

**LEMONT-BROMBEREK COMBINED  
SCHOOL DISTRICT 113A  
LEMONT, ILLINOIS  
ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2013**

Report issued by:

Susan Birkenmaier Ed.D.  
Superintendent

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2013**

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## **INTRODUCTORY SECTION**

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
LEMONT, ILLINOIS  
JUNE 30, 2013**

**BOARD OF EDUCATION**

		Term Expires
Cynthia Kelly	President	2015
David Molitor	Vice President	2015
Patrick Kerrigan II	Secretary	2017
Michael Aurelio	Member	2015
Brian Bushnell	Member	2017
David Deitemyer	Member	2017
Al Malley	Member	2015

**DISTRICT ADMINISTRATION**

Susan Birkenmaier Ed.D. 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

### Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



## *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, 2013, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Other Matters*

### *Required Supplementary Information*

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 v - xii 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lemont-Bromberek Combined School District 113A's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and schedule of expenditures - actual and budget are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 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 basic financial statements.

The combining and individual fund financial statements and schedules, schedule of expenditures - actual and budget, 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules, schedule of expenditures - actual and budget, and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic 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 do not express an opinion or provide any assurance on such information.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2013, on our consideration of the 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* in considering Lemont-Bromberek Combined School District 113A's internal control over financial reporting and compliance.

*Mulcahy, Pawlitsch, Salvatore & Co., Ltd.*

Orland Park, Illinois  
September 27, 2013

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

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

as of and for the fiscal year ended June 30, 2013

The Annual Financial Report of Lemont-Bromberek Combined School District 113A, for the fiscal year ended June 30, 2013, 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, 2013.

### **Financial Highlights**

- The total net position of the District increased by \$5,071,758 during fiscal year 2013.
- Fund balance of the District's governmental funds increased by \$4,024,484. All fund balances closed with a positive fund balance.
- Fund balance in the District's General Fund increased by \$3,702,156.
- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$3,458,566 (net position).
- Governmental activities have an unrestricted net position of \$2,683,103. The District's amount invested in capital assets is a deficit of \$5,276,573. The balance of the net position, \$6,052,036, 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 position and the statement of activities.

The statement of net position 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 position. Over time, changes in net position 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 position of the District changed during the current fiscal year. Changes in net position 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 Position as of June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Assets:		
Current assets	\$ 23,317,739	\$ 18,291,279
Capital assets	<u>27,680,716</u>	<u>28,437,347</u>
Total assets	<u>50,998,455</u>	<u>46,728,626</u>
Liabilities:		
Current liabilities	17,916,982	16,747,142
Noncurrent liabilities	<u>29,622,907</u>	<u>31,594,676</u>
Total liabilities	<u>47,539,889</u>	<u>48,341,818</u>
Net position:		
Invested in capital assets, net of related debt	(5,276,573)	(6,309,231)
Restricted	6,052,036	5,513,123
Unrestricted	<u>2,683,103</u>	<u>(817,084)</u>
Total position	<u>\$ 3,458,566</u>	<u>\$ (1,613,192)</u>

## Government-wide Activities

Governmental activities increased the net assets of the District by \$5,071,758.

Lemont-Bromberek CSD113A  
Changes in Net Position  
for the fiscal years ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Revenues:		
Program revenues:		
Charges for services	\$ 887,433	\$ 850,805
Operating grants, contributions and personnel reimbursement	4,705,780	4,352,712
General revenues:		
Property taxes	21,604,790	20,609,150
Personal property replacement taxes	324,711	306,793
General state aid	892,798	965,703
Unrestricted investment earnings	8,498	6,393
Other revenues	<u>210,578</u>	<u>211,237</u>
Total revenues	<u>28,634,588</u>	<u>27,302,793</u>
Expenses:		
Governmental activities:		
Instructional	13,142,484	13,785,755
Pupil support	1,073,881	1,126,876
Other support	1,694,660	1,765,104
Transportation	1,382,061	1,317,745
Administration	3,748,760	3,893,394
Interest	<u>2,520,984</u>	<u>2,719,469</u>
Total expenses	<u>23,562,830</u>	<u>24,608,343</u>
Increase in net position	5,071,758	2,694,450
Net position at beginning of year	<u>(1,613,192)</u>	<u>(4,307,642)</u>
Net position at end of year	<u>\$ 3,458,566</u>	<u>\$ (1,613,192)</u>

### General Fund Budgetary Highlights

Actual revenues, including on-behalf payments, for FY13 were \$22.5 million representing approximately 98.5% of the total budgeted FY13 revenues. Actual expenditures totaled \$18.6 million representing approximately 90% of the total budgeted FY13 expenditures.

### Capital Assets and Debt Administration

*Capital assets.* By the end of 2013, the District had compiled a total investment of \$27.7 million in a broad range of capital assets including buildings, land and equipment. More detailed information about capital assets can be found in the basic financial statements. There were no major capital asset improvement projects during the 2012-13 school year.

Lemont-Bromberek CSD113A  
Capital Assets (net of accumulated depreciation)  
As of June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Land	\$ 1,507,280	\$ 1,507,280
Land improvements	7,689	9,114
Buildings and improvements	25,895,626	26,665,608
Equipment	<u>270,121</u>	<u>255,345</u>
Total capital assets	<u>\$ 27,680,716</u>	<u>\$ 28,437,347</u>

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

*Long-term Debt.* At June 30, 2013, the District had total bonded debt outstanding of \$14,511,479, backed by the full faith and credit of the District.

The District carries a BBB 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 \$10,085,087, an increase of \$4,024,484 in comparison with the prior year.

The unassigned fund balance for the District at the end of the fiscal year was \$3,380,008.

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, 2013 principal and interest payments. The property tax levy that will be used to accumulate resources for the 2014 principal and interest payments was certified in September, 2013.

## **Factors Bearing on the District's 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 2011 CPI, the District 113A property tax increase will be limited to a 3% increase, or approximately \$510,000 for a \$17,000,000 levy. New property tax revenues generated for FY14 will continue to be higher than the past as the assessment cycle catches up with new development. Commencing with last fiscal year, Cook County tax collections have been on time. This improved process has assisted us in the continued cash flow planning and improvement.

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.

The General State Aid was reduced again this year by approximately 10% and will be reduced the same for FY14. General State Aid continues to be paid on a timely basis. State funding provides approximately 7% of all District 113A revenues and federal funding accounts for 3% of District funding.

Interest income is expected to improve somewhat this year due to larger cash reserves. The longer-term effects of the economy, including low CPI, and low interest rates will cause the District to approach budgeting in a very conservative fashion.

The District will face minimal impact from the sequestration of federal funds. Critical programs are unaffected by the 5% reduction in grant funding.

Based on the advancement District 113A has made toward fiscal stability, the District expects to be decertified from financial oversight monitored by the Illinois State Board of Education. Following the close of the 2012-13 fiscal year, the District expects to achieve the highest financial profile ranking designated for schools in the State of Illinois. Further, the District will be in compliance with a School Board adopted policy requiring a three to six month fund balance each fiscal year.

Due to diligent planning and the strategic planning process, we have begun the process of evaluating the District's facilities in order to renovate as necessary to create a safe and contemporary learning environment. Physical plant improvements and preventative maintenance has been undertaken, and will continue to be undertaken to protect the District's assets.

Labor contracts are in the final stages of being negotiated for the majority of district employees for the 2013-14 school year. Salaries had not been increased for the prior two to three years. As a result, it was necessary to evaluate employee's benefits and salaries in order to provide them with competitive salaries for the marketplace. Health insurance benefits have been evaluated in an effort to reduce costs to the district. Benefit programs continue to be reviewed and adjusted for cost containment.

Through these combined events, District 113A continues to maintain its quality programming and teaching staff levels. Through the long-range planning process, the District has reviewed and will continue to 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.

Another Standard & poor's rating review is scheduled for early October, 2013. District 113A is optimistic that the bond rating will improve again this year as fund balances and cash reserves continue to improve and the district has established a five-year strategic and financial plan. These balances have grown to required levels and the district has moved to the Financial Recognition State financial rating.

The local economy has remained stable in the last several years. Residential housing is growing slightly with 16 single-family detached building permits issued and 7 townhouse (single-family attached) permits issued through August, 2103.

Due to fiscal improvements, the District has been able to move forward in implementing improved instructional programming such as lower class sizes. The curriculum replacement cycle has restarted and the District will focus on securing updated materials to support the implementation of the Common Core State Standards. Technology and facility improvements are also planned to improve the quality of the districts assets and improve the learning environment. All of these sustainable improvements have been documented in the long-range strategic and financial plan. A five year capital plan has also been implemented to manage capital investment costs at a stable level of funding each year.

In addition, the District continues to build fund balances to meet the Board policy targeting a 90 to 180 day cash reserve.

District 113A is aware that conditions outside of the control of the district could impact the implementation of the five year strategic plan. The District is prepared to implement a contingency plan in the event state or federal mandates divert financial resources from the proposed financial plan. At this time, federal sequestration cuts have been built into the plan. The district has already considered the potential impact of a shift in TRS pension funding responsibilities to local districts. The proposed strategic plan is adaptable to changes in financial conditions that allow for the acceleration or deceleration of expenditures as we strive to meet our strategic goals.

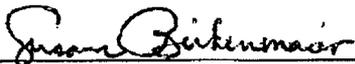
### **Closing Statement**

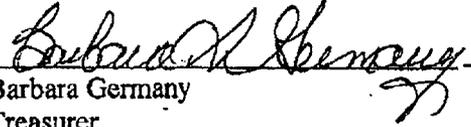
It is our intention that this Annual Financial Report will provide the District's management, outside investors, and interested local citizens with a most meaningful financial presentation. We hope that all readers of this report will obtain a clear and concise understanding of the District's financial condition as of June 30, 2013.

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 2012/2013 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 127<sup>th</sup> Street  
Lemont, Illinois 60439

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES  
JUNE 30, 2013**

**ASSETS**

Equity in pooled cash and investments	\$ 11,314,436
Receivables, net of allowance for uncollectibles:	
Property taxes	11,604,922
Entitlements	398,381
Capital assets not being depreciated:	
Land	1,507,280
Capital assets, net of accumulated depreciation:	
Land improvements	7,689
Building and improvements	25,895,626
Equipment	<u>270,121</u>
 Total assets	 <u>50,998,455</u>

**LIABILITIES**

Accounts payable	364,908
Accrued expenses	1,333,860
Unearned property taxes	11,517,688
Noncurrent liabilities:	
Due within one year	4,700,526
Due in more than one year	<u>29,622,907</u>
 Total liabilities	 <u>47,539,889</u>

**NET POSITION**

Net investment in capital assets	(5,276,573)
Restricted for:	
Debt service	4,061,135
Operations and maintenance	1,698,562
Retirement benefits	292,339
Unrestricted	<u>2,683,103</u>
 Total net position	 <u>\$ 3,458,566</u>

See notes to basic financial statements.

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2013**

	Program Revenues			Net (Expense)
Expenses	Charges for Services	Operating Grants and Contributions	Revenue and Change in Net Position	
Functions/programs:				
Governmental activities:				
Instructional	\$ 13,142,484	\$ 842,671	\$ 4,277,097	\$ (8,022,716)
Pupil support	1,073,881	-	-	(1,073,881)
Other support	1,694,660	-	38,261	(1,656,399)
Transportation	1,382,061	44,762	390,422	(946,877)
Administration	3,748,760	-	-	(3,748,760)
Interest expense	2,520,984	-	-	(2,520,984)
	<u>\$ 23,562,830</u>	<u>\$ 887,433</u>	<u>\$ 4,705,780</u>	<u>(17,969,617)</u>
Total governmental activities				
General revenues:				
Taxes:				
Property				21,604,790
Personal property replacement				324,711
General state aid				892,798
Earnings on investments				8,498
Other income				210,578
				<u>23,041,375</u>
Total general revenues				
Change in net position				5,071,758
Net position deficit at beginning of year				(1,613,192)
Net position at end of year				<u>\$ 3,458,566</u>

See notes to basic financial statements.

**FUND FINANCIAL STATEMENTS**

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2013**

	<u>General</u>	<u>Debt Services</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Equity in pooled cash and investments	\$ 6,265,598	\$ 4,095,971	\$ 952,867	\$ 11,314,436
Property taxes receivable	8,324,162	2,401,490	879,270	11,604,922
Entitlements receivable	349,450	-	48,931	398,381
Total assets	<u>\$ 14,939,210</u>	<u>6,497,461</u>	<u>\$ 1,881,068</u>	<u>\$ 23,317,739</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 354,690	\$ -	\$ 10,218	\$ 364,908
Accrued expenditures	1,213,097	-	92,829	1,305,926
Deferred property tax revenue	8,292,853	2,392,801	876,164	11,561,818
Total liabilities	9,860,640	2,392,801	979,211	13,232,652
Fund balances:				
Restricted	1,698,562	4,089,069	499,231	6,286,862
Assigned	-	15,591	402,626	418,217
Unassigned	3,380,008	-	-	3,380,008
Total fund balances	5,078,570	4,104,660	901,857	10,085,087
Total liabilities and fund balances	<u>\$ 14,939,210</u>	<u>6,497,461</u>	<u>\$ 1,881,068</u>	<u>\$ 23,317,739</u>

See notes to basic financial statements.

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL  
FUNDS TO THE STATEMENT OF NET POSITION  
YEAR ENDED JUNE 30, 2013**

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

Total fund balances - governmental funds	\$ 10,085,087
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	27,680,716
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Long-term liabilities, including bonds payable, are not due and payable in the current year and, therefore, are not reported as liabilities in the funds. 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	\$ (14,511,479)
Accreted and accrued interest on bonds	(18,473,744)
Transportation grant audit payable	(283,455)
Compensated absences payable	(273,613)
Other postemployment benefits obligation	<u>(809,076)</u>

Total	(34,351,367)
-------	--------------

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 deferred property taxes in the fund financial statements exceeds unearned property taxes in the government-wide financial statements.

	<u>44,130</u>
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Total net position of governmental activities	<u>\$ 3,458,566</u>
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See notes to basic financial statements.

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2013**

	<u>General</u>	<u>Debt Services</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Local sources:				
Property taxes	\$ 15,604,085	\$ 4,450,648	\$ 1,505,927	\$ 21,560,660
Investment income	4,813	3,062	623	8,498
Other	<u>1,622,413</u>	<u>-</u>	<u>49,716</u>	<u>1,672,129</u>
Total local sources	<u>17,231,311</u>	<u>4,453,710</u>	<u>1,556,266</u>	<u>23,241,287</u>
State sources:				
General state aid	892,798	-	-	892,798
Grants-in-aid	<u>789,550</u>	<u>-</u>	<u>193,868</u>	<u>983,418</u>
Total state sources	<u>1,682,348</u>	<u>-</u>	<u>193,868</u>	<u>1,876,216</u>
Federal sources:				
Grants-in-aid	<u>1,062,333</u>	<u>-</u>	<u>-</u>	<u>1,062,333</u>
On behalf revenues - payment by State of Illinois				
	<u>2,513,475</u>	<u>-</u>	<u>-</u>	<u>2,513,475</u>
Total revenues	<u>22,489,467</u>	<u>4,453,710</u>	<u>1,750,134</u>	<u>28,693,311</u>
Expenditures:				
Current:				
Instruction	12,656,630	-	193,965	12,850,595
Support services	4,832,465	-	1,574,623	6,407,088
Community services	45,622	-	86	45,708
Payments to other districts and government units	659,434	-	-	659,434
Capital outlay	244,336	-	3,736	248,072
Debt service:				
Principal	-	1,053,865	-	1,053,865
Interest	<u>148,824</u>	<u>3,255,241</u>	<u>-</u>	<u>3,404,065</u>
Total expenditures	<u>18,587,311</u>	<u>4,309,106</u>	<u>1,772,410</u>	<u>24,668,827</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,902,156</u>	<u>144,604</u>	<u>(22,276)</u>	<u>4,024,484</u>
Other financing sources (uses):				
Transfers in	-	-	200,000	200,000
Transfers out	<u>(200,000)</u>	<u>-</u>	<u>-</u>	<u>(200,000)</u>
Total other financing sources (uses)	<u>(200,000)</u>	<u>-</u>	<u>200,000</u>	<u>-</u>
Net change in fund balances	3,702,156	144,604	177,724	4,024,484
Fund balances at beginning of year	<u>1,376,414</u>	<u>3,960,056</u>	<u>724,133</u>	<u>6,060,603</u>
Fund balances at end of year	<u>\$ 5,078,570</u>	<u>\$ 4,104,660</u>	<u>\$ 901,857</u>	<u>\$ 10,085,087</u>

See notes to basic financial statements.

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL  
FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2013**

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

Net change in fund balances - total governmental funds	\$	4,024,484
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 (\$876,582) exceeded capitalized expenditures (\$119,951) in the current period.		(756,631)
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.		1,053,865
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 government-wide financial statements.		44,130
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.		734,258
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 transportation grant audit payable	\$	196,554
Increase in compensated absences payable		(10,454)
Increase in other postemployment benefits obligation		<u>(214,448)</u>
Total		<u>(28,348)</u>
Change in net position of governmental activities	\$	<u>5,071,758</u>

See notes to basic financial statements.

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND  
YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Local sources:				
Property taxes	\$ 15,867,608	\$ 15,867,608	\$ 15,604,085	\$ (263,523)
Investment income	3,374	3,374	4,813	1,439
Other	<u>1,642,527</u>	<u>1,642,527</u>	<u>1,622,413</u>	<u>(20,114)</u>
Total local sources	<u>17,513,509</u>	<u>17,513,509</u>	<u>17,231,311</u>	<u>(282,198)</u>
State sources:				
General state aid	892,683	892,683	892,798	115
Grants-in-aid	<u>813,590</u>	<u>813,590</u>	<u>789,550</u>	<u>(24,040)</u>
Total state sources	<u>1,706,273</u>	<u>1,706,273</u>	<u>1,682,348</u>	<u>(23,925)</u>
Federal sources:				
Grants-in-aid	<u>898,714</u>	<u>898,714</u>	<u>1,062,333</u>	<u>163,619</u>
On behalf revenues - payment by State of Illinois	<u>2,700,000</u>	<u>2,700,000</u>	<u>2,513,475</u>	<u>(186,525)</u>
Total revenues	<u>22,818,496</u>	<u>22,818,496</u>	<u>22,489,467</u>	<u>(329,029)</u>
Expenditures:				
Current:				
Instruction	14,087,301	14,087,301	12,656,630	1,430,671
Support services	5,343,641	5,343,641	4,832,465	511,176
Community services	37,260	37,260	45,622	(8,362)
Payments to other districts and government units	867,442	867,442	659,434	208,008
Capital outlay	248,359	248,359	244,336	4,023
Debt service:				
Interest	<u>94,000</u>	<u>94,000</u>	<u>148,824</u>	<u>(54,824)</u>
Total expenditures	<u>20,678,003</u>	<u>20,678,003</u>	<u>18,587,311</u>	<u>2,090,692</u>
Excess of revenues over expenditures	2,140,493	2,140,493	3,902,156	1,761,663
Other financing uses:				
Transfers out	<u>-</u>	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>
Net change in fund balances	2,140,493	1,940,493	3,702,156	1,761,663
Fund balances at beginning of year	<u>1,376,414</u>	<u>1,376,414</u>	<u>1,376,414</u>	<u>-</u>
Fund balances at end of year	<u>\$ 3,516,907</u>	<u>\$ 3,316,907</u>	<u>\$ 5,078,570</u>	<u>\$ 1,761,663</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, 2013**

**ASSETS**

Cash	<u>\$ 149,967</u>
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**LIABILITIES**

Due to student activity fund organizations	<u>\$ 149,967</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, 2013**

**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, cafeteria, 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, 2013, no entities were considered component units of the District.

**B. Basis of Presentation - Government-wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities incorporate data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

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

**C. Basis of Presentation - Fund Financial Statements**

The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - governmental and fiduciary - are presented. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It is comprised of two subfunds: the Educational Fund and the Operations and Maintenance Fund. The General Fund accounts for all financial resources of the general government, except those accounted for in another fund.

The Debt Services Fund accounts for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term debt of governmental funds.

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.

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013**

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.

During the course of operations the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported as transfers in/out. While reported in fund financial statements, the transfers are eliminated in the preparation of the government-wide financial statements.

**D. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The 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 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 entitlement revenue from governmental agencies, the availability period for entitlement revenues has been extended so that twelve months of revenue 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013**

Property taxes, charges for services, and interest 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. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (see preceding paragraph for discussion of the availability period). All other revenue items are considered to be measurable and available only when cash is received by the District.

The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

**E. Budgetary Information**

The annual budget is 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 year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public budget 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. The level of control (level at which expenditures may not exceed budget/appropriations) is the fund.
5. Formal budgetary integration is employed as a management control device during the year for the budgeted funds.
6. The Board of Education may amend the budget (in other ways) by the same procedures required of its original adoption. The budget for the year ended June 30, 2013 was amended on May 21, 2013.

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2013**

**F. Assets, Liabilities and Net Position/Fund Balance**

*1. Cash and Investments*

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

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 that are separately held are reflected in the respective funds as "cash" and "investments."

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

*2. Capital Assets*

Capital assets, which include land, 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 one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to the capital assets that do not increase the capacity of efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at estimated fair value at the date of donation.

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

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013**

*3. Long-term Obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts, as well as issuance costs, are generally 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 other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

*4. Net Position Flow Assumption*

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

*5. Fund Balance Flow Assumptions*

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

*6. Fund Balance Policies*

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013**

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the District that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. Fund balance assignments are 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 other purposes). Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**G. Revenues and Expenditures/Expenses**

*1. Program Revenues*

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

*2. Property Taxes*

Property taxes are levied as of January 1 on property values assessed on the same date. The lien date for the levy is January 1. The Cook County tax levy is divided into two billings: the first billing mailed is on or about February 1 of the following year and the second billing is mailed on or about August 1 of the following year. The DuPage County tax levy is payable in two installments on June 1 and September 1 of the following year.

The District receives significant distributions of property taxes in the month following the due dates. Revenue is recognized on the current year's levy in conjunction with the amount budgeted by the Board for the current year with the unrecognized amount being recorded as deferred revenue.

*3. Entitlements*

Entitlements receivable consist of grants due from the State of Illinois and the federal government. The District considers its entitlements receivable to be fully collectible; accordingly, an allowance for uncollectible entitlements receivable has not been established.

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013**

*4. 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.

**H. 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.

**I. Comparative Data**

Comparative data for the prior year have been presented in the financial statements in order to provide an understanding of the changes in the financial position and operations of the District.

**II. DETAILED NOTES ON ALL ACTIVITIES AND 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's investment policy protects the District from custodial credit risk by requiring funds on deposit (checking accounts, certificates of deposit, etc.) in excess of FDIC limits to be collateralized in accordance with Public Funds Investment Act, 30 ILCS235. As of June 30, 2013, \$609,097 of the District's bank balances of \$1,038,557 was exposed to custodial credit risk and collateralized with securities held by the pledging financial institutions.

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2013**

*Investments*

The District had the following investments as of June 30, 2013:

<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	\$ 102,706	AAAm	<1
Illinois Institutional Investors Trust	917	AAAm	<1
Illinois School District Liquid Asset Fund - Max Class	6,450,070	AAAm	<1
Illinois School District Liquid Asset Fund - Liquid Class	51,150	AAAm	<1
Illinois School District Liquid Asset Fund - Term Series Pool	2,750,000	N/A	<1
Certificates of deposit	<u>1,149,180</u>	N/A	<1
Total	<u>\$ 10,504,023</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:

*Interest rate risk* is the risk that changes in interest rates will adversely affect the fair value of an investment. The District may invest in short-term obligations of corporations that mature no later than 270 days from the date of purchase.

*Concentration of credit risk* is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District does not have an investment policy for this risk.

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2013**

*Credit risk* is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The District's investment policy allows for investment in bonds, notes, certificates of indebtedness; bonds, notes, debentures, or other similar obligations of the United States of America; treasury bills or other securities that are guaranteed by the full faith and credit of the United States of America as to principal and interest; interest-bearing savings accounts, interest-bearing certificates of deposits; short-term obligations of corporations organized in the United States with assets exceeding \$500,000,000 and one of the three highest credit ratings by at least two standard rating services; short term discount obligations of the Federal National Mortgage Association; dividend-bearing share accounts, share certificate accounts, or class of share accounts of a credit union chartered under laws of this State or the laws of the United States; money market mutual funds; Public Treasurers' Investment Pool; the Illinois Funds; and certain repurchase agreements of government securities.

*Custodial credit risk* is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The District's investment policy protects the District from custodial risk by requiring funds on deposit (checking accounts, certificates of deposit, etc.), in excess of FDIC limits, to be collateralized in accordance with Public Funds Investment Act, 30 ILCS 235. All investments are required to be registered and held by a third-party custodian.

**B. Capital Assets**

Capital asset activity for the year ended June 30, 2013 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>5,603,960</u>	<u>119,951</u>	<u>-</u>	<u>5,723,911</u>
Total capital assets, being depreciated	<u>44,138,716</u>	<u>119,951</u>	<u>-</u>	<u>44,258,667</u>
Less accumulated depreciation for:				
Land improvements	(26,523)	(1,425)	-	(27,948)
Building and improvements	(11,833,511)	(769,982)	-	(12,603,493)
Equipment	<u>(5,348,615)</u>	<u>(105,175)</u>	<u>-</u>	<u>(5,453,790)</u>
Total accumulated depreciation	<u>(17,208,649)</u>	<u>(876,582)</u>	<u>-</u>	<u>(18,085,231)</u>
Total capital assets, being depreciated, net	<u>26,930,067</u>	<u>(756,631)</u>	<u>-</u>	<u>26,173,436</u>
Governmental activities capital assets, net	<u>\$ 28,437,347</u>	<u>\$ (756,631)</u>	<u>\$ -</u>	<u>\$ 27,680,716</u>

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2013**

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
Instructional	\$ 555,452
Pupil support	45,683
Other support	263,876
Administration	<u>11,571</u>
 Total depreciation expense - governmental activities	 <u>\$ 876,582</u>

**C. Long-term Debt**

Long-term debt as of June 30, 2013 is summarized as follows:

	<u>Issue December 27, 1995</u>		
	<u>Capital Appreciation Bonds</u>		
<u>Fiscal</u> <u>Year Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 2,617,741</u>	<u>\$ 11,267,259</u>	<u>\$ 13,885,000</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, 2013**

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>
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>\$ 730,000</u>	<u>\$ 149,460</u>	<u>\$ 879,460</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 Capital Appreciation School Bond, Series 2001B

<u>Fiscal Year Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 340,027</u>	<u>\$ 452,380</u>	<u>\$ 792,407</u>

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

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013**

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

\$4,104,660 is available in the Debt Services Fund to service the above bonds payable.

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
NOTES TO BASIC FINANCIAL STATEMENTS  
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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>
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>\$ 14,511,479</u>	<u>\$ 30,015,388</u>	<u>\$ 44,526,867</u>

Long-term liability activity for the year ended June 30, 2013 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	\$ 14,755,345	\$ -	\$ 973,866	\$ 13,781,479	\$ 935,921
General obligation bond	810,000	-	80,000	730,000	85,000
Accreted interest - capital appreciation bonds	19,181,233	2,440,765	3,176,188	18,445,810	3,459,497
Transportation grant audit payable	480,009	-	196,554	283,455	196,554
Compensated absences	263,159	51,571	41,117	273,613	23,554
Other postemployment benefits obligation	<u>594,628</u>	<u>297,030</u>	<u>82,582</u>	<u>809,076</u>	<u>-</u>
Total	<u>\$ 36,084,374</u>	<u>\$ 2,789,366</u>	<u>\$ 4,550,307</u>	<u>\$ 34,323,433</u>	<u>\$ 4,700,526</u>

The compensated absences and other postemployment benefits obligation liabilities will be liquidated by the General Fund. The transportation grant audit payable will be liquidated by the Transportation Fund.

**D. Interfund Transfers**

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Nonmajor governmental fund: Transportation Fund	General Fund subfund: Operations and Maintenance Fund	<u>\$ 200,000</u>

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

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013**

**E. Fund Balances**

As of June 30, 2013, fund balances were comprised of the following:

	<u>General Fund</u>	<u>Debt Services Fund</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Restricted for:				
Operations and maintenance	\$ 1,698,562	\$ -	\$ -	\$ 1,698,562
Debt service	-	4,089,069	-	4,089,069
Pupil transportation	-	-	206,892	206,892
Retirement benefits	-	-	292,339	292,339
Total restricted	<u>1,698,562</u>	<u>4,089,069</u>	<u>499,231</u>	<u>6,286,862</u>
Assigned to:				
Debt service	-	15,591	-	15,591
Pupil transportation	-	-	319,781	319,781
Retirement benefits	-	-	82,845	82,845
Total assigned	<u>-</u>	<u>15,591</u>	<u>402,626</u>	<u>418,217</u>
Unassigned	<u>3,380,008</u>	<u>-</u>	<u>-</u>	<u>3,380,008</u>
Total fund balances	<u>\$ 5,078,570</u>	<u>\$ 4,104,660</u>	<u>\$ 901,857</u>	<u>\$ 10,085,087</u>

**F. 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.

**G. 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  
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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, 2013 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, 2012 and 2011.

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, 2013, State of Illinois contributions were based on 28.05 percent of creditable earnings not paid from federal funds, and the District recognized revenue and expenditures of \$2,437,584 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2012 and 2011, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 24.91 percent (\$2,074,700) and 23.10 percent (\$2,030,853), 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, 2013 were \$45,514. Contributions for the years ended June 30, 2012 and 2011 were \$48,101 and \$50,475, 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, 2013, the employer pension contribution was 28.05 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2012 and 2011, the employer contribution was 24.91 and 23.10 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2013, salaries totaling \$238,592 were paid from federal and special trust funds that required employer contributions of \$66,925. For the years ended June 30, 2012 and 2011, required District contributions were \$27,443 and \$12,103, respectively.

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013**

*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 under the current program is 117.5 percent and applies when the member is age 55 at retirement.

For the year ended June 30, 2013, the District paid \$107,156 to TRS for employer contributions under the ERO program. For the years ended June 30, 2012 and 2011, the District paid \$0 and \$80,089 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, 2013, the District paid \$2,073 to TRS for employer contributions due on salary increases in excess of 6 percent. For the years ended June 30, 2012 and 2011, the District paid \$3,446 and \$2,355 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 (17.63 percent of salary during the year ended June 30, 2013).

For the year ended June 30, 2013, the District paid \$0 to TRS for sick leave days granted in the excess of the normal annual allotment. For the years ended June 30, 2012 and 2011, the District paid \$1,479 and \$0 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, 2012. The report for the year ended June 30, 2013 is expected to be available in late 2013.

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 website at <http://trs.illinois.gov>.

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2013**

*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](http://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 2012 was 11.44 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 2013 was \$249,616.

*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>
6/30/13	\$ 249,616	100	\$ -
6/30/12	258,120	100	-
6/30/11	234,843	100	-

The required contribution for fiscal year 2013 was determined as part of the December 31, 2010 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2010 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, 2010 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, 2012, the most recent actuarial valuation date, the Regular plan was 79.48 percent funded. The actuarial accrued liability for benefits was \$6,413,070 and the actuarial value of assets was \$5,097,159, resulting in an underfunded actuarial accrued liability (UAAL) of \$1,315,911. The covered payroll for calendar year 2012 (annual payroll of active employees covered by the plan) was \$2,265,223 and the ratio of the UAAL to the covered payroll was 58 percent.

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
 NOTES TO BASIC FINANCIAL STATEMENTS  
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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 \$170,587, 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 2013, the District contributed \$82,582 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	<u>17,839</u>
Annual OPEB cost (expense)	297,030
Contributions made	<u>82,582</u>
Change in net OPEB obligation	214,448
Net OPEB obligation at beginning of year	<u>594,628</u>
Net OPEB obligation at end of year	<u>\$ 809,076</u>

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
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YEAR ENDED JUNE 30, 2013**

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>
06/30/13	\$ 297,030	29.58	\$ 809,076
06/30/12	288,579	29.06	594,628
06/30/11	287,349	32.15	389,912

*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  
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*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. Effective July 1, 2012, in accordance with Executive Order 12-01, the plan is administered by the Illinois Department of Central Management Services (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 0.92 percent of pay during the year ended June 30, 2013. State of Illinois contributions were \$75,891, 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, 2012 and 2011 were 0.88 percent of pay, both years. State contributions on behalf of District employees were \$71,777 and \$76,548, respectively.

*Employer contributions to THIS Fund.* The District also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.69 percent during the year ended June 30, 2013 and 0.66 percent during the years ended June 30, 2012 and 2011. For the year ended June 30, 2013, the District paid \$56,918 to the THIS Fund. For the years ended June 30, 2012 and 2011, the District paid \$53,833 and \$57,411 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 found on the website of the Illinois Auditor General: <http://www.auditor.illinois.gov/Audit-Reports/ABC-List.asp>. The 2013 report is listed under "Central Management Services." Prior reports are available under "Healthcare and Family Services."

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013**

**H. Tort Immunity Expenditures**

Tort immunity expenditures for the year ended June 30, 2013 are summarized as follows:

Unemployment compensation	\$	51,635
Workers' compensation		118,472
Liability insurance		<u>57,716</u>
Total	\$	<u>227,823</u>

**I. Concentration**

Substantially all nonmanagement employees are covered under a collective bargaining agreement that expired in June, 2013. The District and the union are currently negotiating a new collective bargaining agreement.

**J. Subsequent Events**

Management has evaluated subsequent events through September 27, 2013, which is the date the financial statements were available to be issued.

**K. New Accounting Standard**

The Governmental Accounting Standards Board recently issued Statement No. 65 - *Items Previously Reported as Assets and Liabilities*, which will be effective for fiscal year 2014. The Statement establishes accounting and financial reporting standards that reclassify, deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The effects on the financial statements of adopting the new standard are not currently known by the District.

**REQUIRED SUPPLEMENTARY INFORMATION**

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
 REQUIRED SUPPLEMENTARY INFORMATION -  
 ILLINOIS MUNICIPAL RETIREMENT FUND  
 YEAR ENDED JUNE 30, 2013**

**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, 2012	\$ 5,097,159	\$ 6,413,070	\$ 1,315,911	79.48	\$ 2,265,223	58.09
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

On a market value basis, the actuarial value of assets as of December 31, 2012 is \$5,257,580. On a market basis, the funded ratio would be 81.98%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with Lemont Bromberek Combined School District 113A. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

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

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
 REQUIRED SUPPLEMENTARY INFORMATION -  
 POSTRETIREMENT HEALTH PLAN  
 JUNE 30, 2013**

**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, 2013	\$ 279,191	29.6
June 30, 2012	279,191	30.0
June 30, 2011	279,191	33.1

(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, 2013**

	<u>Educational</u>	<u>Operations and Maintenance</u>	<u>Totals</u>
<b>ASSETS</b>			
Equity in pooled cash and investments	\$ 5,643,268	\$ 622,330	\$ 6,265,598
Property taxes receivable	7,460,800	863,362	8,324,162
Entitlements receivable	<u>349,450</u>	<u>-</u>	<u>349,450</u>
 Total assets	 <u>\$ 13,453,518</u>	 <u>\$ 1,485,692</u>	 <u>\$ 14,939,210</u>
 <b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 256,207	\$ 98,483	\$ 354,690
Accrued expenditures	1,213,097	-	1,213,097
Deferred property tax revenue	<u>7,432,637</u>	<u>860,216</u>	<u>8,292,853</u>
 Total liabilities	 <u>8,901,941</u>	 <u>958,699</u>	 <u>9,860,640</u>
Fund balances:			
Restricted	1,171,569	526,993	1,698,562
Unassigned	<u>3,380,008</u>	<u>-</u>	<u>3,380,008</u>
 Total fund balances	 <u>4,551,577</u>	 <u>526,993</u>	 <u>5,078,570</u>
 Total liabilities and fund balances	 <u>\$ 13,453,518</u>	 <u>\$ 1,485,692</u>	 <u>\$ 14,939,210</u>

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
GENERAL FUND  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES (DEFICIT)  
YEAR ENDED JUNE 30, 2013**

	<u>Educational</u>	<u>Operations and Maintenance</u>	<u>Totals</u>
Revenues:			
Local sources:			
Property taxes	\$ 13,841,630	\$ 1,762,455	\$ 15,604,085
Investment income	4,186	627	4,813
Other	<u>1,437,968</u>	<u>184,445</u>	<u>1,622,413</u>
Total local sources	<u>15,283,784</u>	<u>1,947,527</u>	<u>17,231,311</u>
State sources:			
General state aid	892,798	-	892,798
Grants-in-aid	<u>739,550</u>	<u>50,000</u>	<u>789,550</u>
Total state sources	<u>1,632,348</u>	<u>50,000</u>	<u>1,682,348</u>
Federal sources:			
Grants-in-aid	<u>1,062,333</u>	-	<u>1,062,333</u>
On behalf revenues	<u>2,513,475</u>	-	<u>2,513,475</u>
Total revenues	<u>20,491,940</u>	<u>1,997,527</u>	<u>22,489,467</u>
Expenditures:			
Instruction	12,656,630	-	12,656,630
Support services	3,417,614	1,414,851	4,832,465
Community services	45,622	-	45,622
Payments to other districts and government units	659,434	-	659,434
Capital outlay	159,720	84,616	244,336
Debt service:			
Interest	<u>148,824</u>	-	<u>148,824</u>
Total expenditures	<u>17,087,844</u>	<u>1,499,467</u>	<u>18,587,311</u>
Excess of revenues over expenditures	<u>3,404,096</u>	<u>498,060</u>	<u>3,902,156</u>

	<u>Educational</u>	<u>Operations and Maintenance</u>	<u>Totals</u>
Other financing sources (uses):			
Intrafund transfers	1,800,000	(1,800,000)	-
Transfers out	<u>-</u>	<u>(200,000)</u>	<u>(200,000)</u>
Total other financing sources (uses)	<u>1,800,000</u>	<u>(2,000,000)</u>	<u>(200,000)</u>
Net change in fund balances (deficit)	5,204,096	(1,501,940)	3,702,156
Fund balances (deficit) at beginning of year	<u>(652,519)</u>	<u>2,028,933</u>	<u>1,376,414</u>
Fund balances at end of year	<u>\$ 4,551,577</u>	<u>\$ 526,993</u>	<u>\$ 5,078,570</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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	<u>2013</u>			<u>Variance with Final Budget</u>	<u>2012</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
<b>Revenues:</b>					
Local sources:					
Property taxes	\$ 13,912,196	\$ 13,912,196	\$ 13,841,630	\$ (70,566)	\$ 13,318,048
Investment income	2,374	2,374	4,186	1,812	691
Other	<u>1,454,527</u>	<u>1,454,527</u>	<u>1,437,968</u>	<u>(16,559)</u>	<u>1,294,472</u>
Total local sources	<u>15,369,097</u>	<u>15,369,097</u>	<u>15,283,784</u>	<u>(85,313)</u>	<u>14,613,211</u>
State sources:					
General state aid	892,683	892,683	892,798	115	965,703
Grants-in-aid	<u>763,590</u>	<u>763,590</u>	<u>739,550</u>	<u>(24,040)</u>	<u>749,649</u>
Total state sources	<u>1,656,273</u>	<u>1,656,273</u>	<u>1,632,348</u>	<u>(23,925)</u>	<u>1,715,352</u>
Federal sources:					
Grants-in-aid	<u>898,714</u>	<u>898,714</u>	<u>1,062,333</u>	<u>163,619</u>	<u>1,023,167</u>
On behalf revenues	<u>2,700,000</u>	<u>2,700,000</u>	<u>2,513,475</u>	<u>(186,525)</u>	<u>2,146,478</u>
Total revenues	<u>20,624,084</u>	<u>20,624,084</u>	<u>20,491,940</u>	<u>(132,144)</u>	<u>19,498,208</u>
<b>Expenditures:</b>					
Instruction	<u>14,087,301</u>	<u>14,087,301</u>	<u>12,656,630</u>	<u>1,430,671</u>	<u>13,126,658</u>
Support services:					
Pupils	900,096	900,096	822,253	77,843	839,308
Instructional staff	696,561	696,561	666,893	29,668	704,732
General administration	783,577	783,577	704,982	78,595	802,005
School administration	712,281	712,281	674,996	37,285	752,677
Business	705,310	705,310	547,101	158,209	743,853
Central	<u>2,000</u>	<u>2,000</u>	<u>1,389</u>	<u>611</u>	<u>938</u>
Total support services	<u>3,799,825</u>	<u>3,799,825</u>	<u>3,417,614</u>	<u>382,211</u>	<u>3,843,513</u>
Community services	<u>37,260</u>	<u>37,260</u>	<u>45,622</u>	<u>(8,362)</u>	<u>18,045</u>
Payments to other districts and government units	<u>867,442</u>	<u>867,442</u>	<u>659,434</u>	<u>208,008</u>	<u>716,211</u>

	2013			Variance with Final Budget	2012
	Original Budget	Final Budget	Actual		Actual
Capital outlay	<u>188,963</u>	<u>188,963</u>	<u>159,720</u>	<u>29,243</u>	<u>72,771</u>
Debt service:					
Interest	94,000	94,000	148,824	(54,824)	78,276
Issuance costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,350</u>
Total debt service	<u>94,000</u>	<u>94,000</u>	<u>148,824</u>	<u>(54,824)</u>	<u>109,626</u>
Total expenditures	<u>19,074,791</u>	<u>19,074,791</u>	<u>17,087,844</u>	<u>1,986,947</u>	<u>17,886,824</u>
Excess of revenues over expenditures	1,549,293	1,549,293	3,404,096	1,854,803	1,611,384
Other financing sources:					
Transfers in	<u>-</u>	<u>1,800,000</u>	<u>1,800,000</u>	<u>-</u>	<u>-</u>
Net change in fund deficits	1,549,293	3,349,293	5,204,096	1,854,803	1,611,384
Fund deficits at beginning of year	<u>(652,519)</u>	<u>(652,519)</u>	<u>(652,519)</u>	<u>-</u>	<u>(2,263,903)</u>
Fund balances (deficit) at end of year	<u>\$ 896,774</u>	<u>\$ 2,696,774</u>	<u>\$ 4,551,577</u>	<u>\$ 1,854,803</u>	<u>\$ (652,519)</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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	<u>2013</u>			<u>Variance with Final Budget</u>	<u>2012</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:					
Local sources:					
Property taxes	\$ 1,955,412	\$ 1,955,412	\$ 1,762,455	\$ (192,957)	\$ 2,055,194
Investment income	1,000	1,000	627	(373)	1,606
Other	<u>188,000</u>	<u>188,000</u>	<u>184,445</u>	<u>(3,555)</u>	<u>184,384</u>
Total local sources	2,144,412	2,144,412	1,947,527	(196,885)	2,241,184
State sources:					
Grants-in-aid	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>-</u>
Total revenues	<u>2,194,412</u>	<u>2,194,412</u>	<u>1,997,527</u>	<u>(196,885)</u>	<u>2,241,184</u>
Expenditures:					
Support services:					
Pupils	21,210	21,210	-	21,210	-
Business	<u>1,522,606</u>	<u>1,522,606</u>	<u>1,414,851</u>	<u>107,755</u>	<u>1,377,981</u>
Total support services	1,543,816	1,543,816	1,414,851	128,965	1,377,981
Capital outlay	<u>59,396</u>	<u>59,396</u>	<u>84,616</u>	<u>(25,220)</u>	<u>40,993</u>
Total expenditures	<u>1,603,212</u>	<u>1,603,212</u>	<u>1,499,467</u>	<u>103,745</u>	<u>1,418,974</u>
Excess of revenues over expenditures	591,200	591,200	498,060	(93,140)	822,210
Other financing uses:					
Transfers out	<u>-</u>	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	591,200	(1,408,800)	(1,501,940)	(93,140)	822,210
Fund balances at beginning of year	<u>2,028,933</u>	<u>2,028,933</u>	<u>2,028,933</u>	<u>-</u>	<u>1,206,723</u>
Fund balances at end of year	<u>\$ 2,620,133</u>	<u>\$ 620,133</u>	<u>\$ 526,993</u>	<u>\$ (93,140)</u>	<u>\$ 2,028,933</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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	<u>2013</u>			<u>2012</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>Actual</u>
Revenues:				
Local sources:				
Property taxes	\$ 4,486,483	\$ 4,450,648	\$ (35,835)	\$ 4,122,955
Investment income	<u>6,000</u>	<u>3,062</u>	<u>(2,938)</u>	<u>3,527</u>
Total revenues	<u>4,492,483</u>	<u>4,453,710</u>	<u>(38,773)</u>	<u>4,126,482</u>
Expenditures:				
Debt service:				
Principal	1,054,895	1,053,865	1,030	1,034,692
Interest	<u>3,254,231</u>	<u>3,255,241</u>	<u>(1,010)</u>	<u>2,837,838</u>
Total expenditures	<u>4,309,126</u>	<u>4,309,106</u>	<u>20</u>	<u>3,872,530</u>
Excess of revenues over expenditures	183,357	144,604	(38,753)	253,952
Fund balances at beginning of year	<u>3,960,056</u>	<u>3,960,056</u>	<u>-</u>	<u>3,706,104</u>
Fund balances at end of year	<u>\$ 4,143,413</u>	<u>\$ 4,104,660</u>	<u>\$ (38,753)</u>	<u>\$ 3,960,056</u>

**NONMAJOR GOVERNMENTAL FUNDS**

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
 COMBINING BALANCE SHEET -  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2013**

	<b>Special Revenue</b>		<b>Total</b>
	<b>Transportation</b>	<b>Illinois Municipal Retirement</b>	<b>Nonmajor Governmental Funds</b>
<b>ASSETS</b>			
Equity in pooled cash and investments	\$ 485,969	\$ 466,898	\$ 952,867
Property taxes receivable	574,276	304,994	879,270
Entitlements receivable	48,931	-	48,931
Total assets	\$ 1,109,176	\$ 771,892	\$ 1,881,068
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 10,218	\$ -	\$ 10,218
Accrued expenditures	-	92,829	92,829
Deferred property tax revenue	572,285	303,879	876,164
Total liabilities	582,503	396,708	979,211
Fund balances:			
Restricted	206,892	292,339	499,231
Assigned	319,781	82,845	402,626
Total fund balances	526,673	375,184	901,857
Total liabilities and fund balances	\$ 1,109,176	\$ 771,892	\$ 1,881,068

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES -  
 NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2013**

	<u>Special Revenue</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Transportation</u>	<u>Illinois Municipal Retirement</u>	
Revenues:			
Local sources:			
Property taxes	\$ 886,159	\$ 619,768	\$ 1,505,927
Investment income	219	404	623
Other	<u>49,716</u>	<u>-</u>	<u>49,716</u>
Total local sources	936,094	620,172	1,556,266
State sources:			
Grants-in-aid	<u>193,868</u>	<u>-</u>	<u>193,868</u>
Total revenues	<u>1,129,962</u>	<u>620,172</u>	<u>1,750,134</u>
Expenditures:			
Instruction	-	193,965	193,965
Support services	1,234,455	340,168	1,574,623
Community services	-	86	86
Capital outlay	<u>3,736</u>	<u>-</u>	<u>3,736</u>
Total expenditures	<u>1,238,191</u>	<u>534,219</u>	<u>1,772,410</u>
Excess (deficiency) of revenues over (under) expenditures	(108,229)	85,953	(22,276)
Other financing sources:			
Transfers in	<u>200,000</u>	<u>-</u>	<u>200,000</u>
Net change in fund balances	91,771	85,953	177,724
Fund balances at beginning of year	<u>434,902</u>	<u>289,231</u>	<u>724,133</u>
Fund balances at end of year	<u>\$ 526,673</u>	<u>\$ 375,184</u>	<u>\$ 901,857</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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	<u>2013</u>			<u>2012</u>	
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>Actual</u>
Revenues:					
Local sources:					
Property taxes	\$ 701,264	\$ 701,264	\$ 886,159	\$ 184,895	\$ 554,217
Investment income	5,268	5,268	219	(5,049)	223
Other	<u>30,500</u>	<u>30,500</u>	<u>49,716</u>	<u>19,216</u>	<u>21,239</u>
Total local sources	737,032	737,032	936,094	199,062	575,679
State sources:					
Grants-in-aid	<u>324,984</u>	<u>324,984</u>	<u>193,868</u>	<u>(131,116)</u>	<u>324,401</u>
Total revenues	<u>1,062,016</u>	<u>1,062,016</u>	<u>1,129,962</u>	<u>67,946</u>	<u>900,080</u>
Expenditures:					
Support services:					
Pupils	16,520	16,520	16,520	-	-
Business	855,973	987,077	1,217,935	(230,858)	1,203,313
Capital outlay	<u>230,337</u>	<u>239,927</u>	<u>3,736</u>	<u>236,191</u>	<u>2,445</u>
Total expenditures	<u>1,102,830</u>	<u>1,243,524</u>	<u>1,238,191</u>	<u>5,333</u>	<u>1,205,758</u>
Deficiency of revenues under expenditures	(40,814)	(181,508)	(108,229)	73,279	(305,678)
Other financing sources:					
Transfers in	<u>-</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(40,814)	18,492	91,771	73,279	(305,678)
Fund balances at beginning of year	<u>434,902</u>	<u>434,902</u>	<u>434,902</u>	<u>-</u>	<u>740,580</u>
Fund balances at end of year	<u>\$ 394,088</u>	<u>\$ 453,394</u>	<u>\$ 526,673</u>	<u>\$ 73,279</u>	<u>\$ 434,902</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, 2013  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	<u>2013</u>			<u>2012</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>Actual</u>
Revenues:				
Local sources:				
Property taxes	\$ 701,264	\$ 619,768	\$ (81,496)	\$ 665,872
Investment income	<u>1,257</u>	<u>404</u>	<u>(853)</u>	<u>346</u>
Total revenues	<u>702,521</u>	<u>620,172</u>	<u>(82,349)</u>	<u>666,218</u>
Expenditures:				
Instruction	<u>204,097</u>	<u>193,965</u>	<u>10,132</u>	<u>216,332</u>
Support services				
Pupils	43,677	38,988	4,689	37,169
Instructional staff	49,204	42,167	7,037	43,716
General administration	16,033	14,504	1,529	12,700
School administration	42,637	40,143	2,494	43,691
Business	<u>208,171</u>	<u>204,366</u>	<u>3,805</u>	<u>207,222</u>
Total support services	<u>359,722</u>	<u>340,168</u>	<u>19,554</u>	<u>344,498</u>
Community services	<u>4,638</u>	<u>86</u>	<u>4,552</u>	<u>24</u>
Total expenditures	<u>568,457</u>	<u>534,219</u>	<u>34,238</u>	<u>560,854</u>
Excess of revenues over expenditures	134,064	85,953	(48,111)	105,364
Fund balances at beginning of year	<u>289,231</u>	<u>289,231</u>	<u>-</u>	<u>183,867</u>
Fund balances at end of year	<u>\$ 423,295</u>	<u>\$ 375,184</u>	<u>\$ (48,111)</u>	<u>\$ 289,231</u>

**FIDUCIARY FUND**

**STUDENT ACTIVITY AGENCY FUND**

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
 STUDENT ACTIVITY AGENCY FUND  
 STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
 YEAR ENDED JUNE 30, 2013**

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
<b>ASSETS</b>				
Cash	\$ <u>170,475</u>	\$ <u>155,898</u>	\$ <u>176,406</u>	\$ <u>149,967</u>
 <b>LIABILITIES</b>				
Due to student activity fund organizations	\$ <u>170,475</u>	\$ <u>155,898</u>	\$ <u>176,406</u>	\$ <u>149,967</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, 2013**

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>	<u>Supplies and Materials</u>
Educational Fund:				
Instruction:				
Regular programs	\$ 4,926,770	\$ 2,711,067	\$ 51,136	\$ 115,125
Special education programs	1,441,946	118,474	1,329	18,712
Interscholastic programs	91,592	1,213	7,294	11,034
Summer school programs	32,813	8,174	2,500	98
Bilingual programs	220,236	37,585	464	5,096
Special education programs Pre-K	-	-	-	-
On behalf expenditures	<u>-</u>	<u>2,513,475</u>	<u>-</u>	<u>-</u>
Total instruction	<u>6,713,357</u>	<u>5,389,988</u>	<u>62,723</u>	<u>150,065</u>
Support services:				
Pupils:				
Attendance and social work services	134,872	16,391	-	-
Health services	155,485	2,165	75,911	3,231
Psychological services	155,286	18,644	11,500	-
Speech pathology and audiology services	<u>209,144</u>	<u>25,419</u>	<u>10,800</u>	<u>3,405</u>
Total pupils	<u>654,787</u>	<u>62,619</u>	<u>98,211</u>	<u>6,636</u>
Instructional staff:				
Improvement of instruction services	265,259	14,742	102,730	16,239
Educational media services	187,957	15,635	6,599	27,365
Assessment and testing	<u>-</u>	<u>-</u>	<u>30,367</u>	<u>-</u>
Total instructional staff	<u>453,216</u>	<u>30,377</u>	<u>139,696</u>	<u>43,604</u>
General administration:				
Board of Education services	-	-	408,785	2,484
Executive administration services	<u>242,862</u>	<u>23,814</u>	<u>3,004</u>	<u>6,603</u>
Total general administration	<u>242,862</u>	<u>23,814</u>	<u>411,789</u>	<u>9,087</u>
School administration:				
Office of the principal services	<u>620,326</u>	<u>52,000</u>	<u>-</u>	<u>490</u>

<u>Capital Outlay</u>	<u>Other Objects</u>	<u>Non- Capitalized Equipment</u>	<u>Termination Benefits</u>	<u>Totals</u>		
				<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
\$ 22,557	\$ -	\$ -	\$ 143,338	\$ 7,969,993	\$ 9,013,328	\$ 1,043,335
2,186	5,042	-	-	1,587,689	1,751,943	164,254
-	12,628	-	-	123,761	115,854	(7,907)
-	-	-	-	43,585	2,308	(41,277)
-	-	-	-	263,381	285,481	22,100
-	179,489	-	-	179,489	243,000	63,511
-	-	-	-	2,513,475	2,700,000	186,525
<u>24,743</u>	<u>197,159</u>	<u>-</u>	<u>143,338</u>	<u>12,681,373</u>	<u>14,111,914</u>	<u>1,430,541</u>
-	-	-	-	151,263	153,694	2,431
-	-	-	-	236,792	287,828	51,036
-	-	-	-	185,430	198,578	13,148
-	-	-	-	248,768	259,996	11,228
-	-	-	-	822,253	900,096	77,843
127,837	-	-	-	526,807	576,951	50,144
1,769	-	-	-	239,325	233,910	(5,415)
-	-	-	-	30,367	41,500	11,133
<u>129,606</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>796,499</u>	<u>852,361</u>	<u>55,862</u>
-	14,810	-	-	426,079	491,262	65,183
444	2,620	-	-	279,347	293,865	14,518
<u>444</u>	<u>17,430</u>	<u>-</u>	<u>-</u>	<u>705,426</u>	<u>785,127</u>	<u>79,701</u>
-	2,180	-	-	674,996	712,281	37,285

(continued)

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
SCHEDULE OF EXPENDITURES - ACTUAL AND BUDGET  
YEAR ENDED JUNE 30, 2013**

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>	<u>Supplies and Materials</u>
Business:				
Direction of business support services	82,599	9,619	4,417	1,502
Fiscal services	84,374	-	-	-
Food services	<u>4,239</u>	<u>340</u>	<u>355,910</u>	<u>1,458</u>
Total business	<u>171,212</u>	<u>9,959</u>	<u>360,327</u>	<u>2,960</u>
Central:				
Data processing services	<u>-</u>	<u>-</u>	<u>1,389</u>	<u>-</u>
Total support services	<u>2,142,403</u>	<u>178,769</u>	<u>1,011,412</u>	<u>62,777</u>
Community services	<u>9,368</u>	<u>1,733</u>	<u>30,591</u>	<u>3,930</u>
Payments to other districts and government units:				
Payments for special education programs	<u>-</u>	<u>-</u>	<u>256,594</u>	<u>-</u>
Debt service:				
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Educational Fund	<u>\$ 8,865,128</u>	<u>\$ 5,570,490</u>	<u>\$ 1,361,320</u>	<u>\$ 216,772</u>
Operations and Maintenance Fund:				
Support services:				
Pupils:				
Other support services	\$ -	\$ -	\$ -	\$ -
Business:				
Operation and maintenance of plant services	<u>531,425</u>	<u>229,303</u>	<u>345,352</u>	<u>308,636</u>
Total Operations and Maintenance Fund	<u>\$ 531,425</u>	<u>\$ 229,303</u>	<u>\$ 345,352</u>	<u>\$ 308,636</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>

<u>Capital Outlay</u>	<u>Other Objects</u>	<u>Non- Capitalized Equipment</u>	<u>Termination Benefits</u>	<u>Totals</u>		<u>Variance</u>
				<u>Actual</u>	<u>Budget</u>	
2,000	643	-	-	100,780	130,401	29,621
-	-	-	-	84,374	88,042	3,668
<u>2,927</u>	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>366,874</u>	<u>493,867</u>	<u>126,993</u>
<u>4,927</u>	<u>2,643</u>	<u>-</u>	<u>-</u>	<u>552,028</u>	<u>712,310</u>	<u>160,282</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,389</u>	<u>2,000</u>	<u>611</u>
<u>134,977</u>	<u>22,253</u>	<u>-</u>	<u>-</u>	<u>3,552,591</u>	<u>3,964,175</u>	<u>411,584</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,622</u>	<u>37,260</u>	<u>(8,362)</u>
<u>-</u>	<u>402,840</u>	<u>-</u>	<u>-</u>	<u>659,434</u>	<u>867,442</u>	<u>208,008</u>
<u>-</u>	<u>148,824</u>	<u>-</u>	<u>-</u>	<u>148,824</u>	<u>94,000</u>	<u>(54,824)</u>
<u>\$ 159,720</u>	<u>\$ 771,076</u>	<u>\$ -</u>	<u>\$ 143,338</u>	<u>\$ 17,087,844</u>	<u>\$ 19,074,791</u>	<u>\$ 1,986,947</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,210	\$ 21,210
<u>84,616</u>	<u>135</u>	<u>-</u>	<u>-</u>	<u>1,499,467</u>	<u>1,582,002</u>	<u>82,535</u>
<u>\$ 84,616</u>	<u>\$ 135</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,499,467</u>	<u>\$ 1,603,212</u>	<u>\$ 103,745</u>
\$ -	\$ 1,053,865	\$ -	\$ -	\$ 1,053,865	\$ 1,054,895	\$ 1,030
<u>-</u>	<u>3,255,241</u>	<u>-</u>	<u>-</u>	<u>3,255,241</u>	<u>3,254,231</u>	<u>(1,010)</u>
<u>\$ -</u>	<u>\$ 4,309,106</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,309,106</u>	<u>\$ 4,309,126</u>	<u>\$ 20</u>

(continued)

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A**  
**SCHEDULE OF EXPENDITURES - ACTUAL AND BUDGET**  
**YEAR ENDED JUNE 30, 2013**

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>	<u>Supplies and Materials</u>
Transportation Fund:				
Support services:				
Pupils:				
Other support services	\$ -	\$ -	\$ 16,520	\$ -
Business:				
Pupil transportation services	<u>442,842</u>	<u>26,210</u>	<u>505,803</u>	<u>165,983</u>
Total Transportation Fund	<u>\$ 442,842</u>	<u>\$ 26,210</u>	<u>\$ 522,323</u>	<u>\$ 165,983</u>
Illinois Municipal Retirement Fund:				
Instruction:				
Regular programs	\$ -	\$ 82,784	\$ -	\$ -
Special education programs	-	102,565	-	-
Summer School	-	476	-	-
Other programs	<u>-</u>	<u>8,140</u>	<u>-</u>	<u>-</u>
Total instruction	<u>-</u>	<u>193,965</u>	<u>-</u>	<u>-</u>
Support services:				
Pupils:				
Attendance and social work services	-	2,232	-	-
Health services	-	31,405	-	-
Psychological services	-	2,252	-	-
Speech pathology and audiology services	<u>-</u>	<u>3,099</u>	<u>-</u>	<u>-</u>
Total pupils	<u>-</u>	<u>38,988</u>	<u>-</u>	<u>-</u>
Instructional staff:				
Improvement of instruction services	-	30,333	-	-
Educational media services	-	11,834	-	-
Assessment and testing	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total instructional staff	<u>-</u>	<u>42,167</u>	<u>-</u>	<u>-</u>
General administration:				
Executive administration services	<u>-</u>	<u>14,504</u>	<u>-</u>	<u>-</u>
School administration:				
Office of the principal services	<u>-</u>	<u>40,143</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>Actual</u>	<u>Budget</u>	<u>Variance</u>
\$ -	\$ -	\$ -	\$ -	\$ 16,520	\$ 16,520	\$ -
<u>3,736</u>	<u>77,097</u>	<u>-</u>	<u>-</u>	<u>1,221,671</u>	<u>1,227,004</u>	<u>5,333</u>
<u>\$ 3,736</u>	<u>\$ 77,097</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,238,191</u>	<u>\$ 1,243,524</u>	<u>\$ 5,333</u>
\$ -	\$ -	\$ -	\$ -	\$ 82,784	\$ 94,904	\$ 12,120
-	-	-	-	102,565	104,040	1,475
-	-	-	-	476	-	(476)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,140</u>	<u>5,153</u>	<u>(2,987)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>193,965</u>	<u>204,097</u>	<u>10,132</u>
-	-	-	-	2,232	2,099	(133)
-	-	-	-	31,405	35,768	4,363
-	-	-	-	2,252	2,515	263
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,099</u>	<u>3,295</u>	<u>196</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,988</u>	<u>43,677</u>	<u>4,689</u>
-	-	-	-	30,333	31,762	1,429
-	-	-	-	11,834	15,122	3,288
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,320</u>	<u>2,320</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,167</u>	<u>49,204</u>	<u>7,037</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,504</u>	<u>16,033</u>	<u>1,529</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,143</u>	<u>42,637</u>	<u>2,494</u>

(continued)

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
SCHEDULE OF EXPENDITURES - ACTUAL AND BUDGET  
YEAR ENDED JUNE 30, 2013**

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>	<u>Supplies and Materials</u>
Business:				
Direction of business support services	-	1,199	-	-
Fiscal services	-	16,344	-	-
Operation and maintenance of plant services	-	101,050	-	-
Pupil transportation	-	<u>85,773</u>	-	-
Total business	-	<u>204,366</u>	-	-
Total support services	-	<u>340,168</u>	-	-
Community services	-	<u>86</u>	-	-
Total Illinois Municipal Retirement Fund	<u>\$ -</u>	<u>\$ 534,219</u>	<u>\$ -</u>	<u>\$ -</u>
Total expenditures	<u>\$ 9,839,395</u>	<u>\$ 6,360,222</u>	<u>\$ 2,228,995</u>	<u>\$ 691,391</u>

<u>Capital Outlay</u>	<u>Other Objects</u>	<u>Non- Capitalized Equipment</u>	<u>Termination Benefits</u>	<u>Totals</u>		
				<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
-	-	-	-	1,199	1,250	51
-	-	-	-	16,344	16,807	463
-	-	-	-	101,050	100,206	(844)
-	-	-	-	<u>85,773</u>	<u>89,908</u>	<u>4,135</u>
-	-	-	-	<u>204,366</u>	<u>208,171</u>	<u>3,805</u>
-	-	-	-	<u>340,168</u>	<u>359,722</u>	<u>19,554</u>
-	-	-	-	<u>86</u>	<u>4,638</u>	<u>4,552</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 534,219</u>	<u>\$ 568,457</u>	<u>\$ 34,238</u>
<u>\$ 248,072</u>	<u>\$ 5,157,414</u>	<u>\$ -</u>	<u>\$ 143,338</u>	<u>\$ 24,668,827</u>	<u>\$ 26,799,110</u>	<u>\$ 2,130,283</u> (concluded)

**SINGLE AUDIT SECTION**

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

**INDEPENDENT AUDITOR'S 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, in accordance with the 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, 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, 2013, and the related notes to the financial statements, which collectively comprise Lemont-Bromberek Combined School District 113A's basic financial statements and have issued our report thereon dated September 27, 2013.

**Internal Control Over Financial Reporting**

2

In planning and performing our audit of the financial statements, we considered Lemont-Bromberek Combined School District 113A's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of Lemont-Bromberek Combined School District 113A's internal control.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies (items 2013-1 and 2013-2).



## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Lemont-Bromberek Combined School District 113A's financial statements are free from 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 Response to Findings**

Lemont-Bromberek Combined School District 113A's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Lemont-Bromberek Combined School District 113A's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Murphy, Pawlitsch, Salvador & Co., Ltd.

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

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

**Report on Compliance for Each Major Federal Program**

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, 2013. 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.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Lemont-Bromberek Combined School District 113A's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Lemont-Bromberek Combined School District 113A's compliance.



### ***Opinion on Each Major Federal Program***

In our opinion, Lemont-Bromberek Combined School District 113A, complied, in all material respects, with the types of 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, 2013.

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2013-3 and 2013-4 to be significant deficiencies.

Lemont-Bromberek Combined School District 113A's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Lemont-Bromberek Combined School District 113A's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express not opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Mulcahy, Paeritsch, Salvador Co., Ltd.*

Orland Park, Illinois  
September 27, 2013

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2013**

<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	\$ 69,606
Title I - Low Income	84.010	13-4300	204,489
Title II - Teacher Quality	84.367	12-4932	4,560
Title II - Teacher Quality	84.367	13-4932	45,648
Title III - Language Instruction	84.365	12-4909	5,799
Title III - Language Instruction	84.365	13-4909	<u>25,277</u>
Total Illinois State Board of Education			<u>355,379</u>
Passed through Southwest Cook County Cooperative:			
IDEA Flow Through (M)	84.027	12-4620	47,475
IDEA Flow Through (M)	84.027	13-4620	497,075
Pre-School Flow Through (M)	84.173	12-4600	3,879
Pre-School Flow Through (M)	84.173	13-4600	<u>19,574</u>
Total Southwest Cook County Cooperative			<u>568,003</u>
Total U.S. Department of Education			<u>923,382</u>
U.S. Department of Agriculture:			
Passed through Illinois State Board of Education:			
National School Lunch Program	10.555	2012	15,849
National School Lunch Program	10.555	2013	91,737
Commodities-DOD FFV (non-cash)	10.555	2013	2,745
Commodities (non-cash)	10.555	2013	<u>20,500</u>
Total U.S. Department of Agriculture			<u>130,831</u>
Total expenditures of federal awards			<u>\$ 1,054,213</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, 2013**

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

**A. Basis of Accounting**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Lemont-Bromberek Combined School District 113A (District) and is presented on the 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 \$23,245 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, 2013**

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

***Financial Statements***

Type of auditor's report issued: UNMODIFIED

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?  yes  no

***Federal Awards***

Internal control over major programs:

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027	IDEA Flow Through
84.173	Pre-School Flow Through

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

Auditee qualified as low-risk auditee?  yes  no



**LEMONT BROMBEREK CSD 113A**  
**07-016-113A-02**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ending June 30, 2013**

**SECTION II - FINANCIAL STATEMENT FINDINGS**

1. FINDING NUMBER:<sup>11</sup> 2013-2      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. Context<sup>12</sup>**  
 Material adjusting journal entries were made to finalize the year end financial statements.

**6. Effect**  
 Users of unaudited financial statements are not viewing 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 response<sup>13</sup>**  
 Management disagrees with the recommendation.

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

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

LEMONT BROMBEREK CSD 113A  
07-016-113A-02  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ending June 30, 2013

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER:<sup>14</sup> 2013-3      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 #2013-1.

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

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

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

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

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

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

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

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

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



**LEMONT BROMBEREK CSD 113A**  
**07-016-113A-02**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS<sup>19</sup>**  
**Year Ending June 30, 2013**

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status<sup>20</sup></u>
2012-1	Management relies on its audit firm to prepare full financial statements in accordance with GASB Statement 34.	Repeated as 2013-1
2012-2	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 2013-2
2012-3	Management relies on its audit firm to prepare full financial statements in accordance with GASB Statement 34.	Repeated as 2013-3
2012-4	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 2013-4

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

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

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

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

**LEMONT BROMBEREK CSD 113A**  
**07-016-113A-02**  
**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS<sup>21</sup>**  
**Year Ending June 30, 2013**

**Corrective Action Plan**

Finding No.: 2013-1

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.

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

**LEMONT BROMBEREK CSD 113A**  
**07-016-113A-02**  
**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS<sup>21</sup>**  
**Year Ending June 30, 2013**

**Corrective Action Plan**

Finding No.: 2013-2

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.

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

**LEMONT BROMBEREK CSD 113A**  
**07-016-113A-02**  
**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS<sup>21</sup>**  
**Year Ending June 30, 2013**

**Corrective Action Plan**

Finding No.: 2013-3

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.

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

**LEMONT BROMBEREK CSD 113A**  
**07-016-113A-02**  
**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS<sup>21</sup>**  
**Year Ending June 30, 2013**

**Corrective Action Plan**

Finding No.: 2013-4

**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.

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