
Peotone Community Unit
School District 207U

Annual Financial Report

Peotone, Illinois

June 30, 2011

PEOTONE COMMUNITY UNIT
SCHOOL DISTRICT 207U
WILL COUNTY, ILLINOIS

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PEOTONE COMMUNITY UNIT
SCHOOL DISTRICT 207U
WILL COUNTY, ILLINOIS

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CERTIFIED PUBLIC ACCOUNTANTS

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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, 2011, 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, 2011, or changes in financial position for the fiscal year then ended.

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

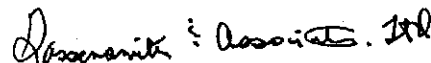
The District has omitted disclosures required by Governmental Accounting Standards Board Statement 45 *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. The amount by which this disclosure would affect the financial statements is not reasonably determinable.

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, 2011, 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 August 8, 2011, 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

August 8, 2011

GASSENSMITH & ASSOCIATES, LTD.

CERTIFIED PUBLIC ACCOUNTANTS

323 SPRINGFIELD AVENUE JOLIET, ILLINOIS 60435

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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, 2011, and have issued our report thereon dated August 8, 2011. 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, except for the effect of the omitted disclosures required by Governmental Accounting Standards Board Statement 45, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*, on the cash basis of accounting, in accordance with regulatory reporting requirements established by the Illinois State Board of Education, which is a comprehensive basis of accounting 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.

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

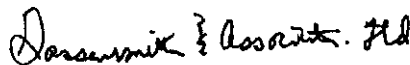
A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 internal control that might be significant deficiencies or material weaknesses, and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. 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, Ltd.
Certified Public Accountants

August 8, 2011

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U
WILL COUNTY, ILLINOIS
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
ARISING FROM CASH TRANSACTIONS - REGULATORY BASIS
JUNE 30, 2011

	Educational	Operations and Maintenance	Debt Services	Transportation	Municipal Retirement/ Social Security
<u>Assets</u>					
Cash and Cash Equivalents	3,873,975	401,091	2,150,497	760,443	233,127
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>3,873,975</u>	<u>401,091</u>	<u>2,150,497</u>	<u>760,443</u>	<u>233,127</u>
<u>Liabilities and Fund Balances</u>					
<u>Liabilities</u>					
Tax Anticipation Warrant	-	-	-	-	-
Due to Organizations	-	-	-	-	-
Bonds Payable	-	-	-	-	-
Other Long-term Liabilities	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund Balances:</u>					
Reserved	6,394	-	-	-	233,127
Unreserved	3,867,581	401,091	2,150,497	760,443	-
Investments in General Fixed Assets	-	-	-	-	-
Total Fund Balances	<u>3,873,975</u>	<u>401,091</u>	<u>2,150,497</u>	<u>760,443</u>	<u>233,127</u>
Total Liabilities and Fund Balances	<u>3,873,975</u>	<u>401,091</u>	<u>2,150,497</u>	<u>760,443</u>	<u>233,127</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)
2,539,432	12,315	4,118	200,575	-	-	10,175,573
-	-	-	-	-	-	-
-	-	-	-	2,973,996	-	2,973,996
-	-	-	-	28,436,497	-	28,436,497
-	-	-	-	839,002	-	839,002
-	-	-	-	3,349,905	-	3,349,905
-	-	-	-	4,121,256	-	4,121,256
-	-	-	-	-	-	-
-	-	-	-	-	2,150,497	2,150,497
-	-	-	-	-	26,934,598	26,934,598
-	-	-	-	-	76,561	76,561
<u>2,539,432</u>	<u>12,315</u>	<u>4,118</u>	<u>200,575</u>	<u>39,720,656</u>	<u>29,161,656</u>	<u>79,057,885</u>
-	-	-	-	-	-	-
-	-	-	200,575	-	-	200,575
-	-	-	-	-	29,079,000	29,079,000
-	-	-	-	-	82,656	82,656
-	-	-	<u>200,575</u>	-	<u>29,161,656</u>	<u>29,362,231</u>
-	-	-	-	-	-	239,521
2,539,432	12,315	4,118	-	-	-	9,735,477
-	-	-	-	<u>39,720,656</u>	-	<u>39,720,656</u>
<u>2,539,432</u>	<u>12,315</u>	<u>4,118</u>	-	<u>39,720,656</u>	-	<u>49,695,654</u>
<u>2,539,432</u>	<u>12,315</u>	<u>4,118</u>	<u>200,575</u>	<u>39,720,656</u>	<u>29,161,656</u>	<u>79,057,885</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, 2011

	Educational	Operations and Maintenance	Debt Services
Revenue Received:			
Local Sources	8,262,969	1,259,835	4,093,184
State Sources	3,755,386	-	-
Federal Sources	818,795	-	-
Total Direct Receipts	12,837,150	1,259,835	4,093,184
Receipts for On-Behalf Payments	1,818,800	-	-
Total Revenues	14,655,950	1,259,835	4,093,184
Expenditures Disbursed:			
Instruction	9,340,434	-	-
Support Services	2,670,353	1,423,422	-
Community Services	-	-	-
Payments to Other Districts and Governmental Units	1,336,783	-	-
Debt Service	8,211	71,957	4,129,540
Total Direct Disbursements	13,355,781	1,495,379	4,129,540
Disbursements for On-Behalf Payments	1,818,800	-	-
Total Expenditures	15,174,581	1,495,379	4,129,540
Excess (Deficiency) of Revenues Over Expenditures	(518,631)	(235,544)	(36,356)
Other Financing Sources:			
Abolishment of the Working Cash Fund Transfer to Pay Principal and Interest on Capital Leases	2,400,000	-	-
Principal on Bonds Sold	-	-	64,698
Premium on Bond Sold	-	-	267,261
Other Financing (Uses):			
Abolishment of the Working Cash Fund Transfer to Pay Principal and Interest on Capital Leases	-	-	-
Other Uses Not Classified Elsewhere	(64,698)	-	-
Total Other Financing Sources and (Uses)	2,335,302	-	331,959
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	1,816,671	(235,544)	295,603
Beginning Fund Balance - July 1, 2010	2,057,304	636,635	1,854,894
Ending Fund Balance - June 30, 2011	3,873,975	401,091	2,150,497

The accompanying notes are an integral part of these statements

Statement 2

Transportation	Municipal Retirement/ Social Security	Working Cash	Tort	Fire Prevention and Safety	Total (Memorandum Only)
526,266	775,540	143,369	74,494	9	15,135,666
1,548,735	-	-	-	-	5,304,121
-	-	-	-	-	818,795
<u>2,075,001</u>	<u>775,540</u>	<u>143,369</u>	<u>74,494</u>	<u>9</u>	<u>21,258,582</u>
-	-	-	-	-	1,818,800
<u>2,075,001</u>	<u>775,540</u>	<u>143,369</u>	<u>74,494</u>	<u>9</u>	<u>23,077,382</u>
-	231,451	-	-	-	9,571,885
1,528,441	310,962	-	69,000	-	6,002,178
-	-	-	-	-	-
-	-	-	-	-	1,336,783
-	-	-	-	-	4,201,497
<u>1,528,441</u>	<u>542,413</u>	-	<u>69,000</u>	-	<u>21,112,343</u>
-	-	-	-	-	1,818,800
<u>1,528,441</u>	<u>542,413</u>	-	<u>69,000</u>	-	<u>22,931,143</u>
546,560	233,127	143,369	5,494	9	146,239
-	-	-	-	-	2,400,000
-	-	-	-	-	64,698
-	-	10,142,739	-	-	10,410,000
-	-	258,852	-	-	258,852
-	-	(2,400,000)	-	-	(2,400,000)
-	-	-	-	-	(64,698)
-	-	(5,760,101)	-	-	(5,760,101)
-	-	2,241,490	-	-	4,908,751
546,560	233,127	2,384,859	5,494	9	5,046,779
213,883	-	154,573	6,821	4,109	4,928,219
<u>760,443</u>	<u>233,127</u>	<u>2,539,432</u>	<u>12,315</u>	<u>4,118</u>	<u>9,974,998</u>

2

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U
WILL COUNTY, ILLINOIS
STATEMENT OF REVENUE RECEIVED - ALL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Educational	Operations and Maintenance	Debt Services
Revenue Received:			
Revenue from Local Sources:			
Ad Valorem Taxes Levied:			
Designated Purposes Levies	6,935,267	1,199,233	4,093,036
Special Education Levy	74,491	-	-
Social Security/Medicare Levy	-	-	-
Other Levies	99,990	-	-
Payments in Lieu of Taxes:			
Corporate Personal Property			
Replacement Taxes	168,184	-	-
Other Payments in Lieu of Taxes	-	-	-
Interest on Investments	8,336	4,019	148
Food Service:			
Sales to Pupils-Lunch	310,342	-	-
Pupil Activities:			
Admissions Athletic	33,441	-	-
Admissions Other	28,980	-	-
Fees	199,254	-	-
Textbooks:			
Rentals:			
Regular Textbooks	269,191	-	-
Rentals	-	31,678	-
Contributions from Private Sources	-	23,986	-
Refund of Prior Years' Expenditures	26,590	-	-
Local Fees	-	-	-
Tuition	75,070	-	-
Drivers' Education Fees	12,100	-	-
Other Local Revenue	21,733	919	-
Total Revenue from Local Sources	8,262,969	1,259,835	4,093,184
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.

Statement 3

<u>Trans- portation</u>	<u>Municipal Retirement/ Social Security</u>	<u>Capital Projects</u>	<u>Working Cash</u>	<u>Tort</u>	<u>Fire Prevention and Safety</u>	<u>Total (Memorandum Only)</u>
475,130	174,481	-	143,358	74,491	-	13,094,996
-	-	-	-	-	-	74,491
-	151,003	-	-	-	-	151,003
-	-	-	-	-	-	99,990
-	450,000	-	-	-	-	618,184
-	-	-	-	-	-	-
48	56	-	11	3	9	12,630
-	-	-	-	-	-	310,342
-	-	-	-	-	-	33,441
-	-	-	-	-	-	28,980
-	-	-	-	-	-	199,254
-	-	-	-	-	-	269,191
-	-	-	-	-	-	31,678
-	-	-	-	-	-	23,986
-	-	-	-	-	-	26,590
9,978	-	-	-	-	-	9,978
-	-	-	-	-	-	75,070
-	-	-	-	-	-	12,100
<u>41,110</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,762</u>
<u>526,266</u>	<u>775,540</u>	<u>-</u>	<u>143,369</u>	<u>74,494</u>	<u>9</u>	<u>15,135,666</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U
WILL COUNTY, ILLINOIS
STATEMENT OF REVENUE RECEIVED - ALL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Educational</u>	<u>Operations and Maintenance</u>	<u>Debt Services</u>
Title IV - Safe & Drug Free Schools:			
Formula	-	-	-
Vocational Education:			
Title II - Teacher Quality	43,573	-	-
Medicaid Matching Funds -			
Administrative Outreach	41,906	-	-
Medicaid Matching Funds - Fee-for-			
Service Program	12,402	-	-
Federal-Special Education:			
Preschool-Flow-Through	11,113	-	-
IDEA - Flow Through Low			
Incidence	200,683	-	-
IDEA - Room and Board	57,128	-	-
Other Restricted Revenue from Federal	12,589	-	-
Stimulus Program:			
Other ARRA Funds XI	214,863	-	-
 Total Revenue from Federal Sources	 <u>818,795</u>	 <u>-</u>	 <u>-</u>
 Total Revenues	 <u>12,837,150</u>	 <u>1,259,835</u>	 <u>4,093,184</u>

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

Statement 3
(continued)

<u>Trans- portation</u>	<u>Municipal Retirement/ Social Security</u>	<u>Capital Projects</u>	<u>Working Cash</u>	<u>Tort</u>	<u>Fire Prevention and Safety</u>	<u>Total (Memorandum Only)</u>
-	-	-	-	-	-	2,368,948
-	-	-	-	-	-	-
-	-	-	-	-	-	317,185
-	-	-	-	-	-	338,280
-	-	-	-	-	-	437,626
-	-	-	-	-	-	19,862
-	-	-	-	-	-	3,636
-	-	-	-	-	-	-
-	-	-	-	-	-	-
864,759	-	-	-	-	-	864,759
683,976	-	-	-	-	-	683,976
-	-	-	-	-	-	2,654
-	-	-	-	-	-	26,946
-	-	-	-	-	-	205,545
-	-	-	-	-	-	24,371
-	-	-	-	-	-	8,922
-	-	-	-	-	-	1,411
<u>1,548,735</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,304,121</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	94,746
-	-	-	-	-	-	10,234
-	-	-	-	-	-	-
-	-	-	-	-	-	119,558

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U
WILL COUNTY, ILLINOIS
STATEMENT OF REVENUE RECEIVED - ALL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Educational</u>	<u>Operations and Maintenance</u>	<u>Debt Services</u>
Revenue from State Sources:			
Unrestricted Grants-in-Aid:			
General State Aid - Sec 18-8.05	2,368,948	-	-
Other Unrestricted	-	-	-
Restricted Grants-in-Aid:			
Special Education:			
Private Facility Tuition	317,185	-	-
Extraordinary	338,280	-	-
Personnel	437,626	-	-
Summer School	19,862	-	-
Career and Technical Education (CTE):			
CTE-Agriculture Education	3,636	-	-
CTE-Other	-	-	-
Vocational Education			
Transportation Aid:			
Regular/Vocational	-	-	-
Special Education	-	-	-
State Free Lunch & Breakfast	2,654	-	-
Driver's Education	26,946	-	-
Early Childhood-Block Grant	205,545	-	-
Reading Improvement Block Grant	24,371	-	-
School Safety & Educational Improvement			
Block Grant	8,922	-	-
Other State Funds	1,411	-	-
Total Revenue from State Sources	<u>3,755,386</u>	<u>-</u>	<u>-</u>
Revenue from Federal Sources:			
Restricted Grants-in-Aid Received			
Directly from the Federal Government			
Through the State:			
Title V - Innovation & Flex Formula	-	-	-
Title V - State Assessments:			
Food	-	-	-
Food Service:			
National Lunch Program	94,746	-	-
Special Milk	10,234	-	-
Food Service-Other	-	-	-
Title I:			
Low Income	119,558	-	-

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

Statement 3
(continued)

<u>Trans- portation</u>	<u>Municipal Retirement/ Social Security</u>	<u>Capital Projects</u>	<u>Working Cash</u>	<u>Tort</u>	<u>Fire Prevention and Safety</u>	<u>Total (Memorandum Only)</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	43,573
-	-	-	-	-	-	41,906
-	-	-	-	-	-	12,402
-	-	-	-	-	-	11,113
-	-	-	-	-	-	200,683
-	-	-	-	-	-	57,128
-	-	-	-	-	-	12,589
-	-	-	-	-	-	<u>214,863</u>
-	-	-	-	-	-	<u>818,795</u>
<u>2,075,001</u>	<u>775,540</u>	<u>-</u>	<u>143,369</u>	<u>74,494</u>	<u>9</u>	<u>21,258,582</u>

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U
WILL COUNTY, ILLINOIS
STATEMENT OF EXPENDITURES DISBURSED
(AND COMPARISON WITH BUDGET)
EDUCATIONAL FUND
JUNE 30, 2011

Statement 4

	Actual	Budget	Unexpended Budget
Expenditures Disbursed:			
Instruction:			
Regular Programs:			
Salaries	4,706,719	4,788,700	81,981
Employee Benefits	1,234,266	1,719,600	485,334
Purchased Services	119,107	135,850	16,743
Supplies and Materials	266,288	274,410	8,122
Capital Outlay	-	-	-
Other Objects	1,861	3,400	1,539
Non-Capitalized Equipment	-	-	-
Total Regular Programs	<u>6,328,241</u>	<u>6,921,960</u>	<u>593,719</u>
Pre-K Programs:			
Salaries	186,200	186,200	-
Employee Benefits	47,134	59,800	12,666
Purchased Services	8,152	8,200	48
Supplies and Materials	31,854	25,500	(6,354)
Capital Outlay	-	-	-
Other Objects	-	-	-
Non-Capitalized Equipment	-	-	-
Total Pre-K Programs	<u>273,340</u>	<u>279,700</u>	<u>6,360</u>
Special Education Programs:			
Salaries	1,716,594	1,793,500	76,906
Employee Benefits	415,935	516,400	100,465
Purchased Services	81,770	82,000	230
Supplies and Materials	17,746	37,000	19,254
Capital Outlay	-	-	-
Total Special Education Programs	<u>2,232,045</u>	<u>2,428,900</u>	<u>196,855</u>
Remedial and Suppl Programs K-12:			
Purchased Services	750	-	(750)
Total Remedial and Suppl Programs	<u>750</u>	<u>-</u>	<u>(750)</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)
EDUCATIONAL FUND
JUNE 30, 2011

Statement 4
(continued)

	<u>Actual</u>	<u>Budget</u>	<u>Unexpended Budget</u>
CTE Programs:			
Salaries	142,849	139,000	(3,849)
Employee Benefits	30,239	32,980	2,741
Purchased Services	1,500	1,500	-
Supplies and Materials	21,104	23,679	2,575
Capital Outlay	-	-	-
Non-Capitalized Equipment	-	-	-
Total CTE Programs	<u>195,692</u>	<u>197,159</u>	<u>1,467</u>
Interscholastic Programs:			
Salaries	121,552	129,000	7,448
Employee Benefits	30,595	39,500	8,905
Purchased Services	99,922	99,922	-
Supplies and Materials	33,629	33,750	121
Total Interscholastic Programs	<u>285,698</u>	<u>302,172</u>	<u>16,474</u>
Driver's Education Program:			
Salaries	22,839	40,000	17,161
Employee Benefits	-	-	-
Purchased Services	-	-	-
Supplies and Materials	1,829	12,000	10,171
Total Driver's Education Programs	<u>24,668</u>	<u>52,000</u>	<u>27,332</u>
Total Instruction	<u>9,340,434</u>	<u>10,181,891</u>	<u>841,457</u>
Supporting Services:			
Support Services - Pupils			
Guidance Services:			
Salaries	107,000	107,000	-
Employee Benefits	22,507	25,000	2,493
Purchased Services	35,000	35,000	-
Supplies and Materials	2,053	2,200	147
Total Guidance Services	<u>166,560</u>	<u>169,200</u>	<u>2,640</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)
EDUCATIONAL FUND
JUNE 30, 2011

Statement 4
(continued)

	Actual	Budget	Unexpended Budget
Health Services:			
Salaries	59,910	60,500	590
Employee Benefits	6,914	14,400	7,486
Purchased Services	-	1,000	1,000
Supplies and Materials	5,775	9,000	3,225
Other Objects	-	-	-
Total Health Services	<u>72,599</u>	<u>84,900</u>	<u>12,301</u>
Other Support Services - Pupils:			
Supplies and Materials	4,089	5,000	911
Total Support Services - Pupils	<u>243,248</u>	<u>259,100</u>	<u>15,852</u>
Support Services - Instructional Staff:			
Improvement of Instructional Svc			
Salaries	451,999	580,200	128,201
Employee Benefits	94,961	106,100	11,139
Purchased Services	27,748	25,100	(2,648)
Supplies and Materials	11,040	5,250	(5,790)
Capital Outlay	3,538	-	(3,538)
Other Objects	17,000	17,000	-
Total Improvement of Instructional	<u>606,286</u>	<u>733,650</u>	<u>127,364</u>
Educational Media Services:			
Salaries	53,002	54,000	998
Employee Benefits	12,286	13,500	1,214
Purchased Services	-	500	500
Supplies and Materials	23,708	26,500	2,792
Total Educational Media Svc	<u>88,996</u>	<u>94,500</u>	<u>5,504</u>
Total Support Services - Instructional Staff	<u>695,282</u>	<u>828,150</u>	<u>132,868</u>
Support Services - General Administration:			
Board of Education Services:			
Salaries	37,998	38,000	2
Employee Benefits	19,545	19,862	317
Purchased Services	52,372	63,600	11,228
Supplies and Materials	-	-	-
Other Objects	30,857	31,800	943
Total Board of Education Svc	<u>140,772</u>	<u>153,262</u>	<u>12,490</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)
EDUCATIONAL FUND
JUNE 30, 2011

Statement 4
(continued)

	Actual	Budget	Unexpended Budget
Executive Admin Services:			
Salaries	122,598	122,500	(98)
Employee Benefits	12,304	14,488	2,184
Purchased Services	1,925	2,000	75
Supplies and Materials	1,359	1,300	(59)
Total Executive Admin Svc	<u>138,186</u>	<u>140,288</u>	<u>2,102</u>
Tort Immunity Services:			
Other Objects	84,972	85,000	28
Total Support Services -	<u>363,930</u>	<u>378,550</u>	<u>14,620</u>
Support Services - School Administration			
Office of the Principal Services:			
Salaries	401,200	401,200	-
Employee Benefits	73,000	73,000	-
Purchased Services	1,142	2,000	858
Supplies and Materials	848	1,250	402
Capital Outlay	-	-	-
Other Objects	-	-	-
Total Ofc of the Principal Svc	<u>476,190</u>	<u>477,450</u>	<u>1,260</u>
Support Services - Business			
Dir of Business Support Services:			
Salaries	78,927	79,000	73
Employee Benefits	5,994	6,000	6
Purchased Services	-	-	-
Supplies and Materials	399	900	501
Capital Outlay	-	-	-
Other Objects	435	500	65
Non-Capitalized Equipment	-	-	-
Total Dir Bus Support Services	<u>85,755</u>	<u>86,400</u>	<u>645</u>
Fiscal Services			
Salaries	65,000	65,000	-
Employee Benefits	14,000	14,000	-
Purchased Services	1,295	1,400	105
Supplies and Materials	3,813	6,100	2,287
Total Fiscal Services	<u>84,108</u>	<u>86,500</u>	<u>2,392</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)
EDUCATIONAL FUND
JUNE 30, 2011

Statement 4
(continued)

	Actual	Budget	Unexpended Budget
Operation and Maintenance of			
Plant Services:			
Purchased Services	8,651	23,000	14,349
Other Objects	-	-	-
Total Operation and Maintenance of Plant Services	<u>8,651</u>	<u>23,000</u>	<u>14,349</u>
Food Services:			
Salaries	164,299	160,500	(3,799)
Employee Benefits	19,000	19,000	-
Purchased Services	480	2,000	1,520
Supplies and Materials	190,339	212,400	22,061
Other Objects	-	2,000	2,000
Total Food Services	<u>374,118</u>	<u>395,900</u>	<u>21,782</u>
Total Support Services - Business	<u>552,632</u>	<u>591,800</u>	<u>39,168</u>
Support Services - Central			
Information Services:			
Salaries	109,023	110,000	977
Employee Benefits	15,156	22,000	6,844
Purchased Services	13,776	18,000	4,224
Supplies and Materials	148,067	141,000	(7,067)
Capital Outlay	40,379	65,000	24,621
Non-Capitalized Equipment	2,670	-	(2,670)
Total Information Services	<u>329,071</u>	<u>356,000</u>	<u>26,929</u>
Total Support Services - Central	<u>329,071</u>	<u>356,000</u>	<u>26,929</u>
Other Support Services:			
Other Objects	10,000	-	(10,000)
Total Other Supporting Services	<u>10,000</u>	<u>-</u>	<u>(10,000)</u>
Total Supporting Services	<u>2,670,353</u>	<u>2,891,050</u>	<u>220,697</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)
EDUCATIONAL FUND
JUNE 30, 2011

Statement 4
(continued)

	<u>Actual</u>	<u>Budget</u>	<u>Unexpended Budget</u>
Nonprogrammed Charges:			
Payments to Other Governmental Units			
Payments for Spec Educ Programs:			
Purchased Services	176,697	180,000	3,303
Payments for Vocational Education			
Purchased Services	<u>1,160,086</u>	<u>1,191,000</u>	<u>30,914</u>
Total Payments to Other Govern- mental Units (In-State)	<u>1,336,783</u>	<u>1,371,000</u>	<u>34,217</u>
Debt Service			
Tax Anticipation Warrants	<u>8,211</u>	<u>8,300</u>	<u>89</u>
Provision for Contingencies	-	-	-
Total Expenditures	<u>13,355,781</u>	<u>14,452,241</u>	<u>1,096,460</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, 2011

Statement 5

	Actual	Budget	Unexpended Budget
Expenditures Disbursed:			
Supporting Services:			
Support Services - Business			
Facilities Acquisition and Construction Services			
Non-Capitalized Equipment	-	47,400	47,400
Other Objects	-	-	-
Total Facilities Acquisition and Construction Services	-	47,400	47,400
Operation and Maintenance of Plant Services:			
Salaries	520,655	595,000	74,345
Employee Benefits	107,244	112,300	5,056
Purchased Services	352,669	389,700	37,031
Supplies and Materials	394,495	395,500	1,005
Capital Outlay	37,832	38,500	668
Other Objects	527	10,600	10,073
Total Operation and Maintenance of Plant Services	1,413,422	1,541,600	128,178
Total Support Services - Business	1,413,422	1,589,000	175,578
Other Support Services			
Other Objects	10,000	-	(10,000)
Debt Services-Interest on Short-Term Debt:			
Other Objects	71,957	-	(71,957)
Provision for Contingencies	-	-	-
Total Expenditures	1,495,379	1,589,000	93,621

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, 2011

Statement 6

	<u>Actual</u>	<u>Budget</u>	<u>Unexpended Budget</u>
Expenditures Disbursed:			
Debt Services:			
Debt Service - Interest	748,169	920,366	172,197
Debt Service - Principal	3,371,747	3,265,000	(106,747)
Debt Service - Other	<u>9,624</u>	<u>9,000</u>	<u>(624)</u>
Total Expenditures	<u>4,129,540</u>	<u>4,194,366</u>	<u>64,826</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, 2011

Statement 7

	Actual	Budget	Unexpended Budget
Expenditures Disbursed:			
Supporting Services:			
Support Services - Business			
Pupil Transportation Services:			
Salaries	695,574	746,900	51,326
Employee Benefits	23,293	35,000	11,707
Purchased Services	65,721	82,500	16,779
Supplies and Materials	391,886	441,000	49,114
Capital Outlay	351,544	375,000	23,456
Other Objects	423	5,000	4,577
Total Pupil Transportation Services	1,528,441	1,685,400	156,959
Total Support Services - Business	1,528,441	1,685,400	156,959
Provision for Contingencies			
Other Objects	-	-	-
Total Expenditures	1,528,441	1,685,400	156,959

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, 2011

Statement 8

	<u>Actual</u>	<u>Budget</u>	<u>Unexpended Budget</u>
Expenditures Disbursed:			
Instruction:			
Regular Programs:			
Employee Benefits	110,630	270,000	159,370
Pre-K Programs:			
Employee Benefits	7,429	13,000	
Special Education Programs:			
Employee Benefits	106,525	-	(106,525)
Special Education Programs-Pre-K:			
Employee Benefits	2,892	-	(2,892)
Vocation Programs:			
Employee Benefits	1,921	2,000	79
Interscholastic Programs			
Employee Benefits	1,755	3,000	1,245
Gifted			
Employee Benefits	154	-	(154)
Driver's Education Programs:			
Employee Benefits	145	-	(145)
Total Instruction	<u>231,451</u>	<u>288,000</u>	<u>50,978</u>
Supporting Services:			
Support Services - Pupils			
Guidance Services:			
Employee Benefits	5,606	75,000	69,394
Health Services:			
Employee Benefits	10,421	12,000	1,579
Other Support Services - Pupils:			
Employee Benefits	-	-	-
Total Support Services - Pupils	<u>16,027</u>	<u>87,000</u>	<u>70,973</u>
Support Services - Instructional Staff:			
Improvement of Instruction Services:			
Employee Benefits	6,370	9,000	2,630
Educational Media Services:			
Employee Benefits	721	1,500	779
Total Support Services - Instructional Staff	<u>7,091</u>	<u>10,500</u>	<u>3,409</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)
MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Statement 8

	<u>Actual</u>	<u>Budget</u>	<u>Unexpended Budget</u>
Support Services - General			
Administration:			
Board of Education Services:			
Employee Benefits	6,562	7,000	438
Executive Administration Services:			
Employee Benefits	<u>1,776</u>	<u>3,000</u>	<u>1,224</u>
Total Support Services - General Administration	<u>8,338</u>	<u>10,000</u>	<u>1,662</u>
Support Services - School Administration:			
Office of the Principal Svc:			
Employee Benefits	<u>5,735</u>	<u>8,500</u>	<u>2,765</u>
Support Services - Business			
Director of Business Support:			
Employee Benefits	12,681	14,000	1,319
Fiscal Services:			
Employee Benefits	11,444	13,000	1,556
Operation and Maintenance of Plant Services:			
Employee Benefits	84,911	120,000	35,089
Pupil Transportation Svc:			
Employee Benefits	117,429	141,000	23,571
Food Services:			
Employee Benefits	26,812	28,000	1,188
Internal Services:			
Employee Benefits	<u>20,494</u>	<u>-</u>	<u>(20,494)</u>
Total Support Services - Business	<u>273,771</u>	<u>316,000</u>	<u>42,229</u>
Support Services - Central			
Information Services			
Employee Benefits	<u>-</u>	<u>21,500</u>	<u>21,500</u>
Total Support Services - Central	<u>-</u>	<u>21,500</u>	<u>21,500</u>
Total Support Services	<u>310,962</u>	<u>453,500</u>	<u>142,538</u>
Total Expenditures	<u>542,413</u>	<u>741,500</u>	<u>193,516</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)
TORT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Statement 9

	Actual	Budget	Unexpended Budget
Expenditures Disbursed:			
Support Services:			
Support Services -			
General Administration			
Insurance payments			
Purchased Services	69,000	69,000	-
Total Support Services -			
General Administration	69,000	69,000	-
Total Expenditures	69,000	69,000	-

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, 2011

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, 2011

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, 2011

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, 2011

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, 2011

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

Capital assets purchased or acquired with an original cost of \$1,500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. 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 \$705,956 has been utilized for the calculation of the per capita tuition charge and accumulated depreciation totaling \$16,022,600 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
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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 20, 2010 and amended on June 20, 2011.

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
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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, 2011

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 2010 levy was passed by the Board on December 20, 2010. 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 \$6,785,581 from the 2010 tax levy prior to June 30, 2011. The balance of taxes shown in these financial statements are from the 2009 and prior tax levies.

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

	Maximum Rate	Actual 2010 Rate	Actual 2009 Rate
Educational	4.0000	1.7879	1.7224
Operations & Maintenance	0.7500	0.3107	0.2961
Transportation	None	0.1233	0.1175
Bond and Interest	None	1.0320	1.0391
Municipal Retirement	None	0.0453	0.0431
Social Security	None	0.0392	0.0373
Tort Immunity	None	0.0193	0.0184
Special Education	0.5000	0.0194	0.0185
Working Cash	0.0500	0.0464	0.0260
Lease Purchase	1.0000	<u>0.0260</u>	<u>0.0246</u>
Total		<u>3.4495</u>	<u>3.3430</u>

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Note #3 Special Tax Levies and Restricted Equity

Beginning with the fiscal year 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints:

A. **Nonspendable Fund Balance**

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example inventories and prepaid amounts. Due to the cash basis nature of the district all such items are expensed at the time of purchase, so there is nothing to report for this classification.

B. **Restricted Fund Balance**

The restricted fund balance classification refers to amounts that are subject to outside restrictions, not controlled by the entity. Things such as restrictions imposed by creditors, grantors, contributors or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. Special Revenue Funds are by definition restricted for those specified purposes. The District has several revenue sources received within different funds that also fall into these categories –

1. **Special Education**

Cash receipts and the related cash disbursement of this restricted tax levy are accounted for in the Educational Fund. Expenditures disbursed exceeded revenue received for this purpose, resulting in no restricted fund balance.

2. **Leasing**

Cash receipts and the related cash disbursement of this restricted tax levy are accounted for in the Educational Fund. Expenditures disbursed exceeded revenue received for this purpose, resulting in no restricted fund balance.

3. **State Grants**

Proceeds from state grants and the related expenditures have been included in the Educational and Transportation Funds. At June 30, 2011, expenditures disbursed exceeded revenue received from state grants, except Early Childhood-Block Grant resulting in a restricted fund balance of \$5,671 This balance is included in the financial statements as Reserved in the Ed. Fund.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U
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NOTES TO FINANCIAL STATEMENTS
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Note #3 Fund Balance Reporting (continued)

B. Restricted Fund Balance (continued)

4. Federal Grants

Proceeds from federal grants and the related expenditures have been included in the Educational Fund. At June 30, 2011, expenditures disbursed from federal grants exceeded revenues received for those specific purposes in the Educational Fund, except Title I-Low Income resulting in a restricted balance of \$723. This balance is included in the financial statements as Reserved in the Education Fund.

5. Social Security

Cash disbursed and the related cash receipts of this restricted tax levy are accounted for in the Municipal Retirement/Social Security Fund. Revenue received did not exceed expenditures disbursed for this purpose, resulting in no restricted fund balance.

C. Committed Fund Balance

The committed fund balance classification refers to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority (the School Board). Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of formal action it employed to previously commit those amounts.

The School Board commits fund balance by making motions or passing resolutions to adopt policy or approve contracts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements

Employee contracts for services rendered during the school year for employees electing twelve month pay schedules are recorded as disbursements in the fiscal year when such checks are drawn. At June 30, 2011, the total amount of unpaid contracts for services performed during the fiscal year ended June 30, 2011 amounted to \$720,532. This amount is shown as Unreserved in the Educational Fund.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U
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NOTES TO FINANCIAL STATEMENTS
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Note #3 Fund Balance Reporting (continued)

D. Assigned Fund Balance

The assigned fund balance classification refers to amounts that are constrained by the governments' intent to be used for a specific purpose, but are neither restricted nor committed. Intent may be expressed by (a) the School Board itself or (b) the financial committee or by the Superintendent when the School Board has delegated the authority to assign amounts to be used for specific purposes.

Under the assigned fund balance definition \$351,544 of the Transportation Fund Balance is assigned for lease of school buses. This balance is included in the financial statements as Unreserved in the Transportation Fund.

E. Unassigned Fund Balance

The unassigned fund balance classification is the residual classification for amounts in the General Operating Funds for amounts that have not been restricted, committed or assigned to specific purposes within the General Funds. Unassigned Fund Balance amounts are shown in the financial statements as Unreserved Fund Balances in the Educational, Operations and Maintenance, Transportation and Working Cash Funds.

F. Regulatory - Fund Balance Definitions

Reserved Fund Balances are those balances that are reserved for a specified purpose, other than the regular purpose of any given fund. Unreserved Fund Balances are all balances that are not reserved for a specific purpose other than the specified purpose of a fund.

G. Reconciliation of Fund Balance Reporting

The first five columns of the following table represent Fund Balance Reporting according to generally accepted accounting principles. The last two columns represent Fund Balance Reporting under the regulatory basis of accounting utilized in preparation of the financial statements.

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Note #3 Fund Balance Reporting (continued)

G. Reconciliation of Fund Balance Reporting (continued)

Fund	Generally Accepted Accounting Principles					Regulatory Basis	
	Nonspend- able	Restricted	Committed	Assigned	Unassigned	Financial Statements - Reserved	Financial Statements - Unreserved
Educational Operations & Maintenance	-	6,394	720,532	-	3,147,049	6,394	3,867,581
Debt Service	-	2,150,497	-	-	401,091	-	401,091
Transportation Municipal Retirement	-	-	-	351,544	408,899	-	760,443
Capital Projects	-	233,127	-	-	-	-	233,127
Working Cash	-	-	-	-	-	-	-
Tort Liability Fire Prevention & Safety	-	12,315	-	-	2,539,432	-	2,539,432
	-	4,118	-	-	-	-	4,118

H. Expenditures of Fund Balance

Unless specifically identified, expenditures act to reduce restricted balances first, then committed balances, next assigned balances, and finally act to reduce unassigned balances. Expenditures for a specifically identified purpose will act to reduce the specific classification of fund balance that is identified.

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;

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U
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NOTES TO FINANCIAL STATEMENTS
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Note #4 Deposits and Investments (continued)

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;
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.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U
WILL COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note #4 Deposits and Investments (continued)

At June 30, 2011, the carrying amount of the District's deposits with financial institutions, which includes demand deposits, savings accounts and certificates of deposits was \$10,175,413 (excludes \$160 petty cash) and the bank balance was \$10,275,488. As of June 30, 2011, 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	9,675,405	9,775,480
Category #3	<u>500,000</u>	<u>500,000</u>
	<u>\$10,175,405</u>	<u>\$10,275,480</u>

Category #1 includes deposits that are uncollateralized.

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:		
Illinois Funds	\$8	\$8

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note #5 Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	Balance <u>7/1/2010</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>6/30/2011</u>
Non-depreciable fixed assets:				
Land	2,973,996	-	-	2,973,996
Depreciable fixed assets:				
Buildings:	28,398,292	38,205	-	28,436,497
Improvements	839,002	-	-	839,002
Transportation				
Equipment	3,096,421	-	-	3,096,421
Equipment	<u>4,330,823</u>	<u>43,917</u>	-	<u>4,374,740</u>
Total Fixed Assets	39,638,534	82,122	-	39,720,656
Accumulated Depreciation:				
Buildings:	7,780,923	568,603	-	8,349,526
Improvements	388,192	41,951	-	430,143
Transportation				
Equipment	3,089,453	2,260	-	3,091,713
Equipment	<u>4,058,076</u>	<u>93,142</u>	-	<u>4,151,218</u>
Total Accumulated Depreciation	<u>15,316,644</u>	<u>705,956</u>	-	<u>16,022,600</u>
Fixed Assets, Net	<u>24,321,890</u>	<u>(623,834)</u>	-	<u>23,698,056</u>

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.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U
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NOTES TO FINANCIAL STATEMENTS
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Note #6 Lease Commitments (continued)

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

The annual future obligation for the District is as follows:

Fiscal Year Ended	Amount
6/30/12	439,056
6/30/13	439,322
6/30/14	<u>351,544</u>
Total	<u>\$1,229,922</u>

During the current year the District paid \$442,807 for lease expenses.

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.

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate for the year ended June 30, 2011, was 9.4 percent of creditable earnings. The same contribution rate applies to members whose first contributing service is on or after Jan 1, 2011, the effective date of the benefit changes contained in Public Act 96-0889. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. The active member contribution rate was also 9.4 percent for the years ended June 30, 2010 and 2009.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U
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NOTES TO FINANCIAL STATEMENTS
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Note #7 Retirement Fund Commitments (continued)

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

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, 2011, State of Illinois contributions were based on 23.10 percent of creditable earnings not paid from federal funds, and the district recognized revenue and expenditures of \$1,752,056 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2010 and June 30, 2009, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 23.38 percent (\$1,917,353) and 17.08 percent (\$1,422,496), 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, 2011 were \$43,991. Contributions for the years ended June 30, 2010 and June 30, 2009 were \$47,565 and \$48,305, respectively.

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

For the year ended June 30, 2011, the employer pension contribution was 23.10 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2010 and 2009, the employer contribution was 23.38 and 17.08 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2011, salaries totaling \$137,711 were paid from federal and special trust funds that required employer contributions of \$31,811. For the years ended June 30, 2009 and June 30, 2009, required district contributions were \$0 and \$0, respectively.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note #7 Retirement Fund Commitments (continued)

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

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

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

For the year ending June 30, 2011, the district paid \$0 to TRS for employer contributions under the ERO program. For the years ended June 30, 2010 and June 30, 2009, the district paid \$129,911 and \$70,663 in employer ERO contributions, respectively.

Salary increases over 6 percent and excess sick leave.

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

For the year ended June 30, 2011, the district paid \$0 to TRS for employer contributions due on salary increases in excess of 6 percent. For the years ended June 30, 2010 and 2009, the district paid \$20,088 and \$12,114 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 (18.03 percent of salary during the year ended June 30, 2011, as rectified pursuant to Public Act 96-1511).

For the year ended June 30, 2011, the district paid \$0 to TRS for sick leave days granted in the excess of the normal annual allotment. For the year ended June 30, 2010 and June 30, 2009, the district paid \$14,388 and \$800 in employer contributions granted for sick leave days, respectively.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U
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NOTES TO FINANCIAL STATEMENTS
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Note #7 Retirement Fund Commitments (continued)

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

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, 2010. The report for the year ended June 30, 2011, is expected to be available in late 2011.

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 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.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note #7 Retirement Fund Commitments (continued)

B. THIS Fund (continued)

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 0.88 percent of pay during the year ended June 30, 2011. State of Illinois contributions were \$66,744 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, 2010 and June 30, 2009 were also 0.84 percent of pay. State contributions on behalf of district employees were \$68,887 and \$69,959, 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 and June 30, 2009.. For the year ended June 30, 2011, the district paid \$50,059 to the THIS Fund. For the years ended June 30, 2010 and June 30, 2009, the district paid \$51,665 and \$52,469 to the THIS Fund, respectively, which was 100 percent of the required contribution.

Further information on THIS Fund. The publicly available financial report of the THIS Fund may be obtained by writing to the Department of Healthcare and Family Services, 201 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

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note #7 Retirement Fund Commitments (continued)

C. Illinois Municipal Retirement Fund (continued)

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 2010 was 9.46 percent of annual covered payroll. The employer annual required contribution rate for calendar year 2010 was 10.12 percent. 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, 2010, the District's annual contribution for pension cost for the Regular were \$264,094. Its required contribution for calendar year 2010 was \$282,519.

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>Obligatio</u>
12/31/2010	282,519	93%	\$0
12/31/2009	258,961	100%	\$0
12/31/2008	270,707	100%	\$0

The required contribution for 2010 was determined as part of the December 31, 2008 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2008 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

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note #7 Retirement Fund Commitments (continued)

C. Illinois Municipal Retirement Fund (continued)

a 20% corridor between the actuarial and market value of assets. Your employer regular plan's unfunded actuarial accrued liability at December 31, 2008 is being amortized as a level percentage of projected payroll on an open 30 year basis. .

Funded Status and Funding Progress. As of December 31, 2010, the most recent actuarial valuation date, the regular plan was 86.48 percent funded. The actuarial accrued liability for benefits was \$5,157,694 and the actuarial value of assets was \$4,460,434, resulting in an underfunded actuarial accrued liability (UAAL) of \$697,260. The covered payroll for calendar year 2010 (annual payroll of active employees covered by the plan) was \$2,791,688 and the ratio of the UAAL to the covered payroll was 25 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value 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, 2011, the District had long-term debt outstanding in the amount of \$29,161,656. During the fiscal year, the following changes occurred in long-term debt account:

	Balance <u>July 1, 2010</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2011</u>
General Obligation Bonds	25,535,000	10,410,000	8,215,000	27,730,000
Note Payable -Land	1,398,000	-	49,000	1,349,000
Capital Lease	140,403	-	57,747	82,656
Total	<u>27,073,403</u>	<u>10,410,000</u>	<u>8,321,747</u>	<u>29,161,656</u>

The long-term debt consists of the following:

Bonded Indebtedness:

Bonded indebtedness is reflected in the General Long-Term Debt Account Group.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U
WILL COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note #8 Long-Term Debt (continued)

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 \$29,079,000.

The following is a schedule of changes in general obligation bonds payable for the year ended June 30, 2011:

	Balance <u>July 1, 2010</u>	<u>Debt Issuance</u>	<u>Retirements</u>	Advance <u>Refunding</u>	Balance <u>June 30, 2011</u>
General Obligations:					
Series 2000A	20,000	-	10,000	-	10,000
Series 2000C	130,000	-	130,000	-	-
Series 2000D	1,105,000	-	-	520,000	585,000
Series 2002A	3,590,000	-	-	1,035,000	2,555,000
Series 2005	3,355,000	-	-	955,000	2,400,000
Series 2005B	4,305,000	-	-	1,425,000	2,880,000
Series 2006C	1,840,000	-	-	-	1,840,000
Series 2007B	1,430,000	-	170,000	-	1,260,000
Series 2008A	650,000	-	650,000	-	-
Series 2008B	3,010,000	-	-	640,000	2,370,000
Series 2010A	635,000	-	635,000	-	-
Series 2010	375,000	-	-	375,000	-
Series 2010C	290,000	-	10,000	-	280,000
Series 2010D	2,400,000	-	1,660,000	-	740,000
Series 2010B	2,400,000	-	-	-	2,400,000
Series 2010E	-	3,200,000	-	-	3,200,000
Series 2010F	-	2,090,000	-	-	2,090,000
Series 2010G	-	5,120,000	-	-	5,120,000
Total Bonds	<u>25,535,000</u>	<u>10,410,000</u>	<u>3,265,000</u>	<u>4,950,000</u>	<u>27,730,000</u>
Note Payable-Land	1,398,000	-	49,000	-	1,349,000
Total General Obligations	<u>26,933,000</u>	<u>10,410,000</u>	<u>3,314,000</u>	<u>4,950,000</u>	<u>29,079,000</u>

The principal and interest payments for these obligations are paid from Debt Service Fund.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U
WILL COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note #8 Long-Term Debt (continued)

Annual debt service payments required to service all outstanding general obligation bonds at June 30, 2011 are as follows:

Year Ending			Total Debt
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Service</u>
2012	3,009,000	1,374,097	4,383,097
2013	2,911,000	1,105,765	4,016,765
2014	3,116,000	987,727	4,103,727
2015	2,783,000	874,655	3,657,655
2016-2020	15,112,000	2,834,891	17,946,891
2021-2025	1,838,000	177,224	2,015,224
2026-2028	<u>310,000</u>	<u>30,430</u>	<u>340,430</u>
Total	<u>29,079,000</u>	<u>7,384,789</u>	<u>36,463,789</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, 2011, the District's legal debt limit was \$53,904,165. Qualifying outstanding debt as of June 30, 2011 totaled \$29,161,656, leaving a debt margin of \$24,742,509.

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%.

Advance Refunding of Debt

In the prior year, the District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2011, there are \$5,035,000 of bonds outstanding that are considered defeased in prior year.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U
WILL COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note #8 Long-Term Debt (continued)

Current Year Advance Refunding of Debt

On December 29, 2010, the District issued the following: \$3,200,000 Tax School Bond Series 2010E, \$2,090,000 Tax School Bond Series 2010F, and \$5,120,000 Taxable Refunding School Bonds 2010G. These Bonds were used to advance refund \$520,000 of Series 2000D, \$1,035,000 of Series 2002A, \$955,000 of Series 2005, \$1,425,000 of Series 2005B, \$640,000 of Series 2008B, and \$375,000 of Series 2010. These Bonds are payable in varying amounts beginning October 1, 2011 until May 1, 2020 with interest payable semi-annually at rates that vary from 2.25% to 5.25%. The net proceeds of \$9,599,900 after payment of \$810,100 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 refunded 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, 2011 are as follows:

Year Ending	Total Debt		
<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Service</u>
2012	61,361	3,337	64,698
2013	21,295	271	21,566
	<u>82,656</u>	<u>3,608</u>	<u>86,264</u>

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U
WILL COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note #9 Tax Anticipation Warrants

There were \$1,500,000 in outstanding tax anticipation warrants beginning July 1, 2010. During the current year the District paid off the tax anticipation warrant. There were \$0 in outstanding tax warrants at June 30, 2011.

Note #10 Interfund Loans and Transfers

There were no interfund loans at June 30, 2011. The District made the following transfers during the year ended June 30, 2011:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Education	2,400,000	64,698
Debt Services	64,698	-
Working Cash		2,400,000

The purpose of the transfer to Debt Service Fund was to cover principal and interest payments on capital leases. The transfer from Working Cash fund to Education fund was made to reclass the bond proceeds as per lending company.

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 did not exceed appropriations in any of the District's funds during the current year.

Note #13 Deficit Fund Balances

As of June 30, 2011, 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, 2011

Note #14 Self-Insurance Plan

All employees of the District are covered under the State of Illinois Unemployment Insurance Act. The District elected to be self-insured and therefore is liable to the State for any payments made to an unemployed worker claiming benefits. During the current year the District paid \$84,972 for unemployment claims.

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, 2011, 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 2011, the District paid \$247,649 to the Cooperative. Financial information can be obtained by writing to Southern Will County Cooperative for Special Education, 1207 North Larkin Ave, Joliet, IL 60435.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U
WILL COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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, 2011, there were no significant reductions in coverage. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Note #20 Transportation Audit

During the current year the District was audited for Transportation program by the Illinois State Board of Education. As a result of the audit, Illinois State Board of Education issued a report which reflects findings which resulted in an adjustment of \$307,423 in unallowable transportation expenditures reported by the district; these funds will be refunded by the district during the next fiscal year.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U
WILL COUNTY, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF FUNDING PROGRESS
JUNE 30, 2011

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]
12/31/10	4,460,434	5,157,694	697,260	86.48%	2,791,688	24.98%
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%

On a market value basis, the actuarial value of assets as of December 31, 2010 is \$4,732,874. On a market basis, the funded ratio would be 91.76%.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U
WILL COUNTY, ILLINOIS
DETAILED SCHEDULE OF GENERAL LONG-TERM DEBT
JUNE 30, 2011

Schedule 1

Year Ending June 30	Series 2000A		Series 2010E		Series 2010F	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	10,000	273	-	160,711	-	76,550
2013	-	-	1,210,000	103,800	425,000	56,188
2014	-	-	1,990,000	39,800	125,000	49,766
2015	-	-	-	-	1,540,000	24,063
Total	10,000	273	3,200,000	304,311	2,090,000	206,565

Ending June 30	Series 2010B		Series 2010D	
	Principal	Interest	Principal	Interest
2012	740,000	9,250	1,930,000	96,113
2013	-	-	470,000	7,638
Total	740,000	9,250	2,400,000	103,751

Year Ending June 30	Series 2002A-Refunded 2010		Series 2005-Refunded 2010		Series 2000D-Refunded 2010	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	100,000	119,193	-	93,030	-	33,053
2013	-	117,068	50,000	92,030	-	33,053
2014	-	117,068	-	91,030	-	33,053
2015	-	117,068	-	91,030	-	33,053
2016	-	117,068	-	91,030	-	33,053
2017	295,000	109,693	410,000	83,445	-	33,053
2018	295,000	94,943	465,000	67,025	205,000	27,313
2019	310,000	79,818	540,000	47,795	175,000	16,629
2020	480,000	61,028	935,000	18,700	205,000	5,842
2021	1,075,000	24,994	-	-	-	-
Total	2,555,000	957,936	2,400,000	675,115	585,000	248,098

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U
WILL COUNTY, ILLINOIS
DETAILED SCHEDULE OF GENERAL LONG-TERM DEBT
JUNE 30, 2011

Schedule 1

Year Ending June 30	Series 2005B-Refunded 2010		Series 2006C		Series 2007B	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	-	128,438	-	98,440	180,000	64,065
2013	465,000	118,556	-	98,440	195,000	53,940
2014	305,000	101,813	-	98,440	205,000	43,037
2015	-	94,950	65,000	96,701	215,000	31,488
2016	-	94,950	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	2,880,000	678,431	1,840,000	775,483	1,260,000	218,243

Year Ending June 30	Series 2010C		Series 2010G		Series 2008B-Refunded 2010	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	-	9,450	-	328,014	-	91,688
2013	40,000	8,850	-	261,250	-	91,688
2014	40,000	7,650	-	261,250	395,000	84,281
2015	50,000	6,300	-	261,250	850,000	60,938
2016	75,000	4,238	-	261,250	1,125,000	22,500
2017	75,000	1,462	-	261,250	-	-
2018	-	-	165,000	257,744	-	-
2019	-	-	2,360,000	195,238	-	-
2020	-	-	2,595,000	68,119	-	-
Total	280,000	37,950	5,120,000	2,155,364	2,370,000	351,094

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U
WILL COUNTY, ILLINOIS
DETAILED SCHEDULE OF GENERAL LONG-TERM DEBT
JUNE 30, 2011

Schedule 1

Year Ending June 30	<u>Note Payable-Land</u>		<u>Capital Lease</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
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>1,349,000</u>	<u>662,924</u>	<u>82,656</u>	<u>3,608</u>

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U
WILL COUNTY, ILLINOIS
SCHEDULE OF TAXES EXTENDED AND COLLECTED
JUNE 30, 2011

	<u>Educational Levy</u>	<u>Special Education Levy</u>	<u>Lease Levy</u>	<u>Tort Immunity Levy</u>
<u>2009 Levy</u>				
Assessed Valuation	396,004,685			
Tax Rate per \$100	<u>1.7224</u>	<u>0.0185</u>	<u>0.0246</u>	<u>0.0184</u>
Taxes Extended	<u>6,819,407</u>	<u>73,246</u>	<u>97,397</u>	<u>72,850</u>
Taxes Collected	<u>6,762,325</u>	<u>72,191</u>	<u>97,129</u>	<u>72,191</u>
<u>2010 Levy</u>				
Assessed Valuation	390,609,891			
Tax Rate per \$100	<u>1.7879</u>	<u>0.0194</u>	<u>0.0260</u>	<u>0.0193</u>
Taxes Extended	<u>6,982,165</u>	<u>75,761</u>	<u>101,536</u>	<u>75,371</u>
Advance Taxes Received				
Prior to June 30, 2011	<u>3,516,967</u>	<u>37,999</u>	<u>50,892</u>	<u>37,999</u>
Taxes Receivable	<u>3,465,198</u>	<u>37,762</u>	<u>50,644</u>	<u>37,372</u>

Schedule 2

<u>Operations & Maintenance Levy</u>	<u>Bond and Interest Levy</u>	<u>Trans- portation Levy</u>	<u>Municipal Retirement Levy</u>	<u>Social Security Levy</u>	<u>Working Cash Levy</u>	<u>Total All Levies</u>
<u>0.2961</u>	<u>1.0391</u>	<u>0.1175</u>	<u>0.0431</u>	<u>0.0373</u>	<u>0.0260</u>	<u>3.3430</u>
<u>1,172,333</u>	<u>4,114,053</u>	<u>465,212</u>	<u>170,644</u>	<u>147,680</u>	<u>102,940</u>	<u>13,235,762</u>
<u>1,162,931</u>	<u>4,080,758</u>	<u>460,709</u>	<u>169,320</u>	<u>145,694</u>	<u>102,381</u>	<u>13,125,629</u>
<u>0.3107</u>	<u>1.0320</u>	<u>0.1233</u>	<u>0.0453</u>	<u>0.0392</u>	<u>0.0464</u>	<u>3.4495</u>
<u>1,213,356</u>	<u>4,030,199</u>	<u>481,515</u>	<u>176,907</u>	<u>153,085</u>	<u>181,203</u>	<u>13,471,098</u>
<u>611,381</u>	<u>2,030,246</u>	<u>242,245</u>	<u>88,891</u>	<u>77,356</u>	<u>91,605</u>	<u>6,785,581</u>
<u>601,975</u>	<u>1,999,953</u>	<u>239,270</u>	<u>88,016</u>	<u>75,729</u>	<u>89,598</u>	<u>6,685,517</u>

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U
WILL COUNTY, ILLINOIS
SCHEDULE OF LEGAL DEBT MARGIN
JUNE 30, 2011

Schedule 3

Assessed Valuation as of January 1, 2010	390,609,891
Debt Limitation Percentage	13.8%
Debt Limitation	<u>53,904,165</u>
Total Bonded Indebtedness Subject to Debt Limitation Provisions	29,079,000
Other Indebtedness Subject to Debt Limitation Provisions	<u>82,656</u>
Total Indebtedness Subject to Debt Limitation Provisions	<u>29,161,656</u>
Legal Debt Margin	<u>24,742,509</u>

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U
WILL COUNTY, ILLINOIS
STATEMENT OF ASSETS, LIABILITIES AND
FUND BALANCES
TRUST AND AGENCY FUND
JUNE 30, 2011

Schedule 4

	<u>TRUST AND AGENCY</u>
<u>ASSETS</u>	
Cash	<u>200,575</u>
<u>LIABILITIES</u>	
Due to Organizations	200,575
Fund Balance - Unreserved	<u>-</u>
Total Liabilities and Fund Equity	<u>200,575</u>

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U
WILL COUNTY, ILLINOIS
STATEMENT OF REVENUES RECEIVED AND
EXPENDITURES DISBURSED
TRUST AND AGENCY FUND
JUNE 30, 2011

Schedule 5
(continued)

STUDENT ACTIVITY ACCOUNTS:	Cash Balance June 30, 2010	Receipts	Disbursements	Cash Balance June 30, 2011
Class of 2014	-	1,222	633	589
Class of 2013	679	5,720	3,523	2,876
Class of 2012	1,889	11,977	14,029	(163)
Class of 2011	1,812	2,070	3,467	415
Class of 2010	1,599	949	949	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	1,024	-	524	500
IHSA Music Contest	131	4,936	5,067	(0)
Prom	7,709	9,495	10,949	6,255
Connor Shaw Pop	2,060	663	2,185	538
Foreign Language	699	12,401	12,804	296
FFA	13,576	23,107	26,236	10,448
FFA/FCCLA Concessions	136	-	-	136
HS Golf	1	-	-	1
Connor Shaw Newspaper	120	-	-	120
Skills USA	444	10,909	11,341	12
Journalism	3,152	-	3,152	0
HS Bowling	378	143	143	378
HS Boys Baseball	429	5,522	4,754	1,197
HS Boys Basketball Team	3,644	5,086	5,891	2,839
HS Boys Basketball Summer	995	4,700	5,395	300
HS General Athletic	1,601	5,706	6,716	591
Industrial Tech Resale	1,782	5,092	6,396	479
JH Behavior Incentive Prog	449	768	779	438
HS Track	86	5,255	4,528	813
HS BB Cheerleaders	(114)	6,282	6,266	(99)
HS Girls BB team	1,029	3,599	4,478	150
HS Auditorium	-	4,225	2,724	1,501
HS Girls Volleyball Team	1,779	1,231	2,110	901

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U
WILL COUNTY, ILLINOIS
STATEMENT OF REVENUES RECEIVED AND
EXPENDITURES DISBURSED
TRUST AND AGENCY FUND
JUNE 30, 2011

Schedule 5
(continued)

STUDENT ACTIVITY ACCOUNTS:	Cash Balance June 30, 2010	Receipts	Disbursements	Cash Balance June 30, 2011
HS Girls Softball	717	6,816	6,311	1,222
HS Student Council	3,152	14,369	13,912	3,609
Poms Summer Camp	500	425	-	925
HS Dance Team	2,042	19,599	18,004	3,637
Lettermen	1,293	2,002	2,694	602
HS Yearbook	4,009	20,907	14,905	10,011
HS Band	1,014	9,155	8,047	2,122
HS Choir	384	512	237	658
HS Show Choir	2,614	1,604	2,325	1,893
National Honor Society	616	649	835	431
Newspaper	743	1,548	621	1,670
HS Football	433	12,053	11,489	997
PHS Pop Fund	1,266	14,246	15,442	69
Performing Arts	4,219	13,109	11,673	5,655
Connor Shaw Drama	810	-	-	810
Thespians	1,402	5,036	4,639	1,799
HS Wrestlers	2,011	3,698	4,902	807
Scholastic Bowl	34	210	250	(6)
JH Pop Fund	348	2,633	3,006	(25)
HS Excel Edge ACT Test	-	8,821	8,229	592
JH Athletic Activities	583	8,790	7,817	1,556
JH Activities Account	2,986	22,486	21,128	4,344
JH Cheerleaders	447	390	420	417
JH Band	1,392	755	979	1,168
JH Chorus	1,736	360	1,012	1,084
JH English	3	-	-	3
JH Science	(115)	620	354	151
JH Student Council	501	1,720	1,973	248
JH Video	2,809	4,647	5,526	1,930
PHS FB Tunnel	-	5,360	2,125	3,235
HS Recycling 3	90	35	-	125
Peotone Elementary	5,341	1,611	2,496	4,455

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U
WILL COUNTY, ILLINOIS
STATEMENT OF REVENUES RECEIVED AND
EXPENDITURES DISBURSED
TRUST AND AGENCY FUND
JUNE 30, 2011

Schedule 5
(continued)

STUDENT ACTIVITY ACCOUNTS:	Cash Balance June 30, 2010	Receipts	Disbursements	Cash Balance June 30, 2011
Peotone Elem Sunshine	100	-	-	100
Peotone Elem PTO Media	1	-	-	1
Peotone Elem POP	319	1,668	1,763	224
Green Garden Elementary	345	33,114	32,724	735
Green Garden Faculty Fund	384	791	816	360
Wilton Center Elem Faculty	1,887	459	916	1,430
Wilton Center Elem School	1	1,143	1,310	(165)
General Fund	2,502	22,352	22,815	2,039
Interest	9,356	3,508	4,715	8,149
Gym Suits	7,258	4,238	6,691	4,805
Textbooks	2,006	10,536	11,776	766
Education Foundation	7,404	4,091	9,901	1,594
Booster Club	18,351	30,688	30,061	18,978
High School Staff	1,177	755	1,039	893
Lambert Fund	250	-	-	250
B Starkey Football Memor	1,274	-	-	1,274
Cheer Summer Camp	-	845	845	-
HS Tad	1,400	705	1,359	745
Interstate 8 Conference	497	-	-	497
Computer P/R Fund	1,619	1,103	-	2,722
Computer Fund	-	13	-	13
WC/GG Library	99	7	90	16
WYSE	204	-	-	204
HS AP & Proctor	385	6,114	5,820	679
JE PE Gym Suits	317	8,008	3,102	5,223
Soccer Summer Camp	-	1,906	1,906	-
JH Art/Jones	101	-	-	101
High School Library	492	-	-	492
HS Boys Soccer	9,499	3,948	11,413	2,034
HS Baseball Summer Camp	350	750	913	187
Peotone Elem Library	145	100	-	245
HS Girls BKB Summer Cmp	-	3,320	2,911	409

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U
WILL COUNTY, ILLINOIS
STATEMENT OF REVENUES RECEIVED AND
EXPENDITURES DISBURSED
TRUST AND AGENCY FUND
JUNE 30, 2011

Schedule 5
(continued)

STUDENT ACTIVITY ACCOUNTS:	Cash Balance June 30, 2010	Receipts	Disbursements	Cash Balance June 30, 2011
Student ID Account	9,538	2,682	2,357	9,863
JH IESA State Series	341	9,063	9,100	304
Junior High Library	5,109	7,581	8,015	4,676
FFA/Skills Concessions	35	13,464	13,442	57
HS Football Summer Camp	1,310	1,830	3,140	-
Conner Shaw Center	3,467	5,761	6,469	2,758
HS Science Club	55	50	10	95
JH Play Activity	1,913	1,063	1,066	1,910
Junior High Track	641	1,428	1,244	825
HS Parking Permits	17,231	10,375	264	27,342
Smiles	2,632	1,159	1,715	2,076
HS Girls Soccer	81	2,188	2,146	123
HS Devil Dash	-	4,549	252	4,297
	<u>202,494</u>	<u>516,579</u>	<u>518,498</u>	<u>200,575</u>

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CERTIFIED PUBLIC ACCOUNTANTS

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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, 2011. 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

As described in item 2011-1 in the schedule of findings and questioned costs, the District did not comply with requirements regarding the expenses allowed for Title I-Low Income program.

In our opinion, except for the noncompliance described in the preceding paragraph, Peotone Community Unit School District 207U complied, in all material respects, with the compliance requirements referred to above that could have a direct material effect on each of its major federal programs for the year ended June 30, 2011.

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, 2011, and have issued our report thereon dated

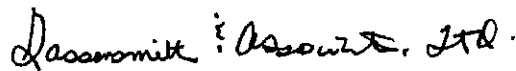
To the Board of Education
Peotone Community Unit School
District 207U

August 8, 2011. 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, except for the effects to the omitted disclosures required by Governmental Accounting Standards Board Statement 45, *Accounting and Financial Reporting for Post-Employment Benefits Other than Pensions*, on the cash basis of accounting, in accordance with a comprehensive basis of accounting other than generally accepted accounting principles.

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.

The District's response to the finding identified in our audit is described in the schedule of findings and questioned costs. We did not audit the District's response and, accordingly, we express no opinion on it.

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
August 8, 2011

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

<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	2011-4900	41,906	\$ 41,906	
<u>U.S. Department of Human Services</u>					
Passed through Illinois Department of Human Services					
STEP	84.126	140CCM001548	12,589	12,589	
<u>U.S. Department of Agriculture</u>					
Passed through Illinois State Board of Education					
National School Lunch Program	10.555	2010-4210 2011-4210	13,606 81,140	94,746	
Special Milk Program	10.556	2010-4215 2011-4215	1,765 8,469	10,234	
Non-cash Commodities	10.555		21,283	21,283	
Dept. of Defense Fresh Fruits and Vegetables	10.555		3,603	3,603	
<u>U.S. Department of Education</u>					
Passed through Illinois State Board of Education					
Special Education - IDEA	84.027A	2010-4625	248	248	
Special Education - IDEA	84.027A	2010-4625-XC	2,084	2,084	
Special Education - IDEA	84.027A	2011-4625	54,796	54,796	
Special Education -IDEA-Flow Through/ Low Incidence	84.027A	2011-4620	200,683	200,683	X
Special Education -IDEA-Flow Through Preschool	84.027A	2011-4600	11,113	11,113	
Title I - Low Income	84.010A	2011-4300	119,558	119,558	
Title II - Teacher Quality	84.367A	2011-4932	43,573	43,573	
ARRA-Education Jobs Fund Program	84.410A	2011-4880	214,863	<u>214,863</u>	X
Total Federal Award Expenditures				<u>\$ 831,279</u>	

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U

Notes to Schedule of Expenditures of Federal Awards
June 30, 2011

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.

Reconciliation Of Schedule of Expenditures Of Federal Awards To Basic Financial Statements

Revenues Per Schedule of Expenditures Of Federal Awards	\$831,279
Add-Medicaid Fees-For-Service Program	12,402
Minus Non-Cash Commodities	<u>(24,886)</u>
Total Federal Revenues Per Basic Financial Statements	<u>\$818,795</u>

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, 2011

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, 2011. 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 adverse 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. There were no audit findings relative to the major federal award programs for the Peotone Community Unit School District 207U; however, a finding with question costs was reported by the regulatory agency as a result of an audit on Title I-Low Income and we reported this finding in Part C of this Schedule.
7. The programs tested as major programs include Special Education-IDEA-Flow Through/Low Incidence (CFDA 84.027A) and ARRA-Education Jobs Fund Program (CFDA84.410A).

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U

Summary of Findings and Questionable Costs
June 30, 2011

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 high-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

Our opinion was adverse because financial statements are not prepared in accordance with generally accepted accounting principles; furthermore, the district disclosures required by Governmental Accounting Standards Board Statement 45, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*.

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

No findings were reported relative to the major federal award programs for Peotone Unit School District 207U; however, the regulatory agency, in a separate audit, reported findings with question costs in amount of \$550 for Title I-Low income program.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U

Summary Schedule of Prior Audit Findings
June 30, 2011

There are no prior audit findings that affected federally funded programs.