

Peotone Community Unit
School District 207U

Annual Financial Report

Peotone, Illinois

June 30, 2010

PEOTONE COMMUNITY UNIT
 SCHOOL DISTRICT 207U
WILL COUNTY, ILLINOIS

TABLE OF CONTENTS
 JUNE 30, 2010

	<u>Page No.</u>
<u>Financial Section</u>	
Independent Auditors' Report	1 - 2
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	3 - 4
<u>Basic Financial Statements</u>	<u>Statement</u>
Statement of Assets, Liabilities and Fund Balances Arising from Cash Transactions - Regulatory Basis	1 5 - 6
Statement of Revenue Received, Expenditures Disbursed, Other Financing Sources (Uses) and Changes in Fund Balances - All Funds	2 7 - 8
Statement of Revenue received - All Funds	3 9 - 14
Statement of Expenditures Disbursed (and Comparison with Budget)	
Educational Fund	4 15 - 19
Operations and Maintenance Fund	5 20
Debt Services Fund	6 21
Transportation Fund	7 22
Municipal Retirement/Social Security Fund	8 23 - 24
Tort Fund	9 25
Fire Prevention and Safety Fund	10 26
Notes to Financial Statements	27 - 51
<u>Required Supplementary Information</u>	
Illinois Municipal Retirement - Schedule of Funding Progress	52

PEOTONE COMMUNITY UNIT
SCHOOL DISTRICT 207U
WILL COUNTY, ILLINOIS

TABLE OF CONTENTS
JUNE 30, 2010

<u>Supplemental Information</u>	<u>Schedule</u>	<u>Page No.</u>
Detailed Schedule of General Long-Term Debt of the District	1	53 - 55
Schedule of Taxes Extended and Collected	2	56 - 57
Schedule of Legal Debt Margin	3	58
Statement of Assets, Liabilities and Fund Balances - Trust and Agency	4	59
Statement of Revenue Received and Expenditures Disbursed - Trust and Agency Fund	5	60 - 63
 <u>Federal Awards Section:</u>		
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133		64 - 66
Schedule of Expenditures of Federal Awards		67
Notes to the Schedule of Expenditures of Federal Awards		68
Summary of Findings and Questionable Costs		69 - 70
Summary Schedule of Prior Year Findings		71

Independent Auditors' Report

To The Board of Education
Peotone Community Unit School District 207U
Peotone, Illinois

We have audited the accompanying financial statements of Peotone Community Unit School District 207U as of and for the fiscal year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the school district's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note #1, these financial statements are issued to comply with regulatory provisions prescribed by the Illinois State Board of Education, which practices differ from accounting principles generally accepted in the United States of America. Also, as described in Note # 1, Peotone Community Unit School District 207U prepares its financial statements on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with U.S. generally accepted accounting principles, the financial position of Peotone Community Unit School District 207U as of June 30, 2010, or changes in financial position for the fiscal year then ended.

S
0
2
To The Board of Education
Peotone Community Unit School District 207U

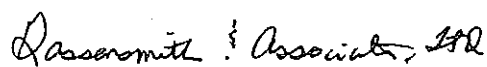
The District has omitted disclosures required by Governmental Accounting Standards Board Statement 45 *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. The amount by which this disclosure would affect the financial statements is not reasonably determinable.

In our opinion, except for the effects of the omissions described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the assets and liabilities arising from cash transactions of Peotone Community Unit School District 207U as of June 30, 2010, and its revenue received and expenditures disbursed during the fiscal year then ended, on the basis of accounting described in Note #1.

In accordance with Government Auditing Standards, we have also issued a separate report dated September 10, 2010, on our consideration of Peotone Community Unit School District 207U's internal control over financial reporting and on our test 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 testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The information listed in the table of contents as "Required Supplementary Information" is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in United States of America. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedules listed as "Supplemental Information" in the table of contents are presented for the purposes of additional analysis and are not a required part of the financial statements of Peotone Community Unit School District 207U. Such information is the responsibility of management and has been derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The "Supplemental Information" has been subjected to the auditing procedures applied in the audit of the financial statements referred to above and, in our opinion, is fairly stated in all material respects in relation to the financial statements as a whole.



Gassensmith & Associates, Ltd.
Certified Public Accountants

September 10, 2010

Report on Compliance and on Internal Control Over Financial Reporting
Based on an Audit of Financial Statements Performed
in Accordance with Government Auditing Standards

To the Board of Education
Peotone Community Unit School District 207U
Peotone, Illinois

We have audited the financial statements of Peotone Community Unit School District 207U as of and for the year ended June 30, 2010, and have issued our report thereon dated September 10, 2010. Our opinion was adverse because the financial statements are not prepared in accordance with generally accepted accounting principles. However, the financial statements were found to be fairly stated on the cash basis of accounting, in accordance with regulatory requirements established by the Illinois Board of Education, which is a comprehensive basis other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Peotone Community Unit School District 207U's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Peotone Community Unit School District 207U's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the school district's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or 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.

8
10
12
To The Board of Education
Peotone Community Unit School District 207U

A significant deficiency is a deficiency, or 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Peotone Community Unit School District 207U's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended for the information of the Board of Education, management, the Illinois State Board of Education, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Gassensmith & Associates, LLP
Gassensmith & Associates, Ltd.
Certified Public Accountants

September 10, 2010

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U
WILL COUNTY, ILLINOIS
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
ARISING FROM CASH TRANSACTIONS - REGULATORY BASIS
JUNE 30, 2010

Assets	Operations and Maintenance				Debt Services	Transportation	Municipal Retirement/ Social Security
	Educational	Maintenance	Operations				
Cash and Cash Equivalents	3,557,304	636,635	1,854,894		213,883		
Investments	-	-	-	-	-	-	-
Other Current Assets	-	-	-	-	-	-	-
Land	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-
Improvements other than Buildings	-	-	-	-	-	-	-
Equipment Other than Trans or Food Svc	-	-	-	-	-	-	-
Transportation Equipment	-	-	-	-	-	-	-
Food Service Equipment	-	-	-	-	-	-	-
Amounts Available in Debt Service Funds	-	-	-	-	-	-	-
Amounts to be provided for Payment of Bonds	-	-	-	-	-	-	-
Amounts to be provided for Payment of Other Long Term Debt	-	-	-	-	-	-	-
Total Assets	<u>3,557,304</u>	<u>636,635</u>	<u>1,854,894</u>		<u>213,883</u>		
Liabilities and Fund Balances							
Liabilities	1,500,000	-	-	-	-	-	-
Tax Anticipation Warrant	-	-	-	-	-	-	-
Due to Organizations	-	-	-	-	-	-	-
Bonds Payable	-	-	-	-	-	-	-
Other Long-term Liabilities	-	-	-	-	-	-	-
Total Liabilities	<u>1,500,000</u>						
Fund Balances:							
Reserved	-	636,635	1,854,894	-	213,883	-	-
Unreserved	2,057,304	-	-	-	-	-	-
Investments in General Fixed Assets	-	-	-	-	-	-	-
Total Fund Balances	<u>2,057,304</u>	<u>636,635</u>	<u>1,854,894</u>		<u>213,883</u>		
Total Liabilities and Fund Balances	<u>3,557,304</u>	<u>636,635</u>	<u>1,854,894</u>		<u>213,883</u>		

The accompanying notes are an integral part of these financial statements.

STATEMENT 1

Working Cash	Tort	Fire Prevention and Safety	Trust and Agency Funds	General Fixed Assets	General Long Term Debt	Total (Memorandum Only)
154,573	6,821	4,109	202,494	-	-	6,630,713
-	-	-	-	2,973,996	-	2,973,996
-	-	-	-	28,398,292	-	28,398,292
-	-	-	-	839,002	-	839,002
-	-	-	-	3,305,988	-	3,305,988
-	-	-	-	4,121,256	-	4,121,256
-	-	-	-	1,854,894	-	1,854,894
-	-	-	-	-	25,087,725	25,087,725
<u>154,573</u>	<u>6,821</u>	<u>4,109</u>	<u>202,494</u>	<u>39,638,534</u>	<u>27,073,403</u>	<u>73,342,650</u>
-	-	-	-	-	-	1,500,000
-	-	-	202,494	-	-	202,494
-	-	-	-	-	26,933,000	26,933,000
-	-	-	-	-	140,403	140,403
-	-	-	202,494	-	27,073,403	28,775,897
-	-	-	-	-	-	1,865,824
154,573	6,821	4,109	-	-	-	3,062,395
-	-	-	-	39,638,534	-	39,638,534
154,573	6,821	4,109	-	39,638,534	-	44,566,753
<u>154,573</u>	<u>6,821</u>	<u>4,109</u>	<u>202,494</u>	<u>39,638,534</u>	<u>27,073,403</u>	<u>73,342,650</u>

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U
 WILL COUNTY, ILLINOIS
 STATEMENT OF REVENUE RECEIVED, EXPENDITURES DISBURSED,
 OTHER FINANCING SOURCES (USES) AND CHANGES IN FUND BALANCES -
 ALL FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Educational	Operations and Maintenance	Debt Services
Revenue Received:			
Local Sources	7,802,020	1,238,820	4,025,283
State Sources	3,481,591	-	-
Federal Sources	1,282,024	-	-
Total Direct Receipts	12,565,635	1,238,820	4,025,283
Receipts for On-Behalf Payments	1,986,240	-	-
Total Revenues	14,551,875	1,238,820	4,025,283
Expenditures Disbursed:			
Instruction	10,086,754	-	-
Support Services	3,148,418	1,633,288	-
Community Services	-	-	-
Payments to Other Districts and Governmental Units	1,312,983	-	4,222,145
Debt Service	14,548,155	1,633,288	4,222,145
Total Direct Disbursements	1,986,240	1,633,288	4,222,145
Disbursements for On-Behalf Payments	16,534,395	-	-
Total Expenditures	(1,982,520)	(394,468)	(196,862)
Excess (Deficiency) of Revenues Over Expenditures			
Other Financing Sources:			
Permanent Transfer	-	400,000	-
Transfer to Pay Principal and Interest on Capital Leases	4,800,000	-	43,132
Principal on Bonds Sold	12,899	-	3,415,000
Other Sources	-	-	-
Other Financing (Uses):			
Bond Defeased	(2,400,000)	-	(3,415,000)
Transfer to Pay Principal and Interest on Capital Leases	(43,132)	-	-
Permanent Transfer	1,969,767	400,000	43,132
Total Other Financing Sources and (Uses)	(12,753)	5,532	(153,730)
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	2,070,057	631,103	2,008,624
Beginning Fund Balance - July 1, 2009	2,057,304	-	1,854,894
Ending Fund Balance - June 30, 2010			

The accompanying notes are an integral part of these statements

	Transportation	Municipal Retirement/Social Security	Working Cash	Tort	Fire Prevention and Safety	Total (Memorandum Only)
	465,076	594,150	101,875	71,821	31	14,299,076
	1,216,450	-	-	-	-	4,698,041
	1,681,526	594,150	101,875	71,821	31	1,282,024
	1,681,526	594,150	101,875	71,821	31	20,279,141
	-	275,864	-	-	-	1,986,240
	1,654,231	348,068	-	65,000	-	22,265,381
	-	-	-	-	-	10,362,618
	-	-	-	65,000	-	6,849,005
	-	-	-	-	-	1,312,983
	1,654,231	623,932	-	65,000	-	4,222,145
	1,654,231	623,932	-	65,000	-	22,746,751
	27,295	(29,782)	101,875	6,821	31	1,986,240
	-	-	-	-	-	24,732,991
	-	-	-	-	-	(2,467,610)
	-	-	-	-	-	400,000
	-	-	-	-	-	43,132
	-	-	-	-	-	8,215,000
	-	-	-	-	-	12,899
	-	-	-	-	-	(5,815,000)
	-	-	-	-	-	(43,132)
	-	-	-	-	-	(400,000)
	-	-	-	-	-	2,412,999
	27,295	(29,782)	101,875	6,821	31	(54,711)
	186,588	29,782	52,698	-	4,078	4,982,930
	213,883	-	154,573	6,821	4,109	4,928,219

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U
WILL COUNTY, ILLINOIS
STATEMENT OF REVENUE RECEIVED - ALL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Statement 3

	Educational	Operations and Maintenance	Debt Services
Revenue Received:			
Revenue from Local Sources:			
Ad Valorem Taxes Levied:			
Designated Purposes Levies	6,753,951	1,161,570	4,025,043
Special Education Levy	72,478	-	-
Social Security/Medicare Levy	-	-	-
Other Levies	96,632	-	-
Payments in Lieu of Taxes:			
Corporate Personal Property Replacement Taxes	221,787	-	-
Other Payments in Lieu of Taxes	13,501	4,426	240
Interest on Investments	-	-	-
Food Services:			
Sales to Pupils-Lunch	308,494	-	-
Pupil Activities:			
Admissions Athletic	28,516	-	-
Admissions Other	39,185	-	-
Fees	57,721	-	-
Textbooks:			
Rentals:			
Regular Textbooks	69,691	-	-
Rentals	-	27,479	-
Contributions from Private Sources	-	44,767	-
Refund of Prior Years' Expenditures	-	-	-
Local Fees	-	-	-
Tuition	115,932	-	-
Drivers' Education Fees	12,665	-	-
Other Local Revenue	11,467	578	-
Total Revenue from Local Sources	7,802,020	1,238,820	4,025,283
Flow-through Revenue received from one LEA to another LEA	-	-	-
Flow-through Revenue from State Sources	-	-	-
Flow-through Revenue from Federal Sources	-	-	-
Total Flow-through Revenue received from one LEA to another LEA	-	-	-

The accompanying notes are an integral part of these financial statements.

	Trans- portation	Municipal Retirement/ Social Security	Capital Projects	Working Cash	Tort	Fire Prevention and Safety	Total (Memorandum Only)
	460,320	169,110	-	101,856	71,821	-	12,743,671
	-	-	-	-	-	-	72,478
	-	145,605	-	-	-	-	145,605
	-	-	-	-	-	-	96,632
	-	279,333	-	-	-	-	501,120
	86	102	-	19	-	31	18,405
	-	-	-	-	-	-	308,494
	-	-	-	-	-	-	28,516
	-	-	-	-	-	-	39,185
	-	-	-	-	-	-	57,721
	-	-	-	-	-	-	69,691
	-	-	-	-	-	-	27,479
	-	-	-	-	-	-	44,767
	4,630	-	-	-	-	-	4,630
	-	-	-	-	-	-	115,932
	40	-	-	-	-	-	12,665
	-	-	-	-	-	-	12,085
	465,076	594,150	-	101,875	71,821	31	14,299,076

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U
 WILL COUNTY, ILLINOIS
 STATEMENT OF REVENUE RECEIVED - ALL FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Statement 3
 (continued)

	Educational	Operations and Maintenance	Debt Services	Trans- portation	Municipal Retirement/ Social Security	Capital Projects	Working Cash	Tort	Fire Prevention and Safety	Total (Memorandum Only)
Revenue from State Sources:										
Unrestricted Grants-in-Aid:										
General State Aid - Sec 18-8.05	2,419,963	-	-							2,419,963
Other Unrestricted	-	-	-							
Restricted Grants-in-Aid:										
Special Education:										
Private Facility Tuition	177,898	-	-							177,898
Extraordinary	203,143	-	-							203,143
Personnel	434,888	-	-							434,888
Summer School	-	-	-							
Career and Technical Education (CTE):										
CTE-Agriculture Education	-	-	-							
CTE-Other	-	-	-							
Vocational Education	-	-	-							
Transportation Aid:										
Regular/Vocational	-	-	-							
Special Education	2,953	-	-							2,953
State Free Lunch & Breakfast	15,848	-	-							15,848
Driver's Education	193,606	-	-							193,606
Early Childhood-Block Grant	24,371	-	-							24,371
Reading Improvement Block Grant	-	-	-							
School Safety & Educational Improvement	-	-	-							
Block Grant	8,921	-	-							8,921
Other State Funds	-	-	-							
Total Revenue from State Sources	3,481,591	-	-							3,481,591
Revenue from Federal Sources:										
Restricted Grants-in-Aid Received										
Directly from the Federal Government										
Through the State:										
Title Y - Innovation & Flex Formula	-	-	-							
Title V - State Assessments:										
Food	-	-	-							
Food Service:										
National Lunch Program	83,778	-	-							83,778
Special Milk	9,057	-	-							9,057
Food Service-Other	-	-	-							
Title I:										
Low Income	177,787	-	-							177,787

The accompanying notes are an integral part of these financial statements.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U
 WILL COUNTY, ILLINOIS
 STATEMENT OF REVENUE RECEIVED - ALL FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Educational	Operations and Maintenance	Debt Services
Title IV - Safe & Drug Free Schools: Formula	4,473	-	-
Vocational Education: Title II - Teacher Quality	47,157	-	-
Medicaid Matching Funds - Administrative Outreach	135,151	-	-
Federal-Special Education: IDEA - Flow Through Low Incidence	270,776	-	-
IDEA - Room and Board	3,063	-	-
IDEA - Flow Through Low Incidence	14,546	-	-
Other Restricted Revenue from Federal Stimulus Program: General State Aid-Education Stabilization	402,593	-	-
General State Aid-Other Govt Services Stabilization	133,643	-	-
Total Revenue from Federal Sources	1,282,024	-	-
Total Revenues	12,565,635	1,238,820	4,025,283

The accompanying notes are an integral part of these financial statements.

Trans- portation	Municipal Retirement/ Social Security	Capital Projects	Working Cash	Tort	Fire Prevention and Safety	Total (Memorandum Only)
-	-	-	-	-	-	4,473
-	-	-	-	-	-	47,157
-	-	-	-	-	-	135,151
-	-	-	-	-	-	270,776
-	-	-	-	-	-	3,063
-	-	-	-	-	-	14,546
-	-	-	-	-	-	402,593
-	-	-	-	-	-	133,643
1,681,526	594,150	-	101,875	71,821	31	20,279,141

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U
WILL COUNTY, ILLINOIS
STATEMENT OF EXPENDITURES DISBURSED
(AND COMPARISON WITH BUDGET)
EDUCATIONAL FUND
JUNE 30, 2010

Statement 4

	<u>Actual</u>	<u>Budget</u>	<u>Unexpended Budget</u>
Expenditures Disbursed:			
Instruction:			
Regular Programs:			
Salaries	4,883,254	4,995,831	112,577
Employee Benefits	1,414,225	1,631,700	217,475
Purchased Services	142,793	134,550	(8,243)
Supplies and Materials	197,363	229,300	31,937
Capital Outlay	6,464	34,000	27,536
Other Objects	1,000	3,400	2,400
Non-Capitalized Equipment	8,702	-	(8,702)
Total Regular Programs	<u>6,653,801</u>	<u>7,028,781</u>	<u>374,980</u>
Pre-K Programs:			
Salaries	242,933	241,100	(1,833)
Employee Benefits	55,346	56,000	654
Purchased Services	6,446	12,100	5,654
Supplies and Materials	13,861	17,200	3,339
Capital Outlay	-	-	-
Other Objects	320	-	(320)
Non-Capitalized Equipment	944	-	(944)
Total Regular Programs	<u>319,850</u>	<u>326,400</u>	<u>6,550</u>
Special Education Programs:			
Salaries	1,961,794	2,000,400	38,606
Employee Benefits	461,218	496,200	34,982
Purchased Services	30,267	43,200	12,933
Supplies and Materials	35,646	41,800	6,154
Capital Outlay	-	-	-
Total Special Education Programs	<u>2,488,925</u>	<u>2,581,600</u>	<u>92,675</u>
Remedial and Suppl Programs K-12:			
Salaries	339	-	(339)
Total Remedial and Suppl Programs	<u>339</u>	<u>-</u>	<u>(339)</u>
CTE Programs:			
Salaries	147,171	140,800	(6,371)
Employee Benefits	30,850	29,700	(1,150)

The accompanying notes are an integral part of these financial statements

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U
WILL COUNTY, ILLINOIS
STATEMENT OF EXPENDITURES DISBURSED
(AND COMPARISON WITH BUDGET)
EDUCATIONAL FUND
JUNE 30, 2010

Statement 4
(continued)

	Actual	Budget	Unexpended Budget
Purchased Services	199	1,500	1,301
Supplies and Materials	10,082	19,200	9,118
Capital Outlay	-	500	500
Non-Capitalized Equipment	500	-	(500)
Total CTE Programs	188,802	191,700	2,898
Interscholastic Programs:			
Salaries	146,295	146,300	5
Employee Benefits	35,494	51,100	15,606
Purchased Services	106,557	121,700	15,143
Supplies and Materials	38,233	38,500	267
Total Interscholastic Programs	326,579	357,600	31,021
Gifted Program:			
Salaries	86,977	85,100	(1,877)
Employee Benefits	21,215	17,000	(4,215)
Purchased Services	-	-	-
Supplies and Materials	266	750	484
Total Gifted Programs	108,458	102,850	(5,608)
Total Instruction	10,086,754	10,588,931	502,177
Supporting Services:			
Support Services - Pupils			
Guidance Services:			
Salaries	132,495	116,100	(16,395)
Employee Benefits	31,939	31,000	(939)
Purchased Services	23,850	35,000	11,150
Supplies and Materials	2,500	2,500	-
Total Guidance Services	190,784	184,600	(6,184)
Health Services:			
Salaries	59,709	90,000	30,291
Employee Benefits	6,625	7,000	375
Purchased Services	-	1,000	1,000
Supplies and Materials	4,919	10,000	5,081
Other Objects	-	-	-
Total Health Services	71,253	108,000	36,747

The accompanying notes are an integral part of these financial statements

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U
WILL COUNTY, ILLINOIS
STATEMENT OF EXPENDITURES DISBURSED
(AND COMPARISON WITH BUDGET)
EDUCATIONAL FUND
JUNE 30, 2010

Statement 4
(continued)

	Actual	Budget	Unexpended Budget
Other Support Services - Pupils:			
Supplies and Materials	4,410	8,000	3,590
Total Support Services - Pupils	<u>266,447</u>	<u>300,600</u>	<u>34,153</u>
Support Services - Instructional Staff:			
Improvement of Instructional Svc			
Salaries	556,122	580,900	24,778
Employee Benefits	66,902	74,700	7,798
Purchased Services	19,055	27,200	8,145
Supplies and Materials	164,633	248,445	83,812
Capital Outlay	653	3,000	2,347
Other Objects	942	15,000	14,058
Total Improvement of Instructional Services	<u>808,307</u>	<u>949,245</u>	<u>140,938</u>
Educational Media Services:			
Salaries	50,837	52,900	2,063
Employee Benefits	11,831	12,100	269
Supplies and Materials	30,929	32,000	1,071
Total Educational Media Svc	<u>93,597</u>	<u>97,000</u>	<u>3,403</u>
Total Support Services - Instructional Staff	<u>901,904</u>	<u>1,046,245</u>	<u>144,341</u>
Support Services - General Administration:			
Board of Education Services:			
Salaries	37,624	38,700	1,076
Employee Benefits	45	50	5
Purchased Services	56,000	67,400	11,400
Supplies and Materials	-	100	100
Other Objects	29,500	33,000	3,500
Total Board of Education Svc	<u>123,169</u>	<u>139,250</u>	<u>16,081</u>
Executive Admin Services:			
Salaries	112,500	116,000	3,500
Employee Benefits	13,031	12,300	(731)
Purchased Services	1,384	2,000	616

The accompanying notes are an integral part of these financial statements

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U
WILL COUNTY, ILLINOIS
STATEMENT OF EXPENDITURES DISBURSED
(AND COMPARISON WITH BUDGET)
EDUCATIONAL FUND
JUNE 30, 2010

Statement 4
(continued)

	Actual	Budget	Unexpended Budget
Supplies and Materials	1,500	1,500	-
Total Executive Admin Svc	128,415	131,800	3,385
Total Support Services - General Admin.	251,584	271,050	19,466
Support Services - School Administration			
Office of the Principal Services:			
Salaries	426,078	419,200	(6,878)
Employee Benefits	245,059	256,800	11,741
Purchased Services	1,664	3,600	1,936
Supplies and Materials	64	1,250	1,186
Capital Outlay	-	-	-
Other Objects	-	-	-
Total Ofc of the Principal Svc	672,865	680,850	7,985
Support Services - Business			
Dir of Business Support Services:			
Salaries	78,184	79,500	1,316
Employee Benefits	5,441	7,000	1,559
Purchased Services	457	500	43
Supplies and Materials	959	1,000	41
Capital Outlay	-	3,000	3,000
Other Objects	438	500	62
Non-Capitalized Equipment	2,000	-	(2,000)
Total Director of Business Support Services	87,479	91,500	4,021
Fiscal Services			
Salaries	101,051	108,000	6,949
Employee Benefits	20,153	21,400	1,247
Purchased Services	900	1,400	500
Supplies and Materials	6,676	6,800	124
Total Fiscal Services	128,780	137,600	8,820
Operation and Maintenance of Plant Services:			
Purchased Services	17,661	28,000	10,339
Other Objects	-	-	-
Total Operation and Maintenance of Plant Services	17,661	28,000	10,339

The accompanying notes are an integral part of these financial statements

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U
WILL COUNTY, ILLINOIS
STATEMENT OF EXPENDITURES DISBURSED
(AND COMPARISON WITH BUDGET)
EDUCATIONAL FUND
JUNE 30, 2010

Statement 4
(continued)

	<u>Actual</u>	<u>Budget</u>	<u>Unexpended Budget</u>
Food Services:			
Salaries	159,914	161,200	1,286
Employee Benefits	18,227	19,000	773
Purchased Services	1,136	2,000	864
Supplies and Materials	<u>198,542</u>	<u>236,000</u>	<u>37,458</u>
Total Food Services	<u>377,819</u>	<u>418,200</u>	<u>40,381</u>
Total Support Services - Business	<u>611,739</u>	<u>675,300</u>	<u>63,561</u>
Support Services - Central			
Information Services:			
Salaries	199,229	187,200	(12,029)
Employee Benefits	23,670	33,000	9,330
Purchased Services	14,910	18,500	3,590
Supplies and Materials	179,479	206,000	26,521
Capital Outlay	<u>6,352</u>	<u>-</u>	<u>(6,352)</u>
Total Information Services	<u>423,640</u>	<u>444,700</u>	<u>21,060</u>
Total Support Services - Central	<u>423,640</u>	<u>444,700</u>	<u>21,060</u>
Other Support Services:			
Other Objects	<u>20,239</u>	<u>20,300</u>	<u>61</u>
Total Other Supporting Services	<u>20,239</u>	<u>20,300</u>	<u>61</u>
Total Supporting Services	<u>3,148,418</u>	<u>3,439,045</u>	<u>290,627</u>
Nonprogrammed Charges:			
Payments to Other Governmental Units (In-state)			
Payments for Spec Educ Programs:			
Purchased Services	1,137,823	1,035,000	(102,823)
Payments for Vocational Education Programs:			
Purchased Services	<u>175,160</u>	<u>180,000</u>	<u>4,840</u>
Total Payments to Other Govern- mental Units (In-State)	<u>1,312,983</u>	<u>1,215,000</u>	<u>(97,983)</u>
Debt Service			
Debt Service Interest	<u>-</u>	<u>40,000</u>	<u>-</u>
Provision for Contingencies	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>14,548,155</u>	<u>15,282,976</u>	<u>694,821</u>

The accompanying notes are an integral part of these financial statements

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U
WILL COUNTY, ILLINOIS
STATEMENT OF EXPENDITURES DISBURSED
(AND COMPARISON WITH BUDGET)
OPERATIONS AND MAINTENANCE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Statement 5

	Actual	Budget	Unexpended Budget
Expenditures Disbursed:			
Supporting Services:			
Support Services - Business			
Facilities Acquisition and Construction Services			
Non-Capitalized Equipment	300	-	(300)
Other Objects	-	-	-
Total Facilities Acquisition and Construction Services	300	-	(300)
Operation and Maintenance of Plant Services:			
Salaries	570,389	590,580	20,191
Employee Benefits	114,313	117,600	3,287
Purchased Services	428,412	506,900	78,488
Supplies and Materials	436,286	473,000	36,714
Capital Outlay	76,005	82,000	5,995
Other Objects	7,583	11,500	3,917
Total Operation and Maintenance of Plant Services	1,632,988	1,781,580	148,592
Total Support Services - Business	1,633,288	1,781,580	148,292
Debt Services-Interest on Short-Term Debt:			
Other Objects	-	-	-
Provision for Contingencies	-	10,000	10,000
Total Expenditures	1,633,288	1,791,580	158,292

The accompanying notes are an integral part of these financial statements.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U
WILL COUNTY, ILLINOIS
STATEMENT OF EXPENDITURES DISBURSED
(AND COMPARISON WITH BUDGET)
DEBT SERVICES FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Statement 6

	<u>Actual</u>	<u>Budget</u>	<u>Unexpended Budget</u>
Expenditures Disbursed:			
Debt Services:			
Debt Service - Interest	1,241,376	1,150,400	(90,976)
Debt Service - Principal	2,968,597	2,890,000	(78,597)
Debt Service - Other	<u>12,172</u>	<u>11,700</u>	<u>(472)</u>
Total Expenditures	<u>4,222,145</u>	<u>4,052,100</u>	<u>(170,045)</u>

The accompanying notes are an integral part of these financial statements.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U
WILL COUNTY, ILLINOIS
STATEMENT OF EXPENDITURES DISBURSED
(AND COMPARISON WITH BUDGET)
TRANSPORTATION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Statement 7

	Actual	Budget	Unexpended Budget
Expenditures Disbursed:			
Supporting Services:			
Support Services - Business			
Pupil Transportation Services:			
Salaries	798,235	775,162	(23,073)
Employee Benefits	34,158	33,000	(1,158)
Purchased Services	70,758	82,500	11,742
Supplies and Materials	372,884	473,000	100,116
Capital Outlay	376,985	381,500	4,515
Other Objects	1,211	5,000	3,789
Total Pupil Transportation			
Services	1,654,231	1,750,162	95,931
Total Support Services -			
Business	1,654,231	1,750,162	95,931
Provision for Contingencies			
Other Objects	-	2,000	2,000
 Total Expenditures	 1,654,231	 1,752,162	 97,931

The accompanying notes are an integral part of these financial statements.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U
WILL COUNTY, ILLINOIS
STATEMENT OF EXPENDITURES DISBURSED
(AND COMPARISON WITH BUDGET)
MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Statement 8

	Actual	Budget	Unexpended Budget
Expenditures Disbursed:			
Instruction:			
Regular Programs:			
Employee Benefits	122,331	177,003	54,672
Pre-K Programs:			
Employee Benefits	1,312	-	
Special Education Programs:			
Employee Benefits	146,988	176,625	29,637
Remedial and Suppl Programs:			
Employee Benefits	661	-	
Vocation Programs:			
Employee Benefits	1,200	1,000	(200)
Interscholastic Programs			
Employee Benefits	2,126	4,500	2,374
Gifted			
Employee Benefits	1,246	1,600	354
Total Instruction	275,864	360,728	86,837
Supporting Services:			
Support Services - Pupils			
Guidance Services:			
Employee Benefits	6,417	3,000	(3,417)
Health Services:			
Employee Benefits	9,964	12,800	2,836
Other Support Services - Pupils:			
Employee Benefits	-	-	-
Total Support Services - Pupils	16,381	15,800	(581)
Support Services - Instructional Staff:			
Improvement of Instruction Services:			
Employee Benefits	4,665	2,800	(1,865)
Educational Media Services:			
Employee Benefits	737	900	163
Total Support Services - Instructional Staff	5,402	3,700	(1,702)

The accompanying notes are an integral part of these financial statements.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U
WILL COUNTY, ILLINOIS
STATEMENT OF EXPENDITURES DISBURSED
(AND COMPARISON WITH BUDGET)
MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Statement 8
(continued)

	Actual	Budget	Unexpended Budget
Support Services - General			
Administration:			
Board of Education Services:			
Employee Benefits	6,233	6,930	697
Executive Administration Services:			
Employee Benefits	1,631	1,858	227
Total Support Services - General Administration	7,864	8,788	924
Support Services - School Administration:			
Office of the Principal Svc:			
Employee Benefits	6,542	7,140	598
Support Services - Business			
Director of Business Support:			
Employee Benefits	11,712	11,800	88
Fiscal Services:			
Employee Benefits	16,856	17,500	644
Operation and Maintenance of Plant Services:			
Employee Benefits	89,969	103,200	13,231
Pupil Transportation Svc:			
Employee Benefits	130,662	132,400	1,738
Food Services:			
Employee Benefits	25,094	24,700	(394)
Total Support Services - Business	274,293	289,600	15,307
Support Services - Central			
Information Services			
Employee Benefits	37,586	31,500	(6,086)
Total Support Services - Central	37,586	31,500	(6,086)
Total Support Services	348,068	356,528	8,460
Total Expenditures	623,932	717,256	95,297

The accompanying notes are an integral part of these financial statements.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U
WILL COUNTY, ILLINOIS
STATEMENT OF EXPENDITURES DISBURSED
(AND COMPARISON WITH BUDGET)
TORT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Statement 9

	<u>Actual</u>	<u>Budget</u>	<u>Unexpended Budget</u>
Expenditures Disbursed:			
Support Services:			
Support Services -			
General Administration			
Insurance payments			
Purchased Services	<u>65,000</u>	<u>65,000</u>	<u>-</u>
Total Support Services -			
General Administration	<u>65,000</u>	<u>65,000</u>	<u>-</u>
Total Expenditures	<u><u>65,000</u></u>	<u><u>65,000</u></u>	<u><u>-</u></u>

The accompanying notes are an integral part of these financial statements.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U
WILL COUNTY, ILLINOIS
STATEMENT OF EXPENDITURES DISBURSED
(AND COMPARISON WITH BUDGET)
FIRE PREVENTION & SAFETY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Statement 10

	Actual	Budget	Unexpended Budget
Expenditures Disbursed:			
Support Services:			
Support Services -			
Business			
Facilities Acquisition &			
Construction Services			
Purchased Services	-	-	-
Operation & Main-			
tenance of Plant			
Capital Outlay	-	-	-
	-	-	-
Total Expenditures	-	-	-

The accompanying notes are an integral part of these financial statements.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U
WILL COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note #1 Summary of Significant Accounting Policies

The District's accounting policies conform to the cash basis of accounting as defined by the Illinois State Board of Education Audit Guide.

A. Principles Used to Determine Scope of the Reporting Entity

The District's reporting entity includes the District's governing board and all related organizations for which the District exercises oversight responsibility.

Component Units

The District has developed criteria to determine whether outside agencies with activities that benefit the citizens of the District, including joint agreements which serve pupils from numerous districts, should be included within its financial reporting entity. The criteria includes, but is not limited to, whether the District exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters), scope of public service and special financing relationships.

Joint agreements have been determined not to be part of the reporting entity after applying the manifesting of oversight, scope of public service and special financing relationships criteria and are, therefore, excluded from the accompanying financial statements because the District does not control the assets, operations or management of the joint agreements. In addition, the District is not aware of any entity which would exercise such oversight as to result in the District being considered a component unit of the entity.

B. Basis of Presentation - Fund Accounting

The Annual Financial Report is a regulatory report prepared in accordance with the requirements of the Illinois State Board of Education and does not include the government-wide financial statements including the statement of net assets and the statement of activities required by accounting principles generally accepted in the United States of America.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U
WILL COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note #1 Summary of Significant Accounting Policies (continued)

B. Basis of Presentation - Fund Accounting (continued)

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets and liabilities (arising from cash transactions), fund balance, revenue received and expenditures disbursed. The District maintains individual funds required by the State of Illinois.

The various funds are summarized by type in the financial statements. These funds are grouped as required for reports filed with the Illinois State Board of Education. District resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following funds and account groups are used by the District:

Governmental Funds -

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities (arising from cash transactions) are accounted for through governmental funds.

The Educational Fund and the Operations and Maintenance Fund are the general operating funds of the District. They are used to account for all financial resources except those required to be accounted for in another fund. The Special Education tax levy is included in these funds.

The Debt Services Fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

The Transportation Fund and the Illinois Municipal Retirement/Social Security Fund, are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U
WILL COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note #1 Summary of Significant Accounting Policies (continued)

B. Basis of Presentation - Fund Accounting (continued)

Governmental Funds - (continued)

The Working Cash Fund accounts for financial resources held by the District to be used for temporary interfund loans to other funds.

The Tort Fund accounts for financial resources to be used for the payment of insurance and tort related expenses.

The Fire Prevention and Safety Fund is used to account for financial resources to be used for the acquisition or construction of major facilities (other than those financed by Trust Funds).

Fiduciary Funds

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds.

The Agency Funds include Student Activity Funds. They account for assets held by the District as an agent for the students, teachers and other entities. These funds are custodial in nature and do not involve the measurement of the results of operations. The amounts due to the activity fund organizations are equal to the assets.

Governmental and Expendable Trust Funds - Measurement Focus

The financial statements of all Governmental Funds and Expendable Trust Funds focus on the measurement of spending or "financial flow" and the determination of changes in financial position rather than upon net income determination. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (cash receipts and other financing sources) and decreases (cash disbursements and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U
WILL COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note #1 Summary of Significant Accounting Policies (continued)

B. Basis of Presentation - Fund Accounting (continued)

General Fixed Assets and General Long-term Debt Account Group

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated. The District records purchases of property and equipment as expenditures of various funds when paid. The District maintains a detailed list of property and equipment purchased for insurance purposes.

No depreciation has been provided on fixed assets in these financial statements. Current depreciation of \$826,788 has been utilized for the calculation of the per capita tuition charge and accumulated depreciation totaling \$15,316,644 has been reported on the Illinois Local Education Agency annual financial report (ISBE Form 50-35). Depreciation has been computed over the estimated useful lives of the assets using the straight-line method.

The estimated useful lives are as follows:

Buildings	50 years
Improvements	20 years
Transportation Equipment	5 years
Other Equipment	3 - 10 years

Long-term liabilities expected to be financed from Debt Service Funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds. Proceeds from sales of bonds are included as receipts in the appropriate fund on the date received. Related principal payable in the future is recorded at the same time in the General Long-Term Debt Account Group.

The two account groups are not "funds". They are concerned only with the measurement of financial position. They are not involved with the measurement of results of operations.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U
WILL COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note #1 Summary of Significant Accounting Policies (continued)

C. Basis of Accounting

Basis of accounting refers to when revenues received and expenditures disbursed are recognized in the accounts and how they are reported on the financial statements. The District maintains its accounting records for all funds and account groups on the cash basis of accounting under guidelines prescribed by the Illinois State Board of Education. Accordingly, revenues are recognized and recorded in the accounts when cash is received. In the same manner, expenditures are recognized and recorded upon the disbursement of cash. Assets of a fund are only recorded when a right to receive cash exists which arises from a previous cash transaction. Liabilities of a fund, similarly, result from previous cash transactions.

Cash-basis financial statements omit recognition of receivables and payables and other accrued and deferred items that do not arise from previous cash transactions.

Proceeds from sales of bonds are included as other financing sources in the appropriate fund on the date received. Related principal payable in the future is recorded at the same time in the General Long-Term Debt Account Group.

D. Budgets and Budgetary Accounting

The budget for all Governmental Funds and for the Expendable Trust Fund is prepared on the cash basis of accounting which is the same basis that is used in financial reporting. This allows for comparability between budget and actual amounts. This is an acceptable method in accordance with Chapter 105, Section 5, Paragraph 17.1 of the Illinois Compiled Statutes. The budget was passed on September 21, 2009 and amended on June 21, 2010.

For each fund, total fund expenditures may not legally exceed the budgeted amounts. The budget lapses at the end of each fiscal year.

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

1. Prior to July 1, the Superintendent submits to the Board of Education a proposed operating budget for the fiscal year commencing on that date. The operating budget includes proposed expenditures disbursed and the means of financing them.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U
WILL COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note #1 Summary of Significant Accounting Policies (continued)

D. Budgets and Budgetary Accounting (continued)

2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally adopted through passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year.
5. The Board of Education may make transfers between the various items in any fund not exceeding in the aggregate 10% of the total of such fund as set forth in the budget.
6. The Board of Education may amend the budget (in other ways) by the same procedures required of its original adoption

E. Cash and Cash Equivalents

Cash includes amounts in demand deposits and interest-bearing demand deposits and time deposit (savings) accounts. Cash equivalents include amounts in time deposits and other investments with original maturities of less than 90 days.

F. Investments:

Investments are stated at cost or amortized cost, which approximates market. The District, under 30 ILCS 235/2, may legally invest in all securities guaranteed by the full faith and credit of the United States, as well as interest-bearing savings accounts, certificates of deposit or time deposits constituting direct obligations of banks insured by FDIC and savings and loan associations insured by FSLIC. The District may also invest in short-term obligations of the Federal National Mortgage Association, the Public Treasurer's Investment Pool as well as all interest-bearing obligations of the State of Illinois.

G. Inventories

Inventory consists of expendable supplies held for consumption. The cost is recorded as an expenditure disbursed at the time the individual inventory items are purchased.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U
WILL COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note #1 Summary of Significant Accounting Policies (continued)

H. Total Memorandum Only

The "Total Memorandum Only" column represents the aggregation (by addition) of the line-item amounts reported for each fund type and account group. No consolidations or other eliminations were made in arriving at the totals; thus they do not present consolidated information.

These totals are presented only to facilitate financial analysis and are not intended to reflect the financial position or results of operations of the District as a whole.

Note #2 Property Taxes

The District's property tax is levied each year on all taxable real property located in the District on or before the last Tuesday in December. The 2009 levy was passed by the Board on December 21, 2009. Property taxes attach as an enforceable lien on property as of January 1 and are payable in two installments on June 1 and September 1. The District receives significant distributions of tax receipts approximately one month after these due dates. The District received \$6,490,730 from the 2009 tax levy prior to June 30, 2010. The balance of taxes shown in these financial statements are from the 2008 and prior tax levies.

The following are the tax rates applicable to the various levies per \$100 of assessed valuation:

	Maximum Rate	Actual 2009 Rate	Actual 2008 Rate
Educational	4.0000	1.7224	1.7096
Operations & Maintenance	0.7500	0.2961	0.2939
Transportation	None	0.1175	0.1166
Bond and Interest	None	1.0391	1.0062
Municipal Retirement	None	0.0431	0.0428
Social Security	None	0.0373	0.0370
Tort Immunity	None	0.0184	0.0182
Special Education	0.5000	0.0185	0.0183
Working Cash	0.0500	0.0260	0.0257
Lease Purchase	1.0000	<u>0.0246</u>	<u>0.0244</u>
Total		<u>3.3430</u>	<u>3.2927</u>

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U
WILL COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note #3 Special Tax Levies and Restricted Equity

A. Tort Immunity.

Revenue collected and the related expenditures paid of this restricted tax levy are accounted for in the Tort Fund. A total of \$71,821 was collected and \$65,000 was spent during the fiscal year, resulting in a restricted fund balance of \$6,821. Refer to the table below:

	<u>Tort Fund</u>
Tort Revenues:	
Tax Collections	\$71,821
Total Tort Revenues	71,821
Tort Expenditures:	
Insurance	65,000
Total Tort Expenditures	65,000
Revenue Over (Under) Expenditures	6,821
Restricted at June 30, 2009	-
Restricted at June 30, 2010	\$ 6,821

B. Special Education.

Revenue collected and the related expenditures paid of this restricted tax levy are accounted for in the Educational Fund. A total of \$72,478 was collected and all was spent.

C. Leasing.

Revenue collected and related expenditures paid of this restricted levy are accounted for in the Educational Fund. A total of \$96,632 was collected and all was spent.

D. Fire Prevention and Safety.

Cash receipts and the related cash disbursements of these restricted tax levies are accounted for in Fire Prevention and Safety Fund. The total of this fund's equity is restricted for future fire prevention and safety project disbursements. At June 30, 2010, \$4,109 is restricted.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U
WILL COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note #3 Special Tax Levies and Restricted Equity (continued)

E. IMRF and Social Security.

Cash receipts and related cash disbursements of these restricted levies are accounted for in the Municipal Retirement Fund. The total of this fund's equity is restricted for future IMRF and Social Security disbursements. At June 30, 2010, the IMRF fund had no restricted fund balance.

F. Debt Services.

Cash receipts and related cash disbursements of these restricted levies are accounted for in the Debt Services Fund. The total of this fund's equity, \$1,854,894, is restricted.

Note #4 Deposits and Investments

The District is allowed to invest in securities as authorized by the District's investment policy, Sections 2 and 6 of the Public Funds Investment Act (30 ILCS 235) and Section 8-7 of the School Code of Illinois. These include the following items:

1. bonds, notes, certificates of indebtedness, treasury bills or other securities now or hereafter issued, which are guaranteed by the full faith and credit of the United States of America as to principal and interest;
2. interest-bearing savings accounts, interest-bearing certificates of deposits or interest-bearing time deposits or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act;
3. money market mutual funds registered under the Investment Company Act of 1940, provided that the portfolio of any such money market mutual fund is limited to obligations described in (1) or (2) above and to agreements to repurchase such obligations;
4. the Illinois Funds. Any public agency may also invest any public funds in a fund managed, operated and administered by a bank, subsidiary of a bank or subsidiary of a bank holding company or use the services of such an entity to hold and invest or advise regarding the investment of any public funds;
5. the Illinois School District Liquid Asset Fund Plus;

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U
WILL COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note #4 Deposits and Investments (continued)

6. any investment as authorized by the Public Funds Investment Act and Acts amendatory thereto. Paragraph 6 supersedes paragraphs 1-5 and controls in the event of conflict.

Custodial Credit Risk Related to Deposits with Financial Institutions

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's general investment policy requires all amounts deposited or invested with financial institutions in excess of any insurance limit shall be collateralized by securities eligible for District investment or any other high-quality, interest-bearing security rated at least AA/Aa by one or more standard rating services to include Standard & Poor's, Moody's or Fitch. The market value of the pledged securities shall equal or exceed the portion of the deposit requiring collateralization.

The District's investment policy states the preferred method for safekeeping of collateral is to have securities registered in the District's name and held by a third-party custodian. Safekeeping practices should qualify for the Government Accounting Standards Board's Statement III, Category I, the highest recognized safekeeping procedures.

At June 30, 2010, the carrying amount of the District's deposits with financial institutions, which includes demand deposits, savings accounts, repurchase agreements and certificates of deposits was \$6,630,553 (excludes \$160 petty cash) and the bank balance was \$6,816,678. As of June 30, 2010, the following District's bank balances (certificates of deposit, checking and savings accounts) were exposed to custodial credit risk as follows (carrying amounts are presented as additional information only):

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Category #1	\$ -0-	\$ -0-
Category #2	6,130,545	6,316,670
Category #3	<u>500,000</u>	<u>500,000</u>
	<u>\$6,630,545</u>	<u>\$6,816,670</u>

Category #1 includes deposits that are uncollateralized.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U
WILL COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note #4 Deposits and Investments (continued)

Category #2 includes deposits that are collateralized with securities held by the pledging financial institution.

Category #3 includes deposits which are collateralized with securities held by the pledging financial institution's trust department or agent, but not in the district's name.

	<u>Carrying Amount</u>	<u>Market Value</u>
Non-Categorized Funds:	\$8	\$8
Illinois Funds		

Note #5 Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	<u>Balance 7/1/2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2010</u>
Non-depreciable fixed assets:				
Land	2,973,996	-	-	2,973,996
Depreciable fixed assets:				
Buildings:	28,374,199	24,093	-	28,398,292
Improvements	783,127	55,875	-	839,002
Transportation				
Equipment	3,096,421	-	-	3,096,421
Equipment	4,127,224	203,599	-	4,330,823
Total Fixed Assets	39,354,967	283,567	-	39,638,534
Accumulated Depreciation:				
Buildings:	7,213,037	567,886	-	7,780,923
Improvements	346,511	41,681	-	388,192
Transportation				
Equipment	3,087,193	2,260	-	3,089,453
Equipment	3,844,360	213,716	-	4,058,076
Total Accumulated Depreciation	14,491,101	825,543	-	15,316,644
Fixed Assets, Net	24,863,866	(541,976)	-	24,321,890

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U
WILL COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note #6 Lease Commitments

Operating Leases

During the fiscal year 2009, the school district entered into a five year lease agreement with Sovereign Leasing, Inc to lease 38 school busses. The lease is payable in five annual installments of \$351,544. In July 2008, the district entered into a sixty month lease agreement to lease a bus barn. In October 2008, the district entered into a four year lease agreement to lease various equipment. The lease is payable in four annual installments of \$37,890.

The district is currently obligated under operating lease agreements for office equipment.

The annual future obligation for the District is as follows:

<u>Fiscal Year</u> <u>Ended</u>	<u>Amount</u>
6/30/11	442,807
6/30/12	439,056
6/30/13	439,322
6/30/14	<u>351,544</u>
Total	<u>\$1,672,729</u>

Note #7 Retirement Fund Commitments

A. Teachers' Retirement System of the State of Illinois

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

The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The State of Illinois maintains primary responsibility for 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.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U
WILL COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note #7 Retirement Fund Commitments (continued)

A. Teachers' Retirement System of the State of Illinois (continued)

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate through June 30, 2010 was 9.4 percent of creditable earnings. 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, 2009 and 2008.

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, 2010, State of Illinois contributions were based on 23.38 percent of creditable earnings not paid from federal funds, and the district recognized revenue and expenditures of \$1,917,353 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2009 and June 30, 2008, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 17.08 percent (\$1,422,496) and 13.11 percent (\$1,063,605), 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, 2010 were \$47,565. Contributions for the years ended June 30, 2009 and June 30, 2008 were \$48,305 and \$47,055, respectively.

Federal and special trust fund contributions. When TRS members are paid from federal and special trust funds administered by the district, there is a statutory requirement for the district to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective for the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U
WILL COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note #7 Retirement Fund Commitments (continued)

A. Teachers' Retirement System of the State of Illinois (continued)

For the year ended June 30, 2010, the employer pension contribution was 23.38 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2009 and 2008, the employer contribution was 17.08 and 13.11 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2010, salaries totaling \$0 were paid from federal and special trust funds that required employer contributions of \$0. For the years ended June 30, 2009 and June 30, 2008, required district contributions were \$0 and \$0, respectively.

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.

Public Act 94-0004 made changes in the ERO program that were in effect for all ERO retirements in fiscal years 2008 through 2010. The act increased member and employer contributions and eliminated the waiver of member and employer ERO contributions that had been in effect for members with 34 years of service.

Under the current ERO, the maximum employer contribution is 117.5 percent and applies when the member is age 55 at retirement

For the year ending June 30, 2010, the district paid \$129,911 to TRS for employer contributions under the ERO program. For the years ended June 30, 2009 and June 30, 2008, the district paid \$70,663 and \$0 in employer ERO contributions, respectively.

Salary increases over 6 percent and excess sick leave.

Public Act 94-0004 added two additional employer contributions to TRS.

If an employer grants salary increases over 6 percent and those salaries are used to calculate a retiree's final average salary, the employer makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increases of up to 6 percent.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U
WILL COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note #7 Retirement Fund Commitments (continued)

A. Teachers' Retirement System of the State of Illinois (continued)

For the year ended June 30, 2010, the district paid \$20,088 to TRS for employer contributions due on salary increases in excess of 6 percent. For the years ended June 30, 2009 and 2008, the district paid \$12,114 and \$0 to TRS for employer contributions due on salary increases in excess of 6 percent, respectively.

- ▶ If an employer grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the employer makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary used to calculate final average salary, and the TRS total normal cost rate (18.55 percent of salary during the year ended June 30, 2010).

For the year ended June 30, 2010, the district paid \$14,388 to TRS for sick leave days granted in the excess of the normal annual allotment. For the year ended June 30, 2009 and June 30, 2008, the district paid \$800 and \$0 in employer contributions granted for sick leave days, respectively.

Further Information on TRS

TRS financial information, an explanation of TRS benefits, and descriptions of member, employer and state funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for the year ended June 30, 2009. The report for the year ended June 30, 2010, is expected to be available in late 2010.

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

B. THIS Fund

The district 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 Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription and behavioral health benefits, but does not provide vision, dental or life

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U
WILL COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note #7 Retirement Fund Commitments (continued)

B. THIS Fund (continued)

insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants may participate in the state administered participating provider option plan or choose from several managed care options.

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provision of THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. The Illinois Department of Healthcare and Family Services (HFS) and the Illinois Department of Central Management Services (CMS) administer the plan with the cooperation of TRS. The director of HFS determines the rates and premiums for annuitants and dependent beneficiaries and establishes the cost-sharing parameters. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to the TRS who are not employees of the state make a contribution to THIS.

The percentage of employer required contributions in the future will be determined by the director of Healthcare and Family Services and will not exceed 105 percent of the percentage of salary actually required to be paid in the previous fiscal year.

On behalf contributions to THIS Fund. The State of Illinois makes employer retiree health insurance contributions on behalf of the district. State contributions are intended to match contributions to THIS Fund from active members which were 0.84 percent of pay during the year ended June 30, 2010. State of Illinois contributions were \$68,887 and the district recognized revenue and expenditures of this amount during the year.

The State contributions intended to match active member contributions during the years ended June 30, 2009 and June 30, 2008 were also 0.84 percent of pay. State contributions on behalf of district employees were \$69,959 and \$68,149, respectively.

Employer contributions to THIS Fund. The district also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.63 percent during the years ended June 30, 2010, June 30, 2009 and June 30, 2008. For the year ended June 30, 2010, the district paid \$51,665 to the THIS Fund. For the years ended June 30, 2009 and June 30, 2008, the district paid \$52,469 and \$51,111 to the THIS Fund, respectively, which was 100 percent of the required contribution.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U
WILL COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note #7 Retirement Fund Commitments (continued)

B. THIS Fund (continued)

Further information on THIS Fund. The publicly available financial report of the THIS Fund may be obtained by writing to the Department of Healthcare and Family Services, 201 South Grand Ave, Springfield, IL 62763-3838.

C. 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. Your employer plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

Funding Policy. As set by statute, the District's Regular plan members are required to contribute 4.50 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 contribution rate for calendar year 2009 was 8.60 percent of annual covered payroll. Your employer 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. For fiscal year ending December 31, 2009, the District's annual pension cost of \$252,961 for the Regular plan was equal to the District's required and actual contributions.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U
WILL COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note #7 Retirement Fund Commitments (continued)

C. Illinois Municipal Retirement Fund (continued)

Three-Year Trend Information for the Regular Plan

Fiscal Year <u>Ending</u>	Annual Pension <u>Cost (APC)</u>	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
12/31/2009	258,961	100%	\$0
12/31/2008	270,707	100%	\$0
12/31/2007	235,785	100%	\$0

The required contribution for 2009 was determined as part of the December 31, 2007 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2007 included (a) 7.50 percent investment rate of return (net of administrative and direct expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit and (d) post-retirement benefit increases of 3% annually. The actuarial value of the District's regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor between the actuarial and market value of assets. Your employer regular plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at the December 31, 2007, valuation was 23 years.

Funded Status and Funding Progress. As of December 31, 2009, the most recent actuarial valuation date, the regular plan was 83.98 percent funded. The actuarial accrued liability for benefits was \$5,000,332 and the actuarial value of assets was \$4,199,440, resulting in an underfunded actuarial accrued liability (UAAL) of \$800,892. The covered payroll (annual payroll of active employees covered by the plan) was \$3,011,173 and the ratio of the UAAL to the covered payroll was 27 percent. In conjunction with the December 2009 actuarial valuation the market value of investments was determined using techniques that spread the effect of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. In 2010, the unfunded actuarial accrued liability is being amortized on a level percentage of projected payroll on an open 30 year basis.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U
WILL COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note #7 Retirement Fund Commitments (continued)

C. Illinois Municipal Retirement Fund (continued)

The schedule of funding progress, presented as RSI following the notes to the 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.

Note #8 Long-Term Debt

As of June 30, 2010, the District had long-term debt outstanding in the amount of \$27,073,403. During the fiscal year, the following changes occurred in long-term debt account:

	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010
General Obligation Bonds	26,685,000	8,215,000	7,967,000	26,933,000
Capital Lease	-	177,000	36,597	140,403
Total	26,685,000	8,392,000	8,003,597	27,073,403

The long-term debt consists of the following:

Bonded Indebtedness:

Bonded indebtedness is reflected in the General Long-Term Debt Account Group. Current requirements for principal and interest expenditures are payable solely from future revenues of the Bond and Interest Fund which consists principally of property taxes collected by the District and interest earnings. Bonded indebtedness consists of numerous bonds in the amount of \$26,933,000.

The following is a schedule of changes in general obligation bonds payable for the year ended June 30, 2010:

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U
WILL COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note #8 Long-Term Debt (continued)

	<u>Balance</u> <u>July 1, 2009</u>	<u>Debt</u> <u>Issuance</u>	<u>Retirements</u>	<u>Advance</u> <u>Refunding</u>	<u>Balance</u> <u>June 30, 2010</u>
General Obligation Bonds:					
Series 2000A	300,000	-	10,000	270,000	20,000
Series 2000C	555,000	-	50,000	375,000	130,000
Series 2000D	1,105,000	-	-	-	1,105,000
Series 2002A	5,675,000	-	-	2,085,000	3,590,000
Series 2002B	190,000	-	-	190,000	-
Series 2005	3,355,000	-	-	-	3,355,000
Series 2005B	4,305,000	-	-	-	4,305,000
Series 2006C	1,840,000	-	-	-	1,840,000
Series 2007B	1,430,000	-	-	-	1,430,000
Series 2007C	500,000	-	500,000	-	-
Series 2008A	2,400,000	-	1,750,000	-	650,000
Series 2008B	3,590,000	-	580,000	-	3,010,000
Series 2008	1,440,000	-	42,000	-	1,398,000
Series 2010A	-	635,000	-	-	635,000
Series 2010	-	2,490,000	-	2,115,000	375,000
Series 2010C	-	290,000	-	-	290,000
Series 2010D	-	2,400,000	-	-	2,400,000
Series 2010B	-	2,400,000	-	-	2,400,000
Total Bonds	<u>26,685,000</u>	<u>8,215,000</u>	<u>2,932,000</u>	<u>5,035,000</u>	<u>26,933,000</u>

Annual debt service payments required to service all outstanding general obligation bonds at June 30, 2010 are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt</u> <u>Service</u>
2011	5,244,000	1,107,776	6,351,776
2012	1,549,000	945,522	2,494,522
2013	1,011,000	897,895	1,908,895
2014	1,706,000	837,716	2,543,716
2015	2,533,000	745,569	3,278,569
2016-2020	12,742,000	1,959,838	14,701,838
2021-2025	1,838,000	177,224	2,015,224
2026-2028	310,000	30,430	340,430
Total	<u>26,933,000</u>	<u>6,701,970</u>	<u>33,634,970</u>

Under Section 5/19-1 of the Illinois School Code, the District is allowed to incur qualifying debt up to 13.8% of its latest equalized assessed value. As of June 30, 2010, the District's legal debt limit was \$54,648,647. Qualifying outstanding debt as of June 30, 2010 totaled \$27,073,403, leaving a debt margin of \$27,575,244.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U
WILL COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note #8 Long-Term Debt (continued)

General obligation bonds currently outstanding are as follows:

On July 16, 2008 the District issued \$1,475,000 Debt Certificates, Series 2008, for the purpose of buying land. These Bonds are payable in varying amounts beginning March 1, 2009 until March 1, 2018. Interest is payable semi-annually at a rate of 4.80%.

On December 1, 2008 the District issued \$2,400,000 Limited School Bonds, Series 2008A, for the purpose of increasing the working cash fund. These bonds are due in two installments dated October 1, 2009 and October 1, 2010. Interest is payable at a rate of 3.50%.

On December 15, 2008, the District issued \$3,590,000 in General Obligation Limited Tax Refunding Bonds, Series 2008B to advance refund \$3,030,000 of General Obligation Series 2002A. The net proceeds of \$3,446,742 after payment of \$143,258 in underwriting fees, insurance and other issuance costs were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the above-mentioned portion of the Series 2002A bonds. As a result, the refunded portion of those bonds is considered to be defeased and the liability for those bonds has been removed from the General Long-Term Debt Account.

Current Year Advance Refunding of Debt

On February 15, 2010 the District issued the following: \$2,490,000 Debt Certificates, Series 2010, \$635,000 Taxable Limited Refunding School Bonds Series 2010A, \$2,400,000 Taxable Refunding School Bonds, Series 2010B, and \$290,000 Refunding School Bonds Series 2010C. These Bonds were used to advance refund \$270,000 of Series 2000A, \$375,000 of Series 2000C, \$2,085,000 of Series 2002A, and \$190,000 of Series 2002 B. These Bonds are payable in varying amounts beginning October 1, 2010 until October 1, 2019 with interest payable semi-annually at rates that vary from 2.00% to 5.30%.

The net proceeds of \$6,310,000 after payment of \$495,200 in underwriting fees, insurance and other issuance costs were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U
WILL COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note #8 Long-Term Debt (continued)

provide for future debt service payments on the above-mentioned portion of the above stated Series bonds. As a result, the refunded portion of those bonds is considered to be defeased and the liability for those bonds has been removed from the General Long-Term Debt Account.

On June 15, 2010 the District issued \$2,400,000 Taxable General Obligation Limited Bonds Series 2010D to advance refund \$2,115,000 of Taxable Debt Certificates, Series 2010. These bonds are payable in varying amounts beginning October 1, 2011 until October 1, 2012 with interest payable semi-annually at rates that vary from 2.75% to 3.25%. The net proceeds of \$2,685,000 after payment of \$285,000 in underwriting fees, insurance and other issuance costs were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the above-mentioned portion of the Series 2010 bonds.

Capital Lease

On November 2, 2009, the District entered into a capital lease to purchase networking equipment for a total of \$177,000. The lease is payable in monthly installments of \$5,391.50 which includes principal and interest.

Annual debt service payments required to service outstanding lease at June 30, 2010 are as follows:

Year Ending	Total Debt		
<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Service</u>
2011	57,747	6,951	64,698
2012	61,361	3,337	64,698
2013	<u>21,295</u>	<u>271</u>	<u>21,566</u>
	<u>140,403</u>	<u>10,559</u>	<u>150,962</u>

Note #9 Tax Anticipation Warrants

There were \$0 in outstanding tax anticipation warrants beginning July 1, 2009. During the current year the District issued a \$1,500,000 tax anticipation warrant which was outstanding at June 30, 2010.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U
WILL COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note #10 Interfund Loans and Transfers

There were no interfund loans at June 30, 2010. The District made the following transfers during the year ended June 30, 2010:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Education	-	443,132
Debt Services	-	-
Operation & Maintenance	400,000	43,132

The transfers represent routine items which occurred to meet the operating purposes of another fund, such as transfers to Operation & Management fund, or to cover principal and interest payments on capital leases, such as transfer to Debt Service Fund.

Note #11 Common Bank Accounts

Separate bank accounts are not maintained for all District funds; instead, certain funds maintain their uninvested cash balances in a common checking account, with accounting records being maintained to show the portion of the common bank account balance attributable to each participating fund.

Note #12 Expenditures in Excess of Budget

Individual fund expenditures exceeded appropriations in the following fund:

	<u>Expenditures</u>	<u>Budget</u>	<u>Variance</u>
Debt Services	4,222,145	4,052,100	(170,045)

Note #13 Deficit Fund Balances

As of June 30, 2010, the District did not have a deficit fund balance in any fund.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U
WILL COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note #14 Self-Insurance Plan

All employees of the District are covered under the State of Illinois Unemployment Insurance Act.

Note #15 Contingencies

The District has received funding from state and federal grants in the current and prior years which are subject to audits by the granting agencies. The School Board believes any adjustments that may arise from these audits will be insignificant to District operations.

Note #16 Pending Litigation

At June 30, 2010, management or counsel representing the District know of no pending litigation or claims, asserted or unasserted, which if asserted and paid would have a materially adverse effect on the financial position of the District.

Note #17 Compensated Absences - Vacation and Sick Leave

Non-certified employees of the District are entitled to paid vacation, paid sick days and personal days off, depending on job classification, length of service and other factors. The District's policy is to recognize the costs of compensated absences when actually paid to employees in accordance with the cash basis.

Note #18 Joint Venture - Southern Will County Cooperative for Special Education (SOWIC):

The Southern Will County Cooperative for Special Education is a jointly governed organization that was formed for the purpose of providing special education for the handicapped children in the ten member school districts. The governing board consists of the superintendents of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the governing board. During fiscal year 2010, the District paid \$284,409 to the Cooperative. Financial information can be obtained by writing to Southern Will County Cooperative for Special Education, 1205 North Larkin Ave, Joliet, IL 60435.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U
WILL COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note #19 Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. During the year ended June 30, 2010, there were no significant reductions in coverage. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U
WILL COUNTY, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF FUNDING PROGRESS
JUNE 30, 2010

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
12/31/09	4,199,440	5,000,332	800,892	83.98%	3,011,173	26.60%
12/31/08	3,913,147	4,774,056	860,909	81.97%	3,100,880	27.76%
12/31/07	4,080,747	4,102,237	21,490	99.48%	2,628,597	0.82%

On a market value basis, the actuarial value of assets as of December 31, 2009 is \$4,083,563. On a market basis, the funded ratio would be 81.67%.

SUPPLEMENTAL INFORMATION

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U
WILL COUNTY, ILLINOIS
DETAILED SCHEDULE OF GENERAL LONG-TERM DEBT
JUNE 30, 2010

Schedule 1

Year Ending June 30	Series 2000A		Series 2000C		Series 2010A	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	10,000	812	130,000	3,770	635,000	7,973
2012	10,000	273	-	-	-	-
Total	<u>20,000</u>	<u>1,085</u>	<u>130,000</u>	<u>3,770</u>	<u>635,000</u>	<u>7,973</u>

Ending June 30	Series 2010B		Series 2010D		Series 2008A	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	1,660,000	41,706	1,930,000	96,113	650,000	11,375
2012	740,000	9,250	470,000	7,638	-	-
Total	<u>2,400,000</u>	<u>50,956</u>	<u>2,400,000</u>	<u>103,751</u>	<u>650,000</u>	<u>11,375</u>

Year Ending June 30	Series 2002A		Series 2005		Series 2000D	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	-	172,105	-	129,870	-	61,510
2012	100,000	169,980	-	129,870	-	61,510
2013	110,000	165,586	145,000	126,970	-	61,510
2014	205,000	158,193	230,000	119,470	55,000	60,039
2015	215,000	147,693	290,000	109,070	60,000	56,948
2016	335,000	133,943	340,000	97,150	165,000	50,831
2017	465,000	113,943	410,000	83,445	185,000	41,247
2018	295,000	94,943	465,000	67,025	205,000	30,420
2019	310,000	79,818	540,000	47,795	230,000	18,183
2020	480,000	61,028	935,000	18,700	205,000	5,842
2021	1,075,000	24,994	-	-	-	-
Total	<u>3,590,000</u>	<u>1,322,222</u>	<u>3,355,000</u>	<u>929,365</u>	<u>1,105,000</u>	<u>448,040</u>

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U
WILL COUNTY, ILLINOIS
DETAILED SCHEDULE OF GENERAL LONG-TERM DEBT
JUNE 30, 2010

Schedule 1
(continued)

Year Ending June 30	Series 2005B		Series 2006C		Series 2007B	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	-	192,562	-	98,440	170,000	73,515
2012	-	192,562	-	98,440	180,000	64,065
2013	465,000	182,681	-	98,440	195,000	53,940
2014	520,000	161,100	-	98,440	205,000	43,037
2015	575,000	136,463	65,000	96,701	215,000	31,488
2016	635,000	109,238	15,000	94,561	230,000	19,250
2017	700,000	79,200	40,000	93,090	235,000	6,463
2018	770,000	46,125	190,000	86,938	-	-
2019	640,000	14,400	565,000	66,742	-	-
2020	-	-	660,000	33,973	-	-
2021	-	-	305,000	8,158	-	-
Total	4,305,000	1,114,331	1,840,000	873,923	1,430,000	291,758

Year Ending June 30	Series 2010C		Series 2010		Series 2008B	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	10,000	10,814	-	22,262	-	116,913
2012	-	9,450	-	19,740	-	116,913
2013	40,000	8,850	-	19,740	-	116,912
2014	40,000	7,650	-	19,740	395,000	109,506
2015	50,000	6,300	-	19,740	1,000,000	83,350
2016	75,000	4,238	-	19,740	1,615,000	32,300
2017	75,000	1,462	-	19,740	-	-
2018	-	-	-	19,740	-	-
2019	-	-	45,000	18,615	-	-
2020	-	-	330,000	8,745	-	-
Total	290,000	48,764	375,000	187,802	3,010,000	575,894

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U
WILL COUNTY, ILLINOIS
DETAILED SCHEDULE OF GENERAL LONG-TERM DEBT
JUNE 30, 2010

Schedule 1
(continued)

Year Ending June 30	<u>Series 2008</u>		<u>Capital Lease</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2011	49,000	68,036	57,747	6,951
2012	49,000	65,831	61,361	3,337
2013	56,000	63,266	21,295	271
2014	56,000	60,541	-	-
2015	63,000	57,816	-	-
2016	63,000	54,900	-	-
2017	70,000	51,684	-	-
2018	70,000	48,277	-	-
2019	77,000	44,871	-	-
2020	77,000	41,236	-	-
2021	86,000	37,376	-	-
2022	86,000	33,191	-	-
2023	93,000	29,005	-	-
2024	93,000	24,546	-	-
2025	100,000	19,954	-	-
2026	100,000	15,086	-	-
2027	105,000	10,220	-	-
2028	105,000	5,124	-	-
Total	<u>1,398,000</u>	<u>730,960</u>	<u>140,403</u>	<u>10,559</u>

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U
WILL COUNTY, ILLINOIS
SCHEDULE OF TAXES EXTENDED AND COLLECTED
JUNE 30, 2010

Schedule 2

	2008 Levy	2009 Levy	Assessed Valuation	393,846,937	396,004,685	Educational Levy	Special Education Levy	Lease Levy	Tort Immunity Levy
Tax Rate per \$100	1.7095	1.7224							
Taxes Extended	6,731,873	6,819,407							
Taxes Collected	6,699,118	6,819,407							
Advance Taxes Received Prior to June 30, 2010									
Taxes Receivable									

	Operations & Maintenance Levy	Bond and Interest Levy	Trans- portation Levy	Municipal Retirement Levy	Social Security Levy	Working Cash Levy	Total All Levies
	0.2939	1.0062	0.1166	0.0428	0.0370	0.0257	3.2927
	1,157,287	3,952,103	459,135	168,533	145,694	101,199	12,965,629
	1,152,217	3,943,086	456,759	167,737	144,511	100,642	12,902,772
	0.2961	1.0391	0.1175	0.0431	0.0373	0.0260	3.3430
	1,172,333	4,114,053	465,212	170,644	147,680	102,940	13,235,762
	575,079	2,017,968	227,824	83,730	72,047	50,628	6,490,730
	597,254	2,096,085	237,388	86,914	75,633	52,312	6,745,032

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U
WILL COUNTY, ILLINOIS
SCHEDULE OF LEGAL DEBT MARGIN
JUNE 30, 2010

Schedule 3

Assessed Valuation as of January 1, 2009	396,004,685
Debt Limitation Percentage	13.8%
Debt Limitation	<u>54,648,647</u>
Total Bonded Indebtedness Subject to Debt Limitation Provisions	26,933,000
Other Indebtedness Subject to Debt Limitation Provisions	<u>140,403</u>
Total Indebtedness Subject to Debt Limitation Provisions	<u>27,073,403</u>
Legal Debt Margin	<u><u>27,575,244</u></u>

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U
WILL COUNTY, ILLINOIS
STATEMENT OF ASSETS, LIABILITIES AND
FUND BALANCES
TRUST AND AGENCY FUND
JUNE 30, 2010

Schedule 4

	<u>TRUST AND AGENCY</u>
<u>ASSETS</u>	
Cash	<u>202,494</u>
<u>LIABILITIES</u>	
Due to Organizations	202,494
Fund Balance - Unreserved	<u>-</u>
Total Liabilities and Fund Equity	<u>202,494</u>

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U
WILL COUNTY, ILLINOIS
STATEMENT OF REVENUES RECEIVED AND
EXPENDITURES DISBURSED
TRUST AND AGENCY FUND
JUNE 30, 2010

Schedule 5

STUDENT ACTIVITY ACCOUNTS:	Cash Balance June 30, 2009	Receipts	Disbursements	Cash Balance June 30, 2010
Class of 2013	-	1,359	680	679
Class of 2012	461	4,070	2,642	1,889
Class of 2011	3,933	15,145	17,266	1,812
Class of 2010	1,419	3,134	2,954	1,599
Class of 2009	448	-	-	448
Class of 2008	500	-	-	500
Class of 2007	500	-	-	500
Class of 2006	501	-	-	501
Class of 2005	2,017	7	1,000	1,024
IHSA Music Contest	131	-	-	131
Prom	8,769	-	1,060	7,709
Connor Shaw Pop	819	1,241	-	2,060
Connor Shaw Newspaper	-	-	-	-
Foreign Language	865	8,058	8,223	699
FFA	6,816	29,506	22,745	13,577
FFA/FCCLA Concessions	136	-	-	136
HS Golf	578	714	1,292	-
Connor Shaw Newspaper	-	120	-	120
Boys Regional Baseball	-	-	-	-
Skills USA	1,052	7,937	8,544	445
Journalism	-	3,152	-	3,152
HS Bowling	339	5,431	5,392	378
HS Boys Baseball	1,740	3,143	4,454	429
HS Boys Basketball Team	1,158	9,239	6,753	3,644
HS Boys Basketball Summer	2,445	8,495	9,945	995
HS General Athletic	5,930	8,574	12,902	1,602
Industrial Tech Resale	3,563	4,965	6,746	1,782
JH Behavior Incentive Prog	-	449	-	449
HS Track	481	6,678	7,073	86
HS BB Cheerleaders	619	5,069	5,803	(115)
HS Girls BB team	723	8,389	8,083	1,029
HS Girls Sectional Basketbal	-	-	-	-

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U
WILL COUNTY, ILLINOIS
STATEMENT OF REVENUES RECEIVED AND
EXPENDITURES DISBURSED
TRUST AND AGENCY FUND
JUNE 30, 2010

Schedule 5
(continued)

STUDENT ACTIVITY ACCOUNTS:	Cash Balance June 30, 2009	Receipts	Disbursements	Cash Balance June 30, 2010
HS Girls Reg Tournament	-	-	-	-
HS Girls Volleyball Team	1,613	2,798	2,632	1,779
HS Girls Softball	578	2,064	1,925	717
HS Reg Wrestlers Tourname:	-	-	-	-
HS Student Council	2,599	14,215	13,662	3,152
Boys Regional Basketball	-	-	-	-
Poms Summer Camp	-	500	-	500
HS Dance Team	4,295	13,962	16,215	2,041
Lettermen	2,755	3,998	5,459	1,293
HS Yearbook	1,014	11,851	8,856	4,009
HS Band	106	4,314	3,407	1,013
HS Choir	848	-	464	384
HS Show Choir	797	2,474	657	2,614
National Honor Society	541	1,736	1,660	617
Newspaper	743	-	-	743
HS Football	4,970	10,958	15,494	434
PHS Pop Fund	6,822	4,675	10,231	1,266
Performing Arts	1,488	18,092	15,361	4,219
Connor Shaw Drama	380	430	-	810
JH Candy Sales	-	-	-	-
Thespians	218	3,985	2,801	1,402
Football Playoffs	-	-	-	-
HS Wrestlers	2,929	3,053	3,971	2,011
Scholastic Bowl	379	-	345	34
JH Pop Fund	2,283	1,672	3,607	348
HS Excel Edge ACT Test	-	6,920	6,920	-
JH Athletic Activities	546	9,233	9,196	584
JH Activities Account	7,214	30,458	34,686	2,986
JH Cheerleaders	708	1,400	1,661	447
JH Band	1,142	954	704	1,392
JH Chorus	1,654	472	390	1,736
JH English	3	-	-	3

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U
WILL COUNTY, ILLINOIS
STATEMENT OF REVENUES RECEIVED AND
EXPENDITURES DISBURSED
TRUST AND AGENCY FUND
JUNE 30, 2010

Schedule 5
(continued)

STUDENT ACTIVITY ACCOUNTS:	Cash Balance June 30, 2009	Receipts	Disbursements	Cash Balance June 30, 2010
JH Science	-	665	780	(115)
JH Student Council	77	3,077	2,653	501
JH Video	3,164	8,710	9,066	2,809
JH Kan/Will	-	-	-	-
HS Volleyball Summer Camp	-	1,800	1,800	-
HS Recycling 3	69	20	-	89
Peotone Elementary	5,419	1,446	1,524	5,340
Peotone Elem Yearbook	-	-	-	-
Peotone Elem Sunshine	100	-	-	100
Peotone Elem PTO Media	1	-	-	1
Peotone Elem POP	63	2,351	2,095	319
Green Garden Elementary	1,164	526	1,345	345
Green Garden Faculty Fund	597	1,159	1,372	384
Green Garden Sunshine	-	-	-	-
Wilton Center Elem Faculty	1,853	748	715	1,887
Wilton Center Elem School	142	994	1,135	1
General Fund	7,671	20,851	26,020	2,502
Interest	8,406	3,408	2,458	9,356
Gym Suits	4,368	9,468	6,578	7,258
Textbooks	-	5,661	3,655	2,006
Education Foundation	-	7,443	39	7,404
Booster Club	22,482	29,238	33,369	18,351
High School Staff	1,295	585	703	1,177
Lambert Fund	250	-	-	250
B Starkey Football Memor	1,274	-	-	1,274
Cheer Summer Camp	-	1,105	1,105	-
HS Tad	715	1,050	365	1,400
Interstate 8 Conference	497	-	-	497
Office Supplies B/O	-	-	-	-
Computer P/R Fund	953	4,497	3,831	1,619
Computer Fund	-	-	-	-
WC/GG Library	90	100	90	99

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U
WILL COUNTY, ILLINOIS
STATEMENT OF REVENUES RECEIVED AND
EXPENDITURES DISBURSED
TRUST AND AGENCY FUND
JUNE 30, 2010

Schedule 5
(continued)

STUDENT ACTIVITY ACCOUNTS:	Cash Balance June 30, 2009	Receipts	Disbursements	Cash Balance June 30, 2010
WYSE	204	-	-	204
HS AP & Proctor	940	5,764	6,319	385
JH Ecology Club	317	-	-	317
Soccer Summer Camp	-	-	-	-
JH Art/Jones	101	-	-	101
High School Library	664	28	200	492
HS Volleyball Regional	-	-	-	-
HS Boys Soccer	3,703	9,014	3,217	9,499
HS Baseball Summer Camp	-	350	-	350
Peotone Elem Library	132	115	102	145
HS Girls BKB Summer Cmp	128	3,270	3,398	0
Student ID Account	10,359	3,123	3,944	9,538
JH IESA State Series	160	2,490	2,309	340
Junior High Library	4,261	6,023	5,175	5,109
FFA/Skills Concessions	1,885	13,233	15,083	35
HS Football Summer Camp	1,350	6,160	6,200	1,310
Conner Shaw Center	2,421	10,606	9,560	3,467
HS Science Club	55	-	-	55
JH Play Activity	1,994	530	611	1,913
Junior High Track	512	1,747	1,618	641
HS Parking Permits	20,857	10,750	14,376	17,231
Smiles	1,862	4,118	3,349	2,632
HS Girls Soccer	209	2,945	3,073	81
	<u>205,332</u>	<u>470,255</u>	<u>473,093</u>	<u>202,494</u>

Report on Compliance With Requirements
Applicable to Each Major Program and Internal Control
Over Compliance in Accordance With OMB Circular A-133

To the Board of Education
Peotone Community Unit School
District 207U
Peotone, Illinois

Compliance

We have audited the compliance of Peotone Community Unit School District 207U with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. Peotone Community Unit School District 207U's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Peotone Community Unit School District 207U's management. Our responsibility is to express an opinion on Peotone Community Unit School District 207U's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Peotone Community Unit School District 207U's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Peotone Community Unit School District 207U's compliance with those requirements.

To the Board of Education
Peotone Community Unit School
District 207U

In our opinion, Peotone Community Unit School District 207U complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of Peotone Community Unit School District 207U is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Peotone Community Unit School District 207U's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Peotone Community Unit School District 207U'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 combinations of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

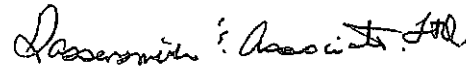
Schedule of Expenditures of Federal Awards

We have audited the individual financial statements of the Peotone Community Unit School District 207U as of and for the year ended June 30, 2010, and have issued our report thereon dated September 10, 2010. Our audit opinion was adverse because the school district's policy is to prepare its financial statements to comply with regulatory provisions prescribed by the Illinois State Board of Education, which is a comprehensive basis of accounting other than generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States. However, the financial statements were found to be fairly stated on the cash basis of accounting, in accordance with a comprehensive basis of accounting other than generally accepted accounting principles.

To the Board of Education
Peotone Community Unit School
District 207U

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements taken as a whole, and, in our opinion, is fairly stated in all material respects in relation to the financial statements as a whole.

This report is intended solely for the information and use of the management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Gassensmith & Associates, Ltd.
Certified Public Accountants

Joliet, Illinois
September 10, 2010

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>ISBE Project No. /Federal Project No.</u>	<u>Federal Expenditures</u>	<u>Total by CFDA Number</u>	<u>Major Programs</u>
<u>U.S. Department of Health and Human Services</u>					
Passed through Illinois Healthcare & Family Services					
Medicaid program administration	93.778	2009-4900	18,426	\$ 135,151	
		2010-4900	116,725		
<u>U.S. Department of Human Services</u>					
Passed through Illinois Department of Human Services					
STEP	84.126	444040CL001548	14,546	14,546	
<u>U.S. Department of Agriculture</u>					
Passed through Illinois State Board of Education					
National School Lunch Program	10.555	2009-4210	11,958	83,778	
		2010-4210	71,820		
Special Milk Program	10.556	2009-4215	687	9,057	
		2010-4215	8,370		
Non-cash Commodities	10.555		16,243	16,243	
Dept. of Defense Fresh Fruits and Vegetables	10.555		4,311	4,311	
<u>U.S. Department of Education</u>					
Passed through Illinois State Board of Education					
Special Education - IDEA	84.027A	2009-4625	3,063	3,063	
Special Education -IDEA-Flow Through/ Low Incidence	84.391	2010-4620	270,776	270,776	X
Title I - Low Income	84.010A	2009-4300	89,552	177,787	
		2010-4300	88,235		
Title II - Teacher Quality	84.367A	2008-4932	2,749	47,157	
		2009-4932	1,610		
		2010-4932	42,798		
Title IV - Safe & Drug Free Sch - Formula	84.186A	2009-4400	528	4,473	
		2010-4400	3,945		
ARRA-General State Aid-Education SFSF	84.394A	2010-4850	402,593	402,593	X
ARRA-General State Aid-Government SFSF	84.397A	2010-4870	133,643	133,643	
Total Federal Award Expenditures				<u>\$ 1,302,578</u>	

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U

Notes to Schedule of Expenditures of Federal Awards
June 30, 2010

Note 1 Accounting Basis

The schedule of expenditures of federal awards includes the federal grant activity of the Peotone Community Unit School District 207U, Illinois and is presented on the cash basis of accounting under guidelines prescribed by the Illinois State Board of Education. Accordingly, revenues are recognized and recorded in the accounts when cash is received. In the same manner, expenditures are recognized and recorded upon the disbursement of cash.

Note 2 Subrecipients

Of the federal expenditures in the schedule, Peotone Community Unit School District 207U provided no federal awards to subrecipients.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U

Summary of Findings and Questionable Costs
June 30, 2010

A. SUMMARY OF AUDIT RESULTS

1. We have audited the financial statements of Peotone Community Unit School District 207U as of and for the year ended June 30, 2010. The District's policy is to prepare its financial statements on the cash basis, which is a comprehensive basis of accounting other than generally accepted accounting principles. The auditor's report expresses an unqualified opinion on the financial statements prepared in accordance with a comprehensive basis of accounting other than generally accepted accounting principles.
2. No reportable conditions relating to the audit of the combined financial statements are reported in the Report on Compliance and on Internal Controls Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*.
3. No instances of noncompliance material to the combined financial statements of Peotone Community Unit School District 207U were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.
5. The Auditor's Report on Compliance for the major federal award programs for Peotone Community Unit School District 207U expresses an unqualified opinion on all major federal programs.
6. Audit findings relative to the major federal award programs for the Peotone Community Unit School District 207U are reported in Part C of this Schedule.
7. The programs tested as major programs include Special Education-IDEA-Flow Through/Low Incidence (CFDA 84.391) and ARRA-General State Aid Program (CFDA 84.394A).
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Peotone Community Unit School District 207U was determined to be a low-risk auditee.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U

Summary of Findings and Questionable Costs
June 30, 2010

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

Our opinion was adverse because financial statements are not prepared in accordance with generally accepted accounting principles.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U

Summary Schedule of Prior Audit Findings
June 30, 2010

There are no prior audit findings that affected federally funded programs