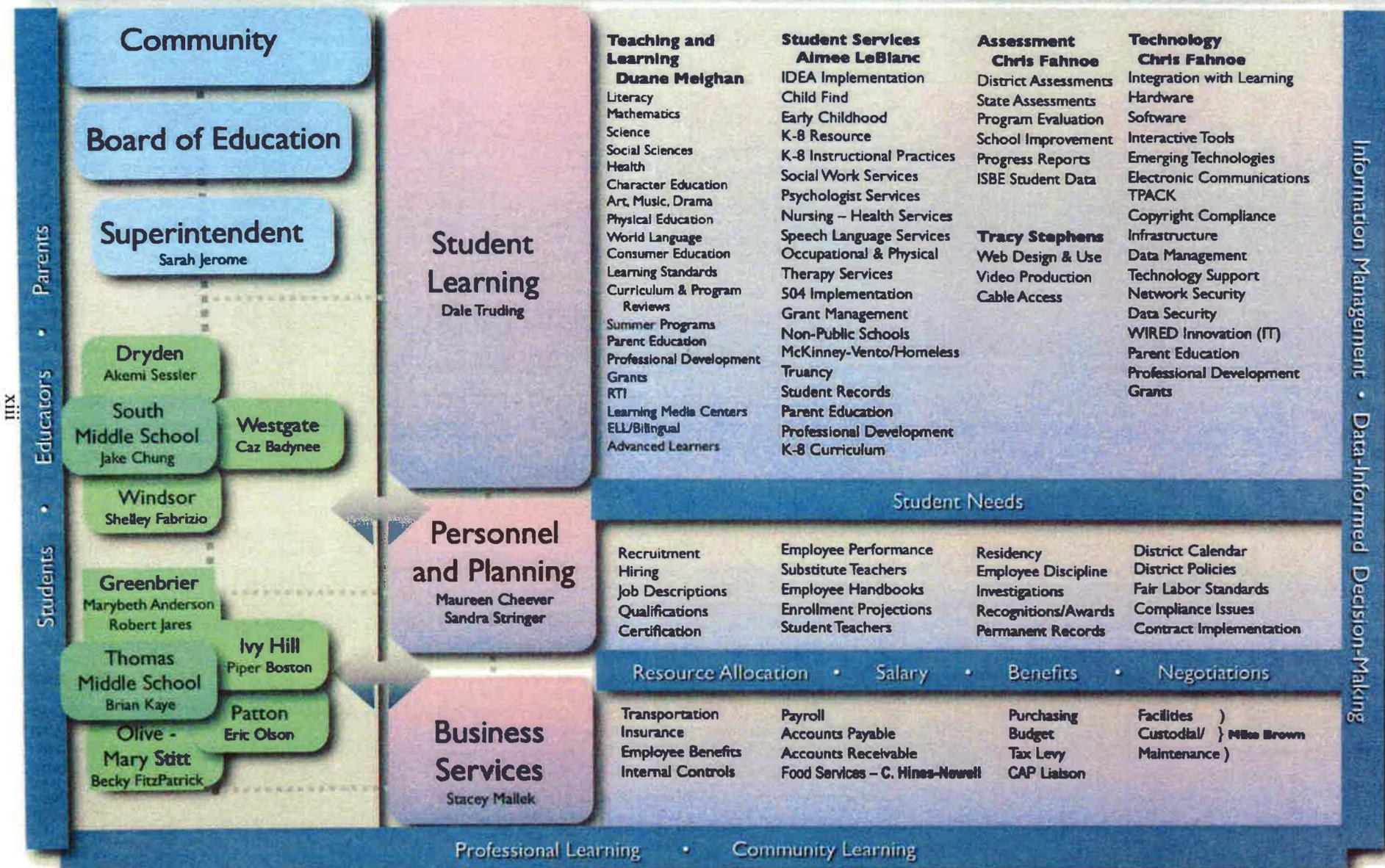
Arlington Heights District 25

Organization of Services



for Success & Understanding

Comprehensive • Cohesive • Student-Centered



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, 2014

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
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. Maureen Cheever	Assistant Superintendent for Personnel & Planning
Dr. Dale Truding	Assistant Superintendent for Student Learning

Principals

Akemi Sessler	Dryden Elementary School
Marybeth Anderson & Dr. Robert Jares	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
Jake 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, 2014, 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, 2014 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. 65, *Items Previously Reported as Assets and Liabilities*, effective July 1, 2013. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information 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, 2014 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 for the year ended June 30, 2014 as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2014, 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 is fairly stated in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2014.

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, 2013 (not presented herein), and have issued our report thereon dated December 4, 2013, 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 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 2013 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2013 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 is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2013.

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.

Prior-Year Comparative Information

We have previously audited Arlington Heights School District 25's 2013 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 4, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2014 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
November 10, 2014

Arlington Heights School District 25

Management's Discussion and Analysis (Unaudited)

As of and for the Year Ended June 30, 2014

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, 2014. The management of the District encourages readers to consider the information presented herein in conjunction with the transmittal letter found in the introductory section and the basic financial statements to enhance their understanding of the District's financial performance. All amounts, unless otherwise indicated, are expressed in millions of dollars. Certain comparative information between the current year and the prior is required to be presented in the Management's Discussion and Analysis (the "MD&A").

Financial Highlights

- > The District's financial status continues to be strong despite the financial crisis the State is in and the property tax cap. In total, net position increased by \$3.3, which represents a 2% increase from 2013.
- > General revenues accounted for \$63.4 in revenue or 74% of all revenues. Program specific revenues in the form of charges for services and fees and grants accounted for \$22.3 or 26% of total revenues of \$85.7.
- > The District had \$82.4 in expenses related to government activities. However, only \$22.3 of these expenses were offset by program specific charges and grants. General revenues of \$63.4 were adequate to provide for the remaining costs of these programs.
- > Among the major funds, the General Fund had \$70.2 in revenue for fiscal year 2014, which primarily consisted of property taxes and state aid, and \$68.9 in expenditures. The General Fund includes the recognized revenue and expenditures of \$12.5 in pension contributions that the state of Illinois paid directly to the Teachers' Retirement System (TRS) on behalf of the District's TRS-covered employees. The Operations and Maintenance Fund had \$8.3 in revenue for fiscal year 2014, compared to \$8.4 in expenditures. The Transportation Fund had \$2.2 in revenue compared to \$2.1 in expenditures. The excess of revenues over expenditures is attributed primarily to funds from state and federal grants being higher than anticipated, and the efforts by the District to tie expenditure increases to increases in revenues.
- > The District paid down its long-term debt in fiscal 2014. As of fiscal 2014, the District does not have any long-term debt outstanding outside of capital leases.
- > During the year, the Board of Education authorized the interest transfer of \$16,500 from the General (Working Cash Accounts) Fund to the General (Educational Accounts) Fund. The transfer was less than anticipated in the budget and authorized by proper Board resolution
- > For tax year 2013, payable in 2014, the District's aggregate equalized assessed value for all real property within the District's boundaries decreased by 13% from the prior year.
- > 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.

Arlington Heights School District 25

Management's Discussion and Analysis (Unaudited)

As of and for the Year Ended June 30, 2014

Overview of the Financial Statements

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

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

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

Government-wide financial statements

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

The statement of net position presents the net position as the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. 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.

Arlington Heights School District 25

Management's Discussion and Analysis (Unaudited)

As of and for the Year Ended June 30, 2014

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

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

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

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

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.

Arlington Heights School District 25
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended June 30, 2014

Government-Wide Financial Analysis

The District's combined net position was higher on June 30, 2014, than it was the year before, increasing 2% to \$147.7.

Table 1		
Condensed Statements of Net Position		
(in millions of dollars)		
	<u>2013*</u>	<u>2014</u>
Assets:		
Current and other assets	\$ 106.7	\$ 99.9
Capital Assets	<u>81.7</u>	<u>81.6</u>
Total assets	<u>188.4</u>	<u>181.5</u>
Liabilities:		
Current liabilities	38.2	9.5
Long-term liabilities outstanding	<u>5.8</u>	<u>0.8</u>
Total liabilities	<u>44.0</u>	<u>10.3</u>
Total deferred inflows of resources	<u>-</u>	<u>23.5</u>
Net position:		
Net investment in capital assets	76.6	81.4
Restricted	13.0	11.4
Unrestricted	<u>54.8</u>	<u>54.9</u>
Total net position	<u>\$ 144.4</u>	<u>\$ 147.7</u>

* Prior year information has not been updated for the District's implementation of GASB Statement No. 65 in fiscal year 2014.

Revenues in the governmental activities of the District of \$85.7 exceeded expenses by \$3.3. This favorable change in net position reflects the ongoing stability of the District's finances credited to both an established real estate tax base and budgetary controls put in place by the Board of Education. The increase in revenues was attributable primarily to the State of Illinois getting current on grant payments and increased tax revenues. While expenditures also increase, the Board has made every effort to tie increases in expenditures to the allowable increases in revenue.

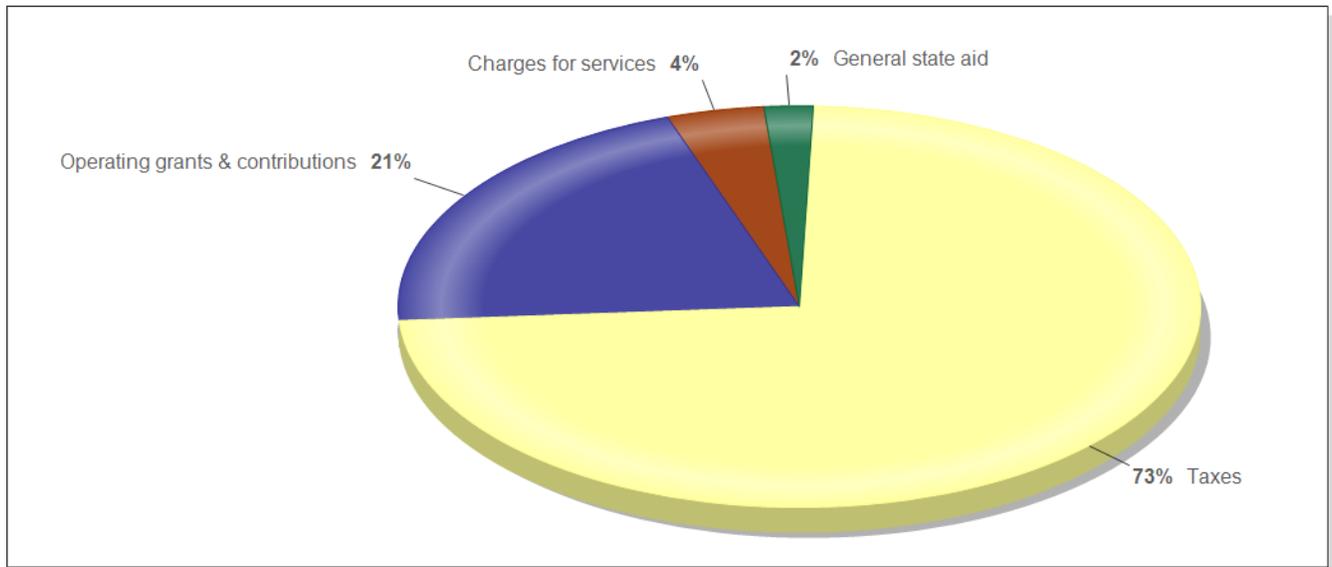
Arlington Heights School District 25
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended June 30, 2014

Table 2		
Changes in Net Position		
(in millions of dollars)		
	<u>2013</u>	<u>2014</u>
Revenues:		
<i>Program revenues:</i>		
Charges for services	\$ 3.8	\$ 3.8
Operating grants & contributions	15.1	18.5
<i>General revenues:</i>		
Taxes	59.9	61.1
General state aid	2.0	2.1
Other	<u>0.3</u>	<u>0.2</u>
Total revenues	<u>81.1</u>	<u>85.7</u>
Expenses:		
Instruction	48.7	54.4
Pupil & instructional staff services	9.4	9.6
Administration & business	6.9	6.7
Transportation	2.0	2.1
Operations & maintenance	5.6	6.6
Other	<u>2.7</u>	<u>3.0</u>
Total expenses	<u>75.3</u>	<u>82.4</u>
Increase in net position	<u>5.8</u>	<u>3.3</u>
Net position, beginning	<u>138.6</u>	<u>144.4</u>
Net position, ending	<u>\$ 144.4</u>	<u>\$ 147.7</u>

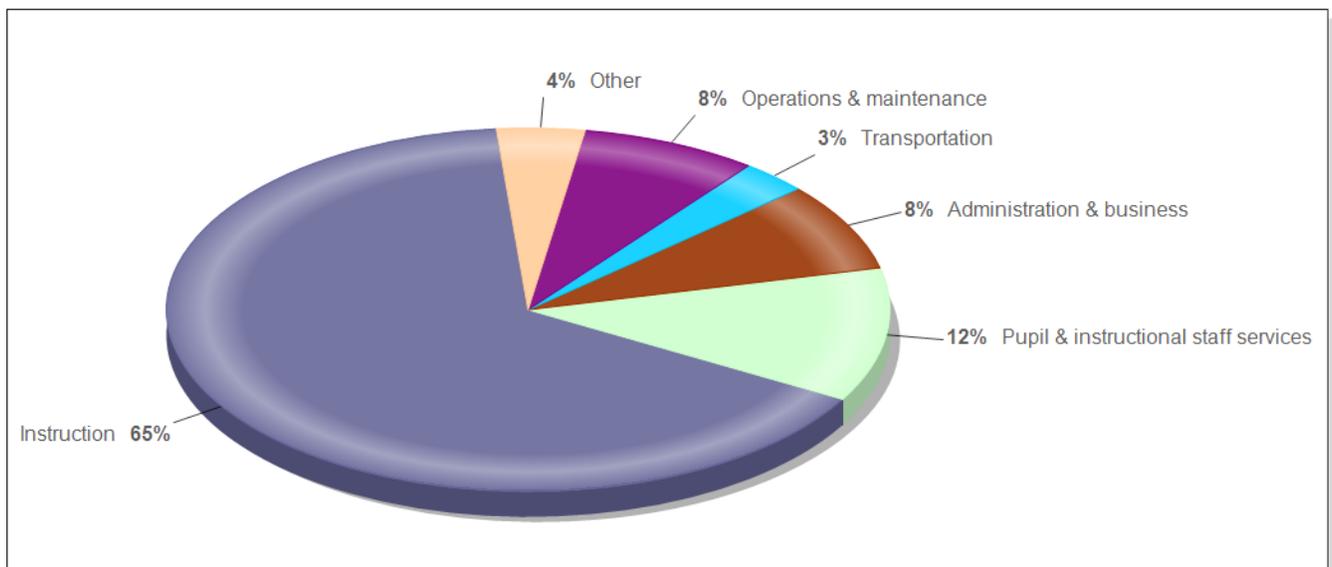
Property taxes accounted for the largest portion of the District's revenues, contributing 71%. The remainder of revenues came from state, federal grants and other sources. The total cost of all the District's programs was \$82.4, mainly related to instructing and caring for the students and student transportation at 80%.

Arlington Heights School District 25
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended June 30, 2014

District-Wide Revenues by Source



District-Wide Expenses by Function



Financial Analysis of the District's Funds

The District's Governmental Funds balance decreased from \$68.4 to \$66.7.

Arlington Heights School District 25

Management's Discussion and Analysis (Unaudited)

As of and for the Year Ended June 30, 2014

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 \$66.7 million. This is a decrease of \$1.7 million from last year's ending fund balance of \$68.4 million and is attributable primarily to the final payment on long-term debt occurring in fiscal year 2014 while the final tax levy associated with the debt occurring with the 2012 tax levy (payable in 2013) was collected in the previous fiscal year.

Debt Service Fund experienced a deficit attributable to the District making its last debt payment in 2014. When the final payment was made, it caused a deficit fund balance. This is because the District agreed to abate a portion of the levy in 2008 but never made the transfer from the General (Working Cash Accounts) Fund to cover the payments. The board approved a transfer of funds from the General (Working Cash Accounts) Fund in August of 2014 that will be made in the 2015 fiscal year. This will pay off the current interfund loan that exists.

The deficit fund balance in the Operations and Maintenance Fund was planned for in the budget and is attributable to capital projects, such as roofing and structural work, scheduled for the year.

The surplus fund balance in the Transportation Fund is due to the State of Illinois catching up on prior year's grant payments and becoming current at the end of fiscal year 2014.

The surplus fund balance in the Municipal Retirement/Social Security Fund is due to lower than anticipated pension costs.

The Capital Projects Fund experienced a deficit of \$374,854 attributable to the large amount of capital projects the District is under-going at the end of fiscal 2014.

The surplus fund balance in the Fire Prevention and Life Safety Fund is due to the delay of the roof replacement project that was anticipated to occur in the summer of 2013 but was rescheduled for the summer of 2014.

General Fund Budgetary Highlights

The 2013-14 budget was adopted by the Board of Education in September 2013. The District's adopted budget for the General Fund (Education Accounts, Tort Accounts and Working Cash Accounts) anticipated a deficit of about \$2.5 million, while the actual report for the year shows a surplus of \$1.3 million, or about \$3.8 million more than projected.

Total revenues in the General Fund reflected a \$6.5 million over-budget condition, primarily due to State on-behalf payment to TRS (which is reflected as both a revenue and an expenditure) coming in \$4 million over budget based on a 26% increase in the percentage of creditable earnings and property tax revenues at \$4 million over budget. The difference in the General Fund tax revenues was due to the actual fund tax rates and allocation of taxes across all funds. More specifically, the spring 2014 tax distribution was based on 55% of the 2012 tax extension, which included \$5 million debt service levy.

Special education categorical state grants reflected an \$107,000 over-budget condition, mainly attributable to increased special education private facility costs and personnel resulting in higher state reimbursements. Federal aid reflected an over-budget condition of \$198,383 mainly due to unbudgeted Medicaid reimbursements and Federal food commodities.

Arlington Heights School District 25
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended June 30, 2014

For 2013-14, total General Fund expenditures were over budget by \$2.7 million. This is mainly due to the State on-behalf payment to TRS (which is reflected as both a revenue and an expenditure) coming in \$4 million over-budget based on a 26% increase in the percentage of creditable earnings, offset by under budget expenditures and unspent contingency funds.

Capital Assets and Debt Administration

Capital assets

By the end of 2014, the District had compiled a total investment of \$133.3 (\$81.6 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.

Table 3		
Capital Assets (net of depreciation)		
(in millions of dollars)		
	<u>2013</u>	<u>2014</u>
Land and Construction in Progress	\$ 1.4	\$ 2.4
Buildings	76.8	76.0
Equipment and vehicles	<u>3.5</u>	<u>3.2</u>
Total	<u>\$ 81.7</u>	<u>\$ 81.6</u>

Long-term debt

The District retired \$5.2 in bonds in 2014. Capital leases and other were reduced by \$1.2. At the end of fiscal 2014, the District had a debt margin of \$106.6. More detailed information on long-term debt can be found in Note 8 of the basic financial statements.

Table 4		
Outstanding Long-Term Debt		
(in millions of dollars)		
	<u>2013</u>	<u>2014</u>
General Obligation Bonds	\$ 5.2	\$ -
Capital leases and other	<u>0.6</u>	<u>0.8</u>
Total	<u>\$ 5.8</u>	<u>\$ 0.8</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:

A collective bargaining agreement with the custodial/maintenance union is in place through June 30, 2018. The District also has a collective bargaining agreement with the Arlington Teachers' Association through August of 2016.

Arlington Heights School District 25

Management's Discussion and Analysis (Unaudited)

As of and for the Year Ended June 30, 2014

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. Legislation, specifically SB16, would drastically change how State funds are allocated to Districts across the State, and reduce the District's allocations by about \$3.29 million after four years.

Pension obligations for certificated employees, including teachers and administrators, are funded by the state and active members of the Illinois Teachers' Retirement System (TRS). The State of Illinois continues its long-standing debate on pensions and the need for funding reforms to address an increasing unfunded liability in the system, ironically caused by the State not making its pension payments for years. Currently, employers are mandated to contribute 0.58% of all creditable salary earnings to TRS. Due to the complexities of the pension system and various funding reform issues being discussed in the legislature, increased employer contributions may be a future consideration.

Over the last four years, the District's aggregate equalized assessed value (EAV) for all real property within its boundaries has declined by 25%. While this decline has not affected tax collections, it has produced an overall higher District tax rate. Should the District's EAV experience additional decreases in the ensuing years, individual fund tax rates for the Educational Fund and Operations and Maintenance Fund could be reached. These funds will be monitored in connection with statutory rate limitations.

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, 2014

	GOVERNMENTAL ACTIVITIES
Assets	
Cash	\$ 75,457,044
Receivables (net of allowance for uncollectibles):	
Interest	103,509
Property taxes	23,496,389
Replacement taxes	162,943
Intergovernmental	503,153
Other	100,012
Prepaid items	41,798
Capital assets:	
Land	1,060,199
Construction in progress	1,333,872
Depreciable buildings, property and equipment, net	<u>79,233,152</u>
Total assets	<u>181,492,071</u>
Liabilities	
Accounts payable	1,243,202
Salaries and wages payable	6,417,327
Payroll deductions payable	30
Other current liabilities	1,253,209
Health claims payable	608,086
Long-term liabilities:	
Other long-term liabilities - due within one year	28,168
Other long-term liabilities - due after one year	<u>772,169</u>
Total liabilities	<u>10,322,191</u>
Deferred inflows of resources	
Property taxes levied for a future period	<u>23,496,389</u>
Total deferred inflows of resources	<u>23,496,389</u>
Net position	
Net investment in capital assets	81,445,563
Restricted for:	
Tort immunity	176,563
Operations and maintenance	7,287,365
Student transportation	1,943,651
Retirement benefits	1,596,389
Capital projects	348,581
Unrestricted	<u>54,875,379</u>
Total net position	<u>\$ 147,673,491</u>

See Notes to Basic Financial Statements

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2014

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUE		NET (EXPENSES) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES
Governmental activities				
Instruction:				
Regular programs	\$ 26,919,025	\$ 753,806	\$ 96,067	\$ (26,069,152)
Special programs	11,968,909	101,484	3,764,438	(8,102,987)
Other instructional programs	2,608,247	140,806	177,772	(2,289,669)
State retirement contributions	12,918,267	-	12,918,267	-
Support Services:				
Pupils	4,607,560	-	-	(4,607,560)
Instructional staff	4,960,482	-	79,250	(4,881,232)
General administration	1,312,889	-	-	(1,312,889)
School administration	3,132,584	-	-	(3,132,584)
Business	2,251,402	1,699,234	246,761	(305,407)
Transportation	2,150,608	92,500	1,183,262	(874,846)
Operations and maintenance	6,591,693	957,343	-	(5,634,350)
Central	1,791,412	-	-	(1,791,412)
Other supporting services	469,953	-	-	(469,953)
Community services	615,293	-	-	(615,293)
Interest and fees	98,616	-	-	(98,616)
Total governmental activities	\$ 82,396,940	\$ 3,745,173	\$ 18,465,817	(60,185,950)

General revenues:

Taxes:

Real estate taxes, levied for general purposes	47,988,958
Real estate taxes, levied for specific purposes	9,653,164
Real estate taxes, levied for debt service	2,493,089
Personal property replacement taxes	959,888
State aid-formula grants	2,073,027
Investment income	203,324
Miscellaneous	37,833
Total general revenues	63,409,283

Change in net position	3,223,333
Net position, beginning of year	144,450,158
Net position, end of year	\$ 147,673,491

See Notes to Basic Financial Statements

ARLINGTON HEIGHTS SCHOOL DISTRICT 25
GOVERNMENTAL FUNDS

BALANCE SHEET
AS OF JUNE 30, 2014

WITH COMPARATIVE TOTALS AS OF JUNE 30, 2013

	GENERAL FUND	OPERATIONS AND MAINTENANCE FUND	TRANSPORTATION FUND	MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
Assets				
Cash	\$ 62,790,786	\$ 8,621,817	\$ 1,993,934	\$ 1,594,202
Receivables (net allowance for uncollectibles):				
Interest	86,134	11,827	2,735	2,187
Property taxes	19,619,075	2,578,026	355,811	859,984
Replacement taxes	-	162,943	-	-
Intergovernmental	503,153	-	-	-
Other	8,130	-	91,882	-
Loan to debt service fund	803,582	-	-	-
Prepaid items	35,294	6,504	-	-
Total assets	<u>\$ 83,846,154</u>	<u>\$ 11,381,117</u>	<u>\$ 2,444,362</u>	<u>\$ 2,456,373</u>
Liabilities, deferred inflows of resources, and fund balance				
Liabilities				
Accounts payable	\$ 350,029	\$ 262,487	\$ 144,900	\$ -
Salaries and wages payable	6,417,327	-	-	-
Payroll deductions payable	-	30	-	-
Other current liabilities	-	1,253,209	-	-
Loan from working cash fund	-	-	-	-
Unearned revenue	-	-	-	-
Health claims payable	608,086	-	-	-
Total liabilities	<u>7,375,442</u>	<u>1,515,726</u>	<u>144,900</u>	<u>-</u>
Deferred inflows of resources				
Property taxes levied for a future period	19,619,075	2,578,026	355,811	859,984
Unavailable state and federal aid receivable	122,808	-	-	-
Total deferred inflows of resources	<u>19,741,883</u>	<u>2,578,026</u>	<u>355,811</u>	<u>859,984</u>
Fund balance				
Nonspendable	35,294	6,504	-	-
Restricted	145,874	7,280,861	1,943,651	1,596,389
Unassigned	56,547,661	-	-	-
Total fund balance (deficit)	<u>56,728,829</u>	<u>7,287,365</u>	<u>1,943,651</u>	<u>1,596,389</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 83,846,154</u>	<u>\$ 11,381,117</u>	<u>\$ 2,444,362</u>	<u>\$ 2,456,373</u>

See Notes to Basic Financial Statements

DEBT SERVICE FUND	CAPITAL PROJECTS FUND	FIRE PREVENTION AND LIFE SAFETY FUND	TOTAL	
			2014	2013
\$ -	\$ -	\$ 456,305	\$ 75,457,044	\$ 76,527,939
-	-	626	103,509	85,069
-	-	83,493	23,496,389	28,375,640
-	-	-	162,943	183,106
-	-	-	503,153	1,189,224
-	-	-	100,012	340,559
-	-	-	803,582	-
-	-	-	41,798	46,867
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 540,424</u>	<u>\$ 100,668,430</u>	<u>\$ 106,748,404</u>
\$ 2,582	\$ 374,854	\$ 108,350	\$ 1,243,202	\$ 1,306,492
-	-	-	6,417,327	6,625,347
-	-	-	30	657
-	-	-	1,253,209	1,139,321
803,582	-	-	803,582	-
-	-	-	-	28,144,655
-	-	-	608,086	1,083,720
<u>806,164</u>	<u>374,854</u>	<u>108,350</u>	<u>10,325,436</u>	<u>38,300,192</u>
-	-	83,493	23,496,389	-
-	-	-	122,808	-
-	-	83,493	23,619,197	-
-	-	-	41,798	46,867
-	-	348,581	11,315,356	13,070,681
<u>(806,164)</u>	<u>(374,854)</u>	<u>-</u>	<u>55,366,643</u>	<u>55,330,664</u>
<u>(806,164)</u>	<u>(374,854)</u>	<u>348,581</u>	<u>66,723,797</u>	<u>68,448,212</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 540,424</u>	<u>\$ 100,668,430</u>	<u>\$ 106,748,404</u>

ARLINGTON HEIGHTS SCHOOL DISTRICT 25
 RECONCILIATION OF THE GOVERNMENTAL FUNDS
 BALANCE SHEET TO THE STATEMENT OF NET POSITION
 AS OF JUNE 30, 2014

Total fund balances - governmental funds		\$ 66,723,797
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.		81,627,223
Certain revenues receivable by the District and recognized in the Statement of Net Position do not provide current financial resources and are included as deferred inflows of resources in the Governmental Funds Balance Sheet, as follows:		
State and federal grant revenue	\$ <u>122,808</u>	122,808
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, 2014 are:		
Net Pension Obligation - IMRF	\$ (398,052)	
Other Post Retirement Benefits Obligation	(8,782)	
Capital leases	(181,660)	
Compensated absences	<u>(211,843)</u>	
		<u>(800,337)</u>
Net position of governmental activities		<u>\$ 147,673,491</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, 2014
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013

	GENERAL FUND	OPERATIONS AND MAINTENANCE FUND	TRANSPORTATION FUND	MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
Revenues				
Property taxes	\$ 48,208,628	\$ 6,156,257	\$ 971,654	\$ 2,089,452
Corporate personal property replacement taxes	-	939,888	-	20,000
State aid	17,463,398	-	1,183,262	-
Federal aid	1,831,410	-	13,157	-
Investment income	166,625	22,178	5,369	4,978
Other	<u>2,510,380</u>	<u>1,178,677</u>	<u>98,174</u>	<u>2,672</u>
Total revenues	<u>70,180,441</u>	<u>8,297,000</u>	<u>2,271,616</u>	<u>2,117,102</u>
Expenditures				
Current:				
Instruction:				
Regular programs	23,854,101	-	-	258,095
Special programs	9,465,754	-	-	595,463
Other instructional programs	2,543,068	-	-	45,315
State retirement contributions	12,918,267	-	-	-
Support Services:				
Pupils	4,517,914	-	-	89,646
Instructional staff	4,767,858	-	-	192,624
General administration	1,273,624	-	-	39,265
School administration	2,988,015	-	-	138,952
Business	2,066,135	-	-	156,993
Transportation	-	-	2,142,944	7,664
Operations and maintenance	-	5,974,007	-	422,830
Central	1,230,650	-	-	63,164
Other supporting services	-	365,040	-	-
Community services	573,412	-	-	41,881
Payments to other districts and gov't units	1,862,046	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and other	-	-	-	-
Capital outlay	<u>1,031,168</u>	<u>2,094,056</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>69,092,012</u>	<u>8,433,103</u>	<u>2,142,944</u>	<u>2,051,892</u>
Excess (deficiency) of revenues over expenditures	<u>1,088,429</u>	<u>(136,103)</u>	<u>128,672</u>	<u>65,210</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Capital lease value	<u>181,660</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>181,660</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	1,270,089	(136,103)	128,672	65,210
Fund balance, beginning of year	<u>55,458,740</u>	<u>7,423,468</u>	<u>1,814,979</u>	<u>1,531,179</u>
Fund balance (deficit), end of year	<u>\$ 56,728,829</u>	<u>\$ 7,287,365</u>	<u>\$ 1,943,651</u>	<u>\$ 1,596,389</u>

See Notes to Basic Financial Statements

DEBT SERVICE FUND	CAPITAL PROJECTS FUND	FIRE PREVENTION AND LIFE SAFETY FUND	TOTAL	
			2014	2013
\$ 2,493,089	\$ -	\$ 209,234	\$ 60,128,314	\$ 58,970,899
-	-	-	959,888	948,877
-	-	-	18,646,660	16,148,919
-	-	-	1,844,567	1,661,653
2,961	-	1,213	203,324	241,586
-	-	-	3,789,903	3,899,406
<u>2,496,050</u>	<u>-</u>	<u>210,447</u>	<u>85,572,656</u>	<u>81,871,340</u>
-	-	-	24,112,196	22,686,596
-	-	-	10,061,217	9,367,091
-	-	-	2,588,383	2,427,583
-	-	-	12,918,267	9,984,364
-	-	-	4,607,560	4,402,573
-	-	-	4,960,482	5,005,589
-	-	-	1,312,889	1,604,607
-	-	-	3,126,967	3,157,041
-	-	-	2,223,128	2,093,047
-	-	-	2,150,608	1,987,469
-	22,599	2,469	6,421,905	5,655,507
-	-	-	1,293,814	1,319,738
-	-	-	365,040	-
-	-	-	615,293	559,319
-	-	-	1,862,046	1,373,175
5,120,000	-	-	5,120,000	5,045,958
153,107	-	-	153,107	373,403
-	<u>352,255</u>	<u>108,350</u>	<u>3,585,829</u>	<u>2,540,761</u>
<u>5,273,107</u>	<u>374,854</u>	<u>110,819</u>	<u>87,478,731</u>	<u>79,583,821</u>
<u>(2,777,057)</u>	<u>(374,854)</u>	<u>99,628</u>	<u>(1,906,075)</u>	<u>2,287,519</u>
-	-	-	-	8,000
-	-	-	-	(8,000)
-	-	-	181,660	-
-	-	-	181,660	-
(2,777,057)	(374,854)	99,628	(1,724,415)	2,287,519
<u>1,970,893</u>	<u>-</u>	<u>248,953</u>	<u>68,448,212</u>	<u>66,160,693</u>
<u>\$ (806,164)</u>	<u>\$ (374,854)</u>	<u>\$ 348,581</u>	<u>\$ 66,723,797</u>	<u>\$ 68,448,212</u>

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, 2014

Net change in fund balances - total governmental funds		\$ (1,724,415)
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 exceeds current year net capital outlay in the current period.		(93,229)
The net effect of various miscellaneous transactions involving capital assets (sale, disposal, transfer, etc.) is to decrease net position.		(8,167)
Certain revenues included in the Statement of Activities do not provide current financial resources and, therefore, are included as deferred inflows of resources in the fund statements:		
Grant revenue	\$ 47,617	47,617
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 by which current year principal repayments exceeded proceeds received from capital leases.		4,938,340
Governmental funds report the effects of 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.		37,424
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	\$ 17,067	
Compensated absences	32,980	
Net pension obligation	(22,906)	
OPEB	(1,378)	
		25,763
Change in net position of governmental activities		\$ 3,223,333

See Notes to Basic Financial Statements

ARLINGTON HEIGHTS SCHOOL DISTRICT 25
AGENCY FUND
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AS OF JUNE 30, 2014

	<u>AGENCY STUDENT ACTIVITY FUND</u>
Assets	
Cash and investments	\$ 292,354
Total assets	<u>\$ 292,354</u>
Liabilities	
Due to student groups	\$ 206,405
Due to employees	<u>85,949</u>
Total liabilities	<u>\$ 292,354</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, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

This report includes all of the funds of the District. The reporting entity for the District consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The District has not identified any organizations that meet this criteria.

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, deferred outflows of resources, liabilities, deferred inflows of resources, 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.

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

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

Measurement Focus and Basis of Accounting

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

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

Major Governmental Funds

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

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

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

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

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

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

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

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

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

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

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.

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 unearned 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, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets, deferred outflows of resources, liabilities, and deferred inflows of resources 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, Deferred Inflows of Resources, 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.

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

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

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.

Property Tax Revenues

The District must file its tax levy resolution by the last Tuesday in December of each year. The District's 2013 levy resolution was approved during the November 21, 2013 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 2013 and 2012 tax levies were 1.7% and 3.0%, 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 2013 property tax levy is recognized as a receivable in fiscal 2014, net of estimated uncollectible amounts approximating 2% and less amounts already received. The District considers that the first installment of the 2013 levy is to be used to finance operations in fiscal 2014. The District has determined that the second installment of the 2013 levy is to be used to finance operations in fiscal 2015 and has included the corresponding receivable as a deferred inflow of resources.

Personal Property Replacement Taxes

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

Prepaid Items

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

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

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

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:

<i>Assets</i>	<i>Years</i>
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 are deferred and amortized over the life of the applicable bonds using the effective interest method. The balance at year end for premiums/discounts is shown as an increase or decrease in the liability section of the statement of net position.

In the fund financial statements, governmental funds recognize bond premiums and discounts 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.

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

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

Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

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, 2014

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, 2014 are as follows:

The nonspendable fund balances in the General Fund and Operations & Maintenance Fund are comprised of \$35,294 and \$6,504, respectively, for prepaid items. The restricted fund balance in the General Fund is comprised of \$145,874 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, 2013, 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, 2014, expenditures exceeded budget in the General Fund, Debt Service Fund, Transportation Fund, and Capital Projects Fund by \$2,855,826, \$9,142, \$100,194, and \$374,854, respectively. These excesses were funded by available fund balances in the General Fund (Educational Accounts and the Transportation Fund). District management expects to fund the excesses in the Debt Service Fund and the Capital Projects Fund through transfers from the General Fund (Working Cash Accounts) and the General Fund (Educational Accounts), respectively, in fiscal year 2015.

Deficit Fund Equity

The Debt Service Fund had a deficit fund balance of \$806,164 as of June 30, 2014. District management expects to fund this deficit through a partial abatement of the General Fund (Working Cash Accounts) Fund that will be made within the next year.

The Capital Projects Fund had a deficit fund balance of \$374,854 as of June 30, 2014. District management expects to fund this deficit through the transfer of funds from the General Fund (Educational Accounts).

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

NOTE 3 - CHANGES IN ACCOUNTING PRINCIPLES

In March 2012, the GASB issued statement No. 65 - *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This standard was implemented effective July 1, 2013.

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.

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

NOTE 4 - DEPOSITS AND INVESTMENTS - (CONTINUED)

The weighted average maturity of all marketable pooled investments held by the Treasury was 1.44 years at June 30, 2014. The Treasury also holds money market type investments, certificates of deposits and other deposits with financial institutions. As of June 30, 2014, the fair value of all investments held by the Treasury was \$323,345,292 and the fair value of the District's proportionate share of the pool was \$75,439,046.

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

Cash & Investments in the custody of the District

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

	<u>Carrying Value</u>	<u>Bank Balance</u>
Deposits with financial institutions	\$ 292,354	\$ 306,583
Total	<u>\$ 292,354</u>	<u>\$ 306,583</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, 2014, the bank balance of the District's deposit with financial institutions totaled \$306,583; of this amount, \$56,583 was uncollateralized and uninsured.

NOTE 5 - INTERFUND TRANSFERS

During the year, the Board transferred \$16,500 of earned interest within the General Fund from the Working Cash Accounts to the Educational Accounts.

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, 2014

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the District for the year ended June 30, 2014 was as follows:

	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
<i>Capital assets not being depreciated:</i>				
Land	\$ 1,060,199	\$ -	\$ -	\$ 1,060,199
Construction in progress	<u>369,417</u>	<u>1,519,048</u>	<u>554,593</u>	<u>1,333,872</u>
Total capital assets not being depreciated	<u>1,429,616</u>	<u>1,519,048</u>	<u>554,593</u>	<u>2,394,071</u>
<i>Capital assets being depreciated:</i>				
Buildings	111,927,784	-	-	111,927,784
Building improvements	6,094,980	1,581,781	-	7,676,761
Equipment	10,731,063	849,495	771,735	10,808,823
Vehicles	<u>453,087</u>	<u>-</u>	<u>-</u>	<u>453,087</u>
Total capital assets being depreciated	<u>129,206,914</u>	<u>2,431,276</u>	<u>771,735</u>	<u>130,866,455</u>
<i>Less Accumulated Depreciation for:</i>				
Buildings	39,028,372	2,067,888	-	41,096,260
Building improvements	2,231,839	282,121	-	2,513,960
Equipment	7,379,188	1,109,847	763,568	7,725,467
Vehicles	<u>268,512</u>	<u>29,104</u>	<u>-</u>	<u>297,616</u>
Total accumulated depreciation	<u>48,907,911</u>	<u>3,488,960</u>	<u>763,568</u>	<u>51,633,303</u>
Net capital assets being depreciated	<u>80,299,003</u>	<u>(1,057,684)</u>	<u>8,167</u>	<u>79,233,152</u>
Net governmental activities capital assets	<u>\$ 81,728,619</u>	<u>\$ 461,364</u>	<u>\$ 562,760</u>	<u>\$ 81,627,223</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	\$ 2,791,168
Operations and maintenance	104,669
Central	488,454
Other supporting services	<u>104,669</u>
Total depreciation expense - governmental activities	<u>\$ 3,488,960</u>

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

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, 2014. At June 30, 2014, future minimum lease payments for these leases are as follows:

	Year Ending June 30,	Amount
2015		\$ 19,722
2016		19,722
2017		19,722
2018		<u>9,861</u>
Total		<u>\$ 69,027</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, 2014:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
General obligation bonds	\$ 5,120,000	\$ -	\$ 5,120,000	\$ -	\$ -
Unamortized premium	<u>50,193</u>	<u>-</u>	<u>50,193</u>	<u>-</u>	<u>-</u>
Total bonds payable	<u>5,170,193</u>	<u>-</u>	<u>5,170,193</u>	<u>-</u>	<u>-</u>
Capital leases	-	181,660	-	181,660	28,168
Net pension obligation	375,146	942,835	919,929	398,052	-
OPEB	7,404	11,434	10,056	8,782	-
Compensated absences	<u>244,823</u>	<u>281,889</u>	<u>314,869</u>	<u>211,843</u>	<u>-</u>
Total long-term liabilities - governmental activities	<u>\$ 5,797,566</u>	<u>\$ 1,417,818</u>	<u>\$ 6,415,047</u>	<u>\$ 800,337</u>	<u>\$ 28,168</u>

The obligations for the compensated absences and other-post retirement benefits will be repaid from the General Fund. The net pension obligation will be paid from the Municipal Retirement / Social Security Fund.

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

NOTE 8 - LONG TERM LIABILITIES - (CONTINUED)

Capital Leases. The District has entered into a lease agreement as lessee for financing the acquisition of \$181,660 of equipment. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, the assets and obligations have been recorded at the present value of the future minimum lease payments as of the inception date. The obligations for the capital leases will be repaid from the Debt Service Fund. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2014, are as follows:

	<i>Amount</i>
2015	\$ 33,610
2016	40,332
2017	40,332
2018	40,332
2019	40,332
2020 - 2010	<u>6,722</u>
Total minimum lease payments	201,660
Less: amount representing interest	<u>(20,000)</u>
Present value of minimum lease payments	<u>\$ 181,660</u>

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.

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

NOTE 9 - RISK MANAGEMENT - (CONTINUED)

At June 30, 2014, total unpaid claims, including an estimate of claims that have been incurred but not reported to the administrative agent, totaled \$608,086. 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, 2013 and June 30, 2014, 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 2013	<u>\$ 808,276</u>	<u>\$ 5,270,910</u>	<u>\$ 4,995,466</u>	<u>\$ 1,083,720</u>
Fiscal Year 2014	<u>\$ 1,083,720</u>	<u>\$ 4,604,531</u>	<u>\$ 5,080,165</u>	<u>\$ 608,086</u>

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 post-employment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuity holders not enrolled in Medicare may participate in the state-administered participating provider option plan or choose from several managed care options. Beginning February 1, 2014, annuity holders who were enrolled in Medicare Parts A and B may be eligible to enroll in Medicare Advantage plans.

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of the THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. 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 the 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.

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS - (CONTINUED)

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 0.97 percent of pay during the year ended June 30, 2014. State of Illinois contributions were \$345,476, 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, 2013 and June 30, 2012 were 0.92 and 0.88 percent of pay, respectively. For these years, state contributions on behalf of District employees were \$318,071 and \$294,011, respectively.

Employer Contributions to THIS Fund. The District also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.72 percent during the year ended June 30, 2014 and 0.69 and 0.66 percent during the years ended June 30, 2013 and 2012, respectively. For the years ended June 30, 2014, 2013 and 2012 the District paid \$256,436, \$238,554 and \$220,501 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 2014 and 2013 reports are listed under "Central Management Services." Prior reports are available under "Healthcare and Family Services."

Retirees' Health Plan

The District administers a single-employer defined benefit healthcare plan ("the Retirees' 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 (IMRF) 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 Retirees' 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 Retirees' Health Plan, and changes in the District's net OPEB obligation to the Retirees' Health Plan:

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS - (CONTINUED)

Annual required contribution	\$ 11,385
Interest on net OPEB obligation	296
Adjustment to annual required contribution	<u>(247)</u>
Annual OPEB cost	11,434
Contributions made	<u>(10,056)</u>
Increase in net OPEB obligation (asset)	1,378
Net OPEB Obligation (Asset) - Beginning of Year	<u>7,404</u>
Net OPEB Obligation (Asset) - End of Year	<u><u>\$ 8,782</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the Retirees' Health Plan, and the net OPEB obligation for June 30, 2014 and the two preceding years are as follows:

<i>Fiscal Year Ended</i>	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
June 30, 2014	\$ 11,434	87.95 %	\$ 8,782
June 30, 2013	11,439	87.91 %	7,404
June 30, 2012	11,439	87.91 %	6,021

The funded status of the Retirees' Health Plan as of June 30, 2014, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	\$ 244,094
Actuarial value of plan assets	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u><u>\$ 244,094</u></u>
Funded ratio (actuarial value of plan assets/AAL)	-%
Covered payroll (active plan members)	\$ 39,340,716
UAAL as a percentage of covered payroll	0.62%

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.

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS - (CONTINUED)

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.

In the June 30, 2014 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 Retirees' 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 Retirees' 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, 2014 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, 2014 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, 2013 and 2012.

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

NOTE 12 - RETIREMENT SYSTEMS - (CONTINUED)

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, 2014, State of Illinois contributions were based on 35.41 percent of creditable earnings not paid from federal funds, and the District recognized revenue and expenditures of \$12,572,791 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2013 and 2012, the State of Illinois contributions rates as percentages of creditable earnings not paid from federal funds were 28.05 percent (\$9,666,293) and 24.91 percent (\$8,279,754), respectively.

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

2.2 Formula Contributions. For the years ended June 30, 2014, 2013 and 2012, 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 \$206,573, \$200,523 and \$193,773, 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, 2014, the employer pension contribution was 35.41 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2013 and 2012, the employer pension contribution was 28.05 and 24.91 percent of salaries paid from those funds, respectively. For the year ended June 30, 2014, salaries totaling \$109,765 were paid from federal and special trust funds that required employer contributions of \$38,868, which was equal to the District's actual contribution. For the years ended June 30, 2013 and 2012, required District contributions were \$31,428 and \$42,472, 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 years ending June 30, 2014 and June 30, 2013, the District made no ERO contributions. For the year ended June 30, 2012, the District paid \$55,167 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, 2014 and June 30, 2013, the District made no excess salary increase contributions. For the year ended June 30, 2012, the District paid \$10,851 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, 2014). For the years ended June 30, 2014, 2013 and 2012, the District had no such payments to TRS for sick leave days granted in excess of the normal annual allotment.

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

NOTE 12 - RETIREMENT SYSTEMS - (CONTINUED)

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, 2013. The report for the year ended June 30, 2014, is expected to be available in late 2014.

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 website at <http://trs.illinois.gov>.

Illinois Municipal Retirement Fund

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

Funding Policy. As set by statute, District employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The statute requires the District to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's contribution rate for calendar year 2013 was 12.45 percent of annual covered payroll. The employer annual required contribution rate for calendar year 2013 was 12.76 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	\$	942,835
Interest on net pension obligation		-
Adjustment to annual pension contribution		-
Annual pension cost		<u>942,835</u>
Contributions made		<u>(919,929)</u>
Change in net pension obligation		22,906
Net Pension Obligation - Beginning of Year		<u>375,146</u>
Net Pension Obligation - End of Year	\$	<u><u>398,052</u></u>

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

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

NOTE 12 - RETIREMENT SYSTEMS - (CONTINUED)

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, 2014	\$ 942,835	98 %	\$ 398,052
June 30, 2013	868,637	92 %	375,146
June 30, 2012	805,065	85 %	301,414

The required contribution for fiscal year 2014 was determined as part of the December 31, 2011, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2011, 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, 2013, the most recent actuarial valuation date, the Regular plan was 74.29 percent funded. The actuarial accrued liability for benefits was \$19,320,447 and the actuarial value of assets was \$14,352,957, resulting in an underfunded actuarial accrued liability (UAAL) of \$4,967,490. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$7,388,986 and the ratio of the UAAL to the covered payroll was 67.23 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, 2014, the District is committed to approximately \$893,693 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.

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

NOTE 15 - EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, Statement No. 69, *Government Combinations and Disposals of Government Operations*, and Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date - an amendment of GASB No. 68*. Application of these standards may restate portions of these financial statements.

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, 2014

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/13	\$ 942,835	98%	\$ 398,052
12/31/12	868,637	92%	375,146
12/31/11	805,065	85%	301,414
12/31/10	784,855	77%	177,372

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)
12/31/13	\$ 14,352,957	\$ 19,320,447	\$ 4,967,490	74.29%	\$ 7,388,986	67.23%
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%

See Auditors' Report and Notes to Required Supplementary Information

ARLINGTON HEIGHTS SCHOOL DISTRICT 25
 SCHEDULE OF FUNDING PROGRESS FOR RETIREES' HEALTH PLAN
 AS OF JUNE 30, 2014

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)
6/30/14	\$ -	\$ 244,094	\$ 244,094	N/A	\$ 39,340,716	0.62%

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, 2014 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	
Revenues				
Local sources				
General levy	\$ 45,654,232	\$ 47,709,928	\$ 2,055,696	\$ 45,241,893
Tort immunity levy	216,102	226,567	10,465	215,264
Special education levy	261,897	272,133	10,236	255,255
Regular tuition from pupils or parents (in state)	9,500	110,113	100,613	8,580
Summer school - tuition from pupils or parents (in state)	140,000	140,806	806	154,966
Special education - tuition from pupils or parents (in state)	85,728	101,484	15,756	119,663
Investment income	226,102	166,625	(59,477)	198,426
Sales to pupils - lunch	710,000	705,226	(4,774)	726,386
Sales to pupils - breakfast	-	1,792	1,792	84
Sales to pupils - other	250,000	264,703	14,703	291,698
Sales to adults	10,000	7,247	(2,753)	10,428
Other food service	563,500	720,266	156,766	700,673
Fees	98,126	50,998	(47,128)	44,236
Rentals - regular textbook	286,900	293,296	6,396	291,101
Impact fees from municipal or county governments	-	1,297	1,297	-
Refund of prior years' expenditures	-	-	-	74,924
Other	119,240	113,152	(6,088)	114,143
Total local sources	<u>48,631,327</u>	<u>50,885,633</u>	<u>2,254,306</u>	<u>48,447,720</u>
Flow-through revenue from one LEA to another LEA				
Flow-through revenue from federal sources	4,000	-	(4,000)	-
Total flow-through	<u>4,000</u>	<u>-</u>	<u>(4,000)</u>	<u>-</u>
State sources				
General state aid	2,072,909	2,073,027	118	1,972,777
Special education - private facility tuition	225,000	303,353	78,353	252,945
Special education - extraordinary	618,600	623,600	5,000	786,548
Special education - personnel	1,335,700	1,356,595	20,895	1,665,310
Special education - orphanage - individual	45,500	49,526	4,026	56,917
Special education - orphanage - summer	1,900	-	(1,900)	1,952
Special education - summer school	5,000	5,525	525	5,834
Bilingual education - downstate - TPI	162,393	127,820	(34,573)	116,321
State free lunch & breakfast	5,000	2,328	(2,672)	2,975
Other restricted revenue from state sources	3,800	3,357	(443)	3,937
On behalf payment to TRS from the state	8,950,000	12,918,267	3,968,267	9,984,364
Total state sources	<u>13,425,802</u>	<u>17,463,398</u>	<u>4,037,596</u>	<u>14,849,880</u>
Federal sources				
National school lunch program	220,000	238,456	18,456	236,475
School breakfast program	3,000	5,772	2,772	2,231
Title I - Low income	-	-	-	28,843

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, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014		VARIANCE WITH FINAL BUDGET	2013 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
Federal - special education - preschool flow-through	\$ 40,869	\$ 43,020	\$ 2,151	\$ 43,020
Federal - special education - IDEA - flow-through/low incident	1,059,241	1,114,991	55,750	1,075,387
Federal - special education - IDEA - room & board	-	6,676	6,676	8,184
Title III - English language acquisition	32,850	54,516	21,666	40,138
Title II - Teacher quality	111,067	79,250	(31,817)	99,725
Medicaid matching funds - administrative outreach	166,000	140,122	(25,878)	21,545
Medicaid matching funds - fee-for-service program	-	55,897	55,897	-
Other restricted revenue from federal sources	-	92,710	92,710	94,065
Total federal sources	<u>1,633,027</u>	<u>1,831,410</u>	<u>198,383</u>	<u>1,649,613</u>
Total revenues	<u>63,694,156</u>	<u>70,180,441</u>	<u>6,486,285</u>	<u>64,947,213</u>
Expenditures				
Instruction				
Regular programs				
Salaries	20,429,550	20,130,306	299,244	19,355,530
Employee benefits	2,522,499	2,210,389	312,110	1,849,132
On-behalf payments to TRS from the state	8,950,000	12,918,267	(3,968,267)	9,984,364
Purchased services	241,214	306,107	(64,893)	423,144
Supplies and materials	1,196,628	1,147,115	49,513	741,021
Capital outlay	41,600	56,977	(15,377)	74,374
Other objects	29,050	41,032	(11,982)	34,263
Termination benefits	45,000	19,152	25,848	36,326
Total	<u>33,455,541</u>	<u>36,829,345</u>	<u>(3,373,804)</u>	<u>32,498,154</u>
Pre-K programs				
Supplies and materials	-	-	-	1,339
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,339</u>
Special education programs				
Salaries	6,776,651	6,487,802	288,849	6,054,760
Employee benefits	1,151,645	1,140,782	10,863	1,074,229
Purchased services	26,725	25,211	1,514	28,990
Supplies and materials	174,595	93,895	80,700	150,610
Capital outlay	22,500	32,737	(10,237)	11,874
Total	<u>8,152,116</u>	<u>7,780,427</u>	<u>371,689</u>	<u>7,320,463</u>
Special education programs Pre-K				
Salaries	921,660	864,344	57,316	857,203
Employee benefits	114,314	106,991	7,323	100,008
Purchased services	2,400	1,045	1,355	5,698
Supplies and materials	6,500	5,153	1,347	7,373
Total	<u>1,044,874</u>	<u>977,533</u>	<u>67,341</u>	<u>970,282</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, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014		VARIANCE WITH FINAL BUDGET	2013 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
Remedial and supplemental programs K-12				
Salaries	\$ -	\$ -	\$ -	\$ 2,768
Employee benefits	-	-	-	35
Supplies and materials	-	2,692	(2,692)	5,137
Capital outlay	-	-	-	3,796
Total	<u>-</u>	<u>2,692</u>	<u>(2,692)</u>	<u>11,736</u>
Adult/continuing education programs				
Supplies and materials	-	50	(50)	-
Total	<u>-</u>	<u>50</u>	<u>(50)</u>	<u>-</u>
Interscholastic programs				
Salaries	135,310	123,978	11,332	110,658
Employee benefits	1,957	1,454	503	1,246
Purchased services	20,772	16,309	4,463	17,381
Supplies and materials	3,200	3,808	(608)	5,736
Other objects	6,720	4,255	2,465	4,720
Total	<u>167,959</u>	<u>149,804</u>	<u>18,155</u>	<u>139,741</u>
Summer school programs				
Salaries	247,250	271,412	(24,162)	241,000
Employee benefits	2,448	3,133	(685)	2,558
Purchased services	6,000	2,538	3,462	3,879
Supplies and materials	8,000	11,905	(3,905)	13,179
Total	<u>263,698</u>	<u>288,988</u>	<u>(25,290)</u>	<u>260,616</u>
Gifted programs				
Salaries	618,160	552,192	65,968	549,079
Employee benefits	53,273	54,997	(1,724)	44,673
Purchased services	-	-	-	16,940
Supplies and materials	1,195	952	243	1,636
Total	<u>672,628</u>	<u>608,141</u>	<u>64,487</u>	<u>612,328</u>
Bilingual programs				
Salaries	1,343,402	1,219,131	124,271	1,185,302
Employee benefits	159,901	166,513	(6,612)	157,914
Purchased services	31,000	69,517	(38,517)	25,253
Supplies and materials	57,995	20,304	37,691	6,650
Capital outlay	-	19,864	(19,864)	22,468
Total	<u>1,592,298</u>	<u>1,495,329</u>	<u>96,969</u>	<u>1,397,587</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, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014		VARIANCE WITH FINAL BUDGET	2013 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
Pre - K programs - private tuition				
Other objects	\$ -	\$ 20,620	\$ (20,620)	\$ -
Total	-	20,620	(20,620)	-
Special education programs K-12 - private tuition				
Other objects	666,700	737,839	(71,139)	535,507
Total	666,700	737,839	(71,139)	535,507
Total instruction	46,015,814	48,890,768	(2,874,954)	43,747,753
Support services				
Pupils				
Attendance and social work services				
Salaries	1,020,500	1,013,349	7,151	997,388
Employee benefits	110,943	114,933	(3,990)	113,921
Purchased services	2,600	1,921	679	2,548
Supplies and materials	4,000	1,295	2,705	3,129
Total	1,138,043	1,131,498	6,545	1,116,986
Health services				
Salaries	544,460	534,679	9,781	525,985
Employee benefits	35,733	45,607	(9,874)	56,127
Purchased services	3,280	3,903	(623)	2,190
Supplies and materials	8,200	16,374	(8,174)	10,110
Total	591,673	600,563	(8,890)	594,412
Psychological services				
Salaries	552,430	546,519	5,911	489,881
Employee benefits	60,466	56,442	4,024	58,748
Purchased services	1,700	5,912	(4,212)	12,532
Supplies and materials	4,000	4,057	(57)	4,261
Total	618,596	612,930	5,666	565,422
Speech pathology and audiology services				
Salaries	1,514,870	1,531,633	(16,763)	1,422,055
Employee benefits	157,797	207,818	(50,021)	198,159
Purchased services	41,700	7,121	34,579	40,274
Supplies and materials	7,300	12,858	(5,558)	8,404
Total	1,721,667	1,759,430	(37,763)	1,668,892

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, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014		VARIANCE WITH FINAL BUDGET	2013 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
Other support services - pupils				
Salaries	\$ 356,440	\$ 376,464	\$ (20,024)	\$ 342,440
Employee benefits	2,781	2,846	(65)	2,392
Purchased services	10,000	472	9,528	6,104
Supplies and materials	<u>33,501</u>	<u>33,711</u>	<u>(210)</u>	<u>24,685</u>
Total	<u>402,722</u>	<u>413,493</u>	<u>(10,771)</u>	<u>375,621</u>
Total pupils	<u>4,472,701</u>	<u>4,517,914</u>	<u>(45,213)</u>	<u>4,321,333</u>
Instructional staff				
Improvement of instructional services				
Salaries	1,707,387	1,717,153	(9,766)	1,700,229
Employee benefits	147,063	177,464	(30,401)	161,171
Purchased services	262,337	325,622	(63,285)	354,377
Supplies and materials	135,029	137,828	(2,799)	151,512
Capital outlay	-	-	-	278
Other objects	<u>2,500</u>	<u>2,659</u>	<u>(159)</u>	<u>2,660</u>
Total	<u>2,254,316</u>	<u>2,360,726</u>	<u>(106,410)</u>	<u>2,370,227</u>
Educational media services				
Salaries	1,537,700	1,442,973	94,727	1,463,544
Employee benefits	282,101	245,500	36,601	240,569
Purchased services	239,399	170,717	68,682	246,411
Supplies and materials	437,185	438,141	(956)	396,859
Capital outlay	<u>654,700</u>	<u>701,223</u>	<u>(46,523)</u>	<u>655,323</u>
Total	<u>3,151,085</u>	<u>2,998,554</u>	<u>152,531</u>	<u>3,002,706</u>
Assessment and testing				
Salaries	1,750	226	1,524	1,051
Employee benefits	103	3	100	13
Purchased services	500	-	500	-
Supplies and materials	<u>146,250</u>	<u>109,572</u>	<u>36,678</u>	<u>99,666</u>
Total	<u>148,603</u>	<u>109,801</u>	<u>38,802</u>	<u>100,730</u>
Total instructional staff	<u>5,554,004</u>	<u>5,469,081</u>	<u>84,923</u>	<u>5,473,663</u>
General administration				
Board of education services				
Employee benefits	-	672	(672)	-
Purchased services	156,000	205,098	(49,098)	178,018
Supplies and materials	3,000	4,739	(1,739)	2,562
Other objects	<u>10,500</u>	<u>9,637</u>	<u>863</u>	<u>9,232</u>
Total	<u>169,500</u>	<u>220,146</u>	<u>(50,646)</u>	<u>189,812</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, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014		VARIANCE WITH FINAL BUDGET	2013 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
Executive administration services				
Salaries	\$ 333,290	\$ 332,387	\$ 903	\$ 331,053
Employee benefits	39,224	41,016	(1,792)	40,474
Purchased services	16,000	22,921	(6,921)	16,525
Supplies and materials	4,000	2,019	1,981	5,490
Other objects	<u>3,300</u>	<u>1,642</u>	<u>1,658</u>	<u>5,952</u>
Total	<u>395,814</u>	<u>399,985</u>	<u>(4,171)</u>	<u>399,494</u>
Special area administration services				
Salaries	361,080	358,225	2,855	356,159
Employee benefits	52,138	49,762	2,376	49,070
Purchased services	40,350	32,872	7,478	27,782
Supplies and materials	2,000	699	1,301	982
Other objects	<u>1,500</u>	<u>824</u>	<u>676</u>	<u>687</u>
Total	<u>457,068</u>	<u>442,382</u>	<u>14,686</u>	<u>434,680</u>
Tort immunity services				
Employee benefits	210,000	-	210,000	-
Purchased services	40,000	207,953	(167,953)	163,810
Other objects	<u>-</u>	<u>3,158</u>	<u>(3,158)</u>	<u>-</u>
Total	<u>250,000</u>	<u>211,111</u>	<u>38,889</u>	<u>163,810</u>
Total general administration	<u>1,272,382</u>	<u>1,273,624</u>	<u>(1,242)</u>	<u>1,187,796</u>
School administration				
Office of the principal services				
Salaries	2,424,130	2,401,020	23,110	2,403,612
Employee benefits	542,947	514,637	28,310	525,977
Purchased services	29,050	23,544	5,506	25,831
Supplies and materials	55,420	48,814	6,606	62,594
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>821</u>
Total	<u>3,051,547</u>	<u>2,988,015</u>	<u>63,532</u>	<u>3,018,835</u>
Total school administration	<u>3,051,547</u>	<u>2,988,015</u>	<u>63,532</u>	<u>3,018,835</u>
Business				
Direction of business support services				
Salaries	237,600	237,600	-	234,184
Employee benefits	45,880	51,179	(5,299)	46,482
Purchased services	4,700	4,564	136	4,263
Supplies and materials	-	35	(35)	-
Other objects	<u>2,000</u>	<u>1,836</u>	<u>164</u>	<u>1,587</u>
Total	<u>290,180</u>	<u>295,214</u>	<u>(5,034)</u>	<u>286,516</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, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	2013 ACTUAL
Fiscal services				
Salaries	\$ 154,010	\$ 147,967	\$ 6,043	\$ 123,343
Employee benefits	14,664	14,676	(12)	13,869
Purchased services	87,005	66,379	20,626	46,960
Supplies and materials	<u>63,600</u>	<u>60,272</u>	<u>3,328</u>	<u>56,893</u>
Total	<u>319,279</u>	<u>289,294</u>	<u>29,985</u>	<u>241,065</u>
Operation and maintenance of plant services				
Purchased services	-	-	-	1,063
Capital outlay	<u>-</u>	<u>181,660</u>	<u>(181,660)</u>	<u>-</u>
Total	<u>-</u>	<u>181,660</u>	<u>(181,660)</u>	<u>1,063</u>
Food services				
Salaries	625,980	625,437	543	560,490
Employee benefits	49,848	49,093	755	46,400
Purchased services	29,875	30,709	(834)	19,138
Supplies and materials	659,000	691,222	(32,222)	719,565
Capital outlay	<u>38,000</u>	<u>30,707</u>	<u>7,293</u>	<u>-</u>
Total	<u>1,402,703</u>	<u>1,427,168</u>	<u>(24,465)</u>	<u>1,345,593</u>
Internal services				
Purchased services	<u>92,000</u>	<u>85,166</u>	<u>6,834</u>	<u>83,064</u>
Total	<u>92,000</u>	<u>85,166</u>	<u>6,834</u>	<u>83,064</u>
Total business	<u>2,104,162</u>	<u>2,278,502</u>	<u>(174,340)</u>	<u>1,957,301</u>
Central				
Information services				
Salaries	66,950	69,539	(2,589)	67,424
Employee benefits	11,232	7,658	3,574	6,069
Purchased services	6,500	1,675	4,825	640
Supplies and materials	3,500	6,646	(3,146)	10,606
Capital outlay	<u>8,000</u>	<u>8,000</u>	<u>-</u>	<u>-</u>
Total	<u>96,182</u>	<u>93,518</u>	<u>2,664</u>	<u>84,739</u>
Staff services				
Salaries	893,230	957,535	(64,305)	886,258
Employee benefits	32,864	82,041	(49,177)	57,880
Purchased services	162,850	66,870	95,980	212,877
Supplies and materials	34,930	36,986	(2,056)	22,807
Other objects	<u>14,555</u>	<u>1,700</u>	<u>12,855</u>	<u>2,414</u>
Total	<u>1,138,429</u>	<u>1,145,132</u>	<u>(6,703)</u>	<u>1,182,236</u>
Total central	<u>1,234,611</u>	<u>1,238,650</u>	<u>(4,039)</u>	<u>1,266,975</u>
Total support services	<u>17,689,407</u>	<u>17,765,786</u>	<u>(76,379)</u>	<u>17,225,903</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, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014		VARIANCE WITH FINAL BUDGET	2013 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
Community services				
Salaries	\$ 260,610	\$ 254,551	\$ 6,059	\$ 231,099
Employee benefits	19,967	19,495	472	18,933
Purchased services	-	-	-	595
Supplies and materials	<u>291,500</u>	<u>299,366</u>	<u>(7,866)</u>	<u>271,021</u>
Total community services	<u>572,077</u>	<u>573,412</u>	<u>(1,335)</u>	<u>521,648</u>
Payments to other districts and governmental units				
Payments for special education programs				
Other objects	<u>281,787</u>	<u>301,729</u>	<u>(19,942)</u>	<u>167,292</u>
Total	<u>281,787</u>	<u>301,729</u>	<u>(19,942)</u>	<u>167,292</u>
Payments for special education programs - tuition				
Other objects	<u>1,577,101</u>	<u>1,560,317</u>	<u>16,784</u>	<u>1,205,883</u>
Total	<u>1,577,101</u>	<u>1,560,317</u>	<u>16,784</u>	<u>1,205,883</u>
Total payments to other districts and governmental units	<u>1,858,888</u>	<u>1,862,046</u>	<u>(3,158)</u>	<u>1,373,175</u>
Provision for contingencies	<u>100,000</u>	<u>-</u>	<u>100,000</u>	<u>-</u>
Total expenditures	<u>66,236,186</u>	<u>69,092,012</u>	<u>(2,855,826)</u>	<u>62,868,479</u>
Excess (deficiency) of revenues over expenditures	<u>(2,542,030)</u>	<u>1,088,429</u>	<u>3,630,459</u>	<u>2,078,734</u>
Other financing sources (uses)				
Permanent transfer from working cash accounts - interest	34,749	-	(34,749)	-
Permanent transfer of interest	9,912	-	(9,912)	8,000
Capital lease value	-	181,660	181,660	-
Permanent transfer from working cash accounts - interest	<u>(34,749)</u>	<u>-</u>	<u>34,749</u>	<u>-</u>
Total other financing sources (uses)	<u>9,912</u>	<u>181,660</u>	<u>171,748</u>	<u>8,000</u>
Net change in fund balance	<u>\$ (2,532,118)</u>	<u>1,270,089</u>	<u>\$ 3,802,207</u>	<u>2,086,734</u>
Fund balance, beginning of year		<u>55,458,740</u>		<u>53,372,006</u>
Fund balance, end of year		<u>\$ 56,728,829</u>		<u>\$ 55,458,740</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, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	2013 ACTUAL
Revenues				
Local sources				
General levy	\$ 5,903,523	\$ 6,156,257	\$ 252,734	\$ 4,873,185
Mobile home privilege tax	7,000	6,897	(103)	8,658
Corporate personal property replacement taxes	996,506	939,888	(56,618)	928,877
Investment income	32,886	22,178	(10,708)	25,485
Rentals	920,600	957,343	36,743	919,567
Impact fees from municipal or county governments	-	15,014	15,014	6,996
Refund of prior years' expenditures	-	18,850	18,850	183
Other	134,000	180,573	46,573	343,550
Total local sources	<u>7,994,515</u>	<u>8,297,000</u>	<u>302,485</u>	<u>7,106,501</u>
Total revenues	<u>7,994,515</u>	<u>8,297,000</u>	<u>302,485</u>	<u>7,106,501</u>
Expenditures				
Support services				
Business				
Operation and maintenance of plant services				
Salaries	2,425,910	2,330,522	95,388	2,263,434
Employee benefits	333,666	332,909	757	326,923
Purchased services	1,884,799	2,152,241	(267,442)	1,684,235
Supplies and materials	1,238,288	1,147,849	90,439	952,505
Capital outlay	2,254,800	2,094,056	160,744	1,771,827
Other objects	50,000	-	50,000	-
Termination benefits	-	10,486	(10,486)	6,511
Total	<u>8,187,463</u>	<u>8,068,063</u>	<u>119,400</u>	<u>7,005,435</u>
Total business	<u>8,187,463</u>	<u>8,068,063</u>	<u>119,400</u>	<u>7,005,435</u>
Other supporting services				
Purchased services	<u>448,353</u>	<u>365,040</u>	<u>83,313</u>	<u>375,333</u>
Total	<u>448,353</u>	<u>365,040</u>	<u>83,313</u>	<u>375,333</u>
Total support services	<u>8,635,816</u>	<u>8,433,103</u>	<u>202,713</u>	<u>7,380,768</u>
Total expenditures	<u>8,635,816</u>	<u>8,433,103</u>	<u>202,713</u>	<u>7,380,768</u>
Net change in fund balance	<u>\$ (641,301)</u>	<u>(136,103)</u>	<u>\$ 505,198</u>	<u>(274,267)</u>
Fund balance, beginning of year		<u>7,423,468</u>		<u>7,697,735</u>
Fund balance, end of year		<u>\$ 7,287,365</u>		<u>\$ 7,423,468</u>

See Auditors' Report and Notes to Required Supplementary Information

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, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014		VARIANCE WITH FINAL BUDGET	2013 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
Revenues				
Local sources				
General levy	\$ 1,035,774	\$ 971,654	\$ (64,120)	\$ 1,028,580
Regular transportation fees from pupils or parents (in state)	30,000	26,106	(3,894)	26,035
Regular transportation fees from co-curricular act (in state)	40,000	66,394	26,394	51,828
Investment income	7,671	5,369	(2,302)	4,775
Refund of prior years' expenditures	-	-	-	102
Other	-	5,674	5,674	3,109
Total local sources	<u>1,113,445</u>	<u>1,075,197</u>	<u>(38,248)</u>	<u>1,114,429</u>
State sources				
Transportation - regular/vocational	21,792	16,070	(5,722)	20,502
Transportation - special education	1,200,517	1,167,192	(33,325)	1,278,537
Total state sources	<u>1,222,309</u>	<u>1,183,262</u>	<u>(39,047)</u>	<u>1,299,039</u>
Federal sources				
Title III - English language acquisition	16,500	13,157	(3,343)	12,040
Total federal sources	<u>16,500</u>	<u>13,157</u>	<u>(3,343)</u>	<u>12,040</u>
Total revenues	<u>2,352,254</u>	<u>2,271,616</u>	<u>(80,638)</u>	<u>2,425,508</u>
Expenditures				
Support Services				
Business				
Pupil transportation services				
Salaries	42,200	43,265	(1,065)	42,504
Employee benefits	11,800	11,640	160	11,118
Purchased services	1,896,250	2,060,407	(164,157)	1,821,776
Supplies and materials	92,500	27,632	64,868	105,446
Total	<u>2,042,750</u>	<u>2,142,944</u>	<u>(100,194)</u>	<u>1,980,844</u>
Total business	<u>2,042,750</u>	<u>2,142,944</u>	<u>(100,194)</u>	<u>1,980,844</u>
Total support services	<u>2,042,750</u>	<u>2,142,944</u>	<u>(100,194)</u>	<u>1,980,844</u>
Total expenditures	<u>2,042,750</u>	<u>2,142,944</u>	<u>(100,194)</u>	<u>1,980,844</u>
Net change in fund balance	<u>\$ 309,504</u>	128,672	<u>\$ (180,832)</u>	444,664
Fund balance, beginning of year		1,814,979		1,370,315
Fund balance, end of year		<u>\$ 1,943,651</u>		<u>\$ 1,814,979</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, 2014
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014		VARIANCE WITH FINAL BUDGET	2013 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
Revenues				
Local sources				
General levy	\$ 404,145	\$ 417,401	\$ 13,256	\$ 612,038
Social security/medicare only levy	1,602,041	1,672,051	70,010	1,219,112
Corporate personal property replacement taxes	20,000	20,000	-	20,000
Investment income	6,894	4,978	(1,916)	5,757
Refund of prior years' expenditures	-	2,672	2,672	2,496
Total local sources	<u>2,033,080</u>	<u>2,117,102</u>	<u>84,022</u>	<u>1,859,403</u>
Total revenues	<u>2,033,080</u>	<u>2,117,102</u>	<u>84,022</u>	<u>1,859,403</u>
Expenditures				
Instruction				
Regular programs	302,511	258,095	44,416	247,180
Special education programs	520,665	538,863	(18,198)	490,965
Special education programs Pre-K	69,010	56,600	12,410	53,772
Remedial and supplemental programs K - 12	-	-	-	36
Interscholastic programs	2,575	3,388	(813)	2,901
Summer school programs	9,785	13,324	(3,539)	10,725
Gifted programs	7,828	6,878	950	6,876
Bilingual programs	25,441	21,725	3,716	17,938
Total instruction	<u>937,815</u>	<u>898,873</u>	<u>38,942</u>	<u>830,393</u>
Support services				
Pupils				
Attendance and social work services	17,304	12,414	4,890	12,314
Health services	30,076	33,213	(3,137)	28,553
Psychological services	8,858	6,734	2,124	6,070
Speech pathology and audiology services	19,570	17,477	2,093	16,074
Other support services - pupils	22,351	19,808	2,543	18,229
Total pupils	<u>98,159</u>	<u>89,646</u>	<u>8,513</u>	<u>81,240</u>
Instructional staff				
Improvement of instructional staff	48,977	43,589	5,388	49,433
Educational media services	148,526	149,032	(506)	138,080
Assessment and testing	103	3	100	14
Total instructional staff	<u>197,606</u>	<u>192,624</u>	<u>4,982</u>	<u>187,527</u>
General administration				
Executive administration services	18,849	19,833	(984)	18,573
Special area administration services	24,102	19,432	4,670	22,905
Total general administration	<u>42,951</u>	<u>39,265</u>	<u>3,686</u>	<u>41,478</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, 2014
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014		VARIANCE WITH FINAL BUDGET	2013 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
School administration				
Office of the principal services	\$ 152,852	\$ 138,952	\$ 13,900	\$ 139,027
Total school administration	<u>152,852</u>	<u>138,952</u>	<u>13,900</u>	<u>139,027</u>
Business				
Direction of business support services	19,879	17,075	2,804	16,292
Fiscal services	26,780	29,282	(2,502)	23,934
Operations and maintenance of plant services	435,278	422,830	12,448	401,105
Pupil transportation services	8,137	7,664	473	6,625
Food services	<u>97,232</u>	<u>110,636</u>	<u>(13,404)</u>	<u>96,583</u>
Total business	<u>587,306</u>	<u>587,487</u>	<u>(181)</u>	<u>544,539</u>
Central				
Information services	14,317	13,545	772	10,924
Staff services	<u>45,938</u>	<u>49,619</u>	<u>(3,681)</u>	<u>41,839</u>
Total central	<u>60,255</u>	<u>63,164</u>	<u>(2,909)</u>	<u>52,763</u>
Total support services	<u>1,139,129</u>	<u>1,111,138</u>	<u>27,991</u>	<u>1,046,574</u>
Community services				
Total expenditures	<u>40,994</u>	<u>41,881</u>	<u>(887)</u>	<u>37,671</u>
Total expenditures	<u>2,117,938</u>	<u>2,051,892</u>	<u>66,046</u>	<u>1,914,638</u>
Net change in fund balance	<u>\$ (84,858)</u>	65,210	<u>\$ 150,068</u>	(55,235)
Fund balance, beginning of year		<u>1,531,179</u>		<u>1,586,414</u>
Fund balance, end of year		<u>\$ 1,596,389</u>		<u>\$ 1,531,179</u>

See Auditors' Report and Notes to Required Supplementary Information

ARLINGTON HEIGHTS SCHOOL DISTRICT 25
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

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, 2014, expenditures exceeded budget in the General Fund (Educational Accounts) and the Transportation Fund by \$2,855,826 and \$100,194, respectively. These excesses were funded by available fund balances.

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, 2014
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014		VARIANCE WITH FINAL BUDGET	2013 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
Revenues				
Local sources				
General levy	\$ 5,115,691	\$ 2,493,089	\$ (2,622,602)	\$ 5,323,903
Investment income	<u>9,912</u>	<u>2,961</u>	<u>(6,951)</u>	<u>6,324</u>
Total local sources	<u>5,125,603</u>	<u>2,496,050</u>	<u>(2,629,553)</u>	<u>5,330,227</u>
Total revenues	<u>5,125,603</u>	<u>2,496,050</u>	<u>(2,629,553)</u>	<u>5,330,227</u>
Expenditures				
Debt services				
Payments on long term debt				
Interest on long term debt	102,400	102,400	-	327,680
Principal payments on long term debt	<u>5,120,000</u>	<u>5,120,000</u>	<u>-</u>	<u>5,045,958</u>
Total	<u>5,222,400</u>	<u>5,222,400</u>	<u>-</u>	<u>5,373,638</u>
Other debt service				
Purchased services	37,965	-	37,965	-
Other objects	<u>-</u>	<u>50,707</u>	<u>(50,707)</u>	<u>45,723</u>
Total	<u>37,965</u>	<u>50,707</u>	<u>(12,742)</u>	<u>45,723</u>
Total debt services	<u>5,260,365</u>	<u>5,273,107</u>	<u>(12,742)</u>	<u>5,419,361</u>
Provision for contingencies	<u>3,600</u>	<u>-</u>	<u>3,600</u>	<u>-</u>
Total expenditures	<u>5,263,965</u>	<u>5,273,107</u>	<u>(9,142)</u>	<u>5,419,361</u>
Excess (deficiency) of revenues over expenditures	<u>(138,362)</u>	<u>(2,777,057)</u>	<u>(2,638,695)</u>	<u>(89,134)</u>
Other financing sources (uses)				
Permanent transfer of interest	<u>(9,912)</u>	<u>-</u>	<u>9,912</u>	<u>(8,000)</u>
Total other financing sources (uses)	<u>(9,912)</u>	<u>-</u>	<u>9,912</u>	<u>(8,000)</u>
Net change in fund balance	<u>\$ (148,274)</u>	<u>(2,777,057)</u>	<u>\$ (2,628,783)</u>	<u>(97,134)</u>
Fund balance, beginning of year		<u>1,970,893</u>		<u>2,068,027</u>
Fund balance (deficit), end of year		<u>\$ (806,164)</u>		<u>\$ 1,970,893</u>

ARLINGTON HEIGHTS SCHOOL DISTRICT 25
CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2014
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014		VARIANCE WITH FINAL BUDGET	2013 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
Revenues				
Total revenues	\$ -	\$ -	\$ -	\$ -
Expenditures				
Support services				
Business				
Facilities acquisition and construction service				
Purchased services	-	22,599	(22,599)	-
Capital outlay	-	<u>352,255</u>	<u>(352,255)</u>	-
Total	-	<u>374,854</u>	<u>(374,854)</u>	-
Total business	-	<u>374,854</u>	<u>(374,854)</u>	-
Total support services	-	<u>374,854</u>	<u>(374,854)</u>	-
Total expenditures	-	<u>374,854</u>	<u>(374,854)</u>	-
Net change in fund balance	<u>\$ -</u>	<u>(374,854)</u>	<u>\$ (374,854)</u>	-
Fund balance, beginning of year		<u>-</u>		<u>-</u>
Fund balance (deficit), end of year		<u>\$ (374,854)</u>		<u>\$ -</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, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Revenues				
Local sources				
General levy	\$ 198,178	\$ 209,234	\$ 11,056	\$ 201,669
Investment income	<u>1,205</u>	<u>1,213</u>	<u>8</u>	<u>819</u>
Total local sources	<u>199,383</u>	<u>210,447</u>	<u>11,064</u>	<u>202,488</u>
Total revenues	<u>199,383</u>	<u>210,447</u>	<u>11,064</u>	<u>202,488</u>
Expenditures				
Support services				
Business				
Facilities acquisition and construction service				
Purchased services	10,000	2,469	7,531	19,731
Capital outlay	<u>328,850</u>	<u>108,350</u>	<u>220,500</u>	<u>-</u>
Total	<u>338,850</u>	<u>110,819</u>	<u>228,031</u>	<u>19,731</u>
Total business	<u>338,850</u>	<u>110,819</u>	<u>228,031</u>	<u>19,731</u>
Total support services	<u>338,850</u>	<u>110,819</u>	<u>228,031</u>	<u>19,731</u>
Total expenditures	<u>338,850</u>	<u>110,819</u>	<u>228,031</u>	<u>19,731</u>
Net change in fund balance	<u>\$ (139,467)</u>	99,628	<u>\$ 239,095</u>	182,757
Fund balance, beginning of year		<u>248,953</u>		<u>66,196</u>
Fund balance, end of year		<u>\$ 348,581</u>		<u>\$ 248,953</u>

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

GENERAL FUND

COMBINING BALANCE SHEET

AS OF JUNE 30, 2014

	EDUCATIONAL ACCOUNTS	TORT IMMUNITY AND JUDGMENT ACCOUNTS	WORKING CASH ACCOUNTS	TOTAL
Assets				
Cash	\$ 55,800,315	\$ 145,674	\$ 6,844,797	\$ 62,790,786
Receivables (net allowance for uncollectibles):				
Interest	76,541	200	9,393	86,134
Property taxes	19,521,765	97,310	-	19,619,075
Intergovernmental	503,153	-	-	503,153
Other	8,130	-	-	8,130
Loan to debt service fund	-	-	803,582	803,582
Prepaid items	<u>4,605</u>	<u>30,689</u>	<u>-</u>	<u>35,294</u>
Total assets	<u>\$ 75,914,509</u>	<u>\$ 273,873</u>	<u>\$ 7,657,772</u>	<u>\$ 83,846,154</u>
Liabilities, deferred inflows of resources, and fund balance				
Liabilities				
Accounts payable	\$ 350,029	\$ -	\$ -	\$ 350,029
Salaries and wages payable	6,417,327	-	-	6,417,327
Health claims payable	<u>608,086</u>	<u>-</u>	<u>-</u>	<u>608,086</u>
Total liabilities	<u>7,375,442</u>	<u>-</u>	<u>-</u>	<u>7,375,442</u>
Deferred inflows of resources				
Property taxes levied for a future period	19,521,765	97,310	-	19,619,075
Unavailable state and federal aid receivable	<u>122,808</u>	<u>-</u>	<u>-</u>	<u>122,808</u>
Total deferred inflows of resources	<u>19,644,573</u>	<u>97,310</u>	<u>-</u>	<u>19,741,883</u>
Fund balance				
Nonspendable	4,605	30,689	-	35,294
Restricted	-	145,874	-	145,874
Unassigned	<u>48,889,889</u>	<u>-</u>	<u>7,657,772</u>	<u>56,547,661</u>
Total fund balance	<u>48,894,494</u>	<u>176,563</u>	<u>7,657,772</u>	<u>56,728,829</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 75,914,509</u>	<u>\$ 273,873</u>	<u>\$ 7,657,772</u>	<u>\$ 83,846,154</u>

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

GENERAL FUND

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2014

	EDUCATIONAL ACCOUNTS	TORT IMMUNITY AND JUDGMENT ACCOUNTS	WORKING CASH ACCOUNTS	ELIMINATIONS
Revenues				
Property taxes	\$ 47,982,061	\$ 226,567	\$ -	\$ -
State aid	17,463,398	-	-	-
Federal aid	1,831,410	-	-	-
Investment income	147,752	438	18,435	-
Other	<u>2,510,380</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>69,935,001</u>	<u>227,005</u>	<u>18,435</u>	<u>-</u>
Expenditures				
Current:				
Instruction:				
Regular programs	23,854,101	-	-	-
Special programs	9,465,754	-	-	-
Other instructional programs	2,543,068	-	-	-
State retirement contributions	12,918,267	-	-	-
Support Services:				
Pupils	4,517,914	-	-	-
Instructional staff	4,767,858	-	-	-
General administration	1,104,780	168,844	-	-
School administration	2,988,015	-	-	-
Business	2,066,135	-	-	-
Central	1,230,650	-	-	-
Community services	573,412	-	-	-
Payments to other districts and gov't units	1,862,046	-	-	-
Capital outlay	<u>1,031,168</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>68,923,168</u>	<u>168,844</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>1,011,833</u>	<u>58,161</u>	<u>18,435</u>	<u>-</u>
Other financing sources (uses)				
Transfers in	16,500	-	-	(16,500)
Transfers (out)	-	-	(16,500)	16,500
Capital lease value	<u>181,660</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>198,160</u>	<u>-</u>	<u>(16,500)</u>	<u>-</u>
Net change in fund balance	1,209,993	58,161	1,935	-
Fund balance, beginning of year	<u>47,684,501</u>	<u>118,402</u>	<u>7,655,837</u>	<u>-</u>
Fund balance, end of year	<u>\$ 48,894,494</u>	<u>\$ 176,563</u>	<u>\$ 7,657,772</u>	<u>\$ -</u>

TOTAL

\$ 48,208,628
17,463,398
1,831,410
166,625
2,510,380
70,180,441

23,854,101
9,465,754
2,543,068
12,918,267

4,517,914
4,767,858
1,273,624
2,988,015
2,066,135
1,230,650
573,412
1,862,046
1,031,168
69,092,012

1,088,429

-
-
181,660

181,660

1,270,089

55,458,740

\$ 56,728,829

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, 2014

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

	2014		VARIANCE WITH FINAL BUDGET	2013 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
Revenues				
Local sources				
General levy	\$ 45,654,232	\$ 47,709,928	\$ 2,055,696	\$ 45,241,893
Special education levy	261,897	272,133	10,236	255,255
Regular tuition from pupils or parents (in state)	9,500	110,113	100,613	8,580
Summer school - tuition from pupils or parents (in state)	140,000	140,806	806	154,966
Special education - tuition from pupils or parents (in state)	85,728	101,484	15,756	119,663
Investment income	191,103	147,752	(43,351)	174,892
Sales to pupils - lunch	710,000	705,226	(4,774)	726,386
Sales to pupils - breakfast	-	1,792	1,792	84
Sales to pupils - other	250,000	264,703	14,703	291,698
Sales to adults	10,000	7,247	(2,753)	10,428
Other food service	563,500	720,266	156,766	700,673
Fees	98,126	50,998	(47,128)	44,236
Rentals - regular textbook	286,900	293,296	6,396	291,101
Impact fees from municipal or county governments	-	1,297	1,297	-
Refund of prior years' expenditures	-	-	-	74,924
Other	119,240	113,152	(6,088)	114,143
Total local sources	<u>48,380,226</u>	<u>50,640,193</u>	<u>2,259,967</u>	<u>48,208,922</u>
Flow-through revenue from one LEA to another LEA				
Flow-through revenue from federal sources	4,000	-	(4,000)	-
Total flow-through	<u>4,000</u>	<u>-</u>	<u>(4,000)</u>	<u>-</u>
State sources				
General state aid	2,072,909	2,073,027	118	1,972,777
Special education - private facility tuition	225,000	303,353	78,353	252,945
Special education - extraordinary	618,600	623,600	5,000	786,548
Special education - personnel	1,335,700	1,356,595	20,895	1,665,310
Special education - orphanage - individual	45,500	49,526	4,026	56,917
Special education - orphanage - summer	1,900	-	(1,900)	1,952
Special education - summer school	5,000	5,525	525	5,834
Bilingual education - downstate - TPI	162,393	127,820	(34,573)	116,321
State free lunch & breakfast	5,000	2,328	(2,672)	2,975
Other restricted revenue from state sources	3,800	3,357	(443)	3,937
On behalf payment to TRS from the state	8,950,000	12,918,267	3,968,267	9,984,364
Total state sources	<u>13,425,802</u>	<u>17,463,398</u>	<u>4,037,596</u>	<u>14,849,880</u>
Federal sources				
National school lunch program	220,000	238,456	18,456	236,475
School breakfast program	3,000	5,772	2,772	2,231

(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, 2014
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014		VARIANCE WITH FINAL BUDGET	2013 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
Title I - Low income	\$ -	\$ -	\$ -	\$ 28,843
Federal - special education - preschool flow-through	40,869	43,020	2,151	43,020
Federal - special education - IDEA - flow-through/low incident	1,059,241	1,114,991	55,750	1,075,387
Federal - special education - IDEA - room & board	-	6,676	6,676	8,184
Title III - English language acquisition	32,850	54,516	21,666	40,138
Title II - Teacher quality	111,067	79,250	(31,817)	99,725
Medicaid matching funds - administrative outreach	166,000	140,122	(25,878)	21,545
Medicaid matching funds - fee-for-service program	-	55,897	55,897	-
Other restricted revenue from federal sources	-	92,710	92,710	94,065
Total federal sources	1,633,027	1,831,410	198,383	1,649,613
Total revenues	63,443,055	69,935,001	6,491,946	64,708,415
Expenditures				
Instruction				
Regular programs				
Salaries	20,429,550	20,130,306	299,244	19,355,530
Employee benefits	2,522,499	2,210,389	312,110	1,849,132
On-behalf payments to TRS from the state	8,950,000	12,918,267	(3,968,267)	9,984,364
Purchased services	241,214	306,107	(64,893)	423,144
Supplies and materials	1,196,628	1,147,115	49,513	741,021
Capital outlay	41,600	56,977	(15,377)	74,374
Other objects	29,050	41,032	(11,982)	34,263
Termination benefits	45,000	19,152	25,848	36,326
Total	33,455,541	36,829,345	(3,373,804)	32,498,154
Pre-K programs				
Supplies and materials	-	-	-	1,339
Total	-	-	-	1,339

(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, 2014
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014		VARIANCE WITH FINAL BUDGET	2013 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
Special education programs				
Salaries	\$ 6,776,651	\$ 6,487,802	\$ 288,849	\$ 6,054,760
Employee benefits	1,151,645	1,140,782	10,863	1,074,229
Purchased services	26,725	25,211	1,514	28,990
Supplies and materials	174,595	93,895	80,700	150,610
Capital outlay	<u>22,500</u>	<u>32,737</u>	<u>(10,237)</u>	<u>11,874</u>
Total	<u>8,152,116</u>	<u>7,780,427</u>	<u>371,689</u>	<u>7,320,463</u>
Special education programs Pre-K				
Salaries	921,660	864,344	57,316	857,203
Employee benefits	114,314	106,991	7,323	100,008
Purchased services	2,400	1,045	1,355	5,698
Supplies and materials	<u>6,500</u>	<u>5,153</u>	<u>1,347</u>	<u>7,373</u>
Total	<u>1,044,874</u>	<u>977,533</u>	<u>67,341</u>	<u>970,282</u>
Remedial and supplemental programs K - 12				
Salaries	-	-	-	2,768
Employee benefits	-	-	-	35
Supplies and materials	-	2,692	(2,692)	5,137
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,796</u>
Total	<u>-</u>	<u>2,692</u>	<u>(2,692)</u>	<u>11,736</u>
Adult/continuing education programs				
Supplies and materials	<u>-</u>	<u>50</u>	<u>(50)</u>	<u>-</u>
Total	<u>-</u>	<u>50</u>	<u>(50)</u>	<u>-</u>
Interscholastic programs				
Salaries	135,310	123,978	11,332	110,658
Employee benefits	1,957	1,454	503	1,246
Purchased services	20,772	16,309	4,463	17,381
Supplies and materials	3,200	3,808	(608)	5,736
Other objects	<u>6,720</u>	<u>4,255</u>	<u>2,465</u>	<u>4,720</u>
Total	<u>167,959</u>	<u>149,804</u>	<u>18,155</u>	<u>139,741</u>
Summer school programs				
Salaries	247,250	271,412	(24,162)	241,000
Employee benefits	2,448	3,133	(685)	2,558
Purchased services	6,000	2,538	3,462	3,879
Supplies and materials	<u>8,000</u>	<u>11,905</u>	<u>(3,905)</u>	<u>13,179</u>
Total	<u>263,698</u>	<u>288,988</u>	<u>(25,290)</u>	<u>260,616</u>
Gifted programs				
Salaries	618,160	552,192	65,968	549,079
Employee benefits	53,273	54,997	(1,724)	44,673
Purchased services	-	-	-	16,940
Supplies and materials	<u>1,195</u>	<u>952</u>	<u>243</u>	<u>1,636</u>
Total	<u>672,628</u>	<u>608,141</u>	<u>64,487</u>	<u>612,328</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, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	
Bilingual programs				
Salaries	\$ 1,343,402	\$ 1,219,131	\$ 124,271	\$ 1,185,302
Employee benefits	159,901	166,513	(6,612)	157,914
Purchased services	31,000	69,517	(38,517)	25,253
Supplies and materials	57,995	20,304	37,691	6,650
Capital outlay	<u>-</u>	<u>19,864</u>	<u>(19,864)</u>	<u>22,468</u>
Total	<u>1,592,298</u>	<u>1,495,329</u>	<u>96,969</u>	<u>1,397,587</u>
Truant's alternative and optional programs				
Pre - K programs - private tuition				
Other objects	<u>-</u>	<u>20,620</u>	<u>(20,620)</u>	<u>-</u>
Total	<u>-</u>	<u>20,620</u>	<u>(20,620)</u>	<u>-</u>
Special education programs K -12 - private tuition				
Other objects	<u>666,700</u>	<u>737,839</u>	<u>(71,139)</u>	<u>535,507</u>
Total	<u>666,700</u>	<u>737,839</u>	<u>(71,139)</u>	<u>535,507</u>
Total instruction	<u>46,015,814</u>	<u>48,890,768</u>	<u>(2,874,954)</u>	<u>43,747,753</u>
Support services				
Pupils				
Attendance and social work services				
Salaries	1,020,500	1,013,349	7,151	997,388
Employee benefits	110,943	114,933	(3,990)	113,921
Purchased services	2,600	1,921	679	2,548
Supplies and materials	<u>4,000</u>	<u>1,295</u>	<u>2,705</u>	<u>3,129</u>
Total	<u>1,138,043</u>	<u>1,131,498</u>	<u>6,545</u>	<u>1,116,986</u>
Health services				
Salaries	544,460	534,679	9,781	525,985
Employee benefits	35,733	45,607	(9,874)	56,127
Purchased services	3,280	3,903	(623)	2,190
Supplies and materials	<u>8,200</u>	<u>16,374</u>	<u>(8,174)</u>	<u>10,110</u>
Total	<u>591,673</u>	<u>600,563</u>	<u>(8,890)</u>	<u>594,412</u>
Psychological services				
Salaries	552,430	546,519	5,911	489,881
Employee benefits	60,466	56,442	4,024	58,748
Purchased services	1,700	5,912	(4,212)	12,532
Supplies and materials	<u>4,000</u>	<u>4,057</u>	<u>(57)</u>	<u>4,261</u>
Total	<u>618,596</u>	<u>612,930</u>	<u>5,666</u>	<u>565,422</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, 2014
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014		VARIANCE WITH FINAL BUDGET	2013 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
Speech pathology and audiology services				
Salaries	\$ 1,514,870	\$ 1,531,633	\$ (16,763)	\$ 1,422,055
Employee benefits	157,797	207,818	(50,021)	198,159
Purchased services	41,700	7,121	34,579	40,274
Supplies and materials	7,300	12,858	(5,558)	8,404
Total	<u>1,721,667</u>	<u>1,759,430</u>	<u>(37,763)</u>	<u>1,668,892</u>
Other support services - pupils				
Salaries	356,440	376,464	(20,024)	342,440
Employee benefits	2,781	2,846	(65)	2,392
Purchased services	10,000	472	9,528	6,104
Supplies and materials	33,501	33,711	(210)	24,685
Total	<u>402,722</u>	<u>413,493</u>	<u>(10,771)</u>	<u>375,621</u>
Total pupils	<u>4,472,701</u>	<u>4,517,914</u>	<u>(45,213)</u>	<u>4,321,333</u>
Instructional staff				
Improvement of instructional services				
Salaries	1,707,387	1,717,153	(9,766)	1,700,229
Employee benefits	147,063	177,464	(30,401)	161,171
Purchased services	262,337	325,622	(63,285)	354,377
Supplies and materials	135,029	137,828	(2,799)	151,512
Capital outlay	-	-	-	278
Other objects	2,500	2,659	(159)	2,660
Total	<u>2,254,316</u>	<u>2,360,726</u>	<u>(106,410)</u>	<u>2,370,227</u>
Educational media services				
Salaries	1,537,700	1,442,973	94,727	1,463,544
Employee benefits	282,101	245,500	36,601	240,569
Purchased services	239,399	170,717	68,682	246,411
Supplies and materials	437,185	438,141	(956)	396,859
Capital outlay	654,700	701,223	(46,523)	655,323
Total	<u>3,151,085</u>	<u>2,998,554</u>	<u>152,531</u>	<u>3,002,706</u>
Assessment and testing				
Salaries	1,750	226	1,524	1,051
Employee benefits	103	3	100	13
Purchased services	500	-	500	-
Supplies and materials	146,250	109,572	36,678	99,666
Total	<u>148,603</u>	<u>109,801</u>	<u>38,802</u>	<u>100,730</u>
Total instructional staff	<u>5,554,004</u>	<u>5,469,081</u>	<u>84,923</u>	<u>5,473,663</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, 2014
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014		VARIANCE WITH FINAL BUDGET	2013 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
General administration				
Board of education services				
Employee benefits	\$ -	\$ 672	\$ (672)	\$ -
Purchased services	156,000	205,098	(49,098)	178,018
Supplies and materials	3,000	4,739	(1,739)	2,562
Other objects	<u>10,500</u>	<u>9,637</u>	<u>863</u>	<u>9,232</u>
Total	<u>169,500</u>	<u>220,146</u>	<u>(50,646)</u>	<u>189,812</u>
Executive administration services				
Salaries	333,290	332,387	903	331,053
Employee benefits	39,224	41,016	(1,792)	40,474
Purchased services	16,000	22,921	(6,921)	16,525
Supplies and materials	4,000	2,019	1,981	5,490
Other objects	<u>3,300</u>	<u>1,642</u>	<u>1,658</u>	<u>5,952</u>
Total	<u>395,814</u>	<u>399,985</u>	<u>(4,171)</u>	<u>399,494</u>
Special area administration services				
Salaries	361,080	358,225	2,855	356,159
Employee benefits	52,138	49,762	2,376	49,070
Purchased services	40,350	32,872	7,478	27,782
Supplies and materials	2,000	699	1,301	982
Other objects	<u>1,500</u>	<u>824</u>	<u>676</u>	<u>687</u>
Total	<u>457,068</u>	<u>442,382</u>	<u>14,686</u>	<u>434,680</u>
Tort immunity services				
Purchased services	40,000	39,109	891	6,491
Other objects	<u>-</u>	<u>3,158</u>	<u>(3,158)</u>	<u>-</u>
Total	<u>40,000</u>	<u>42,267</u>	<u>(2,267)</u>	<u>6,491</u>
Total general administration	<u>1,062,382</u>	<u>1,104,780</u>	<u>(42,398)</u>	<u>1,030,477</u>
School administration				
Office of the principal services				
Salaries	2,424,130	2,401,020	23,110	2,403,612
Employee benefits	542,947	514,637	28,310	525,977
Purchased services	29,050	23,544	5,506	25,831
Supplies and materials	55,420	48,814	6,606	62,594
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>821</u>
Total	<u>3,051,547</u>	<u>2,988,015</u>	<u>63,532</u>	<u>3,018,835</u>
Total school administration	<u>3,051,547</u>	<u>2,988,015</u>	<u>63,532</u>	<u>3,018,835</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, 2014
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014		VARIANCE WITH FINAL BUDGET	2013 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
Business				
Direction of business support services				
Salaries	\$ 237,600	\$ 237,600	\$ -	\$ 234,184
Employee benefits	45,880	51,179	(5,299)	46,482
Purchased services	4,700	4,564	136	4,263
Supplies and materials	-	35	(35)	-
Other objects	2,000	1,836	164	1,587
Total	<u>290,180</u>	<u>295,214</u>	<u>(5,034)</u>	<u>286,516</u>
Fiscal services				
Salaries	154,010	147,967	6,043	123,343
Employee benefits	14,664	14,676	(12)	13,869
Purchased services	87,005	66,379	20,626	46,960
Supplies and materials	63,600	60,272	3,328	56,893
Total	<u>319,279</u>	<u>289,294</u>	<u>29,985</u>	<u>241,065</u>
Operation and maintenance of plant services				
Purchased services	-	-	-	1,063
Capital outlay	-	181,660	(181,660)	-
Total	<u>-</u>	<u>181,660</u>	<u>(181,660)</u>	<u>1,063</u>
Food services				
Salaries	625,980	625,437	543	560,490
Employee benefits	49,848	49,093	755	46,400
Purchased services	29,875	30,709	(834)	19,138
Supplies and materials	659,000	691,222	(32,222)	719,565
Capital outlay	38,000	30,707	7,293	-
Total	<u>1,402,703</u>	<u>1,427,168</u>	<u>(24,465)</u>	<u>1,345,593</u>
Internal services				
Purchased services	92,000	85,166	6,834	83,064
Total	<u>92,000</u>	<u>85,166</u>	<u>6,834</u>	<u>83,064</u>
Total business	<u>2,104,162</u>	<u>2,278,502</u>	<u>(174,340)</u>	<u>1,957,301</u>
Central				
Information services				
Salaries	66,950	69,539	(2,589)	67,424
Employee benefits	11,232	7,658	3,574	6,069
Purchased services	6,500	1,675	4,825	640
Supplies and materials	3,500	6,646	(3,146)	10,606
Capital outlay	8,000	8,000	-	-
Total	<u>96,182</u>	<u>93,518</u>	<u>2,664</u>	<u>84,739</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, 2014
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014		VARIANCE WITH FINAL BUDGET	2013 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
Staff services				
Salaries	\$ 893,230	\$ 957,535	\$ (64,305)	\$ 886,258
Employee benefits	32,864	82,041	(49,177)	57,880
Purchased services	162,850	66,870	95,980	212,877
Supplies and materials	34,930	36,986	(2,056)	22,807
Other objects	<u>14,555</u>	<u>1,700</u>	<u>12,855</u>	<u>2,414</u>
Total	<u>1,138,429</u>	<u>1,145,132</u>	<u>(6,703)</u>	<u>1,182,236</u>
Total central	<u>1,234,611</u>	<u>1,238,650</u>	<u>(4,039)</u>	<u>1,266,975</u>
Total support services	<u>17,479,407</u>	<u>17,596,942</u>	<u>(117,535)</u>	<u>17,068,584</u>
Community services				
Salaries	260,610	254,551	6,059	231,099
Employee benefits	19,967	19,495	472	18,933
Purchased services	-	-	-	595
Supplies and materials	<u>291,500</u>	<u>299,366</u>	<u>(7,866)</u>	<u>271,021</u>
Total community services	<u>572,077</u>	<u>573,412</u>	<u>(1,335)</u>	<u>521,648</u>
Payments to other districts and governmental units				
Payments for special education programs				
Other objects	<u>281,787</u>	<u>301,729</u>	<u>(19,942)</u>	<u>167,292</u>
Total	<u>281,787</u>	<u>301,729</u>	<u>(19,942)</u>	<u>167,292</u>
Payments for special education programs - tuition				
Other objects	<u>1,577,101</u>	<u>1,560,317</u>	<u>16,784</u>	<u>1,205,883</u>
Total	<u>1,577,101</u>	<u>1,560,317</u>	<u>16,784</u>	<u>1,205,883</u>
Total payments to other districts and governmental units	<u>1,858,888</u>	<u>1,862,046</u>	<u>(3,158)</u>	<u>1,373,175</u>
Provision for contingencies				
	<u>100,000</u>	<u>-</u>	<u>100,000</u>	<u>-</u>
Total expenditures	<u>66,026,186</u>	<u>68,923,168</u>	<u>(2,896,982)</u>	<u>62,711,160</u>
Excess (deficiency) of revenues over expenditures	<u>(2,583,131)</u>	<u>1,011,833</u>	<u>3,594,964</u>	<u>1,997,255</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, 2014
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014		VARIANCE WITH FINAL BUDGET	2013 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
Other financing sources (uses)				
Permanent transfer from working cash accounts - interest	\$ 34,749	\$ 16,500	\$ (18,249)	\$ 27,000
Permanent transfer of interest	9,912	-	(9,912)	8,000
Capital lease value	-	181,660	181,660	-
Total other financing sources (uses)	<u>44,661</u>	<u>198,160</u>	<u>153,499</u>	<u>35,000</u>
Net change in fund balance	<u>\$ (2,538,470)</u>	1,209,993	<u>\$ 3,748,463</u>	2,032,255
Fund balance, beginning of year		<u>47,684,501</u>		<u>45,652,246</u>
Fund balance, end of year		<u>\$ 48,894,494</u>		<u>\$ 47,684,501</u>

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

TORT IMMUNITY AND JUDGMENT ACCOUNTS

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

FOR THE YEAR ENDED JUNE 30, 2014

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

	2014		VARIANCE WITH FINAL BUDGET	2013 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
Revenues				
Local sources				
Tort immunity levy	\$ 216,102	\$ 226,567	\$ 10,465	\$ 215,264
Investment income	<u>250</u>	<u>438</u>	<u>188</u>	<u>398</u>
Total local sources	<u>216,352</u>	<u>227,005</u>	<u>10,653</u>	<u>215,662</u>
Total revenues	<u>216,352</u>	<u>227,005</u>	<u>10,653</u>	<u>215,662</u>
Expenditures				
Support Services				
General administration				
Workers' compensation or workers' occupational disease act payments				
Employee benefits	210,000	-	210,000	-
Purchased services	<u>-</u>	<u>168,844</u>	<u>(168,844)</u>	<u>157,319</u>
Total	<u>210,000</u>	<u>168,844</u>	<u>41,156</u>	<u>157,319</u>
Total general administration	<u>210,000</u>	<u>168,844</u>	<u>41,156</u>	<u>157,319</u>
Total expenditures	<u>210,000</u>	<u>168,844</u>	<u>41,156</u>	<u>157,319</u>
Net change in fund balance	<u>\$ 6,352</u>	58,161	<u>\$ 51,809</u>	58,343
Fund balance, beginning of year		<u>118,402</u>		<u>60,059</u>
Fund balance, end of year		<u>\$ 176,563</u>		<u>\$ 118,402</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, 2014
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014		VARIANCE WITH FINAL BUDGET	2013 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
Revenues				
Local sources				
Investment income	\$ 34,749	\$ 18,435	\$ (16,314)	\$ 23,136
Total local sources	<u>34,749</u>	<u>18,435</u>	<u>(16,314)</u>	<u>23,136</u>
Total revenues	<u>34,749</u>	<u>18,435</u>	<u>(16,314)</u>	<u>23,136</u>
Expenditures				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	34,749	18,435	(16,314)	23,136
Other financing sources (uses)				
Permanent transfer from working cash accounts - interest	<u>(34,749)</u>	<u>(16,500)</u>	<u>18,249</u>	<u>(27,000)</u>
Total other financing sources (uses)	<u>(34,749)</u>	<u>(16,500)</u>	<u>18,249</u>	<u>(27,000)</u>
Net change in fund balance	<u>\$ -</u>	1,935	<u>\$ 1,935</u>	(3,864)
Fund balance, beginning of year		<u>7,655,837</u>		<u>7,659,701</u>
Fund balance, end of year		<u>\$ 7,657,772</u>		<u>\$ 7,655,837</u>

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

AGENCY FUND

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

	BALANCE JUNE 30, 2013	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2014
Assets				
Cash	\$ 271,046	\$ 849,905	\$ 828,597	\$ 292,354
Total assets	<u>\$ 271,046</u>	<u>\$ 849,905</u>	<u>\$ 828,597</u>	<u>\$ 292,354</u>
Liabilities				
Due to student groups - activity funds	\$ 192,043	\$ 605,129	\$ 590,767	\$ 206,405
Due to employees - flexible spending account	<u>79,003</u>	<u>244,776</u>	<u>237,830</u>	<u>85,949</u>
Total liabilities	<u>\$ 271,046</u>	<u>\$ 849,905</u>	<u>\$ 828,597</u>	<u>\$ 292,354</u>

Statistical Section

The part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	75
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
Revenue Capacity	87
These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	
Debt Capacity	92
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	
Demographic and Economic Information	97
These schedules offer demographic and economic indicators to help the reader understand the environment within the District's financial activities take place.	
Operating Information	100
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

	2014	2013	2012	2011
Governmental activities				
Net investment in capital assets	\$ 81,445,563	\$ 76,558,426	\$ 72,194,161	\$ 67,179,282
Restricted	11,352,549	13,090,807	12,811,200	5,863,906
Unrestricted	<u>54,875,379</u>	<u>54,800,925</u>	<u>53,616,633</u>	<u>61,139,228</u>
Total governmental activities net position	<u>\$ 147,673,491</u>	<u>\$ 144,450,158</u>	<u>\$ 138,621,994</u>	<u>\$ 134,182,416</u>

2010	2009	2008	2007	2006	2005
\$ 63,532,991	\$ 54,602,552	\$ 39,989,857	\$ 36,806,197	\$ 27,794,218	\$ 15,305,916
6,318,095	7,842,981	7,841,567	7,163,851	10,062,908	9,198,429
<u>58,687,324</u>	<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>\$ 128,538,410</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>

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

	2014	2013	2012	2011
Expenses				
Instruction:				
Regular programs	\$ 26,919,025	\$ 25,511,002	\$ 25,607,333	\$ 22,325,897
Special programs	11,968,909	10,780,199	10,379,098	8,404,462
Other instructional programs	2,608,247	2,427,583	2,212,870	4,842,590
State retirement contributions	12,918,267	9,984,364	8,573,755	7,934,736
Support services:				
Pupils	4,607,560	4,402,573	4,252,148	4,048,759
Instructional staff	4,960,482	5,005,589	4,795,013	5,224,305
General administration	1,312,889	1,604,607	1,668,816	1,347,151
School administration	3,132,584	3,174,416	3,145,892	3,283,749
Business	2,251,402	2,093,047	2,494,810	1,276,302
Transportation	2,150,608	1,987,469	1,920,596	1,517,949
Operations and maintenance	6,591,693	5,643,826	5,516,852	5,795,017
Central and other	1,791,412	1,912,515	1,949,986	1,621,861
Other supporting services	469,953	-	-	-
Community services	615,293	559,319	553,810	244,144
Payments to other districts and gov't units	-	-	11,562	-
Nonprogrammed charges	-	-	-	207,621
Interest and fees	98,616	249,074	483,159	906,552
Unallocated depreciation	-	-	-	-
Total expenses	<u>\$ 82,396,940</u>	<u>\$ 75,335,583</u>	<u>\$ 73,565,700</u>	<u>\$ 68,981,095</u>
Program Revenues				
Charges for services:				
Instruction*	\$ 996,096	\$ 1,079,348	\$ 1,044,620	\$ 3,161,422
Support services*	2,749,077	2,726,699	2,686,853	
Operating grants and contributions				13,757,207
Instruction*	16,956,544	13,671,002	12,583,471	
Support services*	1,509,273	1,459,200	1,055,593	
Capital grants and contributions	-	-	-	-
Total program revenues	<u>\$ 22,210,990</u>	<u>\$ 18,936,249</u>	<u>\$ 17,370,537</u>	<u>\$ 16,918,629</u>
Net (expense)/revenue	<u>\$ (60,185,950)</u>	<u>\$ (56,399,334)</u>	<u>\$ (56,195,163)</u>	<u>\$ (52,062,466)</u>
General revenues				
Taxes:				
Real estate taxes, levied for general purposes	\$ 47,988,958	\$ 45,505,806	\$ 45,844,312	\$ 42,757,403
Real estate taxes, levied for specific purposes	9,653,164	8,149,848	6,603,218	5,845,346
Real estate taxes, levied for debt service	2,493,089	5,323,903	5,433,933	5,185,579
Personal property replacement taxes	959,888	948,877	928,679	1,009,510
Unrestricted grants and contributions	2,073,027	1,972,777	2,094,284	2,171,697
Investment earnings	203,324	241,586	(328,920)	302,390
Miscellaneous	37,833	84,701	59,235	434,547
Total general revenues	<u>\$ 63,409,283</u>	<u>\$ 62,227,498</u>	<u>\$ 60,634,741</u>	<u>\$ 57,706,472</u>
Change in net position	<u>\$ 3,223,333</u>	<u>\$ 5,828,164</u>	<u>\$ 4,439,578</u>	<u>\$ 5,644,006</u>

NOTE: * Information prior to 2012 is not available

2010	2009	2008	2007	2006	2005
\$ 23,802,870	\$ 22,532,296	\$ 20,665,110	\$ 20,275,380	\$ 19,289,439	\$ 19,454,207
8,826,609	8,021,378	7,502,458	8,287,423	7,655,563	6,972,878
3,041,262	3,232,429	1,760,888	1,556,410	1,575,827	1,541,994
8,022,134	5,607,110	4,139,852	2,697,912	1,841,948	3,054,296
3,633,769	3,430,394	3,201,995	1,915,909	1,621,609	1,611,268
5,636,145	4,901,783	5,376,031	4,129,547	3,862,370	2,278,512
1,350,947	1,724,353	1,189,361	1,195,634	1,299,864	671,270
3,190,837	3,088,493	2,870,305	2,473,805	2,470,477	2,527,579
1,974,980	2,053,358	2,540,315	2,809,170	2,699,038	2,593,564
2,037,335	1,602,246	1,971,821	2,038,686	1,900,692	1,757,836
4,854,686	4,949,474	4,877,287	4,833,132	4,745,319	4,369,900
1,554,972	1,435,455	1,138,175	965,618	1,324,368	1,564,629
-	-	-	-	-	-
219,599	258,487	213,482	122,601	166,325	126,103
-	-	-	-	-	-
436,488	88,278	842,870	1,137,466	1,821,968	2,830,248
1,227,027	1,651,805	1,538,130	1,813,973	2,075,827	2,090,204
-	-	-	62,082	62,082	62,082
<u>\$ 69,809,660</u>	<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>
\$ 3,185,475	\$ 3,462,179	\$ 3,000,025	\$ 3,206,822	\$ 2,932,152	\$ 2,876,209
10,266,275	10,576,779	10,939,006	7,692,374	6,124,570	6,711,719
-	-	165,101	184,381	155,307	132,736
<u>\$ 13,451,750</u>	<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>\$ (56,357,910)</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>
\$ 47,053,517	\$ 40,220,343	\$ 44,194,863	\$ 35,452,971	\$ 43,794,705	\$ 37,978,471
7,177,688	7,176,535	1,237,121	887,370	1,396,835	1,604,404
7,809,607	8,765,912	8,349,503	6,756,017	7,650,226	6,029,833
778,451	962,248	1,100,001	1,028,641	942,831	743,874
2,054,834	2,006,709	1,958,119	1,804,286	1,662,118	1,679,182
925,090	1,632,837	2,739,678	3,530,093	2,120,890	1,330,401
313,267	348,157	328,929	251,335	70,064	196,016
<u>\$ 66,112,454</u>	<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>\$ 9,754,544</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>

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

	2014	2013	2012	2011	2010
General Fund					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ 87,968
Unreserved	-	-	-	-	40,581,799
Nonspendable	35,294	40,363	135,199	135,418	-
Restricted	145,874	87,713	60,059	50,697	-
Unassigned	<u>56,547,661</u>	<u>55,330,664</u>	<u>53,176,748</u>	<u>51,799,408</u>	<u>-</u>
Total general fund	<u>\$ 56,728,829</u>	<u>\$ 55,458,740</u>	<u>\$ 53,372,006</u>	<u>\$ 51,985,523</u>	<u>\$ 40,669,767</u>
All other governmental funds					
Unreserved, reported in:					
Debt service fund	\$ -	\$ -	\$ -	\$ -	\$ 2,753,750
Special revenue funds	-	-	-	-	21,731,456
Capital projects fund	-	-	-	-	33,276
Unassigned, reported in:					
Debt service fund	(806,164)	-	-	-	-
Capital projects fund	(374,854)	-	-	(37,897)	-
Restricted, reported in:					
Debt service fund	-	1,970,893	2,068,027	2,291,126	-
Special revenue funds	10,820,901	10,763,122	10,621,838	13,100,459	-
Capital projects fund	348,581	248,953	66,196	-	-
Nonspendable, reported in:					
Special revenue funds	<u>6,504</u>	<u>6,504</u>	<u>32,626</u>	<u>39,646</u>	<u>-</u>
Total all other governmental funds	<u>\$ 9,994,968</u>	<u>\$ 12,989,472</u>	<u>\$ 12,788,687</u>	<u>\$ 15,393,334</u>	<u>\$ 24,518,482</u>
Total Governmental Funds	<u>\$ 66,723,797</u>	<u>\$ 68,448,212</u>	<u>\$ 66,160,693</u>	<u>\$ 67,378,857</u>	<u>\$ 65,188,249</u>

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

2009	2008	2007	2006	2005
\$ 94,235	\$ 167,805	\$ 64,262	\$ 135,879	\$ 482,879
33,522,737	30,968,742	27,702,418	28,006,945	21,136,998
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 33,616,972</u>	<u>\$ 31,136,547</u>	<u>\$ 27,766,680</u>	<u>\$ 28,142,824</u>	<u>\$ 21,619,877</u>
\$ 4,146,966	\$ 4,391,560	\$ 4,438,554	\$ 7,144,146	\$ 6,141,309
23,288,174	28,601,040	23,165,595	24,311,509	22,650,767
82,424	278,524	36,593	350,211	657,812
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 27,517,564</u>	<u>\$ 33,271,124</u>	<u>\$ 27,640,742</u>	<u>\$ 31,805,866</u>	<u>\$ 29,449,888</u>
<u>\$ 61,134,536</u>	<u>\$ 64,407,671</u>	<u>\$ 55,407,422</u>	<u>\$ 59,948,690</u>	<u>\$ 51,069,765</u>

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

	2014	2013	2012	2011
Local Sources				
Property taxes	\$ 60,128,314	\$ 58,970,899	\$ 57,873,914	\$ 53,788,328
Replacement taxes	959,888	948,877	928,679	1,009,510
Earnings on investments	203,324	241,586	(328,920)	302,390
Other local sources	<u>3,789,903</u>	<u>3,899,406</u>	<u>3,798,257</u>	<u>3,462,020</u>
Total local sources	<u>65,081,429</u>	<u>64,060,768</u>	<u>62,271,930</u>	<u>58,562,248</u>
State sources	<u>18,646,660</u>	<u>16,148,919</u>	<u>12,972,844</u>	<u>13,264,411</u>
Federal sources	<u>1,844,567</u>	<u>1,661,653</u>	<u>1,977,720</u>	<u>2,798,442</u>
 Total	 <u>\$ 85,572,656</u>	 <u>\$ 81,871,340</u>	 <u>\$ 77,222,494</u>	 <u>\$ 74,625,101</u>

2010	2009	2008	2007	2006	2005
\$ 62,040,812	\$ 56,162,790	\$ 53,781,487	\$ 43,096,358	\$ 52,841,766	\$ 45,612,708
778,451	962,248	1,100,001	1,028,641	942,831	743,874
925,090	1,632,837	2,739,678	3,530,093	2,120,890	1,330,401
<u>3,417,273</u>	<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>67,161,626</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>12,764,852</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>2,831,060</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>\$ 82,757,538</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>

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

	2014	2013	2012	2011	2010
Current:					
Instruction					
Regular programs	\$ 24,112,196	\$ 22,686,596	\$ 22,415,974	\$ 19,753,207	\$ 21,450,621
Special programs	10,061,217	9,367,091	8,818,368	7,155,948	7,533,065
Other instructional programs	2,588,383	2,427,583	2,211,284	4,843,209	3,083,056
State retirement contributions	<u>12,918,267</u>	<u>9,984,364</u>	<u>8,573,755</u>	<u>7,934,736</u>	<u>8,022,134</u>
Total instruction	<u>49,680,063</u>	<u>44,465,634</u>	<u>42,019,381</u>	<u>39,687,100</u>	<u>40,088,876</u>
Supporting Services					
Pupils	4,607,560	4,402,573	4,252,148	4,048,759	3,633,769
Instructional staff	4,960,482	5,005,589	4,795,013	5,224,305	5,451,561
General administration	1,312,889	1,604,607	1,668,816	1,347,151	1,350,947
School administration	3,126,967	3,157,041	3,117,324	3,283,749	3,190,837
Business	2,223,128	2,093,047	2,195,148	2,026,760	1,974,980
Transportation	2,150,608	1,987,469	1,920,596	1,517,949	2,037,335
Operations and maintenance	6,421,905	5,655,507	5,236,075	5,042,663	5,178,139
Central	1,293,814	1,319,738	1,274,807	1,112,114	1,153,820
Other supporting services	365,040	-	-	-	-
Community services	615,293	559,319	553,810	244,144	219,599
Nonprogrammed charges	<u>1,862,046</u>	<u>1,373,175</u>	<u>1,472,420</u>	<u>1,455,516</u>	<u>1,251,750</u>
Total supporting services	<u>28,939,732</u>	<u>27,158,065</u>	<u>26,486,157</u>	<u>25,303,110</u>	<u>25,442,737</u>
Other:					
Debt service:					
Principal	5,120,000	5,045,958	5,036,141	4,790,488	8,043,675
Interest	153,107	373,403	615,821	864,147	1,177,379
Capital outlay	<u>3,585,829</u>	<u>2,540,761</u>	<u>4,283,158</u>	<u>1,789,648</u>	<u>3,951,159</u>
Total Other	<u>8,858,936</u>	<u>7,960,122</u>	<u>9,935,120</u>	<u>7,444,283</u>	<u>13,172,213</u>
Total	<u>\$ 87,478,731</u>	<u>\$ 79,583,821</u>	<u>\$ 78,440,658</u>	<u>\$ 72,434,493</u>	<u>\$ 78,703,826</u>
Debt service as a percentage of noncapital expenditures	6.29%	7.03%	7.62%	8.00%	12.34%

2009	2008	2007	2006	2005
\$ 20,265,649	\$ 19,129,598	\$ 17,966,673	\$ 16,994,614	\$ 16,546,694
6,663,875	7,476,522	8,264,490	7,649,778	6,965,217
3,232,429	1,760,888	1,556,410	1,575,827	1,515,718
5,607,110	4,139,852	2,697,912	1,841,948	3,054,296
<u>35,769,063</u>	<u>32,506,860</u>	<u>30,485,485</u>	<u>28,062,167</u>	<u>28,081,925</u>
3,430,394	3,196,010	1,915,909	1,621,609	1,611,268
4,936,439	4,340,609	3,886,000	3,642,288	3,482,509
1,724,353	1,180,471	1,186,562	1,307,564	662,446
3,088,493	2,866,703	2,467,381	2,467,757	2,517,285
2,255,039	2,426,779	2,269,046	2,176,195	2,211,322
1,602,246	1,971,775	2,037,709	1,896,101	1,751,820
5,578,657	5,865,605	5,318,220	4,651,726	4,681,045
1,055,551	1,135,762	962,139	1,326,322	1,561,739
-	-	-	-	-
258,487	213,482	122,601	166,325	126,103
1,357,503	842,870	1,137,466	1,821,968	2,830,248
<u>25,287,162</u>	<u>24,040,066</u>	<u>21,303,033</u>	<u>21,077,855</u>	<u>21,435,785</u>
7,522,115	6,445,000	5,960,000	4,035,000	5,285,000
1,578,936	1,734,900	1,982,783	2,342,764	2,538,459
8,806,640	4,418,119	5,571,203	2,493,329	3,003,755
<u>17,907,691</u>	<u>12,598,019</u>	<u>13,513,986</u>	<u>8,871,093</u>	<u>10,827,214</u>
<u>\$ 78,963,916</u>	<u>\$ 69,144,945</u>	<u>\$ 65,302,504</u>	<u>\$ 58,011,115</u>	<u>\$ 60,344,924</u>
12.97%	12.64%	13.30%	11.49%	13.64%

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

	2014	2013	2012	2011	2010
Excess of revenues over (under) expenditures	\$ (1,906,075)	\$ 2,287,519	\$ (1,218,164)	\$ 2,190,608	\$ 4,053,712
Other financing sources (uses)					
General long-term debt issued	-	-	-	-	-
Payments to escrow agent	-	-	-	-	-
Capital lease value	181,660	-	-	-	-
Transfers in	-	8,000	266,261	88,294	606,901
Transfers out	-	(8,000)	(266,261)	(88,294)	(606,901)
Total	<u>181,660</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (1,724,415)</u>	<u>\$ 2,287,519</u>	<u>\$ (1,218,164)</u>	<u>\$ 2,190,608</u>	<u>\$ 4,053,712</u>

2009	2008	2007	2006	2005
\$ (3,273,135)	\$ 2,907,023	\$ (4,541,268)	\$ 8,878,925	\$ (788,601)
-	5,770,000	-	25,272,095	-
-	-	-	(16,665,768)	-
-	323,226	-	-	-
12,130,552	3,272,314	1,953,688	943,364	325,950
<u>(12,130,552)</u>	<u>(3,272,314)</u>	<u>(1,953,688)</u>	<u>(943,364)</u>	<u>(325,950)</u>
-	6,093,226	-	8,606,327	-
<u>\$ (3,273,135)</u>	<u>\$ 9,000,249</u>	<u>\$ (4,541,268)</u>	<u>\$17,485,252</u>	<u>\$ (788,601)</u>

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

LEVY YEAR	TOTAL ASSESSED VALUE	TOTAL DIRECT RATE	ESTIMATED ACTUAL VALUE
2013	\$ 1,544,470,073	3.659	\$ 4,633,410,219
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

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 FISCAL YEARS

	2013	2012	2011	2010	2009
District direct rates					
Total direct	<u>\$ 3.6590</u>	<u>\$ 3.4160</u>	<u>\$ 3.1010</u>	<u>\$ 2.8130</u>	<u>\$ 2.5100</u>
Overlapping rates					
County of Cook	0.5600	0.5310	0.4620	0.4230	0.3940
Cook County Forest Preserve District	0.0690	0.0630	0.0580	0.0510	0.0490
Consolidated Elections	0.0310	0.0000	0.0250	0.0000	0.0210
Wheeling Township	0.0560	0.0520	0.0480	0.0430	0.0390
Wheeling Twp General Assistance	0.0100	0.0090	0.0090	0.0050	0.0090
Wheeling Twp Road & Bridge	0.0190	0.0160	0.0150	0.0140	0.0120
Metro Water Reclamation District of Chicago	0.4170	0.3700	0.3200	0.2740	0.2610
Northwest Mosquito Abatement District	0.0130	0.0110	0.0100	0.0090	0.0080
Village of Arlington Heights & Library Fund	1.8180	1.5320	1.3850	1.2540	1.1080
Arlington Heights Park District	0.6330	0.5450	0.4960	0.4500	0.3920
Arlington Heights High School #214	2.7680	2.3240	2.0670	1.8390	1.6360
Harper Comm College #512	0.4440	0.3730	0.3340	0.2950	0.2580
Suburban TB Sanitarium	-	-	-	-	-
Total direct and overlapping rate	<u>\$ 10.4970</u>	<u>\$ 9.2420</u>	<u>\$ 8.3300</u>	<u>\$ 7.4700</u>	<u>\$ 6.6970</u>

Source: Cook County Clerk

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

2008	2007	2006	2005	2004
<u>\$ 2.8070</u>	<u>\$ 2.8900</u>	<u>\$ 3.2950</u>	<u>\$ 3.2250</u>	<u>\$ 3.1380</u>
0.4150	0.4460	0.5000	0.5330	0.5930
0.0510	0.0530	0.0570	0.0600	0.0600
0.0000	0.0120	0.0000	0.0140	0.0000
0.0380	0.0380	0.0430	0.0410	0.0420
0.0090	0.0090	0.0100	0.0090	0.0090
0.0120	0.0120	0.0130	0.0120	0.0120
0.2520	0.2630	0.2840	0.3150	0.3470
0.0080	0.0080	0.0090	0.0090	0.0090
1.0720	1.1340	0.8660	0.8000	0.7400
0.3790	0.4040	0.4610	0.4530	0.4660
1.5870	1.6210	1.8230	1.7590	1.8880
0.2560	0.2600	0.2880	0.2810	0.2790
<u>-</u>	<u>-</u>	<u>0.0050</u>	<u>0.0050</u>	<u>0.0010</u>
<u>\$ 6.8860</u>	<u>\$ 7.1500</u>	<u>\$ 7.6540</u>	<u>\$ 7.5160</u>	<u>\$ 7.5840</u>

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

PRINCIPAL PROPERTY TAXPAYERS IN THE DISTRICT

CURRENT LEVY YEAR AND NINE YEARS AGO

TAXPAYER	2013 EQUALIZED ASSESSED VALUATION	PERCENTAGE OF TOTAL 2013 EQUALIZED ASSESSED VALUATION
Luther Village	\$ 38,618,488	2.50%
Town & Country Chicago	18,780,336	1.22%
Amcap Northpoint LLC	16,869,099	1.09%
Stonebridge Real Estate	9,038,005	0.59%
New Plan Excel Prop TR	14,089,295	0.91%
WRCMT 2007C33 Evgrn A	9,206,679	0.60%
John Hancock Life Insurance	10,412,724	0.67%
Robin Realty Management	8,668,633	0.56%
Sptmrt Properties Trust	9,705,159	0.63%
Northwest Community Hospital	7,211,070	0.47%
 Total	 \$ 142,599,489	 9.23%

*Includes only those parcels with 2013 equalized assessed valuations of approximately \$190,000 and over as recorded in the County Assessor's office.

Taxpayer	2004 EQUALIZED ASSESSED VALUATION	PERCENTAGE OF TOTAL 2003 EQUALIZED ASSESSED VALUATION
Luther Village	\$ 37,634,207	3.08%
Avalon Bay Communities	14,334,280	1.17%
Northpoint Freed	13,605,678	1.11%
Stonebridge Trust	13,549,230	1.11%
Dominicks	13,424,432	1.10%
M&J Wilkow, Ltd.	9,966,728	0.82%
Arlington Town Square	9,854,534	0.81%
Sunrise Tax Dept	8,542,976	0.70%
Berkshire Mortgage	7,651,363	0.63%
Rysco, Inc	6,660,578	0.54%
 Total	 \$ 135,224,006	 11.06%

Source: Cook County Clerk

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

LEVY YEAR	TAXES LEVIED		COLLECTED WITHIN THE		COLLECTIONS IN SUBSEQUENT YEARS	TOTAL COLLECTIONS TO DATE	
	FOR THE LEVY YEAR		FISCAL YEAR OF THE LEVY	PERCENTAGE OF LEVY		AMOUNT	PERCENTAGE OF LEVY
2013	\$ 56,502,889	\$	31,876,442	56.42%	\$ -	\$ 31,876,442	56.42%
2012	60,646,018		31,057,458	51.21%	28,432,112	59,489,570	98.09%
2011	59,027,139		30,563,740	51.78%	27,369,585	57,933,325	98.15%
2010	58,027,938		29,393,451	50.65%	27,698,422	57,091,873	98.39%
2009	56,300,925		30,713,241	54.55%	24,264,057	54,977,298	97.65%
2008	58,963,859		26,909,408	45.64%	31,442,037	58,351,445	98.96%
2007	56,261,420		25,955,145	46.13%	29,213,062	55,168,207	98.06%
2006	53,979,932		25,042,407	46.39%	28,176,730	53,219,137	98.59%
2005	49,866,599		22,184,811	44.49%	27,074,172	49,258,983	98.78%
2004	44,645,946		21,018,554	47.08%	23,707,849	44,726,403	100.18%

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
2014	\$ -	\$ -	\$ 181,660	\$ 181,660	0.01%	\$ 2
2013	5,120,000	-	-	5,120,000	0.17%	68
2012	10,165,000	-	958	10,165,958	0.33%	135
2011	15,190,000	-	12,099	15,202,099	0.50%	201
2010	19,970,000	-	22,587	19,992,587	0.77%	260
2009	27,980,000	-	56,262	28,036,262	1.09%	376
2008	35,350,000	-	208,377	35,558,377	1.38%	483
2007	36,025,000	-	309,444	36,334,444	1.41%	488
2006	41,985,000	-	452,265	42,437,265	1.64%	569
2005	46,020,000	980,000	595,086	47,595,086	1.87%	626

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
2014	\$ -	-	\$ -	0.00%	\$ -
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%	260
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%	618

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

JUNE 30, 2014

GOVERNMENTAL JURISDICTION	DEBT OUTSTANDING	OVERLAPPING PERCENT	NET DIRECT AND OVERLAPPING DEBT
Overlapping debt:			
County			
Cook County	\$3,572,060,000	1.229%	\$ 43,902,002
Cook County Forest Preserve	124,455,000	1.229%	1,529,600
Metro Water Reclamation District of Chicago	2,458,515,565	1.254%	30,824,722
School Districts			
High School District 214	44,695,000	20.809%	9,300,529
Harper Community College 512	175,310,000	9.275%	16,259,697
Park Districts			
Arlington Heights Park District	17,140,000	62.320%	10,681,694
Mt. Prospect Park District	7,080,000	3.342%	236,625
Prospect Heights Park District	553,575	3.489%	19,316
Municipalities			
Village of Arlington Heights	37,615,000	60.261%	22,667,164
Village of Mount Prospect	50,510,000	3.054%	1,542,576
City of Prospect Heights	14,240,000	1.184%	168,571
City of Rolling Meadows	15,245,000	0.615%	93,728
Total overlapping debt			<u>137,226,223</u>
Direct debt:			
			<u>-</u>
Total Direct and Overlapping Debt			<u>\$ 137,226,223</u>

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

Overlapping governments with no outstanding debt are not reflected.

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

Legal Debt Margin Calculation for Fiscal Year 2014

Assessed Valuation	<u>\$ 1,544,470,073</u>
Debt Limit - 6.9% of Assessed Valuation	\$ 106,568,435
Total Debt Outstanding	\$ 181,660
Less: Exempted Debt	<u>\$ -</u>
Net Subject to 6.9% Limit	\$ 181,660
Total Debt Margin	<u>\$ 106,386,775</u>

	2014	2013	2012	2011
Debt Limit	\$ 106,568,435	\$ 122,517,795	\$ 131,358,866	\$ 142,374,513
Total Net Debt Applicable to Limit	<u>181,660</u>	<u>5,120,000</u>	<u>10,165,958</u>	<u>15,202,099</u>
Legal Debt Margin	<u>\$ 106,386,775</u>	<u>\$ 117,397,795</u>	<u>\$ 121,192,908</u>	<u>\$ 127,172,414</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0%	4%	8%	11%

Fiscal Year					
2010	2009	2008	2007	2006	2005
\$ 154,812,478	\$ 144,953,498	\$ 134,354,995	\$ 113,054,336	\$ 106,705,498	\$ 98,484,913
<u>19,992,587</u>	<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>\$ 134,819,891</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>
13%	19%	26%	32%	39%	48%

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

YEAR	POPULATION	PERSONAL INCOME	PER CAPITA INCOME	UNEMPLOYMENT RATE
2014	75,994	\$3,088,776,130	\$ 40,645	6.60%
2013	75,763	3,079,387,135	40,645	6.60%
2012	75,388	3,036,402,476	40,277	7.20%
2011	75,101	3,024,842,977	40,277	7.40%
2010	76,943	2,580,975,992	33,544	7.60%
2009	76,943	2,580,975,992	33,544	4.30%
2008	76,943	2,580,975,992	33,544	3.50%
2007	76,943	2,580,975,992	33,544	3.20%
2006	76,943	2,580,975,992	33,544	4.50%
2005	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

2014

EMPLOYER	NUMBER OF EMPLOYEES	SOURCE	PERCENTAGE OF TOTAL EMPLOYMENT*
MYR Group Inc	3,500	(1)	8.8%
Northwest Community Hospital	3,300	(1)	8.3%
Northrop Grumman Electro Systems	2,400	(1)	6.0%
Komatsu America Corp	2,090	(1)	5.3%
Paylocity Holding Corp	968	(1)	2.4%
CVS Caremark Prescription Svc	800	(1)	2.0%
Arlington International Race Track	745	(1)	1.9%
Lutheran Home	700	(1)	1.8%
Alexian Brothers Health System	600	(1)	1.5%
Mt Prospect Park District	600	(1)	1.5%

*Illinois Department of Employment Securities reports that 39,720 persons were employed in the Village of Arlington Heights in 2013, most recent information available.

2005

EMPLOYER	NUMBER OF EMPLOYEES	SOURCE	PERCENTAGE OF TOTAL EMPLOYMENT
Northwest Community Hospital	3,300	(2)	N/A^
Motorola	3,000	(2)	N/A^
Northrup Grumman Corp.	2000	(2)	N/A^
HSBC	1,100	(2)	N/A^
GTSS	1000	(2)	N/A^
Broadwing Communications, LLC	800	(2)	N/A^
Arlington Heights School District 25	756	(2)	N/A^
Caremark, Inc	750	(2)	N/A^
Robert Bosch Tool Corp	600	(2)	N/A^
Charles Industries, Inc	600	(2)	N/A^

^Percentage of total employment not available

Sources: (1) September, 2014 ReferenceUSA

(2) June 30, 2005 CAFR

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

NUMBER OF EMPLOYEES BY TYPE

LAST TEN FISCAL YEARS

	2013 - 2014	2012 - 2013	2011 - 2012	2010 - 2011	2009 - 2010	2008 - 2009	2007 - 2008	2006 - 2007	2005 - 2006	2004 - 2005
Administration:										
Superintendent	1	1	1	1	1	1	1	1	1	1
Assistant Superintendent	3	3	3	3	3	4	4	4	4	4
District Administrators	7	5	5	5	5	5	5	4	4	4
Principals and assistants	<u>17</u>	<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>
Total administration	<u>28</u>	<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>
Teachers:										
Elementary	186	181	173	168	168	168	165	158	133	132
Middle school	111	109	105	110	111	111	111	109	109	107
District Instruction Support	81	82	82	86	84	84	84	82	91	84
Special education and bilingual	<u>79</u>	<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>
Total teachers	<u>457</u>	<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>
Other supporting staff:										
Cafeteria	49	29	45	39	27	27	27	24	26	22
Clerical and Aides, Playground Supervisor Maintenance, custodians and warehouse and crossing guards	192	192	197	197	197	197	197	197	193	190
	<u>78</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>
Total support staff	<u>319</u>	<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>
Total staff	<u>804</u>	<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>

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

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES	COST PER PUPIL	PERCENTAGE CHANGE	EXPENSES	PER CAPITA TUITION CHARGE
2014	4,860	\$ 61,257,274	\$ 12,604	5.0%	\$ 56,243,555	\$ 11,573
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

PERCENTAGE CHANGE	TEACHING STAFF	PUPIL - TEACHER RATIO	PERCENTAGE OF STUDENTS RECEIVING FREE OR REDUCED PRICE- MEALS
6.2%	457	11.0	10%
-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%

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

	2014	2013	2012	2011	2010	2009
Elementary						
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	3,428	3,443	3,443	3,360	3,226	3,206
Middle						
Buildings	2	2	2	2	2	2
Square Feet	270,013	270,013	270,013	270,013	270,013	270,013
Capacity (Students)	1,892	1,892	1,892	1,892	1,892	1,892
Enrollment	1,795	1,719	1,719	1,742	1,773	1,777
Other						
Buildings	3	3	3	3	3	3
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A
Athletics						
Play grounds	7	7	7	7	7	7

2008	2007	2006	2005
7	7	7	7
446,817	429,186	429,186	429,186
4,454	4,238	4,238	4,238
3,350	3,168	3,174	3,063
2	2	2	2
270,013	270,013	270,013	270,013
1,892	1,892	1,892	1,892
1,737	1,737	1,718	1,711
3	3	3	3
N/A	N/A	N/A	N/A
7	7	7	7