

**LEMONT-BROMBEREK COMBINED  
SCHOOL DISTRICT 113A  
LEMONT, ILLINOIS  
ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2014**

Report issued by:

Dr. Courtney Orzel  
Superintendent

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2014**

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## **INTRODUCTORY SECTION**

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
BOARD OF EDUCATION AND ADMINISTRATION  
JUNE 30, 2014**

**BOARD OF EDUCATION**

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

**DISTRICT ADMINISTRATION**

Dr. Courtney Orzel 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, 2014, 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, 2014, 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.

## *Change in Accounting Principle*

As described in Note II.K. to the basic financial statements, the District changed its method of accounting for certain items previously reported as assets and liabilities as required by the provisions of GASB Statement No. 65. Our opinion is not modified with respect to that matter.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages v - xi, the schedule of funding progress on page 32, and the schedules of funding progress and employer contributions on page 33 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 the District's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and supplementary information are presented for purposes of additional analysis and are not a required part of the 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, supplementary information, and the 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, supplementary information, and the 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 October 11, 2014, on our consideration of the District'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 the District's internal control over financial reporting and compliance.

*Mulcahy, Pauritsch, Salvadori Co., Ltd.*

Orland Park, Illinois  
October 11, 2014

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

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

as of and for the fiscal year ended June 30, 2014

The Annual Financial Report of Lemont-Bromberek Combined School District 113A, for the fiscal year ended June 30, 2014, 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, 2014.

### **Financial Highlights**

- The total net position of the District increased by \$4,563,545 during fiscal year 2014.
- Fund balance of the District's governmental funds increased by \$3,385,710. All fund balances closed with a positive fund balance.
- Fund balance in the District's General Fund increased by \$2,730,020.
- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$8,022,111 (net position).
- Governmental activities have an unrestricted net deficit of \$10,265,561. The District's amount invested in capital assets is \$13,238,349. The balance of the net position, \$5,049,323, 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 - 31 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, liabilities and deferred inflows of resources as reported using the accrual basis of accounting. The difference between assets, liabilities and deferred inflows of resources 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. All changes in net position are recorded as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported for some items that will on result of cash flows in future fiscal periods (e.g. uncollected taxes).

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 six 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 9-31 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, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Assets:		
Current assets	\$ 26,834,020	\$ 23,317,739
Capital assets	<u>27,620,284</u>	<u>27,680,716</u>
Total assets	<u>54,454,304</u>	<u>50,998,455</u>
Liabilities:		
Current liabilities	1,694,274	1,698,768
Noncurrent liabilities	<u>33,034,161</u>	<u>34,323,433</u>
Total liabilities	<u>34,728,435</u>	<u>36,022,201</u>
Deferred Inflows of Resources:		
Unavailable revenue	<u>11,703,758</u>	<u>11,517,688</u>
Net position:		
Invested in capital assets, net of related debt	13,238,349	12,136,579
Restricted	5,049,323	6,052,036
Unrestricted	<u>(10,265,561)</u>	<u>(14,730,049)</u>
Total position	<u>\$ 8,022,111</u>	<u>\$ 3,458,566</u>

## Government-wide Activities

Governmental activities increased the net assets of the District by \$4,479,469.

Lemont-Bromberek CSD113A  
Changes in Net Position  
for the fiscal years ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Revenues:		
Program revenues:		
Charges for services	\$ 837,729	\$ 887,433
Operating grants, contributions and personnel reimbursement	5,392,613	4,705,780
General revenues:		
Property taxes	22,832,115	21,604,790
Personal property replacement taxes	340,301	324,711
General state aid	854,430	892,798
Unrestricted investment earnings	7,612	8,498
Other revenues	<u>179,354</u>	<u>210,578</u>
Total revenues	<u>30,444,154</u>	<u>28,634,588</u>
Expenses:		
Governmental activities:		
Instructional	14,699,810	13,142,484
Pupil support	1,233,422	1,078,881
Other support	2,221,931	1,694,660
Transportation	1,177,374	1,382,061
Administration	4,179,995	3,748,760
Interest	<u>2,368,077</u>	<u>2,520,984</u>
Total expenses	<u>25,880,609</u>	<u>23,562,830</u>
Increase in net position	4,563,545	5,071,758
Net position at beginning of year	<u>3,458,566</u>	<u>(1,613,192)</u>
Net position at end of year	<u>\$ 8,022,111</u>	<u>\$ 3,458,566</u>

## General Fund Budgetary Highlights

Actual revenues, including on-behalf payments, for FY14 were \$23.8 million representing approximately 102% of the total budgeted FY14 revenues. Actual expenditures totaled \$22.1 million representing approximately 100% of the total budgeted FY14 expenditures.

## Capital Assets and Debt Administration

*Capital assets.* By the end of 2014, the District had compiled a total investment of \$27.6 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 2013-14 school year.

Lemont-Bromberek CSD113A  
Capital Assets (net of accumulated depreciation)  
As of June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Land	\$ 1,507,280	\$ 1,507,280
Land improvements	6,264	7,689
Buildings and improvements	25,125,643	25,895,626
Equipment	<u>981,097</u>	<u>270,121</u>
Total capital assets	<u>\$ 27,620,284</u>	<u>\$ 27,680,716</u>

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

*Long-term Debt.* At June 30, 2014, the District had total bonded debt outstanding of \$13,490,558, and \$891,377 of notes payable, backed by the full faith and credit of the District.

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

Additional information on the District's long-term debt can be found in the notes to financial statements.

## 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 \$13,470,797, an increase of \$3,385,710 in comparison with the prior year.

The unassigned fund balance for the District at the end of the fiscal year was \$7,550,371.

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, 2014 principal and interest payments. The property tax levy that will be used to accumulate resources for the 2015 principal and interest payments was certified in September, 2014.

### **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. New property tax revenues generated for FY15 will continue to be higher than the past as the assessment cycle catches up with new development. Cook County tax collections have continued to be on time. This improved process has assisted us in maintaining the positive cash flow of the district.

The potential outcome of Senate Bill 16 will have a monumental impact on the district's revenue stream from the State. The implications and timing of this impact are still moving targets, however the current estimates indicate a loss to District 113A of over \$1.2 million per year in state funding moving forward beyond fiscal year 2015. As part of long term planning, the district has planned for a portion of this loss by the switch to the Flat Grant Formula by 2017 for General State Aid. However the total impact of Senate Bill 16 will go much deeper than this planned \$800,000 reduction. We are in the preliminary phase of determining where to look for other sources of revenue to offset this potential loss.

The General State Aid was reduced again this year by approximately 4% and contingent upon the outcome of Senate Bill 16, could be reduced even more 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.

Based on the advancement District 113A has made toward fiscal stability, the District was removed from financial oversight monitoring by the Illinois State Board of Education in May, 2014. At the close of the 2012-13 fiscal year, the District achieved the highest financial profile ranking designated for schools in the State of Illinois and continues to maintain this ranking. Further, the District maintains compliance with a School Board adopted policy requiring a three to six month fund balance each fiscal year.

Due to diligent planning, 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.

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.

Due to fiscal improvements, the District has been able to move forward in implementing improved instructional programming through lower class sizes and the return of the curriculum replacement cycle. The District has focused on securing updated materials to support the implementation of the Common Core State Standards. A complete overhaul of technology took place during 2013-2014 that will help the staff in their endeavors to provide current and relevant teaching and learning methods for students.

### **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, 2014.

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 2013-2014 fiscal year.

Respectfully submitted,

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Dr. Courtney Orzel  
Superintendent of Schools

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Barbara Germany  
Treasurer/CSBO

### **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**  
**JUNE 30, 2014**

**ASSETS**

Equity in pooled cash and investments	\$ 14,952,206
Receivables, net of allowance for uncollectibles:	
Property taxes	11,717,307
Entitlements	164,507
Capital assets not being depreciated:	
Land	1,507,280
Capital assets, net of accumulated depreciation:	
Land improvements	6,264
Building and improvements	25,125,643
Equipment	<u>981,097</u>
Total assets	<u>54,454,304</u>

**LIABILITIES**

Accounts payable	214,275
Accrued expenses	1,460,598
Unearned revenue	19,401
Noncurrent liabilities:	
Due within one year	4,925,029
Due in more than one year	<u>28,109,132</u>
Total liabilities	<u>34,728,435</u>

**DEFERRED INFLOWS OF RESOURCES**

Unavailable revenue - property taxes	<u>11,703,758</u>
--------------------------------------	-------------------

**NET POSITION**

Net investment in capital assets	13,238,349
Restricted for:	
Debt service	4,317,103
Operations and maintenance	258,219
Retirement benefits	297,622
Transportation	176,379
Unrestricted	<u>(10,265,561)</u>
Total net position	<u>\$ 8,022,111</u>

See notes to basic financial statements.

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2014**

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Change in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Functions/programs:				
Governmental activities:				
Instructional	\$ 14,699,810	\$ 810,541	\$ 4,972,973	\$ (8,916,296)
Pupil support	1,233,422	-	-	(1,233,422)
Other support	2,221,931	-	80,000	(2,141,931)
Transportation	1,177,374	27,188	339,640	(810,546)
Administration	4,179,995	-	-	(4,179,995)
Interest expense	<u>2,368,077</u>	<u>-</u>	<u>-</u>	<u>(2,368,077)</u>
Total governmental activities	<u>\$ 25,880,609</u>	<u>\$ 837,729</u>	<u>\$ 5,392,613</u>	<u>(19,650,267)</u>
General revenues:				
Taxes:				
Property				22,832,115
Personal property replacement				340,301
General state aid				854,430
Earnings on investments				7,612
Other income				<u>179,354</u>
Total general revenues				<u>24,213,812</u>
Change in net position				4,563,545
Net position at beginning of year				<u>3,458,566</u>
Net position at end of year				<u>\$ 8,022,111</u>

See notes to basic financial statements.

**FUND FINANCIAL STATEMENTS**

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2014**

	<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	\$ 9,168,428	\$ 4,366,787	\$ 1,416,991	\$ 14,952,206
Property taxes receivable	8,395,587	2,469,627	852,093	11,717,307
Entitlements receivable	<u>164,507</u>	<u>-</u>	<u>-</u>	<u>164,507</u>
Total assets	<u>\$ 17,728,522</u>	<u>6,836,414</u>	<u>\$ 2,269,084</u>	<u>\$ 26,834,020</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 190,074	\$ -	\$ 24,201	\$ 214,275
Accrued expenditures	1,324,441	-	101,348	1,425,789
Unearned revenue	<u>19,401</u>	<u>-</u>	<u>-</u>	<u>19,401</u>
Total liabilities	<u>1,533,916</u>	<u>-</u>	<u>125,549</u>	<u>1,659,465</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	<u>8,386,016</u>	<u>2,466,689</u>	<u>851,053</u>	<u>11,703,758</u>
<b>FUND BALANCES</b>				
Restricted	258,219	4,351,912	631,617	5,241,748
Assigned	-	17,813	660,865	678,678
Unassigned	<u>7,550,371</u>	<u>-</u>	<u>-</u>	<u>7,550,371</u>
Total fund balances	<u>7,808,590</u>	<u>4,369,725</u>	<u>1,292,482</u>	<u>13,470,797</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 17,728,522</u>	<u>6,836,414</u>	<u>\$ 2,269,084</u>	<u>\$ 26,834,020</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, 2014**

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

Total fund balances - governmental funds	\$ 13,470,797
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	27,620,284
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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 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	\$ (13,490,558)	
Accreted and accrued interest on bonds	(17,345,508)	
Notes payable	(891,377)	
Transportation grant audit payable	(157,616)	
Compensated absences payable	(188,911)	
Other postemployment benefits obligation	<u>(995,000)</u>	
Total		<u>(33,068,970)</u>

Total net position of governmental activities	<u>\$ 8,022,111</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, 2014**

	<u>General</u>	<u>Debt Services</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
Local sources:				
Property taxes	\$ 16,400,815	\$ 4,778,211	\$ 1,697,219	\$ 22,876,245
Investment income	4,669	2,222	721	7,612
Other	<u>1,493,900</u>	<u>-</u>	<u>32,518</u>	<u>1,526,418</u>
Total local sources	<u>17,899,384</u>	<u>4,780,433</u>	<u>1,730,458</u>	<u>24,410,275</u>
State sources:				
General state aid	854,430	-	-	854,430
Grants-in-aid	<u>781,060</u>	<u>-</u>	<u>213,801</u>	<u>994,861</u>
Total state sources	<u>1,635,490</u>	<u>-</u>	<u>213,801</u>	<u>1,849,291</u>
Federal sources:				
Grants-in-aid	<u>884,574</u>	<u>-</u>	<u>-</u>	<u>884,574</u>
On behalf revenues - payment by State of Illinois				
	<u>3,387,339</u>	<u>-</u>	<u>-</u>	<u>3,387,339</u>
Total revenues	<u>23,806,787</u>	<u>4,780,433</u>	<u>1,944,259</u>	<u>30,531,479</u>
<b>Expenditures:</b>				
Current:				
Instruction	14,096,914	-	220,204	14,317,118
Support services	5,683,184	-	1,555,565	7,238,749
Community services	66,578	-	85	66,663
Payments to other districts and government units	511,324	-	-	511,324
Capital outlay	1,322,456	-	2,780	1,325,236
Debt service:				
Principal	343,760	1,020,922	-	1,364,682
Interest	<u>62,688</u>	<u>3,494,446</u>	<u>-</u>	<u>3,557,134</u>
Total expenditures	<u>22,086,904</u>	<u>4,515,368</u>	<u>1,778,634</u>	<u>28,380,906</u>
Excess of revenues over expenditures	<u>1,719,883</u>	<u>265,065</u>	<u>165,625</u>	<u>2,150,573</u>
Other financing sources (uses):				
Proceeds from notes payable	1,235,137	-	-	1,235,137
Transfers in	-	-	225,000	225,000
Transfers out	<u>(225,000)</u>	<u>-</u>	<u>-</u>	<u>(225,000)</u>
Total other financing sources (uses)	<u>1,010,137</u>	<u>-</u>	<u>225,000</u>	<u>1,235,137</u>
Net change in fund balances	2,730,020	265,065	390,625	3,385,710
Fund balances at beginning of year	<u>5,078,570</u>	<u>4,104,660</u>	<u>901,857</u>	<u>10,085,087</u>
Fund balances at end of year	<u>\$ 7,808,590</u>	<u>\$ 4,369,725</u>	<u>\$ 1,292,482</u>	<u>\$ 13,470,797</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, 2014**

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

Net change in fund balances - total governmental funds	\$	3,385,710
<p>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 (\$929,219) exceeded capitalized expenditures (\$868,787) in the current period.</p>		
		(60,432)
<p>The issuance of long-term debt (e.g., bonds, debt certificates, notes payable) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt uses current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These transactions are summarized as follows:</p>		
Proceeds from notes payable		(1,235,137)
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.		1,364,682
<p>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.</p>		
		(44,130)
<p>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/accreted interest at year-end decreased from the corresponding amount at the end of the previous year.</p>		
		1,128,236
<p>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.</p>		
Decrease in transportation grant audit payable	\$	125,839
Decrease in compensated absences payable		84,701
Increase in other postemployment benefits obligation		<u>(185,924)</u>
Total		<u>24,616</u>
Change in net position of governmental activities	\$	<u>4,563,545</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, 2014**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Local sources:			
Property taxes	\$ 16,320,825	\$ 16,400,815	\$ 79,990
Investment income	5,146	4,669	(477)
Other	<u>1,751,806</u>	<u>1,493,900</u>	<u>(257,906)</u>
Total local sources	<u>18,077,777</u>	<u>17,899,384</u>	<u>(178,393)</u>
State sources:			
General state aid	816,139	854,430	38,291
Grants-in-aid	<u>765,590</u>	<u>781,060</u>	<u>15,470</u>
Total state sources	<u>1,581,729</u>	<u>1,635,490</u>	<u>53,761</u>
Federal sources:			
Grants-in-aid	<u>932,176</u>	<u>884,574</u>	<u>(47,602)</u>
On behalf revenues - payment by State of Illinois	<u>2,700,000</u>	<u>3,387,339</u>	<u>687,339</u>
Total revenues	<u>23,291,682</u>	<u>23,806,787</u>	<u>515,105</u>
Expenditures:			
Current:			
Instruction	14,347,561	14,096,914	250,647
Support services	6,186,837	5,683,184	503,653
Community services	52,993	66,578	(13,585)
Payments to other districts and government units	707,079	511,324	195,755
Capital outlay	733,046	1,322,456	(589,410)
Debt service:			
Principal	-	343,760	(343,760)
Interest	<u>60,822</u>	<u>62,688</u>	<u>(1,866)</u>
Total expenditures	<u>22,088,338</u>	<u>22,086,904</u>	<u>1,434</u>
Excess of revenues over expenditures	<u>1,203,344</u>	<u>1,719,883</u>	<u>516,539</u>
Other financing sources (uses):			
Proceeds from notes payable	-	1,235,137	1,235,137
Transfers out	<u>-</u>	<u>(225,000)</u>	<u>(225,000)</u>
Total other financing sources (uses)	<u>-</u>	<u>1,010,137</u>	<u>1,010,137</u>
Net change in fund balances	1,203,344	2,730,020	1,526,676
Fund balances at beginning of year	<u>5,078,570</u>	<u>5,078,570</u>	<u>-</u>
Fund balances at end of year	<u>\$ 6,281,914</u>	<u>\$ 7,808,590</u>	<u>\$ 1,526,676</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, 2014**

**ASSETS**

Cash	<u>\$ 122,053</u>
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**LIABILITIES**

Due to student activity fund organizations	<u>\$ 122,053</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, 2014**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of Government-wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of Lemont-Bromberek Combined School District 113A (the "District"). All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. The District does not engage in any business-type activities.

**B. Reporting Entity**

The District 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, 2014, no entities were considered component units of the District.

**C. 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.

**D. 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 activities that are not specifically accounted for in other funds.

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2014**

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

The District reports 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.

**Capital Projects Fund:**

This fund accounts for financial resources earmarked or segregated for the acquisition and/or construction of capital assets, except those financed and accounted for in other funds.

Additionally, the District reports the following fiduciary fund type:

The Student Activity 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.

**E. 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.

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2014**

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 and expenditure-driven grant 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.

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. 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. 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.

**F. 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.

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2014**

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.

**G. Excess of Expenditures over Budget**

The following fund had an excess of actual expenditures over the budgeted amount for the year ended June 30, 2014:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General subfund:			
Educational Fund	<u>\$ 20,139,241</u>	<u>\$ 20,381,565</u>	<u>\$ 242,324</u>

The overexpenditure in the Educational Fund was funded by greater than anticipated revenues.

**H. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

*1. Cash and Cash Equivalents*

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."

*2. 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.

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2014**

*3. Entitlements Receivable*

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.

*4. Capital Assets*

Capital assets, which include land, land improvements, buildings and equipment, reported in the government-wide financial statements are defined by the District as assets with an initial, individual cost of more than \$1,000 (amount not rounded) and an estimated useful life in excess of 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 or 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

*5. 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 gains (losses) on refundings, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Gains (losses) on refundings are reported as deferred inflows (outflows) of resources. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenses.

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.

*6. Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2014**

In addition to liabilities, the statement of net position and or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will *not* be recognized as an inflow of resources (revenues) until that time. The District has only one type of item that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported in the government-wide statement of net position and governmental funds balance sheet. The District reports unavailable revenue from one source - property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

*7. 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.

*8. 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.

*9. 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).

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.

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2014**

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. Intent can be expressed by the Board of Education or by an individual or body to which the District delegates the authority. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. 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.

**I. 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 is mailed 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. 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.

**J. 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.

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2014**

**K. Comparative Data**

Comparative data for the prior year have been presented in the individual fund schedules in order to provide an understanding of the changes in the operations of these funds.

**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 ILCS 235. As of June 30, 2014, \$1,634,179 of the District's bank balances of \$2,023,928 was exposed to custodial credit risk and collateralized with securities held by the pledging financial institutions.

*Investments*

The District had the following investments as of June 30, 2014:

Type of Investment	Fair Value/ Carrying Amount	Average Credit Quality/ Ratings (1)	Weighted Average Years to Maturity (2)
Pooled investments (3):			
Money market funds:			
Illinois Funds	\$ 87,558	AAAm	<1
Illinois Institutional Investors Trust	917	AAAm	<1
Illinois School District Liquid Asset Fund - Max Class	3,360,536	AAAm	<1
Illinois School District Liquid Asset Fund - Liquid Class	22,293	AAAm	<1
Illinois School District Liquid Asset Fund - Term Series Pool	1,800,000	N/A	<1
Savings deposit account	6,001,369	N/A	<1
Certificates of deposit	<u>2,541,583</u>	N/A	<1
Total	<u>\$ 13,814,256</u>		

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2014**

- (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.

*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.

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2014**

**B. Capital Assets**

Capital asset activity for the year ended June 30, 2014 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>5,723,911</u>	<u>868,787</u>	<u>-</u>	<u>6,592,698</u>
Total capital assets, being depreciated	<u>44,258,667</u>	<u>868,787</u>	<u>-</u>	<u>45,127,454</u>
Less accumulated depreciation for:				
Land improvements	(27,948)	(1,425)	-	(29,373)
Building and improvements	(12,603,493)	(769,983)	-	(13,373,476)
Equipment	<u>(5,453,790)</u>	<u>(157,811)</u>	<u>-</u>	<u>(5,611,601)</u>
Total accumulated depreciation	<u>(18,085,231)</u>	<u>(929,219)</u>	<u>-</u>	<u>(19,014,450)</u>
Total capital assets, being depreciated, net	<u>26,173,436</u>	<u>(60,432)</u>	<u>-</u>	<u>26,113,004</u>
Governmental activities capital assets, net	<u>\$ 27,680,716</u>	<u>\$ (60,432)</u>	<u>\$ -</u>	<u>\$ 27,620,284</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
Instructional	\$ 581,771
Pupil support	45,683
Other support	290,194
Administration	<u>11,571</u>
Total depreciation expense - governmental activities	<u>\$ 929,219</u>

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2014**

**C. Long-term Debt**

Long-term debt as of June 30, 2014 is summarized as follows:

Issue December 27, 1995  
Capital Appreciation Bonds

<u>Fiscal Year Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 1,729,490</u>	<u>\$ 7,850,510</u>	<u>\$ 9,580,000</u>

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

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

<u>Fiscal Year Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 645,000</u>	<u>\$ 115,520</u>	<u>\$ 760,520</u>

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

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2014**

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>
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>\$ 292,357</u>	<u>\$ 409,632</u>	<u>\$ 701,989</u>

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

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

<u>Fiscal Year Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,814,204	\$ 2,440,796	\$ 4,255,000
2018	1,754,728	2,590,272	4,345,000
2019	1,836,096	2,963,904	4,800,000
2020	<u>1,082,294</u>	<u>1,792,706</u>	<u>2,875,000</u>
Total	<u>\$ 6,487,322</u>	<u>\$ 9,787,678</u>	<u>\$ 16,275,000</u>

Denomination	\$5,000
Bonds due each year	December 1st
Interest date	December 1st
Interest rates	5% - 5.29%
Total original issue	\$6,914,760

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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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

\$4,369,725 is available in the Debt Services Fund to service the above bonds payable.

School Technology Revolving Loan

<u>Fiscal Year Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 120,305	\$ 5,508	\$ 125,813
2016	122,723	3,090	125,813
2017	<u>62,283</u>	<u>623</u>	<u>62,906</u>
Total	<u>\$ 305,311</u>	<u>\$ 9,221</u>	<u>\$ 314,532</u>

Original loan amount	\$366,350
Payment dates	December 1st and June 1st
Interest dates	December 1st and June 1st
Interest rate	2%

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
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Equipment Loan

<u>Fiscal Year Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 153,785	\$ 10,616	\$ 164,401
2016	157,245	7,156	164,401
2017	<u>160,785</u>	<u>3,616</u>	<u>164,401</u>
Total	<u>\$ 471,815</u>	<u>\$ 21,388</u>	<u>\$ 493,203</u>

Original loan amount \$471,815  
Payment date February 1st  
Interest date February 1st  
Interest rate 2.25%

Equipment Loan

<u>Fiscal Year Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 37,269	\$ 2,479	\$ 39,748
2016	38,078	1,670	39,748
2017	<u>38,904</u>	<u>844</u>	<u>39,748</u>
Total	<u>\$ 114,251</u>	<u>\$ 4,993</u>	<u>\$ 119,244</u>

Original loan amount \$153,999  
Payment date June 25th  
Interest date June 25th  
Interest rate 2.17%

The debt service of the above notes payable will be paid from the General Fund. The District entered into the notes payable to finance equipment purchases.

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2014**

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

Fiscal Year Due	Principal	Interest	Total
2015	\$ 1,298,038	\$ 3,761,872	\$ 5,059,910
2016	1,328,814	4,271,808	5,600,622
2017	2,208,156	2,522,114	4,730,270
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>\$ 14,381,935</u>	<u>\$ 26,557,553</u>	<u>\$ 40,939,488</u>

Long-term liability activity for the year ended June 30, 2014 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Capital appreciation bonds	\$ 13,781,479	\$ -	\$ 935,921	\$ 12,845,558	\$ 901,679
General obligation bond	730,000	-	85,000	645,000	85,000
Notes payable	-	1,235,137	343,760	891,377	311,359
Accreted interest - capital appreciation bonds	18,445,810	2,281,638	3,416,749	17,310,699	3,505,832
Transportation grant audit payable	283,455	-	125,839	157,616	78,808
Compensated absences	273,613	1,175	85,877	188,911	42,351
Other postemployment benefits obligation	<u>809,076</u>	<u>274,400</u>	<u>88,476</u>	<u>995,000</u>	<u>-</u>
Total	<u>\$ 34,323,433</u>	<u>\$ 3,792,350</u>	<u>\$ 5,081,622</u>	<u>\$ 33,034,161</u>	<u>\$ 4,925,029</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**

Transfer to	Transfer from	Amount
Nonmajor governmental fund: Capital Projects Fund	General Fund subfund: Operations and Maintenance Fund	<u>\$ 225,000</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  
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**E. Fund Balances**

As of June 30, 2014, 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:				
Debt service	\$ -	\$ 4,351,912	\$ -	\$ 4,351,912
Operations and maintenance	258,219	-	-	258,219
Pupil transportation	-	-	333,995	333,995
Retirement benefits	<u>-</u>	<u>-</u>	<u>297,622</u>	<u>297,622</u>
Total restricted	<u>258,219</u>	<u>4,351,912</u>	<u>631,617</u>	<u>5,241,748</u>
Assigned to:				
Capital projects	-	-	225,115	225,115
Debt service	-	17,813	-	17,813
Pupil transportation	-	-	352,469	352,469
Retirement benefits	<u>-</u>	<u>-</u>	<u>83,281</u>	<u>83,281</u>
Total assigned	<u>-</u>	<u>17,813</u>	<u>660,865</u>	<u>678,678</u>
Unassigned	<u>7,550,371</u>	<u>-</u>	<u>-</u>	<u>7,550,371</u>
Total fund balances	<u>\$ 7,808,590</u>	<u>\$ 4,369,725</u>	<u>\$ 1,292,482</u>	<u>\$ 13,470,797</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; employee medical coverage; 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  
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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 licensure is required. The active member contribution rate for the year ended June 30, 2014 was 9.4 percent of creditable earnings. The same contribution rate 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 the employer, are submitted to TRS by the employer. The active member contribution rate was also 9.4 percent for the years ended June 30, 2013 and 2012.

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, 2014, State of Illinois contributions were based on 35.41 percent of creditable earnings not paid from federal funds, and the District recognized revenue and expenditures of \$3,304,695 in pension contributions that the state of Illinois paid directly to TRS. For the years ended June 30, 2013 and 2012, the contribution rates were 28.05 percent (\$2,437,584) and 24.91 percent (\$2,074,700), 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, 2014 were \$49,175. Contributions for the years ended June 30, 2013 and 2012 were \$45,514 and \$48,101, 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 has been in effect since 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. Public Act 98-0674 now requires the two rates to be the same.

For the year ended June 30, 2014, the employer pension contribution was 35.41 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2013 and 2012, the employer contribution was 28.05 and 24.91 percent, respectively. For the year ended June 30, 2014, salaries totaling \$200,695 were paid from federal and special trust funds that required employer contributions of \$71,066. For the years ended June 30, 2013 and 2012, required District contributions were \$66,925 and \$27,443, respectively.

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
NOTES TO BASIC FINANCIAL STATEMENTS  
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*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 146.5 percent and applies when the member is age 55 at retirement.

For the year ended June 30, 2014, the District paid \$0 to TRS for employer contributions under the ERO program. For the years ended June 30, 2013 and 2012, the District paid \$107,156 and \$0, 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, 2014, the District paid \$0 to TRS for employer contributions due on salary increases in excess of 6 percent. For the years ended June 30, 2013 and 2012, the District paid \$2,073 and \$3,446, 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 (17.29 percent of salary during the year ended June 30, 2014).

For the year ended June 30, 2014, 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, 2013 and 2012, the District paid \$0 and \$1,479, 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, 2013. The report for the year ended June 30, 2014 is expected to be available in late 2014.

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  
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*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 (RSI). 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 2013 was 12.03 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 2014 was \$289,873.

*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>
6/30/14	\$ 289,873	100	\$ -
6/30/13	249,616	100	-
6/30/12	258,120	100	-

The required contribution for fiscal year 2014 was determined as part of the December 31, 2011 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011 included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4 percent a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4 to 10 percent per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3 percent 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 percent corridor between the actuarial and market value of assets. The District's Regular plan's unfunded actuarial accrued liability at December 31, 2011 is being amortized as a level percentage of projected payroll on an open 30 year basis.

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
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*Funded Status and Funding Progress.* As of December 31, 2013, the most recent actuarial valuation date, the Regular plan was 84.12 percent funded. The actuarial accrued liability for benefits was \$6,845,522 and the actuarial value of assets was \$5,758,186, resulting in an underfunded actuarial accrued liability (UAAL) of \$1,087,336. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$2,313,220 and the ratio of the UAAL to the covered payroll was 47 percent.

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 \$185,883, 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 2014, the District contributed \$88,476 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	\$ 248,480
Interest on net OPEB obligation	24,272
Adjustment to annual required contribution	<u>1,648</u>
Annual OPEB cost (expense)	274,400
Contributions made	<u>88,476</u>
Change in net OPEB obligation	185,924
Net OPEB obligation at beginning of year	<u>809,076</u>
Net OPEB obligation at end of year	<u>\$ 995,000</u>

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
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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>
06/30/14	\$ 274,400	32.24	\$ 995,000
06/30/13	297,030	29.58	809,076
06/30/12	288,579	29.06	594,628

*Funded Status and Funding Progress.* As of July 1, 2009, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$1,806,943, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,806,943. The covered payroll (annual payroll of active employees covered by the plan) and the ratio of the UAAL to covered payroll were not available at July 1, 2009.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to basic financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members). The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2009 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 3 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 6 percent initially, reduced by decrements to an ultimate rate of 5 percent. The UAAL is being amortized as a level percentage of projected pay on an open basis. The remaining amortization period at July 1, 2009 was 30 years.

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2014**

*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 not enrolled in Medicare may participate in the state-administered participating provider option plan or choose from several managed care options. Beginning February 1, 2014, annuitants who were enrolled in Medicare Parts A and B may be eligible to enroll in Medicare Advantage plans.

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of the 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 to make a contribution to the 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 the 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 the THIS Fund from active members which were 0.97 percent of pay during the year ended June 30, 2014. State of Illinois contributions were \$82,644, 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, 2013 and 2012 were 0.92 and 0.88 percent of pay, respectively. State contributions on behalf of District employees were \$75,891 and \$71,777, respectively.

*Employer contributions to the THIS Fund.* The District also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.72 percent during the year ended June 30, 2014 and 0.69 and 0.66 percent during the years ended June 30, 2013 and 2012, respectively. For the year ended June 30, 2014, the District paid \$61,344 to the THIS Fund. For the years ended June 30, 2013 and 2012, the District paid \$56,918 and \$53,833, respectively, which was 100 percent of the required contribution.

*Further information on the 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 current reports are 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, 2014**

**H. Tort Immunity Expenditures**

Tort immunity expenditures for the year ended June 30, 2014 are summarized as follows:

Workers' compensation	\$	135,650
Liability insurance		83,036
Unemployment compensation		<u>1,823</u>
Total	\$	<u>220,509</u>

**I. Concentration**

Substantially all nonmanagement employees are covered under a collective bargaining agreement that expires in June, 2015. The District and the union are currently negotiating a new collective bargaining agreement.

**J. Subsequent Events**

Management has evaluated subsequent events through October 11, 2014, which is the date the financial statements were available to be issued.

**K. Change in Accounting Principle**

During the year ended June 30, 2014, the District implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The objective of this Statement is to either (a) properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or (b) recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). The implementation of GASB 65 had no effect on beginning net position or fund balance.

**REQUIRED SUPPLEMENTARY INFORMATION**

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
 REQUIRED SUPPLEMENTARY INFORMATION -  
 ILLINOIS MUNICIPAL RETIREMENT FUND  
 YEAR ENDED JUNE 30, 2014**

**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, 2013	\$ 5,758,186	\$ 6,845,522	\$ 1,087,336	84.12%	\$ 2,313,220	47.01%
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

On a market value basis, the actuarial value of assets as of December 31, 2013 is \$6,692,045. On a market basis, the funded ratio would be 97.76%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with the District. 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, 2014**

**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

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

N/A - Information not available.

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<u>Year Ended</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>
June 30, 2014	\$ 248,480	35.6%
June 30, 2013	279,191	29.6
June 30, 2012	279,191	30.0
June 30, 2011	279,191	33.1

**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, 2014**

	<u>Educational</u>	<u>Operations and Maintenance</u>	<u>Totals</u>
<b>ASSETS</b>			
Equity in pooled cash and investments	\$ 8,330,342	\$ 838,086	\$ 9,168,428
Property taxes receivable	7,311,755	1,083,832	8,395,587
Entitlements receivable	<u>164,507</u>	<u>-</u>	<u>164,507</u>
Total assets	<u>\$ 15,806,604</u>	<u>\$ 1,921,918</u>	<u>\$ 17,728,522</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 96,532	\$ 93,542	\$ 190,074
Accrued expenditures	1,324,441	-	1,324,441
Unearned revenue	<u>19,401</u>	<u>-</u>	<u>19,401</u>
Total liabilities	<u>1,440,374</u>	<u>93,542</u>	<u>1,533,916</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	<u>7,303,523</u>	<u>1,082,493</u>	<u>8,386,016</u>
<b>FUND BALANCES</b>			
Restricted	-	258,219	258,219
Unassigned	<u>7,062,707</u>	<u>487,664</u>	<u>7,550,371</u>
Total fund balances	<u>7,062,707</u>	<u>745,883</u>	<u>7,808,590</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 15,806,604</u>	<u>\$ 1,921,918</u>	<u>\$ 17,728,522</u>

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
GENERAL FUND  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES (DEFICIT)  
YEAR ENDED JUNE 30, 2014**

	<u>Educational</u>	<u>Operations and Maintenance</u>	<u>Totals</u>
Revenues:			
Local sources:			
Property taxes	\$ 14,487,257	\$ 1,913,558	\$ 16,400,815
Investment income	4,242	427	4,669
Other	<u>1,308,656</u>	<u>185,244</u>	<u>1,493,900</u>
Total local sources	<u>15,800,155</u>	<u>2,099,229</u>	<u>17,899,384</u>
State sources:			
General state aid	854,430	-	854,430
Grants-in-aid	<u>731,060</u>	<u>50,000</u>	<u>781,060</u>
Total state sources	<u>1,585,490</u>	<u>50,000</u>	<u>1,635,490</u>
Federal sources:			
Grants-in-aid	<u>884,574</u>	-	<u>884,574</u>
On behalf revenues	<u>3,387,339</u>	-	<u>3,387,339</u>
Total revenues	<u>21,657,558</u>	<u>2,149,229</u>	<u>23,806,787</u>
Expenditures:			
Instruction	14,096,914	-	14,096,914
Support services	4,025,290	1,657,894	5,683,184
Community services	66,578	-	66,578
Payments to other districts and government units	511,324	-	511,324
Capital outlay	1,275,011	47,445	1,322,456
Debt service:			
Principal	343,760	-	343,760
Interest	<u>62,688</u>	<u>-</u>	<u>62,688</u>
Total expenditures	<u>20,381,565</u>	<u>1,705,339</u>	<u>22,086,904</u>
Excess of revenues over expenditures	<u>1,275,993</u>	<u>443,890</u>	<u>1,719,883</u>

	<u>Educational</u>	<u>Operations and Maintenance</u>	<u>Totals</u>
Other financing sources (uses):			
Proceeds from notes payable	1,235,137	-	1,235,137
Transfers out	<u>-</u>	<u>(225,000)</u>	<u>(225,000)</u>
Total other financing sources (uses)	<u>1,235,137</u>	<u>(225,000)</u>	<u>1,010,137</u>
Net change in fund balances	2,511,130	218,890	2,730,020
Fund balances at beginning of year	<u>4,551,577</u>	<u>526,993</u>	<u>5,078,570</u>
Fund balances at end of year	<u>\$ 7,062,707</u>	<u>\$ 745,883</u>	<u>\$ 7,808,590</u>

**EDUCATIONAL FUND**

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
EDUCATIONAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES (DEFICIT) - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2014  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	<u>2014</u>		<u>2013</u>	
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>Actual</u>
Revenues:				
Local sources:				
Property taxes	\$ 14,456,421	\$ 14,487,257	\$ 30,836	\$ 13,841,630
Investment income	3,543	4,242	699	4,186
Other	<u>1,563,806</u>	<u>1,308,656</u>	<u>(255,150)</u>	<u>1,437,968</u>
Total local sources	<u>16,023,770</u>	<u>15,800,155</u>	<u>(223,615)</u>	<u>15,283,784</u>
State sources:				
General state aid	816,139	854,430	38,291	892,798
Grants-in-aid	<u>765,590</u>	<u>731,060</u>	<u>(34,530)</u>	<u>739,550</u>
Total state sources	<u>1,581,729</u>	<u>1,585,490</u>	<u>3,761</u>	<u>1,632,348</u>
Federal sources:				
Grants-in-aid	<u>932,176</u>	<u>884,574</u>	<u>(47,602)</u>	<u>1,062,333</u>
On behalf revenues	<u>2,700,000</u>	<u>3,387,339</u>	<u>687,339</u>	<u>2,513,475</u>
Total revenues	<u>21,237,675</u>	<u>21,657,558</u>	<u>419,883</u>	<u>20,491,940</u>
Expenditures:				
Instruction	<u>14,347,561</u>	<u>14,096,914</u>	<u>250,647</u>	<u>12,656,630</u>
Support services:				
Pupils	1,033,117	956,948	76,169	822,253
Instructional staff	1,384,458	1,012,147	372,311	666,893
General administration	756,275	701,185	55,090	704,982
School administration	734,015	731,197	2,818	674,996
Business	600,205	621,224	(21,019)	547,101
Central	2,000	2,559	(559)	1,389
Other	<u>-</u>	<u>30</u>	<u>(30)</u>	<u>-</u>
Total support services	<u>4,510,070</u>	<u>4,025,290</u>	<u>484,780</u>	<u>3,417,614</u>

	2014		2013
	Original and Final Budget	Actual	Variance with Final Budget
Community services	52,993	66,578	(13,585)
Payments to other districts and government units	707,079	511,324	195,755
Capital outlay	460,716	1,275,011	(814,295)
Debt service:			
Principal	-	343,760	(343,760)
Interest	60,822	62,688	(1,866)
Total debt service	60,822	406,448	(345,626)
Total expenditures	20,139,241	20,381,565	(242,324)
Excess of revenues over expenditures	1,098,434	1,275,993	177,559
Other financing sources:			
Proceeds from notes payable	-	1,235,137	1,235,137
Transfers in	-	-	-
Total other financing sources	-	1,235,137	1,235,137
Net change in fund balances (deficit)	1,098,434	2,511,130	1,412,696
Fund balances (deficit) at beginning of year	4,551,577	4,551,577	-
Fund balances at end of year	\$ 5,650,011	\$ 7,062,707	\$ 1,412,696

**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, 2014  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	<u>2014</u>			<u>2013</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>Actual</u>
<b>Revenues:</b>				
Local sources:				
Property taxes	\$ 1,864,404	\$ 1,913,558	\$ 49,154	\$ 1,762,455
Investment income	1,603	427	(1,176)	627
Other	<u>188,000</u>	<u>185,244</u>	<u>(2,756)</u>	<u>184,445</u>
Total local sources	2,054,007	2,099,229	45,222	1,947,527
State sources:				
Grants-in-aid	<u>-</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>
Total revenues	<u>2,054,007</u>	<u>2,149,229</u>	<u>95,222</u>	<u>1,997,527</u>
<b>Expenditures:</b>				
Support services:				
Pupils	19,021	19,021	-	-
Business	<u>1,657,746</u>	<u>1,638,873</u>	<u>18,873</u>	<u>1,414,851</u>
Total support services	1,676,767	1,657,894	18,873	1,414,851
Capital outlay	<u>272,330</u>	<u>47,445</u>	<u>224,885</u>	<u>84,616</u>
Total expenditures	<u>1,949,097</u>	<u>1,705,339</u>	<u>243,758</u>	<u>1,499,467</u>
Excess of revenues over expenditures	104,910	443,890	338,980	498,060
Other financing uses:				
Transfers out	<u>-</u>	<u>(225,000)</u>	<u>(225,000)</u>	<u>(2,000,000)</u>
Net change in fund balances	104,910	218,890	113,980	(1,501,940)
Fund balances at beginning of year	<u>526,993</u>	<u>526,993</u>	<u>-</u>	<u>2,028,933</u>
Fund balances at end of year	<u>\$ 631,903</u>	<u>\$ 745,883</u>	<u>\$ 113,980</u>	<u>\$ 526,993</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, 2014  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	<u>2014</u>			<u>2013</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>Actual</u>
Revenues:				
Local sources:				
Property taxes	\$ 4,719,972	\$ 4,778,211	\$ 58,239	\$ 4,450,648
Investment income	<u>6,000</u>	<u>2,222</u>	<u>(3,778)</u>	<u>3,062</u>
Total revenues	<u>4,725,972</u>	<u>4,780,433</u>	<u>54,461</u>	<u>4,453,710</u>
Expenditures:				
Debt service:				
Principal	1,022,958	1,020,922	2,036	1,053,865
Interest	<u>3,493,438</u>	<u>3,494,446</u>	<u>(1,008)</u>	<u>3,255,241</u>
Total expenditures	<u>4,516,396</u>	<u>4,515,368</u>	<u>1,028</u>	<u>4,309,106</u>
Excess of revenues over expenditures	209,576	265,065	55,489	144,604
Fund balances at beginning of year	<u>4,104,660</u>	<u>4,104,660</u>	<u>-</u>	<u>3,960,056</u>
Fund balances at end of year	<u>\$ 4,314,236</u>	<u>\$ 4,369,725</u>	<u>\$ 55,489</u>	<u>\$ 4,104,660</u>

**NONMAJOR GOVERNMENTAL FUNDS**

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
 COMBINING BALANCE SHEET -  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2014**

	<u>Special Revenue</u>			<u>Total Nonmajor Governmental Funds</u>
	<u>Transportation</u>	<u>Illinois Municipal Retirement</u>	<u>Capital Projects</u>	
<b>ASSETS</b>				
Equity in pooled cash and investments	\$ 710,004	\$ 481,872	\$ 225,115	\$ 1,416,991
Property taxes receivable	<u>543,897</u>	<u>308,196</u>	<u>-</u>	<u>852,093</u>
Total assets	<u>\$ 1,253,901</u>	<u>\$ 790,068</u>	<u>\$ 225,115</u>	<u>\$ 2,269,084</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 24,201	\$ -	\$ -	\$ 24,201
Accrued expenditures	<u>-</u>	<u>101,348</u>	<u>-</u>	<u>101,348</u>
Total liabilities	<u>24,201</u>	<u>101,348</u>	<u>-</u>	<u>125,549</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	<u>543,236</u>	<u>307,817</u>	<u>-</u>	<u>851,053</u>
<b>FUND BALANCES</b>				
Restricted	333,995	297,622	-	631,617
Assigned	<u>352,469</u>	<u>83,281</u>	<u>225,115</u>	<u>660,865</u>
Total fund balances	<u>686,464</u>	<u>380,903</u>	<u>225,115</u>	<u>1,292,482</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,253,901</u>	<u>\$ 790,068</u>	<u>\$ 225,115</u>	<u>\$ 2,269,084</u>

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES -  
 NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2014**

	<u>Special Revenue</u>			<u>Total</u>
	<u>Transportation</u>	<u>Illinois Municipal Retirement</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>
Revenues:				
Local sources:				
Property taxes	\$ 1,095,815	\$ 601,404	\$ -	\$ 1,697,219
Investment income	361	245	115	721
Other	<u>32,327</u>	<u>191</u>	<u>-</u>	<u>32,518</u>
Total local sources	1,128,503	601,840	115	1,730,458
State sources:				
Grants-in-aid	<u>213,801</u>	<u>-</u>	<u>-</u>	<u>213,801</u>
Total revenues	<u>1,342,304</u>	<u>601,840</u>	<u>115</u>	<u>1,944,259</u>
Expenditures:				
Instruction	-	220,204	-	220,204
Support services	1,179,733	375,832	-	1,555,565
Community services	-	85	-	85
Capital outlay	<u>2,780</u>	<u>-</u>	<u>-</u>	<u>2,780</u>
Total expenditures	<u>1,182,513</u>	<u>596,121</u>	<u>-</u>	<u>1,778,634</u>
Excess of revenues over expenditures	159,791	5,719	115	165,625
Other financing sources:				
Transfers in	<u>-</u>	<u>-</u>	<u>225,000</u>	<u>225,000</u>
Net change in fund balances	159,791	5,719	225,115	390,625
Fund balances at beginning of year	<u>526,673</u>	<u>375,184</u>	<u>-</u>	<u>901,857</u>
Fund balances at end of year	<u>\$ 686,464</u>	<u>\$ 380,903</u>	<u>\$ 225,115</u>	<u>\$ 1,292,482</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, 2014  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	<u>2014</u>			<u>2013</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>Actual</u>
Revenues:				
Local sources:				
Property taxes	\$ 939,559	\$ 1,095,815	\$ 156,256	\$ 886,159
Investment income	637	361	(276)	219
Other	<u>46,052</u>	<u>32,327</u>	<u>(13,725)</u>	<u>49,716</u>
Total local sources	986,248	1,128,503	142,255	936,094
State sources:				
Grants-in-aid	<u>223,420</u>	<u>213,801</u>	<u>(9,619)</u>	<u>193,868</u>
Total revenues	<u>1,209,668</u>	<u>1,342,304</u>	<u>132,636</u>	<u>1,129,962</u>
Expenditures:				
Support services:				
Pupils	20,470	24,708	(4,238)	16,520
Business	<u>924,676</u>	<u>1,155,025</u>	<u>(230,349)</u>	<u>1,217,935</u>
Total support services	945,146	1,179,733	(234,587)	1,234,455
Capital outlay	<u>237,691</u>	<u>2,780</u>	<u>234,911</u>	<u>3,736</u>
Total expenditures	<u>1,182,837</u>	<u>1,182,513</u>	<u>324</u>	<u>1,238,191</u>
Excess (deficiency) of revenues over (under) expenditures	26,831	159,791	132,960	(108,229)
Other financing sources:				
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,000</u>
Net change in fund balances	26,831	159,791	132,960	91,771
Fund balances at beginning of year	<u>526,673</u>	<u>526,673</u>	<u>-</u>	<u>434,902</u>
Fund balances at end of year	<u>\$ 553,504</u>	<u>\$ 686,464</u>	<u>\$ 132,960</u>	<u>\$ 526,673</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, 2014  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	<u>2014</u>			<u>2013</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>Actual</u>
Revenues:				
Local sources:				
Property taxes	\$ 621,594	\$ 601,404	\$ (20,190)	\$ 619,768
Investment income	600	245	(355)	404
Other	<u>-</u>	<u>191</u>	<u>191</u>	<u>-</u>
Total revenues	<u>622,194</u>	<u>601,840</u>	<u>(20,354)</u>	<u>620,172</u>
Expenditures:				
Instruction	<u>203,589</u>	<u>220,204</u>	<u>(16,615)</u>	<u>193,965</u>
Support services:				
Pupils	42,329	44,867	(2,538)	38,988
Instructional staff	47,198	52,265	(5,067)	42,167
General administration	17,192	13,736	3,456	14,504
School administration	44,248	43,250	998	40,143
Business	<u>256,602</u>	<u>221,714</u>	<u>34,888</u>	<u>204,366</u>
Total support services	<u>407,569</u>	<u>375,832</u>	<u>31,737</u>	<u>340,168</u>
Community services	<u>4,368</u>	<u>85</u>	<u>4,283</u>	<u>86</u>
Total expenditures	<u>615,526</u>	<u>596,121</u>	<u>19,405</u>	<u>534,219</u>
Excess of revenues over expenditures	6,668	5,719	(949)	85,953
Fund balances at beginning of year	<u>375,184</u>	<u>375,184</u>	<u>-</u>	<u>289,231</u>
Fund balances at end of year	<u>\$ 381,852</u>	<u>\$ 380,903</u>	<u>\$ (949)</u>	<u>\$ 375,184</u>

**CAPITAL PROJECTS FUND**

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
 CAPITAL PROJECTS FUND  
 SCHEDULE OF REVENUES AND CHANGES IN  
 FUND BALANCES - BUDGET AND ACTUAL  
 YEAR ENDED JUNE 30, 2014**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Local sources:			
Other	\$ -	\$ 115	\$ 115
Other financing sources:			
Transfers in	<u>-</u>	<u>225,000</u>	<u>225,000</u>
Net change in fund balances	-	225,115	225,115
Fund balances at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 225,115</u>	<u>\$ 225,115</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, 2014**

	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2014</u>
<b>ASSETS</b>				
Cash	\$ 149,967	\$ 170,780	\$ 198,694	\$ 122,053
 <b>LIABILITIES</b>				
Due to student activity fund organizations	\$ 149,967	\$ 170,780	\$ 198,694	\$ 122,053

**SUPPLEMENTARY INFORMATION**

**SCHEDULE OF EXPENDITURES - ACTUAL AND BUDGET**

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A**  
**SCHEDULE OF EXPENDITURES - ACTUAL AND BUDGET**  
**YEAR ENDED JUNE 30, 2014**

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>	<u>Supplies and Materials</u>
Educational Fund:				
Instruction:				
Regular programs	\$ 5,538,569	\$ 2,528,425	\$ 68,364	\$ 254,008
Special education programs	1,595,807	121,598	3,052	19,457
Interscholastic programs	79,439	1,079	11,838	12,328
Summer school programs	10,000	3,541	-	-
Bilingual programs	228,874	44,628	-	1,410
Special education programs Pre-K	-	-	-	-
On behalf expenditures	<u>-</u>	<u>3,387,339</u>	<u>-</u>	<u>-</u>
Total instruction	<u>7,452,689</u>	<u>6,086,610</u>	<u>83,254</u>	<u>287,203</u>
Support services:				
Pupils:				
Attendance and social work services	143,491	16,752	-	-
Guidance services	62,563	7,708	-	-
Health services	189,676	366	63,816	3,904
Psychological services	178,506	21,163	-	-
Speech pathology and audiology services	<u>217,026</u>	<u>25,325</u>	<u>26,652</u>	<u>-</u>
Total pupils	<u>791,262</u>	<u>71,314</u>	<u>90,468</u>	<u>3,904</u>
Instructional staff:				
Improvement of instruction services	318,984	21,199	160,815	188,491
Educational media services	234,880	16,438	4,629	26,811
Assessment and testing	<u>525</u>	<u>186</u>	<u>39,189</u>	<u>-</u>
Total instructional staff	<u>554,389</u>	<u>37,823</u>	<u>204,633</u>	<u>215,302</u>
General administration:				
Board of Education services	-	-	458,048	1,629
Executive administration services	<u>201,245</u>	<u>12,294</u>	<u>748</u>	<u>7,671</u>
Total general administration	<u>201,245</u>	<u>12,294</u>	<u>458,796</u>	<u>9,300</u>
School administration:				
Office of the principal services	<u>669,799</u>	<u>56,616</u>	<u>-</u>	<u>1,807</u>

Capital Outlay	Other Objects	Non- Capitalized Equipment	Termination Benefits	Totals		
				Actual	Budget	Variance
\$ 8,781	\$ -	\$ -	\$ -	\$ 8,398,147	\$ 9,234,733	\$ 836,586
2,198	13,537	-	-	1,755,649	1,828,953	73,304
-	9,726	-	-	114,410	113,261	(1,149)
-	-	-	-	13,541	1,600	(11,941)
-	-	-	-	274,912	317,096	42,184
-	163,895	-	-	163,895	200,000	36,105
-	-	-	-	3,387,339	2,700,000	(687,339)
<u>10,979</u>	<u>187,158</u>	<u>-</u>	<u>-</u>	<u>14,107,893</u>	<u>14,395,643</u>	<u>287,750</u>
-	-	-	-	160,243	164,574	4,331
-	-	-	-	70,271	72,000	1,729
-	-	-	-	257,762	300,435	42,673
-	-	-	-	199,669	200,613	944
-	-	-	-	269,003	295,495	26,492
-	-	-	-	956,948	1,033,117	76,169
1,261,605	-	-	-	1,951,094	1,473,418	(477,676)
2,427	-	-	-	285,185	271,012	(14,173)
-	-	-	-	39,900	45,112	5,212
<u>1,264,032</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,276,179</u>	<u>1,789,542</u>	<u>(486,637)</u>
-	10,915	-	-	470,592	433,976	(36,616)
-	8,635	-	-	230,593	322,849	92,256
-	19,550	-	-	701,185	756,825	55,640
-	2,975	-	-	731,197	734,015	2,818

(continued)

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A**  
**SCHEDULE OF EXPENDITURES - ACTUAL AND BUDGET**  
**YEAR ENDED JUNE 30, 2014**

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>	<u>Supplies and Materials</u>
Business:				
Direction of business support services	110,280	13,956	6,036	845
Fiscal services	96,674	-	-	-
Food services	<u>4,854</u>	<u>531</u>	<u>384,545</u>	<u>1,238</u>
Total business	<u>211,808</u>	<u>14,487</u>	<u>390,581</u>	<u>2,083</u>
Central:				
Data processing services	<u>-</u>	<u>-</u>	<u>2,559</u>	<u>-</u>
Other support services	<u>-</u>	<u>-</u>	<u>-</u>	<u>30</u>
Total support services	<u>2,428,503</u>	<u>192,534</u>	<u>1,147,037</u>	<u>232,426</u>
Community services	<u>10,240</u>	<u>1,524</u>	<u>52,878</u>	<u>1,936</u>
Payments to other districts and government units:				
Payments for special education programs	<u>-</u>	<u>-</u>	<u>168,964</u>	<u>-</u>
Debt service:				
Principal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Educational Fund	<u>\$ 9,891,432</u>	<u>\$ 6,280,668</u>	<u>\$ 1,452,133</u>	<u>\$ 521,565</u>
Operations and Maintenance Fund:				
Support services:				
Pupils:				
Other support services	\$ -	\$ -	\$ 19,021	\$ -
Business:				
Operation and maintenance of plant services	<u>597,088</u>	<u>204,338</u>	<u>397,252</u>	<u>440,195</u>
Total Operations and Maintenance Fund	<u>\$ 597,088</u>	<u>\$ 204,338</u>	<u>\$ 416,273</u>	<u>\$ 440,195</u>

Capital Outlay	Other Objects	Non- Capitalized Equipment	Termination Benefits	Totals		
				Actual	Budget	Variance
-	1,025	-	-	132,142	140,691	8,549
-	-	-	-	96,674	92,444	(4,230)
-	1,240	-	-	392,408	374,070	(18,338)
-	2,265	-	-	621,224	607,205	(14,019)
-	-	-	-	2,559	2,000	(559)
-	-	-	-	30	-	(30)
1,264,032	24,790	-	-	5,289,322	4,922,704	(366,618)
-	-	-	-	66,578	52,993	(13,585)
-	342,360	-	-	511,324	707,079	195,755
-	343,760	-	-	343,760	-	(343,760)
-	62,688	-	-	62,688	60,822	(1,866)
-	406,448	-	-	406,448	60,822	(345,626)
<u>\$ 1,275,011</u>	<u>\$ 960,756</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,381,565</u>	<u>\$ 20,139,241</u>	<u>\$ (242,324)</u>
\$ -	\$ -	\$ -	\$ -	\$ 19,021	\$ 19,021	\$ -
47,445	-	-	-	1,686,318	1,930,076	243,758
<u>\$ 47,445</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,705,339</u>	<u>\$ 1,949,097</u>	<u>\$ 243,758</u>

(continued)

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A**  
**SCHEDULE OF EXPENDITURES - ACTUAL AND BUDGET**  
**YEAR ENDED JUNE 30, 2014**

	<b>Salaries</b>	<b>Employee Benefits</b>	<b>Purchased Services</b>	<b>Supplies and Materials</b>
<b>Debt Services Fund:</b>				
Debt service:				
Principal	\$ -	\$ -	\$ -	\$ -
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Debt Services Fund</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
<b>Transportation Fund:</b>				
Support services:				
Pupils:				
Other support services	\$ -	\$ -	\$ 24,708	\$ -
Business:				
Pupil transportation services	<u>455,999</u>	<u>14,321</u>	<u>460,289</u>	<u>169,385</u>
<b>Total Transportation Fund</b>	<u><u>\$ 455,999</u></u>	<u><u>\$ 14,321</u></u>	<u><u>\$ 484,997</u></u>	<u><u>\$ 169,385</u></u>
<b>Illinois Municipal Retirement Fund:</b>				
Instruction:				
Regular programs	\$ -	\$ 97,669	\$ -	\$ -
Special education programs	-	114,946	-	-
Summer School	-	145	-	-
Other programs	<u>-</u>	<u>7,444</u>	<u>-</u>	<u>-</u>
<b>Total instruction</b>	<u>-</u>	<u>220,204</u>	<u>-</u>	<u>-</u>
Support services:				
Pupils:				
Attendance and social work services	-	3,525	-	-
Health services	-	35,523	-	-
Psychological services	-	2,660	-	-
Speech pathology and audiology services	<u>-</u>	<u>3,159</u>	<u>-</u>	<u>-</u>
<b>Total pupils</b>	<u>-</u>	<u>44,867</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>
\$ -	\$ 1,020,922	\$ -	\$ -	\$ 1,020,922	\$ 1,022,958	\$ 2,036
-	3,494,446	-	-	3,494,446	3,493,438	(1,008)
<u>\$ -</u>	<u>\$ 4,515,368</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,515,368</u>	<u>\$ 4,516,396</u>	<u>\$ 1,028</u>
\$ -	\$ -	\$ -	\$ -	\$ 24,708	\$ 20,470	\$ (4,238)
<u>2,780</u>	<u>55,031</u>	<u>-</u>	<u>-</u>	<u>1,157,805</u>	<u>1,162,367</u>	<u>4,562</u>
<u>\$ 2,780</u>	<u>\$ 55,031</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,182,513</u>	<u>\$ 1,182,837</u>	<u>\$ 324</u>
\$ -	\$ -	\$ -	\$ -	\$ 97,669	\$ 82,247	\$ (15,422)
-	-	-	-	114,946	113,033	(1,913)
-	-	-	-	145	-	(145)
-	-	-	-	7,444	8,309	865
-	-	-	-	220,204	203,589	(16,615)
-	-	-	-	3,525	120	(3,405)
-	-	-	-	35,523	36,541	1,018
-	-	-	-	2,660	2,514	(146)
-	-	-	-	3,159	3,154	(5)
-	-	-	-	44,867	42,329	(2,538)

(continued)

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A**  
**SCHEDULE OF EXPENDITURES - ACTUAL AND BUDGET**  
**YEAR ENDED JUNE 30, 2014**

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>	<u>Supplies and Materials</u>
Instructional staff:				
Improvement of instruction services	-	35,238	-	-
Educational media services	-	17,019	-	-
Assessment and testing	-	8	-	-
Total instructional staff	-	<u>52,265</u>	-	-
General administration:				
Executive administration services	-	<u>13,736</u>	-	-
School administration:				
Office of the principal services	-	<u>43,250</u>	-	-
Business:				
Direction of business support services	-	1,619	-	-
Fiscal services	-	19,559	-	-
Operation and maintenance of plant services	-	114,250	-	-
Pupil transportation	-	<u>86,286</u>	-	-
Total business	-	<u>221,714</u>	-	-
Total support services	-	<u>375,832</u>	-	-
Community services	-	<u>85</u>	-	-
Total Illinois Municipal Retirement Fund	<u>\$ -</u>	<u>\$ 596,121</u>	<u>\$ -</u>	<u>\$ -</u>
Total expenditures	<u>\$ 10,944,519</u>	<u>\$ 7,095,448</u>	<u>\$ 2,353,403</u>	<u>\$ 1,131,145</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>
-	-	-	-	35,238	33,857	(1,381)
-	-	-	-	17,019	13,341	(3,678)
-	-	-	-	8	-	(8)
-	-	-	-	52,265	47,198	(5,067)
-	-	-	-	13,736	17,192	3,456
-	-	-	-	43,250	44,248	998
-	-	-	-	1,619	4,950	3,331
-	-	-	-	19,559	40,075	20,516
-	-	-	-	114,250	148,471	34,221
-	-	-	-	86,286	63,106	(23,180)
-	-	-	-	221,714	256,602	34,888
-	-	-	-	375,832	407,569	31,737
-	-	-	-	85	4,368	4,283
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 596,121</u>	<u>\$ 615,526</u>	<u>\$ 19,405</u>
<u>\$ 1,325,236</u>	<u>\$ 5,531,155</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,380,906</u>	<u>\$ 28,403,097</u>	<u>\$ 22,191</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, 2014, 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 October 11, 2014.

**Internal Control over Financial Reporting**

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. 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 2014-001 and 2014-002).



## **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 responses 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 responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

## **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 the 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.

*Mulcahy, Pauritsch, Salvadori Co., Ltd.*

Orland Park, Illinois  
October 11, 2014

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**



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

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE 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, 2014. 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, 2014.

### **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.

*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. *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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2014-003 and 2014-004, that we consider to be significant deficiencies.

Lemont-Bromberek Combined School District 113A's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Lemont-Bromberek Combined School District 113A's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

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, Pauretsch, Salvadori Co, Ltd.*

Orland Park, Illinois  
October 11, 2014

**LEMONT-BROMBEREK COMBINED SCHOOL DISTRICT 113A  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2014**

Program	C.F.D.A. Number	Program #	Expenditures
U.S. Department of Education:			
Passed through Illinois State Board of Education:			
Title I - Low Income	84.010	14-4300	\$ 155,616
Title II - Teacher Quality	84.367	13-4932	16,365
Title II - Teacher Quality	84.367	14-4932	35,777
Title III - Language Instruction	84.365	13-4909	2,499
Title III - Language Instruction	84.365	14-4909	<u>18,971</u>
Total Illinois State Board of Education			<u>229,228</u>
Passed through Southwest Cook County Cooperative:			
IDEA Flow Through (M)	84.027	13-4620	2,116
IDEA Flow Through (M)	84.027	14-4620	467,550
Pre-School Flow Through (M)	84.173	13-4600	651
Pre-School Flow Through (M)	84.173	14-4600	<u>22,109</u>
Total Southwest Cook County Cooperative			<u>492,426</u>
Total U.S. Department of Education			<u>721,654</u>
U.S. Department of Agriculture:			
Passed through Illinois State Board of Education:			
National School Lunch Program	10.555	13-4210	17,470
National School Lunch Program	10.555	14-4210	88,359
Commodities (non-cash)	10.555	2014	<u>31,817</u>
Total U.S. Department of Agriculture			<u>137,646</u>
U.S. Department of Health and Human Services:			
Passed through Illinois Department of Healthcare and Family Services:			
Medicaid - Administrative Outreach	93.778	2013	43,737
Medicaid - Administrative Outreach	93.778	2014	<u>11,330</u>
Total U.S. Department of Health and Human Services			<u>55,067</u>
Total expenditures of federal awards			<u>\$ 914,367</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, 2014**

**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 \$31,817 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, 2014**

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

Noncompliance material to financial statements noted?      yes   X   no

***Federal Awards***

Internal control over major programs:

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

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

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

Identification of major programs:

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

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

Auditee qualified as low-risk auditee?   X   yes      no



**LEMONT BROMBEREK CSD 113A**  
**07-016-113A-02**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ending June 30, 2014**

**SECTION II - FINANCIAL STATEMENT FINDINGS**

1. FINDING NUMBER:<sup>11</sup>      **2014- 002**      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 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 2014 would be assigned a reference number of 2014-001, 2014-002, etc. The sheet is formatted so that only the number need be entered (1, 2, 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, 2014

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

1. FINDING NUMBER:<sup>14</sup>      2014- 003      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 #2014-001.

9. Condition<sup>16</sup>      \_\_\_\_\_

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

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

12. Effect      \_\_\_\_\_

13. Cause      \_\_\_\_\_

14. Recommendation      \_\_\_\_\_

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

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

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

LEMONT BROMBEREK CSD 113A  
07-016-113A-02  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ending June 30, 2014

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER:<sup>14</sup>      2014- 004      2. THIS FINDING IS:     New       Repeat from Prior year?  
Year originally reported?      2011

3. Federal Program Name and Year:      All Federal Programs

4. Project No.:      \_\_\_\_\_      5. CFDA No.:      \_\_\_\_\_

6. Passed Through:      \_\_\_\_\_

7. Federal Agency:      \_\_\_\_\_

8. Criteria or specific requirement (including statutory, regulatory, or other citation)  
Generally Accepted Accounting Principles require records to be kept on the accrual basis of accounting. See financial statement finding #2014-002.

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

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

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

12. Effect      \_\_\_\_\_

13. Cause      \_\_\_\_\_

14. Recommendation      \_\_\_\_\_

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

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

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

**LEMONT BROMBEREK CSD 113A**  
**07-016-113A-02**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS<sup>19</sup>**  
**Year Ending June 30, 2014**

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status<sup>20</sup></u>
2013-1	Management relies on its audit firm to prepare full financial statements in accordance with GASB Statement 34.	Repeated as 2014-001
2013-2	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 2014-002
2013-3	Management relies on its audit firm to prepare full financial statements in accordance with GASB Statement 34.	Repeated as 2014-003
2013-4	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 2014-004

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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, 2014**

Corrective Action Plan

Finding No.: **2014- 001**

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: Courtney Orzel - 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, 2014**

Corrective Action Plan

Finding No.: **2014- 002**

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: Courtney Orzel - 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.

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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, 2014**

**Corrective Action Plan**

Finding No.: **2014- 003**

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: Courtney Orzel - 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, 2014**

**Corrective Action Plan**

Finding No.:     **2014- 004**

**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:**             **Courtney Orzel - 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.**

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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.