

**Lemont Bromberek Combined
School District 113A
Annual Financial Report
For the Year Ended June 30, 2008**

Lemont Bromberek Combined School District 113A

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INDEPENDENT AUDITORS' REPORT

To The Board of Education
Lemont Bromberek Combined School District 113A
Lemont, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, including the fiduciary fund, of the Lemont Bromberek Combined School District 113A as of and for the year ended June 30, 2008, which collectively comprise the School District's financial statements, as listed in the table of contents. These financial statements are the responsibility of the Lemont Bromberek Combined School District 113A's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *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 opinion.

As discussed in Note 1 of the financial statements, the School District prepares its financial statements on the modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United State of America.

In our opinion, except for the effect on the financial statements of the item described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of the Lemont Bromberek Combined School District 113A as of June 30, 2008, and the revenues it received and the expenditures it paid for the year then ended on the basis of accounting described in Note 1.

The management's discussion and analysis is not a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2009 on our consideration of the Lemont Bromberek Combined School District 113A's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the financial statements that collectively comprise the Lemont Bromberek Combined School District 113A's basic financial statements. The individual fund financial schedules for the year ended June 30, 2008 listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic statements. The individual fund financial schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2008 and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The statistical schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Lemont Bromberek Combined School District 113A. This information has not been audited by us and, accordingly, we express no opinion on such matters.

Knuttle & Associates, P.C.

Management's Discussion and Analysis

This section of the Lemont-Bromberek Combined School District 113A's (the District) annual financial report represents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2008.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis- for State and Local Governments*, issued June 1999. This is the fourth year that Lemont-Bromberek CSD 113A has complied with the GASB 34 changes, which allows us to have comparisons between the reporting years. The goal of this analysis is to provide the user with easy-to-use information about the District's financial performance during the past fiscal year.

Financial Highlights

- The District continues to receive increased Land Cash Donations. These are donations, in lieu of land for schools, made by the residential developers to offset the cost of additional facilities to accommodate additional students. For FY2008, the District received \$142,455 in Land Cash Donations in our Operations and Maintenance Fund.
- The District's IDEA grant from the federal government was continued again for this school year, which resulted in funding of approximately \$515,000.
- The Central Elementary window replacement project was completed in the summer of 2008. The district is funding this project with the fund balances from the Working Cash Fund.

Overview of the Financial Statements

This financial report consists of three parts – Management's Discussion and Analysis (this section), Basic Financial Statements, and Required Supplementary Information. The Basic Financial Statements include two kinds of statements that present different views of the District:

- Government-Wide Financial Statements; This consists of the *Statement of Net Assets* and the *Statement of Activities*, which provide both long-term and short-term information about the District's overall financial status.
- Fund Financial Statements; These statements focus on individual parts of the District and generally report operations in more detail than the government-wide financial statements.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial information.

The major features of the District's financial statements, including the portion of the District's activities they contain is shown in the following table.

Management's Discussion and Analysis

Major Features of the Government-Wide and Fund Financial Statements

	Government-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary such as educational and operations and maintenance	Activities the District operates similar to private business. The District currently has no proprietary funds	Assets held by the District on behalf of someone else such as student activities monies
Required Financial Statements	Statement of Net Assets (deficit) and Statement of Activities	Balance Sheet, statement of revenues, expenditures and changes in fund balance (Deficit)	Statement of Net Assets, statement of revenues, expenses, and changes in net assets and statement of cash flows	Statement of fiduciary net assets
Accounting Basis and Measurement Focus	Actual Accounting and Economic Resources Focus	Cash basis accounting and current financial resources focus	Cash basis accounting and economic resources focus	Cash basis accounting and economic resources focus
Type of Asset/Liability Information	All Assets and Liabilities, both financial and capital; short-term and long-term	Revenues for which cash is received during the fiscal year; no capital assets or long-term liabilities included	All assets and liabilities; both financial and capital; short-term and long-term	All assets and liabilities, both short-term and long-term; funds may contain capital assets
Type of Inflow/Outflow Information	All revenue and expenses received or paid during the year	Revenues for which cash is received during the year; Expenditures when goods and services have been received and the related liability is due and payable	All revenues and expenses during the year	All additions or deductions during the years

Management's Discussion and Analysis

The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Government-Wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the District's assets and liabilities. All the current year's revenues and expenses are accounted for in the statement of activities.

Unlike a private sector company, the District cannot readily convert fixed assets to liquid assets; the District cannot sell a school building and use the cash. Districts can, and sometimes do, convert fixed assets to cash through the sale of property; however this is a rare event and not easily accomplished.

The government-wide financial statements report the District's net assets and how they have changed throughout the year. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, one needs to consider additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities.

The government-wide financial statements, the District's activities are presented as follows:

- *Governmental activities* – Most of the District's basic services are included here, such as regular and special education, transportation, support services, community programs, and administration. Property taxes and state formula aid finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds- not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs and to demonstrate compliance with regulatory requirements.

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debt) or to show that it is properly using certain revenues (such as working cash).

The district has two kinds of funds:

Governmental funds – Most of the District's services are included in governmental funds, which generally focus on (1) how cash, and other financial assets that can readily be converted to cash, flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps one determine whether there are more or fewer resources that can be spent in the near future to finance the District's programs. Because this information

Lemont-Bromberek Combined School District 113A

Management's Discussion and Analysis

does not encompass the additional long-term focus of the government-wide statements, additional information is included as a separate statement explaining the relationship (or differences) between them.

Fiduciary Funds – The District serves as a trustee, or fiduciary, for assets that belong to others, such as student activity funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and only by those to whom the assets belong. These activities are excluded from the government-wide financial statements because the District cannot use these assets to finance its operations.

Financial Analysis of the District as a Whole

Net Assets: The following summary data is compared with data from the preceding year.

The District's total net assets decreased between June 30, 2007 and June 30, 2008. The overall decrease of \$3,096,959 was due to the fact that a deficit budget was adopted and that the expenditures for the year exceeded the revenues for the year by this amount. The over expenditures were paid for by fund balances that the district has in place.

The following is a summary of the District's net assets for the year ending June 30, 2008:

	Governmental Activities	Governmental Activities
	2006-2007	2007-2008
Current Assets	\$ 8,804,542	\$ 5,664,683
Capital Assets (Less Depreciation)	\$ 30,434,690	\$ 29,358,659
Total Assets	\$ 39,239,232	\$ 35,023,342
Current Liabilities (Short term debt)	\$ 1,118,932	\$ 1,082,233
Noncurrent Liabilities (Long term debt)	\$ 19,852,119	\$ 18,769,886
Total Liabilities	\$ 20,971,051	\$ 19,852,119
Net Assets (deficit)		
Invested in Capital (Net of Debt)	\$ 9,463,639	\$ 9,506,540
Restricted for Capital Projects	\$ (971,881)	\$ (1,070,462)
Restricted for Debt Service	\$ 2,924,266	\$ 2,972,126
Unrestricted	\$ 6,852,157	\$ 3,763,019
Total Net Assets	\$ 18,268,182	\$ 15,171,223
Change in Net Assets	\$ (851,556)	\$ (3,096,959)

Lemont-Bromberek Combined School District 113A

Management's Discussion and Analysis

Change in net assets: The stated change in net assets was a decrease of \$3,096,959. The drop in current assets is a direct result of expenditures exceeding revenues. The District anticipated increased expenses from collective bargaining agreements, but the continuing increase in the District's enrollment and expenditures coupled with the slower and smaller increase in the District's revenues result in deficit spending.

Statement of Activities

	Governmental Activities	Governmental Activities
	2006-2007	2007-2008
Revenue		
Taxes:		
Corporate Personal Property Replacement	\$ 316,185	\$ 387,384
Property Taxes, levied for general purposes	\$ 13,026,006	\$ 13,168,526
Property Taxes, levied for debt service	\$ 2,693,414	\$ 3,076,381
Property Taxes, levied for specific programs:		
Tort Immunity	\$ 0	\$ 0
Transportation	\$ 860,854	\$ 584,465
Municipal Retirement	\$ 471,260	\$ 475,383
State Aid - formula grants	\$ 1,880,945	\$ 1,113,970
Unrestricted investment earnings	\$ 538,550	\$ 279,355
Program Revenues:		
Charges for Services	\$ 689,660	\$ 741,066
Operating Grants	\$ 2,609,853	\$ 3,621,690
Other Revenue	\$ 8,500	\$ 35,135
Total Revenue	\$ 23,095,227	\$ 23,503,335
Expenses		
Instruction	\$ 11,596,271	\$ 13,138,282
Support Services	\$ 7,910,149	\$ 8,459,445
Nonprogrammed Charges	\$ 1,212,601	\$ 1,656,406
Interest on Long-Term Debt	\$ 1,743,265	\$ 1,910,681
Depreciation - Unallocated	\$ 1,239,939	\$ 1,346,783
Capital Outlay	\$ 1,527,591	\$ 359,469
Capital Assets	\$ (1,283,033)	\$ (270,752)
Total Expenses	\$ 23,946,783	\$ 26,600,314
Change in Net Assets	\$ (851,556)	\$ (3,096,959)

Management's Discussion and Analysis

Changes in Net Asset: The District's total revenues for the year were \$23,503,355 which is more than the \$22.80 million budgeted. This surplus is due to the increase in a variety of sources. Local Taxes, totaling \$17,304,755, accounted for approximately 73.63% of the total. Flow through funds, in the form of IDEA grants, accounted for \$515,000, which was 2.19% of the total revenues. State Funding accounted for 15.70%, totaling \$3,689,391.

Compared to 2006-2007, our revenues have increased by \$408,128. Property Taxes increased by 1.49%.

Total Expenditures for all governmental programs totaled \$26,643,215. Expenditures are predominantly related to instruction and instructional support services such as transportation and maintenance of the physical plant. In 2007-2008, our expenditures increased even further than the revenues, a trend that is expected to continue. The district will be looking at ways to increase revenues and decrease expenditures in order to reverse this trend.

Agency (Activity) Funds

Activity Funds, which include both Student Activity Funds and Various Building Funds, have continued to decrease over the year. These funds have been raised to offset upcoming capital costs around the district, and are anticipated to decrease even further in FY2008.

Financial Analysis of the District's Funds

The financial performance of the District matches the scenario that many Illinois School Districts are facing. When expenditures continuously exceed revenues over a sustained period of time, deficit spending is inevitable.

- The largest expenses of the District, salaries and benefits, are increasing at a faster pace than our largest revenue source, property taxes.
- Throughout the poor economic times that the country and the state have endured, the District has managed to earn interest on our investments. In 2007-2008, our investment earnings totaled \$279,355.

General Fund Budgetary Highlights

Capital Assets: The District upgraded more of the teacher computers throughout the schools, and will continue to upgrade computer equipment as needed.

Transportation: The District provides transportation to and from school for every child that lives further than a mile from school, and in many cases, less than a mile. These exceptions are made on an individual basis when special circumstances prevent the student from safely walking to school. In addition to the public school students, our District also transports the students of the two major parochial schools within the District. Because of the growing population of the area, the District is transporting more students each year, which causes our expenses to rise. With the leasing of Bromberek School to the Archdiocese of Chicago, we now transport many of St. Alphonsus and St. Patrick's School across the Des Plaines River Canal, which increased our mileage and fuel consumption.

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Management's Discussion and Analysis

Long-Term Debt: The District has issued bonds for Capital Appreciation Bonds (CAB), and Limited Tax Bonds, Limited Tax Capital Appreciation Bonds, and School Bonds.

Type	Year	Amount of Issue	Amount Outstanding
CAB	1995	\$ 16,358,467	\$ 7,302,778
Limited Tax, WC	2001A	\$ 1,625,000	\$ 1,120,000
Limited Tax CAB, WC	2001B	\$ 1,068,071	\$ 612,695
CAB	2001D	\$ 6,914,760	\$ 6,487,323
CAB	2002	\$ 4,329,323	\$ 4,329,323
Total Long Term Debt		<u>\$ 30,295,621</u>	<u>\$ 19,852,119</u>

Revenue is collected by the County Assessor to cover the payments on these bonds. Bond Payments are not under the tax cap.

The District utilizes leases for certain types of equipment, including buses and copying equipment. For buses, the District enters into three-year leases on each bus. Imaging equipment is normally a five-year lease that is renegotiated near the end of the lease agreement to bring newer equipment into the District.

Factors Bearing on the District's Financial Future

The School District's Financial Profile, compiled by the Illinois State Board of Education, has listed Lemont-Bromberek CSD 113A under the "Financial Recognition" category, which is its top honor. However, there are some factors that should affect the District's long-term financial health;

- The State has increased the foundation level once again for FY2008. This increase, along with other changes to state funding, is expected to increase our state revenues.
- The type of Equalized Assessed Value that the District is realizing tax revenue from is showing a growing percentage of residential property. This kind of property obviously increases our enrollment as well, which causes expenditures to increase proportionately. Additionally, with the new 7% cap on residential equalized assessed value increases in Cook County, this will likely drive up the taxes realized by our commercial and industrial property as well as our DuPage residents.
- The number of new and proposed subdivisions within our district boundaries has slowed considerably. This indicates that our enrollment should continue to remain steady for the next five years. As the subdivisions continue to develop, the District will continue to evaluate its growth plan utilizing our existing facilities and evaluate the possibilities of constructing a new facility as the student population increases.

Lemont-Bromberek Combined School District 113A

Management's Discussion and Analysis

Contacting the District's Financial Management Team

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Manager, Mr. Robert Beckwith, at Lemont-Bromberek Combined School District 113A, 16100 W. 127th St., Lemont, IL 60439.

Lemont Bromberek Combined School District 113A
Statement of Net Assets (Cash Basis)
June 30, 2008

	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS	
Current Assets	
Cash	\$ 5,664,683
Total Current Assets	<u>5,664,683</u>
Non-Current Assets	
Capital Assets Not Being Depreciation (Land)	1,507,280
Other Capital Assets, Net of Depreciation	<u>27,851,379</u>
Total Non-Current Assets	<u>29,358,659</u>
TOTAL ASSETS	<u>35,023,342</u>
LIABILITIES	
Current Liabilities	
Bonds Payable	<u>1,082,233</u>
Total Current Liabilities	<u>1,082,233</u>
Non-Current Liabilities	
Bonds Payable	<u>18,769,886</u>
Total Non-Current Liabilities	<u>18,769,886</u>
TOTAL LIABILITIES	<u>19,852,119</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	9,506,540
Unrestricted	<u>5,664,683</u>
TOTAL NET ASSETS	<u>\$ 15,171,223</u>

See Accompanying Notes To The Financial Statements.

Lemont Bromberek Combined School District 113A
Statement of Activities (Cash Basis)
For the Year Ended June 30, 2008

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSES) REVENUE AND CHANGES IN NET ASSETS
	Expenses	Charges for Services	Operating Grants	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Instruction	\$ 16,230,188	\$ 741,066	\$ 4,372,329	\$ 383,331	\$ (10,733,462)
Support Services	8,459,445	0	0	0	(8,459,445)
Interest on Long-Term Debt	1,910,681	0	0	0	(1,910,681)
TOTAL	<u>\$ 26,600,314</u>	<u>\$ 741,066</u>	<u>\$ 4,372,329</u>	<u>\$ 383,331</u>	<u>(21,103,588)</u>
GENERAL REVENUES					
Taxes					
Property taxes levied for general purposes					
Replacement taxes for general purposes					
Interest Income					
Other Revenue					
TOTAL GENERAL REVENUES					
CHANGE IN NET ASSETS					
NET ASSETS,					
BEGINNING OF YEAR					
END OF YEAR					

See Accompanying Notes To The Financial Statements.

Lemont Bromberek Combined School District 113A
Governmental Funds
Statement of Assets, Liabilities and Fund Balances Arising From Cash Transactions
June 30, 2008

	<u>Education</u>	<u>Operations & Maintenance</u>	<u>Bond and Interest</u>	<u>Working Cash</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS						
Cash	\$ (4,210,499)	\$ 1,380,818	\$ 2,972,126	\$ 5,492,942	\$ 29,296	\$ 5,664,683
TOTAL ASSETS	<u>(4,210,499)</u>	<u>1,380,818</u>	<u>2,972,126</u>	<u>5,492,942</u>	<u>29,296</u>	<u>5,664,683</u>
TOTAL LIABILITIES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCES (DEFICITS)						
Fund Balances, Unreserved						
Undesignated	(4,210,499)	1,380,818	0	0	0	(2,829,681)
Special Revenue Funds	0	0	0	0	1,099,758	1,099,758
Debt Service Fund	0	0	2,972,126	0	0	2,972,126
Capital Projects Fund	0	0	0	0	(1,070,462)	(1,070,462)
Permanent Fund	0	0	0	5,492,942	0	5,492,942
TOTAL FUND BALANCES	<u>(4,210,499)</u>	<u>1,380,818</u>	<u>2,972,126</u>	<u>5,492,942</u>	<u>29,296</u>	<u>5,664,683</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ (4,210,499)</u>	<u>\$ 1,380,818</u>	<u>\$ 2,972,126</u>	<u>\$ 5,492,942</u>	<u>\$ 29,296</u>	

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

Capital Assets used in governmental funds are not financial resources and therefore are not reported in the fund financial statements.	29,358,659
Bonds Payable are reported as liabilities in the government-wide financial statements but not in the fund financial statements.	<u>(19,852,119)</u>
NET ASSETS OF GOVERNMENTAL FUNDS	<u>\$ 15,171,223</u>

See Accompanying Notes To The Financial Statements.

Lemont Bromberk Combined School District 113A

Governmental Funds

Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balances (Deficits)

For the Year Ended June 30, 2008

	Education	Operations & Maintenance	Bond and Interest	Working Cash	Other Governmental Funds	Total
REVENUES RECEIVED						
Property Taxes	\$ 11,505,780	\$ 1,662,746	\$ 3,076,381	\$ 0	\$ 1,059,848	\$ 17,304,755 ✓
Replacement Taxes	387,384	0	0	0	0	387,384 ✓
Charges for Services	677,116	63,950	0	0	0	741,066 ✓
Donations from Private Sources	189,387	193,944	0	0	0	383,331 ✓
Payments from Other LEA's	516,151	0	0	0	0	516,151 ✓
Unrestricted State Aid	935,772	0	0	0	0	935,772 ✓
TRS On-Behalf Contributions	1,006,239	0	0	0	0	1,006,239 ✓
Restricted State Aid	1,133,970	0	0	0	613,410	1,747,380 ✓
Restricted Federal Aid	166,787	0	0	0	0	166,787 ✓
Interest	277,527	491	1,092	0	245	279,355 ✓
Other Revenue	0	0	0	0	35,135	35,135 ✓
TOTAL REVENUES RECEIVED	16,796,113	1,921,131	3,077,473	0	1,708,638	23,503,355
EXPENDITURES DISBURSED						
Current						
Instruction	12,938,271	0	0	0	200,011	13,138,282
Operations and Maintenance	0	2,249,280	0	0	0	2,249,280
Support Services	4,734,284	0	0	0	1,475,881	6,210,165
Nonprogrammed Charges	650,167	0	0	0	0	650,167
TRS On-Behalf Payments	1,006,239	0	0	0	0	1,006,239
Debt Service						
Principal	0	0	1,118,932	0	0	1,118,932
Interest	0	0	1,910,681	0	0	1,910,681
Capital Outlay	0	0	0	0	359,469	359,469
TOTAL EXPENDITURES DISBURSED	19,328,961	2,249,280	3,029,613	0	2,035,361	26,643,215
NET CHANGE IN FUND BALANCES	(2,532,848)	(328,149)	47,860	0	(326,723)	(3,139,860)
FUND BALANCES (DEFICITS),						
BEGINNING OF YEAR	(1,677,651)	1,708,967	2,924,266	5,492,942	356,019	8,804,543
END OF YEAR	\$ (4,210,499)	\$ 1,380,818	\$ 2,972,126	\$ 5,492,942	\$ 29,296	\$ 5,664,683

See Accompanying Notes To The Financial Statements.

Lemont Bromberek Combined School District 113A
Reconciliation of the Statement of Revenues Received, Expenditures Disbursed and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2008

Net Change in Fund Balances - Total Governmental Funds (Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balances)	\$ (3,139,860)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Depreciation of Capital Assets is not considered an expenditure in the fund financial statements but is considered an expense in the government-wide statements.	(1,346,783)
Purchase of Capital Assets is considered an expenditure in the fund financial statements but is not considered an expense in the government-wide statements.	270,752
Principal debt payments are considered an expenditure in the fund financial statements but are not considered an expense in the government-wide statements.	<u>1,118,932</u>
Change in Net Assets of Governmental Activities (Statement of Activities)	<u>\$ (3,096,959)</u>

See Accompanying Notes To The Financial Statements.

Lemont Bromberek Combined School District 113A
 Fiduciary Fund
 Student Activity Funds
 Statement of Changes in Assets and Liabilities
 For the Year Ended June 30, 2008

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
ASSETS				
Cash in the Custody of the School District	\$ 37,133	\$ 260,274	\$ 247,239	\$ 50,168
TOTAL ASSETS	<u>37,133</u>	<u>260,274</u>	<u>247,239</u>	<u>50,168</u>
LIABILITIES				
Due to Other Funds				
Due to Activity Organizations	37,133	\$ 260,274	\$ 247,239	50,168
TOTAL LIABILITIES	<u>\$ 37,133</u>	<u>\$ 260,274</u>	<u>\$ 247,239</u>	<u>\$ 50,168</u>

See Accompanying Notes To The Financial Statements.

Lemont Bromberek Combined School District 113A
Notes To The Financial Statements
For The Year Ended June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Lemont Bromberek Combined School District 113A the "School District" operates as a public school system under the direction of its Board of Education. In meeting the educational needs of the students within its boundaries, the District also operates a school lunch program and provides student transportation services at the four schools included in the District.

A. Reporting Entity

The School District follows the provisions of Governmental Accounting Standards Board Statement No. 39, "Determining Whether Certain Organizations Are Component Units – an amendment of GASB Statement No. 14". As defined by generally accepted accounting principles established by GASB, the financial reporting entity consists of the primary government, as well as its component units, which are legally separate, tax-exempt entities and meet all of the following criteria:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.
2. The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

The School District has concluded that no entities meet the criteria of Statement 39 for inclusion as a component unit. Likewise, the School District is not required to be included as a component unit of any other entity.

B. Changes in Accounting Methods

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments (GASB 34). The Lemont Bromberek Combined School District 113A has implemented GASB 34 effective July 1, 2002. As a result, an entirely new financial presentation format has been implemented. The implementation of GASB 34 adds two "Government-Wide" financial statements as basic financial statements required for all governmental units. They are the Statement of Net Assets, which presents the financial condition of the governmental and business-type activities of the School District at fiscal year end, and the Statement of Activities, which presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities.

The reporting model for GASB 34 classifies funds as either governmental activities, business-type activities, or fiduciary funds. Further, all non-fiduciary funds are classified as major or non-major funds. In reporting financial condition and results of operations for governmental units, the new standard concentrates on major funds versus non-major funds.

Lemont Bromberek Combined School District 113A
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Changes in Accounting Methods (Continued)

Both new statements are prepared on the modified cash basis of accounting. Previously, the School District used the cash basis of accounting, which did not include capital assets or long-term debt. The cash basis of accounting is a comprehensive basis of accounting other than Generally Accepted Accounting Principles (GAAP).

C. Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Assets and the Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by function revenues. Direct expenses are those that are clearly identifiable with a specific function. The School District does not allocate indirect expenses to functions in the Statement of Activities. Program revenues include charges to residents who purchase, use or directly benefit from goods, services, or privileges provided by a given function, and grants and contributions that are restricted to meeting the operational and capital requirements of a particular function. Taxes and other income items that are not specifically related to a function are reported as general revenues.

FUND FINANCIAL STATEMENTS

Fund financial statements of the reporting entity are organized into individual funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, fund equity, revenues, and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions.

Funds are organized as major funds or non-major funds within the governmental statements. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the entity or meets the following criteria:

- Total assets, liabilities, revenues or expenditures of the individual governmental fund are at least ten percent of the corresponding total for all funds of that category or type and
- Total assets, liabilities, revenues or expenditures of the individual governmental fund are at least five percent of the corresponding total for all governmental funds combined.

Governmental Funds (Governmental Activities)

Governmental fund types are those through which most governmental functions of the School District are financed. The School District's expendable financial resources are accounted for through governmental funds. The measurement focus is based upon determination of changes in financial position rather than upon net income determination. A brief explanation of the School District's governmental funds follows:

Lemont Bromberek Combined School District 113A
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation (Continued)

FUND FINANCIAL STATEMENTS (CONTINUED)

Governmental Funds (Governmental Activities) (Continued)

General Funds

The Educational Fund is the general operating fund of the School District. It is used to account for most of the instructional and administrative aspects of the District's operations.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenses for specific purposes.

The Operations and Maintenance Fund is used to account for the revenues of taxes levied for maintenance supplies and staff for the general upkeep of all schools within the School District.

Transportation Fund - This fund accounts for the revenues of taxes levied and related expenses for the transportation of students to and from the schools.

IMRF and Social Security Fund - This fund accounts for the revenues of taxes levied and related expenses for employer payments for retirement contributions.

Debt Service Fund

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

Capital Projects Fund

The Site and Construction Fund accounts for financial resources acquired through grant funds and bond issues, which are to be used for improvements and additions to school facilities and equipment.

Permanent Fund

The Working Cash Fund is used to account for the financial resources held by the School District to be used for loans for working capital requirements.

MAJOR FUNDS

The District reports the following major funds:

- Education Fund
- Operations and Maintenance Fund
- Bond and Interest Fund
- Working Cash

Lemont Bromberek Combined School District 113A
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation (Continued)

FUND FINANCIAL STATEMENTS (CONTINUED)

Governmental Funds (Governmental Activities) (Continued)

NON-MAJOR FUNDS

The District reports the following non-major funds:

- Transportation Fund
- IMRF and Social Security Fund
- Site and Construction Fund

FIDUCIARY ACTIVITIES

The Student Activity Funds account for funds collected which are held in escrow by the School District. The funds are collected by the student body and are used at their discretion.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures (or expenses) and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Basis of accounting also refers to the timing of the measurements made, regardless of the measurement focus applied. The government-wide Statement of Net Assets and Statement of Activities were both prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than Generally Accepted Accounting Principles (GAAP). The fund financial statements were prepared on the cash basis of accounting. Under the cash basis of accounting, revenues are recognized when collected and expenditures are recognized when paid. Furthermore, only assets, liabilities, and fund balances arising from cash transactions are recognized.

Accordingly, recognition of receivables, payables, and other accrued or deferred items is not applicable. The difference between the modified cash basis of accounting and the cash basis of accounting is that the former includes capital assets and long-term debt, which the latter does not. Standards established by Generally Accepted Auditing Standards (GAAS) require GAAP for governmental units. Conformance with GAAP would require the financial statements to be prepared on the accrual or modified accrual basis of accounting. Accordingly, these financial statements are not intended to present the financial position and results of operations in conformity with GAAP.

E. Measurement Focus

On the government-wide Statement of Net Assets and Statement of Activities, governmental activities are presented using the flow of economic resources measurement focus, which means all assets and liabilities (whether current or non-current) are included on the Statement of Net Assets and the operating statements present increases and decreases in net total assets.

Lemont Bromberek Combined School District 113A
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Measurement Focus (Continued)

In the fund financial statements, all governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

F. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

G. Budget and Budgetary Accounting

The School District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Board of Education adopts a Budget Ordinance which serves as an operating budget.
2. Budget hearings are conducted.
3. The budget is legally enacted through passage of an ordinance no later than October 1.
4. The Board of Education may amend the budget.

H. Cash and Cash Equivalents

The School District considers all highly liquid investments with an initial maturity date within three months of the date acquired by the School District and investment pools to be cash equivalents.

I. Capital Assets

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

In the government-wide financial statements, the School District has adopted a capitalization threshold of \$1,000 for capital asset additions. All capital assets are valued at historical cost, or estimated historical cost if actual cost is unavailable. Donated capital assets are stated at their fair market value as of the date donated.

Lemont Bromberek Combined School District 113A
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Capital Assets (Continued)

Prior to July 1, 2002, capital assets of governmental funds were accounted for in the general fixed assets account group and were not recorded directly as a part of any individual fund's financial statements. Infrastructure of governmental funds was not previously capitalized. Upon implementing GASB 34, governmental units are required to account for all capital assets, including infrastructure, in the government-wide financial statements prospectively from the date of implementation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	20 to 50 years
Improvements	10 to 20 years
Machinery and Equipment	5 to 20 years

FUND FINANCIAL STATEMENTS

In the fund financial statements, assets used in governmental fund operations are accounted for as capital outlays in the fund from which the expenditure was made. Public domain (infrastructure) assets consisting of roads, curbs and gutters, sidewalks, drainage systems, and lighting systems are not capitalized in the fund financial statements.

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

J. Property Taxes

Property taxes are levied each year on all taxable real property in the District on or before the last Tuesday in December. The 2007 tax levy was passed by the Board of Education on December 12, 2007, and attached as an enforceable lien on the property as of the preceding January 1. These taxes become due and collectible in June and September and are collected by the County Collectors of DuPage and Cook counties, who, in turn, remit to the District its respective share.

K. Interfund Receivables/Payables

Amounts due to and due from other funds can arise during the course of the School District's operations because of numerous transactions between funds to finance operations, provide services, construct assets and service debt. To the extent that these transactions have not been repaid as of June 30, 2008, an interfund receivable and payable have been recorded.

L. Transfers

During the normal course of School operations, transfers between funds arise to reimburse individual funds for expenditures/expenses incurred for the benefit of other funds. Typical expenses in the category are general administrative and maintenance expenses. At June 30, 2008, transfers within the governmental activities of the district were not required.

Lemont Bromberek Combined School District 113A
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2008

NOTE 2 - DEPOSITS AND INVESTMENTS

A. Bank Deposits

Investments and deposits with financial institutions are pooled for the various funds and interest income earned on the investments is allocated to the various funds based upon the fund's investment balances.

Illinois statutes authorize the School District to invest in obligations of the U.S. Treasury, U.S. Agencies and banks and savings and loan associations covered by federal depository insurance. The School District may also invest in commercial paper of U.S. corporations with assets exceeding \$500,000,000 provided that (a) the obligations are rated within the 3 highest classifications by at least 2 standards rating services and they mature within 180 days from the date of purchase, and (b) no more than 25% of any fund is invested in such obligation at any one time and (c) such purchases do not exceed 10% of the corporation's outstanding obligations.

At June 30, 2008, the total cash for the School District of \$5,664,683 consisted of deposits with financial institutions.

Student Activity Fund deposits with financial institutions had a bank balance of \$50,168 at June 30, 2008.

B. Policies for Investments

It is the policy of the School District to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the School District and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objective of the policy is safety (preservation of capital and protection of investment principal), liquidity and yield.

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the School District's deposits may not be returned to it. The School District's investment policy requires pledging of collateral of all bank balances in excess of federal depository insurance with the collateral held by a third party in the School District's name.

The School District limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government.

Lemont Bromberek Combined School District 113A
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2008

NOTE 3 - CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2008 is as follows. Total depreciation expense for the year ended June 30, 2008 was \$1,346,783.

	Balance July 1, 2007	Additions	Dispositions	Balance June 30, 2008
Assets Not Subject to Depreciation				
Land	\$ 1,507,280	\$ 0	\$ 0	\$ 1,507,280
Construction in Process	1,581,125	0	1,581,125	0
	<u>3,088,405</u>	<u>0</u>	<u>1,581,125</u>	<u>1,507,280</u>
Assets Subject to Depreciation				
Land Improvements	35,637	0	0	35,637
Buildings	36,627,990	1,679,706	0	38,307,696
Equipment	4,701,629	172,171	0	4,873,800
Transportation Equipment	216,217	0	0	216,217
	<u>41,581,473</u>	<u>1,851,877</u>	<u>0</u>	<u>43,433,350</u>
Less Accumulated Depreciation:				
Land Improvements	(21,084)	(582)	0	(21,666)
Buildings	(10,253,276)	(1,122,177)	0	(11,375,453)
Equipment	(3,776,343)	(219,491)	0	(3,995,834)
Transportation Equipment	(184,485)	(4,533)	0	(189,018)
Total Accumulated Depreciation	<u>(14,235,188)</u>	<u>(1,346,783)</u>	<u>0</u>	<u>(15,581,971)</u>
Subtotal	<u>27,346,285</u>	<u>505,094</u>	<u>0</u>	<u>27,851,379</u>
Net Capital Assets	<u>\$ 30,434,690</u>	<u>\$ 505,094</u>	<u>\$ 1,581,125</u>	<u>\$ 29,358,659</u>

NOTE 4 – DEBT COMMITMENTS

A. Debt Transactions

The following is a summary of long-term debt transactions for the year ended June 30, 2008:

	Debt Payable		Debt Payable		Amount
	July 1, 2007	New Debt	Principal Paid	June 30, 2008	Due Within One Year
General Obligation Bonds:					
Series 2001D CAB	\$ 6,487,323	\$ 0	\$ 0	\$ 6,487,323	\$ 0
Series 2002 CAB	4,329,323	0	0	4,329,323	0
Series 2001A Limited CAB	1,195,000	0	75,000	1,120,000	75,000
Series 2001B Limited CAB	669,853	0	57,158	612,695	57,158
Series 1995 School Building	8,289,552	0	986,774	7,302,778	950,075
Total Long Term Debt	<u>\$ 20,971,051</u>	<u>\$ 0</u>	<u>\$ 1,118,932</u>	<u>\$ 19,852,119</u>	<u>\$ 1,082,233</u>

Lemont Bromberek Combined School District 113A
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2008

NOTE 4 – DEBT COMMITMENTS (CONTINUED)

General Obligation Bonds

General Obligation Bonds, Series 2001D, Capital Appreciation Bonds

Originally issued for \$6,914,760, provides for annual principal installments each December 1st. Interest is payable annually at rates varying from 4.3% to 5.29%.

General Obligation Bonds, Series 2002, Capital Appreciation Bonds

Originally issued for \$4,329,323, provides for principal installments beginning December 1, 2019. Interest will be payable annually at rates varying from 5.2% to 5.3% beginning December 1, 2019.

General Obligation Bonds, Series 2001A Limited Capital Appreciation Bonds

Originally issued for \$1,625,000, provides for annual principal installments each December 1st. Interest is payable semi-annually at rates varying from 3.5% to 5.0%.

General Obligation Bonds, Series 2001B, Limited Capital Appreciation Bonds

Originally issued for \$1,068,071, provides for annual principal installments each December 1st. Interest is payable annually at rates varying from 3.8% to 5.4%.

General Obligation Bonds, Series 1995 School Building Bonds

Originally issued for \$16,358,467, provides for annual principal installments each December 1st. Interest is payable annually at 9.0%.

C. Annual Principal and Interest Requirements

The schedule of principal and interest for long-term debt is as follows:

Year Ending June 30,	Principal	Interest	Total
2009	\$ 1,082,233	\$ 2,092,193	\$ 3,174,426
2010	1,106,345	2,423,802	3,530,147
2011	1,070,569	2,625,442	3,696,011
2012	1,034,692	2,836,808	3,871,500
2013	1,053,865	3,254,231	4,308,096
2014-2018	6,851,258	16,680,945	23,532,203
2019-2022	7,653,157	1,278,610	8,931,767
	<u>\$ 19,852,119</u>	<u>\$ 31,192,031</u>	<u>\$ 51,044,150</u>

Lemont Bromberek Combined School District 113A
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2008

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. 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.

NOTE 6 – EXPENDITURES IN EXCESS OF BUDGET

For the year ended June 30, 2008, expenditures exceeded authorized budget amounts in the following funds:

	Budget Expenditures	Actual Expenditures
Educational Fund	\$ 16,685,422	\$ 19,328,961
Operations and Maintenance Fund	2,097,646	2,249,280
Bond and Interest Fund	2,950,101	3,029,613
Transportation Fund	1,195,439	1,356,306
Site and Construction Fund	0	98,582

The School District does not budget for the on-behalf employer pension contributions made by the State of Illinois directly to TRS. For the year ended June 30, 2008, the School District recorded this contribution as a revenue and expenditure in the Educational Fund amounting to \$1,006,239 of the excess budget overrun.

NOTE 7 - DEFICIT FUND BALANCE

For the year ended June 30, 2008, the following funds had deficit fund balances:

Educational Fund	\$ (4,210,499)
IMRF and Social Security Fund	(119,737)
Site and Construction Fund	(1,070,462)

NOTE 8 - TORT IMMUNITY EXPENDITURES

The following tort immunity expenditures exist at June 30, 2008:

Liability Insurance	\$ 53,411
Workers Compensation	<u>125,662</u>
	<u>\$ 179,073</u>

These expenditures are reported in the Educational Fund of the District.

Lemont Bromberek Combined School District 113A
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2008

PENSION PLAN COMMITMENT – ILLINOIS MUNICIPAL RETIREMENT FUND

A. Plan Description

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

B. Funding Policy

As set by statute, the School District Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statutes requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate from calendar year 2007 was 9.79 percent of annual covered payroll. The School 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.

C. Annual Pension Cost

For 2007, The School District's annual pension cost of \$243,283 for the Regular plan was equal to the District's required and actual contributions.

Actual Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2007	\$ 243,283	100%	\$ 0
12/31/2006	241,059	100%	0
12/31/2005	221,465	100%	0

The required contribution was determined as part of the December 31, 2005, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2005, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10.0% 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 School District Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investment over a five-year period with a 15% corridor between the actuarial and market value of assets. The District 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 25 years.

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

Lemont Bromberek Combined School District 113A
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2008

PENSION PLAN COMMITMENT – ILLINOIS MUNICIPAL RETIREMENT FUND (CONTINUED)

D. Funded Status and Funding Progress

As of December 31, 2007, the most recent actuarial valuation date, the Regular plan was 93.50 percent funded. The actuarial accrued liability for benefits was \$5,045,250 and the actuarial value of assets was \$4,717,421, resulting in an underfunded actuarial accrued liability (UAAL) of \$327,829. The covered payroll (annual payroll of active employees covered by the plan) was \$2,485,019 and the ratio of the UAAL to the covered payroll was 13 percent.

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

Lemont Bromberek Combined SD 113
EMPLOYER NUMBER: 09495R
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2007	\$ 4,717,421	\$ 5,045,250	\$ 327,829	93.50%	\$ 2,485,019	13.19%
12/31/2006	4,156,152	4,561,370	405,218	91.12%	2,331,329	17.38%
12/31/2005	3,621,464	4,096,971	475,507	88.39%	2,241,550	21.21%

PENSION PLAN COMMITMENT – TEACHERS' RETIREMENT SYSTEM (TRS)

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

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

TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate through June 30, 2008, was 9.4 percent of their creditable earnings. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer.

In addition, virtually all employers and members pay a contribution to the Teachers' Health Insurance Security (THIS) Fund, a separate fund in the State Treasury that is not a part of this retirement plan. The employer THIS Fund contribution was 0.63 percent during the year ended June 30, 2008, and the member THIS Fund health insurance contribution was 0.84 percent.

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

Lemont Bromberek Combined School District 113A
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2008

PENSION PLAN COMMITMENT – TEACHERS' RETIREMENT SYSTEM (TRS) (CONTINUED)

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

- **On-behalf contributions**

The State of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2008, State of Illinois contributions were based on 13.11 percent of creditable earnings, and the District recognized revenue and expenditures of \$967,143 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2007 and 2006, the State of Illinois contribution rates as percentages of creditable earnings were 9.78 percent (\$953,256) and 7.06 percent (\$662,551), respectively.

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

- **2.2 formula contributions**

Employers contribute 0.58 percent of creditable earnings for the 2.2 formula change. Contributions for the year ending June 30, 2008 were \$59,675. Contributions for the years ending June 30, 2007, and June 30, 2006, were \$56,533 and \$54,431, respectively.

- **Federal and trust fund contributions**

When TRS members are paid from federal and trust funds administered by the District, there is a statutory requirement for the District to pay an additional contribution from those funds. Under the policy adopted by the TRS Board of Trustees that was first effective in the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and trust funds will be the same as the state contribution rate to TRS. For the year ended June 30, 2008, the employer pension contribution was 13.11 percent of salaries paid from those funds. For the two years ended June 30, 2007 and June 30, 2006, the employer pension contribution was 9.78 percent and 7.06 percent of salaries paid from those funds. For the year ended June 30, 2008, salaries totaling \$45,563 were paid from federal and trust funds that required employer contributions of \$5,711. For the years ended June 30, 2007 and 2006, required District contributions were \$4,258 and \$2,274, respectively.

- **Early Retirement Option**

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

Under Public Act 94-0004, a "Pipeline ERO" program is provided for members to retire under the same terms as the ERO program that expired June 30, 2005, provided they meet certain conditions and retire on or before July 1, 2007. If members do not meet these conditions, they can retire under the "Modified ERO" program which requires higher member and employer contributions to TRS. Also, under the Modified ERO, Public Act 94-00004 eliminates the waiver of member and employer ERO contributions that had been in effect for members with 34 years of service (unless the member qualifies for the Pipeline ERO).

Under the ERO program that expired on June 30, 2005 and the Pipeline ERO, the maximum employer contribution is 100 percent of the member's highest salary used in the final average salary calculation.

Lemont Bromberek Combined School District 113A
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2008

PENSION PLAN COMMITMENT – TEACHERS' RETIREMENT SYSTEM (TRS) (CONTINUED)

Under the Modified ERO, the maximum contribution is 117.5 percent. Both the 100 percent and 117.5 percent maximums apply when the member is age 55 at retirement.

For the year ended June 30, 2008, the district paid \$50,560 to TRS for employer contributions under the Pipeline ERO and Modified ERO programs. For the years ended June 30, 2007 and June 30, 2006, the district paid \$56,591 and \$0 in employer ERO contributions.

- **Salary increases over 6 percent and excess sick leave**

Public Act 94-004 added two 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, 2008, the district paid \$0 to TRS for employer contributions due on salary increases in excess of 6 percent. For the year ended June 30, 2007, the district paid \$0 in employer contributions due on salary increases in excess in 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 (13.11 percent of salary during the year ended June 30, 2008). For the year ended June 30, 2008, the district paid \$0 to TRS for sick leave days granted in the excess of the normal annual allotment. For the year ended June 30, 2007, 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, 2007. The report for the year ended June 30, 2008, is expected to be available in late 2008.

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.

MAJOR FUNDS

Governmental Funds

Educational Fund - to account for most of the instructional and administrative aspects of the District's operations.

Operations and Maintenance Fund - to account for the revenues of taxes levied for maintenance supplies and staff for the general upkeep of all schools within the School District.

Bond and Interest Fund - to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Working Cash Fund - to account for financial resources held by the District to be used for loans for working capital requirements.

Lemont Bromberek Combined School District 113A
Educational Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance
	Original	Final		With Final Budget
REVENUES RECEIVED				
Property Taxes	\$ 12,022,790	\$ 12,022,790	\$ 11,505,780	\$ (517,010)
Replacement Taxes	325,000	325,000	387,384	62,384
Charges for Services	725,000	725,000	677,116	(47,884)
Donations from Private Sources	0	0	189,387	189,387
Payments from Other LEA's	169,000	169,000	516,151	347,151
Unrestricted State Aid	876,472	876,472	935,772	59,300
Restricted State Aid	788,412	788,412	1,133,970	345,558
Restricted Federal Aid	732,724	732,724	166,787	(565,937)
TRS On-Behalf Contributions	0	0	1,006,239	1,006,239
Interest	46,500	46,500	277,527	231,027
TOTAL REVENUES RECEIVED	<u>15,685,898</u>	<u>15,685,898</u>	<u>16,796,113</u>	<u>1,110,215</u>
EXPENDITURES DISBURSED				
Current				
Instruction	11,604,040	11,604,040	12,938,271	(1,334,231)
Support Services	4,748,182	4,748,182	4,734,284	13,898
Nonprogrammed Charges	333,200	333,200	650,167	(316,967)
TRS On-Behalf Payments	0	0	1,006,239	(1,006,239)
TOTAL EXPENDITURES DISBURSED	<u>16,685,422</u>	<u>16,685,422</u>	<u>19,328,961</u>	<u>(2,643,539)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (999,524)</u>	<u>\$ (999,524)</u>	<u>(2,532,848)</u>	<u>\$ (1,533,324)</u>
FUND BALANCE (DEFICIT), BEGINNING OF YEAR			<u>(1,677,651)</u>	
END OF YEAR			<u>\$ (4,210,499)</u>	

Lemont Bromberek Combined School District 113A
Operations and Maintenance Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance
	Original	Final		With Final Budget
REVENUES RECEIVED				
Property Taxes	\$ 1,876,348	\$ 1,876,348	\$ 1,662,746	\$ (213,602)
Rentals	90,000	90,000	63,950	(26,050)
Other Local Revenues	174,000	174,000	193,944	19,944
Interest	11,500	11,500	491	(11,009)
TOTAL REVENUES RECEIVED	<u>2,151,848</u>	<u>2,151,848</u>	<u>1,921,131</u>	<u>(230,717)</u>
EXPENDITURES DISBURSED				
Operations and Maintenance				
Salaries	799,049	799,049	804,109	(5,060)
Employee Benefits	298,495	298,495	85,859	212,636
Purchased Services	368,602	368,602	618,924	(250,322)
Supplies and Materials	556,500	556,500	657,855	(101,355)
Capital Outlay	75,000	75,000	82,533	(7,533)
TOTAL EXPENDITURES DISBURSED	<u>2,097,646</u>	<u>2,097,646</u>	<u>2,249,280</u>	<u>(151,634)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 54,202</u>	<u>\$ 54,202</u>	<u>(328,149)</u>	<u>\$ (382,351)</u>
FUND BALANCE, BEGINNING OF YEAR			<u>1,708,967</u>	
END OF YEAR			<u>\$ 1,380,818</u>	

Lemont Bromberk Combined School District 113A
Educational Fund
Schedule of Expenditures Disbursed
Budget and Actual
For the Year Ended June 30, 2008

EXPENDITURES DISBURSED	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Instruction				
Regular Programs				
Salaries	\$ 6,165,170	\$ 6,165,170	\$ 6,765,552	\$ (600,382)
Employee Benefits	1,758,572	1,758,572	2,363,612	(605,040)
Purchased Services	39,975	39,975	44,354	(4,379)
Supplies and Materials	248,578	248,578	274,722	(26,144)
Capital Outlay	20,000	20,000	7,116	12,884
Other	1,000	1,000	1,641	(641)
Tuition	1,000	1,000	1,332	(332)
Special Education Programs				
Salaries	1,427,623	1,427,623	1,561,733	(134,110)
Employee Benefits	407,032	407,032	547,072	(140,040)
Purchased Services	52,700	52,700	49,406	3,294
Supplies and Materials	12,700	12,700	24,023	(11,323)
Capital Outlay	5,000	5,000	3,752	1,248
Other	5,000	5,000	0	5,000
Tuition	850,000	850,000	696,936	153,064
Gifted/Bilingual Programs				
Salaries	366,487	366,487	365,953	534
Employee Benefits	67,353	67,353	90,526	(23,173)
Other	2,150	2,150	944	1,206
Interscholastic Programs				
Salaries	119,600	119,600	89,670	29,930
Employee Benefits	750	750	1,008	(258)
Purchased Services	4,000	4,000	15,879	(11,879)
Supplies and Materials	9,000	9,000	4,420	4,580
Other	10,000	10,000	0	10,000
Summer School Programs				
Salaries	30,000	30,000	28,206	1,794
Employee Benefits	250	250	336	(86)
Supplies and Materials	100	100	78	22
Total Instruction	11,604,040	11,604,040	12,938,271	(1,334,231)
Support Services - Pupils				
Salaries	840,745	840,745	649,879	190,866
Employee Benefits	175,600	175,600	236,016	(60,416)
Purchased Services	155,900	155,900	117,326	38,574
Supplies and Materials	13,000	13,000	5,912	7,088
Capital Outlay	3,000	3,000	0	3,000
Support Services - Subtotal Forward	1,188,245	1,188,245	1,009,133	179,112

Lemont Bromberek Combined School District 113A
Educational Fund
Schedule of Expenditures Disbursed (Continued)
Budget and Actual
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Support Services - Forwarded	\$ 1,188,245	\$ 1,188,245	\$ 1,009,133	\$ 179,112
Support Services - Instructional Staff				
Educational Media Services				
Salaries	507,722	507,722	543,950	(36,228)
Employee Benefits	143,308	143,308	192,613	(49,305)
Purchased Services	170,700	170,700	140,823	29,877
Supplies and Materials	90,179	90,179	83,640	6,539
Capital Outlay	126,001	126,001	100,746	25,255
Support Services - General Administration				
Board of Education Services				
Salaries	247,380	247,380	237,249	10,131
Employee Benefits	78,724	78,724	105,809	(27,085)
Purchased Services	468,700	468,700	402,810	65,890
Supplies and Materials	14,000	14,000	59,077	(45,077)
Capital Outlay	1,000	1,000	314	686
Other	25,500	25,500	9,947	15,553
Support Services - School Administration				
Office of the Principal Services				
Salaries	746,624	746,624	769,450	(22,826)
Employee Benefits	183,078	183,078	246,066	(62,988)
Purchased Services	2,000	2,000	1,065	935
Supplies and Materials	11,000	11,000	6,479	4,521
Other	3,200	3,200	3,699	(499)
Support Services - Business				
Salaries	242,137	242,137	232,574	9,563
Employee Benefits	58,784	58,784	79,009	(20,225)
Purchased Services	432,500	432,500	477,871	(45,371)
Supplies and Materials	4,400	4,400	23,056	(18,656)
Capital Outlay	2,000	2,000	8,664	(6,664)
Other	1,000	1,000	240	760
Total Support Services	<u>4,748,182</u>	<u>4,748,182</u>	<u>4,734,284</u>	<u>13,898</u>
Nonprogrammed Charges	<u>333,200</u>	<u>333,200</u>	<u>650,167</u>	<u>(316,967)</u>
TRS On-Behalf Payments	<u>0</u>	<u>0</u>	<u>1,006,239</u>	<u>(1,006,239)</u>
TOTAL EXPENDITURES DISBURSED	<u>\$ 16,685,422</u>	<u>\$ 16,685,422</u>	<u>\$ 19,328,961</u>	<u>\$ (2,643,539)</u>

Lemont Bromberek Combined School District 113A
 Bond and Interest Fund
 Schedule of Revenues Received, Expenditures Disbursed and Changes in
 Fund Balance - Budget and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES RECEIVED				
Property Taxes	\$ 3,061,410	\$ 3,061,410	\$ 3,076,381	\$ 14,971
Interest	18,000	18,000	1,092	(16,908)
TOTAL REVENUES RECEIVED	<u>3,079,410</u>	<u>3,079,410</u>	<u>3,077,473</u>	<u>(1,937)</u>
EXPENDITURES DISBURSED				
Debt Service				
Principal	1,061,775	1,061,775	1,118,932	(57,157)
Interest	1,888,326	1,888,326	1,910,681	(22,355)
TOTAL EXPENDITURES DISBURSED	<u>2,950,101</u>	<u>2,950,101</u>	<u>3,029,613</u>	<u>(79,512)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 129,309</u>	<u>\$ 129,309</u>	47,860	<u>\$ (81,449)</u>
FUND BALANCE, BEGINNING OF YEAR			<u>2,924,266</u>	
END OF YEAR			<u>\$ 2,972,126</u>	

Lemont Bromberek Combined School District 113A
 Working Cash Fund
 Schedule of Revenues Received, Expenditures Disbursed and Changes in
 Fund Balance - Budget and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES RECEIVED				
Interest	\$ 70,000	\$ 70,000	\$ 0	\$ (70,000)
TOTAL REVENUES RECEIVED	70,000	70,000	0	(70,000)
TOTAL EXPENDITURES DISBURSED	0	0	0	0
NET CHANGE IN FUND BALANCE	\$ 70,000	\$ 70,000	0	\$ (70,000)
FUND BALANCE, BEGINNING OF YEAR			5,492,942	
END OF YEAR			\$ 5,492,942	

NON-MAJOR FUNDS

Special Revenue Funds

Transportation Fund - to account for the revenues of taxes levied and related expenses for the transportation of students to and from the schools.

IMRF and Social Security Fund - to account for the revenues of taxes levied and related expenses for employer payments for retirement contributions.

Capital Projects Fund

Site and Construction Fund - to account for the financial resources acquired through grant funds and bond issues, which are used for the improvements and additions to school facilities and equipment.

Lemont Bromberek Combined School District 113A
 Non-Major Funds
 Combining Schedule of Assets, Liabilities and Fund Balances
 Arising From Cash Transactions
 June 30, 2008

	Special Revenue Funds		Capital Projects	Total
	Transportation	IMRF and Social Security	Site and Construction	
ASSETS				
Cash	\$ 1,219,495	\$ (119,737)	\$ (1,070,462)	\$ 29,296
TOTAL ASSETS	<u>1,219,495</u>	<u>(119,737)</u>	<u>(1,070,462)</u>	<u>29,296</u>
TOTAL LIABILITIES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCES				
Fund Balances				
Unreserved, Special Revenue Funds	1,219,495	(119,737)	0	1,099,758
Unreserved, Capital Projects Fund	<u>0</u>	<u>0</u>	<u>(1,070,462)</u>	<u>(1,070,462)</u>
TOTAL FUND BALANCES	<u>1,219,495</u>	<u>(119,737)</u>	<u>(1,070,462)</u>	<u>29,296</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,219,495</u>	<u>\$ (119,737)</u>	<u>\$ (1,070,462)</u>	<u>\$ 29,296</u>

Lemont Bromberek Combined School District 113A

Non-Major Funds

Combining Schedule of Revenues Received, Expenditures Disbursed and
Changes in Fund Balances

For the Year Ended June 30, 2008

	Special Revenue Funds		Capital Projects	Total
	Transportation	IMRF and Social Security	Site and Construction	
REVENUES RECEIVED				
Property Taxes	\$ 584,465	\$ 475,383	\$ 0	\$ 1,059,848
Restricted State Aid	613,410	0	0	613,410
Other Local Revenue	35,135	0	0	35,135
Interest	98	147	0	245
TOTAL REVENUES RECEIVED	1,233,108	475,530	0	1,708,638
EXPENDITURES DISBURSED				
Current				
Instruction	0	200,011	0	200,011
Support Services	1,095,419	380,462	0	1,475,881
Capital Outlay	260,887	0	98,582	359,469
TOTAL EXPENDITURES DISBURSED	1,356,306	580,473	98,582	2,035,361
NET CHANGE IN FUND BALANCES	(123,198)	(104,943)	(98,582)	(326,723)
FUND BALANCES, BEGINNING OF YEAR	1,342,693	(14,794)	(971,880)	356,019
END OF YEAR	\$ 1,219,495	\$ (119,737)	\$ (1,070,462)	\$ 29,296

Lemont Bromberek Combined School District 113A
 Transportation Fund
 Schedule of Revenues Received, Expenditures Disbursed and Changes in
 Fund Balance - Budget and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES RECEIVED				
Property Taxes	\$ 657,088	\$ 657,088	\$ 584,465	\$ (72,623)
Restricted State Aid	610,000	610,000	613,410	3,410
Other Local Revenue	53,500	53,500	35,135	(18,365)
Interest	8,000	8,000	98	(7,902)
TOTAL REVENUES RECEIVED	<u>1,328,588</u>	<u>1,328,588</u>	<u>1,233,108</u>	<u>(95,480)</u>
EXPENDITURES DISBURSED				
Support Services				
Salaries	487,042	487,042	500,437	(13,395)
Employee Benefits	12,968	12,968	6,352	6,616
Purchased Services	354,950	354,950	366,078	(11,128)
Supplies and Materials	154,000	154,000	222,552	(68,552)
Capital Outlay	186,479	186,479	260,887	(74,408)
TOTAL EXPENDITURES DISBURSED	<u>1,195,439</u>	<u>1,195,439</u>	<u>1,356,306</u>	<u>(160,867)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 133,149</u>	<u>\$ 133,149</u>	<u>(123,198)</u>	<u>\$ (256,347)</u>
FUND BALANCE, BEGINNING OF YEAR			<u>1,342,693</u>	
END OF YEAR			<u>\$ 1,219,495</u>	

Lemont Bromberek Combined School District 113A
 IMRF and Social Security Fund
 Schedule of Revenues Received, Expenditures Disbursed and Changes in
 Fund Balance - Budget and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES RECEIVED				
Property Taxes	\$ 492,757	\$ 492,757	\$ 475,383	\$ (17,374)
Interest	4,000	4,000	147	(3,853)
TOTAL REVENUES RECEIVED	<u>496,757</u>	<u>496,757</u>	<u>475,530</u>	<u>(21,227)</u>
EXPENDITURES DISBURSED				
Instruction				
Employee Benefits	193,885	193,885	200,011	(6,126)
Support Services				
Employee Benefits	391,110	391,110	380,462	10,648
TOTAL EXPENDITURES DISBURSED	<u>584,995</u>	<u>584,995</u>	<u>580,473</u>	<u>4,522</u>
NET CHANGE IN FUND BALANCE	<u>\$ (88,238)</u>	<u>\$ (88,238)</u>	<u>(104,943)</u>	<u>\$ (16,705)</u>
FUND BALANCE, BEGINNING OF YEAR			<u>(14,794)</u>	
END OF YEAR			<u>\$ (119,737)</u>	

Lemont Bromberek Combined School District 113A
 Site and Construction Fund
 Schedule of Revenues Received, Expenditures Disbursed and Changes in
 Fund Balance - Budget and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance
	Original	Final		With Final Budget
REVENUES RECEIVED				
Interest	\$ 30,000	\$ 30,000	\$ 0	\$ (30,000)
TOTAL REVENUES RECEIVED	30,000	30,000	0	(30,000)
TOTAL EXPENDITURES DISBURSED	0	0	98,582	(98,582)
NET CHANGE IN FUND BALANCE	\$ 30,000	\$ 30,000	(98,582)	\$ (128,582)
FUND BALANCE, BEGINNING OF YEAR			(971,880)	
END OF YEAR			\$ (1,070,462)	

Lemont Bromberek Combined School District 113A
Computation of Legal Debt Margin
June 30, 2008

Assessed Valuation - 2007 Tax Year	<u>\$ 1,125,545,789</u>
Statutory Debt Limitation - 6.9% of Assessed Valuation	77,662,659
Total Debt	<u>19,852,119</u>
Legal Debt Margin	<u>\$ 57,810,540</u>



**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***

To the Board of Education
Lemont Bromberek Combined School District 113A
Lemont, Illinois

We have audited the financial statements of Lemont Bromberek Combined School District 113A as of and for the year ended June 30, 2008, and have issued our report thereon dated the same date as this report. 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 No. 113A's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Lemont Bromberek Combined School District No. 113A's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Lemont Bromberek Combined School District No. 113A's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purposes 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. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A *control deficiency* 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 misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

We have identified the following deficiencies in internal control that we consider to be material weaknesses, as defined above:

- * Lack of performance of basic accounting procedures - cash accounts are not reconciled to the general ledger.
- * Payroll Procedures lack proper review and reporting.
- * Lack of controls over software use.
- * Lack of controls over the preparation of the financial statements.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lemont Bromberek Combined School District No. 113A's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have 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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management of Lemont Bromberek Combined School District No. 113A in a separate letter dated January 14, 2009.

Lemont Bromberek Combined School District No. 113A's response 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 No. 113A's response and, accordingly, we express no opinion on it.

This report is intended solely for the information of 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.

Kuntze & Associates, P.C.