



Lemont - Bromberek

District 113A



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Lemont – Bromberek District 113a Financial Update

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How Did We Get Here?

	Fund Balances							All Funds Total	Excluding Debt Service	Cash Balances, Per FYE Audit
	Education	O&M	Debt Service	Transportation	IMRF	Capital Projects	Working Cash			
6/30/05 Audit	922,008	859,752	2,681,417	706,159	139,058	733,490	6,087,169	12,129,053	9,447,636	\$ 12,127,349
6/30/06 Audit	(429,688)	1,759,365	3,025,963	864,050	62,222	324,734	5,268,293	10,874,939	7,848,976	\$ 10,874,939
	*Permanent transfer of \$1,000,000 from Working Cash to O/M.									
6/30/07 Audit	(1,677,651)	1,708,967	2,924,266	1,342,693	(14,794)	(971,881)	5,492,942	8,804,542	5,880,276	\$ 8,804,542
6/30/08 Audit	(4,210,499)	1,380,818	2,972,126	1,219,495	(119,737)	(1,070,462)	5,492,942	5,664,683	2,692,557	\$ 5,664,683
6/30/09 Treasurer's Report	(5,201,441)	486,449	3,278,547	629,610	(308,506)	(1,261,885)	5,492,942	3,115,716	(162,831)	

- In FY2009, the District loaned \$5,492,942 to other funds. The “asset” reported on the 6/30/2009 Treasurer’s Report is actually a “receivable due from other funds.” The Working Cash Fund had no “cash” assets at 6/30/2009.
- In FY2009, the District loaned some available Debt Service “cash” to other funds. Since 6/30/2009, the District has loaned all the available Debt Service “cash” to other funds.



Suggested Steps to Address FY2010 Budget Amendments

	Fund Balances									
	Education	O&M	Debt Service	Transportation	IMRF	Capital Projects	Working Cash	All Funds Total	Excluding Debt Service	Cash Balances, Per FYE Audit
6/30/09 Treasurer's Report	(5,201,441)	486,449	3,278,547	629,610	(308,506)	(1,261,885)	5,492,942	3,115,716	(162,831)	
FY2010 Budget										Notes:
Revenues	17,408,090	2,128,591	3,532,147	1,157,914	552,760	-	-	24,779,502		
General State Aid	(500,000)				500,000			-		Proposed Budget Amendment Issue
Expenditures	19,111,738	2,122,314	3,532,147	1,357,312	653,891	-	-	26,777,402		
Transfers/Loans										
Loan (FY2009)	5,492,942						(5,492,942)	-	BS Issue -	Need to Document for FY09 Audit/Not authorized/Occurred
TAWs 2008	4,686,000		1,314,000					6,000,000	BS Issue -	Proposed Budget Amendment Issue / Cash Summary Section
TAW 2008 Repayment	(4,686,000)		(1,314,000)					(6,000,000)	BS Issue -	Proposed Budget Amendment Issue / Cash Summary Section
TAWs 2009	???	???		???				-	BS Issue -	Proposed Budget Amendment Issue / Cash Summary Section
Loan Repayment	(5,492,942)						5,492,942	-	BS Issue -	Need to Document for FY09 Audit/Not authorized/Occurred
17-2(a) Transfer	(1,261,885)	1,261,885						-	P/L Issue -	Proposed Budget Amendment Issue - Spring 2010
Transfer		(1,261,885)				1,261,885		-	P/L Issue -	Proposed Budget Amendment Issue - Spring 2010
Abolishment	5,492,942						(5,492,942)	-	P/L Issue -	Proposed Budget Amendment Issue - / Occurs 6-30-2010
6/30/10 Budgeted Balance	(3,174,032)	492,726	3,278,547	430,212	90,363	-	-	1,117,816	(2,160,731)	

Effective July 1, 2010 the Board will need to adopt a resolution "re-establishing" the Working Cash Fund.

Other Suggestions

- **FY2009 audit was to be sent to the ROE by October 15, 2009. District's or their Auditors can request an extension up to 12/15/2009. FY2009 audit is due to ISBE no later than 12/15/2009. If the audit is not received by ISBE the District is considered to be "out of compliance".**
- **Finish FY2009 audit as soon as possible**
- **Amend the FY2010 Budget to reflect the suggested changes.**
- **The resolutions identifying the transfers and loans need to be done in a particular order to ensure that they are appropriately handled from a legal and accounting perspective. (i.e. a loan cannot be repaid if there is no money to repay it with...)**
- **All resolutions should be prepared in coordination with legal and accounting professionals.**
- **Provide Board of Education and Community with continual updates regarding the District's financial position.**
- **Use the Treasurer's Report developed by the Finance Committee.**
- **Cash reconcile on a monthly basis.**
- **Develop a balanced budget annually – revenues/expenditures**
- **Establish a Board Policy regarding Fund Balance**
- **Although cash accounting is a comprehensive form of accounting, consider making the switch to GAAP accounting to provide a "clean audit opinion".**
- **Continue long range financial planning to ensure that reductions to expenditures identified have intended outcome.**

Short Term Cash Flow Needs

- **TAW Borrowings**
 - School Code 105 ILCS 5/17-16
 - 85% of Anticipated Taxes Extended and Not Yet Received
 - “When there is no money in the treasury of any school district....to defray the necessary expenses of the district, including amounts necessary to pay maturing principal and interest of bonds, the school board may issue warrants....”
- **TAW’s for 2008 Levy completed in October 2009**
 - 85% of remaining taxes to be collected from Cook County
 - Essentially 85% of 2nd distribution of taxes extended but not yet received which are attributable to the Education Fund and the Bond & Interest Fund
 - 2008 TAW’s to be repaid from Cook County taxes paid to District in late November / early December
- **Once the 2008 TAW’s are paid, the District will need to issue 2009 TAW’s to pay for operations beginning in December 2009.**
- **This is considered a “2nd Year TAW” under 105 ILCS 5/1A-8(2)**
 - “...the District has issued tax anticipation warrants or tax anticipation notes in anticipation of a second year’s taxes when warrants or notes in anticipation of current year taxes are still outstanding....”
 - This will have future implications for the District as it allows ISBE to certify the District as being in “financial difficulty”.
- **Levy 2009 Tax Levy process has been started**
- **Anticipated borrowing for 2009 TAW’s will be started soon with estimated closing date of mid-December 2009.**

ISBE / Financial Difficulty

- The issuance of 2009 TAW's will be the District's "2nd Year TAW" borrowing.
- ISBE can certify the District as being in Financial Difficulty pursuant to 105 ILCS 5/1A-8.
- Certification requires that the District present a "financial plan" to ISBE within 45 days.
- ISBE has three paths
 - Continue to monitor the District to ensure compliance with the "financial plan"
 - Provide for a Financial Oversight Panel
 - Introduce legislation requesting a School Finance Authority be convened



Focus On Long Term Financial Solutions

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- **Cash**
 - Address cash shortfalls during the fiscal year
 - Tax Anticipation Warrant Borrowings
 - Increase fund balances
 - Days Cash on Hand Policy
 - Board policy to provide cash reconciliation on a monthly basis as a part of the Treasurer's Report
- **Fund Balance**
 - Address revenue/expenditure concerns
 - Develop fund balance policy

Continue Focus on Long Term Solutions

- **Decrease Expenditures**
 - Community and Board of Education have developed several documents regarding potential reductions.
 - Continue to work on FY2011 reductions (2010 School Year)

- **Increase Revenues**
 - Referendum
 - Operating Rate
 - PTELL / CPI Extension Increase
 - Working Cash
 - Federal Funds/Grants
 - Possible private grants?



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