



ARLINGTON HEIGHTS SCHOOL DISTRICT 25

Arlington Heights, Illinois

Comprehensive Annual Financial Report
for the Fiscal Year Ended
June 30, 2010

Arlington Heights School District 25
Arlington Heights, Illinois

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2010

Official Issuing Report

Stacey Mallek

Assistant Superintendent
for Business

Department Issuing Report

Business Office

Arlington Heights School District 25
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2010

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INTRODUCTORY SECTION



Arlington Heights School District 25

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

Stacey Mallek, Assistant Superintendent for Business

February 24, 2011

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

Dear Members of the Board of Education,

The Comprehensive Annual Financial Report of Arlington Heights School District 25, Arlington Heights, Illinois, for the fiscal year ended June 30, 2010, is submitted herewith. Responsibility for both the 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.

The District is required to undergo an annual single audit as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Information related to this single audit, including the schedule of expenditures of federal awards, findings and recommendations, and independent auditors' 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 Miller, Cooper & Co., Ltd., Certified Public Accountants.

The Reporting Entity and Its Services

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

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

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

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

- all children can learn.
- learning is a lifelong process.
- effective teaching promotes the desire to learn.
- students learn in different ways and at different rates.
- learning is enhanced in a nurturing and collaborative environment.
- 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 77,000 residents, Arlington Heights is one of the largest communities in Chicago's northwest suburban corridor, located only 25 miles from Chicago's business and entertainment resources. An upper middle class community with a median family income of \$69,002, Arlington Heights attracts both middle and upper management executives. The average resident is 40 years old. Over two-fifths of the residents age 25 or older have completed four or more years of college and another 16% have a graduate or professional degree.

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

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

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

Local District Economy

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

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

For The Future

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

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

Strategic Vision

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

Mission

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

Vision

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

Strategic Vision 20/20

Core Subjects and Content

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

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

21st Century Learning

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

Life Skills

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

21st Century Assessment

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

Structural Foundations

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

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

Financial Overview

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

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

Internal Accounting and Budgetary Control

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft, or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. 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.

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.

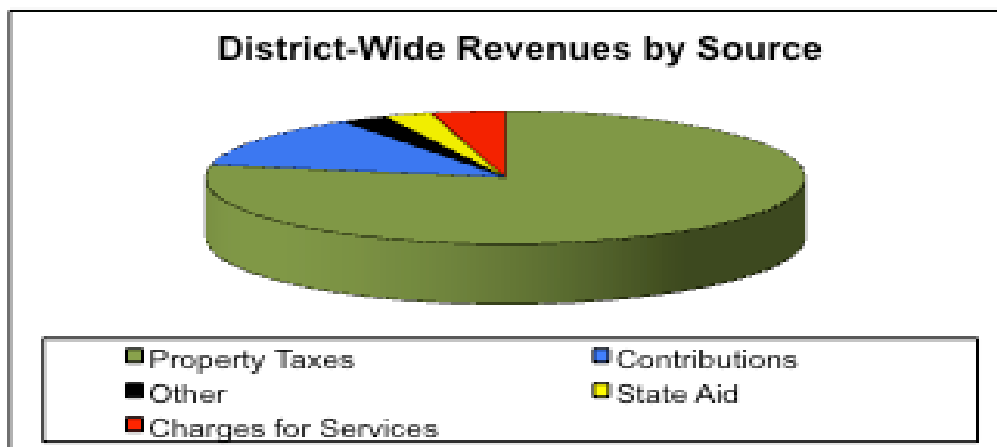
Budgeting Controls. In addition, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Projected financial plans are adopted for capital outlay funds.

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.

The following schedule presents a summary of the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Fund revenues for the fiscal year ended June 30, 2010, and the amount and percentage of increase and decrease in relation to prior year revenues:

| Revenue Sources | Fiscal 2010 Revenues | | Increase (Decrease) from Fiscal 2009 | |
|-------------------------|----------------------------|----------------------|---|--------------------|
| | Amount | Percent of Total | Dollars | Percentage |
| Local Property Taxes | \$62,040,812 | 75.0% | \$ 5,878,022 | 10.5% |
| Personal Property | | | | |
| Replacement Tax | 778,451 | 1.0 | (183,797) | (19.1) |
| Earnings on Investments | 925,090 | 1.1 | (707,747) | (43.3) |
| State Sources | 12,764,852 | 15.4 | 1,773,101 | 16.1 |
| Federal Sources | 2,831,060 | 3.4 | 704,791 | 33.1 |
| Other Sources | <u>3,417,273</u> | <u>4.1</u> | <u>(397,613)</u> | <u>(10.4)</u> |
| Total | <u>\$82,757,538</u> | <u>100.0%</u> | <u>\$ 7,066,757</u> | <u>9.3%</u> |



Revenues for general District functions totaled \$82,757,538 in 2009-10, an increase of 9.3% over 2008-09. Taxes produced 76.0% of general revenues, compared to 75.5% last year. Local property taxes accounted for \$62,040,812, or 75% of general revenues. They increased 10.5% over the prior year due to the legislative decision to distribute an extra 5% in the spring collection plus the 4.1% CPI on the 2008 levy and new property. Earnings on investments decreased as a result of the current market conditions, decreasing investment yields, and late property taxes and state revenues. State revenue increased due to an increase in funding for the TRS on-behalf payment, which represents the District's share of the state's contribution to the teacher pension system. The federal sources remained relatively stable.

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

The EAV results from a state multiplier, which is applied to base assessments in an attempt to equalize assessment practices of the County Assessors. The District's 2009 EAV of \$2,243,659,100 represents a 6.8% increase over the 2008 EAV amount. The EAV increase resulted due to new property, TIF 2 coming onto the tax rolls with a EAV of \$25,799,279, and an increase in the state multiplier.

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

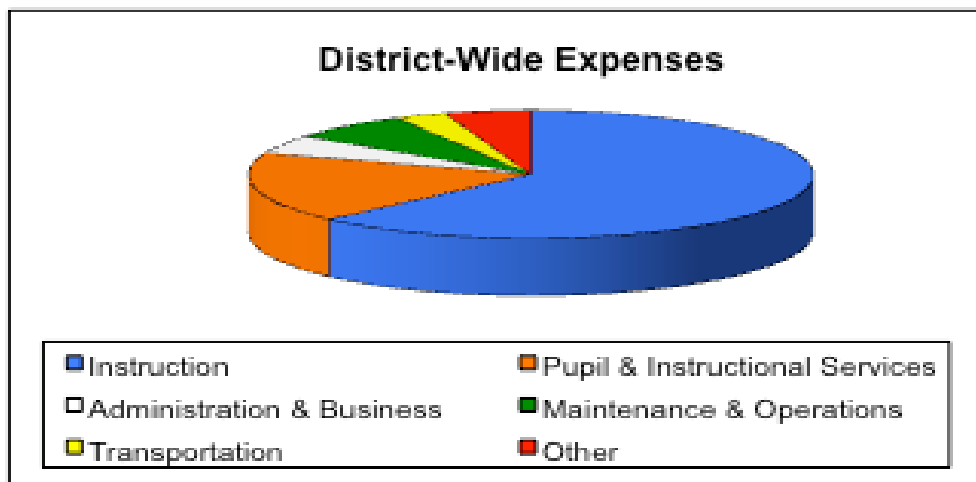
Tax rates are determined by dividing the total EAV by the extended levy and are usually expressed as dollars and cents per \$100 of EAV. Extended levies are reduced, if necessary, to stay within the maximum rates established by law or by referendum and/or the limits allowed under the Property Tax Extension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

Real Estate tax bills in Cook County, Illinois, are payable in two installments, with the second payments falling due and payable after the close of the fiscal year. The first was due in March of 2010 and was fifty-five percent of the 2008 tax bill. The second installment is due in November 2010 after the close of the fiscal year, and is the difference between the actual 2009 tax amount and the amount paid in March. The fall collections have historically been late. Tax collections are expected to exceed 98% of the extended levy. The collection percentage used to exceed 99%, but due to the increase in the number of tax refunds for commercial and industrial property, the percentage has declined in recent years. Below is a tax rate comparison for 2009 and the proceeding two fiscal years.

| <u>Fund Type</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|------------------|---------------|---------------|---------------|
| General | 1.9525 | 2.0511 | 2.0077 |
| Special Revenue | .3022 | .3119 | .4145 |
| Debt Service | .2451 | .4339 | .4548 |
| Capital Projects | .0095 | .0099 | .0123 |
| Total Tax Rate | <u>2.5093</u> | <u>2.8068</u> | <u>2.8893</u> |

The following schedule presents a summary of General Fund, Special Revenue Fund, Debt Service Fund, and Capital Project Fund expenditures for the fiscal year ended June 30, 2010, and the percentage of increase and decrease in relation to prior year amounts.

| Function | Fiscal 2010 Expenditures | | Increase (Decrease) from Fiscal 2009 | |
|----------------------------|--------------------------|---------------------|---|---------------|
| | Amount | Percent of Total | Dollars | Percentage |
| Instruction | \$40,088,876 | 50.9% | \$4,319,813 | 12.1% |
| Instructional Support | 9,085,330 | 11.6 | 753,153 | 9.0 |
| Support Services | 8,233,456 | 10.5 | (183,123) | (2.2) |
| Transportation | 2,037,335 | 2.6 | 435,089 | 27.2 |
| Operations and Maintenance | 4,834,866 | 6.1 | (743,791) | (13.3) |
| Nonprogrammed Charges | 1,251,750 | 1.6 | (105,753) | (7.8) |
| Capital Outlay | 3,951,158 | 5.0 | (4,855,482) | (55.1) |
| Debt Service | 9,221,054 | 11.7 | 120,003 | 1.3 |
| Total | <u>\$78,703,825</u> | <u>100.0%</u> | <u>(\$ 260,091)</u> | <u>(0.3%)</u> |



Expenditures for general District functions totaled \$78,703,825, a decrease of 0.3% over 2009. The increase in instruction and instructional support is mainly due to salary increases based on the collective bargaining agreement and regular operating increases. Additionally, it is the last year of the Federal Stimulus (ARRA) money, which allowed the District to add some instructional support services and materials. The decrease in operations and maintenance is because fiscal year 2009 included significant costs for the Westgate remodel. The Transportation Fund saw an increase in the bus contract, as well as increased gas costs. The decrease in capital outlay is due to a delay in the completion of the Phase I and Phase II air conditioning project, where the final payouts did not occur by June 30.

Overall financial results for fiscal 2010 met District expectations. Unreserved fund balances in the major operating funds remained adequate. Historical financial performance measures are reflected in the statistical section of the report.

The Educational Fund had total revenue of \$64,637,693 and total expenditures of \$57,595,192, providing a surplus of \$7,042,501. The closing undesignated fund balance was \$40,669,767. A more detailed analysis of the District's financial performance can be found in the Financial Section Management Discussion and Analysis (MD&A) starting on page 3.

Debt Administration

All of the District's existing long-term debt will be retired by the year 2013. The ratio of bonded debt to equalized assessed valuation and the amount of bonded debt per capita are useful indicators of the District's debt position to District management, citizens and investors. This data for the District at the end of the 2009-10 fiscal year was as follows:

| | <u>Amount</u> | <u>Ratio of Debt to Equalized Assessed Valuation</u> |
|----------------------------|---------------|--|
| General Obligation Debt | \$19,970,000 | 0.9% |

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

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

Risk Management

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

Cash Management

As of July 1, 1997, the District became one of six Districts that belong to a Cooperative for cash management and investing. The Cooperative will invest up to 100% of available cash, timing investment maturities to actual cash needs. In addition, all checking accounts are of interest-bearing type. Investments are maintained in Certificates of Deposit, Bank Repurchase Agreements, U.S. Treasury Obligations, and Commercial Paper. When deemed appropriate, Certificates of Deposit are collateralized beyond FDIC insurance limits. Investments in prime Commercial Paper are made well within the restrictions allowed by the Illinois School Code. While allowed, the Cooperative currently has no investments in commercial paper due to market conditions. The Cooperative maintains investment relationships with several major local and Chicago based banks and commercial paper dealers. Investment strategies are structured to obtain the best yield for all invested funds, which may require rapid turnover of investments among several depositories. The Cooperative will not bid out its banking needs on an annual basis, but will secure investment bids on a daily basis.

Capital Projects Fund

The District's Capital Project Fund accounts for capital projects funded through bond proceeds. Expenditures for 2009-10 relate to the air conditioning project.

Capital Assets

The capital assets of the District are those assets used in the performance of general governmental functions. As of June 30, 2010, the capital assets of the District amounted to \$111,269,075 (\$72,082,670 net of accumulated depreciation). This amount represents the original cost of the assets and is considerably less than their present replacement value. The District with the implementation of GASB#34 purchased a module for the financial software that will report fixed asset additions, deletions and depreciation. The District maintains outside third-party insurance coverage to protect the District from fire, theft, and severe financial losses.

Independent Audit

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

Certificates of Excellence and Achievement

The District's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2009 has received the Association of School Business Officials (ASBO) International Certificate of Excellence in Financial Reporting, for the tenth consecutive year.

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

The Certificate of Excellence in Financial Reporting is valid for a period of one year. We believe that our current Comprehensive Annual Financial Report continues to meet the program requirements of the ASBO Certificate of Excellence. We are submitting it to ASBO 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, 2010.

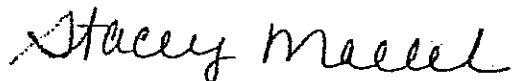
The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of all the members of the Business Office who assisted in the closing of the District's financial records and the preparation of this report.

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

Respectfully submitted,



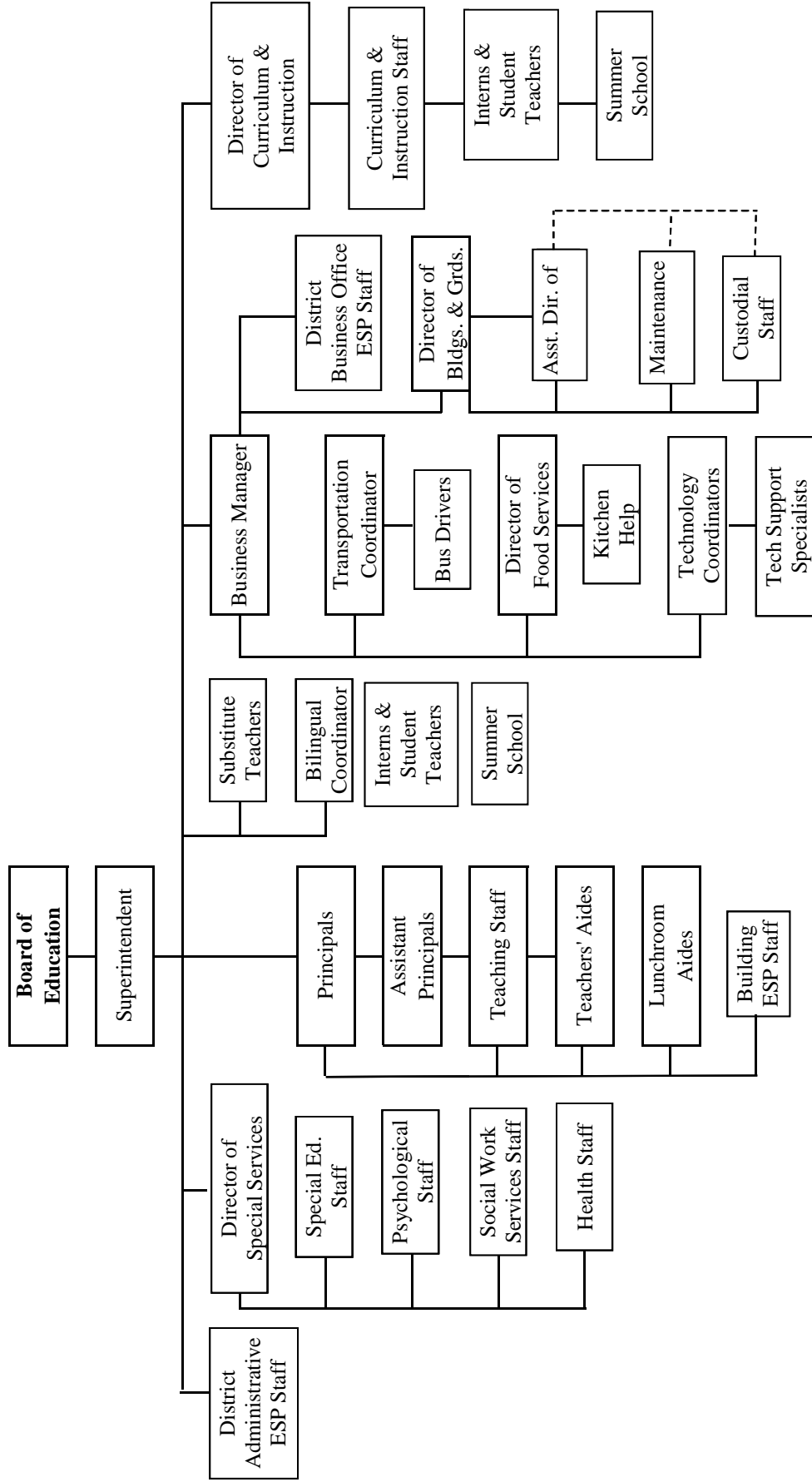
Dr. Sarah Jerome
Superintendent of Schools



Stacey Mallek
Assistant Superintendent for Business

DISTRICT ORGANIZATION CHART

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



Arlington Heights School District 25

1200 S. Dunton Ave.
Arlington Heights, IL 60005

Comprehensive Annual Financial Report Officers and Officials

Fiscal Year Ended June 30, 2010

Board of Education

| | | <u>Term Expires</u> |
|---------------------|----------------|---------------------|
| Susan Preissing | President | 2011 |
| Diana Chrissis | Vice President | 2011 |
| Denise Glasgow | Secretary | 2013 |
| Kenneth D. Neilson | Member | 2013 |
| David Page | Member | 2013 |
| Philip N. Crusius | Member | 2013 |
| Charles W. Williams | Member | 2011 |

Treasurer

Township High School District No. 214

District Administration

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

Principals

| | |
|---------------------|------------------------------------|
| Dr. Robert Jares | Dryden Elementary School |
| Shelley Fabrizio | Greenbrier Elementary School |
| Kristy Csensich | Ivy Hill Elementary School |
| Marybeth Anderson | Olive-Mary Stitt Elementary School |
| Donna Devine | Patton Elementary School |
| Casimer Badynee | Westgate Elementary School |
| Brian Kaye | Windsor Elementary School |
| Dr. Linda Klobucher | South Middle School |
| Thomas O'Rourke | Thomas Middle School |

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

ARLINGTON HEIGHTS SCHOOL DISTRICT 25

For its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2009

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

President

Executive Director

FINANCIAL SECTION

MILLER COOPER & Co., Ltd

ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Arlington Heights School District 25, as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of Arlington Heights School District 25's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year summarized comparative information has been derived from the District's June 30, 2009 financial statements and, in our report dated February 24, 2010, we expressed unqualified opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Arlington Heights School District 25 as of June 30, 2010, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

(Continued)

In accordance with *Government Auditing Standards*, we have issued our report dated February 24, 2011, on our consideration of Arlington Heights School District 25's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 10, the Illinois Municipal Retirement Fund and Other Postemployment Benefits historical data on pages 48 through 49, and the budgetary comparison information and notes to the required supplementary information on pages 50 through 70 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

MILLER, COOPER & CO., LTD.



Certified Public Accountants

Deerfield, Illinois
February 24, 2011

Arlington Heights School District 25

Management's Discussion and Analysis

For the Year Ended June 30, 2010

The discussion and analysis of Arlington Heights School District 25's (the District) financial performance provides an overall review of the District's financial activities for the year ended June 30, 2010. The management of the District encourages readers to consider the information presented herein in conjunction with the basic financial statements to enhance their understanding of the District's financial performance. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The District's financial status remains strong despite the crisis the state is in and the property tax cap. The District continues to operate within a cost neutral mindset. Any new expenditures should be offset by the reallocation of funds from other areas.
- Property tax revenues increased by \$5.9 million, or 10%. Part of the increase was due to the 4.1% increase in the Consumer Price Index (CPI) and 1.1% of new property on the 2008 extension received in the fall of 2008. Additionally, in the spring of 2010, the legislature decided to bill the spring taxes at 55% of the prior year extension instead of 50%. The other half of the increase in property tax revenue was due to the additional 5% distributed in the spring of 2010.
- Interest income decreased by 43% over the prior year due to poor economic conditions, a decline in interest rates, and reduced funds for investing due to late taxes and state revenues. While a significant decline was projected in the budget, actual interest revenues were still \$177,209 less than budget.
- The District paid down \$8 million of its outstanding debt, leaving a balance of \$19.97 million.
- The increase of \$9.8 million in net assets is mainly due to the pay down of outstanding debt.
- General revenues accounted for \$66.1 million, or 83% of all fiscal 2010 revenues. Program specific revenues in the form of charges for services, grants, and contributions accounted for \$13.5 million, or 17% of all fiscal 2010 revenues.
- Among the major funds, the Educational Fund had \$64.6 million in fiscal 2010 revenues, which primarily consist of property taxes and state aid and \$57.6 million in expenditures. The Educational Fund fund balance increased from \$33.6 million to \$40.6 million as of June 30, 2010.

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

Arlington Heights School District 25

Management's Discussion and Analysis

For the Year Ended June 30, 2010

- Notes to the financial statements

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

Government-wide financial statements

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

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

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

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

Fund financial statements

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

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

Arlington Heights School District 25

Management's Discussion and Analysis

For the Year Ended June 30, 2010

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

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

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

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

Notes to the financial statements

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

Other information

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

Government-Wide Financial Analysis

Net assets: The District's combined net assets were significantly higher on June 30, 2010 than they were the year before, increasing 8.3% to \$128.6 million (See Table 1).

Arlington Heights School District 25
Management's Discussion and Analysis
For the Year Ended June 30, 2010

| Table 1 | | |
|--|----------------|----------------|
| Condensed Statement of Net Assets | | |
| <i>(in millions of dollars)</i> | | |
| | <u>2010</u> | <u>2009</u> |
| Current and other assets | \$99.9 | \$105.2 |
| Capital assets | <u>83.8</u> | <u>82.9</u> |
| Total assets | <u>183.7</u> | <u>188.1</u> |
| Long-term debt outstanding | 20.5 | 28.5 |
| Other liabilities | <u>34.6</u> | <u>40.8</u> |
| Total liabilities | <u>55.1</u> | <u>69.3</u> |
| Net assets: | | |
| Invested in capital assets, net of related debt | 63.5 | 54.6 |
| Restricted | 6.4 | 7.9 |
| Unrestricted | <u>58.7</u> | <u>56.3</u> |
| Total net assets | <u>\$128.6</u> | <u>\$118.8</u> |

The District's financial position remains strong due to several factors. Foremost, the District understands the structural deficit with school funding, and, therefore, controls costs in the present knowing that fund balances will be used to fund future expenditures. Reallocation of dollars from non-instructional areas to instructional areas has allowed the District to maintain a superior education within the limits of property tax caps. The debt service extension base referendum allowed the District to reallocate dollars to the instructional areas, while lowering the interest cost on outstanding debt.

**Arlington Heights School District 25
Management's Discussion and Analysis
For the Year Ended June 30, 2010**

| Table 2 Changes in Net Assets (in millions of dollars) | | | |
|---|---------------|---------------|--------------------------------|
| | <u>2010</u> | <u>2009</u> | <i>Percentage Of Total</i> |
| Revenues: | | | |
| Program revenues: | | | |
| Charges for services | \$3.2 | \$3.5 | 4.0% |
| Operating grants and contributions | 10.3 | 10.6 | 13.0% |
| General revenues: | | | |
| Property taxes | 62.8 | 57.1 | 79.0% |
| General state aid | 2.1 | 2.0 | 2.5% |
| Other | <u>1.2</u> | <u>2.0</u> | <u>1.5%</u> |
| Total revenues | <u>\$79.6</u> | <u>\$75.2</u> | <u>100.0%</u> |
| Expenses: | | | |
| Instruction | \$43.7 | \$39.4 | 62.6% |
| Pupil and instructional services | 9.3 | 8.4 | 13.3% |
| Administration and business | 6.5 | 6.9 | 9.3% |
| Transportation | 2.0 | 1.6 | 2.9% |
| Operations and maintenance | 4.9 | 4.9 | 7.0% |
| Other | <u>3.4</u> | <u>3.4</u> | <u>4.9%</u> |
| Total expenses | <u>\$69.8</u> | <u>\$64.6</u> | <u>100.0%</u> |
| Increase in net assets | \$9.8 | \$10.6 | |

The total cost of all programs and services was \$69.8 million. The District's expenses primarily related to instruction, instructional support, and transporting students (78.8%) (See Table 2). The District also incurred expenses for maintaining its capital assets in operations and maintenance (7%) and for administration and other expenses (14.2%).

Total revenues exceeded expenses, increasing net assets by \$9.8 million over last year.

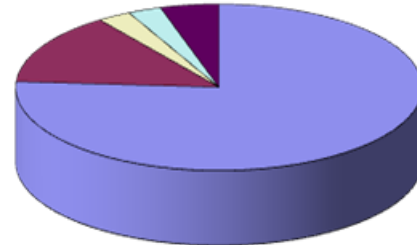
Arlington Heights School District 25 Management's Discussion and Analysis For the Year Ended June 30, 2010

Financial Analysis of the District's Funds

The District's governmental funds have a combined fund balance of \$65.2 million. The increase in fund balance is mainly due to the additional 5% collection of property taxes in the spring of 2010. Projections show that the current fund balances will offset future deficit budgets.

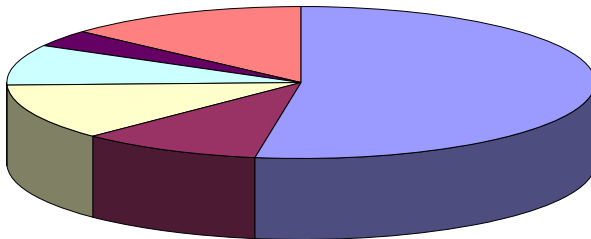
The Working Cash Fund decreased due to the transfer of \$290,000 of bond proceeds received in 2007-08 and interest earnings to

Government-Wide Revenues by Source



■ Property Taxes ■ Contributions ■ Other ■ State Aid ■ Charges for Services

Government-Wide Expenses



■ Instruction ■ Pupil & Instructional Services
 ■ Administration & Business ■ Maintenance & Operations
 ■ Transportation ■ Other

the Educational Fund. An accounting transfer was then made from the Educational Fund to the Capital Projects Fund to cover the expenditures made for the air conditioning project.

The Fire Prevention and Safety Fund had deficit spending due to costs for asbestos removal and roof replacements.

General Fund Budgetary Highlights

The District's adopted budget for the Educational Fund anticipated a surplus of \$1.9 million, while the actual report for the year shows a surplus of \$7 million, or \$5.1 million more than projected.

- Actual revenues were \$3.0 million more than budgeted mainly due to property tax collections, higher than anticipated interest earnings, increased food service sales, and Federal Special Education Room and Board reimbursements.
- The actual expenditures were nearly \$2 million less than the budget. This is mainly due to salary and retirement contingency amounts included in the budget that were not spent, \$250,000 for the industrial technology curriculum update that was rolled over to next year, and almost \$300,000 in the food service program that was unspent due to reduced sales and cost reduction efforts.

Arlington Heights School District 25 Management's Discussion and Analysis For the Year Ended June 30, 2010

Capital Asset and Debt Administration

Capital assets

At the end of 2010, the District had invested \$123.0 million (\$83.9 million, net of accumulated depreciation) in a broad range of capital assets including buildings, computers, furniture and other equipment. Total depreciation expense for the year exceeded \$2.8 million.

Arlington Heights School District 25 student enrollment has risen slightly in the past several years in grades kindergarten through eight. The District enrollment for 2009-10 including pre-kindergarten students was 5,198. The District monitors its enrollment carefully as the District's schools are over 95% utilized. The District recently expanded Dryden and Olive Schools to accommodate enrollment needs based on the redistricting plan approved by the Board during 2005-06. Beyond that, there are no additional near-term plans to expand facilities. Repair and maintenance of existing facilities are the main capital needs of the District.

| Table 3 | | | |
|---|----------------------|----------------------|-------------------|
| Capital Assets (net of depreciation) | | | |
| <i>(in millions of dollars)</i> | | | |
| | <u>2010</u> | <u>2009</u> | <u>Percentage</u> |
| | | | <u>Change</u> |
| Land and construction in progress | \$11.8 | \$9.8 | 20.4% |
| Buildings | \$68.0 | 69.1 | <1.60% |
| Equipment and furniture | \$ 4.1 | 4.0 | 25.0% |
| Total | <u>\$83.9</u> | <u>\$82.9</u> | |

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

Long-term debt

At year-end, the District had \$20.5 million in general obligation bonds and other long-term debt outstanding.

**Arlington Heights School District 25
Management's Discussion and Analysis
For the Year Ended June 30, 2010**

| Table 4 Outstanding Long-Term Debt (in millions of dollars) | | | |
|--|-------------|-------------|------------------------------|
| | <u>2010</u> | <u>2009</u> | <i>Percentage Change</i> |
| General obligation bonds | \$19.9 | \$28.0 | (28.9%) |
| Capital leases | 0.1 | \$0.1 | 0.0% |
| Other | 0.5 | \$0.4 | 25.0% |
| Total | \$20.5 | \$28.5 | |

For additional information on the long-term debt, see Note F in the notes to the financial statements.

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was unaware of any existing circumstances that would significantly affect its financial health in the future. The District continues to be concerned about the funding of education in the state of Illinois and the costs of unfunded mandates. Additionally, the state's financial crisis and extraordinary budget causes the District to question whether the state will continue to meet its financial obligations.

The District is currently engaged in contract negotiations with the Arlington Teachers Associations. The District has an existing contractual agreement with the custodial/maintenance staff through fiscal year 2013.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

Arlington Heights School District 25
STATEMENT OF NET ASSETS - GOVERNMENTAL ACTIVITIES
June 30, 2010

ASSETS

| | |
|---|--------------------|
| Cash and investments | \$ 72,456,926 |
| Receivables (net of allowance for uncollectibles): | |
| Interest | 129,647 |
| Property taxes | 24,461,665 |
| Replacement taxes | 116,535 |
| Intergovernmental | 2,496,436 |
| Prepaid items | 87,968 |
| Deferred charges | 139,724 |
| Capital assets: | |
| Land | 1,205,562 |
| Construction in progress | 10,551,040 |
| Depreciable buildings, property, and equipment, net | <u>72,082,670</u> |
| Total assets | <u>183,728,173</u> |

LIABILITIES

| | |
|----------------------------|-------------------|
| Accounts payable | 2,120,165 |
| Salaries and wages payable | 5,970,847 |
| Payroll deductions payable | 27,353 |
| Claims payable | 367,650 |
| Other current liabilities | 1,889,238 |
| Interest payable | 95,107 |
| Unearned revenue | 24,185,675 |
| Long-term liabilities: | |
| Due within one year | 4,790,488 |
| Due after one year | <u>15,743,240</u> |
| Total liabilities | <u>55,189,763</u> |

NET ASSETS

| | |
|---|-----------------------|
| Invested in capital assets, net of related debt | 63,532,991 |
| Restricted For: | |
| Debt service | 2,798,367 |
| Student transportation | 2,012,941 |
| Retirement benefits | 1,473,511 |
| Capital projects | 33,276 |
| Unrestricted | <u>58,687,324</u> |
| Total net assets | <u>\$ 128,538,410</u> |

The accompanying notes are an integral part of this statement.

Arlington Heights School District 25

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2010

| Functions / Programs | Expenses | PROGRAM REVENUES | | Net (Expenses) Revenue and Changes in Net Assets |
|---|--------------------------|-------------------------|--|---|
| | | Charges for Services | Operating Grants and Contributions | |
| Governmental activities | | | | |
| Instruction: | | | | |
| Regular programs | \$ 23,802,870 | \$ 430,280 | \$ 2,783 | \$ (23,369,807) |
| Special programs | 8,826,609 | 173,702 | 1,891,777 | (6,761,130) |
| Other instructional programs | 3,041,262 | 106,540 | 308,135 | (2,626,587) |
| State retirement contributions | 8,022,134 | - | 8,022,134 | - |
| Support services: | | | | |
| Pupils | 3,633,769 | - | 10,948 | (3,622,821) |
| Instructional staff | 5,636,145 | - | 150,918 | (5,485,227) |
| General administration | 1,350,947 | - | - | (1,350,947) |
| School administration | 3,190,837 | - | - | (3,190,837) |
| Business | 1,974,980 | 1,434,088 | 263,068 | (277,824) |
| Transportation | 2,037,335 | 83,569 | (383,488) | (2,337,254) |
| Operations and maintenance | 4,854,686 | 957,296 | - | (3,897,390) |
| Central | 1,554,972 | - | - | (1,554,972) |
| Other supporting services | 436,488 | - | - | (436,488) |
| Community services | 219,599 | - | - | (219,599) |
| Interest and fees | <u>1,227,027</u> | <u>-</u> | <u>-</u> | <u>(1,227,027)</u> |
| Total governmental activities | <u>\$ 69,809,660</u> | <u>\$ 3,185,475</u> | <u>\$ 10,266,275</u> | <u>(56,357,910)</u> |
| General revenues: | | | | |
| Taxes: | | | | |
| Real estate taxes, levied for general purposes | | | | 47,053,517 |
| Real estate taxes, levied for specific purposes | | | | 7,177,688 |
| Real estate taxes, levied for debt service | | | | 7,809,607 |
| Personal property replacement taxes | | | | 778,451 |
| State aid-formula grants | | | | 2,054,834 |
| Investment earnings | | | | 925,090 |
| Miscellaneous | | | | <u>313,267</u> |
| Total general revenues | | | | <u>66,112,454</u> |
| Change in net assets | | | | 9,754,544 |
| Net assets, beginning of year | | | | <u>118,783,866</u> |
| Net assets, end of year | | | | <u>\$ 128,538,410</u> |

The accompanying notes are an integral part of this statement.

Arlington Heights School District 25

Governmental Funds

BALANCE SHEET

June 30, 2010

With Comparative Totals for June 30, 2009

| | <u>Educational</u> | <u>Operations and Maintenance</u> | <u>Tort Immunity and Judgment</u> | <u>Transportation</u> |
|---|--------------------------|---------------------------------------|---------------------------------------|-------------------------|
| ASSETS | | | | |
| Cash and investments | \$ 46,050,894 | \$ 11,390,862 | \$ 45,857 | \$ 2,304,702 |
| Receivables (net of allowance for uncollectibles): | | | | |
| Interest | 77,437 | 22,170 | 92 | 4,611 |
| Property taxes | 19,036,297 | 1,705,084 | 97,496 | 284,691 |
| Replacement taxes | - | 116,535 | - | - |
| Intergovernmental | 2,216,782 | - | - | 279,654 |
| Prepaid Items | <u>87,968</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total assets | <u>\$ 67,469,378</u> | <u>\$ 13,234,651</u> | <u>\$ 143,445</u> | <u>\$ 2,873,658</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Cash deficit | \$ - | \$ - | \$ - | \$ - |
| Accounts payable | 982,650 | 551,908 | - | 579,244 |
| Salaries and wages payable | 5,970,847 | - | - | - |
| Payroll deductions payable | 27,353 | - | - | - |
| Claims payable | 997,094 | - | - | - |
| Other current liabilities | - | 1,259,794 | - | - |
| Unearned revenue | <u>18,821,667</u> | <u>1,685,766</u> | <u>96,394</u> | <u>281,473</u> |
| Total liabilities | <u>26,799,611</u> | <u>3,497,468</u> | <u>96,394</u> | <u>860,717</u> |
| Fund balances (deficit): | | | | |
| Reserved for: | | | | |
| Prepaid items | 87,968 | - | - | - |
| Unreserved fund balance: | | | | |
| Undesignated | <u>40,581,799</u> | <u>9,737,183</u> | <u>47,051</u> | <u>2,012,941</u> |
| Total fund balance (deficit) | <u>40,669,767</u> | <u>9,737,183</u> | <u>47,051</u> | <u>2,012,941</u> |
| Total liabilities and fund balance | <u>\$ 67,469,378</u> | <u>\$ 13,234,651</u> | <u>\$ 143,445</u> | <u>\$ 2,873,658</u> |

The accompanying notes are an integral part of this statement.

| Municipal Retirement / Soc. Sec. | Working Cash | Debt Service | Capital Projects | Fire Prevention and Safety | Total 2010 | Total 2009 |
|----------------------------------|---------------------|---------------------|------------------|----------------------------|----------------------|-----------------------|
| \$ 1,460,951 | \$ 8,444,464 | \$ 2,727,289 | \$ - | \$ 56,936 | \$ 72,481,955 | \$ 67,907,963 |
| 2,895 | 16,306 | 5,814 | - | 322 | 129,647 | 357,756 |
| 855,047 | - | 2,390,428 | - | 92,622 | 24,461,665 | 31,322,850 |
| - | - | - | - | - | 116,535 | 150,167 |
| - | - | - | - | - | 2,496,436 | 5,228,207 |
| - | - | - | - | - | 87,968 | 94,235 |
| <u>\$ 2,318,893</u> | <u>\$ 8,460,770</u> | <u>\$ 5,123,531</u> | <u>\$ -</u> | <u>\$ 149,880</u> | <u>\$ 99,774,206</u> | <u>\$ 105,061,178</u> |
| \$ - | \$ - | \$ - | \$ 25,029 | \$ - | \$ 25,029 | \$ 25,029 |
| - | - | 6,363 | - | - | 2,120,165 | 2,066,059 |
| - | - | - | - | - | 5,970,847 | 5,657,552 |
| - | - | - | - | - | 27,353 | 26,432 |
| - | - | - | - | - | 997,094 | 696,926 |
| - | - | - | - | - | 1,259,794 | 1,328,915 |
| <u>845,382</u> | <u>-</u> | <u>2,363,418</u> | <u>-</u> | <u>91,575</u> | <u>24,185,675</u> | <u>34,125,729</u> |
| <u>845,382</u> | <u>-</u> | <u>2,369,781</u> | <u>25,029</u> | <u>91,575</u> | <u>34,585,957</u> | <u>43,926,642</u> |
| - | - | - | - | - | 87,968 | 94,235 |
| <u>1,473,511</u> | <u>8,460,770</u> | <u>2,753,750</u> | <u>(25,029)</u> | <u>58,305</u> | <u>65,100,281</u> | <u>61,040,301</u> |
| <u>1,473,511</u> | <u>8,460,770</u> | <u>2,753,750</u> | <u>(25,029)</u> | <u>58,305</u> | <u>65,188,249</u> | <u>61,134,536</u> |
| <u>\$ 2,318,893</u> | <u>\$ 8,460,770</u> | <u>\$ 5,123,531</u> | <u>\$ -</u> | <u>\$ 149,880</u> | <u>\$ 99,774,206</u> | <u>\$ 105,061,178</u> |

Arlington Heights School District 25
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET ASSETS
For the Year Ended June 30, 2010

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

| | |
|--|------------------------------|
| Total fund balances - governmental funds. | \$ 65,188,249 |
| Net capital assets used in governmental activities and included in the statement of net assets do not require the expenditure of financial resources and, therefore, are not reported in the governmental funds balance sheet. | 83,839,272 |
| Long-term liabilities included in the statement of net assets are not due and payable in the current period and, accordingly, are not included in the governmental funds balance sheet. | (20,533,728) |
| Deferred charges included in the statement of net assets are not available to pay for current period expenditures and, accordingly, are not included in the governmental funds balance sheet. | 139,724 |
| Interest on long-term liabilities (interest payable) accrued in the statement of net assets will not be paid with current financial resources and, therefore, is not recognized in the governmental funds balance sheet. | <u>(95,107)</u> |
| Net assets - governmental activities: | <u><u>\$ 128,538,410</u></u> |

The accompanying notes are an integral part of this statement.

Arlington Heights School District 25

Governmental Funds

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

For the Year Ended June 30, 2010

With Comparative Actual Totals for the Year Ended June 30, 2009

| | Educational | Operations and Maintenance | Tort Immunity and Judgment | Transportation | Municipal Retirement / Soc. Sec. |
|--|----------------------|-------------------------------|-------------------------------|---------------------|--|
| Revenues | | | | | |
| Property taxes | \$ 46,827,502 | \$ 4,197,791 | \$ 238,625 | \$ 697,711 | \$ 2,043,561 |
| Replacement taxes | - | 758,451 | - | - | 20,000 |
| State aid | 12,205,544 | - | - | 559,308 | - |
| Federal aid | 2,831,060 | - | - | - | - |
| Interest | 697,310 | 91,173 | 101 | 30,487 | 10,086 |
| Other | <u>2,076,277</u> | <u>1,166,674</u> | <u>-</u> | <u>174,322</u> | <u>-</u> |
| Total revenues | <u>64,637,693</u> | <u>6,214,089</u> | <u>238,726</u> | <u>1,461,828</u> | <u>2,073,647</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| Instruction: | | | | | |
| Regular programs | 21,227,461 | - | - | - | 223,160 |
| Special programs | 7,173,970 | - | - | - | 359,095 |
| Other instructional programs | 2,998,991 | - | - | - | 84,065 |
| State retirement contributions | 8,022,134 | - | - | - | - |
| Support services: | | | | | |
| Pupils | 3,582,729 | - | - | - | 51,040 |
| Instructional staff | 5,264,605 | - | - | - | 186,956 |
| General administration | 1,119,159 | - | 197,534 | - | 34,254 |
| School administration | 3,066,432 | - | - | - | 124,405 |
| Business | 1,837,394 | - | - | - | 109,723 |
| Transportation | - | - | - | 2,024,200 | 13,135 |
| Operations and maintenance | - | 4,521,647 | - | - | 313,219 |
| Central | 1,115,231 | - | - | - | 38,589 |
| Other supporting services | - | 343,273 | - | - | - |
| Community services | 207,447 | - | - | - | 12,152 |
| Nonprogrammed charges | 1,251,750 | - | - | - | - |
| Debt service: | | | | | |
| Principal | - | - | - | - | - |
| Interest and other | - | - | - | - | - |
| Capital outlay | <u>727,889</u> | <u>2,782,689</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenditures | <u>57,595,192</u> | <u>7,647,609</u> | <u>197,534</u> | <u>2,024,200</u> | <u>1,549,793</u> |
| Excess (deficiency) of revenues over expenditures | <u>7,042,501</u> | <u>(1,433,520)</u> | <u>41,192</u> | <u>(562,372)</u> | <u>523,854</u> |
| Other financing sources (uses) | | | | | |
| Transfers in | 239,849 | 137,497 | - | - | - |
| Transfers (out) | <u>(229,555)</u> | <u>-</u> | <u>-</u> | <u>(40,145)</u> | <u>-</u> |
| Total other financing sources (uses) | <u>10,294</u> | <u>137,497</u> | <u>-</u> | <u>(40,145)</u> | <u>-</u> |
| Net change in fund balance | 7,052,795 | (1,296,023) | 41,192 | (602,517) | 523,854 |
| Fund balance (deficit), beginning of year | <u>33,616,972</u> | <u>11,033,206</u> | <u>5,859</u> | <u>2,615,458</u> | <u>949,657</u> |
| Fund balance (deficit), end of year | <u>\$ 40,669,767</u> | <u>\$ 9,737,183</u> | <u>\$ 47,051</u> | <u>\$ 2,012,941</u> | <u>\$ 1,473,511</u> |

The accompanying notes are an integral part of this statement.

| Working Cash | Debt Service | Capital Projects | Fire Prevention and Safety | Total 2010 | Total 2009 |
|---------------------|---------------------|---------------------|-------------------------------|----------------------|----------------------|
| \$ - | \$ 7,809,607 | \$ - | \$ 226,015 | \$ 62,040,812 | \$ 56,162,790 |
| - | - | - | - | 778,451 | 962,248 |
| - | - | - | - | 12,764,852 | 10,991,751 |
| - | - | - | - | 2,831,060 | 2,126,269 |
| 66,885 | 28,525 | - | 523 | 925,090 | 1,632,837 |
| - | - | - | - | 3,417,273 | 3,814,886 |
| <u>66,885</u> | <u>7,838,132</u> | <u>-</u> | <u>226,538</u> | <u>82,757,538</u> | <u>75,690,781</u> |
| - | - | - | - | 21,450,621 | 20,265,649 |
| - | - | - | - | 7,533,065 | 6,663,875 |
| - | - | - | - | 3,083,056 | 3,232,429 |
| - | - | - | - | 8,022,134 | 5,607,110 |
| - | - | - | - | 3,633,769 | 3,430,394 |
| - | - | - | - | 5,451,561 | 4,901,783 |
| - | - | - | - | 1,350,947 | 1,724,353 |
| - | - | - | - | 3,190,837 | 3,088,493 |
| - | - | 2,000 | 25,863 | 1,974,980 | 2,289,695 |
| - | - | - | - | 2,037,335 | 1,602,246 |
| - | - | - | - | 4,834,866 | 5,578,657 |
| - | - | - | - | 1,153,820 | 1,055,551 |
| - | - | - | - | 343,273 | - |
| - | - | - | - | 219,599 | 258,487 |
| - | - | - | - | 1,251,750 | 1,357,503 |
| - | 8,043,675 | - | - | 8,043,675 | 7,522,115 |
| - | 1,177,379 | - | - | 1,177,379 | 1,578,936 |
| - | - | 190,757 | 249,823 | 3,951,158 | 8,806,640 |
| <u>-</u> | <u>9,221,054</u> | <u>192,757</u> | <u>275,686</u> | <u>78,703,825</u> | <u>78,963,916</u> |
| <u>66,885</u> | <u>(1,382,922)</u> | <u>(192,757)</u> | <u>(49,148)</u> | <u>4,053,713</u> | <u>(3,273,135)</u> |
| - | 36,798 | 192,757 | - | 606,901 | 12,130,552 |
| (290,109) | (47,092) | - | - | (606,901) | (12,130,552) |
| <u>(290,109)</u> | <u>(10,294)</u> | <u>192,757</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| (223,224) | (1,393,216) | - | (49,148) | 4,053,713 | (3,273,135) |
| <u>8,683,994</u> | <u>4,146,966</u> | <u>(25,029)</u> | <u>107,453</u> | <u>61,134,536</u> | <u>64,407,671</u> |
| <u>\$ 8,460,770</u> | <u>\$ 2,753,750</u> | <u>\$ (25,029)</u> | <u>\$ 58,305</u> | <u>\$ 65,188,249</u> | <u>\$ 61,134,536</u> |

Arlington Heights School District 25
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2010

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

| | | |
|--|----|-------------------------|
| Net change in fund balances - total governmental fund | \$ | 4,053,713 |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation expense in the current period. | | 932,552 |
| Accrued interest reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. | | 35,241 |
| The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. | | 8,011,801 |
| Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when the debt is issued. However, these amounts are deferred and amortized in the statement of activities. This is the amount of the current year net effect of these differences. | | (84,889) |
| Certain revenues that are deferred in the governmental funds have been recognized in the statement of activities. | | <u>(3,193,874)</u> |
| Change in net assets - governmental activities | \$ | <u><u>9,754,544</u></u> |

The accompanying notes are an integral part of this statement

Arlington Heights School District 25
Agency Fund
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
June 30, 2010

| | Student Activity Fund |
|-----------------------|-----------------------------|
| <hr/> | |
| ASSETS | |
| Cash | \$ <u>272,515</u> |
| LIABILITIES | |
| Due to student groups | \$ <u>272,515</u> |

The accompanying notes are an integral part of this statement.

Arlington Heights School District 25
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1. **Reporting Entity**

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

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

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

2. **Fund Accounting**

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

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

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

Arlington Heights School District 25
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Fund Accounting (Continued)

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

3. Government-Wide and Fund Financial Statements

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

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

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

a. General Fund

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The General Fund includes the Educational Fund.

b. Special Revenue Funds

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

Arlington Heights School District 25
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

b. Special Revenue Funds (Continued)

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

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

Tort Immunity and Judgment Fund - accounts for all revenues and expenditures related to liability insurance. Revenue consists primarily of local property taxes.

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

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

Working Cash Fund - accounts for financial resources held by the District to be used as temporary interfund loans for working capital requirements. Money loaned by the Working Cash Fund to other funds must be repaid within one year. As allowed by the School Code of Illinois, this Fund may be permanently abolished and become part of the General Fund or it may be partially abated to any fund in need as long as the District maintains a balance in the Working Cash Fund of at least .05% of the District's current equalized assessed valuation.

c. Debt Service Fund

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

Arlington Heights School District 25
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

d. Capital Projects Fund

The Capital Projects Fund - accounts for financial resources to be used for the acquisition or construction of major capital facilities.

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

e. Fiduciary Fund

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

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

The Flex Spending Fund accounts for assets that are normally maintained by a third party as a convenience for District management.

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

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

Arlington Heights School District 25
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

5. **Budgetary Data**

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

6. **Deposits and Investments**

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

7. **Personal Property Replacement Taxes**

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

Arlington Heights School District 25
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. Capital Assets

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

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

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

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

9. Accumulated Unpaid Vacation and Sick Pay

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

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

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

Arlington Heights School District 25
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. Long-Term Obligations

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

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

11. Restricted Net Assets

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

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

12. Use of Estimates

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

Arlington Heights School District 25

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

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

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

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

| | |
|--|-------------------------------|
| General obligation bonds | \$ (19,970,000) |
| Capital leases | (22,587) |
| Compensated absences | (224,192) |
| Other postemployment benefits | (3,255) |
| Unamortized premiums/charges | <u>(313,694)</u> |
| Net adjustment to reduce fund-balance total governmental funds to arrive at net assets - governmental activities | \$ <u><u>(20,533,728)</u></u> |

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

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

| | |
|---|--------------------------|
| Capital outlay | \$ 3,748,593 |
| Depreciation expense | <u>(2,816,041)</u> |
| Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net assets - governmental activities | \$ <u><u>932,552</u></u> |

Arlington Heights School District 25

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

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

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

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

| | |
|---|---------------------|
| Principal repayments | |
| General obligation bonds | \$ 8,010,000 |
| Capital leases | 33,675 |
| Compensated absences | (30,453) |
| Other postemployment benefits | <u>(1,421)</u> |
| Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net assets - governmental activities | \$ <u>8,011,801</u> |

NOTE C - DEPOSITS AND INVESTMENTS

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

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

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

Arlington Heights School District 25
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

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

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

The weighted-average maturity of all pooled marketable investments held by the Treasurer was 75.49 years at June 30, 2010. The Treasurer also holds money market type investments and deposits with financial institutions, including certificates of deposit. As of the same date, the fair value of all investments held by the Treasurer's office was \$219,055,614, and the fair value of the District's proportionate share of the pool was \$71,816,425.

Interest Rate Risk

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

2. Cash and Investments in the Custody of the District

At June 30, 2010, the carrying value of the District's student activity funds and flexible spending fund was \$272,515, all of which was deposited with a financial institution.

Custodial Credit Risk -With respect to deposits, custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The District's investment policy limits the exposure to deposit custodial credit risk by requiring all deposits in excess of FDIC insurable limits to be secured by collateral in the event of default or failure of the financial institution holding the funds. At June 30, 2010, the District had no uninsured cash balances.

Arlington Heights School District 25
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

NOTE D - PROPERTY TAXES RECEIVABLE

The District must file its tax levy resolution by the last Tuesday in December of each year. The tax levy resolution was approved by the Board of Education on October 22, 2009. The District's property tax is levied each year on all taxable real property located in the District, and it becomes a lien on the property on January 1 of that year. The owner of real property on January 1 (the lien date) in any year is liable for taxes of that year.

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

The Illinois Department of Revenue has the statutory responsibility of ensuring uniformity of real property assessments throughout the state. Each year, the Illinois Department of Revenue furnishes the county clerks with an adjustment factor to equalize the level of assessment between counties at one-third of market value. This factor (the equalization factor) is then applied to the assessed valuation to compute the valuation of property to which the tax rate will be applied (the equalized assessed valuation). The equalization factor for Cook County was 3.3701 for 2009.

The County Clerk adds the equalized assessed valuation of all real property in the county to the valuation of property assessed directly by the state (to which the equalization factor is not applied) to arrive at the base amount (the assessment base) used in calculating the annual tax rates, as described above. The equalized assessed valuation for the extension of the 2009 tax levy was \$2,243,659,100.

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

The portion of the 2009 property tax levy not received by June 30 is recorded as a receivable, net of estimated uncollectibles of 2%. The net receivable collected within the current year or due and expected to be collected soon enough thereafter to be used to pay liabilities of the current period, less the taxes collected soon enough after the end of the previous fiscal year, are recognized as revenue. Such time, thereafter, does not exceed 60 days. Net taxes receivable less the amount expected to be collected within 60 days are reflected as unearned revenue.

Arlington Heights School District 25
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

NOTE E - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010 was as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|------------------------|--------------------|---------------------------|
| Capital assets, not being depreciated | | | | |
| Land | \$ 1,205,562 | \$ - | \$ - | \$ 1,205,562 |
| Construction in progress | <u>8,553,599</u> | <u>2,384,490</u> | <u>387,049</u> | <u>10,551,040</u> |
| Total capital assets not being depreciated | <u>9,759,161</u> | <u>2,384,490</u> | <u>387,049</u> | <u>11,756,602</u> |
| Capital assets, being depreciated | | | | |
| Buildings | 97,206,140 | - | - | 97,206,140 |
| Building improvements | 4,273,402 | 872,360 | - | 5,145,762 |
| Vehicles | 454,097 | 25,607 | - | 479,704 |
| Machinery and equipment | <u>8,211,085</u> | <u>853,185</u> | <u>626,801</u> | <u>8,437,469</u> |
| Total capital assets being depreciated | <u>110,144,724</u> | <u>1,751,152</u> | <u>626,801</u> | <u>111,269,075</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 31,997,276 | 2,018,600 | - | 34,015,876 |
| Building improvements | 336,198 | 19,538 | - | 355,736 |
| Vehicles | 446,130 | 6,354 | - | 452,484 |
| Machinery and equipment | <u>4,217,561</u> | <u>771,549</u> | <u>626,801</u> | <u>4,362,309</u> |
| Total accumulated depreciation | <u>36,997,165</u> | <u>2,816,041</u> | <u>626,801</u> | <u>39,186,405</u> |
| Total capital assets being depreciated, net | <u>73,147,559</u> | <u>(1,064,889)</u> | <u>-</u> | <u>72,082,670</u> |
| Governmental activities capital assets, net | <u>\$ 82,906,720</u> | <u>\$ 1,319,601</u> | <u>\$ 387,049</u> | <u>\$ 83,839,272</u> |

Arlington Heights School District 25
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

NOTE E - CAPITAL ASSETS (Continued)

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

| | | |
|----------------------------|----|-------------------------|
| Governmental activities | | |
| General government | | |
| Regular programs | \$ | 2,319,835 |
| Operations and maintenance | | 1,839 |
| Central | | 401,152 |
| Other supporting services | | <u>93,215</u> |
| | \$ | <u><u>2,816,041</u></u> |

NOTE F - LONG-TERM LIABILITIES

During the year ended June 30, 2010, the following is the long-term liability activity for the District:

| | <u>Beginning Balance</u> | | <u>Additions</u> | | <u>Deletions</u> | | <u>Ending Balance</u> |
|--|------------------------------|-------------------|------------------|---------------------|------------------|----------------------|---------------------------|
| Bonds payable: | | | | | | | |
| General obligation | \$ 27,980,000 | \$ - | | \$ 8,010,000 | | \$ 19,970,000 | |
| Less deferred charges | | | | | | | |
| Deferred charge on refunding | (837,972) | - | | (286,823) | | (551,149) | |
| Add unamortized premium | 1,105,878 | - | | 241,035 | | 864,843 | |
| Capital leases | 56,262 | - | | 33,675 | | 22,587 | |
| Compensated absences | 193,739 | 224,192 | | 193,739 | | 224,192 | |
| Other postemployment benefits | <u>1,834</u> | <u>1,421</u> | | <u>-</u> | | <u>3,255</u> | |
| Total long-term liabilities - governmental activities | <u>\$ 28,499,741</u> | <u>\$ 225,613</u> | | <u>\$ 8,191,626</u> | | <u>\$ 20,533,728</u> | |

Amounts due within one year are as follows:

| | <u>Amount</u> |
|----------------------------------|---------------------|
| General obligation bonds payable | \$ 4,780,000 |
| Capital leases | <u>10,488</u> |
| Total | <u>\$ 4,790,488</u> |

Arlington Heights School District 25
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

NOTE F - LONG-TERM LIABILITIES (Continued)

1. Bonds Payable

The summary of activity in bonds payable for the year ended June 30, 2010 is as follows:

| | Bonds Payable July 1, 2009 | Debt Issued | Debt Retired | Bonds Payable June 30, 2010 |
|---|-------------------------------------|----------------|---------------------|--------------------------------------|
| \$5,000,000 Life Safety Issue Bonds, Series 1992, due December 1, 2010, interest at 5.70% to 7.70%. | \$ 1,900,000 | \$ - | \$ 900,000 | \$ 1,000,000 |
| \$17,065,000 Refunding Bonds, Series 2001, due December 1, 2009, interest at 4.00% to 4.50%. | 3,965,000 | - | 3,965,000 | - |
| \$22,695,000 GO Limited Tax School Bonds, Series 2005, due December 1, 2012, interest at 5.00%. | 16,345,000 | - | 3,145,000 | 13,200,000 |
| \$5,770,000 GO Limited Tax School Bonds, Series 2008, due December 1, 2013, interest at 4.00%. | <u>5,770,000</u> | <u>-</u> | <u>-</u> | <u>5,770,000</u> |
| Total | <u>\$ 27,980,000</u> | <u>\$ -</u> | <u>\$ 8,010,000</u> | <u>\$ 19,970,000</u> |

Arlington Heights School District 25
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

NOTE F - LONG-TERM LIABILITIES (Continued)

1. Bonds Payable (Continued)

At June 30, 2010, the District's future cash flow requirements for retirement of bond principal and interest were as follows:

| Year Ending June 30 | Principal | Interest | Total |
|------------------------|----------------------|---------------------|----------------------|
| 2011 | \$ 4,780,000 | \$ 824,800 | \$ 5,604,800 |
| 2012 | 5,025,000 | 578,187 | 5,603,187 |
| 2013 | 5,045,000 | 329,688 | 5,374,688 |
| 2014 | <u>5,120,000</u> | <u>104,414</u> | <u>5,224,414</u> |
| Total | <u>\$ 19,970,000</u> | <u>\$ 1,837,089</u> | <u>\$ 21,807,089</u> |

These payments will be made from amounts budgeted from the debt service tax levies in future periods. There is \$2,753,750 in the Debt Service Fund to service the outstanding bonds payable. As of June 30, 2010, the District was in compliance with all significant bond covenants.

The District is subject to the Illinois School Code, which limits the bond indebtedness to 6.9% of the most recent available equalized assessed valuation of the District. As of June 30, 2009, the statutory debt limit for the District was \$154,812,478, of which \$134,819,891 is fully available.

2. Capital Lease

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

Arlington Heights School District 25
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

NOTE F - LONG-TERM LIABILITIES (Continued)

2. Capital Lease (Continued)

Future minimum lease payments are as follows:

| Year Ending June 30 | Principal | Interest | Total |
|------------------------|------------------|-----------------|------------------|
| 2011 | \$ 10,488 | \$ 1,080 | \$ 11,568 |
| 2012 | 11,141 | 427 | 11,568 |
| 2013 | 958 | 5 | 963 |
| Total | \$ <u>22,587</u> | \$ <u>1,512</u> | \$ <u>24,099</u> |

NOTE G - RESERVED FUND BALANCES AND SPECIAL TAX LEVIES

1. Special Education Tax Levy

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

NOTE H - INTERFUND TRANSFERS

The District transferred \$36,798 from the General (Educational) Fund to the Debt Service Fund. The amount transferred represents funds transferred to pay the principal and interest on the District's capital leases.

The District transferred \$192,757 from the Working Cash Fund to the General (Educational) Fund. The amount transferred represents an abatement of the Working Cash Fund.

The District transferred \$192,757 from the General (Educational) Fund to the Capital Projects Fund. The amount transferred represents funds transferred to pay for certain capital projects of the District.

The District transferred \$97,352 from the Working Cash Fund to the Operations and Maintenance Fund. The amount transferred represents interest earned on investments.

The District transferred \$47,092 from the Debt Service Fund to the General (Educational) Fund. The amount transferred represents interest earned on investments.

The District transferred \$40,145 from the Transportation Fund to the Operations and Maintenance Fund. The amount transferred represents interest earned on investments.

Arlington Heights School District 25
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

NOTE I - RETIREMENT FUND COMMITMENTS

1. Teachers' Retirement System of the State of Illinois

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

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

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate for the year ended June 30, 2010 was 9.4 percent of creditable earnings. These contributions, which may be paid on behalf of the employees by the employer, are submitted to TRS by the employer. The active member contribution rate was also 9.4 percent for the years ended June 30, 2009 and June 30, 2008.

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

On-behalf Contributions

The state of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2010, the state of Illinois contributions were based on 23.38 percent of creditable earnings not paid from federal funds, and the District recognized revenue and expenditures of \$7,743,910 in pension contributions that the state of Illinois paid directly to TRS. For the years ended June 30, 2009 and June 30, 2008, the state of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 17.08 percent, or \$5,344,277, and 13.11 percent, or \$3,892,777, respectively.

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

2.2 Formula Contributions

Employers contributed 0.58 percent of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2010 were \$192,107. Contributions for the years ended June 30, 2009 and June 30, 2008 were \$181,480 and \$170,598, respectively.

Arlington Heights School District 25
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

NOTE I - RETIREMENT FUND COMMITMENTS (Continued)

1. Teachers' Retirement System of the State of Illinois (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 a policy adopted by the TRS Board of Trustees that was first effective for the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS.

For the year ended June 30, 2010, the employer pension contribution was 23.38 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2009 and June 30, 2008, the employer pension contribution was 17.08 and 13.11 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2010, salaries totaling \$137,120 were paid from federal and special trust funds that required employer contributions of \$32,059. For the years ended June 30, 2009 and June 30, 2008, required District contributions were \$13,350 and \$13,317, respectively.

Early Retirement Option (ERO)

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

Public Act 94-0004 made changes in the ERO program that were in effect for all ERO retirements in fiscal years 2008 through 2010. The act increased member and employer contributions and eliminated the waiver of member and employer ERO contributions that had been in effect for members with 34 years of service.

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

Arlington Heights School District 25
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

NOTE I - RETIREMENT FUND COMMITMENTS (Continued)

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

Early Retirement Option (ERO) (Continued)

For the year ended June 30, 2010, the District paid \$0 to TRS for employer contributions under the ERO program. For the years ended June 30, 2009 and June 30, 2008, the District paid \$0 and \$0 in employer ERO contributions, respectively.

Salary Increased Over 6 percent and Excess Sick Leave

Public Act 94-0004 added two additional employer contributions to TRS.

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

For the year ended June 30, 2010, the District paid \$0 to TRS for employer contributions due on salary increases in excess of 6 percent. For the years ended June 30, 2009 and June 30, 2008, the District paid \$0 and \$3,526, respectively, to TRS for employer contributions due on salary increases in excess of 6 percent.

If an employer grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the employer makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary used to calculate final average salary, and the TRS total normal cost rate (18.55 percent of salary during the year ended June 30, 2010).

For the year ended June 30, 2010, the District paid \$0 to TRS for sick leave days granted in excess of the normal annual allotment. For the years ended June 30, 2009 and June 30, 2008, the District paid \$0 and \$0, respectively, in employer contributions granted for sick leave days.

TRS financial information, an explanation of TRS benefits, and descriptions of member, employer, and state funding requirements can be found in the TRS Comprehensive Annual Financial Report for the year ended June 30, 2009. The report for the year ended June 30, 2010 is expected to be available in late 2010.

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

Arlington Heights School District 25
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

NOTE I - RETIREMENT FUND COMMITMENTS (Continued)

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

THIS Fund Employer Contributions

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

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

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

On-behalf Contributions to the THIS Fund

The state of Illinois makes employer retiree health insurance contributions on behalf of the District. State contributions are intended to match contributions to the THIS Fund from active members, which were 0.84 percent of pay during the year ended June 30, 2010. State of Illinois contributions were \$278,224, and the District recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the years ended June 30, 2009 and June 30, 2008 were also 0.84 percent of pay. State contributions on behalf of District employees were \$262,833 and \$247,075, respectively.

Employer Contributions to THIS Fund

The District also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.63 percent during the years ended June 30, 2010, June 30, 2009, and June 30, 2008. For the year ended June 30, 2010, the District paid \$208,668 to the THIS Fund. For the years ended June 30, 2009 and June 30, 2008, the District paid \$197,125 and \$432,381, respectively, to the THIS Fund, which was 100 percent of the required contribution.

Arlington Heights School District 25
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

NOTE I - RETIREMENT FUND COMMITMENTS (Continued)

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

THIS Fund Employer Contributions (Continued)

Employer Contributions to THIS Fund (Continued)

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

2. Illinois Municipal Retirement Fund

Plan Description

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

Funding Policy

As set by state statute, the District's regular plan members are required to contribute 4.5 percent of their annual covered salary. The statute requires the District to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2009 was 8.50 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 state statute.

Arlington Heights School District 25
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

NOTE I - RETIREMENT FUND COMMITMENTS (Continued)

2. Illinois Municipal Retirement Fund (Continued)

Annual Pension Cost

For the year ended December 31, 2009, the District's annual pension cost of \$549,824 for the regular plan was equal to the District's required and actual contributions.

| Trend Information | | | | | |
|--------------------------------|---------------------------------|-------------------------------------|---------------------------|---|--|
| Actuarial Valuation Date | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation | | |
| 12/31/09 | \$ 549,824 | 100% | \$ - | - | |
| 12/31/08 | 513,071 | 100% | - | - | |
| 12/31/07 | 518,448 | 100% | - | - | |

The required contribution for 2009 was determined as part of the December 31, 2007 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2007 included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4 percent a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4 percent to 10 percent per year depending on age and service, attributable to seniority/merit, and (d) postretirement benefit increases of 3 percent annually. The actuarial value of the District's regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 15 percent corridor between the actuarial value and market value of assets. The District's regular plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at the December 31, 2007 valuation was 23 years.

Funded Status and Funding Progress

As of December 31, 2009, the most recent actuarial valuation date, the regular plan was 72.81 percent funded. The actuarial accrued liability for benefits was \$16,415,235 and the actuarial value of assets was \$11,951,479, resulting in an underfunded actuarial accrued liability (UAAL) of \$4,463,756. The covered payroll (annual payroll of active employees covered by the plan) was \$6,468,523 and the ratio of the UAAL to the covered payroll was 69 percent. In conjunction with the December 2009 actuarial valuation, the market value of investments was determined using techniques that spread the effect of short-term volatility in the market value of investments over a five-year period, with a 20 percent corridor between the actuarial and market value of assets. In 2010, the unfunded actuarial accrued liability is being amortized on a level percentage of projected payroll on an open 30-year basis.

Arlington Heights School District 25
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

NOTE I - RETIREMENT FUND COMMITMENTS (Continued)

2. Illinois Municipal Retirement Fund (Continued)

Funded Status and Funding Progress (Continued)

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

3. Social Security/Medicare

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

NOTE J - OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The District administers a single-employer defined benefit healthcare plan for active employees. The District does not allow retirees and/or their spouses to access the District's group health insurance plan during retirement, except under two specific laws: the Consolidated Omnibus Budget Reconciliation Act (COBRA) or Public Act 86-1444. In accordance with federal COBRA legislation, the District must allow a covered employee to continue his or her health insurance for a minimum of 18 months after employment ends. Public Act 86-1444 amends the Illinois Insurance Code to require Illinois Municipal Retirement Fund (IMRF) employers who offer health insurance to their active employees to offer the same health insurance to retirees at the same premium rate for active employees. If a retiree elects to leave the health plan, he/she may not return to the plan in a future year. For 2010, a total of 7 former employees or spouses accessed postemployment benefit(s) through the District.

Funding Policy

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), retirees contribute the same premium amount as active employees plus a 2% COBRA administration fee. Under Public Act 86-1444, retirees are responsible to contribute the full premium toward the cost of their insurance. There is not an additional administrative charge allowed under this act. Retirees may also access dental and life insurance benefits on a "direct pay" basis. Currently, the District contributes 84.6 percent to the postemployment benefits. For fiscal year 2010, the District contributed \$10,056 toward the cost of the postemployment benefits for retirees.

Arlington Heights School District 25
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

NOTE J - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Annual OPEB Cost and Net OPEB Obligation

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

| | | <u>June 30, 2010</u> |
|--|----|--------------------------|
| Annual required contribution | \$ | 11,385 |
| Interest on net OPEB obligation | | 92 |
| Adjustment to annual required contribution | | <u>-</u> |
| Annual OPEB cost | | 11,477 |
| Contributions made | | <u>(10,056)</u> |
| Increase in net OPEB obligation | | 1,421 |
| Net OPEB obligation beginning of year | | <u>1,834</u> |
| Net OPEB obligation end of year | \$ | <u><u>3,255</u></u> |

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2010 and the two preceding fiscal years were as follows:

| <u>Actuarial Valuation Date</u> | <u>Annual OPEB Cost</u> | <u>Percentage Annual OPEB Cost Contributed</u> | | <u>Net OPEB Obligation</u> |
|---|---------------------------------|--|----|--------------------------------|
| 6/30/10 | \$ 11,477 | 87.6% | \$ | 3,255 |
| 6/30/09 | 11,890 | 84.6% | | 1,834 |
| 6/30/08 | NA | NA | | NA |

NA - not available

Arlington Heights School District 25
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

NOTE J - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Funding Status and Funding Progress

As of June 30, 2009, the actuarial accrued liability for benefits was \$116,704, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) and the ratio of the unfunded actuarial accrued liability to the covered payroll was not available.

The projection of future benefit payments for an ongoing plan involved estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

Methods and Assumptions

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

Arlington Heights School District 25
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

NOTE J- OTHER POSTEMPLOYMENT BENEFITS (Continued)

Methods and Assumptions (Continued)

The following simplifying assumptions were made:

| | |
|---|---|
| Contribution rates: | |
| District | Not Applicable |
| Plan members | 0.00% |
| Actuarial valuation date | June 30, 2009 |
| Actuarial cost method | Entry age |
| Amortization period | Level percentage of pay, open |
| Remaining amortization period | 30 years |
| Asset valuation method | Market |
| Actuarial assumptions: | |
| Investment rate of return* | 5.00% |
| Projected salary increases | 5.00% |
| Healthcare inflation rate | 8.00% initial 6.00% ultimate |
| Mortality, Turnover, Disability, Retirement ages | Same rates utilized for IMRF |
| Percentage of active employees assumed to elect | 20% |
| Employer provided benefit | Explicit: None Implicit (All): 20% of to age 65 (50% of \$508/month + 50% of \$1,141/month) |

*Includes inflation at 3.00%

Arlington Heights School District 25
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

NOTE K - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and workers' compensation claims. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three fiscal years. There were no significant reductions in insurance coverage from the prior year.

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

At June 30, 2010, total unpaid claims, including an estimate for claims that have been incurred but not reported (IBNR) to the administrative agent, amounted to \$997,094. The estimates are developed based on reports prepared by the administrative agent. For the two years ended June 30, 2009 and 2010, changes in the liability reported in the Insurance Fund for unpaid claims are summarized as follows:

| | | <u>Claims Beginning of Year</u> | | <u>Current Year and Changes in Estimate</u> | | <u>Claims Paid</u> | | <u>Claims End of Year</u> |
|------------------|----|---|----|---|----|------------------------|----|-----------------------------------|
| Fiscal Year 2010 | \$ | 696,926 | \$ | 4,813,075 | \$ | 5,113,243 | \$ | 997,094 |
| Fiscal Year 2009 | | 652,966 | | 4,173,596 | | 4,217,556 | | 696,926 |

NOTE L - DEFICIT FUND BALANCE

The Capital Projects Fund had a deficit fund balance of \$25,029 at June 30, 2010.

Arlington Heights School District 25
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

NOTE M - JOINT AGREEMENTS

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

NOTE N - CONTINGENCIES

1. Litigation

The District is not involved in any significant litigation that would materially affect the balances reported at June 30, 2010. With regard to other pending matters, the eventual outcome and related liability, if any, is not determinable at this time. No provision has been made in the accompanying financial statements for settlement costs.

2. Grants

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

NOTE O - CONSTRUCTION COMMITMENTS

The District has certain contracts for construction projects which were in progress at June 30, 2010. Remaining commitments under these contracts approximated \$1,660,000.

NOTE P - SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 24, 2011, the date that these financial statements were available to be issued. Management has determined that no events or transactions have occurred subsequent to the balance sheet date that require disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

Arlington Heights School District 25
SCHEDULE OF FUNDING PROGRESS
ILLINOIS MUNICIPAL RETIREMENT FUND
June 30, 2010

| Actuarial Valuation Date | (1) Actuarial Value of Assets | (2) Actuarial Accrued Liability (AAL) | (3) Funded Ratio (1) / (2) | (4) Unfunded AAL (UAAL) (2) - (1) | (5) Covered Payroll | (6) UAAL as a Percentage of Covered Payroll [(2)-(1)]/(5) |
|--------------------------------|--|---|-------------------------------------|---|---------------------------|--|
| 12/31/09 | \$ 11,951,479 | \$ 16,415,235 | 72.81 % | \$ 4,463,756 | \$ 6,468,523 | 69.01 % |
| 12/31/08 | 10,646,867 | 14,765,654 | 72.11 | 4,118,787 | 6,043,241 | 68.16 |
| 12/31/07 | 13,456,082 | 13,594,361 | 98.98 | 138,279 | 5,904,871 | 2.34 |

On a market value basis, the actuarial value of assets as of December 31, 2009 was \$11,500,559. On a market value basis, the funded ratio would be 70.06%.

Arlington Heights School District 25
SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFITS
June 30, 2010

| Actuarial Valuation Date | (1) Actuarial Value of Assets | (2) Actuarial Accrued Liability (AAL) | (3) Funded Ratio (1) / (2) | (4) Unfunded AAL (UAAL) (2) - (1) | (5) Covered Payroll | (6) UAAL as a Percentage of Covered Payroll [(2)-(1)]/(5) |
|--------------------------------|--|---|-------------------------------------|---|---------------------------|--|
| 6/30/09 | \$ - | \$ 116,704 | 0.00 % | \$ 116,704 | NA | NA % |
| 6/30/08 | NA | NA | NA | NA | NA | NA |
| 6/30/07 | NA | NA | NA | NA | NA | NA |

NA - not available

Arlington Heights School District 25
 General (Educational) Fund
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2010
 With Comparative Actual Amounts for the Year Ended June 30, 2009

| | 2010 | | Variance From Final Budget | 2009 Actual |
|---|---------------------------------|-------------------|----------------------------------|-------------------|
| | Original and Final Budget | Actual | | |
| Revenues | | | | |
| Local sources | | | | |
| General levy | \$ 43,674,364 | \$ 46,570,617 | \$ 2,896,253 | \$ 39,778,673 |
| Special education levy | 236,508 | 256,885 | 20,377 | 222,249 |
| Regular tuition from pupils or parents | 9,500 | 12,416 | 2,916 | 25,772 |
| Summer school tuition from pupils or parents | 90,000 | 106,540 | 16,540 | 112,682 |
| Special Ed tuition from pupils or parents | 98,380 | 92,233 | (6,147) | 144,641 |
| Interest on investments | 570,000 | 697,310 | 127,310 | 856,756 |
| Sales to pupils - lunch | 800,000 | 779,109 | (20,891) | 860,236 |
| Sales to pupils - breakfast | - | 693 | 693 | 1,151 |
| Sales to pupils - other | 280,000 | 274,953 | (5,047) | 333,764 |
| Sales to adults | 6,500 | 6,717 | 217 | 6,853 |
| Other food service | 337,000 | 372,616 | 35,616 | 470,949 |
| Fees | 104,646 | 98,726 | (5,920) | 132,840 |
| Rentals - regular textbook | 289,700 | 284,467 | (5,233) | 338,254 |
| Contributions and donations from private sources | 22,500 | 1,140 | (21,360) | 66,737 |
| Refund of prior years' expenditures | - | 11,068 | 11,068 | 39,857 |
| Local fees | - | 34,671 | 34,671 | - |
| Other | - | 928 | 928 | 55,873 |
| Total local sources | 46,519,098 | 49,601,089 | 3,081,991 | 43,447,287 |
| Flow-through revenue from one LEA to another LEA | | | | |
| Other flow-through | 4,000 | - | (4,000) | 4,550 |
| Total flow-through | 4,000 | - | (4,000) | 4,550 |
| State sources | | | | |
| General State Aid | 1,601,182 | 1,680,659 | 79,477 | 1,548,829 |
| Other Unrest. Grants-In-Aid from State Sources | - | - | - | 20,358 |
| Special Education - Private Facility Tuition | 95,000 | 174,873 | 79,873 | 105,390 |
| Special Education - Extraordinary | 634,435 | 633,795 | (640) | 1,001,605 |
| Special Education - Personnel | 1,312,800 | 1,356,516 | 43,716 | 1,275,335 |
| Special Education - Orphanage - Individual | - | 1,436 | 1,436 | 14,056 |

(Continued)

Arlington Heights School District 25
 General (Educational) Fund
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2010
 With Comparative Actual Amounts for the Year Ended June 30, 2009

| | 2010 | | Variance From Final Budget | 2009 Actual |
|---|---------------------------------|-----------------------|----------------------------------|-----------------------|
| | Original and Final Budget | Actual | | |
| Special Education - Summer School | \$ 5,000 | \$ 6,621 | \$ 1,621 | \$ 6,009 |
| CTE - Student Organizations | - | 400 | 400 | - |
| Bilingual Education - Downstate - T.P.I. and T.P.E. | 65,000 | 89,852 | 24,852 | 92,199 |
| State Free Lunch and Breakfast | 3,500 | 4,469 | 969 | 4,756 |
| School Breakfast Initiative | - | - | - | 8 |
| Reading Improvement Block Grant | 164,353 | 164,376 | 23 | 181,343 |
| School Safety and Educational Block Grant (Flat Grant) | 41,250 | 36,965 | (4,285) | 168,956 |
| Other state sources | 39,500 | 33,448 | (6,052) | 61,706 |
| On Behalf Payments to TRS from the State | <u>7,435,000</u> | <u>8,022,134</u> | <u>587,134</u> | <u>5,607,110</u> |
| Total state sources | <u>11,397,020</u> | <u>12,205,544</u> | <u>808,524</u> | <u>10,087,660</u> |
| Federal sources | | | | |
| Other Federal Grants-in-Aid | 124,603 | 81,069 | (43,534) | - |
| National School Lunch Program | 170,000 | 217,427 | 47,427 | 194,905 |
| Special Breakfast Program | - | 4,207 | 4,207 | 5,257 |
| Safe and Drug Free Schools - Formula (Title IV) | 10,948 | 10,948 | - | 9,141 |
| Fed. - Sp. Ed. - Pre-School Flow Through | 93,430 | 45,787 | (47,643) | 43,020 |
| Fed. - Sp. Ed. - I.D.E.A. - Flow Through | 1,787,780 | 925,309 | (862,471) | 993,392 |
| Fed. - Sp. Ed. - I.D.E.A. - Room and Board | - | 76,718 | 76,718 | 173,221 |
| ARRA General State Aid - Education Stabilization | 325,818 | 280,798 | (45,020) | 457,880 |
| ARRA IDEA - Part B - Preschool | - | 27,026 | 27,026 | - |
| ARRA IDEA - Part B - Flow-Through | - | 870,026 | 870,026 | - |
| ARRA General State Aid - Other Govt Svcs Stab. | - | 93,377 | 93,377 | - |
| Title III - English Language Acquisition | 29,800 | 53,907 | 24,107 | 72,082 |
| Title II - Teacher Quality | 122,984 | 117,470 | (5,514) | 119,976 |
| Medicaid Matching Funds - Administrative Outreach | 30,000 | 24,208 | (5,792) | 57,395 |
| Other federal sources | <u>-</u> | <u>2,783</u> | <u>2,783</u> | <u>-</u> |
| Total federal sources | <u>2,695,363</u> | <u>2,831,060</u> | <u>135,697</u> | <u>2,126,269</u> |
| Total revenues | <u>60,615,481</u> | <u>64,637,693</u> | <u>4,022,212</u> | <u>55,665,766</u> |

(Continued)

Arlington Heights School District 25
 General (Educational) Fund
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2010
 With Comparative Actual Amounts for the Year Ended June 30, 2009

| | 2010 | | Variance From Final Budget | 2009 Actual |
|--|---------------------------------|-------------------|----------------------------------|-------------------|
| | Original and Final Budget | Actual | | |
| Expenditures | | | | |
| Instruction | | | | |
| Regular programs | | | | |
| Salaries | \$ 18,758,620 | \$ 18,406,416 | \$ 352,204 | \$ 17,401,393 |
| Employee benefits | 2,068,867 | 1,959,096 | 109,771 | 1,685,752 |
| On-behalf payments to TRS from the state | 7,435,000 | 8,022,134 | (587,134) | 5,607,110 |
| Purchased services | 421,875 | 241,522 | 180,353 | 79,982 |
| Supplies and materials | 882,771 | 584,507 | 298,264 | 867,431 |
| Capital outlay | 52,744 | 51,405 | 1,339 | 35,086 |
| Other objects | 16,215 | 35,920 | (19,705) | 14,158 |
| Termination benefits | 35,000 | - | 35,000 | 8,765 |
| Total | <u>29,671,092</u> | <u>29,301,000</u> | <u>370,092</u> | <u>25,699,677</u> |
| Pre-K programs | | | | |
| Purchased services | 833,520 | 787,437 | 46,083 | 842,198 |
| Supplies and materials | 98,885 | 92,640 | 6,245 | 92,276 |
| Capital outlay | 5,700 | 6,160 | (460) | 3,253 |
| Other objects | 21,300 | 11,065 | 10,235 | 20,336 |
| Total | <u>959,405</u> | <u>897,302</u> | <u>62,103</u> | <u>958,063</u> |
| Special education programs | | | | |
| Salaries | 5,861,470 | 5,658,031 | 203,439 | 5,361,125 |
| Employee benefits | 933,440 | 952,400 | (18,960) | 852,058 |
| Purchased services | 26,050 | 20,807 | 5,243 | 19,643 |
| Supplies and materials | 218,490 | 197,088 | 21,402 | 94,866 |
| Capital outlay | 38,500 | 31,012 | 7,488 | 52,476 |
| Total | <u>7,077,950</u> | <u>6,859,338</u> | <u>218,612</u> | <u>6,380,168</u> |
| Interscholastic programs | | | | |
| Salaries | 84,820 | 70,223 | 14,597 | 67,399 |
| Employee benefits | 1,000 | 815 | 185 | 785 |
| Purchased services | 9,126 | 10,445 | (1,319) | 11,812 |
| Supplies and materials | 6,000 | 4,729 | 1,271 | 6,733 |
| Other objects | 3,900 | 4,295 | (395) | 3,716 |
| Total | <u>104,846</u> | <u>90,507</u> | <u>14,339</u> | <u>90,445</u> |

(Continued)

Arlington Heights School District 25
 General (Educational) Fund
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2010
 With Comparative Actual Amounts for the Year Ended June 30, 2009

| | 2010 | | Variance From Final Budget | 2009 Actual |
|---|---------------------------------|-------------------|----------------------------------|-------------------|
| | Original and Final Budget | Actual | | |
| Summer school programs | | | | |
| Salaries | \$ 232,152 | \$ 195,650 | \$ 36,502 | \$ 196,815 |
| Employee benefits | 2,300 | 2,786 | (486) | 2,523 |
| Purchased services | 5,000 | 4,842 | 158 | 6,926 |
| Supplies and materials | <u>11,700</u> | <u>8,048</u> | <u>3,652</u> | <u>9,036</u> |
| Total | <u>251,152</u> | <u>211,326</u> | <u>39,826</u> | <u>215,300</u> |
| Gifted programs | | | | |
| Salaries | 625,894 | 642,882 | (16,988) | 571,330 |
| Employee benefits | 53,650 | 51,034 | 2,616 | 42,121 |
| Purchased services | 22,000 | 2,677 | 19,323 | 1,938 |
| Supplies and materials | <u>13,165</u> | <u>7,432</u> | <u>5,733</u> | <u>4,063</u> |
| Total | <u>714,709</u> | <u>704,025</u> | <u>10,684</u> | <u>619,452</u> |
| Bilingual programs | | | | |
| Salaries | 925,634 | 921,216 | 4,418 | 838,986 |
| Employee benefits | 128,400 | 122,549 | 5,851 | 125,639 |
| Purchased services | 13,500 | 16,092 | (2,592) | 11,801 |
| Supplies and materials | 14,335 | 35,974 | (21,639) | 29,986 |
| Capital outlay | <u>-</u> | <u>12,375</u> | <u>(12,375)</u> | <u>11,653</u> |
| Total | <u>1,081,869</u> | <u>1,108,206</u> | <u>(26,337)</u> | <u>1,018,065</u> |
| Spec. Ed. Programs K-12 - private tuition | | | | |
| Other objects | <u>287,592</u> | <u>345,644</u> | <u>(58,052)</u> | <u>255,486</u> |
| Total instruction | <u>40,148,615</u> | <u>39,517,348</u> | <u>631,267</u> | <u>35,236,656</u> |
| Support services | | | | |
| Pupils | | | | |
| Attendance and social work services | | | | |
| Salaries | 1,050,720 | 1,044,133 | 6,587 | 963,972 |
| Employee benefits | 90,510 | 90,531 | (21) | 87,209 |
| Purchased services | 2,800 | 1,730 | 1,070 | 1,855 |
| Supplies and materials | <u>2,300</u> | <u>1,957</u> | <u>343</u> | <u>2,571</u> |
| Total | <u>1,146,330</u> | <u>1,138,351</u> | <u>7,979</u> | <u>1,055,607</u> |

(Continued)

Arlington Heights School District 25
 General (Educational) Fund
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2010
 With Comparative Actual Amounts for the Year Ended June 30, 2009

| | 2010 | | Variance From Final Budget | 2009 Actual |
|--|---------------------------------|------------------|----------------------------------|------------------|
| | Original and Final Budget | Actual | | |
| Health services | | | | |
| Salaries | \$ 447,600 | \$ 427,712 | \$ 19,888 | \$ 408,008 |
| Employee benefits | 23,100 | 22,911 | 189 | 21,702 |
| Purchased services | 2,380 | 3,970 | (1,590) | 1,780 |
| Supplies and materials | <u>8,000</u> | <u>7,665</u> | <u>335</u> | <u>9,516</u> |
| Total | <u>481,080</u> | <u>462,258</u> | <u>18,822</u> | <u>441,006</u> |
| Psychological services | | | | |
| Salaries | 553,530 | 543,782 | 9,748 | 540,919 |
| Employee benefits | 54,930 | 54,180 | 750 | 51,498 |
| Purchased services | 2,750 | 1,635 | 1,115 | 1,450 |
| Supplies and materials | <u>2,900</u> | <u>2,940</u> | <u>(40)</u> | <u>2,652</u> |
| Total | <u>614,110</u> | <u>602,537</u> | <u>11,573</u> | <u>596,519</u> |
| Speech pathology and audiology services | | | | |
| Salaries | 1,216,950 | 1,224,171 | (7,221) | 1,150,725 |
| Employee benefits | 108,880 | 110,692 | (1,812) | 100,638 |
| Purchased services | 23,900 | 4,529 | 19,371 | 3,285 |
| Supplies and materials | <u>7,100</u> | <u>9,305</u> | <u>(2,205)</u> | <u>8,074</u> |
| Total | <u>1,356,830</u> | <u>1,348,697</u> | <u>8,133</u> | <u>1,262,722</u> |
| Other support services - pupils | | | | |
| Salaries | 700 | 1,300 | (600) | 446 |
| Purchased services | 3,000 | 1,000 | 2,000 | 670 |
| Supplies and materials | <u>33,045</u> | <u>28,586</u> | <u>4,459</u> | <u>22,813</u> |
| Total | <u>36,745</u> | <u>30,886</u> | <u>5,859</u> | <u>23,929</u> |
| Total pupils | <u>3,635,095</u> | <u>3,582,729</u> | <u>52,366</u> | <u>3,379,783</u> |

(Continued)

Arlington Heights School District 25
 General (Educational) Fund
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2010
 With Comparative Actual Amounts for the Year Ended June 30, 2009

| | 2010 | | Variance From Final Budget | 2009 Actual |
|-------------------------------------|---------------------------------|------------------|----------------------------------|------------------|
| | Original and Final Budget | Actual | | |
| Instructional staff | | | | |
| Improvement of instruction services | | | | |
| Salaries | \$ 2,102,744 | \$ 2,139,239 | \$ (36,495) | \$ 1,918,415 |
| Employee benefits | 228,110 | 221,129 | 6,981 | 174,645 |
| Purchased services | 204,403 | 295,370 | (90,967) | 140,770 |
| Supplies and materials | 166,347 | 150,222 | 16,125 | 102,838 |
| Capital outlay | 3,200 | - | 3,200 | - |
| Other objects | 2,500 | 1,810 | 690 | 1,217 |
| Total | <u>2,707,304</u> | <u>2,807,770</u> | <u>(100,466)</u> | <u>2,337,885</u> |
| Educational media services | | | | |
| Salaries | 1,580,140 | 1,516,601 | 63,539 | 1,518,373 |
| Employee benefits | 248,560 | 246,758 | 1,802 | 237,603 |
| Purchased services | 249,044 | 245,722 | 3,322 | 117,608 |
| Supplies and materials | 362,416 | 364,430 | (2,014) | 367,363 |
| Capital outlay | 580,640 | 618,985 | (38,345) | 725,360 |
| Total | <u>3,020,800</u> | <u>2,992,496</u> | <u>28,304</u> | <u>2,966,307</u> |
| Assessment and testing | | | | |
| Salaries | 5,040 | 1,754 | 3,286 | 4,738 |
| Employee benefits | 100 | 18 | 82 | 45 |
| Purchased services | 3,500 | 2,649 | 851 | 3,000 |
| Supplies and materials | 81,750 | 78,903 | 2,847 | 147,389 |
| Total | <u>90,390</u> | <u>83,324</u> | <u>7,066</u> | <u>155,172</u> |
| Total instructional staff | <u>5,818,494</u> | <u>5,883,590</u> | <u>(65,096)</u> | <u>5,459,364</u> |
| General administration | | | | |
| Board of education services | | | | |
| Salaries | 2,000 | 2,040 | (40) | 2,000 |
| Employee benefits | - | 99,399 | (99,399) | 420,358 |
| Purchased services | 126,000 | 164,124 | (38,124) | 148,322 |
| Supplies and materials | 3,000 | 2,813 | 187 | 2,826 |
| Other objects | 10,500 | 11,007 | (507) | 7,730 |
| Total | <u>141,500</u> | <u>279,383</u> | <u>(137,883)</u> | <u>581,236</u> |

(Continued)

Arlington Heights School District 25
 General (Educational) Fund
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2010
 With Comparative Actual Amounts for the Year Ended June 30, 2009

| | 2010 | | Variance From Final Budget | 2009 Actual |
|---|---------------------------------|------------------|----------------------------------|------------------|
| | Original and Final Budget | Actual | | |
| Executive administration services | | | | |
| Salaries | \$ 316,470 | \$ 316,465 | \$ 5 | \$ 309,905 |
| Employee benefits | 35,910 | 37,435 | (1,525) | 35,296 |
| Purchased services | 16,000 | 18,201 | (2,201) | 5,532 |
| Supplies and materials | 4,000 | 4,596 | (596) | 10,839 |
| Capital outlay | 10,000 | 2,396 | 7,604 | 4,173 |
| Other objects | 3,300 | 363 | 2,937 | 2,965 |
| Total | 385,680 | 379,456 | 6,224 | 368,710 |
| Special area administrative services | | | | |
| Salaries | 387,600 | 329,749 | 57,851 | 425,668 |
| Employee benefits | 79,150 | 46,883 | 32,267 | 75,907 |
| Purchased services | 28,200 | 72,730 | (44,530) | 27,360 |
| Supplies and materials | 3,000 | 4,697 | (1,697) | 3,277 |
| Capital outlay | 4,000 | 2,236 | 1,764 | - |
| Other objects | 2,200 | 1,009 | 1,191 | 1,178 |
| Total | 504,150 | 457,304 | 46,846 | 533,390 |
| Tort immunity services | | | | |
| Purchased services | 20,000 | 7,648 | 12,352 | 9,184 |
| Total | 20,000 | 7,648 | 12,352 | 9,184 |
| Total general administration | 1,051,330 | 1,123,791 | (72,461) | 1,492,520 |
| Office of the principal services | | | | |
| Salaries | 2,542,403 | 2,543,575 | (1,172) | 2,388,312 |
| Employee benefits | 427,700 | 438,523 | (10,823) | 412,053 |
| Purchased services | 31,500 | 23,718 | 7,782 | 31,516 |
| Supplies and materials | 68,035 | 60,616 | 7,419 | 138,522 |
| Capital outlay | - | 9,480 | (9,480) | 2,329 |
| Total | 3,069,638 | 3,075,912 | (6,274) | 2,972,732 |
| Total school administration | 3,069,638 | 3,075,912 | (6,274) | 2,972,732 |

(Continued)

Arlington Heights School District 25
 General (Educational) Fund
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2010
 With Comparative Actual Amounts for the Year Ended June 30, 2009

| | 2010 | | Variance From Final Budget | 2009 Actual |
|--|---------------------------------|------------------|----------------------------------|------------------|
| | Original and Final Budget | Actual | | |
| Business | | | | |
| Direction of business support services | | | | |
| Salaries | \$ 240,770 | \$ 241,260 | \$ (490) | \$ 236,183 |
| Employee benefits | 38,620 | 39,096 | (476) | 37,009 |
| Purchased services | 5,750 | 4,627 | 1,123 | 6,801 |
| Other objects | 1,900 | 1,900 | - | 1,900 |
| Total | <u>287,040</u> | <u>286,883</u> | <u>157</u> | <u>281,893</u> |
| Fiscal services | | | | |
| Salaries | 127,080 | 116,729 | 10,351 | 122,584 |
| Employee benefits | 15,930 | 12,838 | 3,092 | 15,008 |
| Purchased services | 80,050 | 74,183 | 5,867 | 75,121 |
| Supplies and materials | 46,800 | 49,782 | (2,982) | 47,639 |
| Total | <u>269,860</u> | <u>253,532</u> | <u>16,328</u> | <u>260,352</u> |
| Food services | | | | |
| Salaries | 537,890 | 509,220 | 28,670 | 505,726 |
| Employee benefits | 49,600 | 49,406 | 194 | 48,982 |
| Purchased services | 29,375 | 21,705 | 7,670 | 28,669 |
| Supplies and materials | 897,000 | 628,362 | 268,638 | 775,310 |
| Capital outlay | 40,000 | - | 40,000 | 10,046 |
| Total | <u>1,553,865</u> | <u>1,208,693</u> | <u>345,172</u> | <u>1,368,733</u> |
| Internal services | | | | |
| Purchased services | 109,000 | 88,286 | 20,714 | 34,836 |
| Capital outlay | - | - | - | 89 |
| Total | <u>109,000</u> | <u>88,286</u> | <u>20,714</u> | <u>34,925</u> |
| Total business | <u>2,219,765</u> | <u>1,837,394</u> | <u>382,371</u> | <u>1,945,903</u> |

(Continued)

Arlington Heights School District 25
 General (Educational) Fund
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2010
 With Comparative Actual Amounts for the Year Ended June 30, 2009

| | 2010 | | Variance From Final Budget | 2009 Actual |
|--|---------------------------------|-------------------|----------------------------------|-------------------|
| | Original and Final Budget | Actual | | |
| Central | | | | |
| Information services | | | | |
| Salaries | \$ - | \$ 3,727 | \$ (3,727) | \$ 25,796 |
| Employee benefits | 15,000 | - | 15,000 | - |
| Purchased services | - | 16,000 | (16,000) | - |
| Supplies and materials | 44,500 | 1,208 | 43,292 | 194 |
| Capital outlay | 3,500 | - | 3,500 | - |
| Total | 63,000 | 20,935 | 42,065 | 25,990 |
| Staff services | | | | |
| Salaries | - | - | - | 797,047 |
| Employee benefits | 832,120 | 946,989 | (114,869) | 46,319 |
| Purchased services | 48,050 | 48,588 | (538) | 97,223 |
| Supplies and materials | 141,650 | 57,723 | 83,927 | 39,780 |
| Capital outlay | 32,600 | 39,093 | (6,493) | - |
| Other objects | 1,500 | 1,903 | (403) | 12,560 |
| Non-capitalized equipment | 14,000 | - | - | - |
| Total | 1,069,920 | 1,094,296 | (38,376) | 992,929 |
| Total central | 1,132,920 | 1,115,231 | 3,689 | 1,018,919 |
| Total support services | 16,927,242 | 16,618,647 | 294,595 | 16,269,221 |
| Community services | | | | |
| Salaries | 84,821 | 89,521 | (4,700) | 85,791 |
| Employee benefits | 15,930 | 15,981 | (51) | 13,966 |
| Supplies and materials | 150,245 | 101,945 | 48,300 | 147,018 |
| Total | 250,996 | 207,447 | 43,549 | 246,775 |
| Payments of other districts and gov't units | | | | |
| Payments for special education programs | | | | |
| Other objects | 124,088 | 138,040 | (13,952) | 89,226 |
| Total | 124,088 | 138,040 | (13,952) | 89,226 |

(Continued)

Arlington Heights School District 25
 General (Educational) Fund
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2010
 With Comparative Actual Amounts for the Year Ended June 30, 2009

| | 2010 | | Variance From Final Budget | 2009 Actual |
|--|---------------------------------|----------------------|----------------------------------|----------------------|
| | Original and Final Budget | Actual | | |
| Payments for Spec. Ed. programs - tuition | | | | |
| Other objects | \$ 1,255,549 | \$ 1,113,710 | \$ 141,839 | \$ 1,268,277 |
| Total payments to other districts and other gov'ts | <u>1,379,637</u> | <u>1,251,750</u> | <u>127,887</u> | <u>1,357,503</u> |
| Provision for contingencies | <u>100,000</u> | - | <u>100,000</u> | - |
| Total expenditures | <u>58,806,490</u> | <u>57,595,192</u> | <u>1,197,298</u> | <u>53,110,155</u> |
| Excess of revenues over expenditures | <u>1,808,991</u> | <u>7,042,501</u> | <u>5,219,510</u> | <u>2,555,611</u> |
| Other financing sources (uses) | | | | |
| Permanent transfer from working cash fund - abolishment/abatement | 455,000 | 192,757 | (262,243) | 5,683,301 |
| Permanent transfer of interest - in | 89,800 | 47,092 | (42,708) | 89,200 |
| Trans to Debt Svc Fund for Prin on Cap Leases | - | (33,675) | (33,675) | (152,115) |
| Trans to Debt Svc Fund for Int on Cap Leases | - | (3,123) | (3,123) | (12,271) |
| Transfer to Capital Projects Fund | <u>(455,000)</u> | <u>(192,757)</u> | <u>262,243</u> | <u>(5,683,301)</u> |
| Total other financing sources (uses) | <u>89,800</u> | <u>10,294</u> | <u>(79,506)</u> | <u>(75,186)</u> |
| Net change in fund balance | <u>\$ 1,898,791</u> | 7,052,795 | <u>\$ 5,140,004</u> | 2,480,425 |
| Fund balance, beginning of year | | <u>33,616,972</u> | | <u>31,136,547</u> |
| Fund balance, end of year | | <u>\$ 40,669,767</u> | | <u>\$ 33,616,972</u> |

(Concluded)

Arlington Heights School District 25
Operations and Maintenance Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2010
With Comparative Actual Amounts for the Year Ended June 30, 2009

| | 2010 | | Variance From Final Budget | 2009 Actual |
|---|---------------------------------|------------------|----------------------------------|------------------|
| | Original and Final Budget | Actual | | |
| Revenues | | | | |
| Local sources | | | | |
| General levy | \$ 3,128,354 | \$ 4,197,791 | \$ 1,069,437 | \$ 4,446,365 |
| Mobile home privilege tax | 5,000 | - | (5,000) | 6,692 |
| Corporate personal property replacement taxes | 787,500 | 758,451 | (29,049) | 942,248 |
| Interest on investments | 216,700 | 91,173 | (125,527) | 290,166 |
| Rentals | 926,500 | 957,296 | 30,796 | 942,422 |
| Impact fees from municipal or county gov'ts | - | 3,410 | 3,410 | - |
| Refund of prior years' expenditures | - | 129,541 | 129,541 | 18,589 |
| Other | 40,000 | 76,427 | 36,427 | 78,702 |
| Total local sources | <u>5,104,054</u> | <u>6,214,089</u> | <u>1,110,035</u> | <u>6,725,184</u> |
| Federal sources | | | | |
| Other Federal Sources | 67,000 | - | (67,000) | - |
| Total federal sources | <u>67,000</u> | <u>-</u> | <u>(67,000)</u> | <u>-</u> |
| Total revenues | <u>5,171,054</u> | <u>6,214,089</u> | <u>1,043,035</u> | <u>6,725,184</u> |
| Expenditures | | | | |
| Support services | | | | |
| Business | | | | |
| Facilities acquisition and construction services | | | | |
| Purchased services | - | - | - | 1,636 |
| Supplies and materials | - | - | - | 325 |
| Capital outlay | - | 1,524 | (1,524) | 72,906 |
| Total | <u>-</u> | <u>1,524</u> | <u>(1,524)</u> | <u>74,867</u> |

(Continued)

Arlington Heights School District 25
Operations and Maintenance Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2010
With Comparative Actual Amounts for the Year Ended June 30, 2009

| | 2010 | | Variance From Final Budget | 2009 Actual |
|---|---------------------------------|--------------------|----------------------------------|------------------|
| | Original and Final Budget | Actual | | |
| Operations and maintenance of plant services | | | | |
| Salaries | \$ 2,177,840 | \$ 2,113,542 | \$ 64,298 | \$ 2,047,248 |
| Employee benefits | 270,130 | 266,137 | 3,993 | 239,656 |
| Purchased services | 1,155,475 | 993,544 | 161,931 | 1,531,090 |
| Supplies and materials | 1,684,640 | 1,148,424 | 536,216 | 1,458,699 |
| Capital outlay | 4,971,630 | 2,781,165 | 2,190,465 | 2,030,155 |
| Other objects | <u>50,000</u> | <u>-</u> | <u>50,000</u> | <u>6,924</u> |
| Total | <u>10,309,715</u> | <u>7,302,812</u> | <u>3,006,903</u> | <u>7,313,772</u> |
| Total business | <u>10,309,715</u> | <u>7,304,336</u> | <u>3,005,379</u> | <u>7,388,639</u> |
| Other support services | | | | |
| Purchased services | <u>367,030</u> | <u>343,273</u> | <u>23,757</u> | <u>-</u> |
| Total | <u>367,030</u> | <u>343,273</u> | <u>23,757</u> | <u>-</u> |
| Total support services | <u>10,676,745</u> | <u>7,647,609</u> | <u>3,029,136</u> | <u>7,388,639</u> |
| Total expenditures | <u>10,676,745</u> | <u>7,647,609</u> | <u>3,029,136</u> | <u>7,388,639</u> |
| Deficiency of revenues over expenditures | <u>(5,505,691)</u> | <u>(1,433,520)</u> | <u>4,072,171</u> | <u>(663,455)</u> |

(Continued)

Arlington Heights School District 25
 Operations and Maintenance Fund
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2010
 With Comparative Actual Amounts for the Year Ended June 30, 2009

| | 2010 | | Variance From Final Budget | 2009 Actual |
|---|---------------------------------|---------------------|----------------------------------|----------------------|
| | Original and Final Budget | Actual | | |
| Other financing sources (uses) | | | | |
| Permanent transfer from working Cash fund - interest | \$ 154,800 | \$ 97,352 | \$ (57,448) | \$ 274,000 |
| Permanent transfer from capital projects fund | - | - | - | - |
| Permanent transfer of interest - in | <u>50,600</u> | <u>40,145</u> | <u>(10,455)</u> | <u>236,364</u> |
| Total other financing sources (uses) | <u>205,400</u> | <u>137,497</u> | <u>(67,903)</u> | <u>510,364</u> |
| Net change in fund balance | <u>\$ (5,300,291)</u> | (1,296,023) | <u>\$ 4,004,268</u> | (153,091) |
| Fund balance, beginning of year | | <u>11,033,206</u> | | <u>11,186,297</u> |
| Fund balance, end of year | | <u>\$ 9,737,183</u> | | <u>\$ 11,033,206</u> |

(Concluded)

Arlington Heights School District 25
Tort Immunity and Judgment Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2010
With Comparative Actual Amounts for the Year Ended June 30, 2009

| | 2010 | | Variance From Final Budget | 2009 Actual |
|--|---------------------------------|------------------|----------------------------------|-----------------|
| | Original and Final Budget | Actual | | |
| Revenues | | | | |
| Local sources | | | | |
| General levy | \$ 219,349 | \$ 238,625 | \$ 19,276 | \$ 207,258 |
| Interest on investments | - | 101 | 101 | 25 |
| Total local sources | <u>219,349</u> | <u>238,726</u> | <u>19,377</u> | <u>207,283</u> |
| Total revenues | <u>219,349</u> | <u>238,726</u> | <u>19,377</u> | <u>207,283</u> |
| Expenditures | | | | |
| Support Services - General Administration | | | | |
| Workers' Comp. or Workers' Occ Dis Pmts | | | | |
| Purchased services | <u>210,000</u> | <u>197,534</u> | <u>12,466</u> | <u>201,424</u> |
| Total support services | <u>210,000</u> | <u>197,534</u> | <u>12,466</u> | <u>201,424</u> |
| Total expenditures | <u>210,000</u> | <u>197,534</u> | <u>12,466</u> | <u>201,424</u> |
| Excess of revenues over expenditures | <u>\$ 9,349</u> | 41,192 | <u>\$ 31,843</u> | 5,859 |
| Fund balance, beginning of year | | <u>5,859</u> | | <u>-</u> |
| Fund balance, end of year | | <u>\$ 47,051</u> | | <u>\$ 5,859</u> |

Arlington Heights School District 25
Transportation Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2010
With Comparative Actual Amounts for the Year Ended June 30, 2009

| | 2010 | | Variance From Final Budget | 2009 Actual |
|--|---------------------------------|------------------|----------------------------------|------------------|
| | Original and Final Budget | Actual | | |
| Revenues | | | | |
| Local sources | | | | |
| General levy | \$ 457,992 | \$ 697,711 | \$ 239,719 | \$ 809,760 |
| Regular transportation fees from pupils or parents | 40,000 | 39,187 | (813) | 44,607 |
| Regular transportation fees cocurricular activities | 40,000 | 44,382 | 4,382 | 41,316 |
| Interest on investments | 50,600 | 30,487 | (20,113) | 60,058 |
| Refund of prior years' expenditures | - | 1,738 | 1,738 | - |
| Other | <u>80,000</u> | <u>89,015</u> | <u>9,015</u> | <u>87,196</u> |
| Total local sources | <u>668,592</u> | <u>902,520</u> | <u>233,928</u> | <u>1,042,937</u> |
| State sources | | | | |
| Transportation - Regular/Vocational | 296,252 | 317,869 | 21,617 | 394,941 |
| Transportation - Special Education | <u>685,245</u> | <u>241,439</u> | <u>(443,806)</u> | <u>509,150</u> |
| Total state sources | <u>981,497</u> | <u>559,308</u> | <u>(422,189)</u> | <u>904,091</u> |
| Total revenues | <u>1,650,089</u> | <u>1,461,828</u> | <u>(188,261)</u> | <u>1,947,028</u> |

(Continued)

Arlington Heights School District 25
Transportation Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2010
With Comparative Actual Amounts for the Year Ended June 30, 2009

| | 2010 | | Variance From Final Budget | 2009 Actual |
|--|---------------------------------|---------------------|----------------------------------|---------------------|
| | Original and Final Budget | Actual | | |
| Expenditures | | | | |
| Support services | | | | |
| Business | | | | |
| Pupil transportation services | | | | |
| Salaries | \$ 133,670 | \$ 124,915 | \$ 8,755 | \$ 121,511 |
| Employee benefits | 9,520 | 6,041 | 3,479 | 5,617 |
| Purchased services | 1,603,450 | 1,813,785 | (210,335) | 1,453,780 |
| Supplies and materials | 92,400 | 79,459 | 12,941 | 8,890 |
| Total support services | <u>1,839,040</u> | <u>2,024,200</u> | <u>(185,160)</u> | <u>1,589,798</u> |
| Total expenditures | <u>1,839,040</u> | <u>2,024,200</u> | <u>(185,160)</u> | <u>1,589,798</u> |
| Excess (deficiency) of revenues over expenditures | <u>(188,951)</u> | <u>(562,372)</u> | <u>(373,421)</u> | <u>357,230</u> |
| Other financing sources (uses) | | | | |
| Permanent transfer of interest - out | <u>(50,600)</u> | <u>(40,145)</u> | <u>10,455</u> | <u>(236,364)</u> |
| Total other financing sources (uses) | <u>(50,600)</u> | <u>(40,145)</u> | <u>10,455</u> | <u>(236,364)</u> |
| Net change in fund balance | <u>\$ (239,551)</u> | (602,517) | <u>\$ (362,966)</u> | 120,866 |
| Fund balance, beginning of year | | <u>2,615,458</u> | | <u>2,494,592</u> |
| Fund balance, end of year | | <u>\$ 2,012,941</u> | | <u>\$ 2,615,458</u> |

(Concluded)

Arlington Heights School District 25
Municipal Retirement / Social Security Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2010
With Comparative Actual Amounts for the Year Ended June 30, 2009

| | 2010 | | | 2009 Actual |
|--|---------------------------------|------------------|----------------------------------|------------------|
| | Original and Final Budget | Actual | Variance From Final Budget | |
| Revenues | | | | |
| Local sources | | | | |
| General levy | \$ 883,502 | \$ 992,186 | \$ 108,684 | \$ 795,967 |
| Social security/medicare only levy | 958,541 | 1,051,375 | 92,834 | 917,185 |
| Corporate personal property replacement taxes | 20,000 | 20,000 | - | 20,000 |
| Interest on investments | 14,900 | 10,086 | (4,814) | 4,728 |
| Other | - | - | - | 3 |
| Total local sources | <u>1,876,943</u> | <u>2,073,647</u> | <u>196,704</u> | <u>1,737,883</u> |
| Total revenues | <u>1,876,943</u> | <u>2,073,647</u> | <u>196,704</u> | <u>1,737,883</u> |
| Expenditures | | | | |
| Instruction | | | | |
| Regular programs | 265,280 | 223,160 | 42,120 | 208,168 |
| Pre-K programs | 70,030 | 9,987 | 60,043 | 56,519 |
| Special education programs | 464,110 | 359,095 | 105,015 | 336,183 |
| Special education programs pre-K | - | 41,794 | (41,794) | - |
| Interscholastic programs | 1,200 | 1,064 | 136 | 1,003 |
| Summer school programs | 9,500 | 8,863 | 637 | 8,501 |
| Gifted programs | 9,800 | 7,847 | 1,953 | 7,126 |
| Bilingual programs | 14,300 | 14,510 | (210) | 14,122 |
| Total instruction | <u>834,220</u> | <u>666,320</u> | <u>167,900</u> | <u>631,622</u> |

(Continued)

Arlington Heights School District 25
Municipal Retirement / Social Security Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2010
With Comparative Actual Amounts for the Year Ended June 30, 2009

| | 2010 | | | |
|---|---------------------------------|----------------|----------------------------------|----------------|
| | Original and Final Budget | Actual | Variance From Final Budget | 2009 Actual |
| Support services | | | | |
| Pupils | | | | |
| Attendance and social work services | \$ 15,300 | \$ 13,916 | \$ 1,384 | \$ 12,234 |
| Health services | 21,160 | 17,103 | 4,057 | 17,684 |
| Psychological services | 8,200 | 6,765 | 1,435 | 7,525 |
| Speech pathology and audiology services | 17,600 | 13,111 | 4,489 | 13,097 |
| Other support services -pupils | - | 145 | (145) | 71 |
| Total pupils | <u>62,260</u> | <u>51,040</u> | <u>11,220</u> | <u>50,611</u> |
| Instructional staff | | | | |
| Improvement of instruction services | 76,450 | 69,529 | 6,921 | 60,979 |
| Educational media services | 131,810 | 117,388 | 14,422 | 106,739 |
| Assessment and testing | 100 | 39 | 61 | 61 |
| Total instructional staff | <u>208,360</u> | <u>186,956</u> | <u>21,404</u> | <u>167,779</u> |
| General administration | | | | |
| Board of education services | 440 | - | 440 | 321 |
| Executive administration services | 15,360 | 15,750 | (390) | 15,033 |
| Special area administrative services | 20,680 | 18,504 | 2,176 | 19,228 |
| Total general administration | <u>36,480</u> | <u>34,254</u> | <u>2,226</u> | <u>34,582</u> |
| School administration | | | | |
| Office of the principal services | 144,840 | 124,405 | 20,435 | 118,090 |
| Total school administration | <u>144,840</u> | <u>124,405</u> | <u>20,435</u> | <u>118,090</u> |

(Continued)

Arlington Heights School District 25
Municipal Retirement / Social Security Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2010
With Comparative Actual Amounts for the Year Ended June 30, 2009

| | 2010 | | | |
|--|---------------------------------|---------------------|----------------------------------|-------------------|
| | Original and Final Budget | Actual | Variance From Final Budget | 2009 Actual |
| Business | | | | |
| Direction of business support services | \$ 17,790 | \$ 16,695 | \$ 1,095 | \$ 16,050 |
| Fiscal services | 20,800 | 18,688 | 2,112 | 18,352 |
| Operations and maintenance of plant services | 364,440 | 313,219 | 51,221 | 295,040 |
| Pupil transportation services | 14,080 | 13,135 | 945 | 12,448 |
| Food services | <u>78,170</u> | <u>74,340</u> | <u>3,830</u> | <u>72,199</u> |
| Total business | <u>495,280</u> | <u>436,077</u> | <u>59,203</u> | <u>414,089</u> |
| Central | | | | |
| Information services | 1,230 | - | 1,230 | - |
| Staff services | <u>44,260</u> | <u>38,589</u> | <u>5,671</u> | <u>36,632</u> |
| Total central | <u>45,490</u> | <u>38,589</u> | <u>6,901</u> | <u>36,632</u> |
| Total support services | <u>992,710</u> | <u>871,321</u> | <u>121,389</u> | <u>821,783</u> |
| Community services | <u>10,850</u> | <u>12,152</u> | <u>(1,302)</u> | <u>11,712</u> |
| Provision for contingencies | <u>3,500</u> | <u>-</u> | <u>3,500</u> | <u>-</u> |
| Total expenditures | <u>1,841,280</u> | <u>1,549,793</u> | <u>291,487</u> | <u>1,465,117</u> |
| Excess of revenues over expenditures | <u>\$ 35,663</u> | 523,854 | <u>\$ 488,191</u> | 272,766 |
| Fund balance, beginning of year | | <u>949,657</u> | | <u>676,891</u> |
| Fund balance, end of year | | <u>\$ 1,473,511</u> | | <u>\$ 949,657</u> |

(Concluded)

Arlington Heights School District 25
Working Cash Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2010
With Comparative Actual Amounts for the Year Ended June 30, 2009

| | 2010 | | Variance From Final Budget | 2009 Actual |
|---|---------------------------------|---------------------|----------------------------------|---------------------|
| | Original and Final Budget | Actual | | |
| Revenue | | | | |
| Local sources | | | | |
| Interest on investments | \$ 154,800 | \$ 66,885 | \$ (87,915) | \$ 398,035 |
| Total local sources | <u>154,800</u> | <u>66,885</u> | <u>(87,915)</u> | <u>398,035</u> |
| Total revenue | <u>154,800</u> | <u>66,885</u> | <u>(87,915)</u> | <u>398,035</u> |
| Expenditures | | | | |
| Total expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess of revenues over expenditures | <u>154,800</u> | <u>66,885</u> | <u>(87,915)</u> | <u>398,035</u> |
| Other financing sources (uses) | | | | |
| Permanent transfer of working cash fund - interest | (154,800) | (97,352) | 57,448 | (274,000) |
| Permanent transfer of working cash - abate | <u>(455,000)</u> | <u>(192,757)</u> | <u>262,243</u> | <u>(5,683,301)</u> |
| Total other financing sources (uses) | <u>(609,800)</u> | <u>(290,109)</u> | <u>319,691</u> | <u>(5,957,301)</u> |
| Net change in fund balance | <u>\$ (455,000)</u> | <u>(223,224)</u> | <u>\$ 231,776</u> | <u>(5,559,266)</u> |
| Fund balance, beginning of year | | <u>8,683,994</u> | | <u>14,243,260</u> |
| Fund balance, end of year | | <u>\$ 8,460,770</u> | | <u>\$ 8,683,994</u> |

Arlington Heights School District 25
Notes to the Required Supplementary Information
June 30, 2009

1. LEGAL COMPLIANCE AND ACCOUNTABILITY - BUDGETS

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

- a) The Administration submits to the Board of Education a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
- b) Public hearings are conducted and the proposed budget is available for inspection to obtain comments.
- c) By September 30, the budget is legally adopted through passage of a resolution. By the last Tuesday in December each year, a tax levy resolution is filed with the County Clerk to obtain tax revenues.
- d) Management is authorized to transfer budget amounts, provided funds are transferred between the same function and object codes. The Board of Education is authorized to transfer up to a legal level of 10% of the total budget between functions within a fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education after a public hearing process mandated by law.
- e) Formal budgetary integration is employed as a management control device during the year for the governmental funds.
- f) 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 available to the District's management in real time. These expenditures reports list each item's fiscal year-to-date expenditure, budget amount, and account balance.
- g) The budget amounts shown in the financial statements are as originally adopted by the Board of Education on September 24, 2009. There were no budget amendments.
- h) All budget appropriations lapse at the end of the fiscal year.

2. EXPENDITURES IN EXCESS OF BUDGETS

The following fund had expenditures in excess of budget at June 30, 2010:

| Funds | Amount |
|----------------|------------|
| Transportation | \$ 185,160 |

OTHER SUPPLEMENTARY FINANCIAL INFORMATION

Arlington Heights School District 25
Debt Service Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2010
With Comparative Actual Amounts for the Year Ended June 30, 2009

| | 2010 | | Variance From Final Budget | 2009 Actual |
|---|---------------------------------|--------------------|----------------------------------|------------------|
| | Original and Final Budget | Actual | | |
| Revenues | | | | |
| Local sources | | | | |
| General levy | \$ 8,984,062 | \$ 7,809,607 | \$(1,174,455) | \$ 8,765,912 |
| Interest on investments | 89,800 | 28,525 | (61,275) | 15,359 |
| Total local sources | <u>9,073,862</u> | <u>7,838,132</u> | <u>(1,235,730)</u> | <u>8,781,271</u> |
| Total revenue | <u>9,073,862</u> | <u>7,838,132</u> | <u>(1,235,730)</u> | <u>8,781,271</u> |
| Expenditures | | | | |
| Debt service | | | | |
| Debt services - interest | | | | |
| Bonds - interest | <u>1,144,388</u> | <u>1,144,411</u> | <u>(23)</u> | <u>1,577,263</u> |
| Total debt service - interest | <u>1,144,388</u> | <u>1,144,411</u> | <u>(23)</u> | <u>1,577,263</u> |
| Principal payments on long-term debt | <u>8,076,400</u> | <u>8,043,675</u> | <u>32,725</u> | <u>7,522,115</u> |
| Other debt service | | | | |
| Purchased services | - | 30,054 | (30,054) | - |
| Other objects | <u>3,000</u> | <u>2,914</u> | <u>86</u> | <u>1,673</u> |
| Total | <u>3,000</u> | <u>32,968</u> | <u>(29,968)</u> | <u>1,673</u> |
| Total debt service | <u>9,223,788</u> | <u>9,221,054</u> | <u>2,734</u> | <u>9,101,051</u> |
| Total expenditures | <u>9,223,788</u> | <u>9,221,054</u> | <u>2,734</u> | <u>9,101,051</u> |
| Deficiency of revenues over expenditures | <u>(149,926)</u> | <u>(1,382,922)</u> | <u>(1,232,996)</u> | <u>(319,780)</u> |

(Continued)

Arlington Heights School District 25
Debt Service Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2010
With Comparative Actual Amounts for the Year Ended June 30, 2009

| | 2010 | | Variance From Final Budget | 2009 Actual |
|---|---------------------------------|---------------------|----------------------------------|---------------------|
| | Original and Final Budget | Actual | | |
| Other financing sources (uses) | | | | |
| Permanent transfer of interest - out | \$ (89,800) | \$ (47,092) | \$ 42,708 | \$ (89,200) |
| Transfer to pay for principal on capital leases | - | 33,675 | 33,675 | 152,115 |
| Transfer to pay for interest on capital leases | - | 3,123 | 3,123 | 12,271 |
| Total other financing sources (uses) | <u>(89,800)</u> | <u>(10,294)</u> | <u>79,506</u> | <u>75,186</u> |
| Net change in fund balance | <u>\$ (239,726)</u> | (1,393,216) | <u>\$ (1,153,490)</u> | (244,594) |
| Fund balance, beginning of year | | <u>4,146,966</u> | | <u>4,391,560</u> |
| Fund balance, end of year | | <u>\$ 2,753,750</u> | | <u>\$ 4,146,966</u> |

(Concluded)

Arlington Heights School District 25
 Capital Projects Fund
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2010
 With Comparative Actual Amounts for the Year Ended June 30, 2009

| | 2010 | | Variance From Final Budget | 2009 Actual |
|--|---------------------------------|-------------|----------------------------------|----------------|
| | Original and Final Budget | Actual | | |
| Revenue | | | | |
| Local sources | | | | |
| Other | \$ - | \$ - | \$ - | \$ 1,200 |
| Total local sources | - | - | - | 1,200 |
| Total revenue | - | - | - | 1,200 |
| Expenditures | | | | |
| Support services | | | | |
| Facilities acquisition and construction services | | | | |
| Purchased services | - | 2,000 | (2,000) | 6,000 |
| Capital outlay | 429,971 | 190,757 | 239,214 | 5,703,530 |
| Total support services | 429,971 | 192,757 | 237,214 | 5,709,530 |
| Total expenditures | 429,971 | 192,757 | 237,214 | 5,709,530 |
| Deficiency of revenues over expenditures | (429,971) | (192,757) | 237,214 | (5,708,330) |
| Other financing sources (uses) | | | | |
| Transfer in | \$ 5,967,400 | \$ 192,757 | \$(5,774,643) | \$ 5,683,301 |
| Total other financing sources (uses) | 5,967,400 | 192,757 | (5,774,643) | 5,683,301 |
| Net change in fund balance | \$ 5,537,429 | - | \$(5,537,429) | (25,029) |
| Fund balance, beginning of year | | (25,029) | | - |
| Fund balance, end of year | | \$ (25,029) | | \$ (25,029) |

Arlington Heights School District 25
 Fire Prevention and Safety Fund
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2010
 With Comparative Actual Amounts for the Year Ended June 30, 2009

| | 2010 | | Variance From Final Budget | 2009 Actual |
|---|---------------------------------|------------------|----------------------------------|-------------------|
| | Original and Final Budget | Actual | | |
| Revenue | | | | |
| Local sources | | | | |
| General levy | \$ 245,409 | \$ 226,015 | \$ (19,394) | \$ 219,421 |
| Interest on investments | <u>5,500</u> | <u>523</u> | <u>(4,977)</u> | <u>7,710</u> |
| Total local sources | <u>250,909</u> | <u>226,538</u> | <u>(24,371)</u> | <u>227,131</u> |
| Total revenue | <u>250,909</u> | <u>226,538</u> | <u>(24,371)</u> | <u>227,131</u> |
| Expenditures | | | | |
| Support services | | | | |
| Facilities acquisition and construction services | | | | |
| Purchased services | 28,000 | 25,863 | 2,137 | 239,365 |
| Capital outlay | <u>460,000</u> | <u>249,823</u> | <u>210,177</u> | <u>158,837</u> |
| Total | <u>488,000</u> | <u>275,686</u> | <u>212,314</u> | <u>398,202</u> |
| Total support services | <u>488,000</u> | <u>275,686</u> | <u>212,314</u> | <u>398,202</u> |
| Total expenditures | <u>488,000</u> | <u>275,686</u> | <u>212,314</u> | <u>398,202</u> |
| Deficiency of revenues over expenditures | <u>\$ (237,091)</u> | (49,148) | <u>\$ 187,943</u> | (171,071) |
| Fund balance, beginning of year | | <u>107,453</u> | | <u>278,524</u> |
| Fund balance, end of year | | <u>\$ 58,305</u> | | <u>\$ 107,453</u> |

Arlington Heights School District 25
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND - STUDENT ACTIVITY AND FLEXIBLE SPENDING FUNDS
Year Ended June 30, 2010

| | <u>Balance</u> | | | <u>Balance</u> |
|------------------------------------|---------------------|----------------------|----------------------|----------------------|
| | <u>July 1, 2009</u> | <u>Additions</u> | <u>Deletions</u> | <u>June 30, 2010</u> |
| Assets | | | | |
| Cash | \$ <u>124,007</u> | \$ <u>462,856</u> | \$ <u>393,523</u> | \$ <u>193,340</u> |
| Liabilities | | | | |
| Student Activity Fund | | | | |
| Administration | \$ 16,721 | \$ 166,684 | \$ 101,454 | \$ 81,951 |
| Imprest Fund | 8,534 | 6,115 | 8,359 | 6,290 |
| Dryden Elementary School | 5,977 | 11,479 | 10,118 | 7,338 |
| Greenbrier Elementary School | 5,200 | 16,699 | 14,359 | 7,540 |
| Ivy Hill Elementary School | 4,678 | 11,551 | 12,284 | 3,945 |
| Olive-Mary Stitt Elementary School | 10,740 | 20,652 | 19,162 | 12,230 |
| Patton Elementary School | 4,206 | 25,743 | 24,990 | 4,959 |
| Westgate Elementary School | 862 | 22,133 | 22,123 | 872 |
| Windsor Elementary School | 7,929 | 10,337 | 11,102 | 7,164 |
| Thomas Middle School | 29,039 | 93,134 | 89,348 | 32,825 |
| South Middle School | 30,121 | 74,804 | 78,062 | 26,863 |
| Arlington Administrator Council | <u>-</u> | <u>3,525</u> | <u>2,162</u> | <u>1,363</u> |
| Total student activity fund | \$ <u>124,007</u> | \$ <u>462,856</u> | \$ <u>393,523</u> | \$ <u>193,340</u> |
| Flexible Spending Fund | \$ <u>122,519</u> | \$ <u>26,501,704</u> | \$ <u>26,545,048</u> | \$ <u>79,175</u> |

STATISTICAL SECTION
(Unaudited)

Statistical Section

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

| <u>Contents</u> | <u>Page</u> |
|--|-------------|
| Financial Trends | |
| These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time. | 77 - 88 |
| Revenue Capacity | |
| These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax. | 89 - 94 |
| Debt Capacity | |
| These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future. | 95 - 99 |
| Demographic and Economic Information | |
| These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place. | 100 - 101 |
| Operating Information | |
| These schedules contain information about the District's services and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs. | 102 - 106 |

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

Arlington Heights School District 25

NET ASSETS

LAST EIGHT FISCAL YEARS

| | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|--|-----------------------|-----------------------|-----------------------|----------------------|
| Governmental Activities | | | | |
| Invested in capital assets, net of related debt | \$ 63,532,991 | \$ 54,602,552 | \$ 39,989,857 | \$ 36,806,197 |
| Restricted | 6,318,095 | 7,842,981 | 7,841,567 | 7,163,851 |
| Unrestricted | <u>58,687,324</u> | <u>56,338,333</u> | <u>60,378,082</u> | <u>50,191,384</u> |
| Total governmental activities net assets | <u>\$ 128,538,410</u> | <u>\$ 118,783,866</u> | <u>\$ 108,209,506</u> | <u>\$ 94,161,432</u> |

| | <u>2006</u> | <u>2005</u> | <u>2004</u> | <u>2003</u> |
|------|-------------------|-------------------|-------------------|--------------------|
| \$ | 27,794,218 | \$ 15,305,916 | \$ 25,404,049 | \$ 378,703,842 |
| | 10,062,908 | 9,198,429 | 10,386,595 | 53,373,292 |
| | <u>51,841,333</u> | <u>51,777,132</u> | <u>34,616,334</u> | <u>31,779,519</u> |
| | | | | |
| \$ | <u>89,698,459</u> | <u>76,281,477</u> | <u>70,406,978</u> | <u>463,856,653</u> |

Arlington Heights School District 25

CHANGES IN NET ASSETS LAST EIGHT FISCAL YEARS

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

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

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

| | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|
| General (Educational) Fund | | | | |
| Reserved | \$ 87,968 | \$ 94,235 | \$ 167,805 | \$ 64,262 |
| Unreserved* | <u>40,581,799</u> | <u>33,522,737</u> | <u>30,968,742</u> | <u>27,702,418</u> |
| Total General (Educational) Fund | <u>\$ 40,669,767</u> | <u>\$ 33,616,972</u> | <u>\$ 31,136,547</u> | <u>\$ 27,766,680</u> |
| All Other Governmental Funds | | | | |
| Unreserved, reported in: | | | | |
| Debt Service Fund | \$ 2,753,750 | \$ 4,146,966 | \$ 4,391,560 | \$ 4,438,554 |
| **Special Revenue Funds | 21,731,456 | 23,288,174 | 28,601,040 | 23,165,595 |
| Capital Projects Fund | <u>33,276</u> | <u>82,424</u> | <u>278,524</u> | <u>36,593</u> |
| Total All Other Governmental Funds | <u>24,518,482</u> | <u>27,517,564</u> | <u>33,271,124</u> | <u>27,640,742</u> |
| Total Governmental Funds | <u>\$ 65,188,249</u> | <u>\$ 61,134,536</u> | <u>\$ 64,407,671</u> | <u>\$ 55,407,422</u> |

Notes:

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

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

| <u>2006</u> | <u>2005</u> | <u>2004</u> | <u>2003</u> | <u>2002</u> | <u>2001</u> |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 135,879 | \$ 482,879 | \$ 500,231 | \$ 971,473 | \$ 39,776,138 | \$ 3,923,919 |
| <u>28,006,945</u> | <u>21,136,998</u> | <u>19,878,636</u> | <u>19,292,970</u> | <u>23,966,814</u> | <u>22,974,383</u> |
| <u>\$ 28,142,824</u> | <u>\$ 21,619,877</u> | <u>\$ 20,378,867</u> | <u>\$ 20,264,443</u> | <u>\$ 63,742,952</u> | <u>\$ 26,898,302</u> |
| \$ 7,144,146 | \$ 6,141,309 | \$ 6,229,267 | \$ 5,791,506 | \$ 2,485,607 | \$ 1,746,784 |
| 24,311,509 | 22,650,767 | 15,823,889 | 15,662,626 | 2,353,130 | 2,137,249 |
| <u>350,211</u> | <u>657,812</u> | <u>721,792</u> | <u>629,294</u> | <u>315,114</u> | <u>219,991</u> |
| <u>31,805,866</u> | <u>29,449,888</u> | <u>22,774,948</u> | <u>22,083,426</u> | <u>5,153,851</u> | <u>4,104,024</u> |
| <u>\$ 59,948,690</u> | <u>\$ 51,069,765</u> | <u>\$ 43,153,815</u> | <u>\$ 42,347,869</u> | <u>\$ 68,896,803</u> | <u>\$ 31,002,326</u> |

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

| | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|----------------------------|----------------------|----------------------|----------------------|----------------------|
| Local sources: | | | | |
| Property taxes | \$ 62,040,812 | \$ 56,162,790 | \$ 53,781,487 | \$ 43,096,358 |
| Replacement taxes | 778,451 | 962,248 | 1,100,001 | 1,028,641 |
| Interest and other income | 925,090 | 1,632,837 | 2,739,678 | 3,530,093 |
| Other revenues | <u>3,417,273</u> | <u>3,814,886</u> | <u>3,192,762</u> | <u>3,474,557</u> |
| Total local sources | <u>67,161,626</u> | <u>62,572,761</u> | <u>60,813,928</u> | <u>51,129,649</u> |
| Flow-through | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| State sources | <u>12,764,852</u> | <u>10,991,751</u> | <u>10,029,826</u> | <u>8,647,956</u> |
| Federal sources | <u>2,831,060</u> | <u>2,126,269</u> | <u>1,208,214</u> | <u>983,631</u> |
| Total revenues | <u>\$ 82,757,538</u> | <u>\$ 75,690,781</u> | <u>\$ 72,051,968</u> | <u>\$ 60,761,236</u> |

| | <u>2006</u> | <u>2005</u> | <u>2004</u> | <u>2003</u> | <u>2002</u> | <u>2001</u> |
|----|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| \$ | 52,841,766 | \$ 45,612,708 | \$ 43,508,150 | \$ 42,702,041 | \$ 41,062,747 | \$ 38,589,229 |
| | 942,831 | 743,874 | 605,474 | 451,934 | 583,534 | 703,138 |
| | 2,120,890 | 1,330,401 | 748,164 | 1,813,392 | 1,684,228 | 3,402,016 |
| | <u>3,024,516</u> | <u>3,003,580</u> | <u>2,745,122</u> | <u>2,640,530</u> | <u>2,588,651</u> | <u>2,404,387</u> |
| | <u>58,930,003</u> | <u>50,690,563</u> | <u>47,606,910</u> | <u>47,607,897</u> | <u>45,919,160</u> | <u>45,098,770</u> |
| | - | - | - | - | - | 6,874,872 |
| | <u>6,874,872</u> | <u>7,720,378</u> | <u>8,177,720</u> | <u>7,647,548</u> | <u>8,095,239</u> | <u>1,085,165</u> |
| | <u>1,085,165</u> | <u>1,145,382</u> | <u>911,729</u> | <u>898,943</u> | <u>738,016</u> | <u>1,065,156</u> |
| \$ | <u><u>66,890,040</u></u> | <u><u>59,556,323</u></u> | <u><u>56,696,359</u></u> | <u><u>56,154,388</u></u> | <u><u>54,752,415</u></u> | <u><u>54,123,963</u></u> |

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

| | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|--|----------------------|----------------------|----------------------|----------------------|
| Instruction | | | | |
| Regular programs | \$ 21,450,621 | \$ 20,265,649 | \$ 19,129,598 | \$ 17,966,673 |
| Special programs | 7,533,065 | 6,663,875 | 7,476,522 | 8,264,490 |
| Other instructional programs | <u>3,083,056</u> | <u>3,232,429</u> | <u>1,760,888</u> | <u>1,556,410</u> |
| Total instruction | <u>32,066,742</u> | <u>30,161,953</u> | <u>28,367,008</u> | <u>27,787,573</u> |
| Support services | | | | |
| Pupils | 3,633,769 | 3,430,394 | 3,196,010 | 1,915,909 |
| Instructional staff | 5,451,561 | 4,936,439 | 4,340,609 | 3,886,000 |
| General administration | 1,350,947 | 1,724,353 | 1,180,471 | 1,186,562 |
| School administration | 3,190,837 | 3,088,493 | 2,866,703 | 2,467,381 |
| Business | 1,974,980 | 2,255,039 | 2,426,779 | 2,269,046 |
| Transportation | 2,037,335 | 1,602,246 | 1,971,775 | 2,037,709 |
| Operations and maintenance | 5,178,139 | 5,578,657 | 5,865,605 | 5,318,220 |
| Central | 1,153,820 | 1,055,551 | 1,135,762 | 962,139 |
| Community services | 219,599 | 258,487 | 213,482 | 122,601 |
| Nonprogrammed charges | 1,251,750 | 1,357,503 | 842,870 | 1,137,466 |
| On-behalf contributions | <u>8,022,134</u> | <u>5,607,110</u> | <u>4,139,852</u> | <u>2,697,912</u> |
| Total support services | <u>33,464,871</u> | <u>30,894,272</u> | <u>28,179,918</u> | <u>24,000,945</u> |
| Capital outlay | <u>3,951,158</u> | <u>8,806,640</u> | <u>4,418,119</u> | <u>5,571,203</u> |
| Debt service | | | | |
| Principal | 8,043,675 | 7,522,115 | 6,445,000 | 5,960,000 |
| Interest | <u>1,177,379</u> | <u>1,578,936</u> | <u>1,734,900</u> | <u>1,982,783</u> |
| Total debt service | <u>9,221,054</u> | <u>9,101,051</u> | <u>8,179,900</u> | <u>7,942,783</u> |
| Total expenditures | <u>\$ 78,703,825</u> | <u>\$ 78,963,916</u> | <u>\$ 69,144,945</u> | <u>\$ 65,302,504</u> |
| Debt service as a percentage of noncapital expenditures | 15% | 15% | 14% | 15% |
| Debt service as a percentage of total expenditures | 12% | 12% | 12% | 12% |

| <u>2006</u> | <u>2005</u> | <u>2004</u> | <u>2003</u> | <u>2002</u> | <u>2001</u> |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 16,994,614 | \$ 16,546,694 | \$ 15,654,426 | \$ 15,841,865 | \$ 15,119,229 | \$ 14,347,538 |
| 7,649,778 | 6,965,217 | 6,769,301 | 6,724,855 | 5,790,547 | 5,311,225 |
| <u>1,575,827</u> | <u>1,515,718</u> | <u>1,430,820</u> | <u>1,395,412</u> | <u>1,526,104</u> | <u>1,245,579</u> |
| <u>26,220,219</u> | <u>25,027,629</u> | <u>23,854,547</u> | <u>23,962,132</u> | <u>22,435,880</u> | <u>20,904,342</u> |
| 1,621,609 | 1,611,268 | 1,396,181 | 1,385,102 | 1,278,795 | 1,201,376 |
| 3,642,288 | 3,482,509 | 3,178,617 | 3,238,597 | 3,489,237 | 3,338,973 |
| 1,307,564 | 662,446 | 1,060,127 | 762,566 | 553,789 | 981,914 |
| 2,467,757 | 2,517,285 | 2,336,828 | 2,378,901 | 2,227,945 | 2,085,853 |
| 2,176,195 | 2,211,322 | 2,026,181 | 1,622,558 | 1,506,357 | 1,448,689 |
| 1,896,101 | 1,751,820 | 1,720,882 | 1,667,486 | 1,603,416 | 1,634,919 |
| 4,651,726 | 4,681,045 | 4,216,356 | 4,351,878 | 4,315,729 | 4,588,962 |
| 1,326,322 | 1,561,739 | 1,347,527 | 1,256,701 | 1,353,574 | 1,269,601 |
| 166,325 | 126,103 | 97,573 | 99,835 | 8,210 | 105,937 |
| 1,821,968 | 2,830,248 | 2,660,546 | 2,546,960 | 2,151,922 | 2,101,721 |
| <u>1,841,948</u> | <u>3,054,296</u> | <u>3,492,984</u> | <u>3,262,347</u> | <u>2,923,720</u> | <u>2,602,844</u> |
| <u>22,919,803</u> | <u>24,490,081</u> | <u>23,533,802</u> | <u>22,572,931</u> | <u>21,412,694</u> | <u>21,360,789</u> |
| <u>2,493,329</u> | <u>3,003,755</u> | <u>902,557</u> | <u>910,724</u> | <u>1,771,475</u> | <u>1,332,264</u> |
| 4,035,000 | 5,285,000 | 5,010,000 | 4,827,836 | 4,456,723 | 3,630,684 |
| <u>2,342,764</u> | <u>2,538,459</u> | <u>2,589,507</u> | <u>2,887,094</u> | <u>3,149,142</u> | <u>3,535,043</u> |
| <u>6,377,764</u> | <u>7,823,459</u> | <u>7,599,507</u> | <u>7,714,930</u> | <u>7,605,865</u> | <u>7,165,727</u> |
| <u>\$ 58,011,115</u> | <u>\$ 60,344,924</u> | <u>\$ 55,890,413</u> | <u>\$ 55,160,717</u> | <u>\$ 53,225,914</u> | <u>\$ 50,763,122</u> |
| 13% | 16% | 16% | 17% | 17% | 17% |
| 11% | 13% | 14% | 14% | 14% | 14% |

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

| | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|---|---------------------|-----------------------|---------------------|-----------------------|
| Excess of revenues over (under) expenditures | \$ 4,053,713 | \$ (3,273,135) | \$ 2,907,023 | \$ (4,541,268) |
| Other financing sources (uses) | | | | |
| General long-term debt issued | - | - | 5,770,000 | - |
| Payment to bond escrow | - | - | - | - |
| Other | - | - | 323,226 | - |
| Sale of capital assets | - | - | - | - |
| Transfers in | 606,901 | 12,130,552 | 3,272,314 | 1,953,688 |
| Transfers out | <u>(606,901)</u> | <u>(12,130,552)</u> | <u>(3,272,314)</u> | <u>(1,953,688)</u> |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>6,093,226</u> | <u>-</u> |
| Net change in fund balances | <u>\$ 4,053,713</u> | <u>\$ (3,273,135)</u> | <u>\$ 9,000,249</u> | <u>\$ (4,541,268)</u> |

| <u>2006</u> | <u>2005</u> | <u>2004</u> | <u>2003</u> | <u>2002</u> | <u>2001</u> |
|-----------------------------|----------------------------|--------------------------|----------------------------|----------------------------|----------------------------|
| \$ <u>8,878,925</u> | \$ <u>(788,601)</u> | \$ <u>805,946</u> | \$ <u>993,671</u> | \$ <u>1,526,501</u> | \$ <u>3,254,931</u> |
| 25,272,095 | - | - | 605,310 | 17,065,000 | - |
| (16,665,768) | - | - | - | (17,040,761) | - |
| - | - | - | - | - | 286,850 |
| - | - | 12,500 | 12,500 | 25,200,000 | - |
| 943,364 | 325,950 | 331,065 | 315,310 | 839,648 | 211,327 |
| <u>(943,364)</u> | <u>(325,950)</u> | <u>(331,065)</u> | <u>(315,310)</u> | <u>(839,648)</u> | <u>(211,327)</u> |
| <u>8,606,327</u> | <u>-</u> | <u>12,500</u> | <u>617,810</u> | <u>49,439</u> | <u>286,850</u> |
| \$ <u><u>17,485,252</u></u> | \$ <u><u>(788,601)</u></u> | \$ <u><u>818,446</u></u> | \$ <u><u>1,611,481</u></u> | \$ <u><u>1,575,940</u></u> | \$ <u><u>3,541,781</u></u> |

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

| <u>Tax</u> <u>Year</u> | Estimated Actual <u>Value</u> ^a | Total Taxable <u>Value</u> | Total Tax <u>Rate</u> ^b |
|---------------------------|--|----------------------------------|--|
| 2009 | \$ 6,730,977,300 | \$ 2,243,659,100 | \$ 2.509 |
| 2008 | 6,301,979,067 | 2,100,659,689 | 2.807 |
| 2007 | 5,841,521,502 | 1,947,173,834 | 2.889 |
| 2006 | 4,915,405,911 | 1,638,468,637 | 3.295 |
| 2005 | 4,639,369,482 | 1,546,456,494 | 3.225 |
| 2004 | 4,281,952,740 | 1,427,317,580 | 3.138 |
| 2003 | 3,667,407,453 | 1,222,469,151 | 3.652 |
| 2002 | 3,706,034,370 | 1,235,344,790 | 3.527 |
| 2001 | 3,419,061,336 | 1,139,687,112 | 3.700 |
| 2000 | 2,859,406,752 | 953,135,584 | 4.306 |

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

Notes:

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

^a Represents three times the Equalized Assessed Valuation.

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

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

| Taxing District | 2009 | 2008 | 2007 | 2006 |
|---|-------|-------|-------|-------|
| Overlapping | | | | |
| Cook County | 0.394 | 0.415 | 0.446 | 0.500 |
| Cook County Forest Preserve | 0.049 | 0.051 | 0.053 | 0.057 |
| Consolidated Elections | 0.021 | - | 0.012 | - |
| Wheeling Township | 0.039 | 0.038 | 0.038 | 0.043 |
| Village of Arlington Heights | 0.755 | 0.722 | 0.763 | 0.866 |
| Arlington Heights Park District | 0.392 | 0.379 | 0.404 | 0.461 |
| Township High School District No. 214 | 1.636 | 1.587 | 1.621 | 1.823 |
| Harper Community College District No. 512 | 0.258 | 0.256 | 0.260 | 0.288 |
| Mt Prospect Special Service Area #5 | 0.095 | 0.096 | 0.101 | 0.118 |
| Metropolitan Water Reclamation District | 0.261 | 0.252 | 0.263 | 0.284 |
| Northwest Mosquito Abatement District | 0.008 | 0.008 | 0.008 | 0.009 |
| Suburban TB Sanitarium | | | - | 0.005 |
| Direct | | | | |
| Arlington Heights School District 25 | 2.509 | 2.807 | 2.889 | 3.295 |

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

Source of Information: Cook County Clerk's Office -

Department of Tax Extension

| 2005 | 2004 | 2003 | 2002 | 2001 | 2000 |
|-------|-------|-------|-------|-------|-------|
| 0.533 | 0.593 | 0.630 | 0.690 | 0.746 | 0.824 |
| 0.060 | 0.060 | 0.059 | 0.061 | 0.067 | 0.069 |
| 0.014 | - | 0.029 | - | 0.032 | - |
| 0.041 | 0.042 | 0.047 | 0.040 | 0.049 | 0.053 |
| 0.800 | 0.740 | 0.750 | 0.717 | 1.149 | 1.341 |
| 0.453 | 0.466 | 0.516 | 0.458 | 0.484 | 0.584 |
| 1.759 | 1.888 | 1.982 | 1.888 | 1.989 | 2.257 |
| 0.281 | 0.279 | 0.310 | 0.295 | 0.308 | 0.347 |
| 0.117 | 0.125 | 0.141 | 0.137 | 0.148 | 0.168 |
| 0.315 | 0.347 | 0.361 | 0.371 | 0.401 | 0.415 |
| 0.009 | 0.009 | 0.010 | 0.009 | 0.010 | 0.011 |
| 0.005 | 0.001 | 0.004 | 0.006 | 0.007 | 0.008 |
| 3.225 | 3.138 | 3.652 | 3.527 | 3.700 | 4.306 |

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

| Type of Business, Property | 2009 Equalized Assessed Valuation | Percentage of Total 2009 Equalized Assessed Valuation |
|--|--|---|
| # 1 Luther Village | \$ 49,338,409 | 2.35% |
| # 2 Town & Country Mall | 30,027,554 | 1.43% |
| # 3 Northpoint & Arlington Heights Freed | 27,008,614 | 1.29% |
| # 4 Avalon Bay Communities | 16,956,576 | 0.81% |
| # 5 Visconsi Companies | 10,558,583 | 0.50% |
| # 6 DBSI Arl Town Square | 5,854,811 | 0.28% |
| # 7 New Plan Excel Prop Tr | 5,577,640 | 0.27% |
| # 8 Robin Realty Management | 5,122,691 | 0.24% |
| # 9 Stonebridge Real Estate | 4,865,160 | 0.23% |
| #10 Sunrise Tax Dept. | 3,647,136 | 0.17% |
| Total | <u>\$ 158,957,174</u> | <u>7.57%</u> |

| Type of Business, Property | 2000 Equalized Assessed Valuation | Percentage of Total 2000 Equalized Assessed Valuation |
|------------------------------|--|---|
| # 1 D&T Property Tax | \$ 16,714,790 | 1.75% |
| # 2 Luther Village | 14,440,121 | 1.51% |
| # 3 Stonebrdge Apartments | 12,105,086 | 1.27% |
| # 4 AB Magnus | 12,081,699 | 1.26% |
| # 5 Northpoint Freed | 11,999,189 | 1.25% |
| # 6 GMAC Commerical Mortgage | 10,629,426 | 1.11% |
| # 7 M&J Wilkow, Ltd | 9,897,931 | 1.03% |
| # 8 The Moorings | 7,921,402 | 0.83% |
| # 9 Hunton Paige | 7,901,947 | 0.83% |
| # 10 NWCH Wellness Center | 7,463,317 | 0.78% |
| Total | <u>\$ 111,154,908</u> | <u>11.62%</u> |

Source of information: Cook County Assessor's Office

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

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

| Fiscal Year | Taxes Levied for the Fiscal Year | Collected within the Fiscal Year of the Levy Amount | Percentage of Levy | Collections in Subsequent Years |
|-------------|----------------------------------|---|--------------------|---------------------------------|
| 2010 | \$ 58,963,859 | \$ 30,713,241 | 52.09% | \$ - |
| 2009 | 58,963,859 | 26,909,408 | 45.64% | 31,442,037 |
| 2008 | 56,261,420 | 25,955,145 | 46.13% | 29,216,062 |
| 2007 | 53,979,932 | 25,042,407 | 46.39% | 28,176,730 |
| 2006 | 49,866,599 | 22,184,811 | 44.49% | 27,074,172 |
| 2005 | 44,645,946 | 21,018,554 | 47.08% | 23,707,849 |
| 2004 | 43,568,281 | 20,283,549 | 46.56% | 23,135,474 |
| 2003 | 42,501,471 | 19,743,149 | 46.45% | 22,318,209 |
| 2002 | 41,036,598 | 17,946,368 | 43.73% | 21,343,684 |
| 2001 | 39,334,159 | 19,097,280 | 48.55% | 21,011,999 |

Source: County Property Appraiser and district records.

Note: The property taxes levied are one year behind the collections. The taxes levied for fiscal year 2010 represent the 2009 property tax levy.

Total Collections to Date

| | <u>Amount</u> | <u>Percentage of Levy</u> |
|----|---------------|-------------------------------|
| \$ | 26,909,408 | 52.09% |
| | 58,351,445 | 98.96% |
| | 55,171,207 | 98.06% |
| | 53,219,137 | 98.59% |
| | 49,258,983 | 98.78% |
| | 44,726,403 | 100.18% |
| | 43,419,023 | 99.66% |
| | 42,061,358 | 98.96% |
| | 39,290,052 | 95.74% |
| | 40,109,279 | 101.97% |

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

| Fiscal Year | Governmental Activities | | | | Total Primary Government |
|----------------|--------------------------------|----------------------------------|------------|-------------------|--------------------------------|
| | General Obligation Bonds | School Building Obligation | Other | Capital Leases | |
| 2010 | \$ 19,970,000 | \$ - | \$ 227,447 | \$ 22,587 | \$ 20,220,034 |
| 2009 | 27,980,000 | - | 195,573 | 56,262 | 28,231,835 |
| 2008 | 35,350,000 | - | 351,465 | 208,377 | 35,909,842 |
| 2007 | 36,025,000 | - | (71,066) | 309,444 | 36,263,378 |
| 2006 | 41,985,000 | - | (115,405) | 452,265 | 42,321,860 |
| 2005 | 46,020,000 | 980,000 | (168,626) | 595,086 | 47,426,460 |
| 2004 | 33,950,000 | 10,505,000 | 112,761 | 30,261 | 44,598,022 |
| 2003 | 38,075,000 | 11,390,000 | 148,671 | 360,778 | 49,974,449 |
| 2002 | 41,755,000 | 12,230,000 | 67,380 | 668,613 | 54,720,993 |
| 2001 | 45,120,000 | 13,035,000 | 155,507 | 350,026 | 58,660,533 |

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

| Ratio of General Bonded Debt to <u>EAV</u> | Percentage of Personal <u>Income</u> ^a | Per <u>Capita</u> |
|---|---|----------------------|
| 0.30% | 0.77% \$ | 260 |
| 0.44% | 0.53% | 376 |
| 0.61% | 0.68% | 483 |
| 0.74% | 0.68% | 488 |
| 0.91% | 0.80% | 569 |
| 1.11% | 0.92% | 626 |
| 1.22% | 0.87% | 588 |
| 1.35% | 0.97% | 659 |
| 1.60% | 1.06% | 720 |
| 2.05% | 1.14% | 772 |

Arlington Heights School District 25
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
June 30, 2010

| Governmental Jurisdiction | Debt Outstanding | Overlapping Percent | Net Direct and Overlapping Debt |
|--|---------------------|------------------------|--|
| Overlapping bonded debt | | | |
| Cook County | \$ 3,184,840,000 | 1.086% | \$ 34,587,362 |
| Cook County Forest Preserve | 115,105,000 | 1.086% | 1,250,040 |
| Metropolitan Water Reclamation District | 1,964,288,816 | 1.110% | 21,803,606 |
| Community College District No. 512 | 193,570,000 | 7.331% | 14,190,617 |
| High School District 214 | 77,155,359 | 15.897% | 12,265,387 |
| Arlington Heights Park District | 26,971,060 | 54.909% | 14,809,539 |
| Mount Prospect Park District | 11,100,000 | 2.806% | 311,466 |
| Prospect Heights Park District | 10,737,736 | 3.240% | 347,903 |
| City of Rolling Meadows^ | 23,775,000 | 0.453% | 107,701 |
| Village of Arlington Heights | 64,690,000 | 51.902% | 33,575,404 |
| Village of Mount Prospect | 24,770,000 | 2.656% | 657,891 |
| Total overlapping bonded debt | | | 133,906,916 |
| Direct bonded debt | | | |
| Arlington Heights School District 25 | 19,970,000 | 100.000% | 19,970,000 |
| Total direct and overlapping bonded debt | | | \$ <u>153,876,916</u> |

Source of Information: Taxable value data used to estimate applicable percentages provided by the County Property Appraiser. Debt outstanding data provided by each governmental unit as of the end of their fiscal year 2010.

Arlington Heights School District 25

LEGAL DEBT MARGIN LAST TEN FISCAL YEARS

| | 2010 | 2009 | 2008 | 2007 |
|---|------------------|----------------|----------------|----------------|
| Debt Limit | \$ 154,812,478 | \$ 144,953,498 | \$ 134,354,995 | \$ 113,054,336 |
| Total Net Debt Applicable to Limit | 19,992,587 | 28,036,262 | 35,350,000 | 36,025,000 |
| Legal Debt Margin | \$ 134,819,891 | \$ 116,917,236 | \$ 99,004,995 | \$ 77,029,336 |
| Total Net Debt Applicable to the Limit as a Percentage of Debt Limit | 13% | 19% | 26% | 32% |
| 2009 Equalized Assessed Valuation | \$ 2,243,659,100 | | | |
| Voted and Unvoted Debt Limit - 6.9% of Equalized Assessed Valuation | | | | \$ 154,812,478 |
| Total Debt Outstanding | \$ 19,992,587 | | | |
| Less: Exempted Debt | - | | | |
| Net Subject to 6.9% Limit | | | | 19,992,587 |
| Total Legal Voted and Unvoted Debt Margin | | | | \$ 134,819,891 |

Source of Information: Annual Financial Reports

| <u>2006</u> | <u>2005</u> | <u>2004</u> | <u>2003</u> | <u>2002</u> | <u>2001</u> |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 106,705,498 | \$ 98,484,913 | \$ 84,350,371 | \$ 85,238,791 | \$ 78,638,411 | \$ 65,766,355 |
| <u>41,985,000</u> | <u>47,000,000</u> | <u>44,455,000</u> | <u>38,075,000</u> | <u>41,755,000</u> | <u>45,120,000</u> |
| <u>\$ 64,720,498</u> | <u>\$ 51,484,913</u> | <u>\$ 39,895,371</u> | <u>\$ 47,163,791</u> | <u>\$ 36,883,411</u> | <u>\$ 20,646,355</u> |
| 39% | 48% | 53% | 45% | 53% | 69% |

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

| Calendar <u>Year</u> | <u>Population</u> ^a | Personal <u>Income</u> ^b | Per Capita Personal <u>Income</u> | Illinois Unemployment <u>Rate</u> ^c |
|-------------------------|--------------------------------|--|--|--|
| 2010 | 76,943 | \$ 2,580,975,992 | \$ 33,544 | 8.90% |
| 2009 | 76,943 | 2,580,975,992 | 33,544 | 9.30% |
| 2008 | 76,943 | 2,580,975,992 | 33,544 | 5.80% |
| 2007 | 76,943 | 2,580,975,992 | 33,544 | 4.60% |
| 2006 | 76,943 | 2,580,975,992 | 33,544 | 4.60% |
| 2005 | 76,943 | 2,580,975,992 | 33,544 | 5.10% |
| 2004 | 76,031 | 2,550,383,864 | 33,544 | 5.50% |
| 2003 | 76,031 | 2,550,383,864 | 33,544 | 6.00% |
| 2002 | 76,031 | 2,550,383,864 | 33,544 | 5.80% |
| 2001 | 76,031 | 2,550,383,864 | 33,544 | 4.70% |

Notes:

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

^b U.S. Census Bureau

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

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

| <u>Employer</u> | <u>2010</u> | | <u>2001</u> | |
|--------------------------------------|------------------|-------------|------------------|-------------|
| | <u>Employees</u> | <u>Rank</u> | <u>Employees</u> | <u>Rank</u> |
| Arlington Park Racecourse (seasonal) | 4,500 | 1 | 3,100 | 2 |
| Northwest Community Healthcare | 4,000 | 2 | 3,000 | 3 |
| Motorola | 3,000 | 3 | 4,326 | 1 |
| Broadwing Communications, LLC | 2,000 | 4 | | |
| Township High School District 214 | 1,706 | 5 | 1,520 | 4 |
| GTSS | 1,000 | 6 | | |
| Paddock Publications | 1,703 | 7 | 550 | 7 |
| Arlington Heights School District 25 | 692 | 8 | 553 | 6 |
| Lutheran Home Services | 598 | 9 | 450 | 10 |
| Village of Arlington Heights | 463 | 10 | 466 | 9 |
| Ameritech | | | 900 | 5 |
| Market Facts | | | 500 | 8 |
| | <u>19,662</u> | | <u>15,365</u> | |

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

Arlington Heights School District 25
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

| School | Fiscal Year | | | | | | | | | |
|-------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
| Elementary | | | | | | | | | | |
| Dryden (1952) | | | | | | | | | | |
| Square feet | 52,437 | 52,437 | 52,437 | 52,437 | 52,437 | 52,437 | 52,437 | 67,248 | 67,248 | 67,248 |
| Capacity | 494 | 494 | 494 | 494 | 494 | 494 | 494 | 656 | 656 | 656 |
| Enrollment | 442 | 425 | 418 | 416 | 402 | 414 | 414 | 459 | 498 | 494 |
| Greenbrier (1964) | | | | | | | | | | |
| Square feet | 58,207 | 58,207 | 58,207 | 58,207 | 58,207 | 58,207 | 58,207 | 58,207 | 58,207 | 58,207 |
| Capacity | 494 | 494 | 494 | 494 | 494 | 494 | 494 | 494 | 494 | 494 |
| Enrollment* | 253 | 241 | 233 | 240 | 252 | 255 | 262 | 264 | 272 | 276 |
| Ivy Hill (1966) | | | | | | | | | | |
| Square feet | 60,388 | 60,388 | 60,388 | 60,388 | 60,388 | 60,388 | 60,388 | 60,388 | 60,388 | 60,388 |
| Capacity | 546 | 546 | 546 | 546 | 546 | 546 | 546 | 546 | 546 | 546 |
| Enrollment* | 386 | 385 | 420 | 381 | 364 | 391 | 395 | 424 | 440 | 438 |
| Olive Mary Stitt (1962) | | | | | | | | | | |
| Square feet | 62,643 | 62,643 | 62,643 | 62,643 | 62,643 | 62,643 | 62,643 | 65,463 | 65,463 | 65,463 |
| Capacity | 624 | 624 | 624 | 624 | 624 | 624 | 624 | 678 | 678 | 678 |
| Enrollment | 482 | 476 | 491 | 470 | 469 | 504 | 506 | 539 | 527 | 539 |
| Patton (1962) | | | | | | | | | | |
| Square feet | 44,765 | 44,765 | 44,765 | 53,165 | 53,165 | 53,165 | 53,165 | 53,165 | 53,165 | 53,165 |
| Capacity | 598 | 598 | 598 | 598 | 598 | 598 | 598 | 598 | 598 | 598 |
| Enrollment* | 363 | 362 | 393 | 395 | 414 | 449 | 434 | 425 | 423 | 447 |
| Westgate () | | | | | | | | | | |
| Square feet | 74,000 | 74,000 | 74,000 | 74,000 | 74,000 | 74,000 | 74,000 | 74,000 | 74,000 | 74,000 |
| Capacity | 780 | 780 | 780 | 780 | 780 | 780 | 780 | 780 | 780 | 780 |
| Enrollment | 558 | 542 | 526 | 578 | 554 | 576 | 569 | 569 | 568 | 563 |
| Windsor (1959) | | | | | | | | | | |
| Square feet | 68,346 | 68,346 | 68,346 | 68,346 | 68,346 | 68,346 | 68,346 | 68,346 | 68,346 | 68,346 |
| Capacity | 702 | 702 | 702 | 702 | 702 | 702 | 702 | 702 | 702 | 702 |
| Enrollment | 587 | 566 | 585 | 593 | 608 | 585 | 588 | 522 | 478 | 469 |
| Middle Schools | | | | | | | | | | |
| South (1997) | | | | | | | | | | |
| Square feet | 146,013 | 146,013 | 146,013 | 146,013 | 146,013 | 146,013 | 146,013 | 146,013 | 146,013 | 146,013 |
| Capacity | 998 | 998 | 998 | 998 | 998 | 998 | 998 | 998 | 998 | 998 |
| Enrollment | 851 | 873 | 871 | 854 | 867 | 874 | 884 | 858 | 908 | 897 |
| Thomas (1964) | | | | | | | | | | |
| Square feet | 124,000 | 124,000 | 124,000 | 124,000 | 124,000 | 124,000 | 124,000 | 124,000 | 124,000 | 124,000 |
| Capacity | 894 | 894 | 894 | 894 | 894 | 894 | 894 | 894 | 894 | 894 |
| Enrollment | 837 | 862 | 828 | 839 | 844 | 844 | 853 | 879 | 869 | 876 |

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

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

| | Fiscal Year | | | | | | | | | |
|------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|---|
| | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | |
| <u>Schools</u> | | | | | | | | | | |
| Elementary | | | | | | | | | | |
| Buildings | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Square feet | 420,786 | 420,786 | 420,786 | 429,186 | 429,186 | 429,186 | 429,186 | 446,817 | 446,817 | |
| Capacity | 4,238 | 4,238 | 4,238 | 4,238 | 4,238 | 4,238 | 4,238 | 4,454 | 4,454 | |
| Enrollment | 3,071 | 2,997 | 3,066 | 3,073 | 3,063 | 3,174 | 3,168 | 3,350 | 3,206 | |
| Middle | | | | | | | | | | |
| Buildings | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | |
| Square feet | 270,013 | 270,013 | 270,013 | 270,013 | 270,013 | 270,013 | 270,013 | 270,013 | 270,013 | |
| Capacity | 1,892 | 1,892 | 1,892 | 1,892 | 1,892 | 1,892 | 1,892 | 1,892 | 1,892 | |
| Enrollment | 1,688 | 1,735 | 1,699 | 1,693 | 1,711 | 1,718 | 1,737 | 1,737 | 1,777 | |
| Other | | | | | | | | | | |
| Buildings | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | |
| Enrollment | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | |
| <u>Athletics</u> | | | | | | | | | | |
| Playgrounds | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | |

Source: District records.

Arlington Heights School District 25

OPERATING STATISTICS LAST TEN FISCAL YEARS

| <u>Fiscal Year</u> | <u>Average Daily Attendance</u> | <u>Operating Expenditures</u> | <u>Cost per Pupil</u> | <u>Percentage Change</u> | <u>Tuition Expenses</u> | <u>Tuition Charge Pupil</u> | <u>Percentage Change</u> | <u>Teaching Staff</u> | <u>Pupil-Teacher Ratio (1)</u> | <u>Percentage of Students Receiving Free or Reduced-Price Meals</u> | <u>Total Enrollment</u> |
|--------------------|---------------------------------|-------------------------------|-----------------------|--------------------------|-------------------------|-----------------------------|--------------------------|-----------------------|--------------------------------|---|-------------------------|
| 2000 | 4,359 | 40,648,353 | 9,325 | 6.0% | 37,401,202 | 8,580 | 4.6% | 343 | 14.42 | 4% | 4,945 |
| 2001 | 4,429 | 40,791,318 | 9,209 | -1.2% | 36,484,803 | 8,237 | -4.0% | 353 | 13.87 | 4% | 4,897 |
| 2002 | 4,394 | 41,670,061 | 9,483 | 3.0% | 37,847,431 | 8,613 | 4.6% | 363 | 13.50 | 4% | 4,899 |
| 2003 | 4,413 | 43,300,367 | 9,812 | 3.5% | 39,942,309 | 9,051 | 5.1% | 374 | 13.14 | 4% | 4,913 |
| 2004 | 4,449 | 43,488,027 | 9,775 | -0.4% | 39,295,359 | 8,832 | -2.4% | 379 | 12.97 | 4% | 4,917 |
| 2005 | 4,450 | 45,785,116 | 10,289 | 5.3% | 41,533,241 | 9,333 | 5.7% | 379 | 13.01 | 4% | 4,930 |
| 2006 | 4,481 | 47,376,554 | 10,573 | 2.8% | 42,684,392 | 9,525 | 2.1% | 392 | 12.67 | 4% | 4,965 |
| 2007 | 4,639 | 49,556,357 | 10,681 | 1.0% | 44,031,437 | 9,491 | -0.4% | 374 | 13.52 | 4% | 5,056 |
| 2008 | 4,623 | 52,824,283 | 11,426 | 7.0% | 47,327,942 | 10,237 | 7.9% | 412 | 12.26 | 4% | 5,051 |
| 2009 | 4,630 | 53,928,313 | 11,647 | 1.9% | 47,981,979 | 10,363 | 1.2% | 415 | 12.29 | 7% | 5,100 |
| 2010 | 4,683 | 55,788,010 | 11,912 | 2.3% | 49,845,430 | 10,643 | 2.7% | 417 | 12.47 | 7% | 5,198 |

Source: Nonfinancial information from district records.

Notes:

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

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

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

| | Full-time-Equivalent Employees as of June 30 | | | | | | | | | | Percentage Change 2001-2010 |
|---|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|-----------------------------------|
| | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | |
| Administration | | | | | | | | | | | |
| Superintendent | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 0.00% |
| Assistant Superintendent | 3 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | -25.00% |
| District Administrators | 5 | 5 | 5 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 25.00% |
| Principals and Assistant Principals | 17 | 15 | 15 | 13 | 13 | 13 | 13 | 13 | 11 | 11 | 54.55% |
| Total Administration | 26 | 25 | 25 | 22 | 22 | 22 | 22 | 22 | 20 | 20 | 30.00% |
| Teachers | | | | | | | | | | | |
| Elementary School | 168 | 168 | 165 | 158 | 133 | 132 | 132 | 132 | 132 | 132 | 27.27% |
| Middle School | 111 | 111 | 111 | 109 | 109 | 107 | 107 | 102 | 98 | 95 | 16.84% |
| District Instruction Support | 84 | 84 | 84 | 82 | 91 | 84 | 86 | 85 | 82 | 77 | 9.09% |
| Special Education | 54 | 52 | 52 | 52 | 59 | 59 | 57 | 55 | 51 | 49 | 10.20% |
| Total instruction | 417 | 415 | 412 | 401 | 392 | 382 | 382 | 374 | 363 | 353 | 18.13% |
| Supporting Staff | | | | | | | | | | | |
| Cafeteria | 27 | 27 | 27 | 24 | 26 | 22 | 23 | 22 | 17 | 17 | 58.82% |
| Clerical and Aides, Playground Supervisor | 175 | 175 | 175 | 197 | 193 | 190 | 189 | 172 | 157 | 155 | 12.90% |
| Maintenance, Warehouse, Custodians and Crossing Guards | 48 | 48 | 48 | 48 | 48 | 48 | 51 | 51 | 51 | 49 | -2.04% |
| Total Supporting Staff | 250 | 250 | 250 | 269 | 267 | 260 | 263 | 245 | 225 | 221 | 13.12% |
| Total | 693 | 690 | 687 | 692 | 681 | 664 | 667 | 641 | 608 | 594 | 16.67% |

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

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

Arlington Heights School District 25

TEACHER BASE SALARIES

LAST TEN FISCAL YEARS

| <u>Fiscal Year</u> | | <u>Minimum Salary^a</u> | | <u>Maximum Salary^a</u> | | <u>Statewide Average Salary^b</u> |
|------------------------|----|---------------------------------------|----|---------------------------------------|----|---|
| 2001 | \$ | 31,938 | \$ | 74,815 | \$ | 47,929 |
| 2002 | | 32,997 | | 77,295 | | 49,702 |
| 2003 | | 33,921 | | 79,458 | | 51,672 |
| 2004 | | 34,871 | | 81,682 | | 54,446 |
| 2005 | | 35,830 | | 83,928 | | 55,558 |
| 2006 | | 36,815 | | 86,236 | | 56,685 |
| 2007 | | 37,906 | | 88,792 | | 58,275 |
| 2008 | | 39,043 | | 91,456 | | 60,871 |
| 2009 | | 40,215 | | 94,199 | | 62,137 |
| 2010 | | 41,439 | | 97,066 | | 63,296 |

Sources:

^a District records.

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

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