

**LEMONT-BROMBEREK COMBINED
SCHOOL DISTRICT 113A
LEMONT, ILLINOIS
ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2012**

Report issued by:

Susan Birkenmaier
Superintendent

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A
ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2012**

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INTRODUCTORY SECTION

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A
LEMONT, ILLINOIS
JUNE 30, 2012**

BOARD OF EDUCATION

		Term Expires
David Molitor	President	2015
Kevin Doherty	Vice President	2013
Cynthia Kelly	Secretary	2015
Michael Aurelio	Member	2015
Al Malley	Member	2015
Karen Siston	Member	2013
Lisa Wright	Member	2013

DISTRICT ADMINISTRATION

Susan Birkenmaier Superintendent

DEPARTMENT ISSUING REPORT

Business Office

FINANCIAL SECTION

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, 2012, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the aggregate remaining fund information, and the fiduciary fund of Lemont-Bromberek Combined School District 113A as of June 30, 2012, and the respective changes in financial position, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2012, 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.



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 - xi and 30 - 31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 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 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, Pawitoch, Salvador & Co., Ltd.

Orland Park, Illinois
September 28, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS
as of and for the fiscal year ended June 30, 2012

The Annual Financial Report of Lemont-Bromberek Combined School District 113A, for the fiscal year ended June 30, 2012, 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-Bromberek 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, 2012.

Financial Highlights

- The total net assets of the District increased by \$2,694,450 during fiscal year 2012.
- Fund balance of the District's governmental funds increased by \$2,487,232. All fund balances, with the exception of the Educational Fund, closed with a positive fund balance.
- Fund balance in the District's General Fund increased by \$2,433,594.
- The liabilities of the District exceeded its assets at the close of the most recent fiscal year by \$1,613,192 (net assets deficit). This deficit gap is due largely to the Bond and Interest schedule related to long-term debt obligations.
- Governmental activities have an unrestricted net assets deficit of \$817,084. The District's amount invested in capital assets is a deficit of \$6,309,231. The balance of the net assets (\$5,513,123) is restricted for various purposes and, therefore, is not available for funding general activities.

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 - 29 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 and the statement of activities.

The statement of net assets presents information about all of the District's assets and liabilities as reported using the accrual 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 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 accrual basis of accounting.

The 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 by 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 five 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 on pages 3-8 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 9-29 of this report.

Government-wide Financial Analysis

The assets of the District are classified as current assets and capital assets. Cash and investments, and receivables are current assets. These assets are available to provide resources for the near-term operations of the District. The majority of the current assets are the result of the property tax collection process.

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 accounts payable, accrued expenses, and unearned revenues. Noncurrent liabilities, such as long-term debt obligations, will be liquidated from resources that will become available after fiscal 2013.

Lemont-Bromberek CSD113A
Net Assets
as of June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Assets:		
Current assets	\$ 18,291,279	\$ 16,219,807
Capital assets	<u>28,437,347</u>	<u>29,267,808</u>
Total assets	<u>46,728,626</u>	<u>45,487,615</u>
Liabilities:		
Current liabilities	16,747,142	16,775,178
Noncurrent liabilities	<u>31,594,676</u>	<u>33,020,079</u>
Total liabilities	<u>48,341,818</u>	<u>49,795,257</u>
Net assets:		
Invested in capital assets, net of related debt	(6,309,231)	(6,712,350)
Restricted	5,513,123	4,665,077
Unrestricted	<u>(817,084)</u>	<u>(2,260,369)</u>
Total net assets	<u>\$ (1,613,192)</u>	<u>\$ (4,307,642)</u>

Government-wide Activities

Governmental activities increased the net assets of the District by \$2,694,450.

Lemont-Bromberek CSD113A
Changes in Net Assets
for the fiscal years ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Revenues:		
Program revenues:		
Charges for services	\$ 850,805	\$ 727,167
Operating grants, contributions and personnel reimbursement	4,352,712	4,544,787
General revenues:		
Property taxes	20,609,150	19,818,391
Personal property replacement taxes	306,793	347,848
General state aid	965,703	1,049,396
Unrestricted investment earnings	6,393	6,718
Other revenues	<u>211,237</u>	<u>314,554</u>
Total revenues	<u>27,302,793</u>	<u>26,808,861</u>
Expenses:		
Governmental activities:		
Instructional	13,785,755	14,187,729
Pupil support	1,126,876	1,266,804
Other support	1,765,104	1,250,405
Transportation	1,317,745	1,384,664
Administration	3,893,394	4,577,447
Interest	<u>2,719,469</u>	<u>2,804,449</u>
Total expenses	<u>24,608,343</u>	<u>25,471,498</u>
Increase in net assets	2,694,450	1,337,363
Net assets at beginning of year	<u>(4,307,642)</u>	<u>(5,645,005)</u>
Net assets at end of year	<u>\$ (1,613,192)</u>	<u>\$ (4,307,642)</u>

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

- Property taxes increased by \$790,759 (3.99 percent) during the year.
- Decreased spending during the 2011-2012 school year.

Capital Assets and Debt Administration

Capital Assets. The District's investment in capital assets for its governmental activities as of June 30, 2012 amounts to \$28,437,347 (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 \$830,461.

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

- There were no major capital asset projects during the 2011-2012 school year.

Lemont-Bromberek CSD113A
Capital Assets (net of accumulated depreciation)
As of June 30, 2012 and 2011

	<u>Government-wide</u>	
	<u>2012</u>	<u>2011</u>
Land	\$ 1,507,280	\$ 1,507,280
Land improvements	9,114	10,539
Buildings and improvements	26,665,608	27,435,590
Equipment	<u>255,345</u>	<u>314,399</u>
Total capital assets	<u>\$ 28,437,347</u>	<u>\$ 29,267,808</u>

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

Long-term Debt. At June 30, 2012, the District had total bonded debt outstanding of \$15,565,345, backed by the full faith and credit of the District.

The District carries a BBB with a positive outlook rating from Standard & Poor's Corporation.

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.

As of the end of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$6,060,603, an increase of \$2,487,232 in comparison with the prior year.

The unassigned fund deficit for the District at the end of the fiscal year was comprised entirely of the General Fund fund deficit of \$(9,160).

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, 2012 principal and interest payments. The property tax levy that will be used to accumulate resources for the 2013 principal and interest payments was certified in September, 2012.

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that will significantly affect financial operations in the future:

Local property taxes are the primary revenue source for the District. The annual increase in property tax is generally limited to the lesser of 5% or the increase in the CPI from the preceding year. Based on the December 2010 CPI, the District 113A property tax increase will be limited to a 1.5% increase, or approximately \$258,000 for a \$17,000,000 levy. New property tax revenues generated for FY13 will be higher than the past as the assessment cycle catches up with new development. Despite the slow economy, property tax collection for District 113A has remained stable. Beginning this year, Cook County tax collections will be on time for the fall collections. This improvement is attributed to Cook County tax assessment cycle schedule improvements under the newly elected County Assessor.

The timely collection and distribution of tax revenues is expected to provide sufficient cash reserve so the District will not be required to issue Tax Anticipation Warrants to meet operational expenses in FY13. This will also improve revenue generation from interest income. While new property revenues generated for FY13 are expected to be low, two specific property development activities are expected to affect positively the future District 113A tax base. In FY14, a major commercial property development will be completed and included on the tax rolls generating additional new revenues for the District. In FY15, a tax increment financing project in downtown Lemont will expire and the new property will become available for collection and distribution to District 113A. This TIF improvement is expected to provide an additional \$600,000 per year to the district revenue base. Increased TIF revenues are expected in FY16.

Revenues from the State of Illinois have continued to be delayed given the State's current funding crisis. Many of the regular quarterly payments are arriving several months after their scheduled payment dates. At the close of FY12, the State of Illinois owed Lemont-Bromberek District 113A \$416,302. As of September 2012, all of these deferred payments had been released to the District by the State of Illinois. These delays further exacerbate the district's loss of interest income. At this time, it is uncertain how the State of Illinois will meet their future obligations. However, the general state aid (GSA) payments, while reduced about 10% for FY13, continue to be paid on a timely basis. State funding provides approximately 7.7% of all District 113A revenues and federal funding accounts for 3.4% of District funding.

Interest income is expected to continue to be very low and market rates provide little income generation. The longer-term effects of the economy, including low CPI, deferred state payments and limited interest income will cause the District to approach budgeting in a very conservative fashion. District 113A is in its third year of a financial oversight plan monitored by the Illinois State Board of Education. Progress has been made to re-establish financial stability. District 113A expects to be released from financial overview at the close of FY13 given the progress that has been made. Key indicators of financial recovery are growth in fund balances and the elimination of tax anticipation warrants (TAW's) needed to support operations. Further, the District will have increased its financial profile, indicators established by the ISBE to measure financial health, from "financial watch" to "Financial review". "Financial review" is the second-highest level of fiscal health

designated for public schools in the State of Illinois. Also the District will be in compliance with a School Board adopted policy requiring a three to six month fund balance each fiscal year.

To further strengthen District 113A, a long-term strategic planning process will be undertaken in the 2012-13 school year to establish a blueprint that will be used to build the District's future. The goal of the plan will be to provide optimum conditions for continued, sustainable growth and improvement in student achievement, maintain quality instructional programming and student support services and safe and efficient facilities.

District 113A staff continues to work collaboratively to improve student achievement through implementation of the Common Core standards adopted in the State of Illinois. Through learning targets linked to learning standards, integration of technology as an effective learning tool, and redesign teaching methods to provide a wider variety of instruction focused on meeting individual students learning needs, abilities and interests through differentiation the District is planning for a successful future.

Due to diligent planning, all of the District's facilities will be reviewed and renovated to create a safe and contemporary learning environment. Physical plant improvements and preventative maintenance will be undertaken to protect the District's assets.

Labor contracts will be negotiated for the majority of district employees during the 2012-13 school year. Salaries have not increased for the past two to three years. 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. Benefit programs continue to be reviewed and adjusted for cost containment. Concurrently, District 113A is implementing other educational reforms related to rigorous performance evaluation standards.

Through these combined events, District 113A expects to maintain its quality programming and teaching staff levels. Through the long-range planning process, the District will review various scenarios showing the impact of the economic conditions and provide recommendations for conservative planning in programming and staffing. Through this economic recovery, the District will stay true to its long-range plan and expects to meet its goals of creating a balanced annual operating budget.

Financial Outlook for the District

In fall, 2012, the Standard & Poor's Ratings Services revised its outlook to positive from negative and affirmed its 'BBB' underlying rating. This was based on a revised view of the district's significantly improved cash flow and financial position due to implementation of major expenditure reductions and a new administrative team.

Based upon many cost-saving initiatives over the last two years, the district has been able to stabilize what was an unfavorable financial position in 2009. Fund balances continue to grow over with an anticipated favorable outlook for the 2012-13 fiscal year.

Cash flow has improved for the district as well. This means that the district will not have to borrow to meet payroll and expenditure obligations and will, as a result, see future savings by elimination of borrowing costs. Most importantly, we will improve our status in the financial community and will be able to focus on long-term planning.

Many austere measures have been implemented over the last three years to improve the district's financial position. These measures included:

- reducing staff levels,
- increasing class sizes,
- the closure of Central School,
- all staff agreed to a pay freeze,
- benefit reductions were made,
- transportation services were reduced,
- maintenance was deferred and equipment replacement eliminated
- taxpayer supported extra-curricular activities were eliminated

The results were a total savings of approximately \$4.7 million. Expenditures will continue to remain closely watched, with additional measures being taken for savings when possible. The district has adopted a procedure of zero-based budgeting, requiring justification of an expenditure based upon need. Sustainability of programs that maintain strong educational services will be paramount to our continued success.

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, 2012.

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 the members of the Board of Education for their interest and support in planning and conducting the financial operations of the District for the 2011/2012 fiscal year.

Respectfully submitted,

Susan Birkenmaier, Ed.D.
Superintendent of Schools

Barbara Germany
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 Treasurer/Business Manager
Lemont-Bromberek CSD113A
16100 127th Street
Lemont, Illinois 60439

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A
STATEMENT OF NET ASSETS -
GOVERNMENTAL ACTIVITIES
JUNE 30, 2012

ASSETS

Equity in pooled cash and investments	\$ 7,245,031
Receivables, net of allowance for uncollectibles:	
Property taxes	10,407,183
Entitlements	639,065
Capital assets not being depreciated:	
Land	1,507,280
Capital assets, net of accumulated depreciation:	
Land improvements	9,114
Building and improvements	26,665,608
Equipment	<u>255,345</u>
 Total assets	 <u>46,728,626</u>

LIABILITIES

Accounts payable	255,015
Accrued expenses	1,410,188
Deferred entitlement revenue	10,172
Unearned property taxes	10,582,069
Noncurrent liabilities:	
Due within one year	4,489,698
Due in more than one year	<u>31,594,676</u>
 Total liabilities	 <u>48,341,818</u>

NET ASSETS

Invested in capital assets, net of related debt	(6,309,231)
Restricted for:	
Debt service	3,920,759
Municipal retirement	206,790
Operations and maintenance	1,385,574
Unrestricted	<u>(817,084)</u>
 Total net assets	 <u>\$ (1,613,192)</u>

See notes to basic financial statements.

LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012

	Program Revenues			Net (Expense)
Expenses	Charges for	Operating	Grants and	Revenue and
	Services	Contributions	Changes in	Net Assets
Functions/programs:				
Governmental activities:				
Instructional	\$ 13,785,755	\$ 833,431	\$ 3,917,375	\$ (9,034,949)
Pupil support	1,126,876	-	-	(1,126,876)
Other support	1,765,104	-	1,919	(1,763,185)
Transportation	1,317,745	17,374	433,418	(866,953)
Administration	3,893,394	-	-	(3,893,394)
Interest expense	<u>2,719,469</u>	<u>-</u>	<u>-</u>	<u>(2,719,469)</u>
Total governmental activities	<u>\$ 24,608,343</u>	<u>\$ 850,805</u>	<u>\$ 4,352,712</u>	<u>(19,404,826)</u>
General revenues:				
Taxes:				
Property				20,609,150
Personal property replacement				306,793
General state aid				965,703
Earnings on investments				6,393
Other income				<u>211,237</u>
Total general revenues				<u>22,099,276</u>
Change in net assets				2,694,450
Net assets at beginning of year				<u>(4,307,642)</u>
Net assets at end of year				<u>\$ (1,613,192)</u>

See notes to basic financial statements.

FUND FINANCIAL STATEMENTS

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2012**

	<u>General</u>	<u>Debt Services</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Equity in pooled cash and investments	\$ 2,602,987	\$ 3,996,282	\$ 645,762	\$ 7,245,031
Property taxes receivable	7,607,674	2,142,492	657,017	10,407,183
Entitlements receivable	<u>436,198</u>	<u>-</u>	<u>202,867</u>	<u>639,065</u>
Total assets	<u>\$ 10,646,859</u>	<u>6,138,774</u>	<u>\$ 1,505,646</u>	<u>\$ 18,291,279</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 240,041	\$ -	\$ 14,974	\$ 255,015
Accrued expenditures	1,285,111	-	98,309	1,383,420
Deferred entitlement revenue	10,172	-	-	10,172
Deferred property tax revenue	<u>7,735,121</u>	<u>2,178,718</u>	<u>668,230</u>	<u>10,582,069</u>
Total liabilities	<u>9,270,445</u>	<u>2,178,718</u>	<u>781,513</u>	<u>12,230,676</u>
Fund balances:				
Restricted	1,385,574	3,947,527	571,846	5,904,947
Assigned	-	12,529	152,287	164,816
Unassigned	<u>(9,160)</u>	<u>-</u>	<u>-</u>	<u>(9,160)</u>
Total fund balances	<u>1,376,414</u>	<u>3,960,056</u>	<u>724,133</u>	<u>6,060,603</u>
Total liabilities and fund balances	<u>\$ 10,646,859</u>	<u>6,138,774</u>	<u>\$ 1,505,646</u>	<u>\$ 18,291,279</u>

See notes to basic financial statements.

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
YEAR ENDED JUNE 30, 2012**

Total fund balances - governmental funds \$ 6,060,603

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. 28,437,347

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. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Long-term liabilities and related accounts at year-end consist of:

Bonds payable	\$ (15,565,345)
Accreted and accrued interest on bonds	(19,208,001)
Transportation grant audit payable	(480,009)
Compensated absences payable	(263,159)
Other postemployment benefits obligation	<u>(594,628)</u>

Total (36,111,142)

Total net assets - governmental activities \$ (1,613,192)

See notes to basic financial statements.

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES (DEFICIT) - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012**

	<u>General</u>	<u>Debt Services</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Local sources:				
Property taxes	\$ 15,373,242	\$ 4,122,955	\$ 1,220,089	\$ 20,716,286
Investment income	2,297	3,527	569	6,393
Other	<u>1,478,856</u>	<u>-</u>	<u>21,239</u>	<u>1,500,095</u>
Total local sources	<u>16,854,395</u>	<u>4,126,482</u>	<u>1,241,897</u>	<u>22,222,774</u>
State sources:				
General state aid	965,703	-	-	965,703
Grants-in-aid	<u>749,649</u>	<u>-</u>	<u>324,401</u>	<u>1,074,050</u>
Total state sources	<u>1,715,352</u>	<u>-</u>	<u>324,401</u>	<u>2,039,753</u>
Federal sources:				
Grants-in-aid	<u>1,023,167</u>	<u>-</u>	<u>-</u>	<u>1,023,167</u>
On behalf revenues - payment by State of Illinois				
	<u>2,146,478</u>	<u>-</u>	<u>-</u>	<u>2,146,478</u>
Total revenues	<u>21,739,392</u>	<u>4,126,482</u>	<u>1,566,298</u>	<u>27,432,172</u>
Expenditures:				
Current:				
Instruction	13,126,658	-	216,332	13,342,990
Support services	5,221,494	-	1,547,811	6,769,305
Community services	18,045	-	24	18,069
Payments to other districts and government units	716,211	-	-	716,211
Capital outlay	113,764	-	2,445	116,209
Debt service:				
Principal	-	1,034,692	-	1,034,692
Interest	78,276	2,837,838	-	2,916,114
Issuance costs	<u>31,350</u>	<u>-</u>	<u>-</u>	<u>31,350</u>
Total expenditures	<u>19,305,798</u>	<u>3,872,530</u>	<u>1,766,612</u>	<u>24,944,940</u>
Excess (deficiency) of revenues over (under) expenditures	2,433,594	253,952	(200,314)	2,487,232
Fund balances (deficit) at beginning of year	<u>(1,057,180)</u>	<u>3,706,104</u>	<u>924,447</u>	<u>3,573,371</u>
Fund balances at end of year	<u>\$ 1,376,414</u>	<u>\$ 3,960,056</u>	<u>\$ 724,133</u>	<u>\$ 6,060,603</u>

See notes to basic financial statements.

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT
OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES (DEFICIT) TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012**

Excess of revenues over expenditures - governmental funds \$ 2,487,232

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 the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$866,265) exceeded capitalized expenditures (\$35,804) in the current period. (830,461)

Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the government-wide financial statements. 1,034,692

The District recognizes property tax revenue in accordance with its appropriation ordinance for both the government-wide and fund financial statements. This is the amount by which property tax revenue recognized in the fund financial statements exceeds property tax revenue recognized in the statement of activities. (107,136)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which accrued interest at year-end decreased from the corresponding amount at the end of the previous year. 196,645

Certain expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Following are the amounts by which liabilities for these expenses at year-end changed from the corresponding amounts at the end of the previous year.

Decrease in compensated absences payable	\$	8,542
Decrease in transportation grant audit payable		109,652
Increase in other postemployment benefits obligation		<u>(204,716)</u>

Total (86,522)

Change in net assets of governmental activities \$ 2,694,450

See notes to basic financial statements.

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND DEFICITS - BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2012**

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Local sources:			
Property taxes	\$ 15,714,045	\$ 15,373,242	\$ (340,803)
Investment income	4,319	2,297	(2,022)
Other	<u>1,586,057</u>	<u>1,478,856</u>	<u>(107,201)</u>
Total local sources	<u>17,304,421</u>	<u>16,854,395</u>	<u>(450,026)</u>
State sources:			
General state aid	985,000	965,703	(19,297)
Grants-in-aid	<u>794,688</u>	<u>749,649</u>	<u>(45,039)</u>
Total state sources	<u>1,779,688</u>	<u>1,715,352</u>	<u>(64,336)</u>
Federal sources:			
Grants-in-aid	<u>1,161,330</u>	<u>1,023,167</u>	<u>(138,163)</u>
On behalf revenues - payment by State of Illinois	<u>2,700,000</u>	<u>2,146,478</u>	<u>(553,522)</u>
Total revenues	<u>22,945,439</u>	<u>21,739,392</u>	<u>(1,206,047)</u>
Expenditures:			
Current:			
Instruction	14,093,420	13,126,658	966,762
Support services	4,988,856	5,221,494	(232,638)
Community services	12,930	18,045	(5,115)
Provision for contingencies	130,000	-	130,000
Payments to other districts and government units	543,955	716,211	(172,256)
Capital outlay	133,588	113,764	19,824
Debt service:			
Interest	283,610	78,276	205,334
Issuance costs	<u>-</u>	<u>31,350</u>	<u>(31,350)</u>
Total expenditures	<u>20,186,359</u>	<u>19,305,798</u>	<u>880,561</u>
Excess of revenues over expenditures	2,759,080	2,433,594	(325,486)
Fund deficits at beginning of year	<u>(1,057,180)</u>	<u>(1,057,180)</u>	<u>-</u>
Fund balances at end of year	<u>\$ 1,701,900</u>	<u>\$ 1,376,414</u>	<u>\$ (325,486)</u>

See notes to basic financial statements.

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES -
STUDENT ACTIVITY AGENCY FUND
JUNE 30, 2012**

ASSETS

Cash	<u>\$ 170,475</u>
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LIABILITIES

Due to student activity fund organizations	<u>\$ 170,475</u>
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See notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Lemont-Bromberек 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, 2012, 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 and the statement of activities) 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 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 *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Property taxes are recognized as revenues in accordance with the District's appropriation ordinance.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. Additionally, property taxes are recognized as revenues in accordance with the District's appropriation ordinance. Due to the financial difficulties that are delaying the receipt of

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

entitlement revenues from governmental agencies, the availability period for entitlement revenues has been extended so that twelve months of revenues are reflected in the accompanying financial statements.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, personal property replacement taxes, investment income and entitlements associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

All other revenue items are considered to be measurable and available only when cash is received by the District.

The District has the following major governmental funds:

General Fund:

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. The General Fund accounts for all financial resources of the general District, except those required to be accounted in another fund.

Debt Services Fund:

This fund accounts for the accumulation of resources for and payment of principal, interest, and related costs of the District's general long-term debt.

The District has the following nonmajor governmental funds:

Special revenue funds:

This fund type is used to account for the proceeds of specific revenue sources that are restricted by law or administrative action to expenditure for specific purposes other than debt service or capital projects. The District's nonmajor special revenue funds are the Transportation Fund and the Illinois Municipal Retirement Fund.

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 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, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

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 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. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds, as reported in the fund financial statements, are offset by an equivalent nonspendable fund balance amount in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Entitlements receivable consist of grants due from other governments. The District considers its entitlements receivable to be fully collectible; accordingly, an allowance for uncollectible entitlements receivable has not been established.

The District receives property tax collections from both Cook County and DuPage County.

Property taxes for Cook County are levied as of January 1 on property values assessed on the same date. The lien date for the levy is January 1. The tax levy is payable in two installments, in February and October. The District receives significant distributions of tax receipts approximately one month after the due dates. The billings are considered past due 30 days after the respective billing date at which time the applicable property is subject to lien and penalties and interest are assessed.

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2012**

Property taxes for DuPage County are levied as of January 1 on property values assessed on the same date. The lien date for the levy is January 1. The tax levy is payable in two installments, in June and September. The District receives significant distributions of tax receipts approximately one month after the due dates. The billings are considered past due 30 days after the respective billing date at which time the applicable property is subject to lien and penalties and interest are assessed.

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

4. Capital Assets

Capital assets, which include land, land improvements, 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	25
Buildings	50
Equipment	5-7

5. Compensated Absences

It is the District's policy for noncertified personnel to earn vacation pay after completing one year of service. This vacation pay must be used within the next twelve months or it converts to sick leave. Certified employees working less than twelve months do not earn vacation pay.

Full-time employees earn fifteen sick days annually. Any unused portion is accumulated and carried forward. Upon retirement, employees receive \$20 a day for each day accumulated for sick time.

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

6. Long-term Obligations

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

In the fund financial statements, governmental 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.

7. Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

- Nonspendable - amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- Restricted - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed - amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., Board of Education). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.
- Assigned - amounts the District intends to use for a specific purpose. Intent can be expressed by the Board of Education or by an individual or body to which the District delegates the authority.
- Unassigned - amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

The Board of Education establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board of Education through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

8. Use of Restricted Resources

When an expense is incurred that can be paid using either restricted or unrestricted resources, the District's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the District's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications - committed and then assigned fund balances before using unassigned fund balances.

9. 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

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. The budget appropriations lapse at the end of each fiscal year. 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.

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2012**

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, 2012:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Major governmental fund:			
Debt Services Fund	\$ 3,871,500	\$ 3,872,530	\$ (1,030)
Nonmajor governmental fund:			
Transportation Fund	1,130,091	1,205,123	(75,032)

The overexpenditures in the Debt Services Fund and Transportation Fund were funded by available fund balance.

C. Fund Deficit

The Educational Fund, a subfund of the General Fund, reported a fund deficit at June 30, 2012 of \$652,519. The District, as a result of cost cutting measures, has budgeted a \$1,549,292 surplus in the Educational Fund for fiscal year 2013 to address this deficit.

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, 2012, the District's bank balances of \$354,071 were covered by federal depository insurance.

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

Investments

As of June 30, 2012, 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	\$ 96,964	AAAm	<1
Illinois Institutional Investors Trust	917	AAAm	<1
Illinois School District Liquid Asset Fund - Max Class	3,301,041	AAAm	<1
Illinois School District Liquid Asset Fund - Liquid Class	2,232,845	AAAm	<1
Certificates of deposit	<u>1,491,649</u>	N/A	<1
Total	<u>\$ 7,123,416</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.

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

B. Capital Assets

Capital asset activity for the year ended June 30, 2012 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>5,568,156</u>	<u>35,804</u>	<u>-</u>	<u>5,603,960</u>
Total capital assets, being depreciated	<u>44,102,912</u>	<u>35,804</u>	<u>-</u>	<u>44,138,716</u>
Less accumulated depreciation for:				
Land improvements	(25,098)	(1,425)	-	(26,523)
Building and improvements	(11,063,529)	(769,982)	-	(11,833,511)
Equipment	<u>(5,253,757)</u>	<u>(94,858)</u>	<u>-</u>	<u>(5,348,615)</u>
Total accumulated depreciation	<u>(16,342,384)</u>	<u>(866,265)</u>	<u>-</u>	<u>(17,208,649)</u>
Total capital assets, being depreciated, net	<u>27,760,528</u>	<u>(830,461)</u>	<u>-</u>	<u>26,930,067</u>
Governmental activities capital assets, net	<u>\$ 29,267,808</u>	<u>\$ (830,461)</u>	<u>\$ -</u>	<u>\$ 28,437,347</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
Instructional	\$ 550,294
Pupil support	45,683
Other support	258,717
Administration	<u>11,571</u>
Total depreciation expense - governmental activities	<u>\$ 866,265</u>

C. Tax Anticipation Warrants

On July 8, 2011, the District issued \$5,000,000 of tax anticipation warrants which were repaid on January 27, 2012 at an interest rate of 1.75%.

On January 27, 2012, the District issued \$1,800,000 of tax anticipation warrants which were repaid on June 29, 2012 at an interest rate of 2.04%.

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

Tax anticipation warrant activity for the year ended June 30, 2012 was as follows:

<u>Beginning Balance</u>	<u>Additions</u>	<u>Repayments</u>	<u>Ending Balance</u>
\$ -	\$ 6,800,000	\$ 6,800,000	\$ -

D. Long-term Debt

Long-term debt as of June 30, 2012 is summarized as follows:

<u>Issue December 27, 1995 Capital Appreciation Bonds</u>			
<u>Fiscal Year Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 3,541,553</u>	<u>\$ 14,443,447</u>	<u>\$ 17,985,000</u>

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

LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

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>
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>\$ 810,000</u>	<u>\$ 187,280</u>	<u>\$ 997,280</u>

Denomination	\$5,000
Bonds due each year	December 1st
Interest dates	December 1st and June 1st
Interest rates	3.5% - 5.0%
Total original issue	\$1,625,000

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

<u>Fiscal Year Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	50,054	40,221	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	38,480	65,812	104,292
2021	<u>36,730</u>	<u>68,268</u>	<u>104,998</u>
Total	<u>\$ 390,081</u>	<u>\$ 492,601</u>	<u>\$ 882,682</u>

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

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 Year Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,814,204	\$ 2,440,796	\$ 4,255,000
2018	1,754,728	2,590,272	4,345,000
2019	1,836,096	2,963,904	4,800,000
2020	<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>

Denomination	\$5,000
Bonds due each year	December 1st
Interest date	December 1st
Interest rates	5.00% - 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>
2020	\$ 705,490	\$ 1,319,510	\$ 2,025,000
2021	1,733,181	3,271,819	5,005,000
2022	<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

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

\$3,960,056 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>
2013	\$ 1,053,866	\$ 3,254,229	\$ 4,308,095
2014	1,020,921	3,493,437	4,514,358
2015	986,679	3,743,269	4,729,948
2016	1,010,768	4,259,892	5,270,660
2017	1,946,184	2,517,031	4,463,215
2018	1,886,708	2,667,314	4,554,022
2019	1,971,326	3,039,173	5,010,499
2020	1,921,264	3,185,403	5,106,667
2021	1,869,911	3,342,587	5,212,498
2022	<u>1,897,718</u>	<u>3,767,282</u>	<u>5,665,000</u>
Total	<u>\$ 15,565,345</u>	<u>\$ 33,269,617</u>	<u>\$ 48,834,962</u>

Long-term liability activity for the year ended June 30, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Capital appreciation bonds	\$ 15,710,037	\$ -	\$ 954,692	\$ 14,755,345	\$ 973,866
General obligation bond	890,000	-	80,000	810,000	80,000
Accreted interest - capital appreciation bonds	19,380,121	2,560,569	2,759,457	19,181,233	3,216,410
Transportation grant audit payable	589,661	-	109,652	480,009	196,554
Compensated absences	271,701	31,377	39,919	263,159	22,868
Other postemployment benefits obligation	<u>389,912</u>	<u>288,579</u>	<u>83,863</u>	<u>594,628</u>	<u>-</u>
Total	<u>\$ 37,231,432</u>	<u>\$ 2,880,525</u>	<u>\$ 4,027,583</u>	<u>\$ 36,084,374</u>	<u>\$ 4,489,698</u>

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

E. Fund Balances

As of June 30, 2012, fund balances were comprised of the following:

	<u>General Fund</u>	<u>Debt Services Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Restricted:				
Operations and maintenance	\$ 1,385,574	\$ -	\$ -	\$ 1,385,574
Debt service	-	3,947,527	-	3,947,527
Transportation	-	-	365,056	365,056
Illinois Municipal Retirement	-	-	<u>206,790</u>	<u>206,790</u>
Total restricted	<u>1,385,574</u>	<u>3,947,527</u>	<u>571,846</u>	<u>5,904,947</u>
Assigned:				
Debt service	-	12,529	-	12,529
Transportation	-	-	69,846	69,846
Illinois Municipal Retirement	-	-	<u>82,441</u>	<u>82,441</u>
Total assigned	<u>-</u>	<u>12,529</u>	<u>152,287</u>	<u>164,816</u>
Unassigned	<u>(9,160)</u>	<u>-</u>	<u>-</u>	<u>(9,160)</u>
Total fund balances	<u>\$ 1,376,414</u>	<u>\$ 3,960,056</u>	<u>\$ 724,133</u>	<u>\$ 6,060,603</u>

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. The amount of coverage has not decreased nor have the amount of settlements exceeded coverage in the current year or any of the past three 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.

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

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

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate for the year ended June 30, 2012 was 9.4 percent of creditable earnings. The same contribution applies to members whose first contributing service is on or after January 1, 2011, the effective date of the benefit changes contained in Public Act 96-0889. 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, 2011 and 2010.

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

On-behalf contributions to TRS. The State of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2012, State of Illinois contributions were based on 24.91 percent of creditable earnings not paid from federal funds, and the District recognized revenue and expenditures of \$2,074,700 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2011 and 2010, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 23.10 percent (\$2,030,853) and 23.38 percent (\$2,710,916), 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, 2012 were \$48,101. Contributions for the years ended June 30, 2011 and 2010 were \$50,475 and \$67,251, 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, 2012, the employer pension contribution was 24.91 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2011 and 2010, the employer contribution was 23.10 and 23.38 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2012, salaries totaling \$110,169 were paid from federal and special trust funds that required employer contributions of \$27,443. For the years ended June 30, 2011 and 2010, required District contributions were \$12,103 and \$19,261, respectively.

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

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.

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

For the year ended June 30, 2012, the District paid \$0 to TRS for employer contributions under the ERO program. For the years ended June 30, 2011 and 2010, the District paid \$80,089 and \$0 in employer ERO contributions, respectively.

Salary increases over 6 percent and excess sick leave. 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, 2012, the District paid \$3,446 to TRS for employer contributions due on salary increases in excess of 6 percent. For the years ended June 30, 2011 and 2010, the District paid \$2,355 and \$45,480 to TRS for employer contributions due on salary increases in excess of 6 percent, respectively.

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 rate reported by the granting employer during the four-year sick leave review period, and the TRS total normal cost rate (17.83 percent of salary during the year ended June 30, 2012).

For the year ended June 30, 2012, the District paid \$1,479 to TRS for sick leave days granted in the excess of the normal annual allotment. For the years ended June 30, 2011 and 2010, the District paid \$0 and \$4,116 in employer contributions granted for sick leave days, respectively.

Further information on TRS. 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, 2011. The report for the year ended June 30, 2012 is expected to be available in late 2012.

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

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2012**

2. Illinois Municipal Retirement Fund

Plan Description. The District's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The District's plan is 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.

Funding Policy. As set by statute, the District's plan members are required to contribute 4.5 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2011 was 11.29 percent. 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. The required contribution for fiscal year 2012 was \$258,120.

Three-Year Trend Information for the Regular Plan.

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/12	\$ 258,120	100	\$ -
6/30/11	234,843	100	-
6/30/10	280,281	100	-

The required contribution for fiscal year 2012 was determined as part of the December 31, 2009 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2009 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 20% corridor between the actuarial and market value of assets. The District's Regular plan's unfunded actuarial accrued liability at December 31, 2009 is being amortized as a level percentage of projected payroll on an open 30 year basis.

Funded Status and Funding Progress. As of December 31, 2011, the most recent actuarial valuation date, the Regular plan was 76.53 percent funded. The actuarial accrued liability for benefits was \$6,043,920 and the actuarial value of assets was \$4,625,291, resulting in an underfunded actuarial accrued liability (UAAL) of \$1,418,629. The covered payroll for calendar year 2011 (annual payroll of active employees covered by the plan) was \$2,292,023 and the ratio of the UAAL to the covered payroll was 62 percent.

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2012**

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 \$183,895, 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 2012, the District contributed \$83,863 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	11,697
Adjustment to annual required contribution	<u>(2,309)</u>
Annual OPEB cost (expense)	288,579
Contributions made	<u>83,863</u>
Change in net OPEB obligation	204,716
Net OPEB obligation at beginning of year	<u>389,912</u>
Net OPEB obligation at end of year	<u>\$ 594,628</u>

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the three most recent fiscal years 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>
6/30/12	\$ 288,579	29.06	\$ 594,628
06/30/11	287,349	32.15	389,912
06/30/10	279,191	30.17	194,956

Funded Status and Funding Progress. As of July 1, 2009, 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 were not available at July 1, 2009.

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 July 1, 2009 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 July 1, 2009 was 30 years.

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

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 retired Illinois public school teachers employed outside the City of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants may participate in the State administered participating provider option plan or choose from several managed care options.

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of 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. Effective July 1, 2012, in accordance with Executive Order 12-01, the plan is administered by CMS with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to TRS who are not employees of the State make a contribution to THIS Fund.

The percentage of employer required contributions in the future 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 0.88 percent of pay during the year ended June 30, 2012. State of Illinois contributions were \$71,777, 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, 2011 and 2010 were 0.88 and 0.84 percent of pay, respectively. State contributions on behalf of District employees were \$76,548 and \$97,398, respectively.

Employer contributions to THIS Fund. The District also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.66 percent during the year ended June 30, 2012 and 2011, and 0.63 percent during the year ended June 30, 2010. For the year ended June 30, 2012, the District paid \$53,833 to the THIS Fund. For the years ended June 30, 2011 and 2010, the District paid \$57,411 and \$73,049 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.

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

C. Tort Immunity Expenditures

Tort immunity expenditures for the year ended June 30, 2012 are summarized as follows:

Unemployment compensation	\$	154,661
Workers' compensation		114,898
Liability insurance		<u>69,389</u>
Total	\$	<u>338,948</u>

D. Concentration

Substantially all nonmanagement employees are covered under a collective bargaining agreement that expires in June, 2013.

E. Subsequent Events

Management has evaluated subsequent events through September 28, 2012, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A
 REQUIRED SUPPLEMENTARY INFORMATION -
 ILLINOIS MUNICIPAL RETIREMENT FUND
 YEAR ENDED JUNE 30, 2012**

SCHEDULE OF FUNDING PROGRESS

<u>Actuarial Valuation Date (1)</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability - Entry Age</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>
December 31, 2011	\$ 4,625,291	\$ 6,043,920	\$ 1,418,629	76.53	\$ 2,292,023	61.89
December 31, 2010	4,958,751	6,309,583	1,350,832	78.59	2,635,158	51.26
December 31, 2009	4,513,085	6,052,977	1,539,892	74.56	2,901,434	53.07

On a market value basis, the actuarial value of assets as of December 31, 2011 is \$4,416,737. On a market basis, the funded ratio would be 73.08%.

(1) Information presented above is the most current information available.

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A
 REQUIRED SUPPLEMENTARY INFORMATION -
 POSTRETIREMENT HEALTH PLAN
 JUNE 30, 2012**

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>
July, 1, 2009	\$ 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, 2012	\$ 279,191	30.0
June 30, 2011	279,191	33.1
June 30, 2010	279,191	30.2

(1) Information presented above is the most current information available.

N/A - Information not available.

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

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A
GENERAL FUND
COMBINING SCHEDULE OF BALANCE SHEET ACCOUNTS
JUNE 30, 2012**

ASSETS	<u>Educational</u>	<u>Operations and Maintenance</u>	<u>Eliminations</u>	<u>Totals</u>
Equity in pooled cash and investments	\$ 781,634	\$ 1,821,353	\$ -	\$ 2,602,987
Property taxes receivable	6,669,605	938,069	-	7,607,674
Entitlements receivable	436,198	-	-	436,198
Due from other funds	<u>-</u>	<u>262,783</u>	<u>(262,783)</u>	<u>-</u>
Total assets	<u>\$ 7,887,437</u>	<u>\$ 3,022,205</u>	<u>\$ (262,783)</u>	<u>\$ 10,646,859</u>
 LIABILITIES AND FUND BALANCES (DEFICIT)				
Liabilities:				
Accounts payable	\$ 200,861	\$ 39,180	\$ -	\$ 240,041
Accrued expenditures	1,285,111	-	-	1,285,111
Due to other funds	262,783	-	(262,783)	-
Deferred entitlement revenue	10,172	-	-	10,172
Deferred property tax revenue	<u>6,781,029</u>	<u>954,092</u>	<u>-</u>	<u>7,735,121</u>
Total liabilities	<u>8,539,956</u>	<u>993,272</u>	<u>(262,783)</u>	<u>9,270,445</u>
Fund balances (deficit):				
Restricted	-	1,385,574	-	1,385,574
Unassigned	<u>(652,519)</u>	<u>643,359</u>	<u>-</u>	<u>(9,160)</u>
Total fund balances (deficit)	<u>(652,519)</u>	<u>2,028,933</u>	<u>-</u>	<u>1,376,414</u>
Total liabilities and fund balances (deficit)	<u>\$ 7,887,437</u>	<u>\$ 3,022,205</u>	<u>\$ (262,783)</u>	<u>\$ 10,646,859</u>

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A
GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE (DEFICITS)
YEAR ENDED JUNE 30, 2012**

	<u>Educational</u>	<u>Operations and Maintenance</u>	<u>Totals</u>
Revenues:			
Local sources:			
Property taxes	\$ 13,318,048	\$ 2,055,194	\$ 15,373,242
Investment income	691	1,606	2,297
Other	<u>1,294,472</u>	<u>184,384</u>	<u>1,478,856</u>
Total local sources	<u>14,613,211</u>	<u>2,241,184</u>	<u>16,854,395</u>
State sources:			
General state aid	965,703	-	965,703
Grants-in-aid	<u>749,649</u>	<u>-</u>	<u>749,649</u>
Total state sources	<u>1,715,352</u>	<u>-</u>	<u>1,715,352</u>
Federal sources:			
Grants-in-aid	<u>1,023,167</u>	<u>-</u>	<u>1,023,167</u>
On behalf revenues	<u>2,146,478</u>	<u>-</u>	<u>2,146,478</u>
Total revenues	<u>19,498,208</u>	<u>2,241,184</u>	<u>21,739,392</u>
Expenditures:			
Instruction	<u>13,126,658</u>	<u>-</u>	<u>13,126,658</u>
Support services:			
Pupils	839,308	-	839,308
Instructional staff	704,732	-	704,732
General administration	802,005	-	802,005
School administration	752,677	-	752,677
Business	743,853	1,377,981	2,121,834
Central	<u>938</u>	<u>-</u>	<u>938</u>
Total support services	<u>3,843,513</u>	<u>1,377,981</u>	<u>5,221,494</u>
Community services	<u>18,045</u>	<u>-</u>	<u>18,045</u>
Payments to other districts and government units	<u>716,211</u>	<u>-</u>	<u>716,211</u>

	<u>Educational</u>	<u>Operations and Maintenance</u>	<u>Totals</u>
Capital outlay	<u>72,771</u>	<u>40,993</u>	<u>113,764</u>
Debt service:			
Interest	78,276	-	78,276
Issuance costs	<u>31,350</u>	<u>-</u>	<u>31,350</u>
Total debt service	<u>109,626</u>	<u>-</u>	<u>109,626</u>
Total expenditures	<u>17,886,824</u>	<u>1,418,974</u>	<u>19,305,798</u>
Excess of revenues over expenditures	1,611,384	822,210	2,433,594
Fund balance (deficits) at beginning of year	<u>(2,263,903)</u>	<u>1,206,723</u>	<u>(1,057,180)</u>
Fund balances (deficit) at end of year	<u>\$ (652,519)</u>	<u>\$ 2,028,933</u>	<u>\$ 1,376,414</u>

EDUCATIONAL FUND

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A
EDUCATIONAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND DEFICITS - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011**

	<u>2012</u>		<u>Variance with Final Budget</u>	<u>2011</u>	
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Positive (Negative)</u>	<u>Actual</u>	
Revenues:					
Local sources:					
Property taxes	\$ 13,756,985	\$ 13,318,048	\$ (438,937)	\$	12,693,229
Investment income	2,374	691	(1,683)		1,956
Other	<u>1,402,469</u>	<u>1,294,472</u>	<u>(107,997)</u>		<u>1,192,347</u>
Total local sources	<u>15,161,828</u>	<u>14,613,211</u>	<u>(548,617)</u>		<u>13,887,532</u>
State sources:					
General state aid	985,000	965,703	(19,297)		1,049,396
Grants-in-aid	<u>794,688</u>	<u>749,649</u>	<u>(45,039)</u>		<u>920,663</u>
Total state sources	<u>1,779,688</u>	<u>1,715,352</u>	<u>(64,336)</u>		<u>1,970,059</u>
Federal sources:					
Grants-in-aid	<u>1,161,330</u>	<u>1,023,167</u>	<u>(138,163)</u>		<u>1,107,252</u>
On behalf revenues	<u>2,700,000</u>	<u>2,146,478</u>	<u>(553,522)</u>		<u>2,107,401</u>
Total revenues	<u>20,802,846</u>	<u>19,498,208</u>	<u>(1,304,638)</u>		<u>19,072,244</u>
Expenditures:					
Instruction	<u>14,093,420</u>	<u>13,126,658</u>	<u>966,762</u>		<u>13,445,155</u>
Support services:					
Pupils	823,446	839,308	(15,862)		1,029,482
Instructional staff	627,999	704,732	(76,733)		651,282
General administration	742,722	802,005	(59,283)		1,043,043
School administration	713,644	752,677	(39,033)		921,742
Business	631,426	743,853	(112,427)		663,782
Central	<u>-</u>	<u>938</u>	<u>(938)</u>		<u>534</u>
Total support services	<u>3,539,237</u>	<u>3,843,513</u>	<u>(304,276)</u>		<u>4,309,865</u>
Community services	<u>12,930</u>	<u>18,045</u>	<u>(5,115)</u>		<u>15,159</u>
Payments to other districts and government units	<u>543,955</u>	<u>716,211</u>	<u>(172,256)</u>		<u>264,220</u>

	<u>2012</u>		<u>2011</u>	
	<u>Original Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Actual</u>
Capital outlay	<u>81,088</u>	<u>72,771</u>	<u>8,317</u>	<u>53,774</u>
Debt service:				
Interest	283,610	78,276	205,334	187,253
Issuance costs	<u>-</u>	<u>31,350</u>	<u>(31,350)</u>	<u>-</u>
Total debt service	<u>283,610</u>	<u>109,626</u>	<u>173,984</u>	<u>187,253</u>
Provision for contingencies	<u>130,000</u>	<u>-</u>	<u>130,000</u>	<u>-</u>
Total expenditures	<u>18,684,240</u>	<u>17,886,824</u>	<u>797,416</u>	<u>18,275,426</u>
Excess of revenues over expenditures	2,118,606	1,611,384	(507,222)	796,818
Fund deficits at beginning of year	<u>(2,263,903)</u>	<u>(2,263,903)</u>	<u>-</u>	<u>(3,060,721)</u>
Fund deficits at end of year	<u>\$ (145,297)</u>	<u>\$ (652,519)</u>	<u>\$ (507,222)</u>	<u>\$ (2,263,903)</u>

OPERATIONS AND MAINTENANCE FUND

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A
OPERATIONS AND MAINTENANCE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011**

	<u>2012</u>			<u>2011</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Actual</u>
Revenues:				
Local sources:				
Property taxes	\$ 1,957,060	\$ 2,055,194	\$ 98,134	\$ 2,165,336
Investment income	1,945	1,606	(339)	428
Other	<u>183,588</u>	<u>184,384</u>	<u>796</u>	<u>179,602</u>
Total revenues	<u>2,142,593</u>	<u>2,241,184</u>	<u>98,591</u>	<u>2,345,366</u>
Expenditures:				
Support services:				
Business	1,449,619	1,377,981	71,638	1,693,271
Capital outlay	<u>52,500</u>	<u>40,993</u>	<u>11,507</u>	<u>3,863</u>
Total expenditures	<u>1,502,119</u>	<u>1,418,974</u>	<u>83,145</u>	<u>1,697,134</u>
Excess of revenues over expenditures	640,474	822,210	181,736	648,232
Fund balances at beginning of year	<u>1,206,723</u>	<u>1,206,723</u>	<u>-</u>	<u>558,491</u>
Fund balances at end of year	<u>\$ 1,847,197</u>	<u>\$ 2,028,933</u>	<u>\$ 181,736</u>	<u>\$ 1,206,723</u>

DEBT SERVICES FUND

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A
DEBT SERVICES FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011**

	<u>2012</u>		<u>Variance with</u>	<u>2011</u>	
	<u>Original</u>		<u>Final Budget</u>		
	<u>and Final</u>	<u>Actual</u>	<u>Positive</u>	<u>Actual</u>	
	<u>Budget</u>		<u>(Negative)</u>		
Revenues:					
Local sources:					
Property taxes	\$ 4,217,369	\$ 4,122,955	\$ (94,414)	\$ 3,771,815	
Investment income	<u>8,849</u>	<u>3,527</u>	<u>(5,322)</u>	<u>3,690</u>	
Total revenues	<u>4,226,218</u>	<u>4,126,482</u>	<u>(99,736)</u>	<u>3,775,505</u>	
Expenditures:					
Debt service:					
Principal	1,034,692	1,034,692	-	1,070,569	
Interest	<u>2,836,808</u>	<u>2,837,838</u>	<u>(1,030)</u>	<u>2,626,521</u>	
Total expenditures	<u>3,871,500</u>	<u>3,872,530</u>	<u>(1,030)</u>	<u>3,697,090</u>	
Excess of revenues over expenditures	354,718	253,952	(100,766)	78,415	
Fund balances at beginning of year	<u>3,706,104</u>	<u>3,706,104</u>	<u>-</u>	<u>3,627,689</u>	
Fund balances at end of year	<u>\$ 4,060,822</u>	<u>\$ 3,960,056</u>	<u>\$ (100,766)</u>	<u>\$ 3,706,104</u>	

NONMAJOR GOVERNMENTAL FUNDS

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A
 COMBINING BALANCE SHEET -
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2012**

	Special Revenue		Total
	Transportation	Illinois Municipal Retirement	Nonmajor Governmental Funds
ASSETS			
Equity in pooled cash and investments	\$ 252,620	\$ 393,142	\$ 645,762
Property taxes receivable	328,578	328,439	657,017
Entitlements receivable	202,867	-	202,867
Total assets	\$ 784,065	\$ 721,581	\$ 1,505,646
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 14,974	\$ -	\$ 14,974
Accrued expenditures	-	98,309	98,309
Deferred property tax revenue	334,189	334,041	668,230
Total liabilities	349,163	432,350	781,513
Fund balances:			
Restricted	365,056	206,790	571,846
Assigned	69,846	82,441	152,287
Total fund balances	434,902	289,231	724,133
Total liabilities and fund balances	\$ 784,065	\$ 721,581	\$ 1,505,646

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES -
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2012**

	<u>Special Revenue</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Transportation</u>	<u>Illinois Municipal Retirement</u>	
Revenues:			
Local sources:			
Property taxes	\$ 554,217	\$ 665,872	\$ 1,220,089
Investment income	223	346	569
Other	<u>21,239</u>	<u>-</u>	<u>21,239</u>
Total local sources	575,679	666,218	1,241,897
State sources:			
Grants-in-aid	<u>324,401</u>	<u>-</u>	<u>324,401</u>
Total revenues	<u>900,080</u>	<u>666,218</u>	<u>1,566,298</u>
Expenditures:			
Instruction	-	216,332	216,332
Support services	1,203,313	344,498	1,547,811
Community services	-	24	24
Capital outlay	<u>2,445</u>	<u>-</u>	<u>2,445</u>
Total expenditures	<u>1,205,758</u>	<u>560,854</u>	<u>1,766,612</u>
Excess (deficiency) of revenues over (under) expenditures	(305,678)	105,364	(200,314)
Fund balances at beginning of year	<u>740,580</u>	<u>183,867</u>	<u>924,447</u>
Fund balances at end of year	<u>\$ 434,902</u>	<u>\$ 289,231</u>	<u>\$ 724,133</u>

SPECIAL REVENUE FUNDS

TRANSPORTATION FUND

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A
TRANSPORTATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011**

	<u>2012</u>		<u>2011</u>	
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Actual</u>
Revenues:				
Local sources:				
Property taxes	\$ 644,209	\$ 554,217	\$ (89,992)	\$ 432,608
Investment income	1,112	223	(889)	241
Other	<u>22,000</u>	<u>21,239</u>	<u>(761)</u>	<u>17,620</u>
Total local sources	667,321	575,679	(91,642)	450,469
State sources:				
Grants-in-aid	<u>684,896</u>	<u>324,401</u>	<u>(360,495)</u>	<u>670,176</u>
Total revenues	<u>1,352,217</u>	<u>900,080</u>	<u>(452,137)</u>	<u>1,120,645</u>
Expenditures:				
Support services:				
Business	896,548	1,203,313	(306,765)	1,276,707
Capital outlay	<u>233,543</u>	<u>2,445</u>	<u>231,098</u>	<u>49,202</u>
Total expenditures	<u>1,130,091</u>	<u>1,205,758</u>	<u>(75,667)</u>	<u>1,325,909</u>
Excess (deficiency) of revenues over (under) expenditures	222,126	(305,678)	(527,804)	(205,264)
Fund balances at beginning of year	<u>740,580</u>	<u>740,580</u>	<u>-</u>	<u>945,844</u>
Fund balances at end of year	<u>\$ 962,706</u>	<u>\$ 434,902</u>	<u>\$ (527,804)</u>	<u>\$ 740,580</u>

ILLINOIS MUNICIPAL RETIREMENT FUND

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011**

	<u>2012</u>		<u>2011</u>	
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Actual</u>
Revenues:				
Local sources:				
Property taxes	\$ 602,788	\$ 665,872	\$ 63,084	\$ 652,528
Investment income	649	346	(303)	403
Total revenues	<u>603,437</u>	<u>666,218</u>	<u>62,781</u>	<u>652,931</u>
Expenditures:				
Instruction	<u>236,743</u>	<u>216,332</u>	<u>20,411</u>	<u>185,144</u>
Support services				
Pupils	46,857	37,169	9,688	37,639
Instructional staff	41,945	43,716	(1,771)	41,545
General administration	11,904	12,700	(796)	12,021
School administration	37,155	43,691	(6,536)	52,545
Business	<u>189,051</u>	<u>207,222</u>	<u>(18,171)</u>	<u>221,852</u>
Total support services	<u>326,912</u>	<u>344,498</u>	<u>(17,586)</u>	<u>365,602</u>
Community services	<u>-</u>	<u>24</u>	<u>(24)</u>	<u>10</u>
Total expenditures	<u>563,655</u>	<u>560,854</u>	<u>2,801</u>	<u>550,756</u>
Excess of revenues over expenditures	39,782	105,364	65,582	102,175
Fund balances at beginning of year	<u>183,867</u>	<u>183,867</u>	<u>-</u>	<u>81,692</u>
Fund balances at end of year	<u>\$ 223,649</u>	<u>\$ 289,231</u>	<u>\$ 65,582</u>	<u>\$ 183,867</u>

SUPPLEMENTARY INFORMATION

SCHEDULE OF EXPENDITURES - ACTUAL AND BUDGET

LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A
SCHEDULE OF EXPENDITURES - ACTUAL AND BUDGET
YEAR ENDED JUNE 30, 2012

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>	<u>Supplies and Materials</u>
Educational Fund:				
Instruction:				
Regular programs	\$ 5,869,511	\$ 2,692,101	\$ 65,158	\$ 109,148
Special education programs	1,548,102	112,851	4,626	9,537
Remedial and supplemental programs K-12	-	-	-	-
Interscholastic programs	85,881	1,144	21,786	5,673
Summer school programs	958	-	-	28,073
Bilingual programs	226,664	22,367	520	2,930
On behalf expenditures	<u>-</u>	<u>2,146,478</u>	<u>-</u>	<u>-</u>
Total instruction	<u>7,731,116</u>	<u>4,974,941</u>	<u>92,090</u>	<u>155,361</u>
Support services:				
Pupils:				
Attendance and social work services	126,144	14,532	-	-
Health services	157,216	1,840	74,726	2,875
Psychological services	182,428	18,475	2,100	1,520
Speech pathology and audiology services	<u>222,012</u>	<u>22,946</u>	<u>10,530</u>	<u>1,964</u>
Total pupils	<u>687,800</u>	<u>57,793</u>	<u>87,356</u>	<u>6,359</u>
Instructional staff:				
Improvement of instruction services	284,741	16,593	137,162	7,249
Educational media services	174,103	13,207	10,259	27,094
Assessment and testing	<u>-</u>	<u>-</u>	<u>34,324</u>	<u>-</u>
Total instructional staff	<u>458,844</u>	<u>29,800</u>	<u>181,745</u>	<u>34,343</u>
General administration:				
Board of Education services	-	-	528,407	2,070
Executive administration services	<u>226,361</u>	<u>17,052</u>	<u>3,584</u>	<u>7,200</u>
Total general administration	<u>226,361</u>	<u>17,052</u>	<u>531,991</u>	<u>9,270</u>
School administration:				
Office of the principal services	<u>699,413</u>	<u>50,880</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>	
\$ 23,306	\$ -	\$ -	\$ -	\$ 8,759,224	\$ 8,731,528	\$ (27,696)
2,058	171,286	-	-	1,848,460	2,289,839	441,379
-	-	-	-	-	4,480	4,480
-	1,864	-	-	116,348	125,387	9,039
-	-	-	-	29,031	11,585	(17,446)
-	-	-	-	252,481	262,889	10,408
-	-	-	-	<u>2,146,478</u>	<u>2,700,000</u>	<u>553,522</u>
<u>25,364</u>	<u>173,150</u>	<u>-</u>	<u>-</u>	<u>13,152,022</u>	<u>14,125,708</u>	<u>973,686</u>
-	-	-	-	140,676	151,975	11,299
-	-	-	-	236,657	245,656	8,999
-	-	-	-	204,523	192,572	(11,951)
-	-	-	-	<u>257,452</u>	<u>233,243</u>	<u>(24,209)</u>
-	-	-	-	<u>839,308</u>	<u>823,446</u>	<u>(15,862)</u>
44,893	-	-	-	490,638	423,638	(67,000)
1,354	-	-	-	226,017	201,394	(24,623)
-	-	-	-	34,324	44,767	10,443
<u>46,247</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>750,979</u>	<u>669,799</u>	<u>(81,180)</u>
-	14,951	-	-	545,428	450,062	(95,366)
-	<u>2,380</u>	<u>-</u>	<u>-</u>	<u>256,577</u>	<u>292,660</u>	<u>36,083</u>
-	<u>17,331</u>	<u>-</u>	<u>-</u>	<u>802,005</u>	<u>742,722</u>	<u>(59,283)</u>
-	<u>2,384</u>	<u>-</u>	<u>-</u>	<u>752,677</u>	<u>713,644</u>	<u>(39,033)</u>

(continued)

LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A
SCHEDULE OF EXPENDITURES - ACTUAL AND BUDGET
YEAR ENDED JUNE 30, 2012

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>	<u>Supplies and Materials</u>
Business:				
Direction of business support services	92,584	10,324	26,344	1,433
Fiscal services	91,710	-	-	-
Pupil transportation services	-	-	-	-
Food services	<u>4,538</u>	<u>175</u>	<u>395,513</u>	<u>2,247</u>
Total business	<u>188,832</u>	<u>10,499</u>	<u>421,857</u>	<u>3,680</u>
Central:				
Data processing services	<u>-</u>	<u>-</u>	<u>938</u>	<u>-</u>
Total support services	<u>2,261,250</u>	<u>166,024</u>	<u>1,223,887</u>	<u>53,652</u>
Community services	<u>4,218</u>	<u>350</u>	<u>12,427</u>	<u>1,050</u>
Payments to other districts and government units:				
Payments for special education programs	<u>-</u>	<u>-</u>	<u>4,917</u>	<u>-</u>
Debt service:				
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt issuance costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Provision for contingencies	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Educational Fund	<u>\$ 9,996,584</u>	<u>\$ 5,141,315</u>	<u>\$ 1,333,321</u>	<u>\$ 210,063</u>
Operations and Maintenance Fund:				
Support services:				
Business:				
Operation and maintenance of plant services	<u>\$ 529,321</u>	<u>\$ 221,879</u>	<u>\$ 266,897</u>	<u>\$ 359,864</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>	
1,160	587	-	-	132,432	131,398	(1,034)
-	-	-	-	91,710	88,042	(3,668)
-	116,487	-	-	116,487	-	(116,487)
-	1,911	-	-	404,384	418,986	14,602
<u>1,160</u>	<u>118,985</u>	<u>-</u>	<u>-</u>	<u>745,013</u>	<u>638,426</u>	<u>(106,587)</u>
-	-	-	-	938	-	(938)
<u>47,407</u>	<u>138,700</u>	<u>-</u>	<u>-</u>	<u>3,890,920</u>	<u>3,588,037</u>	<u>(302,883)</u>
-	-	-	-	18,045	12,930	(5,115)
-	711,294	-	-	716,211	543,955	(172,256)
-	78,276	-	-	78,276	283,610	205,334
-	31,350	-	-	31,350	-	(31,350)
-	109,626	-	-	109,626	283,610	173,984
-	-	-	-	-	130,000	130,000
<u>\$ 72,771</u>	<u>\$ 1,132,770</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,886,824</u>	<u>\$ 18,684,240</u>	<u>\$ 797,416</u>
<u>\$ 40,993</u>	<u>\$ 20</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,418,974</u>	<u>\$ 1,502,119</u>	<u>\$ 83,145</u>

(continued)

LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A
SCHEDULE OF EXPENDITURES - ACTUAL AND BUDGET
YEAR ENDED JUNE 30, 2012

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>	<u>Supplies and Materials</u>
Debt Services Fund:				
Debt service:				
Principal	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Debt Services Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Transportation Fund:				
Support services:				
Business:				
Pupil transportation services	<u>\$ 479,681</u>	<u>\$ 49,303</u>	<u>\$ 517,548</u>	<u>\$ 156,781</u>
Illinois Municipal Retirement Fund:				
Instruction:				
Regular programs	\$ -	\$ 98,735	\$ -	\$ -
Special education programs	-	107,664	-	-
Summer School	-	183	-	-
Other programs	-	9,750	-	-
	<u>-</u>	<u>216,332</u>	<u>-</u>	<u>-</u>
Total instruction	<u>-</u>	<u>216,332</u>	<u>-</u>	<u>-</u>
Support services:				
Pupils:				
Attendance and social work services	-	100	-	-
Health services	-	31,205	-	-
Psychological services	-	2,645	-	-
Speech pathology and audiology services	-	3,219	-	-
	<u>-</u>	<u>37,169</u>	<u>-</u>	<u>-</u>
Total pupils	<u>-</u>	<u>37,169</u>	<u>-</u>	<u>-</u>
Instructional staff:				
Improvement of instruction services	-	32,269	-	-
Educational media services	-	11,447	-	-
	<u>-</u>	<u>43,716</u>	<u>-</u>	<u>-</u>
Total instructional staff	<u>-</u>	<u>43,716</u>	<u>-</u>	<u>-</u>
General administration:				
Executive administration services	-	12,700	-	-
	<u>-</u>	<u>12,700</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>	
\$ -	\$ 1,034,692	\$ -	\$ -	\$ 1,034,692	\$ 1,034,692	\$ -
-	<u>2,837,838</u>	-	-	<u>2,837,838</u>	<u>2,836,808</u>	<u>(1,030)</u>
<u>\$ -</u>	<u>\$ 3,872,530</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,872,530</u>	<u>\$ 3,871,500</u>	<u>\$ (1,030)</u>
<u>\$ 2,445</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,205,758</u>	<u>\$ 1,130,091</u>	<u>\$ (75,667)</u>
\$ -	\$ -	\$ -	\$ -	\$ 98,735	\$ 196,453	\$ 97,718
-	-	-	-	107,664	37,837	(69,827)
-	-	-	-	183	-	(183)
-	-	-	-	<u>9,750</u>	<u>2,453</u>	<u>(7,297)</u>
-	-	-	-	<u>216,332</u>	<u>236,743</u>	<u>20,411</u>
-	-	-	-	100	1,845	1,745
-	-	-	-	31,205	39,451	8,246
-	-	-	-	2,645	2,515	(130)
-	-	-	-	<u>3,219</u>	<u>3,046</u>	<u>(173)</u>
-	-	-	-	<u>37,169</u>	<u>46,857</u>	<u>9,688</u>
-	-	-	-	32,269	29,911	(2,358)
-	-	-	-	<u>11,447</u>	<u>12,034</u>	<u>587</u>
-	-	-	-	<u>43,716</u>	<u>41,945</u>	<u>(1,771)</u>
-	-	-	-	<u>12,700</u>	<u>11,904</u>	<u>(796)</u>

(continued)

LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A
SCHEDULE OF EXPENDITURES - ACTUAL AND BUDGET
YEAR ENDED JUNE 30, 2012

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>	<u>Supplies and Materials</u>
School administration:				
Office of the principal services	<u>-</u>	<u>43,691</u>	<u>-</u>	<u>-</u>
Business:				
Fiscal services	-	17,384	-	-
Operation and maintenance of plant services	-	100,490	-	-
Pupil transportation	<u>-</u>	<u>89,348</u>	<u>-</u>	<u>-</u>
Total business	<u>-</u>	<u>207,222</u>	<u>-</u>	<u>-</u>
Total support services	<u>-</u>	<u>344,498</u>	<u>-</u>	<u>-</u>
Community services	<u>-</u>	<u>24</u>	<u>-</u>	<u>-</u>
Total Illinois Municipal Retirement Fund	<u>\$ -</u>	<u>\$ 560,854</u>	<u>\$ -</u>	<u>\$ -</u>
Total expenditures	<u>\$ 11,005,586</u>	<u>\$ 5,973,351</u>	<u>\$ 2,117,766</u>	<u>\$ 726,708</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>	
-	-	-	-	43,691	37,155	(6,536)
-	-	-	-	17,384	18,942	1,558
-	-	-	-	100,490	84,841	(15,649)
-	-	-	-	<u>89,348</u>	<u>85,268</u>	<u>(4,080)</u>
-	-	-	-	<u>207,222</u>	<u>189,051</u>	<u>(18,171)</u>
-	-	-	-	<u>344,498</u>	<u>326,912</u>	<u>(17,586)</u>
-	-	-	-	<u>24</u>	<u>-</u>	<u>(24)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 560,854</u>	<u>\$ 563,655</u>	<u>\$ 2,801</u>
<u>\$ 116,209</u>	<u>\$ 5,005,320</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,944,940</u>	<u>\$ 25,751,605</u>	<u>\$ 806,665</u> (concluded)

SINGLE AUDIT SECTION

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, 2012, which collectively comprise Lemont-Bromberek Combined School District 113A's basic financial statements and have issued our report thereon dated September 28, 2012. 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

Management of Lemont-Bromberek Combined School District 113A is responsible for establishing and maintaining effective 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.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting (items 2012-1 and 2012-2). 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.



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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 them.

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, Povitsch, Salvador & Co. Ltd.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON 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 *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Lemont-Bromberek Combined School District 113A's major federal programs for the year ended June 30, 2012. 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 of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Lemont-Bromberek Combined School District 113A's management. Our responsibility is to express an opinion on 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 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.

In our opinion, Lemont-Bromberek Combined School District 113A complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

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 requirements of laws, regulations, contracts, and grants applicable to federal programs. 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 to determine the 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.

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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2012-3 and 2012-4. *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.

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 them.

This report is intended solely for the information and use of the Superintendent of Schools, 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.

Mulcahy, Pawlitsch, Salvador & Co., Ltd

Orland Park, Illinois
September 28, 2012

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012**

<u>Program</u>	<u>C.F.D.A. Number</u>	<u>Program #</u>	<u>Expenditures</u>
U.S. Department of Education:			
Passed through Illinois State Board of Education:			
Title I - Low Income	84.010	12-4300-00	\$ 84,918
Title II - Teacher Quality	84.367	11-4932-00	663
Title II - Teacher Quality	84.367	12-4932-00	36,669
Title III - Lang Inst Prog-Limited Eng LIPLEP	84.365	11-4909-00	4,466
Title III - Lang Inst Prog-Limited Eng LIPLEP	84.365	12-4909-00	32,384
IDEA Room & Board (M)	84.027	12-4625-00	23,650
ARRA - Education Jobs Fund	84.410	11-4880-00	95,547
ARRA - Education Jobs Fund	84.410	12-4880-00	<u>1,436</u>
Total Illinois State Board of Education			<u>279,733</u>
Passed through Southwest Cook County Cooperative:			
IDEA Flow Through (M)	84.027	12-4620-00	540,103
Pre-School Flow Through (M)	84.173	12-4600-00	18,055
ARRA - Pre-School Flow Through (M)	84.392	11-4856-00	158
ARRA - IDEA - Flow Through (M)	84.391	11-4857-00	<u>49,282</u>
Total Southwest Cook County Cooperative			<u>607,598</u>
Total U.S. Department of Education			<u>887,331</u>
U.S. Department of Agriculture:			
Passed through Illinois State Board of Education:			
National School Lunch Program	10.555	11-4210-00	16,508
National School Lunch Program	10.555	12-4210-00	87,753
Commodities-DOD FFV (non-cash)	10.555	2012	2,993
Commodities (non-cash)	10.555	2012	<u>18,832</u>
Total U.S. Department of Agriculture			<u>126,086</u>
Total expenditures of federal awards			<u>\$ 1,013,417</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, 2012**

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-Bromberек Combined School District 113A (District) and is presented on the modified accrual 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 grants-in-aid received from federal sources.

C. Non-Cash Assistance

Non-cash assistance amounted to \$21,825 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, 2012**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: UNQUALIFIED

Internal control over financial reporting:

- Material weaknesses identified? yes X 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? yes X 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: UNQUALIFIED

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027	IDEA - Room & Board
84.027	IDEA - Flow Through
84.173	Pre-School Flow Through
84.392	ARRA - Pre-School Flow Through
84.391	ARRA - IDEA Flow Through

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

Auditee qualified as low-risk auditee? yes X no

LEMONT BROMBEREK CSD 113A
07-016-113A-02
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2012

SECTION II - FINANCIAL STATEMENT FINDINGS

1. FINDING NUMBER:¹¹ 2012-1 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. Context¹²
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 response¹³
Management disagrees with the recommendation.

For ISBE Review

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

¹¹ 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.

¹² 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.

¹³ 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, 2012

SECTION II - FINANCIAL STATEMENT FINDINGS

1. FINDING NUMBER:¹¹ 2012-2 2. THIS FINDING IS: New Repeat from Prior Year?
Year originally reported? 2011

3. Criteria or specific requirement

Generally Accepted Accounting Principles require records to be kept on the accrual basis of accounting.

4. Condition

The District's records are kept on the cash basis during the year and converted to accrual basis at year end with audit adjustments.

5. Context¹²

Material adjusting journal entries were made to finalize the year end financial statements.

6. Effect

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

7. Cause

Closing procedures do not include steps to accumulate and record accrual basis information.

8. Recommendation

Management should implement procedures to record accrual basis information.

9. Management's response¹³

Management disagrees with the recommendation.

For ISBE Review

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

¹¹ 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.

¹² 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.

¹³ 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, 2012

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER:¹⁴ 2012-3 2. THIS FINDING IS: New Repeat from Prior year?
Year originally reported? 2008

3. Federal Program Name and Year: All Federal Programs

4. Project No.: _____ 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 #2012-1.

9. Condition¹⁵ _____

10. Questioned Costs¹⁶
NONE

11. Context¹⁷ _____

12. Effect _____

13. Cause _____

14. Recommendation _____

15. Management's response¹⁸ _____

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

¹⁴ See footnote 11.
¹⁵ Include facts that support the deficiency identified on the audit finding.
¹⁶ Identify questioned costs as required by sections 510(a)(3) and 510 (a) (4) of Circular A-133.
¹⁷ See footnote 12.
¹⁸ 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, 2012

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER:¹⁴ 2012-4 2. THIS FINDING IS: New Repeat from Prior year?
Year originally reported? 2011

3. Federal Program Name and Year: All Federal Programs

4. Project No.: _____ 5. CFDA No.: _____

6. Passed Through: _____

7. Federal Agency: _____

8. Criteria or specific requirement (including statutory, regulatory, or other citation)
Generally Accepted Accounting Principles require records to be kept on the accrual basis of accounting. See financial statement finding #2012-2.

9. Condition¹⁵ _____

10. Questioned Costs¹⁶
NONE

11. Context¹⁷ _____

12. Effect _____

13. Cause _____

14. Recommendation _____

15. Management's response¹⁸ _____

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

¹⁴ See footnote 11.
¹⁵ Include facts that support the deficiency identified on the audit finding.
¹⁶ Identify questioned costs as required by sections 510(a)(3) and 510 (a) (4) of Circular A-133.
¹⁷ See footnote 12.
¹⁸ 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 FINDINGS¹⁹
Year Ending June 30, 2012

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status²⁰</u>
2011-1	Management relies on its audit firm to prepare full financial statements in accordance with GASB Statement 34.	Repeated as 2012-1
2011-2	The District's records are kept on the cash basis during the year and converted to accrual basis at year end with audit adjustments.	Repeated as 2012-2
2011-3	Journal entries were made to cash to record grant revenue received and interest payments made for bonds not recorded in the general ledger.	Corrected
2011-4	Management relies on its audit firm to prepare full financial statements in accordance with GASB Statement 34.	Repeated as 2012-3
2011-5	The District's records are kept on the cash basis during the year and converted to accrual basis at year end with audit adjustments.	Repeated as 2012-4
2011-6	Journal entries were made to cash to record grant revenue received and interest payments made for bonds not recorded in the general ledger.	Corrected
2011-7	Final FRIS reports were filed after due dates.	Corrected

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

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

²⁰ 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 FINDINGS²¹
Year Ending June 30, 2012

Corrective Action Plan

Finding No.: 2012-1

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: Susan Birkenmaier - 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.

²¹ 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 FINDINGS²¹
Year Ending June 30, 2012

Corrective Action Plan

Finding No.: 2012-2

Condition:

The District's records are kept on the cash basis during the year and converted to accrual basis at year end with audit adjustments.

Plan:

NONE

Anticipated Date of Completion: N/A

Name of Contact Person: Susan Birkenmaier - 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 accrual basis reporting. Due to cost/benefit considerations for staffing, management believes this approach to be adequate and that any corrective action is unnecessary.

²¹ 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 FINDINGS²¹
Year Ending June 30, 2012

Corrective Action Plan

Finding No.: 2012-3

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: Susan Birkenmaier - 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.

²¹ 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 FINDINGS²¹
Year Ending June 30, 2012

Corrective Action Plan

Finding No.: 2012-4

Condition:

The District's records are kept on the cash basis during the year and converted to accrual basis at year end with audit adjustments.

Plan:

NONE

Anticipated Date of Completion: N/A

Name of Contact Person: Susan Birkenmaier - 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 accrual basis reporting. Due to cost/benefit considerations for staffing, management believes this approach to be adequate and that any corrective action is unnecessary.

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