

COMPREHENSIVE ANNUAL FINANCIAL
REPORT

OF

ARLINGTON HEIGHTS SCHOOL
DISTRICT 25

ARLINGTON HEIGHTS, ILLINOIS

As of and for the Year Ended June 30, 2018

Officials Issuing Report

Ms. Stacey Mallek, Assistant Superintendent for Business

Department Issuing Report

Business Office

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ARLINGTON HEIGHTS SCHOOL DISTRICT 25

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**Arlington
Heights**
SCHOOL DISTRICT 25

Embracing Today – Inspiring Tomorrow

PATTON | OLIVE | IVY HILL | GREENBRIER | THOMAS
WINDSOR | WESTGATE | DRYDEN | SOUTH

December 7, 2018

Members of the Community and the Board of Education

Arlington Heights School District 25

1200 S. Dunton Avenue, Arlington Heights, Illinois 60005

Dear Members of the Community and the Board:

The Comprehensive Annual Financial Report of Arlington Heights School District 25, Arlington Heights, Illinois, for the fiscal year ended June 30, 2018, 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 Uniform Guidance. 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 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.

History of the District

Educational roots date back to 1849 in Arlington Heights when the first primitive school building was erected on the northwest corner of Miner Street and Prairie Street [now Evergreen Street]. The district grew in numbers alongside the prideful town of Arlington Heights, and in 1902 the district changed its number from District 10 to District 25. The district continued to add schools as the population demanded them. The town's peak enrollment years were from the late 1950's into the early 1970's. During this time, the District built 14 schools.

The population declined through the 70's and the District needed to close eight schools. In the early 90's, District 25 saw a consistent increase in enrollment, and with that came either rededication, renovation or expansion of all nine schools.

The Reporting Entity and Its Services

The District is an elementary (EC -- 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 2017-18 was 5,558. 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 age three to five. The governing body consists of a seven member Board of Education elected from within the District's boundaries for four-year overlapping terms. 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 75,634 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 household income of \$79,979, Arlington Heights attracts both middle and upper management executives. The majority of residents are between 18 and 65 years old. Over half the residents age 25 or older have completed four or more years of college. This data is based on the most recent data available (2012-2016). The average single-family home sells for \$322,400. 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 82% of the District's valuation to be residential, 17% commercial and, 1% industrial with minimal farmland and railroad valuations.

For The Future

Since 1989, the District has renovated and added onto schools and has built a middle school. Classrooms were added to Windsor Elementary School during the 1999-2000 fiscal year and to Patton Elementary School for the 2005-2006 fiscal year. The District added two classrooms at Olive-Mary Stitt School and six classrooms at Dryden School for the 2007-2008 school year. Another six classrooms were added to Olive-Mary Stitt and ten classrooms to Ivy Hill schools in 2015-16. Six classrooms at Windsor School and five classrooms at Thomas Middle School were added during the 2016-17 school year, along with new/expanded gymnasiums, additional bathrooms, and expanded common spaces to accommodate continued growth. Another four classrooms were added to Greenbrier School during 2017-18. The District engaged Consulting Demographer, John Kasarda, in the fall of 2016 to develop enrollment projections. Future projected student enrollments based on a kindergarten trend projection model are as follows:

Projected Enrollment (excludes Pre-K)

Grade	17-18	18-19	19-20	20-21	21-22	22-23	23-24	24-25	25-26
K	483	497	489	486	484	497	501	498	503
1	624	611	625	617	614	610	623	627	624
2	633	640	627	641	633	629	625	638	642
3	622	645	652	639	653	644	640	636	649
4	611	623	646	653	640	655	646	642	638
5	563	614	626	649	656	643	658	649	645
6	618	586	637	649	672	679	666	681	672
7	639	622	590	641	653	675	682	669	684
8	641	642	625	593	644	655	677	684	671
Total	5434	5480	5517	5568	5649	5687	5718	5724	5728

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 off all of the debt issued as promised to the taxpayers. During fiscal year 2015-16, the Board issued \$18 million in new debt to fund classroom additions at Ivy Hill and Olive-Mary Stitt Schools. In fiscal year 2016-17, the Board issued another \$31.9 million in debt to fund classroom additions at Thomas and Windsor Schools. A final \$8.2 million was issued in 2017-18 for some life safety projects and the addition at Greenbrier School

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 2020":

Mission

Arlington Heights School District 25 cultivates innovative learners within a nurturing and collaborative community to thrive in an ever-changing world.

Vision

Embracing today – inspiring tomorrow.

Strategic Vision 20/20

Broaden Best Practices

- Increase technology access
- Align curriculum
- Explore how to address social/emotional needs
- Review options for high achievers
- Grow capacity for personalized learning

- Explore inclusion models
- Increase cultural awareness
- Communicate purposeful assessment plan
- Review progress reporting philosophy and tools
- Align EL practices across the district

Explore Program Expansion

- Study options for world language at K-5
- Determine future Early Childhood location, expansion, and delivery model
- Explore options for full day Kindergarten
- Explore scheduling alternatives for students, school year, and staff development
- Continue to assess and refine staffing models and roles

Strengthen Community Relations

- Improve/shift the “us” and “them” mentality
- Establish consistent communication routines with entire community
- Develop and build upon existing community partnerships
- Solidify positive reputation of teachers and teaching

Enhance Staff Support

- Further cultivate the organizational health of D25
- Further promote the health and wellness of staff
- Evaluate staff retention and explore additional ways to retain staff
- Explore opportunities to further increase professional development time amongst staff members
- Evaluate programming for non-tenured staff
- Explore opportunities to expand the substitute pool
- Increase university clinical/student teaching partnerships

Maintain and Enhance High Quality Facilities

- Establish process to annually evaluate district space needs
- Complete evaluation of safe and secure buildings
- Explore flexible learning spaces for innovation
- Increase energy efficiency

This Strategic Vision 20/20 was approved January 19, 2017 by the Board of Education.

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, the pension crisis, the State financial condition, and the legislative debate over property tax freezes.

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.

For fiscal year 2017-18, permanent budget reductions in the amount of \$500,000 were made throughout central office department budgets to support continued overall financial stability. 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 and related U.S. Office of Management and Budget's Uniform Guidance. 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, 2018, 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 2017 EAV of \$1,870,682,808 represents a 1.5% increase over the 2016 EAV amount. The EAV increase was mainly a result of new growth within the District.

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. Because levies are determined by a dollar amount, changes in tax rates are inversely proportional to changes in EAV.

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 2018 and was fifty-five percent of the 2016 tax bill. The second installment is due in September after the close of the fiscal year and is the difference between the actual 2017 tax extension amount and the amount paid in the spring. The fall collections have historically been late. Tax collections are expected to exceed 98% of the extended levy. Following is a tax rate comparison for 2017 and the preceding two fiscal years.

<u>Fund Type</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
General	2.7924	2.6909	3.1356
Special Revenue	.4595	.5060	.6595
Debt Service	.2341	.2120	.1803
Capital Projects	.0015	.0143	.0145
 Total Tax Rate	 <u>3.4875</u>	 <u>3.4232</u>	 <u>3.9899</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.

Awards and Achievement

District 25 is proud of its students and teachers who dedicate so much time and effort to representing District 25 and Arlington Heights in the highest ways. Five of the District schools

are recognized as **National Blue Ribbon Schools of Excellence** by the U. S. Department of Education as follows: Olive-Mary Stitt, Westgate, Windsor, Greenbrier Elementary Schools & Thomas Middle School

The District's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017 received the Association of School Business Officials (ASBO) International Certificate of Excellence in Financial Reporting, for the twenty-fifth 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.

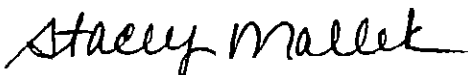
The Certificate of Excellence in Financial Reporting is valid for a period of one year. We believe that our current Comprehensive Annual Financial Report continues to meet the program requirements of the ASBO Certificate of Excellence. We are submitting it to ASBO International for consideration of the 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, 2018.

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
is presented to**

Arlington Heights School District 25

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

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



Charles E. Peterson, Jr., SFO, RSBA, MBA
President

John D. Musso, CAE
Executive Director

Organization of Services:



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, 2018

Board of Education

		<u>Term Expires</u>
Brian Cerniglia	President	2019
David Page	Vice President	2021
Erin Johannesen	Secretary	2021
Chad Conley	Member	2019
Scott Filipek	Member	2019
Anisha Ismail Patel	Member	2021
Rich Olejniczak	Member	2021

Treasurer

Kay Waller Accounting Supervisor Township High School District 214

District Administration

Dr. Lori Bein	Superintendent
Stacey Mallek	Assistant Superintendent for Business/CSBO
Dr. Jake Chung	Assistant Superintendent for Personnel & Planning
Aimee LeBlanc	Assistant Superintendent for Student Services
Dr. Eric Olson	Assistant Superintendent for Student Learning

Principals

Akemi Sessler	Dryden Elementary School
Donna Bingaman	Greenbrier Elementary School
Scott Kaese	Ivy Hill Elementary School
Dr. Rebecca Fitzpatrick	Olive-Mary Stitt Elementary School
Eric Larson	Patton Elementary School
Dr. Brad Carter	Westgate Elementary School
Shelley Fabrizio	Windsor Elementary School
Piper Boston	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, 2018, 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, 2018 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 15, Arlington Heights School District 25 adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective July 1, 2017. 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, 2018 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, 2018 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, 2018, 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, 2018.

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, 2017 (not presented herein), and have issued our report thereon dated December 5, 2017, 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, 2017 are presented for purposes of additional analysis and are 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 2017 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2017 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, 2017.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Arlington Heights School District 25's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2018 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.

Baker Tilly Virchow Krause, LLP

Oak Brook, Illinois
December 7, 2018

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Arlington Heights School District 25

Management's Discussion and Analysis (Unaudited)

As of and for the Year Ended June 30, 2018

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, 2018. 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 beginning net position was restated to \$82.9 million for the impact of GASB 75. The Statement of Activities beginning net position is restated for the impact of this change. In total, net position decreased by \$3.2 from \$82.9 to \$79.7, mainly due to capital projects paid from revenues. This represents a 4% decrease from 2017.
- > General revenues accounted for \$70.4 in revenue or 66% of all revenues. Program specific revenues in the form of charges for services and fees and grants accounted for \$36.2 or 34% of total revenues of \$106.6.
- > The District had \$109.9 in expenses related to government activities. However, only \$36.2 of these expenses were offset by program specific charges and grants.
- > The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$79.7 (net position). Of this amount, (\$9.8) represents unrestricted net position.
- > The District issued \$8.2 in long-term debt to fund building additions at Thomas Middle and Windsor Elementary Schools.
- > The Board of Education authorized the transfer of \$21,256,455 from the Operations and Maintenance Fund to the Capital Projects Fund to cover the remainder of the costs of the Ivy Hill and Olive-Mary Stitt building additions, part of the Thomas and Windsor building additions, and other capital projects. Of this, \$19,003,146 was covered by bond proceeds which were transferred from the General Fund - Working Cash Accounts into the Operations and Maintenance Fund.
- > The District achieved the designation of Financial Recognition status, the highest category of financial strength for the School District Financial Profile, from the Illinois State Board of Education for 2017.

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.

Arlington Heights School District 25

Management's Discussion and Analysis (Unaudited)

As of and for the Year Ended June 30, 2018

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

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

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

Fund financial statements

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

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

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

Arlington Heights School District 25
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended June 30, 2018

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 Life 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 pension and OPEB benefits.

Arlington Heights School District 25
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended June 30, 2018

Government-Wide Financial Analysis

The District's combined net position was lower on June 30, 2018, than it was the year before, decreasing 4% to \$79.7.

Table 1		
Condensed Statements of Net Position		
(in millions of dollars)		
	<u>2017*</u>	<u>2018</u>
Assets:		
Current and other assets	\$ 115.4	\$ 101.9
Capital Assets	<u>112.9</u>	<u>129.5</u>
Total assets	<u>228.3</u>	<u>231.4</u>
Total deferred outflows of resources	<u>4.9</u>	<u>4.2</u>
Liabilities:		
Current liabilities	15.4	11.8
Long-term liabilities outstanding	<u>60.4</u>	<u>105.3</u>
Total liabilities	<u>75.8</u>	<u>117.1</u>
Total deferred inflows of resources	<u>30.2</u>	<u>38.8</u>
Net position:		
Net investment in capital assets	81.2	82.1
Restricted	7.3	7.4
Unrestricted	<u>38.7</u>	<u>(9.8)</u>
Total net position	<u>\$ 127.2</u>	<u>\$ 79.7</u>

* Prior year information has not been updated for the District's implementation of GASB Statement No. 75 in fiscal year 2018.

Expenses in the governmental activities of the District of \$109.9 exceeded revenues by \$3.2. This was attributable primarily to the non-capitalizable portion of projects scheduled for the year.

Arlington Heights School District 25
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended June 30, 2018

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

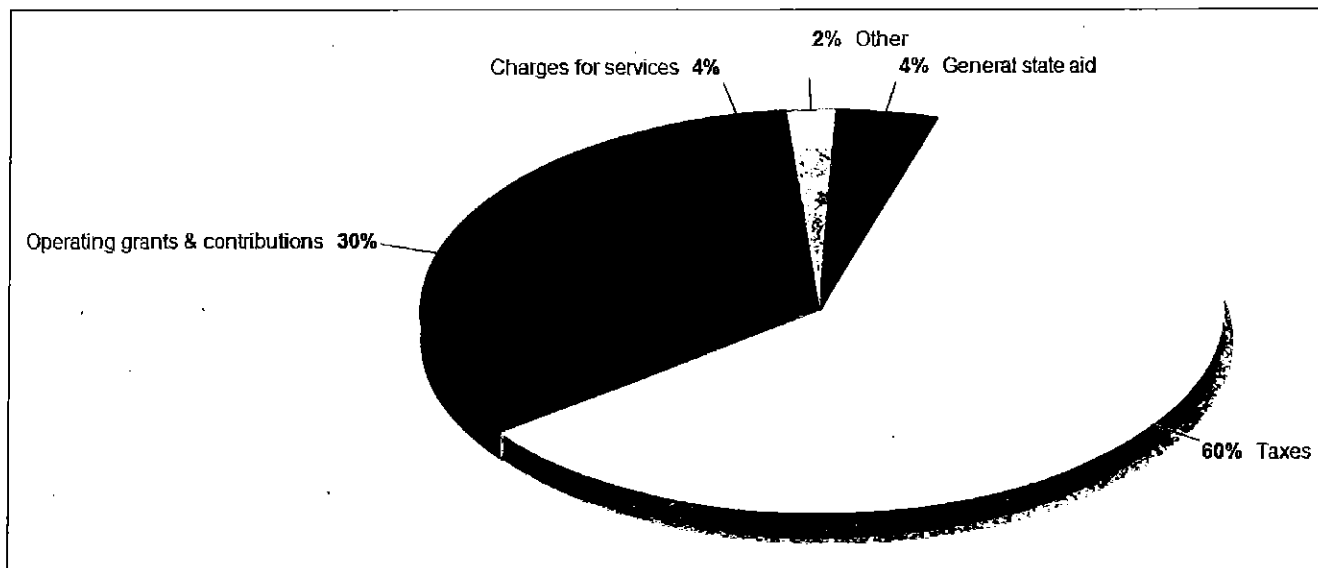
	<u>2017*</u>	<u>2018</u>
Revenues:		
<i>Program revenues:</i>		
Charges for services	\$ 4.0	\$ 3.8
Operating grants & contributions	36.0	32.4
<i>General revenues:</i>		
Taxes	63.4	64.2
General state aid	2.4	4.5
Other	0.7	1.7
Total revenues	<u>106.5</u>	<u>106.6</u>
Expenses:		
Instruction	74.9	76.0
Pupil & instructional staff services	11.4	10.9
Administration & business	7.5	7.8
Transportation	2.4	2.5
Operations & maintenance	10.5	8.2
Other	4.2	4.4
Total expenses	<u>110.9</u>	<u>109.8</u>
Excess (deficiency) of revenues over expenses before special items	<u>(4.4)</u>	<u>(3.2)</u>
Increase in net position	<u>(4.4)</u>	<u>(3.2)</u>
Net position, beginning	<u>131.6</u>	<u>82.9</u>
Net position, ending	<u>\$ 127.2</u>	<u>\$ 79.7</u>

* Prior year information has not been updated for the District's implementation of GASB Statement No. 75 in fiscal year 2018.

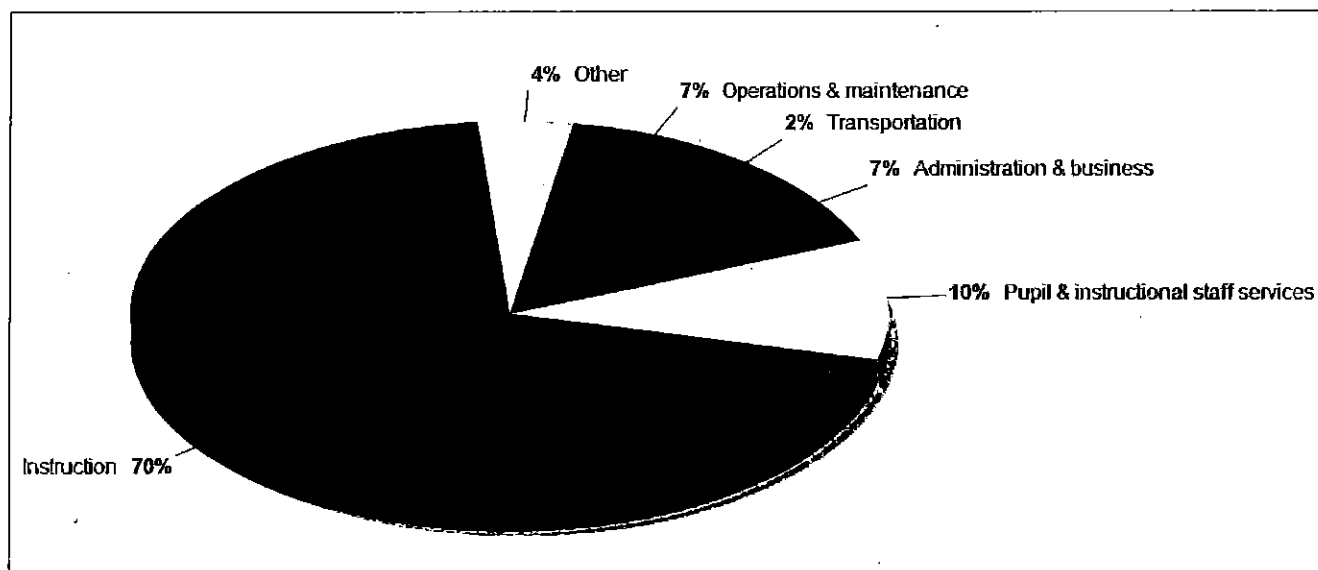
Property taxes accounted for the largest portion of the District's revenues, contributing 59% (80% if you exclude the State retirement contributions). The remainder of revenues came from state, federal grants and other sources. The total cost of all the District's programs was \$109.9, mainly related to instructing and caring for the students and student transportation at 82%.

Arlington Heights School District 25
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended June 30, 2018

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 \$69.4 to \$59.4, mainly as a result of \$19 in bond proceeds spent on capital projects in the fiscal year, where all but \$8.2 of the bonds were sold in prior years.

Arlington Heights School District 25

Management's Discussion and Analysis (Unaudited)

As of and for the Year Ended June 30, 2018

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 on-going expenditures. The strong financial performance of the District is reflected in the governmental funds. The balance in the General Fund decreased over \$9.8 due to transfers of \$19.0 of bond proceeds held in reserves to other funds for use in funding capital projects offset by the sale of \$8.2 in additional bonds and expenditures coming in more than \$1.0 under budget.

The Operations and Maintenance fund balance increased \$0.1 during fiscal 2018. Revenues exceeded expenditures by this amount mainly due to lower than expected personnel and purchased service costs, as well as a lower than anticipated net transfer of \$2.3 to the Capital Projects Fund for use in funding capital projects.

The Debt Service Fund represents the property taxes received for and debt service payment on the outstanding bond issues. The deficit is a result of the structure of the levy extension to maintain a level debt service tax rate versus the required annual debt service payments.

The fund balance in the Capital Projects Fund decreased \$0.3 over the year. Transfers of reserves from operating funds of \$21.3 were insufficient to fund \$21.7 in capital expenditures in the current year. Future transfers from operating funds will cover the total fund balance deficit.

The increase of \$0.15 in the Fire Prevention and Life Safety Fund is a result of taxes levied for life safety projects identified in the 10-year life safety survey. The first project to be paid from these funds will be the replacement of the Greenbrier Roof in the summer of 2018 but next fiscal year.

General Fund Budgetary Highlights

The 2017-18 budget was adopted by the Board of Education in September 2017. The District's adopted budget for the General Fund (Education Accounts, Tort Accounts, and Working Cash Accounts) anticipated a budget deficit of about \$11.8, while the actual report for the year shows a deficit of \$9.8, or a difference of \$2.0. This was mainly due to lower than anticipated expenditures including not spending about \$0.7 of contingency funds for personnel and \$0.3 for special education tuition. In addition, transfer from the Working Cash Accounts to the Operations and Maintenance funds for building additions paid for during the fiscal year were \$0.8 less than budgeted.

Total revenues in the General Fund reflect a \$0.2 under budget condition. The largest category of revenue is local property taxes, which rejected a \$0.5 unfavorable budget position due to higher than anticipated refunds of property taxes from prior levy years. School districts and other taxing bodies across Cook County continue to lose millions of dollars in property tax revenue every year from refunds resulting from assessment valuation challenges brought before the Illinois Property Tax Appeal Board or circuit court, exemption decisions of the Illinois Department of Revenue, or certificates of error issued by local assessing officials. Despite levies that are being properly approved and statutorily limited, schools and other taxing bodies do not receive the full amount of their extensions because taxpayers have won or settled these over-assessment or exemption cases for prior years. These refunds for assessment errors and exemptions in prior years are taken out of current collections, leaving schools and other taxing bodies with less property tax revenue than they are legally entitled to each year. District 25 recognized refund losses of \$0.7 in the General Fund alone, which is higher than the amount refunded in more than 10 years.

Arlington Heights School District 25

Management's Discussion and Analysis (Unaudited)

As of and for the Year Ended June 30, 2018

Capital Assets and Debt Administration

Capital assets

By the end of 2018, the District had compiled a total investment of \$193.1 (112.9 net of accumulated depreciation) in a broad range of capital assets including buildings, land and equipment. Total depreciation expense for the year was \$3.7. More detailed information about capital assets can be found in Note 5 of the basic financial statements.

Table 3 Capital Assets (net of depreciation) (in millions of dollars)		
	<u>2017</u>	<u>2018</u>
Land and Construction in Progress	\$ 14.2	\$ 6.1
Buildings	95.2	119.6
Equipment and vehicles	3.5	3.8
Total	<u>\$ 112.9</u>	<u>\$ 129.5</u>

Long-term debt

The District retired \$2.9 in bonds and issued \$8.2 in bonds in 2018. Capital leases and other remained consistent from prior year. At the end of fiscal 2018, the District had a debt margin of \$84.8. More detailed information on long-term debt can be found in Note 6 of the basic financial statements.

Table 4 Outstanding Long-Term Debt (in millions of dollars)		
	<u>2017</u>	<u>2018</u>
General Obligation Bonds	\$ 47.8	\$ 53.1
Net pension liability	12.3	8.2
Net OPEB Liability	44.7	43.7
Capital leases and other	0.3	0.3
Total	<u>\$ 105.1</u>	<u>\$ 105.3</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:

Property tax growth for the District is limited under the Property Tax Extension Limitation Law. For the 2018 levy, property tax increases will be limited to CPI of 2.1% plus new property growth. The 10 year average CPI is trending downward, from an average of 2.4% a few years ago to an average of 1.6% currently. Limited revenue growth year-over-year, as well as increased amounts of property tax refunds similar to what happened in fiscal year 2018, will put a strain on future budgets.

The Illinois State legislature continues to debate limiting property tax increases even further, with proposals to freeze property taxes at current levels for different lengths of time. Eliminating the ability of the district to access any additional property taxes for an extended period of time would have a significant impact on the District's five-year forecast.

Arlington Heights School District 25

Management's Discussion and Analysis (Unaudited)

As of and for the Year Ended June 30, 2018

A collective bargaining agreement with the Arlington Teachers' Association is in place through August of 2020. The District also has a collective bargaining agreement with the custodial/maintenance union through June 30, 2023. These agreements provide some stability in the District's largest expense.

Enrollment is increasing. In the past three years, the District has added classrooms at Ivy Hill, Olive-Mary Stitt, Thomas and Windsor Schools. Another classroom addition is in progress at Greenbrier School to open with the beginning of the 2018-19 school year.

Pension obligations for certificated employees, including teachers and administrators, are funded by the state and active members of the Illinois Teachers' Retirement System. The State of Illinois still continues to debate the cost of pensions and the need for funding reforms to address an increasing unfunded liability in the system. Employers are mandated to contribute 0.58% of all creditable earnings to the Teachers' Retirement System. Due to the complexities of the pension system and various funding reform options discussed in the legislature, additional employer contributions may be a future consideration.

The legislature eliminated the "Early Retirement Option" under the Teachers' Retirement System as of June 30, 2016. This may cause teachers to work longer at higher salaries, which would impact the District's long term salary costs.

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

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ARLINGTON HEIGHTS SCHOOL DISTRICT 25

STATEMENT OF NET POSITION

AS OF JUNE 30, 2018

	GOVERNMENTAL ACTIVITIES
Assets	
Cash and investments	\$ 69,974,304
Receivables (net of allowance for uncollectibles):	
Interest	339,963
Property taxes	30,140,105
Replacement taxes	146,342
Intergovernmental	1,253,697
Other	28,077
Prepaid items	30,689
Capital assets:	
Land	1,060,199
Construction in progress	5,043,494
Depreciable buildings, property and equipment, net	<u>123,375,012</u>
Total assets	<u>231,391,882</u>
Deferred outflows of resources	
Deferred outflows related to pension	2,663,810
Deferred outflows related to OPEB	<u>1,566,414</u>
Total deferred outflows of resources	<u>4,230,224</u>
Liabilities	
Accounts payable	2,417,895
Salaries and wages payable	7,221,152
Payroll deductions payable	4,728
Other current liabilities	1,074,690
Health claims payable	1,102,556
Long-term liabilities:	
Other long-term liabilities - due within one year	2,324,117
Other long-term liabilities - due after one year	<u>102,981,911</u>
Total liabilities	<u>117,127,049</u>
Deferred inflows of resources	
Property taxes levied for a future period	30,140,105
Deferred inflows related to pension	3,507,114
Deferred inflows related to OPEB	<u>5,192,587</u>
Total deferred inflows of resources	<u>38,839,806</u>
Net position	
Net investment in capital assets	82,067,404
Restricted for:	
Tort immunity	261,976
Operations and maintenance	3,377,768
Student transportation	1,596,428
Debt service	1,209,245
Capital projects	959,980
Unrestricted	<u>(9,817,550)</u>
Total net position	<u>\$ 79,655,251</u>

See Notes to Basic Financial Statements

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ARLINGTON HEIGHTS SCHOOL DISTRICT 25

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2018

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	\$ 31,698,766	\$ 797,514	\$ 142,752	\$ (30,758,500)
Special programs	13,159,189	99,615	2,143,366	(10,916,208)
Other instructional programs	2,915,399	84,647	70,093	(2,760,659)
State retirement contributions	28,217,385	-	28,217,385	-
Support Services:				
Pupils	4,971,259	-	-	(4,971,259)
Instructional staff	5,908,610	-	113,883	(5,794,727)
General administration	1,758,735	-	-	(1,758,735)
School administration	3,674,367	-	-	(3,674,367)
Business	2,426,092	1,811,593	331,929	(282,570)
Transportation	2,489,671	85,392	1,382,068	(1,022,211)
Operations and maintenance	8,237,399	968,956	-	(7,268,443)
Central	1,952,401	-	-	(1,952,401)
Other supporting services	351,091	-	-	(351,091)
Community services	688,655	-	-	(688,655)
Interest and fees	1,432,063	-	-	(1,432,063)
Total governmental activities	\$ 109,881,082	\$ 3,847,717	\$ 32,401,476	(73,631,889)

General revenues:

Taxes:

Real estate taxes, levied for general purposes	50,276,978
Real estate taxes, levied for specific purposes	8,935,224
Real estate taxes, levied for debt service	4,113,357
Personal property replacement taxes	858,882
State aid-formula grants	4,552,629
Investment income	1,063,266
Miscellaneous	595,968
Total general revenues	<u>70,396,304</u>

Change in net position (3,235,585)

Net position, beginning of year (restated) 82,890,836

Net position, end of year \$ 79,655,251

See Notes to Basic Financial Statements

ARLINGTON HEIGHTS SCHOOL DISTRICT 25
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2018
WITH COMPARATIVE TOTALS AS OF JUNE 30, 2017

	GENERAL FUND	OPERATIONS AND MAINTENANCE FUND	TRANSPORTATION FUND	MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
Assets				
Cash and investments	\$ 59,091,571	\$ 4,387,916	\$ 1,424,219	\$ 1,804,848
Receivables (net allowance for uncollectibles):				
Interest	284,993	24,472	7,998	10,250
Property taxes	24,304,543	2,377,477	464,088	957,559
Replacement taxes	-	146,342	-	-
Intergovernmental	907,802	-	345,895	-
Other	-	28,077	-	-
Prepaid items	30,689	-	-	-
Total assets	<u>\$ 84,619,598</u>	<u>\$ 6,964,284</u>	<u>\$ 2,242,200</u>	<u>\$ 2,772,657</u>
Liabilities, deferred inflows of resources, and fund balance				
Liabilities				
Accounts payable	\$ 277,068	\$ 134,319	\$ 181,684	\$ -
Salaries and wages payable	7,221,152	-	-	-
Payroll deductions payable	4,698	30	-	-
Other current liabilities	-	1,074,690	-	-
Health claims payable	1,102,556	-	-	-
Total liabilities	<u>8,605,474</u>	<u>1,209,039</u>	<u>181,684</u>	<u>-</u>
Deferred inflows of resources				
Property taxes levied for a future period	24,304,543	2,377,477	464,088	957,559
Unavailable state and federal aid receivable	201,031	-	345,895	-
Total deferred inflows of resources	<u>24,505,574</u>	<u>2,377,477</u>	<u>809,983</u>	<u>957,559</u>
Fund balance				
Nonspendable	30,689	-	-	-
Restricted	231,287	3,377,768	1,250,533	1,815,098
Unassigned	51,246,574	-	-	-
Total fund balance (deficit)	<u>51,508,550</u>	<u>3,377,768</u>	<u>1,250,533</u>	<u>1,815,098</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 84,619,598</u>	<u>\$ 6,964,284</u>	<u>\$ 2,242,200</u>	<u>\$ 2,772,657</u>

See Notes to Basic Financial Statements

DEBT SERVICE FUND	CAPITAL PROJECTS FUND	FIRE PREVENTION AND LIFE SAFETY FUND	TOTAL	
			2018	2017
\$ 1,202,416	\$ 1,108,775	\$ 954,559	\$ 69,974,304	\$ 82,646,134
6,829	-	5,421	339,963	130,941
2,023,475	-	12,963	30,140,105	29,379,702
-	-	-	146,342	164,861
-	-	-	1,253,697	2,814,069
-	-	-	28,077	172,640
-	-	-	30,689	30,689
<u>\$ 3,232,720</u>	<u>\$ 1,108,775</u>	<u>\$ 972,943</u>	<u>\$ 101,913,177</u>	<u>\$ 115,339,036</u>

\$ -	\$ 1,824,824	\$ -	\$ 2,417,895	\$ 5,904,172
-	-	-	7,221,152	6,929,021
-	-	-	4,728	6,470
-	-	-	1,074,690	1,453,177
-	-	-	1,102,556	1,062,038
-	1,824,824	-	11,821,021	15,354,878
2,023,475	-	12,963	30,140,105	29,379,702
-	-	-	546,926	1,168,430
2,023,475	-	12,963	30,687,031	30,548,132
-	-	-	30,689	30,689
1,209,245	-	959,980	8,843,911	8,674,240
-	(716,049)	-	50,530,525	60,731,097
1,209,245	(716,049)	959,980	59,405,125	69,436,026
<u>\$ 3,232,720</u>	<u>\$ 1,108,775</u>	<u>\$ 972,943</u>	<u>\$ 101,913,177</u>	<u>\$ 115,339,036</u>

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ARLINGTON HEIGHTS SCHOOL DISTRICT 25
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
AS OF JUNE 30, 2018

Total fund balances - governmental funds		\$ 59,405,125
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.		129,478,705
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:		546,926
Deferred outflows of resources related to pensions do not relate to current financial resources and are not included in the Governmental Funds Balance Sheet.		2,663,810
Deferred outflows of resources related to OPEB do not relate to current financial resources and are not included in the Governmental Funds Balance Sheet.		1,566,414
Deferred inflows of resources related to pensions do not relate to current financial resources and are not included in the Governmental Funds Balance Sheet.		(3,507,114)
Deferred inflows of resources related to OPEB do not relate to current financial resources and are not included in the Governmental Funds Balance Sheet.		(5,192,587)
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, 2018 are:		
Bonds payable	\$ (47,360,000)	
Unamortized bond premium	(5,714,256)	
Net OPEB liability	(43,721,437)	
Net pension liability	(8,249,550)	
Capital leases	(45,803)	
Compensated absences	<u>(214,982)</u>	
		<u>(105,306,028)</u>
Net position of governmental activities		<u>\$ 79,655,251</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, 2018

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017

	GENERAL FUND	OPERATIONS AND MAINTENANCE FUND	TRANSPORTATION FUND	MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
Revenues				
Property taxes	\$ 50,639,052	\$ 5,334,458	\$ 1,024,346	\$ 2,077,069
Corporate personal property replacement taxes	-	838,882	-	20,000
State aid	33,695,884	-	1,368,668	-
Federal aid	2,493,451	-	17,606	-
Investment income	906,038	75,378	19,858	28,469
Other	3,161,576	1,131,583	88,557	-
Total revenues	<u>90,896,001</u>	<u>7,380,301</u>	<u>2,519,035</u>	<u>2,125,538</u>
Expenditures				
Current:				
Instruction:				
Regular programs	25,985,764	-	-	267,381
Special programs	10,411,138	-	-	575,406
Other instructional programs	2,821,652	-	-	46,674
State retirement contributions	28,217,385	-	-	-
Support Services:				
Pupils	4,749,559	-	-	120,246
Instructional staff	5,562,415	-	-	185,571
General administration	1,640,100	-	-	36,978
School administration	3,311,430	-	-	150,344
Business	2,216,663	-	-	155,166
Transportation	-	-	2,475,607	8,613
Operations and maintenance	-	4,771,347	-	408,363
Central	1,430,773	-	-	65,263
Other supporting services	-	240,540	-	-
Community services	623,240	-	-	47,751
Payments to other districts and gov't units	1,970,921	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and other	-	-	-	-
Capital outlay	<u>799,030</u>	<u>155,400</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>89,740,070</u>	<u>5,167,287</u>	<u>2,475,607</u>	<u>2,067,756</u>
Excess (deficiency) of revenues over expenditures	<u>1,155,931</u>	<u>2,213,014</u>	<u>43,428</u>	<u>57,782</u>
Other financing sources (uses)				
Transfers in	-	19,003,146	-	-
Transfers (out)	(19,043,479)	(21,256,455)	-	-
Principal on bonds sold	7,375,000	-	-	-
Premium on bonds sold	688,725	-	-	-
Total other financing sources (uses)	<u>(10,979,754)</u>	<u>(2,253,309)</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(9,823,823)	(40,295)	43,428	57,782
Fund balance (deficit), beginning of year	<u>61,332,373</u>	<u>3,418,063</u>	<u>1,207,105</u>	<u>1,757,316</u>
Fund balance (deficit), end of year	<u>\$ 51,508,550</u>	<u>\$ 3,377,768</u>	<u>\$ 1,250,533</u>	<u>\$ 1,815,098</u>

See Notes to Basic Financial Statements

DEBT SERVICE FUND	CAPITAL PROJECTS FUND	FIRE PREVENTION AND LIFE SAFETY FUND	TOTAL	
			2018	2017
\$ 4,113,357	\$ -	\$ 137,277	\$ 63,325,559	\$ 62,264,117
-	-	-	858,882	1,163,522
-	-	-	35,064,552	35,922,082
-	-	-	2,511,057	2,483,600
20,365	(165)	13,323	1,063,266	618,278
-	61,969	-	4,443,685	4,115,590
<u>4,133,722</u>	<u>61,804</u>	<u>150,600</u>	<u>107,267,001</u>	<u>106,567,189</u>
-	-	-	26,253,145	26,470,427
-	-	-	10,986,544	11,195,783
-	-	-	2,868,326	2,586,709
-	-	-	28,217,385	29,819,470
-	-	-	4,869,805	4,963,213
-	-	-	5,747,986	6,250,024
-	-	-	1,677,078	1,577,630
-	-	-	3,461,774	3,389,658
-	-	-	2,371,829	2,262,137
-	-	-	2,484,220	2,415,067
-	3,023,935	-	8,203,645	10,197,119
-	-	-	1,496,036	1,376,641
-	-	-	240,540	230,160
-	-	-	670,991	636,891
-	-	-	1,970,921	1,972,798
2,257,461	-	-	2,257,461	2,255,874
2,110,810	-	-	2,110,810	1,384,683
-	18,641,882	-	19,596,312	21,522,667
<u>4,368,271</u>	<u>21,665,817</u>	<u>-</u>	<u>125,484,808</u>	<u>130,506,951</u>
<u>(234,549)</u>	<u>(21,604,013)</u>	<u>150,600</u>	<u>(18,217,807)</u>	<u>(23,939,762)</u>
40,333	21,256,455	-	40,299,934	46,850,418
-	-	-	(40,299,934)	(46,850,418)
-	-	-	7,375,000	27,650,000
123,181	-	-	811,906	4,640,622
<u>163,514</u>	<u>21,256,455</u>	<u>-</u>	<u>8,186,906</u>	<u>32,290,622</u>
(71,035)	(347,558)	150,600	(10,030,901)	8,350,860
<u>1,280,280</u>	<u>(368,491)</u>	<u>809,380</u>	<u>69,436,026</u>	<u>61,085,166</u>
<u>\$ 1,209,245</u>	<u>\$ (716,049)</u>	<u>\$ 959,980</u>	<u>\$ 59,405,125</u>	<u>\$ 69,436,026</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, 2018

Net change in fund balances - total governmental funds \$ (10,030,901)

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 current year net capital outlay exceeds depreciation expense in the current period. 16,547,995

The net effect of various miscellaneous transactions involving capital assets (sale, disposal, transfer, etc.) is to decrease net position. (15,197)

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: (621,504)

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 proceeds from current year long-term financing arrangements exceeded current year principal repayments. (5,117,539)

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. (133,159)

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:

Compensated absences	\$	2,509	
Net OPEB liability		933,141	
Deferred outflows related to OPEB		1,246,330	
Deferred inflows related to OPEB		(5,192,587)	
Net pension liability		4,064,756	
Deferred outflows related to pensions		(2,208,539)	
Deferred inflows related to pensions		(2,710,890)	
		(3,865,280)	

Change in net position of governmental activities \$ (3,235,585)

ARLINGTON HEIGHTS SCHOOL DISTRICT 25
AGENCY FUND
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AS OF JUNE 30, 2018

	<u>AGENCY STUDENT ACTIVITY FUND</u>
<hr/>	
Assets	
Cash and investments	\$ 367,881
Total assets	<u>\$ 367,881</u>
Liabilities	
Due to student groups	\$ 264,172
Due to employees	<u>103,709</u>
Total liabilities	<u>\$ 367,881</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, 2018

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, 2018

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, 2018

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, Deferred Outflows of Resources, 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, 2018

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 "loans 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 2017 levy resolution was approved during the November 16, 2017 board meeting. The District's property tax is levied each year on all taxable real property located in the District and it becomes a lien on the property on January 1 of that year. The owner of real property on January 1 in any year is liable for taxes of that year.

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

The PTELA limitation is applied in the aggregate to the total levy (excluding certain levies for the repayment of debt). PTELA limits the increase in total taxes billed to the lesser of 5% or the percentage increase in the Consumer Price Index (CPI) for the preceding year. The amount can be exceeded to the extent there is "new growth" in the District's tax base. The new growth consists of new construction, annexations and tax increment finance district property becoming eligible for taxation. The CPI rates applicable to the 2017 and 2016 tax levies were 2.1% and 0.7%, 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 2017 property tax levy is recognized as a receivable in fiscal 2018, net of estimated uncollectible amounts approximating 2% and less amounts already received. The District considers that the first installment of the 2017 levy is to be used to finance operations in fiscal 2018. The District has determined that the second installment of the 2017 levy is to be used to finance operations in fiscal 2019 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 in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

NOTES TO BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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.

Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

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.

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

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.

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.

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

NOTES TO BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

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

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

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

Governmental fund balances reported on the fund financial statements at June 30, 2018 are as follows:

The nonspendable fund balances in the General Fund is comprised of \$30,689 for prepaid items. The restricted fund balance in the General Fund is comprised of \$231,287 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, 2017, 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, 2018, expenditures exceeded budget in the Debt Service Fund by \$268,058. The excess was caused by issuance costs and interest related to the new debt issuance and is offset by debt proceeds and available fund balance.

Deficit Fund Equity

The Capital Projects Fund had a deficit fund balance of \$716,049 as of June 30, 2018. District management expects to fund this deficit through the transfer of funds from the Operations and Maintenance Fund that will be made within the next year.

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 3 - DEPOSITS AND INVESTMENTS

Cash & Investments under the custody of the Township Treasurer

Under the Illinois Compiled Statutes, the Wheeling Township School Treasurer is the lawful custodian of all school funds. The Treasurer is appointed by the Township School Trustees, an independently elected body, to serve the school districts in the township. The Treasurer 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 Treasurer invests excess funds at his discretion, subject to the legal restrictions discussed below. For these purposes, the Treasurer is permitted to combine monies from more than one fund of a single district and to combine monies of more than one district in the township. 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 any 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 Treasurer 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 Treasurer's investment policies are established by the Wheeling Township School Trustees as prescribed by the Illinois School Code and the Illinois Compiled Statutes. The Treasurer 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).

The Treasurer's Office 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 Treasurer's office.

The weighted average maturity of all marketable pooled investments held by the Treasurer was 1.06 years at June 30, 2018. The Treasurer also holds money market type investments, certificates of deposits and other deposits with financial institutions. As of June 30, 2018, the fair value of all investments held by the Treasurer's office was \$304,482,976 and the fair value of the District's proportionate share of the pool was \$69,974,304.

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

ARLINGTON HEIGHTS SCHOOL DISTRICT 25
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 3 - DEPOSITS AND INVESTMENTS - (CONTINUED)

Cash & Investments in the custody of the District

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

	<i><u>Carrying Value</u></i>	<i><u>Bank Balance</u></i>
Deposits with financial institutions	\$ 367,881	\$ 382,108
Total	<u>\$ 367,881</u>	<u>\$ 382,108</u>

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, 2018, the bank balance of the District's deposit with financial institutions totaled \$382,108; of this amount, \$132,108 was uncollateralized and uninsured.

NOTE 4 - INTERFUND TRANSFERS

During the year, the Board transferred \$19,003,146 of funds through a partial abatement of the General Fund (Working Cash Accounts) to the Operations and Maintenance Fund to fund construction projects.

Also, during the year, the Board transferred \$40,333 from the General Fund (Educational Accounts) to the Debt Service Fund for the payment of principal and interest on outstanding capital leases.

Also, during the year, the Board transferred \$21,256,455 from the Operations and Maintenance Fund to the Capital Projects Fund for various projects throughout the year.

State law allows for the above transfers.

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the District for the year ended June 30, 2018 was as follows:

	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
<u>Capital assets not being depreciated:</u>				
Land	\$ 1,060,199	\$ -	\$ -	\$ 1,060,199
Construction in progress	13,158,051	18,589,651	26,704,208	5,043,494
Total capital assets not being depreciated	14,218,250	18,589,651	26,704,208	6,103,693
<u>Capital assets being depreciated:</u>				
Buildings	128,146,198	-	-	128,146,198
Building improvements	18,131,801	27,362,423	-	45,494,224
Equipment	12,339,538	909,646	369,993	12,879,191
Vehicles	380,100	60,320	-	440,420
Total capital assets being depreciated	158,997,637	28,332,389	369,993	186,960,033
<u>Less Accumulated Depreciation for:</u>				
Buildings	47,315,920	2,404,321	-	49,720,241
Building improvements	3,772,258	591,686	-	4,363,944
Equipment	8,963,013	634,540	354,796	9,242,757
Vehicles	218,789	39,290	-	258,079
Total accumulated depreciation	60,269,980	3,669,837	354,796	63,585,021
Net capital assets being depreciated	98,727,657	24,662,552	15,197	123,375,012
Net governmental activities capital assets	<u>\$ 112,945,907</u>	<u>\$ 43,252,203</u>	<u>\$ 26,719,405</u>	<u>\$ 129,478,705</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	\$ 2,642,283
Operations and maintenance	513,777
Central	403,682
Other supporting services	110,095
Total depreciation expense - governmental activities	<u>\$ 3,669,837</u>

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

NOTES TO BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 6 - LONG TERM LIABILITIES

Changes in General Long-term Liabilities. The following is the long-term liability activity for the District for the year ended June 30, 2018:

	<i>Beginning Balance</i>	<i>Additions</i>	<i>Deletions</i>	<i>Ending Balance</i>	<i>Due Within One Year</i>
General obligation bonds	\$ 42,205,000	\$ 7,375,000	\$ 2,220,000	\$ 47,360,000	\$ 2,285,000
Unamortized premium	5,581,097	811,906	678,747	5,714,256	-
Total bonds payable	47,786,097	8,186,906	2,898,747	53,074,256	2,285,000
Capital leases	83,264	-	37,461	45,803	39,117
Net pension liability	12,314,306	93,978	4,158,734	8,249,550	-
Net OPEB liability	44,654,578	405,044	1,338,185	43,721,437	-
Compensated absences	217,491	331,167	333,676	214,982	-
Total long-term liabilities - governmental activities	<u>\$ 105,055,736</u>	<u>\$ 9,017,095</u>	<u>\$ 8,766,803</u>	<u>\$ 105,306,028</u>	<u>\$ 2,324,117</u>

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

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

<i>Purpose</i>	<i>Interest Rates</i>	<i>Original Indebtedness</i>	<i>Carrying Amount</i>
Series 2015 GO Limited School Bonds dated July 29, 2015 are due in annual installments through December 15, 2022	2.00% - 4.00%	\$ 9,050,000	\$ 6,670,000
Series 2016 GO Limited School Bonds dated March 16, 2016 are due in annual installments through December 15, 2022	1.54% - 5.00%	7,725,000	5,665,000
Series 2017 GO Limited School Bonds dated February 16, 2017 are due in annual installments through December 15, 2033	3.75% - 5.00%	27,650,000	27,650,000
Series 2018 GO Limited Tax School Bonds dated February 8, 2018 are due in annual installments through December 15, 2031	4.00%	<u>7,375,000</u>	<u>7,375,000</u>
Total		<u>\$ 51,800,000</u>	<u>\$ 47,360,000</u>

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 6 - LONG TERM LIABILITIES - (CONTINUED)

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

	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2019	\$ 2,285,000	\$ 2,098,337	\$ 4,383,337
2020	2,365,000	2,011,562	4,376,562
2021	2,460,000	1,918,062	4,378,062
2022	2,550,000	1,817,512	4,367,512
2023	2,675,000	1,707,737	4,382,737
2024 - 2028	14,475,000	6,695,218	21,170,218
2029 - 2033	17,160,000	2,920,450	20,080,450
2034	3,390,000	84,750	3,474,750
Total	<u>\$ 47,360,000</u>	<u>\$ 19,253,628</u>	<u>\$ 66,613,628</u>

The District is subject to the Illinois School Code, which limits the amount of certain indebtedness to 6.9% of the most recent available equalized assessed valuation of the District. As of June 30, 2018, the statutory debt limit for the District was \$129,077,114, providing a debt margin of \$81,671,311.

Capital Leases. The District has entered into a lease agreement as lessee for financing the acquisition of \$181,660 of copy machines. The leases require monthly installment payments of 48 consecutive months. Accumulated amortization on the equipment is \$135,857 as of June 30, 2018. Amortization expense related to the equipment for fiscal year 2018 is included in depreciation expense. 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. As of June 30, 2018, \$181,660 of amounts included in capital assets were acquired via capital leases. 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, 2018, are as follows:

	<i>Amount</i>
2019	\$ 40,332
2020	<u>6,722</u>
Total minimum lease payments	47,054
Less: amount representing interest	<u>(1,251)</u>
Present value of minimum lease payments	<u>\$ 45,803</u>

NOTE 7 - RISK MANAGEMENT

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

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

NOTES TO BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 7 - RISK MANAGEMENT - (CONTINUED)

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 \$105,000 per employee or 125 percent of the expected claims in the aggregate, as provided by stop-loss provisions incorporated in the plan.

At June 30, 2018, total unpaid claims, including an estimate of claims that have been incurred but not reported to the administrative agent, totaled \$1,102,556. 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, 2017 and June 30, 2018, 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 2017	\$ 1,091,839	\$ 6,398,204	\$ 6,428,005	\$ 1,062,038
Fiscal Year 2018	\$ 1,062,038	\$ 6,857,759	\$ 6,817,241	\$ 1,102,556

NOTE 8 - JOINT AGREEMENTS

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

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS

Teachers' Health Insurance Security

Plan Description. 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). Annuitants not enrolled in Medicare may participate in the state-administered participating provider option plan or choose from several managed care options. Annuitants who are enrolled in Medicare Parts A and B may be eligible to enroll in a Medicare Advantage plan.

The 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 current reports are listed under "Central Management Services."

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

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

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 1.18% of pay during the year ended June 30, 2018. State of Illinois contributions were \$456,073, and the District recognized revenues and expenditures of this amount during the year.

Contributions. The District also makes contributions to THIS Fund. The District's THIS Fund contribution was 0.88% during the year ended June 30, 2018. The percentage of employer required contributions in the future will not exceed 105% of the percentage of salary actually required to be paid in the previous fiscal year. For the year ended June 30, 2018, the District paid \$340,122 to the THIS Fund, respectively, which was 100 percent of the required contribution for the year.

THIS Fiduciary Net Position. Detailed information about the THIS Fund's fiduciary net position as of June 30, 2017 is available in the separately issued THIS Annual Financial Report.

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

District's proportionate share of the collection net OPEB liability	\$ 42,983,376
State's proportionate share of the collective net OPEB liability associated with the District	<u>56,447,853</u>
Total	<u>\$ 99,431,229</u>

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017. The District's proportion of the net OPEB liability was based on the District's share of contributions to THIS for the measurement year ended June 30, 2017, relative to the projected contributions of all participating THIS employers and the state during that period. At June 30, 2017 and 2016, the District's proportion was 0.165642% and 0.161887%, respectively.

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

NOTES TO BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

Actuarial Assumptions. The net OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary Increases	3.25% to 9.25%
Investment Rate of Return	0.00%
Healthcare Cost Trend Rates - Initial	Non-Medicare - 8.00%; Post-Medicare - 9.00%
Healthcare Cost Trend Rates - Ultimate	4.50% with additional 0.59% added to non-Medicare costs
Fiscal Year the Ultimate Rate is Reached	2020

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2014.

Discount Rate. At June 30, 2017, the discount rate used to measure the total OPEB liability was a blended rate of 3.56%, which was a change from the June 30, 2016 rate of 2.85%. Since THIS is financed on a pay-as-you-go basis, the discount rate is based on the 20-year general obligation bond index.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56%) or 1-percentage-point higher (4.56%) than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
Net OPEB Liability	\$ 51,579,790	\$ 42,983,376	\$ 36,104,829

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (initial rate of 7.00% decreasing to an ultimate rate of 4.09%) for non-Medicare coverage and initial rate of 8.00% decreasing to an ultimate rate of 3.50% for Medicare coverage) or 1-percentage-point higher (initial rate of 9.00% decreasing to an ultimate rate of 6.09%) for non-Medicare coverage and initial rate of 10.00% decreasing to an ultimate rate of 5.50% for Medicare coverage) than the current healthcare cost trend rate:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Net OPEB Liability	\$ 34,691,963	\$ 42,983,376	\$ 54,884,225

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the year ended June 30, 2018, the District recognized OPEB expense of \$3,327,877 and on-behalf revenue and expenditures of \$456,073 for support provided by the state. At June 30, 2018, the District's deferred outflows of resources and deferred inflows of resources related to OPEBs were from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 24,346
Changes in Assumptions	-	5,117,738
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	-	473
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	865,091	-
District Contributions Subsequent to the Measurement Date	340,122	-
Total	<u>\$ 1,205,213</u>	<u>\$ 5,142,557</u>

The amount reported as deferred outflows resulting from contributions subsequent to the measurement date in the above table will be recognized as a reduction in the net OPEB liability for the year ending June 30, 2019. The remaining amounts reported as deferred outflows and inflows of resources related to OPEB (\$ (4,277,466)) will be recognized in OPEB expense as follows in these reporting years:

Year Ending June 30,	Amount
2019	\$ (657,107)
2020	(657,107)
2021	(657,107)
2022	(657,108)
2023	(656,989)
Thereafter	<u>(992,048)</u>
Total	<u>\$ (4,277,466)</u>

District OPEB Plan

Plan Description. The District administers a single-employer defined benefit healthcare plan ("the District OPEB Plan"). 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 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 employees. If a retiree elects to leave the Retirees' Health Plan, he/she may not return to the plan in a future year.

ARLINGTON HEIGHTS SCHOOL DISTRICT 25
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), retirees contribute the same premium amount as active employees plus 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 OPEB Plan does not issue a publicly available financial report.

Contributions and Benefits Provided. Contribution requirements are established through the specific laws allowing retirees access to benefits. For the year ended 2018, the District contributed \$68,512 to the plan through the implicit rate subsidy. Plan members receiving benefits contribute 100 percent and 100 percent of their premium costs for a family plan and a single plan, respectively.

Employees Covered by Benefit Terms. At June 30, 2018, the actuarial valuation date, the following employees were covered by the benefit terms:

Retired Plan Members	12
Active Employees Not Yet Eligible	-
Active Employees Fully Eligible	<u>185</u>
Total	<u><u>197</u></u>

Total OPEB Liability. The District's total OPEB liability of \$806,572 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

Inflation	2.50%
Election at Retirement	20.00%
Discount Rate	3.59%
Healthcare Cost Trend Rate - Initial PPO & HMO Illinois Plans	7.50%
Healthcare Cost Trend Rate - Initial Blue Advantage HMO Plan	5.00%
Healthcare Cost Trend Rate - Initial High Deductible PPO Plan	6.00%
Healthcare Cost Trend Rate - Ultimate	5.00%
Fiscal Year the Ultimate Rate is Reached	2028

The discount rate was based on the S&P Municipal Bond 20-Year High-Grade Index as of February 27, 2018.

Mortality rates were based on RP-2014 mortality tables.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of the assumptions about future events.

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

Changes in Total OPEB Liability. The District's changes in total OPEB liability for the year ended June 30, 2018 was as follows:

	Total OPEB Liability
Balance at June 30, June 30, 2017	\$ 401,529
Service Cost	31,085
Interest	13,185
Other Changes	68,446
Differences Between Expected and Actual Experience	320,147
Changes in Assumptions and Other Inputs	(27,819)
Benefit Payments	<u>(68,512)</u>
Net Changes	<u>336,532</u>
Balance at June 30, 2018	<u>\$ 738,061</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.59%) or 1-percentage-point higher (4.59%) than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	<u>\$ 767,680</u>	<u>\$ 738,061</u>	<u>\$ 709,501</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.00%) or 1-percentage-point higher (6.00%) than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability	<u>\$ 696,522</u>	<u>\$ 738,061</u>	<u>\$ 784,263</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the year ended June 30, 2018, the District recognized OPEB expense of \$93,872. The District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 276,131	\$ -
Assumption Changes	<u>85,070</u>	<u>50,030</u>
Total	<u>\$ 361,201</u>	<u>\$ 50,030</u>

ARLINGTON HEIGHTS SCHOOL DISTRICT 25
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

The amount reported as deferred outflows resulting from contributions subsequent to the measurement date in the above table will be recognized as a reduction in the total OPEB liability for the year ending June 30, 2019. The remaining amounts reported as deferred outflows and inflows of resources related to OPEB (\$311,171) will be recognized in OPEB expense as follows:

The amounts reported as deferred outflows and inflows of resources related to OPEB (\$311,171) will be recognized in OPEB expense as follows:

	<i>Year Ending June 30,</i>	<i>Amount</i>
2019		\$ 49,601
2020		49,601
2021		49,601
2022		49,601
2023		49,601
Thereafter		<u>63,166</u>
Total		<u>\$ 311,171</u>

NOTE 10 - RETIREMENT SYSTEMS

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

Teachers' Retirement System

Plan Description. 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. TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The TRS Board of Trustees is responsible for the System's administration.

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

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - RETIREMENT SYSTEMS - (CONTINUED)

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

Tier 2 members qualify for retirement benefits at age 67 with 10 years of service, or a discounted annuity can be paid at age 62 with 10 years of service. Creditable earnings for retirement purposes are capped and the final average salary is based on the highest consecutive eight years of creditable service rather than the last four. Disability provisions for *Tier 2* are identical to those of *Tier 1*. Death benefits are payable under a formula that is different from *Tier 1*.

Essentially all *Tier 1* retirees receive an annual 3 percent increase in the current retirement benefit beginning January 1 following the attainment of age 61 or on January 1 following the member's first anniversary in retirement, whichever is later. *Tier 2* annual increases will be the lesser of three percent of the original benefit or one-half percent of the rate of inflation beginning January 1 following attainment of age 67 or on January 1 following the member's first anniversary in retirement, whichever is later.

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

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2016 was 9.4 percent of creditable earnings. On July 1, 2016 the rate dropped to 9.0 percent of pay due to the expiration of the Early Retirement Option (ERO). The member contribution, which may be paid on behalf of employees by the District, is submitted to TRS by the District.

On Behalf Contributions to TRS. The State of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2018, State of Illinois contributions recognized by the District were based on the state's proportionate share of the collective net pension liability associated with the District, and the District recognized revenue and expenditures of \$28,217,385 in pension contributions from the State of Illinois.

2.2 Formula Contributions. Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2018, were \$224,171, and are deferred because they were paid after the June 30, 2017 measurement date.

ARLINGTON HEIGHTS SCHOOL DISTRICT 25
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - RETIREMENT SYSTEMS - (CONTINUED)

Federal and Trust Fund Contributions. When TRS members are paid from federal and special trust funds administered by the District, there is a statutory requirement for the District to pay an employer pension contribution from those funds. Under Public Act 100-0340, federal and special trust funds will be the same as the state contribution rate to TRS. Public Act 98-0674 now requires the two rates to be the same.

For the year ended June 30, 2018, the District pension contribution was 10.10 percent of salaries paid from federal and special trust funds. Contributions for the year ended June 30, 2018, were \$35,189, which was equal to the District's required contribution. These contributions are deferred because they were paid after the June 30, 2017 measurement date.

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

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

District's proportionate share of the collective net pension liability	\$ 6,340,469
State's proportionate share of the collective net pension liability associated with the District	282,083,553
Total	<u>\$ 288,424,022</u>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016, and rolled forward to June 30, 2017. The District's proportion of the net pension liability was based on the District's share of contributions to TRS for the measurement year ended June 30, 2017, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2017 and 2016, the District's proportion was 0.00829924 percent and 0.00824194 percent, respectively.

Summary of Significant Accounting Policies. For purposes of measuring the collective net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of TRS and additions to/deductions from TRS fiduciary net position have been determined on the same basis as they are reported by TRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Actuarial Assumptions. The assumptions used to measure the total pension liability in the June 30, 2017 actuarial valuation included (a) 7.00% investment rate of return net of pension plan investment expense, including inflation, (b) projected salary increases varies by amount of service credit, and (c) inflation of 2.50%.

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

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - RETIREMENT SYSTEMS - (CONTINUED)

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

<i>Asset Class</i>	<i>Target Allocation</i>	<i>Long-Term Expected Real Rate of Return</i>
U.S. equities large cap	14.40 %	6.94 %
U.S. equities small/mid cap	3.60 %	8.09 %
International equities developed	14.40 %	7.46 %
Emerging market equities	3.60 %	10.15 %
U.S. bonds core	10.70 %	2.44 %
International debt developed	5.30 %	1.70 %
Real estate	15.00 %	5.44 %
Commodities (real return)	11.00 %	4.28 %
Hedge funds (absolute return)	8.00 %	4.16 %
Private equity	14.00 %	10.63 %

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

Based on those assumptions, TRS's fiduciary net position at June 30, 2017 was projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. *Tier 1's* liability is partially funded by *Tier 2* members, as the *Tier 2* member contribution is higher than the cost of *Tier 2* benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. All projected future payments were covered, so the long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

At June 30, 2016, the discount rate used to measure the total pension liability was 6.83 percent. The discount rate was lower than the actuarially-assumed rate of return on investments that year as well because TRS's fiduciary net position and the subsidy provided by *Tier 2* were not sufficient to cover all projected benefit payments.

ARLINGTON HEIGHTS SCHOOL DISTRICT 25
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - RETIREMENT SYSTEMS - (CONTINUED)

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the collective net pension liability	\$ 7,790,094	\$ 6,340,469	\$ 5,153,105

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended June 30, 2018, the District recognized pension expense of \$663,705 and on-behalf revenue of \$28,217,385 for support provided by the state. At June 30, 2018, the District's deferred outflows of resources and deferred inflows of resources related to pensions were from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 68,864	\$ 2,927
Net difference between projected and actual earnings on pension plan investments	4,350	-
Assumption changes	423,181	182,196
Changes in proportion and differences between District contributions and proportionate share of contributions	896,018	374,810
District contributions subsequent to the measurement date	259,360	-
Total	\$ 1,651,773	\$ 559,933

The amount reported as deferred outflows resulting from contributions subsequent to the measurement date in the above table will be recognized as a reduction in the net pension liability for the year ending June 30, 2019. The remaining amounts reported as deferred outflows and inflows of resources related to pensions (\$832,480) will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2019	\$ 109,620
2020	320,924
2021	390,128
2022	15,794
2023	(3,986)
Total	\$ 832,480

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - RETIREMENT SYSTEMS - (CONTINUED)

Illinois Municipal Retirement Fund

Plan Description. The District's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The District's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer pension 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.

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Public Act 96-0889 created a second tier for IMRF's Regular Plan. IMRF assigns a benefit tier to a member when he or she is enrolled in IMRF. The tier is determined by the member's first IMRF participation date. If the member first participated in IMRF before January 1, 2011, they participate in *Regular Tier 1*. If the member first participated in IMRF on or after January 1, 2011, they participate in *Regular Tier 2*.

For *Regular Tier 1*, pension benefits vest after eight years of service. Participating members who retire at or after age 60 with 8 years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under *Regular Tier 1*, the pension is increased by 3% of the original amount on January 1 every year after retirement. For *Regular Tier 2*, pension benefits vest after ten years of service. Participating members who retire at or after age 67 with 10 years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under *Regular Tier 2*, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of 3% of the original pension amount, or 1/2 of the increase in the Consumer Price Index of the original pension amount. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute.

Plan Membership. At December 31, 2017, the measurement date, membership of the plan was as follows:

Retirees and beneficiaries	276
Inactive, non-retired members	270
Active members	<u>261</u>
Total	<u><u>807</u></u>

Contributions. 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 actuarially determined contribution rate for calendar year 2017 was 11.82 percent of annual covered payroll. 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.

ARLINGTON HEIGHTS SCHOOL DISTRICT 25
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - RETIREMENT SYSTEMS - (CONTINUED)

Net Pension Liability/(Asset). The net pension liability/(asset) was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability/(asset) was determined by an annual actuarial valuation as of that date.

Summary of Significant Accounting Policies. For purposes of measuring the net pension liability/(asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of IMRF and additions to/deductions from IMRF fiduciary net position have been determined on the same basis as they are reported by IMRF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Actuarial Assumptions. The assumptions used to measure the total pension liability in the December 31, 2017 annual actuarial valuation included (a) 7.50% investment rate of return, (b) projected salary increases from 3.75% to 14.50%, including inflation, and (c) price inflation of 2.75%. The retirement age is based on experience-based table of rates that are specific to the type of eligibility condition. The tables were last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.

Mortality. For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

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

Asset Class	Target Allocation	Projected Returns/Risk	
		One Year Arithmetic	Ten Year Geometric
Equities	37.00 %	8.30 %	6.85 %
International equities	18.00 %	8.45 %	6.75 %
Fixed income	28.00 %	3.05 %	3.00 %
Real estate	9.00 %	6.90 %	5.75 %
Alternatives	7.00 %		
Private equity		12.45 %	7.35 %
Hedge funds		5.35 %	5.05 %
Commodities		4.25 %	2.65 %
Cash equivalents	1.00 %	2.25 %	2.25 %

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - RETIREMENT SYSTEMS - (CONTINUED)

Discount Rate. The discount rate used to measure the total pension liability for IMRF was 7.50%. The discount rate calculated using the December 31, 2016 measurement date was 7.50%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that District contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits payments to determine the total pension liability.

Discount Rate Sensitivity. The following is a sensitivity analysis of the net pension liability/(asset) to changes in the discount rate. The table below presents the pension liability of the District calculated using the discount rate of 7.50% as well as what the net pension liability/(asset) would be if it were to be calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Total pension liability	\$ 50,192,885	\$ 45,194,446	\$ 41,029,550
Plan fiduciary net position	43,285,365	43,285,365	43,285,365
Net pension liability/(asset)	<u>\$ 6,907,520</u>	<u>\$ 1,909,081</u>	<u>\$ (2,255,815)</u>

Changes in Net Pension Liability/(Asset). The District's changes in net pension liability/(asset) for the calendar year ended December 31, 2017 was as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/ (Asset) (a) - (b)
Balances at December 31, 2016	\$ 44,091,823	\$ 38,283,368	\$ 5,808,455
Service cost	848,202	-	848,202
Interest on total pension liability	3,251,677	-	3,251,677
Changes in benefit terms	711,424	-	711,424
Differences between expected and actual experience of the total pension liability	(1,388,230)	-	(1,388,230)
Change of assumptions	(2,320,450)	-	(2,320,450)
Benefit payments, including refunds of employee contributions	-	(2,320,450)	2,320,450
Contributions - employer	-	919,875	(919,875)
Contributions - employee	-	365,413	(365,413)
Net investment income	-	6,780,945	(6,780,945)
Other (net transfer)	-	(743,786)	743,786
Balances at December 31, 2017	<u>\$ 45,194,446</u>	<u>\$ 43,285,365</u>	<u>\$ 1,909,081</u>

ARLINGTON HEIGHTS SCHOOL DISTRICT 25NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**NOTE 10 - RETIREMENT SYSTEMS - (CONTINUED)**

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended June 30, 2018, the District recognized pension expense of \$1,403,986. The District's deferred outflows and inflows of resources related to pension were from the following sources:

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Differences between expected and actual experience	\$ 481,838	\$ 12,363
Assumption changes	2,329	994,981
Net difference between projected and actual earnings on pension plan investments	-	1,939,837
Contributions subsequent to the measurement date	<u>527,870</u>	<u>-</u>
Total	<u>\$ 1,012,037</u>	<u>\$ 2,947,181</u>

The amount reported as deferred outflows resulting from contributions subsequent to the measurement date in the above table will be recognized as a reduction in the net pension liability/(asset) for the year ending June 30, 2019. The remaining amounts reported as deferred outflows and inflows of resources related to pensions (\$2,463,014) will be recognized in pension expense as follows:

<i>Year Ending December 31,</i>	<i>Amount</i>
2018	\$ 437,065
2019	474,833
2020	755,837
2021	<u>795,279</u>
Total	<u>\$ 2,463,014</u>

NOTE 11 - OPERATING LEASES

The District leases space at two schools to tenants under noncancelable operating leases that expire between March 2018 and June 2028. 93% of one school is leased, with an associated cost of \$1,668,625 and related accumulated depreciation of \$140,892. 98% of another school is leased, with an associated cost of \$4,178,556 and related accumulated depreciation of \$2,976,175. At June 30, 2018, minimum future rentals are as follows:

	<i>Amount</i>
2019	\$ 780,211
2020	780,211
2021	780,211
2022	780,211
2023	780,211
2024 - 2028	<u>3,901,054</u>
Total	<u>\$ 7,802,109</u>

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

NOTES TO BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 12 - CONSTRUCTION COMMITMENTS

As of June 30, 2018, the District is committed to approximately \$3,765,129 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 13 - STATE AND FEDERAL AID CONTINGENCIES

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

NOTE 14 - EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 83, *Asset Retirement Obligations*, GASB Statement No. 84, *Fiduciary Activities*, GASB Statement No. 85, *Omnibus 2017*, GASB Statement No. 86, *Certain Debt Extinguishment Issues*, GASB Statement No. 87, *Leases*, GASB Statement No. 88, *Certain Disclosures Related to Debt Including Direct Borrowings and Direct Placements*, GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, and GASB Statement No. 90, *Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61*. Application of these standards may restate portions of these financial statements.

NOTE 15 - CHANGES IN ACCOUNTING PRINCIPLES

In June 2015, the GASB issued statement No. 75 - *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended*, and No. 57, *OPEB Measurements by Agency Employers and Agent Multiple-Employer Plans*, for OPEB. This standard was implemented July 1, 2017.

NOTE 16 - RESTATEMENT

Net position has been restated due to the implementation of GASB Statement No. 75. The restatement is necessary to record the prior year net OPEB liability.

	Governmental Activities
Net position as previously reported, June 30, 2017	\$ 127,212,414
Adjustment to record the net OPEB liability as of June 30, 2017 for THIS	(44,253,049)
Adjustment to record deferred outflows of resources related to OPEB as of June 30, 2017 for THIS	320,084
Adjustment to record the net OPEB liability as of June 30, 2017 for the District's plan	(401,529)
Adjustment to remove the OPEB obligation reported as of June 30, 2017	<u>12,916</u>
Net position as restated, June 30, 2017	<u>\$ 82,890,836</u>

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ARLINGTON HEIGHTS SCHOOL DISTRICT 25
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF CHANGES IN THE DISTRICT'S NET PENSION LIABILITY
AND RELATED RATIOS
Four Most Recent Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability				
Service cost	\$ 848,202	\$ 866,048	\$ 869,695	\$ 915,435
Interest	3,251,677	3,120,202	2,969,300	2,690,242
Differences between expected and actual experience	711,424	(35,527)	265,732	347,151
Changes of assumptions	(1,388,230)	(194,112)	94,426	1,806,494
Benefit payments, including refunds of member contributions	<u>(2,320,450)</u>	<u>(2,115,056)</u>	<u>(2,021,132)</u>	<u>(1,798,506)</u>
Net change in total pension liability	1,102,623	1,641,555	2,178,021	3,960,816
Total pension liability - beginning	<u>44,091,823</u>	<u>42,450,268</u>	<u>40,272,247</u>	<u>36,311,431</u>
Total pension liability - ending (a)	<u>\$ 45,194,446</u>	<u>\$ 44,091,823</u>	<u>\$ 42,450,268</u>	<u>\$ 40,272,247</u>
Plan fiduciary net position				
Employer contributions	\$ 919,875	\$ 943,309	\$ 896,167	\$ 916,975
Employee contributions	365,413	348,069	348,858	346,070
Net investment income	6,780,945	2,489,530	180,413	2,091,460
Benefit payments, including refunds of member contributions	(2,320,450)	(2,115,056)	(2,021,132)	(1,798,506)
Other (net transfer)	<u>(743,786)</u>	<u>384,179</u>	<u>358,469</u>	<u>360,607</u>
Net change in plan fiduciary net position	5,001,997	2,050,031	(237,225)	1,916,606
Plan fiduciary net position - beginning	<u>38,283,368</u>	<u>36,233,337</u>	<u>36,470,562</u>	<u>34,553,956</u>
Plan fiduciary net position - ending (b)	<u>\$ 43,285,365</u>	<u>\$ 38,283,368</u>	<u>\$ 36,233,337</u>	<u>\$ 36,470,562</u>
Employer's net pension liability - ending (a) - (b)	<u>\$ 1,909,081</u>	<u>\$ 5,808,455</u>	<u>\$ 6,216,931</u>	<u>\$ 3,801,685</u>
Plan fiduciary net position as a percentage of the total pension liability	95.78%	86.83%	85.35%	90.56%
Covered-employee payroll	\$ 7,779,557	\$ 7,734,843	\$ 7,633,456	\$ 7,603,446
Employer's net pension liability as a percentage of covered-employee payroll	24.54%	75.09%	81.44%	50.00%

Notes to Schedule:

The District implemented GASB Statement No. 68 in fiscal year 2015. Information prior to fiscal year 2015 is not available.

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

ILLINOIS MUNICIPAL RETIREMENT FUND SCHEDULE OF EMPLOYER CONTRIBUTIONS Four Most Recent Fiscal Years

	2018	2017	2016	2015
Actuarially determined contribution	\$ 908,652	\$ 931,275	\$ 896,168	\$ 909,982
Contributions in relation to the actuarially determined contribution	(919,875)	(943,309)	(896,167)	(916,975)
Contribution deficiency (excess)	<u>\$ (11,223)</u>	<u>\$ (12,034)</u>	<u>\$ 1</u>	<u>\$ (6,993)</u>
Covered-employee payroll	\$ 7,758,916	\$ 7,779,557	\$ 7,734,843	\$ 7,633,456
Contributions as a percentage of covered-employee payroll	11.86%	12.13%	11.59%	12.01%

Notes to Schedule:

The District implemented GASB Statement No. 68 in fiscal year 2015. Information prior to fiscal year 2015 is not available.

Valuation date:

Actuarially determined contribution rates are calculated as of December 31 each year, which are 6 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Aggregate Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	27 years
Asset valuation method	5-Year Smoothed Market, 20% corridor
Inflation	2.75% -- approximate
Salary increases	3.75% to 14.50%, including inflation
Investment rate of return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2014 Employee Mortality Table, adjusted to match current IMRF experience

Other information:

There were no benefit changes during the year.

ARLINGTON HEIGHTS SCHOOL DISTRICT 25
TEACHERS' RETIREMENT SYSTEM
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY AND DISTRICT CONTRIBUTIONS
Four Most Recent Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.0082992447%	0.00824193%	0.00610587%	0.00687866%
District's proportionate share of the net pension liability	\$ 6,340,469	\$ 6,505,851	\$ 3,999,957	\$ 4,186,232
State's proportionate share of the net pension liability	<u>282,083,553</u>	<u>299,296,918</u>	<u>236,860,466</u>	<u>219,714,441</u>
Total net pension liability	<u>\$ 288,424,022</u>	<u>\$ 305,802,769</u>	<u>\$ 240,860,423</u>	<u>\$ 223,900,673</u>
Covered-employee payroll	\$ 38,650,229	\$ 38,097,188	\$ 37,706,879	\$ 36,479,215
District's proportionate share of the net pension liability as a percentage of covered payroll	16.40%	17.08%	10.61%	11.48%
Plan fiduciary net position as a percentage of the total pension liability	39.3%	36.40%	41.50%	43.00%
Contractually required contribution	\$ 259,360	\$ 341,892	\$ 319,213	\$ 213,361
Contributions in relation to the contractually required contribution	<u>(259,360)</u>	<u>(341,892)</u>	<u>(319,213)</u>	<u>(213,361)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Contributions as a percentage of covered employee payroll	0.6760%	0.8974%	0.8466%	0.5849%

Notes to Schedule:

The District implemented GASB 68 in 2015. Information for fiscal years prior to 2015 is not applicable.

Actuary valuations are as of June 30 of the fiscal year prior to the fiscal year in which the net pension liability is reported.

Key Assumptions:

Long-term expected rate of return	7.00%	7.00%	7.50%	7.50%
Municipal bond index	3.58%	2.85%	3.73%	N/A
Single equivalent discount rate	7.00%	6.83%	7.47%	7.50%
Inflation rate	3.00%	2.50%	3.00%	3.00%
Projected salary increases	3.75% – 9.75%	3.25% to 9.25%	3.75% to 9.75%	5.75%
	varying by service	varying by service	varying by service	

ARLINGTON HEIGHTS SCHOOL DISTRICT 25
DISTRICT OPEB PLAN
SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY
AND RELATED RATIOS
Most Recent Fiscal Year

	<u>2018</u>
Total OPEB liability	
Service cost	\$ 31,085
Interest	13,185
Changes of benefit terms	-
Differences between expected and actual experience	320,147
Changes of assumptions	(27,819)
Benefit payments, including refunds of member contributions	(68,512)
Other Changes	68,446
Net change in total OPEB liability	<u>336,532</u>
Total OPEB liability - beginning	<u>401,529</u>
Total OPEB liability - ending (a)	<u><u>\$ 738,061</u></u>
Plan fiduciary net position	
Employer contributions	\$ -
Employee contributions	-
Net investment income	-
Benefit payments, including refunds of member contributions	-
Administration	-
Other (net transfer)	-
Net change in plan fiduciary net position	<u>-</u>
Plan fiduciary net position - beginning	<u>-</u>
Plan fiduciary net position - ending (b)	<u><u>\$ -</u></u>
District's net OPEB liability - ending (a) - (b)	<u><u>\$ 738,061</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%
Covered-employee payroll	\$ -
District's net pension liability as a percentage of covered-employee payroll	0.00%

Notes to Schedule:

The District implemented GASB Statement No. 75 in fiscal year 2018. Information prior to fiscal year 2018 is not available.

See Auditors' Report and Notes to Required Supplementary Information

ARLINGTON HEIGHTS SCHOOL DISTRICT 25
TEACHERS' HEALTH INSURANCE SECURITY FUND
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY AND DISTRICT CONTRIBUTIONS
Most Recent Fiscal Year

	<u>2018</u>
District's proportion of the net OPEB liability	0.165642%
District's proportionate share of the net OPEB liability	\$ 42,983,376
State's proportionate share of the net OPEB liability	<u>56,447,853</u>
Total net OPEB liability	<u>\$ 99,431,229</u>
Covered-employee payroll	\$ 38,097,188
District's proportionate share of the net OPEB liability as a percentage of covered payroll	112.83%
Plan fiduciary net position as a percentage of the total pension liability	-0.17%
Contractually required contribution	\$ 340,122
Contributions in relation to the contractually required contribution	<u>(340,122)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Contributions as a percentage of covered employee payroll	0.8928%

Notes to Schedule:

The District implemented GASB 68 in fiscal year 2018. Information for fiscal years prior to 2018 is not applicable.

Actuary valuations are as of June 30 of the fiscal year prior to the fiscal year in which the net OPEB liability is reported.

Key Assumptions:

Long-term expected rate of return	0.00%
Municipal bond index	3.56%
Single equivalent discount rate	3.59%
Inflation rate	2.50%
Healthcare cost trend rates - initial	PPO & HMO Illinois Plans - 7.50%
	Blue Advantage HMO Plan - 5.00%
	High Deductible PPO Plan - 6.00%
Healthcare cost trend rates - ultimate	5.00%
Mortality	RP-2014 Tables

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 - NON-GAAP BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 2018

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018			2017
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Revenues				
Local sources				
General levy	\$ 49,920,138	\$ 49,396,181	\$ (523,957)	\$ 48,157,731
Tort immunity levy	366,438	362,074	(4,364)	351,142
Special education levy	894,925	880,797	(14,128)	755,757
Regular tuition from pupils or parents (in state)	120,000	58,712	(61,288)	80,591
Summer school - tuition from pupils or parents (in state)	70,000	84,647	14,647	69,725
Special education - tuition from pupils or parents (in state)	100,000	99,615	(385)	113,660
Investment income	435,700	906,038	470,338	535,532
Sales to pupils - lunch	655,000	749,915	94,915	728,875
Sales to pupils - breakfast	2,000	2,471	471	1,270
Sales to pupils - other	310,000	341,704	31,704	341,811
Sales to adults	10,000	14,346	4,346	14,538
Other food service	668,500	703,157	34,657	741,042
Fees	104,400	37,767	(66,633)	54,264
Other pupil activity revenue	-	43,410	43,410	-
Rentals - regular textbook	312,900	304,029	(8,871)	304,754
Refund of prior years' expenditures	-	37,507	37,507	43,220
Payments of surplus monies from TIF districts	600,000	558,461	(41,539)	54,145
Other	118,380	125,835	7,455	133,901
Total local sources	<u>54,688,381</u>	<u>54,706,666</u>	<u>18,285</u>	<u>52,481,958</u>
State sources				
Evidence Based Funding Formula	4,546,091	4,552,629	6,538	2,360,022
Special education - private facility tuition	300,652	261,110	(39,542)	313,136
Special education - extraordinary	316,621	158,311	(158,310)	642,582
Special education - personnel	704,739	352,370	(352,369)	1,403,406
Special education - summer school	8,644	8,645	1	-
CTE - Other	-	1,603	1,603	-
Bilingual education - downstate - TPI	48,582	133,651	85,069	60,239
State free lunch & breakfast	1,500	2,782	1,282	894
Other restricted revenue from state sources	-	7,398	7,398	-
Total state sources	<u>5,926,829</u>	<u>5,478,499</u>	<u>(448,330)</u>	<u>4,780,279</u>
Federal sources				
National school lunch program	240,000	313,748	73,748	282,819
School breakfast program	6,000	8,079	2,079	8,098
Title I - Low income	291,645	309,700	18,055	331,215
Title IV - Safe & drug free schools - formula	10,000	-	(10,000)	-
Federal - special education - preschool flow- through	48,197	65,709	17,512	27,063
Federal - special education - IDEA - flow- through/low incident	1,171,841	1,171,842	1	1,140,365

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 - NON-GAAP BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 2018

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018			2017
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Federal - special education - IDEA - room & board	\$ 192,000	\$ 244,216	\$ 52,216	\$ 365,948
Emergency immigrant assistance	-	28,794	28,794	12,850
Title III - English language acquisition	50,067	70,244	20,177	15,902
Title II - Teacher quality	106,557	113,883	7,326	110,017
Medicaid matching funds - administrative outreach	100,000	29,239	(70,761)	32,160
Medicaid matching funds - fee-for-service program	30,000	31,437	1,437	27,205
Other restricted revenue from federal sources	-	106,560	106,560	114,527
Total federal sources	<u>2,246,307</u>	<u>2,493,451</u>	<u>247,144</u>	<u>2,468,169</u>
Total revenues	<u>62,861,517</u>	<u>62,678,616</u>	<u>(182,901)</u>	<u>59,730,406</u>
Expenditures				
Instruction				
Regular programs				
Salaries	21,847,060	21,386,375	460,685	21,129,065
Employee benefits	2,976,220	3,236,194	(259,974)	3,443,085
Purchased services	310,320	225,261	85,059	240,042
Supplies and materials	1,385,905	1,075,683	310,222	1,300,898
Capital outlay	50,656	63,733	(13,077)	186,179
Other objects	35,980	31,387	4,593	39,355
Termination benefits	30,000	30,864	(864)	48,448
Total	<u>26,636,141</u>	<u>26,049,497</u>	<u>586,644</u>	<u>26,387,072</u>
Special education programs				
Salaries	6,851,130	6,603,653	247,477	6,699,266
Employee benefits	1,405,320	1,447,326	(42,006)	1,418,877
Purchased services	18,850	2,408	16,442	31,970
Supplies and materials	228,555	220,570	7,985	161,012
Capital outlay	16,000	7,116	8,884	25,640
Total	<u>8,519,855</u>	<u>8,281,073</u>	<u>238,782</u>	<u>8,336,765</u>
Special education programs Pre-K				
Salaries	697,900	686,420	11,480	718,884
Employee benefits	79,470	76,400	3,070	75,740
Purchased services	4,300	1,570	2,730	283
Supplies and materials	8,000	4,424	3,576	6,377
Total	<u>789,670</u>	<u>768,814</u>	<u>20,856</u>	<u>801,284</u>
Remedial and supplemental programs K-12				
Salaries	535,414	515,702	19,712	574,256
Employee benefits	81,521	80,145	1,376	138,613
Total	<u>616,935</u>	<u>595,847</u>	<u>21,088</u>	<u>712,869</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 - NON-GAAP BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 2018

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018			2017
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Interscholastic programs				
Salaries	\$ 148,520	\$ 145,062	\$ 3,458	\$ 149,490
Employee benefits	2,500	2,066	434	2,039
Purchased services	11,206	13,391	(2,185)	11,667
Supplies and materials	4,000	14,483	(10,483)	4,331
Capital outlay	-	10,718	(10,718)	525
Other objects	6,945	6,451	494	4,153
Total	173,171	192,171	(19,000)	172,205
Summer school programs				
Salaries	200,000	177,000	23,000	231,015
Employee benefits	2,700	4,183	(1,483)	5,371
Purchased services	6,000	2,997	3,003	5,733
Supplies and materials	10,000	9,390	610	12,320
Total	218,700	193,570	25,130	254,439
Gifted programs				
Salaries	727,430	727,414	16	710,492
Employee benefits	62,290	72,049	(9,759)	58,842
Supplies and materials	1,330	810	520	1,110
Total	791,050	800,273	(9,223)	770,444
Bilingual programs				
Salaries	1,348,188	1,358,595	(10,407)	1,135,147
Employee benefits	184,440	237,872	(53,432)	180,321
Purchased services	10,000	3,797	6,203	11,867
Supplies and materials	28,767	46,092	(17,325)	19,975
Total	1,571,395	1,646,356	(74,961)	1,347,310
Special education programs K-12 - private tuition				
Other objects	712,577	772,520	(59,943)	778,479
Total	712,577	772,520	(59,943)	778,479
Total instruction	40,029,494	39,300,121	729,373	39,560,867
Support services				
Pupils				
Attendance and social work services				
Salaries	1,210,170	1,192,958	17,212	1,142,618
Employee benefits	132,390	128,631	3,759	130,059
Purchased services	750	4,305	(3,555)	335
Supplies and materials	2,500	3,294	(794)	2,202
Total	1,345,810	1,329,188	16,622	1,275,214

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 - NON-GAAP BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 2018

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018			2017 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	
Health services				
Salaries	\$ 546,536	\$ 548,229	\$ (1,693)	\$ 543,811
Employee benefits	111,610	112,498	(888)	90,749
Purchased services	3,000	8,516	(5,516)	20,873
Supplies and materials	14,600	7,613	6,987	12,711
Capital outlay	-	966	(966)	-
Total	<u>675,746</u>	<u>677,822</u>	<u>(2,076)</u>	<u>668,144</u>
Psychological services				
Salaries	632,600	560,617	71,983	609,757
Employee benefits	61,660	44,474	17,186	62,908
Purchased services	12,600	7,324	5,276	43,956
Supplies and materials	6,000	8,568	(2,568)	5,155
Total	<u>712,860</u>	<u>620,983</u>	<u>91,877</u>	<u>721,776</u>
Speech pathology and audiology services				
Salaries	1,439,180	1,434,959	4,221	1,460,126
Employee benefits	242,780	213,477	29,303	223,548
Purchased services	29,125	5,253	23,872	21,305
Supplies and materials	12,200	8,976	3,224	11,205
Total	<u>1,723,285</u>	<u>1,662,665</u>	<u>60,620</u>	<u>1,716,184</u>
Other support services - pupils				
Salaries	418,890	417,558	1,332	423,940
Employee benefits	4,200	4,913	(713)	3,639
Purchased services	15,500	9,008	6,492	7,674
Supplies and materials	34,038	28,388	5,650	28,355
Total	<u>472,628</u>	<u>459,867</u>	<u>12,761</u>	<u>463,608</u>
Total pupils	<u>4,930,329</u>	<u>4,750,525</u>	<u>179,804</u>	<u>4,844,926</u>
Instructional staff				
Improvement of instructional services				
Salaries	1,821,802	1,846,744	(24,942)	1,726,895
Employee benefits	261,570	251,020	10,550	233,082
Purchased services	141,129	157,941	(16,812)	210,504
Supplies and materials	207,016	184,815	22,201	161,564
Capital outlay	-	1,630	(1,630)	-
Other objects	-	2,303	(2,303)	503
Non-capitalized equipment	2,000	-	2,000	-
Total	<u>2,433,517</u>	<u>2,444,453</u>	<u>(10,936)</u>	<u>2,332,548</u>

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL - NON-GAAP BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 2018

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018			2017
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Educational media services				
Salaries	\$ 1,654,260	\$ 1,619,475	\$ 34,785	\$ 1,599,401
Employee benefits	329,820	331,134	(1,314)	312,739
Purchased services	284,532	298,574	(14,042)	296,147
Supplies and materials	507,656	606,794	(99,138)	1,247,279
Capital outlay	870,000	690,783	179,217	793,053
Total	3,646,268	3,546,760	99,508	4,248,619
Assessment and testing				
Salaries	87,552	75,952	11,600	88,302
Employee benefits	23,880	22,637	1,243	23,130
Purchased services	1,400	302	1,098	409
Supplies and materials	163,600	164,724	(1,124)	162,253
Total	276,432	263,615	12,817	274,094
Total instructional staff	6,356,217	6,254,828	101,389	6,855,261
General administration				
Board of education services				
Salaries	2,000	-	2,000	-
Purchased services	201,670	255,200	(53,530)	185,939
Supplies and materials	1,000	1,763	(763)	353
Other objects	12,950	12,747	203	12,512
Total	217,620	269,710	(52,090)	198,804
Executive administration services				
Salaries	304,930	304,675	255	322,276
Employee benefits	41,620	40,771	849	37,446
Purchased services	10,200	11,802	(1,602)	6,134
Supplies and materials	3,250	4,437	(1,187)	4,147
Capital outlay	-	2,393	(2,393)	-
Other objects	6,500	4,107	2,393	6,315
Total	366,500	368,185	(1,685)	376,318
Special area administration services				
Salaries	530,440	532,031	(1,591)	501,429
Employee benefits	103,570	97,123	6,447	90,063
Purchased services	28,800	9,841	18,959	14,240
Supplies and materials	500	1,307	(807)	904
Other objects	800	645	155	499
Total	664,110	640,947	23,163	607,135
Tort immunity services				
Purchased services	413,000	363,651	49,349	353,815
Total	413,000	363,651	49,349	353,815
Total general administration	1,661,230	1,642,493	18,737	1,536,072

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 - NON-GAAP BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 2018

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	ORIGINAL AND FINAL BUDGET	2018 ACTUAL	VARIANCE WITH FINAL BUDGET	2017 ACTUAL
School administration				
Office of the principal services				
Salaries	\$ 2,649,490	\$ 2,637,127	\$ 12,363	\$ 2,595,572
Employee benefits	583,110	614,617	(31,507)	578,215
Purchased services	30,544	19,153	11,391	25,760
Supplies and materials	42,483	40,533	1,950	40,949
Capital outlay	-	4,019	(4,019)	-
Total	3,305,627	3,315,449	(9,822)	3,240,496
Total school administration	3,305,627	3,315,449	(9,822)	3,240,496
Business				
Direction of business support services				
Salaries	258,620	258,077	543	250,890
Employee benefits	57,390	57,638	(248)	55,352
Purchased services	6,700	10,739	(4,039)	3,165
Other objects	1,130	1,085	45	1,085
Total	323,840	327,539	(3,699)	310,492
Fiscal services				
Salaries	174,760	167,857	6,903	163,177
Employee benefits	16,730	19,711	(2,981)	11,799
Purchased services	127,310	100,576	26,734	97,535
Supplies and materials	78,800	25,773	53,027	31,221
Capital outlay	5,000	-	5,000	967
Total	402,600	313,917	88,683	304,699
Food services				
Salaries	702,420	665,168	37,252	642,779
Employee benefits	39,720	68,576	(28,856)	33,967
Purchased services	32,375	20,663	11,712	28,889
Supplies and materials	631,500	714,533	(83,033)	674,122
Capital outlay	35,000	16,385	18,615	52,158
Total	1,441,015	1,485,325	(44,310)	1,431,915
Internal services				
Purchased services	112,240	63,376	48,864	75,685
Supplies and materials	-	42,891	(42,891)	40,488
Total	112,240	106,267	5,973	116,173
Total business	2,279,695	2,233,048	46,647	2,163,279

ARLINGTON HEIGHTS SCHOOL DISTRICT 25
GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL - NON-
GAAP BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018			2017
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Central				
Information services				
Salaries	\$ 74,000	\$ 74,000	\$ -	\$ 68,340
Employee benefits	8,970	8,962	8	8,475
Purchased services	20,000	21,439	(1,439)	22,349
Supplies and materials	500	409	91	489
Total	<u>103,470</u>	<u>104,810</u>	<u>(1,340)</u>	<u>99,653</u>
Staff services				
Salaries	1,029,420	1,139,169	(109,749)	1,015,631
Employee benefits	85,220	85,149	71	88,948
Purchased services	82,470	59,351	23,119	57,009
Supplies and materials	59,350	35,803	23,547	43,471
Capital outlay	-	1,287	(1,287)	-
Other objects	13,120	6,491	6,629	10,958
Total	<u>1,269,580</u>	<u>1,327,250</u>	<u>(57,670)</u>	<u>1,216,017</u>
Total central	<u>1,373,050</u>	<u>1,432,060</u>	<u>(59,010)</u>	<u>1,315,670</u>
Total support services	<u>19,906,148</u>	<u>19,628,403</u>	<u>277,745</u>	<u>19,955,704</u>
Community services				
Salaries	295,810	294,966	844	274,701
Employee benefits	32,940	31,472	1,468	31,240
Supplies and materials	<u>300,958</u>	<u>296,802</u>	<u>4,156</u>	<u>285,897</u>
Total community services	<u>629,708</u>	<u>623,240</u>	<u>6,468</u>	<u>591,838</u>
Payments to other districts and governmental units				
Payments for regular programs				
Other objects	<u>13,410</u>	<u>-</u>	<u>13,410</u>	<u>13,409</u>
Total	<u>13,410</u>	<u>-</u>	<u>13,410</u>	<u>13,409</u>
Payments for special education programs				
Other objects	<u>130,635</u>	<u>167,970</u>	<u>(37,335)</u>	<u>120,974</u>
Total	<u>130,635</u>	<u>167,970</u>	<u>(37,335)</u>	<u>120,974</u>
Payments for special education programs - tuition				
Other objects	<u>2,078,901</u>	<u>1,802,951</u>	<u>275,950</u>	<u>1,838,415</u>
Total	<u>2,078,901</u>	<u>1,802,951</u>	<u>275,950</u>	<u>1,838,415</u>
Total payments to other districts and governmental units	<u>2,222,946</u>	<u>1,970,921</u>	<u>252,025</u>	<u>1,972,798</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 - NON-GAAP BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 2018

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018		VARIANCE WITH FINAL BUDGET	2017 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
Provision for contingencies	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ -</u>
Total expenditures	<u>62,888,296</u>	<u>61,522,685</u>	<u>1,365,611</u>	<u>62,081,207</u>
Excess (deficiency) of revenues over expenditures	<u>(26,779)</u>	<u>1,155,931</u>	<u>1,182,710</u>	<u>(2,350,801)</u>
Other financing sources (uses)				
Principal on bonds sold	8,059,751	7,375,000	(684,751)	27,650,000
Premium on bonds sold	-	688,725	688,725	4,290,248
Permanent transfer from working cash accounts - abatement	(19,820,299)	(19,003,146)	817,153	(21,764,607)
Transfer to debt service fund to pay principal on capital leases	-	(37,461)	(37,461)	(35,874)
Transfer to debt service fund to pay interest on capital leases	-	(2,872)	(2,872)	(4,458)
Total other financing sources (uses)	<u>(11,760,548)</u>	<u>(10,979,754)</u>	<u>780,794</u>	<u>10,135,309</u>
Net change in fund balance	<u>\$ (11,787,327)</u>	<u>(9,823,823)</u>	<u>\$ 1,963,504</u>	<u>7,784,508</u>
Fund balance, beginning of year		<u>61,332,373</u>		<u>53,547,865</u>
Fund balance, end of year		<u>\$ 51,508,550</u>		<u>\$ 61,332,373</u>

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, 2018

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018			2017
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Revenues				
Local sources				
General levy	\$ 5,569,846	\$ 5,334,458	\$ (235,388)	\$ 6,307,269
Corporate personal property replacement taxes	778,621	838,882	60,261	1,143,522
Investment income	46,000	75,378	29,378	50,415
Rentals	996,600	968,956	(27,644)	1,016,033
Impact fees from municipal or county governments	-	-	-	3,000
Other local fees	8,000	10,345	2,345	10,135
Other	115,000	152,282	37,282	284,476
Total local sources	7,514,067	7,380,301	(133,766)	8,814,850
Total revenues	7,514,067	7,380,301	(133,766)	8,814,850
Expenditures				
Support services				
Business				
Facilities acquisition and construction service				
Purchased services	20,318	24,769	(4,451)	182,003
Total	20,318	24,769	(4,451)	182,003
Operation and maintenance of plant services				
Salaries	2,494,140	2,351,420	142,720	2,288,843
Employee benefits	392,800	371,449	21,351	392,320
Purchased services	1,046,885	866,281	180,604	1,119,353
Supplies and materials	1,104,300	1,142,779	(38,479)	1,129,399
Capital outlay	150,011	155,400	(5,389)	120,769
Termination benefits	-	14,649	(14,649)	10,280
Total	5,188,136	4,901,978	286,158	5,060,964
Total business	5,208,454	4,926,747	281,707	5,242,967
Other supporting services				
Purchased services	236,000	240,540	(4,540)	230,160
Total	236,000	240,540	(4,540)	230,160
Total support services	5,444,454	5,167,287	277,167	5,473,127
Total expenditures	5,444,454	5,167,287	277,167	5,473,127
Excess (deficiency) of revenues over expenditures	2,069,613	2,213,014	143,401	3,341,723

See Auditors' Report and Notes to Required Supplementary Information

ARLINGTON HEIGHTS SCHOOL DISTRICT 25**OPERATIONS AND MAINTENANCE FUND****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL****FOR THE YEAR ENDED JUNE 30, 2018****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017**

	2018		VARIANCE WITH FINAL BUDGET	2017 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
Other financing sources (uses)				
Permanent transfer from working cash accounts - abatement	\$ 19,820,299	\$ 19,003,146	\$ (817,153)	\$ 21,764,607
Transfer to capital projects fund	<u>(22,870,407)</u>	<u>(21,256,455)</u>	<u>1,613,952</u>	<u>(25,045,479)</u>
Total other financing sources (uses)	<u>(3,050,108)</u>	<u>(2,253,309)</u>	<u>796,799</u>	<u>(3,280,872)</u>
Net change in fund balance	<u>\$ (980,495)</u>	<u>(40,295)</u>	<u>\$ 940,200</u>	60,851
Fund balance, beginning of year		<u>3,418,063</u>		<u>3,357,212</u>
Fund balance, end of year		<u>\$ 3,377,768</u>		<u>\$ 3,418,063</u>

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ARLINGTON HEIGHTS SCHOOL DISTRICT 25
TRANSPORTATION FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2018
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018			2017
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Revenues				
Local sources				
General levy	\$ 1,038,905	\$ 1,024,346	\$ (14,559)	\$ 978,542
Regular transportation fees from pupils or parents (in state)	16,000	23,005	7,005	20,852
Regular transportation fees from co-curricular act (in state)	33,000	62,387	29,387	60,530
Investment income	6,900	19,858	12,958	-
Refund of prior years' expenditures	-	-	-	205
Other	-	3,165	3,165	1,833
Total local sources	<u>1,094,805</u>	<u>1,132,761</u>	<u>37,956</u>	<u>1,061,962</u>
State sources				
Transportation - regular/vocational	21,641	17,543	(4,098)	15,597
Transportation - special education	<u>1,498,678</u>	<u>1,351,125</u>	<u>(147,553)</u>	<u>1,306,736</u>
Total state sources	<u>1,520,319</u>	<u>1,368,668</u>	<u>(151,651)</u>	<u>1,322,333</u>
Federal sources				
Title III - English language acquisition	<u>16,000</u>	<u>17,606</u>	<u>1,606</u>	<u>15,431</u>
Total federal sources	<u>16,000</u>	<u>17,606</u>	<u>1,606</u>	<u>15,431</u>
Total revenues	<u>2,631,124</u>	<u>2,519,035</u>	<u>(112,089)</u>	<u>2,399,726</u>
Expenditures				
Support Services				
Business				
Pupil transportation services				
Salaries	49,000	49,000	-	44,435
Employee benefits	13,510	10,227	3,283	12,908
Purchased services	2,290,700	2,341,329	(50,629)	2,279,500
Supplies and materials	<u>72,000</u>	<u>75,051</u>	<u>(3,051)</u>	<u>70,922</u>
Total	<u>2,425,210</u>	<u>2,475,607</u>	<u>(50,397)</u>	<u>2,407,765</u>
Total business	<u>2,425,210</u>	<u>2,475,607</u>	<u>(50,397)</u>	<u>2,407,765</u>
Total support services	<u>2,425,210</u>	<u>2,475,607</u>	<u>(50,397)</u>	<u>2,407,765</u>
Total expenditures	<u>2,425,210</u>	<u>2,475,607</u>	<u>(50,397)</u>	<u>2,407,765</u>
Net change in fund balance	<u>\$ 205,914</u>	43,428	<u>\$ (162,486)</u>	(8,039)
Fund balance, beginning of year		<u>1,207,105</u>		<u>1,215,144</u>
Fund balance, end of year		<u>\$ 1,250,533</u>		<u>\$ 1,207,105</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, 2018

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	ORIGINAL AND FINAL BUDGET	2018 ACTUAL	VARIANCE WITH FINAL BUDGET	2017 ACTUAL
Revenues				
Local sources				
General levy	\$ 925,219	\$ 911,861	\$ (13,358)	\$ 910,172
Social security/medicare only levy	1,179,819	1,165,208	(14,611)	1,176,283
Corporate personal property replacement taxes	20,000	20,000	-	20,000
Investment income	14,000	28,469	14,469	14,932
Refund of prior years' expenditures	-	-	-	78
Total local sources	<u>2,139,038</u>	<u>2,125,538</u>	<u>(13,500)</u>	<u>2,121,465</u>
Total revenues	<u>2,139,038</u>	<u>2,125,538</u>	<u>(13,500)</u>	<u>2,121,465</u>
Expenditures				
Instruction				
Regular programs	300,200	267,381	32,819	269,534
Pre-K programs	12,200	-	12,200	-
Special education programs	532,070	528,812	3,258	540,160
Special education programs Pre-K	38,300	39,971	(1,671)	44,516
Remedial and supplemental programs K - 12	8,100	6,623	1,477	7,350
Interscholastic programs	3,000	3,203	(203)	3,217
Summer school programs	12,600	9,998	2,602	12,071
Gifted programs	10,900	8,992	1,908	8,862
Bilingual programs	<u>28,300</u>	<u>24,481</u>	<u>3,819</u>	<u>18,686</u>
Total instruction	<u>945,670</u>	<u>889,461</u>	<u>56,209</u>	<u>904,396</u>
Support services				
Pupils				
Attendance and social work services	18,150	15,019	3,131	14,174
Health services	71,250	62,160	9,090	59,515
Psychological services	9,900	7,576	2,324	8,307
Speech pathology and audiology services	16,500	17,785	(1,285)	18,316
Other support services - pupils	<u>24,900</u>	<u>17,706</u>	<u>7,194</u>	<u>17,975</u>
Total pupils	<u>140,700</u>	<u>120,246</u>	<u>20,454</u>	<u>118,287</u>
Instructional staff				
Improvement of instructional staff	42,470	37,031	5,439	35,647
Educational media services	166,800	147,439	19,361	151,098
Assessment and testing	<u>1,300</u>	<u>1,101</u>	<u>199</u>	<u>1,071</u>
Total instructional staff	<u>210,570</u>	<u>185,571</u>	<u>24,999</u>	<u>187,816</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, 2018
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018			2017
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
General administration				
Board of education services	\$ 600	\$ 114	\$ 486	\$ -
Executive administration services	15,600	15,245	355	20,526
Special area administration services	23,000	21,619	1,381	21,032
Total general administration	39,200	36,978	2,222	41,558
School administration				
Office of the principal services	161,600	150,344	11,256	149,162
Total school administration	161,600	150,344	11,256	149,162
Business				
Direction of business support services	17,900	17,879	21	17,418
Fiscal services	29,600	31,680	(2,080)	31,241
Operations and maintenance of plant services	441,100	408,363	32,737	398,820
Pupil transportation services	9,500	8,613	887	7,302
Food services	119,700	105,607	14,093	103,324
Total business	617,800	572,142	45,658	558,105
Central				
Information services	14,400	14,163	237	13,280
Staff services	52,500	51,100	1,400	47,691
Total central	66,900	65,263	1,637	60,971
Total support services	1,236,770	1,130,544	106,226	1,115,899
Community services	46,700	47,751	(1,051)	45,053
Total expenditures	2,229,140	2,067,756	161,384	2,065,348
Net change in fund balance	\$ (90,102)	57,782	\$ 147,884	56,117
Fund balance, beginning of year		1,757,316		1,701,199
Fund balance, end of year		\$ 1,815,098		\$ 1,757,316

See Auditors' Report and Notes to Required Supplementary Information

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ARLINGTON HEIGHTS SCHOOL DISTRICT 25
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Data

Except for the exclusion of on-behalf payments from other governments, discussed below, 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.

Budget Reconciliations

The Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds (GAAP basis) includes "on-behalf" payments received and made for the amounts contributed by the State of Illinois for the employer's share of the Teachers Retirement System pension. The District does not budget for these amounts in the Educational Accounts of the General Fund. The differences between the budget and GAAP basis are as follows:

	<i>Revenues</i>	<i>Expenditures</i>
General Fund Budgetary Basis	\$ 62,678,616	\$ 61,522,685
To adjust for on-behalf payments received	28,217,385	-
To adjust for on-behalf payments made	-	28,217,385
General Fund GAAP Basis	<u>\$ 90,896,001</u>	<u>\$ 89,740,070</u>

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ARLINGTON HEIGHTS SCHOOL DISTRICT 25

DEBT SERVICE FUND

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

FOR THE YEAR ENDED JUNE 30, 2018

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018		VARIANCE WITH FINAL BUDGET	2017 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
Revenues				
Local sources				
General levy	\$ 3,980,846	\$ 4,113,357	\$ 132,511	\$ 3,383,531
Investment income	12,000	20,365	8,365	12,004
Total local sources	3,992,846	4,133,722	140,876	3,395,535
Total revenues	3,992,846	4,133,722	140,876	3,395,535
Expenditures				
Debt services				
Payments on long term debt				
Interest on long term debt	1,879,738	1,986,679	(106,941)	1,045,775
Principal payments on long term debt	2,220,000	2,257,461	(37,461)	2,255,874
Total	4,099,738	4,244,140	(144,402)	3,301,649
Other debt service				
Other objects	-	124,131	(124,131)	338,908
Total	-	124,131	(124,131)	338,908
Total debt services	4,099,738	4,368,271	(268,533)	3,640,557
Provision for contingencies	475	-	475	-
Total expenditures	4,100,213	4,368,271	(268,058)	3,640,557
Excess (deficiency) of revenues over expenditures	(107,367)	(234,549)	(127,182)	(245,022)
Other financing sources (uses)				
Premium on bonds sold	-	123,181	123,181	350,374
Transfer to debt service to pay principal on capital leases	-	37,461	37,461	35,874
Transfer to debt service to pay interest on capital leases	-	2,872	2,872	4,458
Total other financing sources (uses)	-	163,514	163,514	390,706
Net change in fund balance	\$ (107,367)	(71,035)	\$ 36,332	145,684
Fund balance beginning of year		1,280,280		1,134,596
Fund balance, end of year		\$ 1,209,245		\$ 1,280,280

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, 2018

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018			2017
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Revenues				
Local sources				
Investment income	\$ -	\$ (165)	\$ (165)	\$ 67
Other	<u>24,908</u>	<u>61,969</u>	<u>37,061</u>	<u>36,652</u>
Total local sources	<u>24,908</u>	<u>61,804</u>	<u>36,896</u>	<u>36,719</u>
Total revenues	<u>24,908</u>	<u>61,804</u>	<u>36,896</u>	<u>36,719</u>
Expenditures				
Support services				
Business				
Facilities acquisition and construction service				
Purchased services	3,257,578	2,975,679	281,899	4,662,117
Supplies and materials	35,700	47,108	(11,408)	13,984
Capital outlay	19,689,757	18,641,882	1,047,875	20,343,376
Other objects	<u>1,150</u>	<u>1,148</u>	<u>2</u>	<u>-</u>
Total	<u>22,984,185</u>	<u>21,665,817</u>	<u>1,318,368</u>	<u>25,019,477</u>
Total business	<u>22,984,185</u>	<u>21,665,817</u>	<u>1,318,368</u>	<u>25,019,477</u>
Total support services	<u>22,984,185</u>	<u>21,665,817</u>	<u>1,318,368</u>	<u>25,019,477</u>
Total expenditures	<u>22,984,185</u>	<u>21,665,817</u>	<u>1,318,368</u>	<u>25,019,477</u>
Excess (deficiency) of revenues over expenditures	<u>(22,959,277)</u>	<u>(21,604,013)</u>	<u>1,355,264</u>	<u>(24,982,758)</u>
Other financing sources (uses)				
Transfer to capital projects fund	<u>22,870,407</u>	<u>21,256,455</u>	<u>(1,613,952)</u>	<u>25,045,479</u>
Total other financing sources (uses)	<u>22,870,407</u>	<u>21,256,455</u>	<u>(1,613,952)</u>	<u>25,045,479</u>
Net change in fund balance	<u>\$ (88,870)</u>	<u>(347,558)</u>	<u>\$ (258,688)</u>	<u>62,721</u>
Fund balance (deficit), beginning of year		<u>(368,491)</u>		<u>(431,212)</u>
Fund balance (deficit), end of year		<u>\$ (716,049)</u>		<u>\$ (368,491)</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, 2018****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017**

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	2018			
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	2017 ACTUAL
Revenues				
Local sources				
General levy	\$ 136,575	\$ 137,277	\$ 702	\$ 243,690
Investment income	<u>4,100</u>	<u>13,323</u>	<u>9,223</u>	<u>5,328</u>
Total local sources	<u>140,675</u>	<u>150,600</u>	<u>9,925</u>	<u>249,018</u>
Total revenues	<u>140,675</u>	<u>150,600</u>	<u>9,925</u>	<u>249,018</u>
Expenditures				
Support services				
Business				
Facilities acquisition and construction service				
Capital outlay	<u>505,350</u>	<u>-</u>	<u>505,350</u>	<u>-</u>
Total	<u>505,350</u>	<u>-</u>	<u>505,350</u>	<u>-</u>
Total business	<u>505,350</u>	<u>-</u>	<u>505,350</u>	<u>-</u>
Total support services	<u>505,350</u>	<u>-</u>	<u>505,350</u>	<u>-</u>
Total expenditures	<u>505,350</u>	<u>-</u>	<u>505,350</u>	<u>-</u>
Net change in fund balance	<u>\$ (364,675)</u>	150,600	<u>\$ 515,275</u>	249,018
Fund balance, beginning of year		<u>809,380</u>		<u>560,362</u>
Fund balance, end of year		<u>\$ 959,980</u>		<u>\$ 809,380</u>

ARLINGTON HEIGHTS SCHOOL DISTRICT 25
GENERAL FUND
COMBINING BALANCE SHEET
AS OF JUNE 30, 2018

	EDUCATIONAL ACCOUNTS	TORT IMMUNITY AND JUDGMENT ACCOUNTS	WORKING CASH ACCOUNTS	TOTAL
Assets				
Cash	\$ 46,691,704	\$ 229,978	\$ 12,169,889	\$ 59,091,571
Receivables (net allowance for uncollectibles):				
Interest	214,432	1,309	69,252	284,993
Property taxes	24,125,168	179,375	-	24,304,543
Intergovernmental	907,802	-	-	907,802
Prepaid items	-	30,689	-	30,689
Total assets	<u>\$ 71,939,106</u>	<u>\$ 441,351</u>	<u>\$ 12,239,141</u>	<u>\$ 84,619,598</u>
Liabilities, deferred inflows of resources, and fund balance				
Liabilities				
Accounts payable	\$ 277,068	\$ -	\$ -	\$ 277,068
Salaries and wages payable	7,221,152	-	-	7,221,152
Payroll deductions payable	4,698	-	-	4,698
Health claims payable	1,102,556	-	-	1,102,556
Total liabilities	<u>8,605,474</u>	<u>-</u>	<u>-</u>	<u>8,605,474</u>
Deferred inflows of resources				
Property taxes levied for a future period	24,125,168	179,375	-	24,304,543
Unavailable state and federal aid receivable	201,031	-	-	201,031
Total deferred inflows of resources	<u>24,326,199</u>	<u>179,375</u>	<u>-</u>	<u>24,505,574</u>
Fund balance				
Nonspendable	-	30,689	-	30,689
Restricted	-	231,287	-	231,287
Unassigned	39,007,433	-	12,239,141	51,246,574
Total fund balance	<u>39,007,433</u>	<u>261,976</u>	<u>12,239,141</u>	<u>51,508,550</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 71,939,106</u>	<u>\$ 441,351</u>	<u>\$ 12,239,141</u>	<u>\$ 84,619,598</u>

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

GENERAL FUND

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2018

	EDUCATIONAL ACCOUNTS	TORT IMMUNITY AND JUDGMENT ACCOUNTS	WORKING CASH ACCOUNTS	TOTAL
Revenues				
Property taxes	\$ 50,276,978	\$ 362,074	\$ -	\$ 50,639,052
State aid	33,695,884	-	-	33,695,884
Federal aid	2,493,451	-	-	2,493,451
Investment income	621,782	3,243	281,013	906,038
Other	3,161,576	-	-	3,161,576
Total revenues	<u>90,249,671</u>	<u>365,317</u>	<u>281,013</u>	<u>90,896,001</u>
Expenditures				
Current:				
Instruction:				
Regular programs	25,985,764	-	-	25,985,764
Special programs	10,411,138	-	-	10,411,138
Other instructional programs	2,821,652	-	-	2,821,652
State retirement contributions	28,217,385	-	-	28,217,385
Support Services:				
Pupils	4,749,559	-	-	4,749,559
Instructional staff	5,562,415	-	-	5,562,415
General administration	1,303,974	336,126	-	1,640,100
School administration	3,311,430	-	-	3,311,430
Business	2,216,663	-	-	2,216,663
Central	1,430,773	-	-	1,430,773
Community services	623,240	-	-	623,240
Payments to other districts and gov't units	1,970,921	-	-	1,970,921
Capital outlay	799,030	-	-	799,030
Total expenditures	<u>89,403,944</u>	<u>336,126</u>	<u>-</u>	<u>89,740,070</u>
Excess (deficiency) of revenues over expenditures	<u>845,727</u>	<u>29,191</u>	<u>281,013</u>	<u>1,155,931</u>
Other financing sources (uses)				
Transfers (out)	(40,333)	-	(19,003,146)	(19,043,479)
Principal on bonds sold	-	-	7,375,000	7,375,000
Premium on bonds sold	-	-	688,725	688,725
Total other financing sources (uses)	<u>(40,333)</u>	<u>-</u>	<u>(10,939,421)</u>	<u>(10,979,754)</u>
Net change in fund balance	805,394	29,191	(10,658,408)	(9,823,823)
Fund balance, beginning of year	<u>38,202,039</u>	<u>232,785</u>	<u>22,897,549</u>	<u>61,332,373</u>
Fund balance, end of year	<u>\$ 39,007,433</u>	<u>\$ 261,976</u>	<u>\$ 12,239,141</u>	<u>\$ 51,508,550</u>

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

EDUCATIONAL ACCOUNTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL - NON-GAAP BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 2018

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018			2017
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Revenues				
Local sources				
General levy	\$ 49,920,138	\$ 49,396,181	\$ (523,957)	\$ 48,157,731
Special education levy	894,925	880,797	(14,128)	755,757
Regular tuition from pupils or parents (in state)	120,000	58,712	(61,288)	80,591
Summer school - tuition from pupils or parents (in state)	70,000	84,647	14,647	69,725
Special education - tuition from pupils or parents (in state)	100,000	99,615	(385)	113,660
Investment income	300,000	621,782	321,782	349,333
Sales to pupils - lunch	655,000	749,915	94,915	728,875
Sales to pupils - breakfast	2,000	2,471	471	1,270
Sales to pupils - other	310,000	341,704	31,704	341,811
Sales to adults	10,000	14,346	4,346	14,538
Other food service	668,500	703,157	34,657	741,042
Fees	104,400	37,767	(66,633)	54,264
Other pupil activity revenue	-	43,410	43,410	-
Rentals - regular textbook	312,900	304,029	(8,871)	304,754
Refund of prior years' expenditures	-	37,507	37,507	19,342
Payments of surplus monies from TIF districts	600,000	558,461	(41,539)	54,145
Other	118,380	125,835	7,455	133,901
Total local sources	54,186,243	54,060,336	(125,907)	51,920,739
State sources				
Evidence Based Funding Formula	4,546,091	4,552,629	6,538	2,360,022
Special education - private facility tuition	300,652	261,110	(39,542)	313,136
Special education - extraordinary	316,621	158,311	(158,310)	642,582
Special education - personnel	704,739	352,370	(352,369)	1,403,406
Special education - summer school	8,644	8,645	1	-
CTE - Other	-	1,603	1,603	-
Bilingual education - downstate - TPI	48,582	133,651	85,069	60,239
State free lunch & breakfast	1,500	2,782	1,282	894
Other restricted revenue from state sources	-	7,398	7,398	-
Total state sources	5,926,829	5,478,499	(448,330)	4,780,279
Federal sources				
National school lunch program	240,000	313,748	73,748	282,819
School breakfast program	6,000	8,079	2,079	8,098
Title I - Low income	291,645	309,700	18,055	331,215
Title IV - Safe & drug free schools - formula	10,000	-	(10,000)	-
Federal - special education - preschool flow- through	48,197	65,709	17,512	27,063
Federal - special education - IDEA - flow- through/low incident	1,171,841	1,171,842	1	1,140,365

(Continued)

ARLINGTON HEIGHTS SCHOOL DISTRICT 25
EDUCATIONAL ACCOUNTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL - NON-
GAAP BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 2018

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018			2017
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Federal - special education - IDEA - room & board	\$ 192,000	\$ 244,216	\$ 52,216	\$ 365,948
Emergency immigrant assistance	-	28,794	28,794	12,850
Title III - English language acquisition	50,067	70,244	20,177	15,902
Title II - Teacher quality	106,557	113,883	7,326	110,017
Medicaid matching funds - administrative outreach	100,000	29,239	(70,761)	32,160
Medicaid matching funds - fee-for-service program	30,000	31,437	1,437	27,205
Other restricted revenue from federal sources	-	106,560	106,560	114,527
Total federal sources	<u>2,246,307</u>	<u>2,493,451</u>	<u>247,144</u>	<u>2,468,169</u>
Total revenues	<u>62,359,379</u>	<u>62,032,286</u>	<u>(327,093)</u>	<u>59,169,187</u>
Expenditures				
Instruction				
Regular programs				
Salaries	21,847,060	21,386,375	460,685	21,129,065
Employee benefits	2,976,220	3,236,194	(259,974)	3,443,085
Purchased services	310,320	225,261	85,059	240,042
Supplies and materials	1,385,905	1,075,683	310,222	1,300,898
Capital outlay	50,656	63,733	(13,077)	186,179
Other objects	35,980	31,387	4,593	39,355
Termination benefits	30,000	30,864	(864)	48,448
Total	<u>26,636,141</u>	<u>26,049,497</u>	<u>586,644</u>	<u>26,387,072</u>
Special education programs				
Salaries	6,851,130	6,603,653	247,477	6,699,266
Employee benefits	1,405,320	1,447,326	(42,006)	1,418,877
Purchased services	18,850	2,408	16,442	31,970
Supplies and materials	228,555	220,570	7,985	161,012
Capital outlay	16,000	7,116	8,884	25,640
Total	<u>8,519,855</u>	<u>8,281,073</u>	<u>238,782</u>	<u>8,336,765</u>
Special education programs Pre-K				
Salaries	697,900	686,420	11,480	718,884
Employee benefits	79,470	76,400	3,070	75,740
Purchased services	4,300	1,570	2,730	283
Supplies and materials	8,000	4,424	3,576	6,377
Total	<u>789,670</u>	<u>768,814</u>	<u>20,856</u>	<u>801,284</u>
Remedial and supplemental programs K - 12				
Salaries	535,414	515,702	19,712	574,256
Employee benefits	81,521	80,145	1,376	138,613
Total	<u>616,935</u>	<u>595,847</u>	<u>21,088</u>	<u>712,869</u>

(Continued)

ARLINGTON HEIGHTS SCHOOL DISTRICT 25
EDUCATIONAL ACCOUNTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL - NON-
GAAP BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 2018

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018			2017
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Interscholastic programs				
Salaries	\$ 148,520	\$ 145,062	\$ 3,458	\$ 149,490
Employee benefits	2,500	2,066	434	2,039
Purchased services	11,206	13,391	(2,185)	11,667
Supplies and materials	4,000	14,483	(10,483)	4,331
Capital outlay	-	10,718	(10,718)	525
Other objects	6,945	6,451	494	4,153
Total	173,171	192,171	(19,000)	172,205
Summer school programs				
Salaries	200,000	177,000	23,000	231,015
Employee benefits	2,700	4,183	(1,483)	5,371
Purchased services	6,000	2,997	3,003	5,733
Supplies and materials	10,000	9,390	610	12,320
Total	218,700	193,570	25,130	254,439
Gifted programs				
Salaries	727,430	727,414	16	710,492
Employee benefits	62,290	72,049	(9,759)	58,842
Supplies and materials	1,330	810	520	1,110
Total	791,050	800,273	(9,223)	770,444
Bilingual programs				
Salaries	1,348,188	1,358,595	(10,407)	1,135,147
Employee benefits	184,440	237,872	(53,432)	180,321
Purchased services	10,000	3,797	6,203	11,867
Supplies and materials	28,767	46,092	(17,325)	19,975
Total	1,571,395	1,646,356	(74,961)	1,347,310
Special education programs K -12 - private tuition				
Other objects	712,577	772,520	(59,943)	778,479
Total	712,577	772,520	(59,943)	778,479
Total instruction	40,029,494	39,300,121	729,373	39,560,867
Support services				
Pupils				
Attendance and social work services				
Salaries	1,210,170	1,192,958	17,212	1,142,618
Employee benefits	132,390	128,631	3,759	130,059
Purchased services	750	4,305	(3,555)	335
Supplies and materials	2,500	3,294	(794)	2,202
Total	1,345,810	1,329,188	16,622	1,275,214

(Continued)

ARLINGTON HEIGHTS SCHOOL DISTRICT 25
EDUCATIONAL ACCOUNTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL - NON-GAAP BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 2018

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018			2017
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Health services				
Salaries	\$ 546,536	\$ 548,229	\$ (1,693)	\$ 543,811
Employee benefits	111,610	112,498	(888)	90,749
Purchased services	3,000	8,516	(5,516)	20,873
Supplies and materials	14,600	7,613	6,987	12,711
Capital outlay	-	966	(966)	-
Total	<u>675,746</u>	<u>677,822</u>	<u>(2,076)</u>	<u>668,144</u>
Psychological services				
Salaries	632,600	560,617	71,983	609,757
Employee benefits	61,660	44,474	17,186	62,908
Purchased services	12,600	7,324	5,276	43,956
Supplies and materials	6,000	8,568	(2,568)	5,155
Total	<u>712,860</u>	<u>620,983</u>	<u>91,877</u>	<u>721,776</u>
Speech pathology and audiology services				
Salaries	1,439,180	1,434,959	4,221	1,460,126
Employee benefits	242,780	213,477	29,303	223,548
Purchased services	29,125	5,253	23,872	21,305
Supplies and materials	12,200	8,976	3,224	11,205
Total	<u>1,723,285</u>	<u>1,662,665</u>	<u>60,620</u>	<u>1,716,184</u>
Other support services - pupils				
Salaries	418,890	417,558	1,332	423,940
Employee benefits	4,200	4,913	(713)	3,639
Purchased services	15,500	9,008	6,492	7,674
Supplies and materials	34,038	28,388	5,650	28,355
Total	<u>472,628</u>	<u>459,867</u>	<u>12,761</u>	<u>463,608</u>
Total pupils	<u>4,930,329</u>	<u>4,750,525</u>	<u>179,804</u>	<u>4,844,926</u>
Instructional staff				
Improvement of instructional services				
Salaries	1,821,802	1,846,744	(24,942)	1,726,895
Employee benefits	261,570	251,020	10,550	233,082
Purchased services	141,129	157,941	(16,812)	210,504
Supplies and materials	207,016	184,815	22,201	161,564
Capital outlay	-	1,630	(1,630)	-
Other objects	-	2,303	(2,303)	503
Non-capitalized equipment	2,000	-	2,000	-
Total	<u>2,433,517</u>	<u>2,444,453</u>	<u>(10,936)</u>	<u>2,332,548</u>

(Continued)

ARLINGTON HEIGHTS SCHOOL DISTRICT 25
EDUCATIONAL ACCOUNTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL - NON-GAAP BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 2018

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018			2017
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Educational media services				
Salaries	\$ 1,654,260	\$ 1,619,475	\$ 34,785	\$ 1,599,401
Employee benefits	329,820	331,134	(1,314)	312,739
Purchased services	284,532	298,574	(14,042)	296,147
Supplies and materials	507,656	606,794	(99,138)	1,247,279
Capital outlay	870,000	690,783	179,217	793,053
Total	<u>3,646,268</u>	<u>3,546,760</u>	<u>99,508</u>	<u>4,248,619</u>
Assessment and testing				
Salaries	87,552	75,952	11,600	88,302
Employee benefits	23,880	22,637	1,243	23,130
Purchased services	1,400	302	1,098	409
Supplies and materials	163,600	164,724	(1,124)	162,253
Total	<u>276,432</u>	<u>263,615</u>	<u>12,817</u>	<u>274,094</u>
Total instructional staff	<u>6,356,217</u>	<u>6,254,828</u>	<u>101,389</u>	<u>6,855,261</u>
General administration				
Board of education services				
Salaries	2,000	-	2,000	-
Purchased services	201,670	255,200	(53,530)	185,939
Supplies and materials	1,000	1,763	(763)	353
Other objects	12,950	12,747	203	12,512
Total	<u>217,620</u>	<u>269,710</u>	<u>(52,090)</u>	<u>198,804</u>
Executive administration services				
Salaries	304,930	304,675	255	322,276
Employee benefits	41,620	40,771	849	37,446
Purchased services	10,200	11,802	(1,602)	6,134
Supplies and materials	3,250	4,437	(1,187)	4,147
Capital outlay	-	2,393	(2,393)	-
Other objects	6,500	4,107	2,393	6,315
Total	<u>366,500</u>	<u>368,185</u>	<u>(1,685)</u>	<u>376,318</u>
Special area administration services				
Salaries	530,440	532,031	(1,591)	501,429
Employee benefits	103,570	97,123	6,447	90,063
Purchased services	28,800	9,841	18,959	14,240
Supplies and materials	500	1,307	(807)	904
Other objects	800	645	155	499
Total	<u>664,110</u>	<u>640,947</u>	<u>23,163</u>	<u>607,135</u>
Tort immunity services				
Purchased services	<u>40,000</u>	<u>27,525</u>	<u>12,475</u>	<u>24,173</u>
Total	<u>40,000</u>	<u>27,525</u>	<u>12,475</u>	<u>24,173</u>
Total general administration	<u>1,288,230</u>	<u>1,306,367</u>	<u>(18,137)</u>	<u>1,206,430</u>

(Continued)

ARLINGTON HEIGHTS SCHOOL DISTRICT 25
EDUCATIONAL ACCOUNTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL - NON-GAAP BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 2018

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018			2017
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
School administration				
Office of the principal services				
Salaries	\$ 2,649,490	\$ 2,637,127	\$ 12,363	\$ 2,595,572
Employee benefits	583,110	614,617	(31,507)	578,215
Purchased services	30,544	19,153	11,391	25,760
Supplies and materials	42,483	40,533	1,950	40,949
Capital outlay	-	4,019	(4,019)	-
Total	<u>3,305,627</u>	<u>3,315,449</u>	<u>(9,822)</u>	<u>3,240,496</u>
Total school administration	<u>3,305,627</u>	<u>3,315,449</u>	<u>(9,822)</u>	<u>3,240,496</u>
Business				
Direction of business support services				
Salaries	258,620	258,077	543	250,890
Employee benefits	57,390	57,638	(248)	55,352
Purchased services	6,700	10,739	(4,039)	3,165
Other objects	<u>1,130</u>	<u>1,085</u>	<u>45</u>	<u>1,085</u>
Total	<u>323,840</u>	<u>327,539</u>	<u>(3,699)</u>	<u>310,492</u>
Fiscal services				
Salaries	174,760	167,857	6,903	163,177
Employee benefits	16,730	19,711	(2,981)	11,799
Purchased services	127,310	100,576	26,734	97,535
Supplies and materials	78,800	25,773	53,027	31,221
Capital outlay	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>967</u>
Total	<u>402,600</u>	<u>313,917</u>	<u>88,683</u>	<u>304,699</u>
Food services				
Salaries	702,420	665,168	37,252	642,779
Employee benefits	39,720	68,576	(28,856)	33,967
Purchased services	32,375	20,663	11,712	28,889
Supplies and materials	631,500	714,533	(83,033)	674,122
Capital outlay	<u>35,000</u>	<u>16,385</u>	<u>18,615</u>	<u>52,158</u>
Total	<u>1,441,015</u>	<u>1,485,325</u>	<u>(44,310)</u>	<u>1,431,915</u>
Internal services				
Purchased services	112,240	63,376	48,864	75,685
Supplies and materials	<u>-</u>	<u>42,891</u>	<u>(42,891)</u>	<u>40,488</u>
Total	<u>112,240</u>	<u>106,267</u>	<u>5,973</u>	<u>116,173</u>
Total business	<u>2,279,695</u>	<u>2,233,048</u>	<u>46,647</u>	<u>2,163,279</u>

(Continued)

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

EDUCATIONAL ACCOUNTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL - NON-GAAP BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 2018

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018			2017
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Central				
Information services				
Salaries	\$ 74,000	\$ 74,000	\$ -	\$ 68,340
Employee benefits	8,970	8,962	8	8,475
Purchased services	20,000	21,439	(1,439)	22,349
Supplies and materials	500	409	91	489
Total	103,470	104,810	(1,340)	99,653
Staff services				
Salaries	1,029,420	1,139,169	(109,749)	1,015,631
Employee benefits	85,220	85,149	71	88,948
Purchased services	82,470	59,351	23,119	61,254
Supplies and materials	59,350	35,803	23,547	50,539
Capital outlay	-	1,287	(1,287)	-
Other objects	13,120	6,491	6,629	(355)
Total	1,269,580	1,327,250	(57,670)	1,216,017
Total central	1,373,050	1,432,060	(59,010)	1,315,670
Total support services	19,533,148	19,292,277	240,871	19,626,062
Community services				
Salaries	295,810	294,966	844	274,701
Employee benefits	32,940	31,472	1,468	31,240
Supplies and materials	300,958	296,802	4,156	285,897
Total community services	629,708	623,240	6,468	591,838
Payments to other districts and governmental units				
Payments for regular programs				
Other objects	13,410	-	13,410	13,409
Total	13,410	-	13,410	13,409
Payments for special education programs				
Other objects	130,635	167,970	(37,335)	120,974
Total	130,635	167,970	(37,335)	120,974
Payments for special education programs - tuition				
Other objects	2,078,901	1,802,951	275,950	1,838,415
Total	2,078,901	1,802,951	275,950	1,838,415
Total payments to other districts and governmental units	2,222,946	1,970,921	252,025	1,972,798

(Continued)

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

EDUCATIONAL ACCOUNTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL - NON-GAAP BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 2018

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018			2017 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	
Provision for contingencies	\$ 100,000	\$ -	\$ 100,000	\$ -
Total expenditures	62,515,296	61,186,559	1,328,737	61,751,565
Excess (deficiency) of revenues over expenditures	(155,917)	845,727	1,001,644	(2,582,378)
Other financing sources (uses)				
Transfer to debt service fund to pay principal on capital leases	-	(37,461)	(37,461)	(35,874)
Transfer to debt service fund to pay interest on capital leases	-	(2,872)	(2,872)	(4,458)
Total other financing sources (uses)	-	(40,333)	(40,333)	(40,332)
Net change in fund balance	\$ (155,917)	805,394	\$ 961,311	(2,622,710)
Fund balance, beginning of year		38,202,039		40,824,749
Fund balance, end of year		\$ 39,007,433		\$ 38,202,039

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, 2018

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018			2017
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Revenues				
Local sources				
Tort immunity levy	\$ 366,438	\$ 362,074	\$ (4,364)	\$ 351,142
Investment income	900	3,243	2,343	1,416
Refund of prior years' expenditures	-	-	-	23,878
Total local sources	<u>367,338</u>	<u>365,317</u>	<u>(2,021)</u>	<u>376,436</u>
Total revenues	<u>367,338</u>	<u>365,317</u>	<u>(2,021)</u>	<u>376,436</u>
Expenditures				
Support Services				
General administration				
Workers' compensation or workers' occupational disease act payments				
Purchased services	<u>373,000</u>	<u>336,126</u>	<u>36,874</u>	<u>329,642</u>
Total	<u>373,000</u>	<u>336,126</u>	<u>36,874</u>	<u>329,642</u>
Total general administration	<u>373,000</u>	<u>336,126</u>	<u>36,874</u>	<u>329,642</u>
Total expenditures	<u>373,000</u>	<u>336,126</u>	<u>36,874</u>	<u>329,642</u>
Net change in fund balance	<u>\$ (5,662)</u>	<u>29,191</u>	<u>\$ 34,853</u>	<u>46,794</u>
Fund balance, beginning of year		<u>232,785</u>		<u>185,991</u>
Fund balance, end of year		<u>\$ 261,976</u>		<u>\$ 232,785</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, 2018

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018			2017
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Revenues				
Local sources				
Investment income	\$ 134,800	\$ 281,013	\$ 146,213	\$ 184,783
Total local sources	134,800	281,013	146,213	184,783
Total revenues	134,800	281,013	146,213	184,783
Expenditures				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	134,800	281,013	146,213	184,783
Other financing sources (uses)				
Principal on bonds sold	8,059,751	7,375,000	(684,751)	27,650,000
Premium on bonds sold	-	688,725	688,725	4,290,248
Permanent transfer from working cash accounts - abatement	(19,820,299)	(19,003,146)	817,153	(21,764,607)
Total other financing sources (uses)	(11,760,548)	(10,939,421)	821,127	10,175,641
Net change in fund balance	\$ (11,625,748)	(10,658,408)	\$ 967,340	10,360,424
Fund balance, beginning of year		22,897,549		12,537,125
Fund balance, end of year		\$ 12,239,141		\$ 22,897,549

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ARLINGTON HEIGHTS SCHOOL DISTRICT 25**AGENCY FUND****SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES****AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

	BALANCE JUNE 30, 2017	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2018
Assets				
Cash	\$ 354,517	\$ 817,635	\$ 804,271	\$ 367,881
Total assets	\$ 354,517	\$ 817,635	\$ 804,271	\$ 367,881
Liabilities				
Due to student groups - activity funds	\$ 267,976	\$ 558,333	\$ 562,137	\$ 264,172
Due to employees - flexible spending account	86,541	259,302	242,134	103,709
Total liabilities	\$ 354,517	\$ 817,635	\$ 804,271	\$ 367,881

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Statistical Section

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

<u>Contents</u>	<u>Page</u>
Financial Trends	85
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	97
These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	
Debt Capacity	102
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	107
These schedules offer demographic and economic indicators to help the reader understand the environment within the District's financial activities take place.	
Operating Information	110
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

	2018**	2017	2016	2015*
Governmental activities				
Net investment in capital assets	\$ 82,067,404	\$ 81,240,280	\$ 81,324,939	\$ 81,899,779
Restricted	7,405,397	7,281,482	6,453,305	9,048,455
Unrestricted	<u>(9,817,550)</u>	<u>38,690,652</u>	<u>43,851,000</u>	<u>46,220,462</u>
Total governmental activities				
net position	<u>\$ 79,655,251</u>	<u>\$ 127,212,414</u>	<u>\$ 131,629,244</u>	<u>\$ 137,168,696</u>

*The District implemented GASB 68 and 71 in 2015.

** The District implemented GASB 75 in 2018.

Amounts in prior years have not been adjusted.

2014	2013	2012	2011	2010	2009
\$ 81,445,563	\$ 76,558,426	\$ 72,194,161	\$ 67,179,282	\$ 63,532,991	\$ 54,602,552
11,352,549	13,090,807	12,811,200	5,863,906	6,318,095	7,842,981
<u>54,875,379</u>	<u>54,800,925</u>	<u>53,616,633</u>	<u>61,139,228</u>	<u>58,687,324</u>	<u>56,338,333</u>
<u>\$ 147,673,491</u>	<u>\$ 144,450,158</u>	<u>\$ 138,621,994</u>	<u>\$ 134,182,416</u>	<u>\$ 128,538,410</u>	<u>\$ 118,783,866</u>

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

	2018 ##	2017	2016	2015#
Expenses				
Instruction:				
Regular programs	\$ 31,698,766	\$ 29,015,739	\$ 28,298,413	\$ 28,663,135
Special programs	13,159,189	13,502,465	13,220,613	11,955,481
Other instructional programs	2,915,399	2,618,128	2,642,202	2,627,459
State retirement contributions	28,217,385	29,819,470	19,809,071	18,061,433
Support services:				
Pupils	4,971,259	5,051,215	4,794,026	4,714,078
Instructional staff	5,908,610	6,369,894	4,316,232	5,450,030
General administration	1,758,735	1,622,450	1,557,535	1,343,474
School administration	3,674,367	3,523,989	3,272,930	3,088,709
Business	2,426,092	2,346,508	2,406,340	2,422,037
Transportation	2,489,671	2,420,169	2,283,172	2,283,712
Operations and maintenance	8,237,399	10,523,261	11,358,697	5,862,344
Central and other	1,952,401	2,236,659	2,136,785	1,834,261
Other supporting services	351,091	337,607	300,970	417,246
Community services	688,655	665,243	686,047	603,473
Payments to other districts and gov't units	-	-	-	-
Nonprogrammed charges	-	-	-	-
Interest and fees	1,432,063	914,349	420,529	5,442
Total expenses	\$ 109,881,082	\$ 110,967,146	\$ 97,503,562	\$ 89,332,314
Program Revenues				
Charges for services:				
Instruction*	\$ 981,776	\$ 1,092,898	\$ 1,124,592	\$ 1,124,273
Support services*	2,865,941	2,924,951	2,864,099	2,795,524
Operating grants and contributions	-	-	-	-
Instruction*	30,573,596	34,296,095	24,650,172	22,185,658
Support services*	1,827,880	1,732,692	1,526,381	1,687,328
Capital grants and contributions	-	-	-	-
Total program revenues	\$ 36,249,193	\$ 40,046,636	\$ 30,165,244	\$ 27,792,783
Net (expense)/revenue	\$ (73,631,889)	\$ (70,920,510)	\$ (67,338,318)	\$ (61,539,531)
General revenues				
Taxes:				
Real estate taxes, levied for general purposes	\$ 50,276,978	\$ 48,913,488	\$ 47,170,764	\$ 44,478,828
Real estate taxes, levied for specific purposes	8,935,224	9,967,098	9,682,213	8,845,214
Real estate taxes, levied for debt service	4,113,357	3,383,531	1,407,392	(42,815)
Personal property replacement taxes	858,882	1,163,522	824,522	1,031,896
Unrestricted grants and contributions	4,552,629	2,360,022	2,278,082	2,137,771
Investment earnings	1,063,266	616,942	384,149	229,205
Miscellaneous	595,968	99,077	51,744	147,829
Total general revenues	\$ 70,396,304	\$ 66,503,680	\$ 61,798,866	\$ 56,827,928
Change in net position	\$ (3,235,585)	\$ (4,416,830)	\$ (5,539,452)	\$ (4,711,603)

NOTE: * Information prior to 2012 is not available
#The District implemented GASB 68 and 71 in 2015.
The District implemented GASB 75 in 2018.
Amounts in prior years have not been adjusted.

2014	2013	2012	2011	2010	2009
\$ 26,919,025	\$ 25,511,002	\$ 25,607,333	\$ 22,325,897	\$ 23,802,870	\$ 22,532,296
11,968,909	10,780,199	10,379,098	8,404,462	8,826,609	8,021,378
2,608,247	2,427,583	2,212,870	4,842,590	3,041,262	3,232,429
12,918,267	9,984,364	8,573,755	7,934,736	8,022,134	5,607,110
4,607,560	4,402,573	4,252,148	4,048,759	3,633,769	3,430,394
4,960,482	5,005,589	4,795,013	5,224,305	5,636,145	4,901,783
1,312,889	1,604,607	1,668,816	1,347,151	1,350,947	1,724,353
3,132,584	3,174,416	3,145,892	3,283,749	3,190,837	3,088,493
2,251,402	2,093,047	2,494,810	1,276,302	1,974,980	2,053,358
2,150,608	1,987,469	1,920,596	1,517,949	2,037,335	1,602,246
6,591,693	5,643,826	5,516,852	5,795,017	4,854,686	4,949,474
1,791,412	1,912,515	1,949,986	1,621,861	1,554,972	1,435,455
469,953	-	-	-	-	-
615,293	559,319	553,810	244,144	219,599	258,487
-	-	11,562	-	-	-
-	-	-	207,621	436,488	88,278
98,616	249,074	483,159	906,552	1,227,027	1,651,805
<u>\$ 82,396,940</u>	<u>\$ 75,335,583</u>	<u>\$ 73,565,700</u>	<u>\$ 68,981,095</u>	<u>\$ 69,809,660</u>	<u>\$ 64,577,339</u>
\$ -	\$ -	\$ -	\$ 3,161,422	\$ 3,185,475	\$ 3,462,179
996,096	1,079,348	1,044,620	-	-	-
2,749,077	2,726,699	2,686,853	-	-	-
-	-	-	13,757,207	10,266,275	10,576,779
16,956,544	13,671,002	12,583,471	-	-	-
1,509,273	1,459,200	1,055,593	-	-	-
-	-	-	-	-	-
<u>\$ 22,210,990</u>	<u>\$ 18,936,249</u>	<u>\$ 17,370,537</u>	<u>\$ 16,918,629</u>	<u>\$ 13,451,750</u>	<u>\$ 14,038,958</u>
<u>\$ (60,185,950)</u>	<u>\$ (56,399,334)</u>	<u>\$ (56,195,163)</u>	<u>\$ (52,062,466)</u>	<u>\$ (56,357,910)</u>	<u>\$ (50,538,381)</u>
\$ 47,988,958	\$ 45,505,806	\$ 45,844,312	\$ 42,757,403	\$ 47,053,517	\$ 40,220,343
9,653,164	8,149,848	6,603,218	5,845,346	7,177,688	7,176,535
2,493,089	5,323,903	5,433,933	5,185,579	7,809,607	8,765,912
959,888	948,877	928,679	1,009,510	778,451	962,248
2,073,027	1,972,777	2,094,284	2,171,697	2,054,834	2,006,709
203,324	241,586	(328,920)	302,390	925,090	1,632,837
37,833	84,701	59,235	434,547	313,267	348,157
<u>\$ 63,409,283</u>	<u>\$ 62,227,498</u>	<u>\$ 60,634,741</u>	<u>\$ 57,706,472</u>	<u>\$ 66,112,454</u>	<u>\$ 61,112,741</u>
<u>\$ 3,223,333</u>	<u>\$ 5,828,164</u>	<u>\$ 4,439,578</u>	<u>\$ 5,644,006</u>	<u>\$ 9,754,544</u>	<u>\$ 10,574,360</u>

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

	2018	2017	2016	2015	2014
General Fund					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-
Nonspendable	30,689	30,689	30,689	35,294	35,294
Restricted	231,287	202,096	155,302	180,794	145,874
Unassigned	<u>51,246,574</u>	<u>61,099,588</u>	<u>53,361,874</u>	<u>51,480,004</u>	<u>56,547,661</u>
Total general fund	<u>\$ 51,508,550</u>	<u>\$ 61,332,373</u>	<u>\$ 53,547,865</u>	<u>\$ 51,696,092</u>	<u>\$ 56,728,829</u>
All other governmental funds					
Unreserved, reported in:					
Debt service fund	\$ -	\$ -	\$ -	\$ -	\$ -
Special revenue funds	-	-	-	-	-
Capital projects fund	-	-	-	-	-
Unassigned, reported in:					
Debt service fund	-	-	-	(45,390)	(806,164)
Capital projects fund	(716,049)	(368,491)	(431,212)	(476,079)	(374,854)
Restricted, reported in:					
Debt service fund	-	-	-	-	-
Special revenue funds	8,612,624	8,472,144	7,968,513	10,585,601	10,820,901
Capital projects fund	-	-	-	-	348,581
Nonspendable, reported in:					
Special revenue funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,504</u>	<u>6,504</u>
Total all other governmental funds	<u>\$ 7,896,575</u>	<u>\$ 8,103,653</u>	<u>\$ 7,537,301</u>	<u>\$ 10,070,636</u>	<u>\$ 9,994,968</u>
Total Governmental Funds	<u>\$ 59,405,125</u>	<u>\$ 69,436,026</u>	<u>\$ 61,085,166</u>	<u>\$ 61,766,728</u>	<u>\$ 66,723,797</u>

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

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

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

	2018	2017	2016	2015
Local Sources				
Property taxes	\$ 63,325,559	\$ 62,264,117	\$ 58,260,369	\$ 53,271,605
Replacement taxes	858,882	1,163,522	824,522	1,031,896
Earnings on investments	1,063,266	618,278	384,149	229,205
Other local sources	<u>4,443,685</u>	<u>4,115,590</u>	<u>4,040,435</u>	<u>4,077,248</u>
Total local sources	<u>69,691,392</u>	<u>68,161,507</u>	<u>63,509,475</u>	<u>58,609,954</u>
State sources	<u>35,064,552</u>	<u>35,922,082</u>	<u>24,795,971</u>	<u>24,048,227</u>
Federal sources	<u>2,511,057</u>	<u>2,483,600</u>	<u>2,482,145</u>	<u>2,076,554</u>
 Total	 <u>\$ 107,267,001</u>	 <u>\$ 106,567,189</u>	 <u>\$ 90,787,591</u>	 <u>\$ 84,734,735</u>

2014	2013	2012	2011	2010	2009
\$ 60,128,314	\$ 58,970,899	\$ 57,873,914	\$ 53,788,328	\$ 62,040,812	\$ 56,162,790
959,888	948,877	928,679	1,009,510	778,451	962,248
203,324	241,586	(328,920)	302,390	925,090	1,632,837
<u>3,789,903</u>	<u>3,899,406</u>	<u>3,798,257</u>	<u>3,462,020</u>	<u>3,417,273</u>	<u>3,814,886</u>
<u>65,081,429</u>	<u>64,060,768</u>	<u>62,271,930</u>	<u>58,562,248</u>	<u>67,161,626</u>	<u>62,572,761</u>
<u>18,646,660</u>	<u>16,148,919</u>	<u>12,972,844</u>	<u>13,264,411</u>	<u>12,764,852</u>	<u>10,991,751</u>
<u>1,844,567</u>	<u>1,661,653</u>	<u>1,977,720</u>	<u>2,798,442</u>	<u>2,831,060</u>	<u>2,126,269</u>
<u>\$ 85,572,656</u>	<u>\$ 81,871,340</u>	<u>\$ 77,222,494</u>	<u>\$ 74,625,101</u>	<u>\$ 82,757,538</u>	<u>\$ 75,690,781</u>

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

	2018	2017	2016	2015
Current:				
Instruction				
Regular programs	\$ 26,253,145	\$ 26,470,427	\$ 26,074,062	\$ 25,439,076
Special programs	10,986,544	11,195,783	10,997,971	10,311,380
Other instructional programs	2,868,326	2,586,709	2,653,470	2,628,076
State retirement contributions	<u>28,217,385</u>	<u>29,819,470</u>	<u>19,809,071</u>	<u>18,061,433</u>
Total instruction	<u>68,325,400</u>	<u>70,072,389</u>	<u>59,534,574</u>	<u>56,439,965</u>
Supporting Services				
Pupils	4,869,805	4,963,213	4,791,003	4,713,389
Instructional staff	5,747,986	6,250,024	5,609,716	5,433,028
General administration	1,677,078	1,577,630	1,535,990	1,344,197
School administration	3,461,774	3,389,658	3,339,080	3,182,314
Business	2,371,829	2,262,137	2,355,106	2,410,322
Transportation	2,484,220	2,415,067	2,279,062	2,283,072
Operations and maintenance	8,203,645	10,197,119	9,093,893	6,315,440
Central	1,496,036	1,376,641	1,355,222	1,332,782
Other supporting services	240,540	230,160	197,950	310,208
Community services	670,991	636,891	654,904	600,785
Nonprogrammed charges	<u>1,970,921</u>	<u>1,972,798</u>	<u>1,894,168</u>	<u>1,798,364</u>
Total supporting services	<u>33,194,825</u>	<u>35,271,338</u>	<u>33,106,094</u>	<u>29,723,901</u>
Other:				
Debt service:				
Principal	2,257,461	2,255,874	34,354	28,168
Interest	2,110,810	1,384,683	604,917	5,442
Capital outlay	<u>19,596,312</u>	<u>21,522,667</u>	<u>16,559,411</u>	<u>3,494,328</u>
Total Other	<u>23,964,583</u>	<u>25,163,224</u>	<u>17,198,682</u>	<u>3,527,938</u>
Total	<u>\$ 125,484,808</u>	<u>\$ 130,506,951</u>	<u>\$ 109,839,350</u>	<u>\$ 89,691,804</u>
Debt service as a percentage of noncapital expenditures	4.13%	3.34%	0.69%	0.04%

2014	2013	2012	2011	2010	2009
\$ 24,112,196	\$ 22,686,596	\$ 22,415,974	\$ 19,753,207	\$ 21,450,621	\$ 20,265,649
10,061,217	9,367,091	8,818,368	7,155,948	7,533,065	6,663,875
2,588,383	2,427,583	2,211,284	4,843,209	3,083,056	3,232,429
12,918,267	9,984,364	8,573,755	7,934,736	8,022,134	5,607,110
<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>	<u>35,769,063</u>
4,607,560	4,402,573	4,252,148	4,048,759	3,633,769	3,430,394
4,960,482	5,005,589	4,795,013	5,224,305	5,451,561	4,936,439
1,312,889	1,604,607	1,668,816	1,347,151	1,350,947	1,724,353
3,126,967	3,157,041	3,117,324	3,283,749	3,190,837	3,088,493
2,223,128	2,093,047	2,195,148	2,026,760	1,974,980	2,255,039
2,150,608	1,987,469	1,920,596	1,517,949	2,037,335	1,602,246
6,421,905	5,655,507	5,236,075	5,042,663	5,178,139	5,578,657
1,293,814	1,319,738	1,274,807	1,112,114	1,153,820	1,055,551
365,040	-	-	-	-	-
615,293	559,319	553,810	244,144	219,599	258,487
1,862,046	1,373,175	1,472,420	1,455,516	1,251,750	1,357,503
<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>	<u>25,287,162</u>
5,120,000	5,045,958	5,036,141	4,790,488	8,043,675	7,522,115
153,107	373,403	615,821	864,147	1,177,379	1,578,936
3,585,829	2,540,761	4,283,158	1,789,648	3,951,159	8,806,640
<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>	<u>17,907,691</u>
<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>	<u>\$ 78,963,916</u>
6.29%	7.03%	7.62%	8.00%	12.34%	12.97%

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

	2018	2017	2015	2014	2013
Excess of revenues over (under) expenditures	\$ (18,217,807)	\$ (23,939,762)	\$ (19,051,759)	\$ (4,957,069)	\$ (1,906,075)
Other financing sources (uses)					
General long-term debt issued	7,375,000	27,650,000	16,775,000	-	-
Premium on bonds sold	811,906	4,640,622	1,595,197	-	-
Capital lease value	-	-	-	-	181,660
Transfers in	40,299,934	46,850,418	31,630,139	3,814,552	-
Transfers out	<u>(40,299,934)</u>	<u>(46,850,418)</u>	<u>(31,630,139)</u>	<u>(3,814,552)</u>	<u>-</u>
Total	<u>8,186,906</u>	<u>32,290,622</u>	<u>18,370,197</u>	<u>-</u>	<u>181,660</u>
Net change in fund balances	<u>\$ (10,030,901)</u>	<u>\$ 8,350,860</u>	<u>\$ (681,562)</u>	<u>\$ (4,957,069)</u>	<u>\$ (1,724,415)</u>

2012	2011	2010	2009	2008
\$ 2,287,519	\$ (1,218,164)	\$ 2,190,608	\$ 4,053,712	\$ (3,273,135)
-	-	-	-	-
-	-	-	-	-
8,000	266,261	88,294	606,901	12,130,552
<u>(8,000)</u>	<u>(266,261)</u>	<u>(88,294)</u>	<u>(606,901)</u>	<u>(12,130,552)</u>
-	-	-	-	-
<u>\$ 2,287,519</u>	<u>\$ (1,218,164)</u>	<u>\$ 2,190,608</u>	<u>\$ 4,053,712</u>	<u>\$ (3,273,135)</u>

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

LEVY YEAR	ASSESSED VALUATION					TOTAL ASSESSED VALUE	ESTIMATED ACTUAL VALUE
	RESIDENTIAL	FARMS	COMMERCIAL	INDUSTRIAL	RAILROAD		
2017	\$ 1,553,098,586	\$ 27,992	\$ 307,536,067	\$ 8,792,653	\$ 1,227,510	\$ 1,870,682,808	\$ 5,612,048,424
2016	1,541,379,848	26,485	291,408,485	8,768,378	1,203,411	1,842,786,607	5,528,359,821
2015	1,258,651,381	22,503	265,596,751	8,458,946	1,182,948	1,533,912,529	4,601,737,587
2014	1,286,271,803	22,982	270,207,702	8,537,799	987,950	1,566,028,236	4,698,084,708
2013	1,225,191,821	-	275,774,212	42,554,968	949,072	1,544,470,073	4,633,410,219
2012	1,432,255,225	-	301,051,221	41,541,630	772,137	1,775,620,213	5,326,860,639
2011	1,545,361,840	-	315,879,445	41,824,944	685,447	1,903,751,676	5,711,255,028
2010	1,637,910,787	-	371,807,291	53,033,542	647,112	2,063,398,732	6,190,196,196
2009	1,802,833,985	-	386,057,940	54,243,854	523,321	2,243,659,100	6,730,977,300
2008	1,656,938,154	-	379,232,180	64,165,989	439,004	2,100,775,327	6,302,325,981

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.

** 2015 levy year was the most recent information available as of report issuance.

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

	2017	2016	2015	2014	2013
District direct rates					
Total direct	<u>\$ 3.4880</u>	<u>\$ 3.4240</u>	<u>\$ 3.9900</u>	<u>\$ 3.6780</u>	<u>\$ 3.6590</u>
Overlapping rates					
County of Cook	0.4960	0.5330	0.5520	0.5680	0.5600
Cook County Forest Preserve District	0.0620	0.0630	0.0690	0.0690	0.0690
Consolidated Elections	0.0310	0.0000	0.0340	0.0000	0.0310
Wheeling Township	0.0430	0.0410	0.0550	0.0520	0.0560
Wheeling Twp General Assistance	0.0090	0.0080	0.0100	0.0100	0.0100
Wheeling Twp Road & Bridge	0.0150	0.0140	0.0200	0.0190	0.0190
Metro Water Reclamation District of Chicago	0.4020	0.4060	0.4260	0.4300	0.4170
Northwest Mosquito Abatement District	0.0100	0.0100	0.0110	0.0130	0.0130
Village of Arlington Heights & Library Fund	1.6960	1.6650	1.9250	1.8160	1.8180
Arlington Heights Park District	0.4940	0.4880	0.6260	0.6360	0.6330
Arlington Heights High School #214	2.5630	2.5270	2.8810	2.7760	2.7680
Harper Comm College #512	0.4250	0.4160	0.4660	0.4510	0.4440
Suburban TB Sanitarium	-	-	-	-	-
Total direct and overlapping rate	<u>\$ 9.7340</u>	<u>\$ 9.5950</u>	<u>\$ 11.0650</u>	<u>\$ 10.5180</u>	<u>\$ 10.4970</u>

Source: Cook County Clerk

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

2012	2011	2010	2009	2008
<u>\$ 3.4160</u>	<u>\$ 3.1010</u>	<u>\$ 2.8130</u>	<u>\$ 2.5100</u>	<u>\$ 2.8070</u>
0.5310	0.4620	0.4230	0.3940	0.4150
0.0630	0.0580	0.0510	0.0490	0.0510
0.0000	0.0250	0.0000	0.0210	0.0000
0.0520	0.0480	0.0430	0.0390	0.0380
0.0090	0.0090	0.0050	0.0090	0.0090
0.0160	0.0150	0.0140	0.0120	0.0120
0.3700	0.3200	0.2740	0.2610	0.2520
0.0110	0.0100	0.0090	0.0080	0.0080
1.5320	1.3850	1.2540	1.1080	1.0720
0.5450	0.4960	0.4500	0.3920	0.3790
2.3240	2.0670	1.8390	1.6360	1.5870
0.3730	0.3340	0.2950	0.2580	0.2560
-	-	-	-	-
<u>\$ 9.2420</u>	<u>\$ 8.3300</u>	<u>\$ 7.4700</u>	<u>\$ 6.6970</u>	<u>\$ 6.8860</u>

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ARLINGTON HEIGHTS SCHOOL DISTRICT 25
PRINCIPAL PROPERTY TAXPAYERS IN THE DISTRICT
CURRENT LEVY YEAR AND NINE YEARS AGO

TAXPAYER	2017 EQUALIZED ASSESSED VALUATION	PERCENTAGE OF TOTAL 2017 EQUALIZED ASSESSED VALUATION
WP Venture Holdco 4	\$ 30,266,744	1.62%
Town & Country Chicago	21,020,665	1.12%
Amcap Northpointii LLC	19,523,176	1.04%
New Plan Excel Prop Tr	15,907,570	0.85%
Northwest Com Healthcare	14,569,166	0.78%
Stonebridge Village	14,075,838	0.75%
John Hancock Life Ins	13,682,182	0.73%
Sptmrt Properties Trus	11,944,424	0.64%
Arlington Town Square	11,603,525	0.62%
Robin Realty Mgt	10,184,252	0.54%
	<u>\$ 162,777,542</u>	<u>8.70%</u>

Includes parcels with 2016 EAVs of \$100,000 and over.

Source: Cook County Clerk

Taxpayer	2008 EQUALIZED ASSESSED VALUATION	PERCENTAGE OF TOTAL 20078 EQUALIZED ASSESSED VALUATION
Luther Village	\$ 49,338,409	2.35%
Town & Country Mall	30,027,554	1.43%
Northpoint & Arlington Heights Freed	27,008,614	1.29%
Avalon Bay Communities	16,956,576	0.81%
Visconsi Companies	10,558,583	0.50%
DBSI Arlington Town Square	5,854,811	0.28%
New Plan Excel Prop	5,577,640	0.27%
Robin Realty Development	5,122,691	0.24%
Stonebridge Real Estate	4,865,160	0.23%
Sunrise Tax Dept.	3,647,136	0.17%
Total	<u>\$ 158,957,174</u>	<u>7.56%</u>

Source: Cook County Clerk Assessor's Office

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

LEVY YEAR	TAXES LEVIED FOR THE LEVY YEAR		COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS	TOTAL COLLECTIONS TO DATE	
			AMOUNT	PERCENTAGE OF LEVY		AMOUNT	PERCENTAGE OF LEVY
2017	\$	65,240,773	\$ 33,795,853	51.80%	\$ -	\$ 33,795,853	51.80%
2016		63,080,314	32,439,004	51.42%	29,536,770	61,975,774	98.25%
2015		61,202,077	30,818,197	50.35%	29,879,572	60,697,769	99.18%
2014		57,591,809	29,524,638	51.27%	27,257,368	56,782,006	98.59%
2013		56,502,889	31,876,442	56.42%	23,697,409	55,573,851	98.36%
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%

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

YEAR	GENERAL OBLIGATION BONDS	CAPITAL LEASES	TOTAL	PERCENTAGE OF PERSONAL INCOME	OUTSTANDING DEBT PER CAPITA
2018	\$ 47,360,000	\$ 45,803	\$ 47,405,803	1.43%	\$ 627
2017	42,205,000	83,264	42,288,264	1.31%	560
2016	16,775,000	119,138	16,894,138	0.52%	224
2015	-	153,492	153,492	0.00%	2
2014	-	181,660	181,660	0.01%	2
2013	5,120,000	-	5,120,000	0.17%	67
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	0.66%	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

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
2018	\$ 47,360,000	\$ 1,209,245	\$ 46,150,755	0.83%	\$ 610
2017	42,205,000	1,280,280	40,924,720	0.89%	542
2016	16,775,000	1,134,596	15,640,404	0.33%	207
2015	-	-	-	0.00%	-
2014	-	-	-	0.00%	-
2013	5,120,000	-	5,120,000	0.10%	67
2012	10,165,000	-	10,165,000	0.18%	134
2011	15,190,000	-	15,190,000	0.25%	201
2010	19,970,000	-	19,970,000	0.30%	266
2009	27,980,000	-	27,980,000	0.44%	364
2008	35,350,000	-	35,350,000	0.61%	459

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

ARLINGTON HEIGHTS SCHOOL DISTRICT 25
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
JUNE 30, 2018

GOVERNMENTAL JURISDICTION	DEBT OUTSTANDING	OVERLAPPING PERCENT	NET DIRECT AND OVERLAPPING DEBT
Overlapping debt:			
County			
Cook County	3,085,186,750	1.243%	\$ 38,339,322
Cook County Forest Preserve	150,960,000	1.243%	1,875,966
Metro Water Reclamation District of Chicago	2,480,560,091	1.267%	31,421,532
School Districts			
High School District 214	37,480,000	21.637%	8,109,442
Harper Community College 512	126,895,000	10.574%	13,417,667
Park Districts			
Arlington Heights Park District	15,380,000	63.604%	9,782,248
Mt. Prospect Park District	6,733,788	3.414%	229,868
Prospect Heights Park District	580,305	3.476%	20,174
Municipalities			
Village of Arlington Heights	57,465,000	61.422%	35,296,282
Village of Mount Prospect	61,375,000	2.941%	1,804,834
City of Prospect Heights	10,435,000	1.255%	130,996
City of Rolling Meadows	4,805,000	0.647%	31,079
Total overlapping debt			140,459,409
Direct debt:			
School District Number 25	47,360,000	100.000%	47,360,000
Total Direct and Overlapping Debt			\$ 187,819,409

Source: Office of the County Clerk, Cook County, IL

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 2017

Assessed Valuation	\$ 1,870,682,808
Debt Limit - 6.9% of Assessed Valuation	\$ 129,077,114
Total Debt Outstanding	47,405,803
Less: Exempted Debt	<u>-</u>
Net Subject to 6.9% Limit	47,405,803
Total Debt Margin	<u>\$ 81,671,311</u>

	Fiscal Year			
	2018	2017	2016	2015
Debt Limit	\$ 129,077,114	\$ 127,152,276	\$ 105,839,965	\$ 108,055,948
Total Net Debt Applicable to Limit	<u>47,405,803</u>	<u>42,288,264</u>	<u>16,894,138</u>	<u>153,492</u>
Legal Debt Margin	<u>\$ 81,671,311</u>	<u>\$ 84,864,012</u>	<u>\$ 88,945,827</u>	<u>\$ 107,902,456</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	36.7%	33.3%	16.0%	0.1%

2014	2013	2012	2011	2010	2009
\$ 106,568,435	\$ 122,517,795	\$ 131,358,866	\$ 142,374,513	\$ 154,812,478	\$ 144,953,498
<u>181,660</u>	<u>5,120,000</u>	<u>10,165,958</u>	<u>15,202,099</u>	<u>19,992,587</u>	<u>28,036,262</u>
\$ 106,386,775	\$ 117,397,795	\$ 121,192,908	\$ 127,172,414	\$ 134,819,891	\$ 116,917,236
0.2%	4.2%	7.7%	10.7%	12.9%	19.3%

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

YEAR	POPULATION	PERSONAL INCOME	PER CAPITA INCOME	UNEMPLOYMENT RATE
2018	75,634	\$ 3,311,029,618	\$ 4,377 (1d)	3.80%
2017	75,525	3,226,805,625	42,725 (1d)	4.60%
2016	75,926	3,188,436,444	41,994 (1c)	4.30%
2015	76,024	3,055,328,536	40,189 (1b)	6.40%
2014	76,006	3,089,263,870	40,645 (1a)	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%

SOURCE OF INFORMATION:

(1) U.S. Bureau of the Census Quick Facts, information is for the Village of Arlington Heights, IL

(1a) Per capita income in past 12 months (2012 dollars), 2008-2012

(1b) Per capita income in past 12 months (2013 dollars), 2009-2013

(1c) Per capita income in past 12 months (2014 dollars), 2010-2014

(1d) Per capita income in past 12 months (2015 dollars), 2011-2015

(1e) Per capita income in past 12 months (2016 dollars), 2012-2016

(2) Illinois Department of Employment Security

ARLINGTON HEIGHTS SCHOOL DISTRICT 25
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

		2018		
EMPLOYER		APPROXIMATE NUMBER OF EMPLOYEES	DATA SOURCE	PERCENT OF TOTAL EMPLOYMENT
Northwest Community Hospital	Hospital	3800	(2)	15.1%
Northrop Grumman Corp.	Land & Self Protection Systems Division	1900	(1)	7.5%
Arlington Heights High School District 214	Public High Schools	1675	(3)	6.6%
Arlington International Race Track	Recreation	850	(4)	3.4%
School District 25	Public Schools - Grades K-8	850	(3)	3.4%
CVS Caremark	Wholesale Specialty Pharmaceutical Prc	800	(2)	3.2%
Paylocity Holding Corp.	Payroll & HR Software	800	(1)	3.2%
Amita / Alexian Brothers Health System	Health Care Medical Services	600	(2)	2.4%
Walmart & Walmart Super Center	Department Stores	613	(4)	2.4%
Paddock Publications, Inc. (HQ)	Newspaper Publishing	550	(4)	2.2%
Village of Arlington Heights	Local Government	430	(3)	1.7%
Pace Suburban Bus	Transit Provider	300	(3)	1.2%

* Calculating percentages to the Illinois Department of Employment Security Reports the estimated number of persons employed in the District in 2017 was 25,241.

- (1) 2018 Illinois Manufacturers Directory
- (2) 2018 Illinois Services Directory
- (3) Official Employer Website / Financial Records
- (4) ReferenceUSA.com database
- (7) June 30, 2008 CAFR

2009

EMPLOYER	NUMBER OF EMPLOYEES	SOURCE	PERCENTAGE OF TOTAL EQUALIZED ASSESSED VALUE
Arlington Park Racecourse (seasonal)	4,500	(5)	11.3%
Northwest Community Healthcare	4,000	(5)	10.0%
Motorola	3,000	(5)	7.5%
Broadwing Communications, LLC	2,000	(5)	5.0%
Township High School District 214	1,706	(5)	4.3%
GTSS	1,000	(5)	2.5%
Paddock Publications	850	(5)	2.1%
Arlington Heights School District 25	682	(5)	1.7%
Lutheran Home Services	598	(5)	1.5%
Village of Arlington Heights	472	(5)	1.2%

Source: Illinois Manufacturers Director, Illinois Service Directory and internet searches

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

NUMBER OF EMPLOYEES BY TYPE

LAST TEN FISCAL YEARS

	2017 - 2018	2016 - 2017	2015 - 2016	2014 - 2015	2013 - 2014	2012 - 2013	2011 - 2012	2010 - 2011	2009 - 2010	2008 - 2009
Administration:										
Superintendent	1	1	1	1	1	1	1	1	1	1
Assistant Superintendent	4	4	4	4	3	3	3	3	3	3
District Administrators	12	12	12	12	9	7	5	5	5	5
Principals and assistants	<u>20</u>	<u>20</u>	<u>20</u>	<u>20</u>	<u>18</u>	<u>17</u>	<u>17</u>	<u>17</u>	<u>17</u>	<u>17</u>
Total administration	<u>37</u>	<u>37</u>	<u>37</u>	<u>37</u>	<u>31</u>	<u>28</u>	<u>26</u>	<u>26</u>	<u>26</u>	<u>26</u>
Teachers:										
Elementary	191	184	182	182	183	186	181	173	168	168
Middle school	115	116	113	113	112	111	109	105	110	111
District Instruction Support	97	96	88	88	82	81	82	82	86	84
Special education and bilingual	<u>77</u>	<u>72</u>	<u>77</u>	<u>77</u>	<u>83</u>	<u>79</u>	<u>67</u>	<u>64</u>	<u>59</u>	<u>54</u>
Total teachers	<u>480</u>	<u>468</u>	<u>460</u>	<u>460</u>	<u>460</u>	<u>457</u>	<u>439</u>	<u>424</u>	<u>423</u>	<u>417</u>
Other supporting staff:										
Cafeteria	68	63	58	58	59	49	29	45	39	27
Clerical and Aides, Playground Supervisor	186	197	197	197	196	192	192	197	197	197
Maintenance, custodians and warehouse and crossing guards	<u>71</u>	<u>69</u>	<u>71</u>	<u>71</u>	<u>74</u>	<u>78</u>	<u>64</u>	<u>54</u>	<u>50</u>	<u>48</u>
Total support staff	<u>325</u>	<u>329</u>	<u>326</u>	<u>326</u>	<u>329</u>	<u>319</u>	<u>285</u>	<u>296</u>	<u>286</u>	<u>272</u>
Total staff	<u>842</u>	<u>834</u>	<u>823</u>	<u>823</u>	<u>820</u>	<u>804</u>	<u>750</u>	<u>746</u>	<u>735</u>	<u>715</u>

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

FISCAL YEAR	PK - 8 ENROLLMENT	AVERAGE DAILY ATTENDANCE	OPERATING EXPENDITURES	COST PER PUPIL	PERCENTAGE CHANGE	EXPENSES
2018	5,558	5,015	\$ 68,591,423	\$ 13,677	-1.4%	\$ 81,448,927
2017	5,564	5,006	69,417,758	13,866	-0.5%	81,147,676
2016	5,356	4,859	67,695,756	13,933	10.5%	77,594,591
2015	5,332	4,962	62,572,837	12,610	0.1%	57,145,480
2014	5,307	4,860	61,257,274	12,604	5.0%	56,243,555
2013	5,218	4,852	58,228,272	12,001	0.0%	52,880,003
2012	5,040	4,737	56,837,743	11,999	5.7%	52,973,805
2011	5,152	4,722	53,608,714	11,353	-4.7%	47,795,073
2010	5,117	4,683	55,788,010	11,913	2.3%	49,845,430
2009	5,170	4,630	53,928,313	11,648	1.9%	47,981,979

PER CAPITA TUITION CHARGE	PERCENTAGE CHANGE	TEACHING STAFF	PUPIL - TEACHER RATIO	PERCENTAGE OF STUDENTS RECEIVING FREE OR REDUCED PRICE- MEALS
\$ 16,241	0.2%	480	12.0	14%
16,209	1.5%	468	12.0	14%
15,970	38.7%	460	11.0	14%
11,517	-0.5%	460	11.0	14%
11,573	6.2%	457	11.0	10%
10,899	-2.5%	439	11.0	10%
11,183	10.5%	424	11.2	10%
10,122	-4.9%	423	12.3	9%
10,644	2.7%	417	12.5	7%
10,363	1.2%	415	12.3	7%

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

	2018	2017	2016	2015	2014
Elementary					
Buildings	7	7	7	7	7
Square Feet	497,603	484,167	446,817	446,817	446,817
Capacity (Students)	4,950	4,829	4,454	4,454	4,454
Enrollment	3,663	3,670	3,620	3,610	3,428
Middle					
Buildings	2	2	2	2	2
Square Feet	290,283	270,013	270,013	270,013	270,013
Capacity (Students)	2,100	1,892	1,892	1,892	1,892
Enrollment	1,876	1,854	1,778	1,788	1,795
Other					
Buildings	3	3	3	3	3
Enrollment	N/A	N/A	N/A	N/A	N/A
Athletics					
Play grounds	7	7	7	7	7

2013	2012	2011	2010	2009
7	7	7	7	7
446,817	446,817	446,817	446,817	446,817
4,454	4,454	4,454	4,454	4,454
3,443	3,443	3,360	3,226	3,206
2	2	2	2	2
270,013	270,013	270,013	270,013	270,013
1,892	1,892	1,892	1,892	1,892
1,719	1,719	1,742	1,773	1,777
3	3	3	3	3
N/A	N/A	N/A	N/A	N/A
7	7	7	7	7

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