

**LEMONT-BROMBEREK COMBINED  
SCHOOL DISTRICT 113A  
LEMONT, ILLINOIS  
ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2010**

Report issued by:

**Dr. Tim Ricker  
Superintendent**

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**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
LEMONT, ILLINOIS  
ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2010**

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**INTRODUCTORY SECTION**

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**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
LEMONT, ILLINOIS  
JUNE 30, 2010**

**BOARD OF EDUCATION**

		Term Expires
Lisa Wright	President	2013
Kevin Doherty	Vice President	2013
Andreas Taylor	Secretary	2011
Janet Hughes	Member	2011
Karen Siston	Member	2013
Sue Murphy	Member	2011
John Wood	Member	2011

**DISTRICT ADMINISTRATION**

Tim Ricker	Superintendent
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**DEPARTMENT ISSUING REPORT**

Business Office

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**FINANCIAL SECTION**

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Superintendent of Schools and Board of Education  
Lemont-Bromberek Combined School District 113A  
Lemont, Illinois

### INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the fiduciary fund of Lemont-Bromberek Combined School District 113A 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 Lemont-Bromberek Combined School District 113A's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As discussed in Note I, Lemont-Bromberek Combined School District 113A prepares its financial statements on the cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position-cash basis of the governmental activities, each major fund, the aggregate remaining fund information, and the fiduciary fund of Lemont-Bromberek Combined School District 113A as of June 30, 2010, and the respective changes in financial position-cash basis, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with the basis of accounting described in Note I.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2010, on our consideration of Lemont-Bromberek Combined School District 113A's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules of funding progress on pages iv - xvi and 29 - 30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lemont-Bromberek Combined School District 113A's financial statements as a whole. The introductory section, combining and individual fund financial statements and schedules, and supplementary information section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual fund financial statements and schedules, supplementary information and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole. The introductory section 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.

Mulcahy, Pauritsch, Salvando: Co, LTD

Orland Park, Illinois  
October 15, 2010

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

as of and for the fiscal year ended June 30, 2010

The Annual Financial Report of Lemont-Bromberk Combined School District 113A, 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 and is presented in a manner designed to fairly set forth the financial position and results of operations of the School District as measured by the financial status incorporated within this report.

As management of Lemont-Bromberk CSD113A, (the District), we offer readers of the District's Annual Financial Report this narrative and analysis of the financial activities of the District for the fiscal year ended June 30, 2010.

### **Financial Highlights**

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$10,625,357 (net assets).
- Governmental activities have unrestricted net assets of \$(1,563,827). The balance of the net assets is restricted for various purposes and, therefore, is not available for funding general activities.
- The total net assets of the District decreased by \$2,576,319 during fiscal year 2010.
- Fund balance of the District's governmental funds decreased by \$1,325,298 resulting in an ending fund balance of \$2,214,350.
- During the current fiscal year, the fund balance in the District's General Fund increased by \$2,384,248 resulting in a fund deficit of \$(1,886,770).

### **Overview of the Financial Statements**

Management's discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements presented on pages 1 - 28 are comprised of three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

### **Government-wide Financial Statements**

The government-wide financial statements are designed to provide the reader of the District's Annual Financial Report a broad overview of the financial activities in a manner similar to a private sector business. The government-wide financial statements include the statement of net assets arising from cash transactions and the statement of activities arising from cash transactions.

The statement of net assets arising from cash transactions presents information about all of the District's assets and liabilities as reported using the cash basis of accounting. The difference between assets and liabilities is reported as net assets. Over time, changes 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 arising from cash transactions presents information showing how the net assets of the District changed during the current fiscal year. Changes in net assets are recorded in the statement of activities using the cash basis of accounting.

The cash basis of accounting is described in the notes to basic financial statements.

Both of the government-wide financial statements distinguish functions of the District that are supported from taxes and intergovernmental revenues (governmental activities). Governmental activities consolidate governmental funds including general, special revenue, debt service and capital projects funds.

The government-wide financial statements can be found on pages 1 - 2 of this report.

### **Fund Financial Statements**

Fund financial statements are designed to demonstrate compliance with finance-related requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. Fund financial statements for the District include governmental and fiduciary funds.

Governmental funds account for essentially the same information reported in the governmental activities of the government-wide financial statements. However, unlike the government-wide statements, the governmental fund financial statements focus on near-term financial resources and fund balances. Such information may be useful in evaluating the financing requirements in the near term.

Since the governmental funds and the governmental activities report information using the same functions, it is useful to compare the information presented. Because the focus of each report differs, reconciliation is provided in the fund financial statements to assist the reader in comparing the near-term requirements with the long-term needs.

The District maintains seven different governmental funds and subfunds. The major funds are the General Fund and the Debt Services Fund. They are presented separately in the fund financial statements with the remaining nonmajor governmental funds combined into a single aggregated presentation labeled other governmental funds. Individual fund information for the nonmajor funds is presented in the combining and individual fund financial statements and schedules section of this report.

The District adopts an annual appropriated budget for each of the governmental funds. A budgetary comparison schedule for the General Fund is included in the fund financial statements section of this report to demonstrate compliance with the adopted budget. The remaining governmental funds budgetary comparisons are reported in the combining and individual fund financial statements and schedules section of this report.

The basic governmental fund financial statements can be found of pages 3-9 of this report.

## **Notes to Financial Statements**

The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes can be found on pages 10-28 of this report.

### **Government-wide Financial Analysis**

The assets of the District are classified as cash and investments and capital assets. Cash and investments are available to provide resources for the near-term operations of the District.

Capital assets are used in the operations of the District. These are land, buildings, improvements, and equipment. Capital assets are discussed in greater detail in the section titled, Capital Assets and Debt Administration, elsewhere in this analysis.

Current and noncurrent liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include tax anticipation warrants. Noncurrent liabilities, such as long-term debt obligations, will be liquidated from resources that will become available after fiscal 2011.

The assets of the District's activities exceed liabilities by \$10,625,357 with an unrestricted net assets balance of \$(1,563,827). Total net assets of the District do not include internal balances.

A net investment of \$8,605,963 in land, buildings, improvements, and equipment, less any related debt used to acquire those assets that is still outstanding, to provide the services to the District's 2,528 public school students represents 81% percent of the District's net assets. Net assets of \$3,583,221 accumulated through bonded debt property tax levy assessments have been restricted to provide resources to liquidate the current general obligation bond principal and related interest payments.

Lemont-Bromberek CSD113A  
 Net Assets  
 as of June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<b>Assets:</b>		
Current assets	\$ 8,807,570	\$ 3,539,648
Capital assets	<u>26,276,569</u>	<u>28,438,979</u>
Total assets	<u>35,084,139</u>	<u>31,978,627</u>
<b>Liabilities:</b>		
Current liabilities	7,663,789	1,106,345
Noncurrent liabilities	<u>16,794,993</u>	<u>17,670,606</u>
Total liabilities	<u>24,458,782</u>	<u>18,776,951</u>
<b>Net assets, as restated for 2009:</b>		
Invested in capital assets, net of related debt	8,605,963	9,662,028
Restricted	3,583,221	3,199,708
Unrestricted	<u>(1,563,827)</u>	<u>339,940</u>
Total net assets	<u>\$ 10,625,357</u>	<u>\$ 13,201,676</u>

## Government-wide Activities

Governmental activities decreased the net assets of the District by \$2,576,319.

Lemont-Bromberek CSD113A  
Changes in Net Assets  
for the fiscal years ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Revenues:		
Program revenues:		
Charges for services	\$ 894,213	\$ 775,475
Operating grants, contributions and personnel reimbursement	5,500,271	4,512,152
Capital grants	0	304,347
General revenues:		
Property taxes	20,763,335	18,896,224
Personal property replacement taxes	281,977	339,601
General state aid	1,048,870	884,554
Unrestricted investment earnings	13,281	62,269
Other revenues	<u>403,884</u>	<u>9,774</u>
Total revenues	<u>28,905,831</u>	<u>25,784,396</u>
Expenses:		
Governmental activities:		
Instructional	18,345,061	17,321,121
Support services	0	8,332,634
Pupil support	4,067,986	0
Other support	3,414,900	0
Transportation	1,459,084	0
Administration	1,793,898	0
Interest	<u>2,401,221</u>	<u>2,093,123</u>
Total expenses	<u>31,482,150</u>	<u>27,746,878</u>
Decrease in net assets, as restated for 2009	<u>(2,576,319)</u>	<u>(1,962,482)</u>
Net assets at beginning of year	13,201,676	14,843,394
Prior period adjustment	<u>0</u>	<u>320,764</u>
Beginning of the year, restated	<u>13,201,676</u>	<u>15,164,158</u>
Net assets at end of year	<u>\$ 10,625,357</u>	<u>\$ 13,201,676</u>

Key elements of the increase in net assets for governmental activities are as follows:

- Property taxes increased by \$1,867,111 (9.88 percent) during the year. The increase in property taxes is the result of an increase in equalized assessed valuation, partly driven by increased new construction property valuation.

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

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's new resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$2,214,350, a decrease of \$1,325,298 in comparison with the prior year.

The unreserved fund deficit for the District at the end of the fiscal year included a combination of an unreserved deficit in the General Fund of \$(1,886,770) and an unreserved fund balance of \$517,899 from the other governmental funds. Reserved fund balance indicates that it is not available for new spending because it has already been committed 1) to pay debt service, or 2) for a variety of other restricted purposes.

The General Fund is the chief operating fund of the District.

The Debt Services Fund has adequate resources accumulated when added to the collection of the second installment of property taxes in September to make the December, 2010 principal and interest payments. The property tax levy used to accumulate resources for the 2011 principal and interest payments was certified in September, 2010.

### **General Fund Budgetary Highlights**

The District was required to file a deficit reduction plan with the State Board of Education.

During the 2009-2010 school year, the administration and the Board of Education approved \$631,797 in budget reductions. The plan for the next three years was filed and approved by the State Board of Education. The plan included \$3,565,614 in employee and non-employee budget reductions for FY2011. There is an additional reduction of \$670,000 being reviewed for FY2012. The budget for FY2011 is balanced and the projection is to eliminate deficit fund balances by FY2013.



Listed are some challenges that the District will be experiencing:

Revenue:

- Locally our revenue will not increase at the same rate as our expenditures due to the Consumer Price Index (CPI). The CPI will be used in the PTELL calculation for our 2010 levy. Given that a majority of our revenue is received locally, low CPI will force the District's Administration to make some tough financial recommendations.
- State funding continues to be problematic. Promised state revenue for programs which have been implemented has not been fully received by the District. This has forced the District to use local funds to pay for these state programs. With the poor financial history of the State, the District will need to continue to evaluate the implementation and acceptance of State grant awarded programs.
- While federal funding is currently financially optimistic, with the elimination of the ARRA funds, the District will experience revenue shortfalls at the end of fiscal year 2011.

All of the above have been addressed in the balanced budget for FY2011.

Expenses:

- Salaries – The District just completed impact bargaining with the custodial/maintenance staff and bus drivers. The current teachers' contract ends in June of 2011. Contract negotiations will begin with the teachers in fall of 2010 on a new contract.
- Benefits – Medical insurance continues to be an issue. The insurance committee, along with the Board and administration, will continue to evaluate employee benefits in an effort to reduce costs to the District and employees.
- Capital Outlay – Technology – All purchases have been put on hold.
- Capital Outlay – Facilities – The implementation of the District's ten year facility plan has been put on hold, with the exception of those projects that are categorized as Health Life Safety projects.

The original budget as passed by the board of education was amended during the year.

Excluding the State's on behalf payment, actual revenue was \$703,684 higher than the final budget. Expenditures, excluding on behalf expenditures, were \$189,127 higher than the final budget in the General Fund.

**Capital Assets and Debt Administration**

*Capital Assets.* The District's investment in capital assets for its governmental activities as of June 30, 2010 amounts to \$26,276,569 (net of accumulated depreciation). This investment in capital assets included land, buildings, improvements, and equipment. The total decrease in the District's investment in capital assets for the current fiscal year was \$2,162,410.

Major capital asset events during the current fiscal year included the following:

- There were no major capital asset projects during the 2009-2010 school year.

Lemont-Bromberek CSD113A  
 Capital Assets (net of accumulated depreciation)  
 As of June 30, 2010 and 2009

	Government-wide	
	2010	2009
Land	\$ 1,507,280	\$ 1,507,280
Land improvements	11,964	13,389
Buildings and improvements	24,394,336	25,934,301
Equipment	362,989	961,343
Transportation equipment	0	22,666
 Total capital assets	 \$ 26,276,569	 \$ 28,438,979

Additional information on the District's capital assets can be found in the notes to financial statements.

*Long-term Debt.* At June 30, 2010, the District had total bonded debt outstanding of \$16,700,606, backed by the full faith and credit of the District.

The District carries an A- rating from Standard & Poor's Corporation.

**Economic Factors and Next Year's Budget**

The District is a consolidated elementary (K-8) school district in Lemont 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 services areas within Lemont, Woodridge, Downers Grove and Darien. Based on the legislative authority codified in The School Code of Illinois, 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.

**Local District Economy**

Approximately 77% of the District's Assessed Valuation is residential, 22% commercial, and 1% industrial, with no farmland. The District has many small businesses but few major corporations. The area within the District is almost thoroughly saturated with very few projects planned.

**For the Future**

Enrollment in 2009-2010 was slightly lower than 2008-2009. Looking forward, it is estimated that the 2010-1011 enrollment will be 3-4% lower than 2009-2010. The District continues to struggle with balancing ever-increasing costs with decreasing revenue sources. Additionally, unfulfilled state financial promises force the District to make difficult financial and educational decisions. Though the District has had a limited financial base, student achievement has been strong, especially when considered within the context of class sizes that are higher than the state average and benchmark

districts at every grade level. However, ever-growing class sizes and the elimination of personnel, educational programs and extracurricular activities in adherence with our Financial Plan will have a substantial negative impact on our District's ability to continue to provide an adequate educational program.

### **Major Initiatives**

The focus points below represent the consensus developed through a community engagement process called District Dialogue. Implementation of these recommendations will be a significant factor in moving District 113A from "good" to "great".

### **Guiding Values/Focus Points**

1. The District's mission statement should be strengthened by reflecting the following areas: student focus; technology; and parent and community involvement.
2. Educational programs and services must be available to help ALL District 113A students succeed.
3. Staff access to continued quality training, professional development and resources is essential to increase student achievement.
4. Provide age-appropriate up-to-date technology to enhance student learning.
5. Improve District facilities to provide an optimal learning environment for students.
6. Students deserve a safe and secure learning environment with consistent discipline in which to learn.
7. Continue to improve and enhance communications and community involvement.
8. Keep the community involved and informed about the District's financial future.

### **Mission**

District 113A, educators, parents, students and community members share the responsibility to create a safe, supportive and enjoyable learning environment. All students will be challenged to grow academically, physically, socially and emotionally to become learners for life as well as productive and responsible citizens. This shall be achieved through visionary leadership, innovation, sound management and effective utilization of our talents and resources.

### **Strategic Policies**

#### **Curriculum and Instruction**

District curriculum is aligned with the State Goals for Learning as well as national content area standards. All curricular areas are reviewed and evaluated within an established cycle (which has been suspended since 2009-2010 as part of the District's state-approved Financial Plan). The curriculum addresses student needs, reflects current research, facilitates the development of skills for life-long learning, is comprehensive, and, where possible, provides elective subjects and extracurricular activities that represent sensitivity to and appreciation of the unique characteristics and needs of the student population it serves, including students of different races, sexes, cultures, religions, and socio-economic backgrounds, as well as students with special educational needs and talents.

In planning for instruction in all content areas, administrators, curriculum leaders and teachers are also responsive to the Applications of Learning established by the state: 1) Solving Problems; 2)

Communicating; 3) Using Technology; 4) Working on Teams; and 5) Making Connections. Through Applications of Learning, students demonstrate and deepen their understanding of basic knowledge and skills. These applied learning skills cross academic disciplines and reinforce the important learning of the disciplines. The ability to use these skills will greatly influence students' success in school, in the workplace and in the community.

Technology is a tool used to enhance learning, productivity and communication. The District strives to implement 21<sup>st</sup> century learning environments with the resources and training that are available.

### **Personnel/Climate**

The District recruits highly qualified candidates and selects personnel on the basis of established criteria which are grounded in effective teacher research. A strong mentor program ensures that new educators are focused on the development of skills and knowledge that are outlined in the Illinois Professional Teaching Standards and in the District's standards for professional practice. This induction initiative provides the framework for new teachers to become reflective practitioners who use their experience and the study of best practice as the basis for growth as professionals. It is through the mentor program, ongoing professional development and collaboration that teachers build capacity to provide high quality instruction.

### **School-Community Relations**

The District shall promote positive collaborative relationships and provide ongoing opportunities for community involvement between parents and staff to strengthen the bond between home and school, and support and encourage the education of each child.

### **Leadership/Organization/Management**

The District shall select, evaluate, and professionally support and develop building and central office administrators so they possess the knowledge, skills, experience and vision necessary to effectively manage and lead our District and its buildings, departments, programs and activities.

### **Finance**

The District expenditures shall reflect community priorities, as expressed in the District's guiding values, mission, strategic policies, and long and short range plans. Programs and services shall be initiated only when such analysis indicates that the District can support the program or service on an on-going, long-term basis.

The guiding values, mission and strategic policies shall be accompanied by long and short range plans, to be reviewed and revised on an as needed basis. Such plans shall be consistent with the guiding values and strategic policies, and shall facilitate accomplishment of the District's mission.

Areas of emphasis in the 2010-2011 objectives are:

- Objective 1: Balance the FY2011 budget with expenditure reductions.
- Objective 2: Place an \$8,000,000.00 Working Cash Bond referendum on the November 2, 2010 general election ballot for the public.
- Objective 3: Implement and follow financial policies for fund balances and cash on hand requirements.

Objective 4: Build fund balances over three years so as not to use short-term borrowing vehicles to cover cash flow.

### **Internal Accounting and Budgetary Control**

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that: (1) the cost of a control should not exceed the benefits likely to be derived; (2) the valuation of costs and benefits requires 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, described earlier, 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. The results of the District's single audit for the fiscal year ended June 30, 2010, provided no instances of significant violations of 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 the 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 monthly basis. This monthly report compares each line item account balance to the annual budget with accumulation to the cost center, fund and total District levels.

As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

Property taxes are the most significant revenue source of the District. The four factors that affect property tax revenues are equalized assessed value (EAV), levy extension, maximum rates, and the Property Tax Extension Limitation Act.

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 \$1.288 billion represents an increase of approximately 12.4% from 2008.

The Board of Education approves a levy in dollars to meet the District's operating needs for the fiscal year following the levy year. Unless requested not to do so, the County Clerk extends the levy by 1% to cover "loss and costs".

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 maximum approved tax rates to the extent as allowed by the Property Tax Extension Limitation Act. Of the funds that have maximum tax rates, none of them are at their maximum rates.

Real estate tax bills in DuPage County, Illinois are payable in two installments, with the second payment falling due and payable after the close of the fiscal year. The first was due in June, 2010 and was one-half of the 2009 tax bill. The second installment is due in September, 2010 after the close of the fiscal year. Real estate tax bills in Cook County, Illinois are payable in two installments. The first is normally due in March, 2010 and represents 55% of the 2009 tax bill. The second installment is due in October, 2010. Tax collections are expected to exceed 98% of the extended levy. Allocations of the 2009 property tax levy for fiscal year 2010 and the preceding two fiscal years are as follows:

Fund Type	<u>2009</u>	<u>2008</u>	<u>2007</u>
General	1.1646	1.1896	1.3008
Special Revenue	0.0895	0.0729	0.0667
Debt Service	0.2965	0.2882	0.2963
Capital Projects	0.0000	0.0000	0.0000
Total Tax Rate	1.5506	1.5507	1.6638
Collection/Levy	47.41%	99.73%	99.79%

### Closing Statement

It is our intention that this 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.

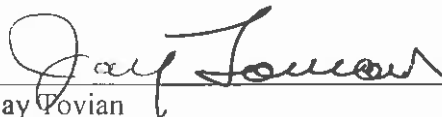
The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of all the members of the Business Office who assisted in the closing of the District's financial records and the preparation of this report.

We would also like to thank Lisa Wright, President of the Board of Education and the members of the Board of Education for their interest and support in planning and conducting the financial operations of the District for the 2009/2010 fiscal year.

Respectfully submitted,



\_\_\_\_\_  
Tim Ricker  
Superintendent of Schools



\_\_\_\_\_  
Jay Povian  
Interim Treasurer

### **Requests for Information**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Office of Interim Treasurer  
Lemont-Bromberek CSD113A  
16100 127<sup>th</sup> Street  
Lemont, Illinois 60439

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**BASIC FINANCIAL STATEMENTS**

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**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
STATEMENT OF NET ASSETS  
ARISING FROM CASH TRANSACTIONS  
GOVERNMENTAL ACTIVITIES  
JUNE 30, 2010**

**ASSETS**

Equity in pooled cash and investments	\$ 8,807,570
Capital assets not being depreciated:	
Land	1,507,280
Capital assets, net of accumulated depreciation:	
Land improvements	11,964
Building and improvements	24,394,336
Equipment	<u>362,989</u>
Total assets	<u>35,084,139</u>

**LIABILITIES**

Tax anticipation warrants	6,593,220
Noncurrent liabilities:	
Due within one year	1,070,569
Due in more than one year	<u>16,794,993</u>
Total liabilities	<u>24,458,782</u>

**NET ASSETS**

Invested in capital assets, net of related debt	8,605,963
Restricted for debt service	3,583,221
Unrestricted	<u>(1,563,827)</u>
Total net assets	<u>\$ 10,625,357</u>

See notes to basic financial statements.

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A**  
**STATEMENT OF ACTIVITIES**  
**ARISING FROM CASH TRANSACTIONS**  
**YEAR ENDED JUNE 30, 2010**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	
Functions/programs:				
Governmental activities:				
Instructional	\$ 18,345,061	\$ 874,116	\$ 4,810,891	\$ (12,660,054)
Pupil support	4,067,986	-	-	(4,067,986)
Other support	3,414,900	-	-	(3,414,900)
Transportation	1,459,084	20,097	689,380	(749,607)
Administration	1,793,898	-	-	(1,793,898)
Interest expense	2,401,221	-	-	(2,401,221)
Total governmental activities	\$ 31,482,150	\$ 894,213	\$ 5,500,271	(25,087,666)
General revenues:				
Taxes:				
Property				20,763,335
Personal property replacement				281,977
General state aid				1,048,870
Earnings on investments				13,281
Other income				403,884
Total general revenues				22,511,347
Change in net assets				(2,576,319)
Net assets at beginning of year:				
As previously reported				11,860,630
Prior period adjustment				1,341,046
As restated				13,201,676
Net assets at end of year				\$ 10,625,357

See notes to basic financial statements.

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**FUND FINANCIAL STATEMENTS**

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A**  
**STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES (DEFICIT)**  
**ARISING FROM CASH TRANSACTIONS - GOVERNMENTAL FUNDS**  
**JUNE 30, 2010**

<b>ASSETS</b>	<b>General</b>	<b>Debt Services</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
Equity in pooled cash and investments	<u>\$ 4,706,450</u>	<u>\$ 3,583,221</u>	<u>\$ 517,899</u>	<u>\$ 8,807,570</u>
<b>LIABILITIES AND FUND BALANCES (DEFICIT)</b>				
Liabilities:				
Tax anticipation warrants	<u>\$ 6,593,220</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,593,220</u>
Fund balances (deficit):				
Reserved for debt service	-	3,583,221	-	3,583,221
Unreserved, reported in:				
General Fund	(1,886,770)	-	-	(1,886,770)
Special revenue funds	<u>-</u>	<u>-</u>	<u>517,899</u>	<u>517,899</u>
Total fund balances (deficit)	<u>(1,886,770)</u>	<u>3,583,221</u>	<u>517,899</u>	<u>2,214,350</u>
Total liabilities and fund balances (deficit)	<u>\$ 4,706,450</u>	<u>3,583,221</u>	<u>\$ 517,899</u>	<u>\$ 8,807,570</u>

See notes to basic financial statements.



**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF ASSETS,  
LIABILITIES AND FUND BALANCES (DEFICIT) ARISING FROM CASH TRANSACTIONS  
TO THE STATEMENT OF NET ASSETS ARISING FROM CASH TRANSACTIONS  
YEAR ENDED JUNE 30, 2010**

Total fund balances - governmental funds	\$	2,214,350
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		26,276,569
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Long-term liabilities, including bonds payable, are not due and payable in the current year and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

Bonds payable	\$	(17,670,606)
Other postemployment benefits obligation		<u>(194,956)</u>

Total		<u>(17,865,562)</u>
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Total net assets - governmental activities	\$	<u>10,625,357</u>
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See notes to basic financial statements.

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
STATEMENT OF REVENUES RECEIVED, EXPENDITURES PAID  
AND CHANGES IN FUND BALANCES (DEFICIT) ARISING FROM  
CASH TRANSACTIONS - GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2010**

	<u>General</u>	<u>Debt Services</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Local sources:				
Property taxes	\$ 15,833,175	\$ 3,885,767	\$ 1,044,393	\$ 20,763,335
Investment income	7,172	5,312	797	13,281
Other	<u>1,559,723</u>	<u>-</u>	<u>20,351</u>	<u>1,580,074</u>
Total local sources	<u>17,400,070</u>	<u>3,891,079</u>	<u>1,065,541</u>	<u>22,356,690</u>
State sources:				
General state aid	359,106	-	500,000	859,106
Grants-in-aid	<u>923,420</u>	<u>-</u>	<u>689,380</u>	<u>1,612,800</u>
Total state sources	<u>1,282,526</u>	<u>-</u>	<u>1,189,380</u>	<u>2,471,906</u>
Federal sources:				
General state aid	189,764	-	-	189,764
Grants-in-aid	<u>1,079,157</u>	<u>-</u>	<u>-</u>	<u>1,079,157</u>
Total federal sources	<u>1,268,921</u>	<u>-</u>	<u>-</u>	<u>1,268,921</u>
On behalf revenues - payment by State of Illinois	<u>2,808,314</u>	<u>-</u>	<u>-</u>	<u>2,808,314</u>
Total revenues	<u>22,759,831</u>	<u>3,891,079</u>	<u>2,254,921</u>	<u>28,905,831</u>
Expenditures:				
Current:				
Instruction	16,641,140	-	227,468	16,868,608
Support services	6,969,271	-	1,884,098	8,853,369
Community services	11,226	-	10	11,236
Payments to other districts and government units	587,396	-	-	587,396
Capital outlay	397,607	-	5,347	402,954
Debt service:				
Principal	-	1,106,345	-	1,106,345
Interest	<u>-</u>	<u>2,401,221</u>	<u>-</u>	<u>2,401,221</u>
Total expenditures	<u>24,606,640</u>	<u>3,507,566</u>	<u>2,116,923</u>	<u>30,231,129</u>

See notes to basic financial statements.

	<u>General</u>	<u>Debt Services</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,846,809)</u>	<u>383,513</u>	<u>137,998</u>	<u>(1,325,298)</u>
Other financing sources (uses):				
Transfers in	5,492,942	-	1,261,885	6,754,827
Transfers out	<u>(1,261,885)</u>	<u>-</u>	<u>(5,492,942)</u>	<u>(6,754,827)</u>
Total other financing sources (uses)	<u>4,231,057</u>	<u>-</u>	<u>(4,231,057)</u>	<u>-</u>
Net change in fund balances (deficit)	2,384,248	383,513	(4,093,059)	(1,325,298)
Fund balances (deficit) at beginning of year	<u>(4,271,018)</u>	<u>3,199,708</u>	<u>4,610,958</u>	<u>3,539,648</u>
Fund balances (deficit) at end of year	<u>\$ (1,886,770)</u>	<u>\$ 3,583,221</u>	<u>\$ 517,899</u>	<u>\$ 2,214,350</u>

See notes to basic financial statements.

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT  
OF REVENUES RECEIVED, EXPENDITURES PAID AND CHANGES IN FUND  
BALANCES (DEFICIT) ARISING FROM CASH TRANSACTIONS TO THE STATEMENT  
OF ACTIVITIES ARISING FROM CASH TRANSACTIONS  
YEAR ENDED JUNE 30, 2010**

Total net change in fund balances - governmental funds \$ (1,325,298)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities arising from cash transactions the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$2,258,750) exceeded capitalized expenditures (\$96,340) in the current period. (2,162,410)

Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the governmental activities. 1,106,345

Certain expenses reported in the statement of activities arising from cash transactions do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (194,956)

Change in net assets of governmental activities \$ (2,576,319)

See notes to basic financial statements.

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
STATEMENT OF REVENUES RECEIVED, EXPENDITURES PAID AND  
CHANGES IN FUND DEFICITS ARISING FROM CASH TRANSACTIONS -  
BUDGET AND ACTUAL - GENERAL FUND  
YEAR ENDED JUNE 30, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Local sources:				
Property taxes	\$ 15,269,247	\$ 15,269,247	\$ 15,833,175	\$ 563,928
Investment income	16,500	16,500	7,172	(9,328)
Other	<u>1,491,000</u>	<u>1,491,000</u>	<u>1,559,723</u>	<u>68,723</u>
Total local sources	<u>16,776,747</u>	<u>16,776,747</u>	<u>17,400,070</u>	<u>623,323</u>
State sources:				
General state aid	1,082,076	392,312	359,106	(33,206)
Grants-in-aid	<u>951,707</u>	<u>951,707</u>	<u>923,420</u>	<u>(28,287)</u>
Total state sources	<u>2,033,783</u>	<u>1,344,019</u>	<u>1,282,526</u>	<u>(61,493)</u>
Federal sources:				
General state aid	-	189,764	189,764	-
Grants-in-aid	<u>726,151</u>	<u>937,303</u>	<u>1,079,157</u>	<u>141,854</u>
Total federal sources	<u>726,151</u>	<u>1,127,067</u>	<u>1,268,921</u>	<u>141,854</u>
On behalf revenues - payment by State of Illinois	<u>-</u>	<u>-</u>	<u>2,808,314</u>	<u>2,808,314</u>
Total revenues	<u>19,536,681</u>	<u>19,247,833</u>	<u>22,759,831</u>	<u>3,511,998</u>
Expenditures:				
Instruction	14,099,289	14,125,690	16,759,095	(2,633,405)
Support services	6,623,504	6,972,250	7,248,923	(276,673)
Community services	11,259	11,259	11,226	33
Payments to other districts and government units	<u>500,000</u>	<u>500,000</u>	<u>587,396</u>	<u>(87,396)</u>
Total expenditures	<u>21,234,052</u>	<u>21,609,199</u>	<u>24,606,640</u>	<u>(2,997,441)</u>
Deficiency of revenues under expenditures	<u>(1,697,371)</u>	<u>(2,361,366)</u>	<u>(1,846,809)</u>	<u>514,557</u>
Other financing sources (uses):				
Transfers in	5,053,309	5,492,942	5,492,942	-
Transfers out	<u>-</u>	<u>(1,261,885)</u>	<u>(1,261,885)</u>	<u>-</u>
Total other financing sources (uses)	<u>5,053,309</u>	<u>4,231,057</u>	<u>4,231,057</u>	<u>-</u>
Net change in fund deficits	3,355,938	1,869,691	2,384,248	514,557
Fund deficits at beginning of year	<u>(4,271,018)</u>	<u>(4,271,018)</u>	<u>(4,271,018)</u>	<u>-</u>
Fund balance (deficits) at end of year	<u>\$ (915,080)</u>	<u>\$ (2,401,327)</u>	<u>\$ (1,886,770)</u>	<u>\$ 514,557</u>

See notes to basic financial statements.

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
ARISING FROM CASH TRANSACTIONS -  
STUDENT ACTIVITY AGENCY FUND  
JUNE 30, 2010**

**ASSETS**

Cash	<u>\$ 95,431</u>
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**LIABILITIES**

Due to student activity fund organizations	<u>\$ 95,431</u>
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See notes to basic financial statements.

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2010**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

Lemont-Bromberek Combined School District 113A is governed by the Board of Education and provides primary education, transportation, building maintenance and general administrative services.

These financial statements include the District and its component units, entities for which the District is considered to be financially accountable. At June 30, 2010, no entities were considered component units of the District.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets arising from cash transactions and the statement of activities arising from cash transactions) report information on all of the nonfiduciary activities of the District. *Governmental activities* are those that are primarily supported by taxes and intergovernmental revenues.

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the cash basis of accounting, as are the fiduciary fund financial statements. Under that basis, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred. That basis differs from accounting principles generally accepted in the United States of America primarily because the District has not recognized receivables from revenues such as property taxes, entitlements and investment income, and payables to personnel and vendors and their related effects on operations of the District in the accompanying financial statements.

Governmental fund financial statements are reported using the cash basis of accounting under guidelines prescribed by the Illinois State Board of Education. Accordingly, revenue is recognized and recorded when cash is received. In the same manner expenditures are recognized and recorded upon the disbursement of

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2010**

cash. Assets of a fund are only recorded when a right to receive cash exists arising from a previous cash transaction. In a similar manner, liabilities are recorded from previous cash transactions.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It is comprised of two subfunds: the Educational Fund and the Operations and Maintenance Fund. These subfunds account for activities that are not specifically accounted for in other funds. The Educational Fund accounts for the direct costs of instruction, health, lunch programs and all costs of administration. The Operations and Maintenance Fund accounts for all costs of maintaining, improving or repairing school buildings and property.

The Debt Services Fund is used to account for the accumulation of resources for the payment of long-term general obligation debt principal, interest and related costs.

Additionally, the District reports the following fiduciary fund type:

The Student Activity Fund (an agency fund) accounts for assets held by the District as an agent for the students and teachers. The fund is custodial in nature and does not involve the measurement of results of operations. The amounts due to the activity fund organizations are equal to the assets.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to students for goods or services provided, and 2) operating grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

**D. Assets, Liabilities and Net Assets or Equity**

**1. Deposits and Investments**

The Illinois statutes authorize the District to invest in U.S. government, State of Illinois and municipal securities; certificates of deposit or time savings deposits insured by the FDIC; mortgage notes, bonds or debentures issued by the Federal Housing Administration; bonds and other obligations of the Federal National Mortgage Association; and certain short-term obligations of U.S. corporations.

Cash and investments of the District are pooled into a common pooled account in order to maximize investment opportunities. Each fund whose monies are deposited into the pooled account has equity herein, and interest earned on the investment of these monies is allocated based upon relative equity at month end. An individual fund's equity in the pooled account is available upon demand and is considered to be a cash equivalent when preparing these financial statements. Each fund's portion of the pool is displayed on its

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respective balance sheet as "equity in pooled cash and investments." In addition, non-pooled cash and investments are separately held and reflected in the respective funds as "cash" and "investments."

Investments are reported at fair value which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price. Cash deposits are reported at carrying amount which reasonably estimates fair value. The reported value of the Illinois Funds and the Illinois Liquid Asset Funds is the same as the fair value of each Fund's shares.

**2. Capital Assets**

Capital assets, which include land, buildings and equipment, reported in the government-wide financial statements are defined by the District as assets with an initial, individual cost of more than \$1,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Land improvements, buildings and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	10-25
Buildings	25-40
Equipment	5-20

**3. 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 arising from cash transactions. 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 fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as an other financing source. 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.

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**4. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**5. Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses/expenditures. Actual results could differ from those estimates.

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

The budget is prepared on the cash basis of accounting for all governmental funds, which is an acceptable method as prescribed by the Illinois State Board of Education and is the same basis that is used for financial reporting. This allows for comparability between budget and actual amounts.

The budget appropriations lapse at the end of each fiscal year. The District utilizes an encumbrance system. The District follows these procedures in establishing the budgetary data reflected in the financial statements.

1. The administration submits to the Board of Education a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted and the proposed budget is available for inspection to obtain taxpayer comments.
3. Prior to September 30, the budget is legally adopted through passage of a resolution. Prior to the last Tuesday in December, a tax levy resolution is filed with the County Clerk to obtain tax revenues.
4. The Superintendent is authorized to transfer up to 10% of the total budget between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.
5. Formal budgetary integration is employed as a management control device during the year.
6. The Board of Education may amend the budget (in other ways) by the same procedures required of its original adoption.

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**B. Excess of Expenditures over Budget**

The following funds had an excess of actual expenditures over the budgeted amount for the year ended June 30, 2010:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Major governmental fund:			
General Fund subfunds:			
Educational Fund	\$ 19,486,885	\$ 22,218,293	\$ (2,731,408)
Operations and Maintenance Fund	2,122,314	2,388,347	(266,033)
Nonmajor governmental funds:			
Transportation Fund	1,357,312	1,459,084	(101,772)
Illinois Municipal Retirement Fund	653,891	657,839	(3,948)

The overexpenditure in the Educational Fund was funded by greater than anticipated revenues. The overexpenditure in the Operations and Maintenance Fund was funded by greater than anticipated revenues and available fund balance. The overexpenditure in the Transportation Fund was funded by available fund balance. The overexpenditure in the Illinois Municipal Retirement Fund was funded by greater than anticipated revenues.

**C. Fund Deficit**

The Educational Fund, a subfund of the General Fund, reported a fund deficit at June 30, 2010 of \$1,886,770.

**III. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

*Deposits*

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The District does not have a deposit policy for custodial credit risk. As of June 30, 2010, the District's bank balances of \$1,312,879 were covered by federal depository insurance.

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*Investments*

As of June 30, 2010, the District had the following investments:

<u>Type of Investment</u>	<u>Fair Value/ Carrying Amount</u>	<u>Average Credit Quality/ Ratings (1)</u>	<u>Weighted Average Years to Maturity (2)</u>
Pooled investments (3):			
Money market funds:			
Illinois Funds	\$ 208,727	AAAm	<1
Illinois School District Liquid Asset Fund - Max Class	6,339,865	AAAm	<1
Certificates of deposit	1,347,500	N/A	<1
Federal agency notes	<u>65,277</u>	AAAm	<1
Total	<u>\$ 7,961,369</u>		

- (1) Ratings are provided where applicable to indicate associated *Credit Risk*. N/A indicates not applicable.
- (2) *Interest Rate Risk* is estimated using weighted average years to maturity.
- (3) Pooled cash and investments are reported as *equity in pooled cash and investments*. Investments in the pool are not separately reported in the financial statements as ownership of investments cannot be assigned to individual funds, including fiduciary funds. Therefore, total investments will not agree to the financial statements.

*Investment Policies*

The District's investments are subject to the following risks:

*Concentration of credit risk* is the risk of loss attributed to the magnitude of the District's investment in a single issuer.

*Credit risk* is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

*Interest rate risk* is the risk that changes in interest rates will adversely affect the fair value of an investment.

*Custodial credit risk* for investments is the risk that, in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

The District does not have an investment policy for the above risks.

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**B. Property Taxes**

The District's property tax is levied each year on all taxable real property located in the District on or before the last day of December. The lien date for each levy is January 1. The Board of Education approved the 2009 levy on November 18, 2009. Property taxes are payable in two installments on June 1 and September 1 of the following year for DuPage County, and in February and October of the following year for Cook County. The District receives significant distributions of tax receipts approximately one month after these due dates.

**C. Interfund Transfers**

<u>Transfer from</u>	<u>Transfer to</u>	<u>Amount</u>
Nonmajor governmental fund: Working Cash Fund	Major governmental fund: General Fund - Educational Fund	\$ 5,492,942
Major governmental fund: General Fund - Educational Fund	Nonmajor governmental fund: Capital Projects Fund	<u>1,261,885</u>
Total		<u>\$ 6,754,827</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. Transfers are also used to move unrestricted revenues collected in certain funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**D. Capital Assets**

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Transfers</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,507,280	\$ -	\$ -	\$ 1,507,280
Capital assets, being depreciated:				
Land improvements	35,637	-	-	35,637
Building and improvements	38,499,119	-	-	38,499,119
Equipment	<u>5,427,320</u>	<u>96,340</u>	-	<u>5,523,660</u>
Total capital assets, being depreciated	<u>43,962,076</u>	<u>96,340</u>	-	<u>44,058,416</u>

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	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Transfers</u>	<u>Ending Balance</u>
Less accumulated depreciation for:				
Land improvements	(22,248)	(1,425)	-	(23,673)
Building and improvements	(12,564,818)	(1,539,965)	-	(14,104,783)
Equipment	<u>(4,443,311)</u>	<u>(717,360)</u>	<u>-</u>	<u>(5,160,671)</u>
Total accumulated depreciation	<u>(17,030,377)</u>	<u>(2,258,750)</u>	<u>-</u>	<u>(19,289,127)</u>
Total capital assets, being depreciated, net	<u>26,931,699</u>	<u>(2,162,410)</u>	<u>-</u>	<u>24,769,289</u>
Governmental activities capital assets, net	<u>\$ 28,438,979</u>	<u>\$ (2,162,410)</u>	<u>\$ -</u>	<u>\$ 26,276,569</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
Instructional	\$ 1,358,498
Pupil support	91,281
Other support	785,849
Administration	<u>23,122</u>
Total depreciation expense - governmental activities	<u>\$ 2,258,750</u>

**E. Tax Anticipation Warrants**

On October 29, 2009, the District issued \$5,858,000 of tax anticipation warrants, which were repaid on December 30, 2009.

On December 15, 2009, the District issued \$3,490,000 of tax anticipation warrants, which were repaid on April 13, 2010.

On May 24, 2010, the District issued \$6,593,220 of tax anticipation warrants which are to be repaid on February 1, 2011 at an interest rate of 1.75%.

Tax anticipation warrant activity for the year ended June 30, 2010 was as follows:

<u>Beginning Balance</u>	<u>Additions</u>	<u>Repayments</u>	<u>Ending Balance</u>
<u>\$ -</u>	<u>\$ 15,941,220</u>	<u>\$ (9,348,000)</u>	<u>\$ 6,593,220</u>



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**F. Long-term Debt**

Long-term debt as of June 30, 2010 is summarized as follows:

Issue December 27, 1995  
Capital Appreciation Bonds

<u>Fiscal Year Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 936,420	\$ 2,548,580	\$ 3,485,000
2012	900,543	2,759,457	3,660,000
2013	923,812	3,176,188	4,100,000
2014	888,251	3,416,749	4,305,000
2015	854,009	3,665,991	4,520,000
2016	<u>875,481</u>	<u>4,184,519</u>	<u>5,060,000</u>
Total	<u>\$ 5,378,516</u>	<u>\$ 19,751,484</u>	<u>\$ 25,130,000</u>

Denomination	\$5,000
Bonds due each year	December 1st
Interest date	December 1st
Interest rate	9%
Total original issue	\$16,358,467

Issue February 1, 2001  
General Obligation Limited Tax Bond, Series 2001A

<u>Fiscal Year Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 80,000	\$ 45,180	\$ 125,180
2012	80,000	41,500	121,500
2013	80,000	37,820	117,820
2014	85,000	33,940	118,940
2015	85,000	29,860	114,860
2016	90,000	25,660	115,660
2017	90,000	21,250	111,250
2018	90,000	16,750	106,750
2019	95,000	12,125	107,125
2020	95,000	7,375	102,375
2021	<u>100,000</u>	<u>2,500</u>	<u>102,500</u>
Total	<u>\$ 970,000</u>	<u>\$ 273,960</u>	<u>\$ 1,243,960</u>

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Denomination	\$5,000
Bonds due each year	December 1st
Interest dates	December 1st and June 1st
Interest rates	3.50% - 5%
Total original issue	\$1,625,000

Issue - February 15, 2001  
General Obligation Limited Tax Bond, Series 2001B

<u>Fiscal</u> <u>Year Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 54,149	\$ 31,681	\$ 85,830
2012	54,149	35,851	90,000
2013	50,053	40,222	90,275
2014	47,670	42,748	90,418
2015	47,670	47,418	95,088
2016	45,287	49,713	95,000
2017	41,980	54,985	96,965
2018	41,980	60,292	102,272
2019	40,230	63,144	103,374
2020	38,481	65,811	104,292
2021	<u>36,730</u>	<u>68,268</u>	<u>104,998</u>
Total	<u>\$ 498,379</u>	<u>\$ 560,133</u>	<u>\$ 1,058,512</u>

Denomination	\$5,000
Bonds due each year	December 1st
Interest date	December 1st
Interest rates	3.5% - 5.0%
Total original issue	\$1,068,071

Issue February 15, 2001  
General Obligation Capital Appreciation School Bonds, Series 2001D

<u>Fiscal</u> <u>Year Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,814,204	\$ 2,440,796	\$ 4,255,000
2017	1,754,728	2,590,272	4,345,000
2018	1,836,096	2,963,904	4,800,000
2019	<u>1,082,294</u>	<u>1,792,706</u>	<u>2,875,000</u>
Total	<u>\$ 6,487,322</u>	<u>\$ 9,787,678</u>	<u>\$ 16,275,000</u>

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
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Denomination	\$5,000
Bonds due each year	December 1st
Interest date	December 1st
Interest rates	5.0% - 5.29%
Total original issue	\$6,914,760

Issue January 9, 2002

General Obligation Capital Appreciation School Bonds, Series 2002

<u>Fiscal Year Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 705,490	\$ 1,319,510	\$ 2,025,000
2020	1,733,181	3,271,819	5,005,000
2021	<u>1,897,718</u>	<u>3,767,282</u>	<u>5,665,000</u>
Total	<u>\$ 4,336,389</u>	<u>\$ 8,358,611</u>	<u>\$ 12,695,000</u>

Denomination	\$5,000
Bonds due each year	December 1st
Interest date	December 1st
Interest rates	5.2% - 5.3%
Original issue	\$4,336,389

\$3,583,221 is available in the Debt Services Fund to service the above bonds payable.

Total annual debt service requirements to maturity for all debt outstanding are as follows:

<u>Fiscal Year Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 1,070,569	\$ 2,625,441	\$ 3,696,010
2012	1,034,692	2,836,808	3,871,500
2013	1,053,865	3,254,230	4,308,095
2014	1,020,921	3,493,437	4,514,358
2015	986,679	3,743,269	4,729,948
2016	2,824,972	6,700,688	9,525,660
2017	1,886,708	2,666,507	4,553,215
2018	1,968,076	3,040,946	5,009,022
2019	1,923,014	3,187,485	5,110,499
2020	1,866,662	3,345,005	5,211,667
2021	<u>2,034,448</u>	<u>3,838,050</u>	<u>5,872,498</u>
Total	<u>\$ 17,670,606</u>	<u>\$ 38,731,866</u>	<u>\$ 56,402,472</u>

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Long-term liability activity for the year ended June 30, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General obligation bond	\$ 1,045,000	\$ -	\$ 75,000	\$ 970,000	\$ 80,000
Capital appreciation bonds	17,731,951	-	1,031,345	16,700,606	990,569
Other postemployment benefits obligation	-	194,956	-	194,956	-
<b>Total</b>	<b><u>\$ 18,776,951</u></b>	<b><u>\$ 194,956</u></b>	<b><u>\$ 1,106,345</u></b>	<b><u>\$ 17,865,562</u></b>	<b><u>\$ 1,070,569</u></b>

**IV. OTHER INFORMATION**

**A. Risk Management**

The District is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions; and workers' compensation. The District has purchased commercial insurance to cover all risks of loss related to general liability, auto liability, property damage, theft and workers' compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**B. Employee Retirement Systems and Plans**

**1. Teachers' Retirement System of the State of Illinois**

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

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

TRS members include all active nonannuitants 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 employees by their 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 2008.

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

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*On-behalf contributions to TRS.* The State of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2010, 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 \$2,710,916 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2009 and 2008, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 17.08 percent (\$1,923,527) and 13.11 percent (\$967,143), respectively.

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

*2.2 formula contributions.* Employers contribute 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 \$67,251. Contributions for the years ended June 30, 2009 and 2008 were \$65,318 and \$59,675, respectively.

*Federal and special 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 2008, the employer 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 \$82,383 were paid from federal and trust funds that required employer contributions of \$19,261. For the years ended June 30, 2009 and 2008, required District contributions were \$8,427 and \$5,711, 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.

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 2008, the District paid \$58,387 and \$50,560 in employer ERO contributions, respectively.

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*Salary increases 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 \$45,480 to TRS for employer contributions due on salary increases in excess of 6 percent. For the years ended June 30, 2009 and 2008, the District paid \$0 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 \$4,116 to TRS for sick leave days granted in the excess of the normal annual allotment. For the years ended June 30, 2009 and 2008, the District paid \$0 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, IL 62794-9253. The most current report is also available on the TRS Web site at [trs.illinois.gov](http://trs.illinois.gov).

## **2. Illinois Municipal Retirement Fund**

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

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 YEAR ENDED JUNE 30, 2010**

*Funding Policy.* As set by statute, the District's plan members are required to contribute 4.5 percent of their annual covered salary. The statutes require employers 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 9.24 percent of annual covered payroll. The District also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

*Annual Pension Cost.* For the fiscal year ending December 31, 2009, the District's annual pension cost of \$268,092 for the Regular plan was equal to the District's required and actual contributions.

**Three-Year Trend Information for the Regular Plan**

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/09	\$ 268,092	100 %	\$ -
12/31/08	263,201	100	-
12/31/07	243,283	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% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of 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% corridor between the actuarial 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 December 31, 2007 was 23 years.

*Funded Status and Funding Progress.* As of December 31, 2009, the most recent actuarial valuation date, the Regular plan was 74.56 percent funded. The actuarial accrued liability for benefits was \$6,052,977 and the actuarial value of assets was \$4,513,085, resulting in an underfunded actuarial accrued liability (UAAL) of \$1,539,892. The covered payroll (annual payroll of active employees covered by the plan) was \$2,901,434 and the ratio of the UAAL to the covered payroll was 53 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% 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.

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2010**

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

**3. Social Security**

Employees not qualifying for coverage under the 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. The District paid \$229,395, the total required contribution for the current year.

**4. Postretirement Health Plan**

*Plan Description.* The Postretirement Health Plan (PHP) is a single-employer defined benefit healthcare plan administered by the District. The District provides limited health care and life insurance coverage for its eligible retired employees. Such coverage is provided for retired employees until they reach age 65. The District does not issue a stand alone report for PHP.

*Funding Policy.* The contribution requirements are established by the District, using an actuarial study that is based on projected pay-as-you-go financing. For fiscal year 2010, the District contributed \$84,235 to the plan. Plan members receiving benefits contributed \$0.

*Annual OPEB Cost and Net OPEB Obligation.* The District's annual other postemployment benefits (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 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to PHP:

Annual required contribution	\$ 279,191
Interest on net OPEB obligation	-
Adjustment to annual required contribution	<u>-</u>
Annual OPEB cost (expense)	279,191
Contributions made	<u>84,235</u>
Change in net OPEB obligation	194,956
Net OPEB obligation at beginning of year	<u>-</u>
Net OPEB obligation at end of year	<u>\$ 194,956</u>



**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2010**

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2010 were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/10	\$ 279,191	30.2 %	\$ 194,956

*Funded Status and Funding Progress.* As of June 30, 2010, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$1,806,943, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,806,943. The covered payroll (annual payroll of active employees covered by the plan) and the ratio of the UAAL to covered payroll was not available at June 30, 2010.

Actuarial valuations of an ongoing plan involve 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 basic 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.

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members). The actuarial 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.

In the June 30, 2010 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 3 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 6 percent initially, reduced by decrements to an ultimate rate of 5 percent. The UAAL is being amortized as a level percentage of projected pay on an open basis. The remaining amortization period at June 30, 2010 was 30 years.

**5. Teacher Health Insurance Security Fund**

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

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2010**

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. The Illinois Department of Healthcare and Family Services (HFS) and the Illinois Department of Central Management Services (CMS) administer the plan with the cooperation of TRS. 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 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 THIS Fund.* The State of Illinois makes employer retiree health insurance contributions on behalf of the District. State contributions are intended to match contributions to THIS Fund from active members which were 0.84 percent of pay during the year ended June 30, 2010. State of Illinois contributions were \$97,398, 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 2008 were also 0.84 percent of pay. State contributions on behalf of District employees were \$94,600 and \$86,425, respectively.

*Employer contributions to THIS Fund.* The District also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.63 percent during the years ended June 30, 2010, 2009 and 2008. For the year ended June 30, 2010, the District paid \$73,049 to the THIS Fund. For the years ended June 30, 2009 and 2008, the District paid \$70,950 and \$73,900 to the THIS Fund, respectively, which was 100 percent of the required contribution.

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

**D. Tort Immunity Expenditures**

Tort immunity expenditures for the year ended June 30, 2010 are summarized as follows:

Workers' compensation	\$	140,965
Unemployment compensation		11,269
Liability insurance		<u>68,529</u>
Total	\$	<u>220,763</u>

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2010**

**E. Concentration**

Substantially all nonmanagement employees are covered under a collective bargaining agreement that expires in June, 2011.

**F. Subsequent Events**

Effective July 1, 2010, the District changed its basis of accounting to the accrual basis for government-wide reporting and the modified accrual basis for fund reporting.

Management has evaluated subsequent events through October 15, 2010, which is the date the financial statements were available to be issued.

**G. Prior Period Adjustment**

Net assets in the government-wide financial statements have been adjusted as of the beginning of the year to correct overstatements of long-term obligations made in prior years. Had these obligations not been overstated, the change in net assets in the government-wide financial statements for the year ended June 30, 2009 would have been increased by \$1,020,282.

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**REQUIRED SUPPLEMENTARY INFORMATION**

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
 REQUIRED SUPPLEMENTARY INFORMATION -  
 ILLINOIS MUNICIPAL RETIREMENT FUND  
 JUNE 30, 2010**

**SCHEDULE OF FUNDING PROGRESS**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
December 31, 2009	\$ 4,513,085	\$ 6,052,977	\$ 1,539,892	74.56 %	\$ 2,901,434	53.07 %
December 31, 2008	4,109,673	5,457,784	1,348,111	75.30	2,785,199	48.40
December 31, 2007	4,717,421	5,045,250	327,829	93.50	2,485,019	13.19

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
 REQUIRED SUPPLEMENTARY INFORMATION -  
 POSTRETIREMENT HEALTH PLAN  
 JUNE 30, 2010**

**SCHEDULE OF FUNDING PROGRESS**

<u>Actuarial Valuation Date (1)</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
June 30, 2010	\$ 0	\$ 1,806,943	\$ 1,806,943	0.00 %	N/A	N/A

**EMPLOYER CONTRIBUTIONS**

<u>Year Ended</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>
June 30, 2010	\$ 279,191	30.2%

N/A - Information not available

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**COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES**

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**MAJOR GOVERNMENTAL FUNDS**

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**GENERAL FUND**

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**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
GENERAL FUND  
COMBINING SCHEDULE OF ASSETS, LIABILITIES AND FUND  
BALANCE (DEFICITS) ARISING FROM CASH TRANSACTIONS  
JUNE 30, 2010**

	<u>Educational</u>	<u>Operations and Maintenance</u>	<u>Totals</u>
<b>ASSETS</b>			
Equity in pooled cash and investments	<u>\$ 4,148,598</u>	<u>\$ 557,852</u>	<u>\$ 4,706,450</u>
<b>LIABILITIES AND FUND BALANCE (DEFICITS)</b>			
Liabilities:			
Tax anticipation warrants	\$ 6,593,220	\$ -	\$ 6,593,220
Fund balance (deficits):			
Unreserved	<u>(2,444,622)</u>	<u>557,852</u>	<u>(1,886,770)</u>
Total liabilities and fund balances (deficits)	<u>\$ 4,148,598</u>	<u>\$ 557,852</u>	<u>\$ 4,706,450</u>

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
GENERAL FUND  
COMBINING SCHEDULE OF REVENUES RECEIVED, EXPENDITURES PAID AND  
CHANGES IN FUND BALANCE (DEFICITS) ARISING FROM CASH TRANSACTIONS  
YEAR ENDED JUNE 30, 2010**

	<u>Educational</u>	<u>Operations and Maintenance</u>	<u>Totals</u>
<b>Revenues:</b>			
Local sources:			
Property taxes	\$ 13,747,141	\$ 2,086,034	\$ 15,833,175
Investment income	6,641	531	7,172
Other	<u>1,438,104</u>	<u>121,619</u>	<u>1,559,723</u>
Total local sources	<u>15,191,886</u>	<u>2,208,184</u>	<u>17,400,070</u>
State sources:			
General state aid	359,106	-	359,106
Grants-in-aid	<u>923,420</u>	<u>-</u>	<u>923,420</u>
Total state sources	<u>1,282,526</u>	<u>-</u>	<u>1,282,526</u>
Federal sources:			
General state aid	189,764	-	189,764
Grants-in-aid	<u>1,079,157</u>	<u>-</u>	<u>1,079,157</u>
Total federal sources	<u>1,268,921</u>	<u>-</u>	<u>1,268,921</u>
On behalf revenues	<u>2,808,314</u>	<u>-</u>	<u>2,808,314</u>
Total revenues	<u>20,551,647</u>	<u>2,208,184</u>	<u>22,759,831</u>
<b>Expenditures:</b>			
Instruction	<u>16,759,095</u>	<u>-</u>	<u>16,759,095</u>
Support services:			
Pupils	1,102,108	-	1,102,108
Instructional staff	1,208,780	-	1,208,780
General administration	803,917	-	803,917
School administration	905,928	-	905,928
Business	<u>839,843</u>	<u>2,388,347</u>	<u>3,228,190</u>
Total support services	<u>4,860,576</u>	<u>2,388,347</u>	<u>7,248,923</u>
Community services	<u>11,226</u>	<u>-</u>	<u>11,226</u>
Payments to other districts and government units	<u>587,396</u>	<u>-</u>	<u>587,396</u>
Total expenditures	<u>22,218,293</u>	<u>2,388,347</u>	<u>24,606,640</u>



	<u>Educational</u>	<u>Operations and Maintenance</u>	<u>Totals</u>
Deficiency of revenues under expenditures	<u>(1,666,646)</u>	<u>(180,163)</u>	<u>(1,846,809)</u>
Other financing sources (uses):			
Transfers in	5,492,942	-	5,492,942
Transfers out	<u>(1,261,885)</u>	<u>-</u>	<u>(1,261,885)</u>
Total other financing sources (uses)	<u>4,231,057</u>	<u>-</u>	<u>4,231,057</u>
Net change in fund balance (deficits)	2,564,411	(180,163)	2,384,248
Fund balance (deficits) at beginning of year	<u>(5,009,033)</u>	<u>738,015</u>	<u>(4,271,018)</u>
Fund balance (deficits) at end of year	<u>\$ (2,444,622)</u>	<u>\$ 557,852</u>	<u>\$ (1,886,770)</u>

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**EDUCATIONAL FUND**

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
EDUCATIONAL FUND  
SCHEDULE OF REVENUES RECEIVED, EXPENDITURES PAID AND  
CHANGES IN FUND DEFICITS ARISING FROM CASH TRANSACTIONS  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Local sources:				
Property taxes	\$ 13,432,156	\$ 13,432,156	\$ 13,747,141	\$ 314,985
Investment income	15,000	15,000	6,641	(8,359)
Other	<u>1,201,000</u>	<u>1,201,000</u>	<u>1,438,104</u>	<u>237,104</u>
Total local sources	<u>14,648,156</u>	<u>14,648,156</u>	<u>15,191,886</u>	<u>543,730</u>
State sources:				
General state aid	1,082,076	392,312	359,106	(33,206)
Grants-in-aid	<u>951,707</u>	<u>951,707</u>	<u>923,420</u>	<u>(28,287)</u>
Total state sources	<u>2,033,783</u>	<u>1,344,019</u>	<u>1,282,526</u>	<u>(61,493)</u>
Federal sources:				
General state aid	-	189,764	189,764	-
Grants-in-aid	<u>726,151</u>	<u>937,303</u>	<u>1,079,157</u>	<u>141,854</u>
Total federal sources	<u>726,151</u>	<u>1,127,067</u>	<u>1,268,921</u>	<u>141,854</u>
On behalf revenues	<u>-</u>	<u>-</u>	<u>2,808,314</u>	<u>2,808,314</u>
Total revenues	<u>17,408,090</u>	<u>17,119,242</u>	<u>20,551,647</u>	<u>3,432,405</u>
Expenditures:				
Instruction	<u>14,099,289</u>	<u>14,125,690</u>	<u>16,759,095</u>	<u>(2,633,405)</u>
Support services:				
Pupils	1,111,454	1,131,854	1,102,108	29,746
Instructional staff	985,128	1,313,474	1,208,780	104,694
General administration	723,389	723,389	803,917	(80,528)
School administration	887,318	887,318	905,928	(18,610)
Business	<u>793,901</u>	<u>793,901</u>	<u>839,843</u>	<u>(45,942)</u>
Total support services	<u>4,501,190</u>	<u>4,849,936</u>	<u>4,860,576</u>	<u>(10,640)</u>

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Community services	<u>11,259</u>	<u>11,259</u>	<u>11,226</u>	<u>33</u>
Payments to other districts and government units	<u>500,000</u>	<u>500,000</u>	<u>587,396</u>	<u>(87,396)</u>
Total expenditures	<u>19,111,738</u>	<u>19,486,885</u>	<u>22,218,293</u>	<u>(2,731,408)</u>
Deficiency of revenues under expenditures	<u>(1,703,648)</u>	<u>(2,367,643)</u>	<u>(1,666,646)</u>	<u>700,997</u>
Other financing sources (uses):				
Transfers in	<u>5,053,309</u>	<u>5,492,942</u>	<u>5,492,942</u>	<u>-</u>
Transfers out	<u>-</u>	<u>(1,261,885)</u>	<u>(1,261,885)</u>	<u>-</u>
Total other financing sources (uses)	<u>5,053,309</u>	<u>4,231,057</u>	<u>4,231,057</u>	<u>-</u>
Net change in fund deficits	<u>3,349,661</u>	<u>1,863,414</u>	<u>2,564,411</u>	<u>700,997</u>
Fund deficits at beginning of year	<u>(5,009,033)</u>	<u>(5,009,033)</u>	<u>(5,009,033)</u>	<u>-</u>
Fund deficits at end of year	<u>\$ (1,659,372)</u>	<u>\$ (3,145,619)</u>	<u>\$ (2,444,622)</u>	<u>\$ 700,997</u>

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**OPERATIONS AND MAINTENANCE FUND**

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**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
OPERATIONS AND MAINTENANCE FUND  
SCHEDULE OF REVENUES RECEIVED, EXPENDITURES PAID AND  
CHANGES IN FUND BALANCES ARISING FROM CASH TRANSACTIONS  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Local sources:				
Property taxes	\$ 1,837,091	\$ 1,837,091	\$ 2,086,034	\$ 248,943
Investment income	1,500	1,500	531	(969)
Other	<u>290,000</u>	<u>290,000</u>	<u>121,619</u>	<u>(168,381)</u>
Total revenues	2,128,591	2,128,591	2,208,184	79,593
Expenditures:				
Support services:				
Business	<u>2,122,314</u>	<u>2,122,314</u>	<u>2,388,347</u>	<u>(266,033)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,277</u>	<u>6,277</u>	<u>(180,163)</u>	<u>(186,440)</u>
Other financing sources (uses):				
Transfers in	-	1,261,885	-	(1,261,885)
Transfers out	<u>-</u>	<u>(1,261,885)</u>	<u>-</u>	<u>1,261,885</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	6,277	6,277	(180,163)	(186,440)
Fund balances at beginning of year	<u>738,015</u>	<u>738,015</u>	<u>738,015</u>	<u>-</u>
Fund balances at end of year	<u>\$ 744,292</u>	<u>\$ 744,292</u>	<u>\$ 557,852</u>	<u>\$ (186,440)</u>

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**DEBT SERVICES FUND**

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**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
DEBT SERVICES FUND  
SCHEDULE OF REVENUES RECEIVED, EXPENDITURES PAID AND  
CHANGES IN FUND BALANCES ARISING FROM CASH TRANSACTIONS -  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2010**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Local sources:			
Property taxes	\$ 3,530,147	\$ 3,885,767	\$ 355,620
Investment income	<u>2,000</u>	<u>5,312</u>	<u>3,312</u>
Total revenues	<u>3,532,147</u>	<u>3,891,079</u>	<u>358,932</u>
Expenditures:			
Debt service:			
Principal	1,108,345	1,106,345	2,000
Interest	<u>2,423,802</u>	<u>2,401,221</u>	<u>22,581</u>
Total expenditures	<u>3,532,147</u>	<u>3,507,566</u>	<u>24,581</u>
Excess of revenues over expenditures	-	383,513	383,513
Fund balances at beginning of year	<u>3,199,708</u>	<u>3,199,708</u>	<u>-</u>
Fund balances at end of year	<u>\$ 3,199,708</u>	<u>\$ 3,583,221</u>	<u>\$ 383,513</u>

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**NONMAJOR GOVERNMENTAL FUNDS**

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
 COMBINING STATEMENT OF ASSETS AND FUND BALANCES  
 ARISING FROM CASH TRANSACTIONS -  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2010**

	Special Revenue				Total
	Transportation	Illinois Municipal Retirement	Working Cash	Capital Projects	Nonmajor Governmental Funds
<b>ASSETS</b>					
Equity in pooled cash and investments	<u>\$ 317,674</u>	<u>\$ 200,225</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 517,899</u>
 <b>FUND BALANCES</b>					
Unreserved, reported in: Special revenue funds	<u>\$ 317,674</u>	<u>\$ 200,225</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 517,899</u>



**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
COMBINING STATEMENT OF REVENUES RECEIVED, EXPENDITURES PAID  
AND CHANGES IN FUND BALANCES (DEFICITS) ARISING FROM  
CASH TRANSACTIONS - NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2010**

	<u>Special Revenue</u>			<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Transportation</u>	<u>Illinois Municipal Retirement</u>	<u>Working Cash</u>		
<b>Revenues:</b>					
<b>Local sources:</b>					
Property taxes	\$ 416,799	\$ 627,594	\$ -	\$ -	\$ 1,044,393
Investment income	398	399	-	-	797
Other	<u>20,351</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,351</u>
Total local sources	<u>437,548</u>	<u>627,993</u>	<u>-</u>	<u>-</u>	<u>1,065,541</u>
<b>State sources:</b>					
General state aid	-	500,000	-	-	500,000
Grants-in-aid	<u>689,380</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>689,380</u>
Total state sources	<u>689,380</u>	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>1,189,380</u>
Total revenues	<u>1,126,928</u>	<u>1,127,993</u>	<u>-</u>	<u>-</u>	<u>2,254,921</u>
<b>Expenditures:</b>					
Instruction	-	227,468	-	-	227,468
Support services	1,459,084	430,361	-	-	1,889,445
Community services	<u>-</u>	<u>10</u>	<u>-</u>	<u>-</u>	<u>10</u>
Total expenditures	<u>1,459,084</u>	<u>657,839</u>	<u>-</u>	<u>-</u>	<u>2,116,923</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(332,156)</u>	<u>470,154</u>	<u>-</u>	<u>-</u>	<u>137,998</u>
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	1,261,885	1,261,885
Transfers out	<u>-</u>	<u>-</u>	<u>(5,492,942)</u>	<u>-</u>	<u>(5,492,942)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(5,492,942)</u>	<u>1,261,885</u>	<u>(4,231,057)</u>
Net change in fund balances (deficits)	(332,156)	470,154	(5,492,942)	1,261,885	(4,093,059)
Fund balances (deficits) at beginning of year	<u>649,830</u>	<u>(269,929)</u>	<u>5,492,942</u>	<u>(1,261,885)</u>	<u>4,610,958</u>
Fund balances at end of year	<u>\$ 317,674</u>	<u>\$ 200,225</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 517,899</u>

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**SPECIAL REVENUE FUNDS**

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**TRANSPORTATION FUND**

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**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
TRANSPORTATION FUND  
SCHEDULE OF REVENUES RECEIVED, EXPENDITURES PAID AND  
CHANGES IN FUND BALANCES ARISING FROM CASH TRANSACTIONS -  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2010**

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
Revenues:			
Local sources:			
Property taxes	\$ 366,914	\$ 416,799	\$ 49,885
Investment income	1,000	398	(602)
Other	60,000	20,351	(39,649)
Total local sources	427,914	437,548	9,634
State sources:			
Grants-in-aid	730,000	689,380	(40,620)
Total revenues	1,157,914	1,126,928	(30,986)
Expenditures:			
Support services:			
Business	1,357,312	1,459,084	(101,772)
Deficiency of revenues under expenditures	(199,398)	(332,156)	(132,758)
Fund balances at beginning of year	649,830	649,830	-
Fund balances at end of year	\$ 450,432	\$ 317,674	\$ (132,758)

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**ILLINOIS MUNICIPAL RETIREMENT FUND**

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**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
ILLINOIS MUNICIPAL RETIREMENT FUND  
SCHEDULE OF REVENUES RECEIVED, EXPENDITURES PAID AND  
CHANGES IN FUND DEFICITS ARISING FROM CASH TRANSACTIONS -  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>				
Local sources:				
Property taxes	\$ 552,260	\$ 552,260	\$ 627,594	\$ 75,334
Investment income	<u>500</u>	<u>500</u>	<u>399</u>	<u>(101)</u>
Total local sources	552,760	552,760	627,993	75,233
State sources:				
General state aid	<u>-</u>	<u>500,000</u>	<u>500,000</u>	<u>-</u>
Total revenues	<u>552,760</u>	<u>1,052,760</u>	<u>1,127,993</u>	<u>75,233</u>
<b>Expenditures:</b>				
Instruction	<u>224,710</u>	<u>224,710</u>	<u>227,468</u>	<u>(2,758)</u>
Support services				
Pupils	41,025	41,025	38,179	2,846
Instructional staff	54,405	54,405	56,430	(2,025)
General administration	15,140	15,140	12,084	3,056
School administration	50,855	50,855	49,052	1,803
Business	<u>267,756</u>	<u>267,756</u>	<u>274,616</u>	<u>(6,860)</u>
Total support services	<u>429,181</u>	<u>429,181</u>	<u>430,361</u>	<u>(1,180)</u>
Community services	<u>-</u>	<u>-</u>	<u>10</u>	<u>(10)</u>
Total expenditures	<u>653,891</u>	<u>653,891</u>	<u>657,839</u>	<u>(3,948)</u>
Excess (deficiency) of revenues over (under) expenditures	(101,131)	398,869	470,154	71,285
Fund deficits at beginning of year	<u>(269,929)</u>	<u>(269,929)</u>	<u>(269,929)</u>	<u>-</u>
Fund balances (deficit) at end of year	<u>\$ (371,060)</u>	<u>\$ 128,940</u>	<u>\$ 200,225</u>	<u>\$ 71,285</u>

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**WORKING CASH FUND**

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**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
 WORKING CASH FUND  
 SCHEDULE OF OTHER FINANCING USES AND CHANGES IN FUND BALANCES  
 ARISING FROM CASH TRANSACTIONS - BUDGET AND ACTUAL  
 YEAR ENDED JUNE 30, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Other financing uses:				
Transfers out	\$ (5,053,309)	\$ (5,492,942)	\$ (5,492,942)	\$ -
Fund balances at beginning of year	<u>5,492,942</u>	<u>5,492,942</u>	<u>5,492,942</u>	<u>-</u>
Fund balances at end of year	<u>\$ 439,633</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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**CAPITAL PROJECTS FUND**

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**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
 CAPITAL PROJECTS FUND  
 SCHEDULE OF OTHER FINANCING SOURCES AND CHANGES IN FUND DEFICITS  
 ARISING FROM CASH TRANSACTIONS - BUDGET AND ACTUAL  
 YEAR ENDED JUNE 30, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Other financing sources:				
Transfers in	\$ -	\$ 1,261,885	\$ 1,261,885	\$ -
Fund deficits at beginning of year	<u>(1,261,885)</u>	<u>(1,261,885)</u>	<u>(1,261,885)</u>	<u>-</u>
Fund deficits at end of year	<u>\$ (1,261,885)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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**SUPPLEMENTARY INFORMATION**

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**SCHEDULE OF EXPENDITURES PAID - ACTUAL AND BUDGET**

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A**  
**SCHEDULE OF EXPENDITURES PAID - ACTUAL AND BUDGET**  
**YEAR ENDED JUNE 30, 2010**

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>	<u>Supplies and Materials</u>
<b>Educational Fund:</b>				
<b>Instruction:</b>				
Regular programs	\$ 7,016,349	\$ 3,191,126	\$ 33,906	\$ 350,248
Special education programs	1,626,642	100,358	61,880	5,622
Interscholastic programs	107,868	1,853	770	4,255
Gifted school programs	251,214	23,551	-	16,800
Bilingual programs	264,407	35,714	400	123
On behalf expenditures	<u>-</u>	<u>2,808,314</u>	<u>-</u>	<u>-</u>
Total instruction	<u>9,266,480</u>	<u>6,160,916</u>	<u>96,956</u>	<u>377,048</u>
<b>Support services:</b>				
<b>Pupils:</b>				
Attendance and social work services	259,065	29,436	-	-
Guidance services	170,209	19,867	-	-
Health services	152,086	244	200	3,764
Psychological services	160,286	20,378	-	-
Speech pathology and audiology services	<u>197,054</u>	<u>23,506</u>	<u>63,503</u>	<u>2,510</u>
Total pupils	<u>938,700</u>	<u>93,431</u>	<u>63,703</u>	<u>6,274</u>
<b>Instructional staff:</b>				
Improvement of instruction services	319,498	12,919	272,755	3,229
Educational media services	247,281	15,393	40	31,302
Assessment and testing	<u>-</u>	<u>-</u>	<u>26,711</u>	<u>-</u>
Total instructional staff	<u>566,779</u>	<u>28,312</u>	<u>299,506</u>	<u>34,531</u>
<b>General administration:</b>				
Board of Education services	-	-	475,886	1,723
Executive administration services	<u>263,941</u>	<u>30,551</u>	<u>10,434</u>	<u>3,225</u>
Total general administration	<u>263,941</u>	<u>30,551</u>	<u>486,320</u>	<u>4,948</u>
<b>School administration:</b>				
Office of the principal services	<u>824,145</u>	<u>76,425</u>	<u>1,000</u>	<u>920</u>



<u>Capital Outlay</u>	<u>Other Objects</u>	<u>Non- Capitalized Equipment</u>	<u>Termination Benefits</u>	<u>Totals</u>		<u>Variance - Positive (Negative)</u>
				<u>Actual</u>	<u>Budget</u>	
\$ 17,650	\$ 4,297	\$ -	\$ -	\$ 10,613,576	\$ 10,873,570	\$ 259,994
-	824,994	-	-	2,619,496	2,596,080	(23,416)
-	10,405	-	-	125,151	127,435	2,284
-	349	-	-	291,914	232,937	(58,977)
-	-	-	-	300,644	295,668	(4,976)
-	-	-	-	2,808,314	-	(2,808,314)
<u>17,650</u>	<u>840,045</u>	<u>-</u>	<u>-</u>	<u>16,759,095</u>	<u>14,125,690</u>	<u>(2,633,405)</u>
-	-	-	-	288,501	289,732	1,231
-	-	-	-	190,076	189,868	(208)
-	-	-	-	156,294	157,876	1,582
-	-	-	-	180,664	182,412	1,748
-	-	-	-	286,573	311,966	25,393
-	-	-	-	1,102,108	1,131,854	29,746
241,914	-	-	-	850,315	947,727	97,412
37,738	-	-	-	331,754	364,732	32,978
-	-	-	-	26,711	1,015	(25,696)
<u>279,652</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,208,780</u>	<u>1,313,474</u>	<u>104,694</u>
-	13,397	-	-	491,006	401,713	(89,293)
-	4,760	-	-	312,911	321,676	8,765
-	18,157	-	-	803,917	723,389	(80,528)
-	3,438	-	-	905,928	887,318	(18,610)

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**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
SCHEDULE OF EXPENDITURES PAID - ACTUAL AND BUDGET  
YEAR ENDED JUNE 30, 2010**

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>	<u>Supplies and Materials</u>
<b>Business:</b>				
Direction of business support services	152,193	11,699	23,413	258
Fiscal services	88,042	-	-	-
Food service	<u>38,124</u>	<u>998</u>	<u>513,099</u>	<u>11,767</u>
Total business	<u>278,359</u>	<u>12,697</u>	<u>536,512</u>	<u>12,025</u>
Total support services	<u>2,871,924</u>	<u>241,416</u>	<u>1,387,041</u>	<u>58,698</u>
Community services	<u>760</u>	<u>-</u>	<u>9,705</u>	<u>761</u>
<b>Payments to other districts and government units:</b>				
Payments for special education programs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Educational Fund	<u>\$ 12,139,164</u>	<u>\$ 6,402,332</u>	<u>\$ 1,493,702</u>	<u>\$ 436,507</u>
<b>Operations and Maintenance Fund:</b>				
Support services:				
Business:				
Operation and maintenance of plant services	<u>\$ 875,751</u>	<u>\$ 279,846</u>	<u>\$ 613,025</u>	<u>\$ 519,170</u>
<b>Debt Services Fund:</b>				
Debt service:				
Principal	\$ -	\$ -	\$ -	\$ -
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Debt Services Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Transportation Fund:</b>				
Support services:				
Business:				
Pupil transportation services	<u>\$ 598,339</u>	<u>\$ 46,564</u>	<u>\$ 654,346</u>	<u>\$ 154,488</u>

<u>Capital Outlay</u>	<u>Other Objects</u>	<u>Non- Capitalized Equipment</u>	<u>Termination Benefits</u>	<u>Totals</u>		<u>Variance - Positive (Negative)</u>
				<u>Actual</u>	<u>Budget</u>	
-	250	-	-	187,813	178,096	(9,717)
-	-	-	-	88,042	88,042	-
-	-	-	-	563,988	527,763	(36,225)
-	250	-	-	839,843	793,901	(45,942)
279,652	21,845	-	-	4,860,576	4,849,936	(10,640)
-	-	-	-	11,226	11,259	33
-	587,396	-	-	587,396	500,000	(87,396)
<u>\$ 297,302</u>	<u>\$ 1,449,286</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,218,293</u>	<u>\$ 19,486,885</u>	<u>\$ (2,731,408)</u>
<u>\$ 100,305</u>	<u>\$ 250</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,388,347</u>	<u>\$ 2,122,314</u>	<u>\$ (266,033)</u>
\$ -	\$ 1,106,345	\$ -	\$ -	\$ 1,106,345	\$ 1,108,345	\$ 2,000
-	2,401,221	-	-	2,401,221	2,423,802	22,581
<u>\$ -</u>	<u>\$ 3,507,566</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,507,566</u>	<u>\$ 3,532,147</u>	<u>\$ 24,581</u>
<u>\$ 5,347</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,459,084</u>	<u>\$ 1,357,312</u>	<u>\$ (101,772)</u>

(Continued)

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
SCHEDULE OF EXPENDITURES PAID - ACTUAL AND BUDGET  
YEAR ENDED JUNE 30, 2010**

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>	<u>Supplies and Materials</u>
<b>Illinois Municipal Retirement Fund:</b>				
<b>Instruction:</b>				
Regular programs	\$ -	\$ 117,790	\$ -	\$ -
Special education programs	-	92,925	-	-
Other programs	-	16,753	-	-
	<u>-</u>	<u>16,753</u>	<u>-</u>	<u>-</u>
Total instruction	<u>-</u>	<u>227,468</u>	<u>-</u>	<u>-</u>
<b>Support services:</b>				
<b>Pupils:</b>				
Attendance and social work services	-	4,178	-	-
Guidance services	-	2,468	-	-
Health services	-	26,352	-	-
Psychological services	-	2,324	-	-
Speech pathology and audiology services	-	2,857	-	-
	<u>-</u>	<u>2,857</u>	<u>-</u>	<u>-</u>
Total pupils	<u>-</u>	<u>38,179</u>	<u>-</u>	<u>-</u>
<b>Instructional staff:</b>				
Improvement of instruction services	-	35,507	-	-
Educational media services	-	20,923	-	-
	<u>-</u>	<u>20,923</u>	<u>-</u>	<u>-</u>
Total instructional staff	<u>-</u>	<u>56,430</u>	<u>-</u>	<u>-</u>
<b>General administration:</b>				
Executive administration services	-	12,084	-	-
	<u>-</u>	<u>12,084</u>	<u>-</u>	<u>-</u>
<b>School administration:</b>				
Office of the principal services	-	49,052	-	-
	<u>-</u>	<u>49,052</u>	<u>-</u>	<u>-</u>
<b>Business:</b>				
Fiscal services	-	15,241	-	-
Operation and maintenance of plant services	-	157,049	-	-
Pupil transportation	-	102,326	-	-
	<u>-</u>	<u>102,326</u>	<u>-</u>	<u>-</u>
Total business	<u>-</u>	<u>274,616</u>	<u>-</u>	<u>-</u>
Total support services	<u>-</u>	<u>430,361</u>	<u>-</u>	<u>-</u>

<u>Capital Outlay</u>	<u>Other Objects</u>	<u>Non- Capitalized Equipment</u>	<u>Termination Benefits</u>	<u>Totals</u>		<u>Variance - Positive (Negative)</u>
				<u>Actual</u>	<u>Budget</u>	
\$ -	\$ -	\$ -	\$ -	\$ 117,790	\$ 114,900	\$ (2,890)
-	-	-	-	92,925	88,750	(4,175)
-	-	-	-	16,753	21,060	4,307
-	-	-	-	227,468	224,710	(2,758)
-	-	-	-	4,178	4,830	652
-	-	-	-	2,468	2,540	72
-	-	-	-	26,352	25,150	(1,202)
-	-	-	-	2,324	5,485	3,161
-	-	-	-	2,857	3,020	163
-	-	-	-	38,179	41,025	2,846
-	-	-	-	35,507	33,130	(2,377)
-	-	-	-	20,923	21,275	352
-	-	-	-	56,430	54,405	(2,025)
-	-	-	-	12,084	15,140	3,056
-	-	-	-	49,052	50,855	1,803
-	-	-	-	15,241	16,410	1,169
-	-	-	-	157,049	147,456	(9,593)
-	-	-	-	102,326	103,890	1,564
-	-	-	-	274,616	267,756	(6,860)
-	-	-	-	430,361	429,181	(1,180)

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
 SCHEDULE OF EXPENDITURES PAID - ACTUAL AND BUDGET  
 YEAR ENDED JUNE 30, 2010**

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>	<u>Supplies and Materials</u>
Community services	<u>-</u>	<u>10</u>	<u>-</u>	<u>-</u>
Total Illinois Municipal Retirement Fund	<u>\$ -</u>	<u>\$ 657,839</u>	<u>\$ -</u>	<u>\$ -</u>
Total expenditures	<u>\$ 13,613,254</u>	<u>\$ 7,386,581</u>	<u>\$ 2,761,073</u>	<u>\$ 1,110,165</u>

<u>Capital Outlay</u>	<u>Other Objects</u>	<u>Non- Capitalized Equipment</u>	<u>Termination Benefits</u>	<u>Totals</u>		<u>Variance - Positive (Negative)</u>
				<u>Actual</u>	<u>Budget</u>	
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10</u>	<u>-</u>	<u>(10)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 657,839</u>	<u>\$ 653,891</u>	<u>\$ (3,948)</u>
<u>\$ 402,954</u>	<u>\$ 4,957,102</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,231,129</u>	<u>\$ 27,152,549</u>	<u>\$ (3,078,580)</u>

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**SINGLE AUDIT SECTION**

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Superintendent of Schools and Board of Education  
Lemont-Bromberek Combined School District 113A  
Lemont, Illinois

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

We have audited the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the fiduciary fund of Lemont-Bromberek Combined School District 113A, as of and for the year ended June 30, 2010, which collectively comprise Lemont-Bromberek Combined School District 113A's basic financial statements and have issued our report thereon dated October 15, 2010. 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.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered Lemont-Bromberek Combined School District 113A's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lemont-Bromberek Combined School District 113A's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Lemont-Bromberek Combined School District 113A's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses (items 2010-1, 2010-4 and 2010-6).





A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies (items 2010-2, 2010-3, and 2010-5).

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Lemont-Bromberek Combined School District 113A's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2010-12.

Lemont-Bromberek Combined School District 113A's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Lemont-Bromberek Combined School District 113A's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the Superintendent of Schools, the Board of Education, others within the entity, the Illinois State Board of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Mulcahy, Paeritoch, Salvadori Co, LTD*

Orland Park, Illinois  
October 15, 2010



**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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Superintendent of Schools and Board of Education  
Lemont-Bromberek Combined School District 113A  
Lemont, Illinois

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

**Compliance**

We have audited Lemont-Bromberek Combined School District 113A's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. Lemont-Bromberek Combined School District 113A's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements referred to above is the responsibility of Lemont-Bromberek Combined School District 113A's management. Our responsibility is to express an opinion on the Lemont-Bromberek Combined School District 113A's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program identified in the accompanying schedule of findings and questioned costs occurred. An audit includes examining, on a test basis, evidence about Lemont-Bromberek Combined School District 113A's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Lemont-Bromberek Combined School District 113A's compliance with those requirements.

As described in item 2010-12 in the accompanying schedule of findings and questioned costs, Lemont-Bromberek Combined School District 113A did not comply with requirements regarding filing reports by the required due date, that are applicable to its federal award programs. Compliance with such requirements is necessary, in our opinion, for Lemont-Bromberek Combined School District 113A, to comply with the requirements applicable to their programs.

In our opinion, except for the noncompliance described in the preceding paragraph, Lemont-Bromberek Combined School District 113A, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs identified in the accompanying schedule of findings and questioned costs for the year ended June 30, 2010.





## Internal Control over Compliance

Management of Lemont-Bromberek Combined School District 113A is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered Lemont-Bromberek Combined School District 113A's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Lemont-Bromberek Combined School District 113A's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses in internal control over compliance and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2010-7 and 2010-10 to be material weaknesses.

A *significant deficiency in internal control over compliance*, is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2010-8, 2010-9, and 2010-11 to be significant deficiencies.

Lemont-Bromberek Combined School District 113A's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Lemont-Bromberek Combined School District 113A's responses, and accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the Superintendent of Schools, the Board of Education, management, the Illinois State Board of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Mulcsky, Pauritsch, Salvenda & Co, LTD*

Orland Park, Illinois  
October 15, 2010

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**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2010**

<u>Program</u>	<u>C.F.D.A. Number</u>	<u>Program #</u>	<u>Expenditures</u>
<b>U.S. Department of Education:</b>			
<b>Passed through Illinois State Board of Education:</b>			
ARRA - GSA - Education SFSF (M)	84.394	10-4850-00	142,323
ARRA - GSA - Government SFSF (M)	84.397	10-4870-00	47,441
Title I - Low Income	84.010	10-4300-00	76,420
Title II - Teacher Quality	84.367	10-4932-00	36,098
Title III - Lang Inst Prog-Limited Eng LIPLEP	84.365	10-4909-00	31,000
Title IV - Safe and Drug Free Schools	84.186	10-4400-00	4,871
IDEA Room & Board (M)	84.027	09-4625-XC	30,967
IDEA Room & Board (M)	84.027	10-4625-00	9,332
Technology Enhancing Education	84.318	10-4971-00	<u>569</u>
<b>Total Illinois State Board of Education</b>			<u><b>379,021</b></u>
<b>Passed through Southwest Cook County Cooperative:</b>			
ARRA - IDEA Flow Through (M)	84.391	10-4857-00	409,381
IDEA - Flow Through (M)	84.027	10-4620-00	520,925
Pre-School Flow Through (M)	84.173	10-4600-00	<u>18,423</u>
<b>Total Southwest Cook County Cooperative</b>			<u><b>948,729</b></u>
<b>Total U.S. Department of Education</b>			<u><b>1,327,750</b></u>
<b>U.S. Department of Agriculture:</b>			
<b>Passed through Illinois State Board of Education:</b>			
National School Lunch Program	10.555	09-4210-00	17,971
National School Lunch Program	10.555	10-4210-00	78,594
Commodities (non-cash)	10.555	01605800A2009	<u>20,117</u>
<b>Total U.S. Department of Agriculture</b>			<u><b>116,682</b></u>
<b>U.S. Department of Health and Human Services:</b>			
<b>Passed through Illinois Department of Healthcare     and Family Services:</b>			
Medicaid - Administrative Outreach	93.778	09-4900-00	5,939
Medicaid - Administrative Outreach	93.778	10-4900-00	<u>14,262</u>
<b>Total U.S. Department of Health and Human     Services</b>			<u><b>20,201</b></u>
<b>Total expenditures of federal awards</b>			<u><b>\$ 1,464,633</b></u>

(M) - Major program

See notes to schedule of expenditures of federal awards.

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2010**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Accounting**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Lemont-Bromberek Combined School District 113A (District) and is presented on the cash basis of accounting. The information presented in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**B. Relationship to Basic Financial Statements**

Federal financial assistance received is reflected in the District's financial statements within the General Fund as revenues received from federal sources.

**C. Non-Cash Assistance**

Non-cash assistance amounted to \$20,117 for commodities passed through the Illinois State Board of Education.

**D. Insurance in Effect**

Insurance in effect amounted to zero.

**E. Loan or Loan Guarantees**

Loan or loan guarantees amounted to zero.

**NOTE 2. SUBRECIPIENTS**

The District provided no federal awards to subrecipients.

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2010**

**Section I - Summary of Auditor's Results**

***Financial Statements***

Type of auditor's report issued: UNQUALIFIED

Internal control over financial reporting:

- Material weaknesses identified?   X   yes      no
- Significant deficiencies identified that are not considered to be material weaknesses?   X   yes      none reported
- Noncompliance material to financial statements noted?      yes   X   no

***Federal Awards***

Internal control over major programs:

- Material weaknesses identified?   X   yes      no
- Significant deficiencies identified that are not considered to be material weaknesses?   X   yes      none reported

Type of auditor's report issued on compliance for major programs: QUALIFIED

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?   X   yes      no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.394	ARRA - GSA - Education SFSF
84.397	ARRA - GSA - Government SFSF
84.027	IDEA - Room & Board
84.391	ARRA - IDEA Flow Through
84.027	IDEA - FLOW THROUGH
84.173	Pre-School Flow Through

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?   X   yes      no

**Lemont Bromberek CSD 113A**  
**07-016-113A-02**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ending June 30, 2010**

**SECTION II - FINANCIAL STATEMENT FINDINGS**

1. FINDING NUMBER:<sup>11</sup> 2010-1      2. THIS FINDING IS:       New       Repeat from Prior Year?  
Year originally reported? 2009

3. Criteria or specific requirement  
Bank accounts should be reconciled to the general ledger.

4. Condition  
The bank accounts are not reconciled to the general ledger.

5. Context<sup>12</sup>  
Misstatements or misappropriations could go undetected by management.

6. Effect  
The general ledger did not reflect the proper ending balance.

7. Cause  
Bank accounts were not reconciled to the general ledger on a monthly basis.

8. Recommendation  
Recommend that the bank accounts be reconciled to the general ledger on a monthly basis.

9. Management's response<sup>13</sup>  
Management agrees with the recommendation.

<b>For ISBE Review</b>	
Date: _____	Resolution Criteria Code Number: _____
Initials: _____	Disposition of Questioned Costs Code Letter: _____

<sup>11</sup> A suggested format for assigning reference numbers is to use the last two digits of the fiscal year being audited followed by a numeric sequence of findings. For example, findings identified and reported in the audit of fiscal year 2003 would be assigned a reference number of 02-01, 02-02, etc.

<sup>12</sup> Provide sufficient information for judging the prevalence and consequences of the finding, such as relation to universe of costs and/or number of items examined and quantification of audit findings in dollars.

<sup>13</sup> See paragraphs 5.18 through 5.20 and 7.38 through 7.42 of Government Auditing Standards for additional guidance on reporting management's response.



Lemont Bromberek CSD 113A  
07-016-113A-02  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ending June 30, 2010

SECTION II - FINANCIAL STATEMENT FINDINGS

1. FINDING NUMBER:<sup>11</sup> 2010-2 2. THIS FINDING IS:  New  Repeat from Prior Year?  
Year originally reported? 2009

3. Criteria or specific requirement

Documentation is missing for approval of pay rates and hiring eligibility.

4. Condition

Documentation is not maintained for payroll rates on non-salaried individuals and personnel files do not consistently include Form I-9 Employee Eligibility Verifications.

5. Context<sup>12</sup>

Audit testing revealed lack of documentation for payroll rates and inconsistencies in personnel files for employment eligibility.

6. Effect

Personnel could be paid at an incorrect rate and employees who are not eligible to work in the U.S. could be working at the District.

7. Cause

No system in place requiring documentation of approval of pay rates. Employment eligibility forms were not always filled out at commencement of employment.

8. Recommendation

Require documentation of approval for pay rates and require Employment Eligibility Verification Form I-9 be completed for all employees.

9. Management's response<sup>13</sup>

Management agrees with the recommendation.

For ISBE Review	
Date	Resolution Criteria Code Number
Initials	Disposition of Questioned Costs Code Letter

<sup>11</sup> A suggested format for assigning reference numbers is to use the last two digits of the fiscal year being audited followed by a numeric sequence of findings. For example, findings identified and reported in the audit of fiscal year 2003 would be assigned a reference number of 02-01, 02-02, etc.

<sup>12</sup> Provide sufficient information for judging the prevalence and consequences of the finding, such as relation to universe of costs and/or number of items examined and quantification of audit findings in dollars.

<sup>13</sup> See paragraphs 5.18 through 5.20 and 7.38 through 7.42 of Government Auditing Standards for additional guidance on reporting management's response.

Lemont Bromberek CSD 113A  
07-016-113A-02  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ending June 30, 2010

SECTION II - FINANCIAL STATEMENT FINDINGS

1. FINDING NUMBER:<sup>11</sup> 2010-3 2. THIS FINDING IS:  New  Repeat from Prior Year?  
Year originally reported? 2009

3. Criteria or specific requirement  
Preparation of financial statements.

4. Condition  
Management relies on its audit firm to prepare full financial statements in accordance with GASB Statement 34.

5. Context<sup>12</sup>  
Material adjusting journal entries were made to finalize the year end financial statements.

6. Effect  
Users of unaudited financial statements are not viewing statements in accordance with GASB Statement 34.

7. Cause  
Closing procedures do not include steps to accumulate and record GASB Statement 34 conversion adjustments.

8. Recommendation  
Management should implement procedures to record GASB Statement 34 adjustments.

9. Management's response<sup>13</sup>  
Management disagrees with the recommendation.

<b>For ISBE Review</b>	
Date: _____	Resolution Criteria Code Number: _____
Initials: _____	Disposition of Questioned Costs Code Letter: _____

<sup>11</sup> A suggested format for assigning reference numbers is to use the last two digits of the fiscal year being audited followed by a numeric sequence of findings. For example, findings identified and reported in the audit of fiscal year 2003 would be assigned a reference number of 02-01, 02-02, etc.

<sup>12</sup> Provide sufficient information for judging the prevalence and consequences of the finding, such as relation to universe of costs and/or number of items examined and quantification of audit findings in dollars.

<sup>13</sup> See paragraphs 5.18 through 5.20 and 7.38 through 7.42 of Government Auditing Standards for additional guidance on reporting management's response.

**Lemont Bromberek CSD 113A**  
**07-016-113A-02**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ending June 30, 2010**

**SECTION II - FINANCIAL STATEMENT FINDINGS**

1. FINDING NUMBER:<sup>11</sup> 2010-4      2. THIS FINDING IS:       New       Repeat from Prior Year?  
Year originally reported? \_\_\_\_\_

3. Criteria or specific requirement  
Cash disbursements processing should have evidence of approval and subsequent cancellation.

4. Condition  
Cash disbursements transactions were made without documentation of approval. Additionally, the District does not cancel invoices after processing.

5. Context<sup>12</sup>  
Certain cash disbursement transactions selected for testing did not have written documentation of approval for payment. Also, District does not physically cancel invoices after processing.

6. Effect  
Cash may be improperly expended and invoices could be double paid.

7. Cause  
Personnel responsible for invoice processing did not document their approval and the bookkeeping department does not cancel invoices after payment.

8. Recommendation  
We recommend that all cash disbursement transactions be approved by appropriate personnel and invoices marked "paid" after processing to avoid double payment.

9. Management's response<sup>13</sup>  
Management agrees with the recommendation.

<b>For ISBE Review</b>	
Date: _____	Resolution Criteria Code Number: _____
Initials: _____	Disposition of Questioned Costs Code Letter: _____

<sup>11</sup> A suggested format for assigning reference numbers is to use the last two digits of the fiscal year being audited followed by a numeric sequence of findings. For example, findings identified and reported in the audit of fiscal year 2003 would be assigned a reference number of 02-01, 02-02, etc.

<sup>12</sup> Provide sufficient information for judging the prevalence and consequences of the finding, such as relation to universe of costs and/or number of items examined and quantification of audit findings in dollars.

<sup>13</sup> See paragraphs 5.18 through 5.20 and 7.38 through 7.42 of Government Auditing Standards for additional guidance on reporting management's response.

Lemont Bromberek CSD 113A  
07-016-113A-02  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ending June 30, 2010

SECTION II - FINANCIAL STATEMENT FINDINGS

1. FINDING NUMBER:<sup>11</sup> 2010-5 2. THIS FINDING IS:  New  Repeat from Prior Year?  
Year originally reported? \_\_\_\_\_

3. Criteria or specific requirement  
General ledger account numbers and descriptions.

4. Condition  
Certain account numbers did not reflect sources and uses of funds in accordance with the Illinois Program Accounting Manual (IPAM) chart of accounts.

5. Context<sup>12</sup>  
Significant amount of reconciliation work was necessary to segregate revenues and expenditures for grant programs.

6. Effect  
Grant awards could be disallowed by the pass-through agency (ISBE), and future programs may be denied to the District for not adhering to code.

7. Cause  
The District's chart of accounts has not been updated to conform to current IPAM requirements.

8. Recommendation  
The chart of accounts should be updated to conform to current IPAM requirements.

9. Management's response<sup>13</sup>  
Management agrees with this recommendation.

<b>For ISBE Review</b>	
Date: _____	Resolution Criteria Code Number _____
Initials: _____	Disposition of Questioned Costs Code Letter _____

<sup>11</sup> A suggested format for assigning reference numbers is to use the last two digits of the fiscal year being audited followed by a numeric sequence of findings. For example, findings identified and reported in the audit of fiscal year 2003 would be assigned a reference number of 02-01, 02-02, etc.

<sup>12</sup> Provide sufficient information for judging the prevalence and consequences of the finding, such as relation to universe of costs and/or number of items examined and quantification of audit findings in dollars.

<sup>13</sup> See paragraphs 5.18 through 5.20 and 7.38 through 7.42 of Government Auditing Standards for additional guidance on reporting management's response.

**Lemont Bromberek CSD 113A  
07-016-113A-02  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ending June 30, 2010**

**SECTION II - FINANCIAL STATEMENT FINDINGS**

1. FINDING NUMBER:<sup>11</sup> 2010-6      2. THIS FINDING IS:       New       Repeat from Prior Year?  
Year originally reported? \_\_\_\_\_

3. Criteria or specific requirement  
District will record activity in the general ledger on a timely basis to ensure accuracy.

4. Condition  
The District's accounting records are not kept current and accurate.

5. Context<sup>12</sup>  
Material adjusting journal entries were made to accounts related to the District's fund balance, transfers, interfund receivables and payables and capital outlay.

6. Effect  
Users of financial statements are not viewing accurate and timely information.

7. Cause  
The District is not recording general ledger activity on a timely basis.

8. Recommendation  
Recommend all activity be recorded in the general ledger to ensure accurate information.

9. Management's response<sup>13</sup>  
Management agrees with this recommendation.

<b>For ISBE Review</b>	
Date: _____	Resolution Criteria Code Number: _____
Initials: _____	Disposition of Questioned Costs Code Letter: _____

<sup>11</sup> A suggested format for assigning reference numbers is to use the last two digits of the fiscal year being audited followed by a numeric sequence of findings. For example, findings identified and reported in the audit of fiscal year 2003 would be assigned a reference number of 02-01, 02-02, etc.  
<sup>12</sup> Provide sufficient information for judging the prevalence and consequences of the finding, such as relation to universe of costs and/or number of items examined and quantification of audit findings in dollars.  
<sup>13</sup> See paragraphs 5.18 through 5.20 and 7.38 through 7.42 of Government Auditing Standards for additional guidance on reporting management's response.

Lemont Bromberek CSD 113A  
07-016-113A-02  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ending June 30, 2010

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER:<sup>14</sup> 2010-7 2. THIS FINDING IS:  New  Repeat from Prior year?  
Year originally reported? 2009

3. Federal Program Name and Year: All Federal Programs

District will record activity i \_\_\_\_\_ 5. CFDA No.: \_\_\_\_\_

6. Passed Through: \_\_\_\_\_

7. Federal Agency: \_\_\_\_\_

8. Criteria or specific requirement (including statutory, regulatory, or other citation)  
Bank accounts should be reconciled to the general ledger. See financial statement finding # 2010-1.

9. Condition<sup>15</sup> \_\_\_\_\_

10. Questioned Costs<sup>16</sup>  
NONE

11. Context<sup>17</sup> \_\_\_\_\_

12. Effect \_\_\_\_\_

13. Cause \_\_\_\_\_

14. Recommendation \_\_\_\_\_

15. Management's response<sup>18</sup> \_\_\_\_\_

<b>For ISBE Review</b>	
Date: _____	Resolution Criteria Code Number: _____
Initials: _____	Disposition of Questioned Costs Code Letter: _____

<sup>14</sup> See footnote 11.  
<sup>15</sup> Include facts that support the deficiency identified on the audit finding.  
<sup>16</sup> Identify questioned costs as required by sections 510(a)(3) and 510 (a) (4) of Circular A-133.  
<sup>17</sup> See footnote 12.  
<sup>18</sup> To the extent practical, indicate when management does not agree with the finding, questioned cost, or both.

Lemont Bromberek CSD 113A  
07-016-113A-02  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ending June 30, 2010

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER:<sup>14</sup> 2010-8 2. THIS FINDING IS:  New  Repeat from Prior year?  
Year originally reported? 2009

3. Federal Program Name and Year: All Federal Programs

District will record activity i \_\_\_\_\_ 5. CFDA No.: \_\_\_\_\_

6. Passed Through: \_\_\_\_\_

7. Federal Agency: \_\_\_\_\_

8. Criteria or specific requirement (including statutory, regulatory, or other citation)  
Documentation is missing for approval of pay rates and hiring eligibility. See financial statement finding # 2010-2.

9. Condition<sup>15</sup> \_\_\_\_\_

10. Questioned Costs<sup>16</sup>  
NONE

11. Context<sup>17</sup> \_\_\_\_\_

12. Effect \_\_\_\_\_

13. Cause \_\_\_\_\_

14. Recommendation \_\_\_\_\_

15. Management's response<sup>18</sup> \_\_\_\_\_

For ISBE Review	
Date: _____	Resolution Criteria Code Number: _____
Initials: _____	Disposition of Questioned Costs Code Letter: _____

<sup>14</sup> See footnote 11.

<sup>15</sup> Include facts that support the deficiency identified on the audit finding.

<sup>16</sup> Identify questioned costs as required by sections 510(a)(3) and 510 (a) (4) of Circular A-133.

<sup>17</sup> See footnote 12.

<sup>18</sup> To the extent practical, indicate when management does not agree with the finding, questioned cost, or both.

Lemont Bromberek CSD 113A  
07-016-113A-02  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ending June 30, 2010

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER:<sup>14</sup> 2010-9 2. THIS FINDING IS:  New  Repeat from Prior year?  
Year originally reported? 2009

3. Federal Program Name and Year: All Federal Programs

District will record activity in \_\_\_\_\_ 5. CFDA No.: \_\_\_\_\_

6. Passed Through: \_\_\_\_\_

7. Federal Agency: \_\_\_\_\_

8. Criteria or specific requirement (including statutory, regulatory, or other citation)  
Preparation of financial statements. See financial statement finding # 2010-3.

9. Condition<sup>15</sup> \_\_\_\_\_

10. Questioned Costs<sup>16</sup>  
NONE

11. Context<sup>17</sup> \_\_\_\_\_

12. Effect \_\_\_\_\_

13. Cause \_\_\_\_\_

14. Recommendation \_\_\_\_\_

15. Management's response<sup>18</sup> \_\_\_\_\_

For ISBE Review	
Date: _____	Resolution Criteria Code Number _____
Initials: _____	Disposition of Questioned Costs Code Letter _____

<sup>14</sup> See footnote 11.  
<sup>15</sup> Include facts that support the deficiency identified on the audit finding.  
<sup>16</sup> Identify questioned costs as required by sections 510(a)(3) and 510 (a) (4) of Circular A-133.  
<sup>17</sup> See footnote 12.  
<sup>18</sup> To the extent practical, indicate when management does not agree with the finding, questioned cost, or both.



Lemont Bromberek CSD 113A  
07-016-113A-02  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ending June 30, 2010

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER:<sup>14</sup> 2010-10 2. THIS FINDING IS:  New  Repeat from Prior year?  
Year originally reported? \_\_\_\_\_

3. Federal Program Name and Year: All Federal Programs

District will record activity i \_\_\_\_\_ 5. CFDA No.: \_\_\_\_\_

6. Passed Through: \_\_\_\_\_

7. Federal Agency: \_\_\_\_\_

8. Criteria or specific requirement (including statutory, regulatory, or other citation)  
Cash disbursements processing should have evidence of approval and subsequent cancellation. See financial statement finding # 2010-4.

9. Condition<sup>15</sup> \_\_\_\_\_

10. Questioned Costs<sup>16</sup>  
NONE

11. Context<sup>17</sup> \_\_\_\_\_

12. Effect \_\_\_\_\_

13. Cause \_\_\_\_\_

14. Recommendation \_\_\_\_\_

15. Management's response<sup>18</sup> \_\_\_\_\_

For ISBE Review	
Date: _____	Resolution Criteria Code Number _____
Initials: _____	Disposition of Questioned Costs Code Letter _____

<sup>14</sup> See footnote 11.

<sup>15</sup> Include facts that support the deficiency identified on the audit finding.

<sup>16</sup> Identify questioned costs as required by sections 510(a)(3) and 510 (a) (4) of Circular A-133.

<sup>17</sup> See footnote 12.

<sup>18</sup> To the extent practical, indicate when management does not agree with the finding, questioned cost, or both.

Lemont Bromberek CSD 113A  
07-016-113A-02  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ending June 30, 2010

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER:<sup>14</sup> 2010-11 2. THIS FINDING IS:  New  Repeat from Prior year?  
Year originally reported? \_\_\_\_\_

3. Federal Program Name and Year: \_\_\_\_\_

District will record activity in \_\_\_\_\_ 5. CFDA No.: \_\_\_\_\_

6. Passed Through: \_\_\_\_\_

7. Federal Agency: \_\_\_\_\_

8. Criteria or specific requirement (Including statutory, regulatory, or other citation)  
General ledger account numbers and descriptions. See financial statement finding # 2010-5.

9. Condition<sup>15</sup> \_\_\_\_\_

10. Questioned Costs<sup>16</sup>  
NONE

11. Context<sup>17</sup> \_\_\_\_\_

12. Effect \_\_\_\_\_

13. Cause \_\_\_\_\_

14. Recommendation \_\_\_\_\_

15. Management's response<sup>18</sup> \_\_\_\_\_

For ISBE Review	
Date: _____	Resolution Criteria Code Number: _____
Initials: _____	Disposition of Questioned Costs Code Letter: _____

<sup>14</sup> See footnote 11.  
<sup>15</sup> Include facts that support the deficiency identified on the audit finding.  
<sup>16</sup> Identify questioned costs as required by sections 510(a)(3) and 510 (a) (4) of Circular A-133.  
<sup>17</sup> See footnote 12.  
<sup>18</sup> To the extent practical, indicate when management does not agree with the finding, questioned cost, or both.

Lemont Bromberek CSD 113A  
07-016-113A-02  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ending June 30, 2010

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER:<sup>14</sup> 2010-12 2. THIS FINDING IS:  New  Repeat from Prior year?  
Year originally reported? \_\_\_\_\_

3. Federal Program Name and Year: All Federal Programs

5. CFDA No.: \_\_\_\_\_

6. Passed Through: \_\_\_\_\_

7. Federal Agency: \_\_\_\_\_

8. Criteria or specific requirement (including statutory, regulatory, or other citation)  
Reporting requirements and due dates should be monitored throughout the year.

9. Condition<sup>15</sup>  
Final FRIS reports were filed after due dates.

10. Questioned Costs<sup>16</sup>  
NONE

11. Context<sup>17</sup>  
Audit testing revealed that final reports were filed after due dates for 5 programs.

12. Effect  
Potential suspension of Federal programs.

13. Cause  
District did not submit reports timely.

14. Recommendation  
Formal procedures should be established to monitor filing requirements and reporting deadlines.

15. Management's response<sup>18</sup>  
Management agrees with the recommendation.

For ISBE Review	
Date: _____	Resolution Criteria Code Number: _____
Initials: _____	Disposition of Questioned Costs Code Letter: _____

<sup>14</sup> See footnote 11.

<sup>15</sup> Include facts that support the deficiency identified on the audit finding.

<sup>16</sup> Identify questioned costs as required by sections 510(a)(3) and 510 (a) (4) of Circular A-133.

<sup>17</sup> See footnote 12.

<sup>18</sup> To the extent practical, indicate when management does not agree with the finding, questioned cost, or both.

**Lemont Bromberek CSD 113A**  
**07-016-113A-02**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS<sup>19</sup>**  
**Year Ending June 30, 2010**

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status<sup>20</sup></u>
09-01	Lack of performance of basic accounting procedures - cash accounts are not reconciled to the general ledger.	Repeated as 2010-01
09-02	Payroll procedures lack proper review and reporting.	Repeated as 2010-02
09-03	Lack of controls over software use.	Corrected
09-04	Lack of documentation of interfund loans.	Corrected
09-05	Lack of controls over the preparation of the financial statements.	Repeated as 2010-03

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When possible, all prior findings should be on the same page

<sup>19</sup> See the instructions in the Guide to Auditing and Reporting for Illinois Public Local Education Agencies for an explanation of this schedule.

<sup>20</sup> Current Status should include one of the following:

- A statement that corrective action was taken
- A description of any partial or planned corrective action
- An explanation if the corrective action taken was significantly different from that previously reported or in the management decision received from the pass-through entity.

**Lemont Bromberek CSD 113A**  
**07-016-113A-02**  
**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS<sup>21</sup>**  
**Year Ending June 30, 2010**

**Corrective Action Plan**

Finding No.: 2010-1

**Condition:**

The bank accounts are not reconciled to the general ledger.

**Plan:**

Bank accounts will be reconciled to the general ledger on a monthly basis.

Anticipated Date of Completion: 1/1/2011

Name of Contact Person: Dr. Timothy Ricker - Superintendent

Management Response: Management will implement the above described plan.

<sup>21</sup> See the instructions in the Guide to Auditing and Reporting for Illinois Public Local Education Agencies for an explanation of this schedule.

**Lemont Bromberek CSD 113A**  
**07-016-113A-02**  
**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS<sup>21</sup>**  
**Year Ending June 30, 2010**

**Corrective Action Plan**

Finding No.: 2010-2

**Condition:**

Documentation is not maintained for payroll rates on non-salaried individuals and personnel files do not consistently include Form I-9 Employee Eligibility Verifications.

**Plan:**

Documentation of approved pay rates will be placed in personnel files. Also, I-9 forms will be completed for all employees.

**Anticipated Date of Completion:** 1/1/2011

**Name of Contact Person:** Dr. Timothy Ricker - Superintendent

**Management Response:** Management will implement the above described plan.

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<sup>21</sup> See the instructions in the Guide to Auditing and Reporting for Illinois Public Local Education Agencies for an explanation of this schedule.

**Lemont Bromberek CSD 113A**  
**07-016-113A-02**  
**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS<sup>21</sup>**  
**Year Ending June 30, 2010**

**Corrective Action Plan**

Finding No.: 2010-3

**Condition:**

Management relies on its audit firm to prepare full financial statements in accordance with GASB Statement 34.

**Plan:**

**NONE**

Anticipated Date of Completion: N/A

Name of Contact Person: Dr. Timothy Ricker - Superintendent

Management Response: Management provides all necessary information to its auditor and retains decision making control for proposed year end adjusting journal entries to convert the books to GASB Statement 34 reporting. Due to cost/benefit considerations for staffing, management believes this approach to be adequate and that any corrective action is unnecessary.

<sup>21</sup> See the instructions in the Guide to Auditing and Reporting for Illinois Public Local Education Agencies for an explanation of this schedule.

**Lemont Bromberk CSD 113A**  
**07-016-113A-02**  
**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS<sup>21</sup>**  
**Year Ending June 30, 2010**

**Corrective Action Plan**

Finding No.: 2010-4

**Condition:**

Cash disbursements transactions were made without documentation of approval. Additionally, the District does not cancel invoices after processing.

**Plan:**

All cash disbursement transactions will be approved by appropriate personnel and invoices will be cancelled on their face after processing to avoid double payment.

Anticipated Date of Completion: 1/1/2011

Name of Contact Person: Dr. Timothy Ricker - Superintendent

Management Response: Management will implement the above described plan.

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<sup>21</sup> See the instructions in the Guide to Auditing and Reporting for Illinois Public Local Education Agencies for an explanation of this schedule.



**Lemont Bromberek CSD 113A**  
**07-016-113A-02**  
**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS<sup>21</sup>**  
**Year Ending June 30, 2010**

**Corrective Action Plan**

Finding No.: 2010-5

**Condition:**

Certain account numbers did not reflect sources and uses of funds in accordance with the Illinois Program Accounting Manual (IPAM) chart of accounts.

**Plan:**

The District will update its chart of accounts to conform to IPAM requirements.

Anticipated Date of Completion: 1/1/2011

Name of Contact Person: Dr. Timothy Ricker - Superintendent

Management Response: Management will implement the above described plan.

<sup>21</sup> See the instructions in the Guide to Auditing and Reporting for Illinois Public Local Education Agencies for an explanation of this schedule.

**Lemont Bromberek CSD 113A**  
**07-016-113A-02**  
**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS<sup>21</sup>**  
**Year Ending June 30, 2010**

**Corrective Action Plan**

Finding No.: 2010-6

**Condition:**

The District's accounting records are not kept current and accurate.

**Plan:**

District will record activity in the general ledger on a timely basis to ensure accuracy.

**Anticipated Date of Completion:** 1/1/2011

**Name of Contact Person:** Dr. Timothy Ricker - Superintendent

**Management Response:** Management will implement the above described plan.

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<sup>21</sup> See the instructions in the Guide to Auditing and Reporting for Illinois Public Local Education Agencies for an explanation of this schedule.

**Lemont Bromberek CSD 113A**  
**07-016-113A-02**  
**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS<sup>21</sup>**  
**Year Ending June 30, 2010**

**Corrective Action Plan**

Finding No.: 2010-7

**Condition:**

The bank accounts are not reconciled to the general ledger.

**Plan:**

Bank accounts will be reconciled to the general ledger on a monthly basis.

Anticipated Date of Completion: 1/1/2011

Name of Contact Person: Dr. Timothy Ricker - Superintendent

Management Response: Management will implement the above described plan.

<sup>21</sup> See the instructions in the Guide to Auditing and Reporting for Illinois Public Local Education Agencies for an explanation of this schedule.

**Lemont Bromberek CSD 113A**  
**07-016-113A-02**  
**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS<sup>21</sup>**  
**Year Ending June 30, 2010**

**Corrective Action Plan**

Finding No.: 2010-8

**Condition:**

Documentation is not maintained for payroll rates on non-salaried individuals and personnel files do not consistently include Form I-9 Employee Eligibility Verifications.

**Plan:**

Documentation of approved pay rates will be placed in personnel files. Also, I-9 forms will be completed for all employees.

**Anticipated Date of Completion:** 1/1/2011

**Name of Contact Person:** Dr. Timothy Ricker - Superintendent

**Management Response:** Management will implement the above described plan.

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<sup>21</sup> See the instructions in the Guide to Auditing and Reporting for Illinois Public Local Education Agencies for an explanation of this schedule.

**Lemont Bromberek CSD 113A**  
**07-016-113A-02**  
**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS<sup>21</sup>**  
**Year Ending June 30, 2010**

**Corrective Action Plan**

Finding No.: 2010-9

**Condition:**

Management relies on its audit firm to prepare full financial statements in accordance with GASB Statement 34.

**Plan:**

NONE

Anticipated Date of Completion: N/A

Name of Contact Person: Dr. Timothy Ricker - Superintendent

Management Response: Management provides all necessary information to its auditor and retains decision making control for proposed year end adjusting journal entries to convert the books to GASB Statement 34 reporting. Due to cost/benefit considerations for staffing, management believes this approach to be adequate and that any corrective action is unnecessary.

<sup>21</sup> See the instructions in the Guide to Auditing and Reporting for Illinois Public Local Education Agencies for an explanation of this schedule.

**Lemont Bromberek CSD 113A**  
**07-016-113A-02**  
**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS<sup>21</sup>**  
**Year Ending June 30, 2010**

**Corrective Action Plan**

Finding No.: 2010-10

**Condition:**

Cash disbursements transactions were made without documentation of approval. Additionally, the District does not cancel invoices after processing.

**Plan:**

All cash disbursement transactions will be approved by appropriate personnel and invoices will be cancelled on their face after processing to avoid double payment.

Anticipated Date of Completion: 1/1/2011

Name of Contact Person: Dr. Timothy Ricker - Superintendent

Management Response: Management will implement the above described plan.

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<sup>21</sup> See the instructions in the Guide to Auditing and Reporting for Illinois Public Local Education Agencies for an explanation of this schedule.

**Lemont Bromberek CSD 113A**  
**07-016-113A-02**  
**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS<sup>21</sup>**  
**Year Ending June 30, 2010**

**Corrective Action Plan**

Finding No.: 2010-11

**Condition:**

Certain account numbers did not reflect sources and uses of funds in accordance with the Illinois Program Accounting Manual (IPAM) chart of accounts.

**Plan:**

The District will update its chart of accounts to conform to IPAM requirements.

Anticipated Date of Completion: 1/1/2011

Name of Contact Person: Dr. Timothy Ricker - Superintendent

Management Response: Management will implement the above described plan.

<sup>21</sup> See the instructions in the Guide to Auditing and Reporting for Illinois Public Local Education Agencies for an explanation of this schedule.

**Lemont Bromberek CSD 113A  
07-016-113A-02  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS<sup>21</sup>  
Year Ending June 30, 2010**

**Corrective Action Plan**

Finding No.: 2010-12

**Condition:**

Final FRIS reports were filed after due dates.

**Plan:**

Procedures will be established to monitor filing requirements and reporting deadlines.

Anticipated Date of Completion: 1/1/2011

Name of Contact Person: Dr. Timothy Ricker - Superintendent

Management Response: Management will implement the above described plan.

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<sup>21</sup> See the instructions in the Guide to Auditing and Reporting for Illinois Public Local Education Agencies for an explanation of this schedule.