

Peotone Community Unit  
School District 207U

Annual Financial Report

Peotone, Illinois

June 30, 2012

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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## 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, 2012, 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, Peotone Community Unit School District 207U has prepared these financial statements using accounting practices prescribed or permitted 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, 2012, or changes in financial position for the fiscal year then ended.

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.

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

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, 2012, and its revenue received and expenditures disbursed during the fiscal year then ended, on the basis of accounting described in Note #1.

In accordance with *Government Auditing Standards*, we have also issued a separate report dated September 10, 2012, 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The information listed in the table of contents as "Other Information", which is the responsibility of management, is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The schedules listed in the table of contents as "Supplemental Information" 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. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements of Peotone Community Unit School District 207U. The "Supplementary Information" and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The Information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Joliet, Illinois  
September 10, 2012

*Gassensmith & Associates, Ltd.*

Gassensmith & Associates, Ltd.  
Certified Public Accountants

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, 2012, and have issued our report thereon dated September 10, 2012. 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**

Management of Peotone Community Unit School District 207U is responsible for establishing and maintaining effective 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 the school district'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

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

material misstatement of the school district's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting 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*.

We noted certain matters that we reported to management of the District in a separate letter dated September 10, 2012.

In Accordance with SAS No. 114 *The Auditor's Communication with Those Charged with Governance* we have issued a separate letter dated September 10, 2012 to the Board of Education addressing those required communications.

This report is intended solely 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

September 10, 2012

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U  
WILL COUNTY, ILLINOIS  
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES  
ARISING FROM CASH TRANSACTIONS - REGULATORY BASIS  
JUNE 30, 2012

<u>Assets</u>	<u>Educational</u>	<u>Operations and Maintenance</u>	<u>Debt Services</u>	<u>Transportation</u>	<u>Municipal Retirement/ Social Security</u>
Cash and Cash Equivalents	2,196,505	222,880	1,606,037	788,797	563,978
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	-	-	-	-	-
<b>Total Assets</b>	<u>2,196,505</u>	<u>222,880</u>	<u>1,606,037</u>	<u>788,797</u>	<u>563,978</u>
<b><u>Liabilities and Fund Balances</u></b>					
<b>Liabilities</b>					
Payroll Deductions and Withholdings Due to Organizations	426	-	-	-	-
Bonds Payable	-	-	-	-	-
Other Long-term Liabilities	-	-	-	-	-
<b>Total Liabilities</b>	<u>426</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>					
Reserved	-	-	-	-	-
Unreserved	2,196,079	222,880	1,606,037	788,797	563,978
Investments in General Fixed Assets	-	-	-	-	-
<b>Total Fund Balances</b>	<u>2,196,079</u>	<u>222,880</u>	<u>1,606,037</u>	<u>788,797</u>	<u>563,978</u>
<b>Total Liabilities and Fund Balances</b>	<u>2,196,505</u>	<u>222,880</u>	<u>1,606,037</u>	<u>788,797</u>	<u>563,978</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)
2,471,362	129,701	4,120	234,935	-	-	8,218,315
-	-	-	-	-	-	-
-	-	-	-	2,973,996	-	2,973,996
-	-	-	-	28,474,702	-	28,474,702
-	-	-	-	839,002	-	839,002
-	-	-	-	4,504,136	-	4,504,136
-	-	-	-	3,181,418	-	3,181,418
-	-	-	-	-	1,606,037	1,606,037
-	-	-	-	-	24,465,274	24,465,274
<u>2,471,362</u>	<u>129,701</u>	<u>4,120</u>	<u>234,935</u>	<u>39,973,254</u>	<u>26,091,295</u>	<u>74,282,864</u>
-	-	-	-	-	19,984	19,984
-	-	-	-	-	-	-
-	-	-	234,935	-	-	426
-	-	-	-	-	-	234,935
-	-	-	-	-	26,070,000	26,070,000
-	-	-	-	-	21,295	21,295
-	-	-	<u>234,935</u>	-	<u>26,091,295</u>	<u>26,326,656</u>
-	-	-	-	-	-	-
2,471,362	129,701	4,120	-	-	-	7,982,954
-	-	-	-	39,973,254	-	39,973,254
<u>2,471,362</u>	<u>129,701</u>	<u>4,120</u>	-	<u>39,973,254</u>	-	<u>47,956,208</u>
<u>2,471,362</u>	<u>129,701</u>	<u>4,120</u>	<u>234,935</u>	<u>39,973,254</u>	<u>26,091,295</u>	<u>74,282,864</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, 2012

	<u>Educational</u>	<u>Operations and Maintenance</u>	<u>Debt Services</u>
Revenue Received:			
Local Sources	7,314,709	1,182,765	3,779,605
State Sources	3,059,579	89,602	-
Federal Sources	598,401	-	-
Total Direct Receipts	<u>10,972,689</u>	<u>1,272,367</u>	<u>3,779,605</u>
Receipts for On-Behalf Payments	<u>1,822,132</u>	-	-
Total Revenues	<u>12,794,821</u>	<u>1,272,367</u>	<u>3,779,605</u>
Expenditures Disbursed:			
Instruction	8,977,258	-	-
Support Services	2,379,495	1,584,734	-
Community Services	-	-	-
Payments to Other Districts and Governmental Units	1,229,134	-	-
Debt Service	-	65,844	4,388,763
Total Direct Disbursements	<u>12,585,887</u>	<u>1,650,578</u>	<u>4,388,763</u>
Disbursements for On-Behalf Payments	<u>1,822,132</u>	-	-
Total Expenditures	<u>14,408,019</u>	<u>1,650,578</u>	<u>4,388,763</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,613,198)	(378,211)	(609,158)
Other Financing Sources:			
Abatement of the Working Cash Fund	-	200,000	-
Transfer to Pay Principal and Interest on Capital Leases	-	-	64,698
Principal on Bonds Sold	-	-	-
Premium on Bond Sold	-	-	-
Other Financing (Uses):			
Abolishment or Abatement of the Working Cash Fund	-	-	-
Transfer to Pay Principal and Interest on Capital Leases	(64,698)	-	-
Other Uses Not Classified Elsewhere	-	-	-
Total Other Financing Sources and (Uses)	<u>(64,698)</u>	<u>200,000</u>	<u>64,698</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	(1,677,896)	(178,211)	(544,460)
Beginning Fund Balance - July 1, 2011	<u>3,873,975</u>	<u>401,091</u>	<u>2,150,497</u>
Ending Fund Balance - June 30, 2012	<u>2,196,079</u>	<u>222,880</u>	<u>1,606,037</u>

The accompanying notes are an integral part of these statements

<u>Transportation</u>	<u>Municipal Retirement/ Social Security</u>	<u>Working Cash</u>	<u>Tort</u>	<u>Fire Prevention and Safety</u>	<u>Total (Memorandum Only)</u>
475,970	852,825	131,930	157,347	2	13,895,153
1,134,733	-	-	-	-	4,283,914
-	-	-	-	-	598,401
<u>1,610,703</u>	<u>852,825</u>	<u>131,930</u>	<u>157,347</u>	<u>2</u>	<u>18,777,468</u>
-	-	-	-	-	1,822,132
<u>1,610,703</u>	<u>852,825</u>	<u>131,930</u>	<u>157,347</u>	<u>2</u>	<u>20,599,600</u>
-	218,495	-	-	-	9,195,753
1,582,349	303,479	-	39,961	-	5,890,018
-	-	-	-	-	-
-	-	-	-	-	1,229,134
<u>1,582,349</u>	<u>521,974</u>	-	<u>39,961</u>	-	<u>4,454,607</u>
-	-	-	-	-	20,769,512
<u>1,582,349</u>	<u>521,974</u>	-	<u>39,961</u>	-	<u>1,822,132</u>
-	-	-	-	-	22,591,644
28,354	330,851	131,930	117,386	2	(1,992,044)
-	-	-	-	-	200,000
-	-	-	-	-	64,698
-	-	-	-	-	-
-	-	(200,000)	-	-	(200,000)
-	-	-	-	-	(64,698)
<u>-</u>	<u>-</u>	<u>(200,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
28,354	330,851	(68,070)	117,386	2	(1,992,044)
<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>
<u>788,797</u>	<u>563,978</u>	<u>2,471,362</u>	<u>129,701</u>	<u>4,120</u>	<u>7,982,954</u>

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U  
WILL COUNTY, ILLINOIS  
STATEMENT OF REVENUE RECEIVED - ALL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Revenue Received:	Educational	Operations and Maintenance	Debt Services
Revenue from Local Sources:			
Ad Valorem Taxes Levied:			
Designated Purposes Levies	6,459,773	1,123,554	3,779,600
Special Education Levy	69,598	-	-
Social Security/Medicare Levy	-	-	-
Other Levies	94,238	-	-
Payments in Lieu of Taxes:			
Corporate Personal Property			
Replacement Taxes	81,474	-	-
Other Payments in Lieu of Taxes	-	-	-
Tuition:			
Regular-Tuition from Pupils or Parents(In State)	26,954	-	-
Special Ed-Tuition from Other Districts (In State)	60,765	-	-
Transportation Fees:			
Regular-Transp Fees from Other Sources (In Stat	-	-	-
Interest on Investments	2,309	1,303	5
Food Service:			
Sales to Pupils-Lunch	247,976	-	-
Pupil Activities:			
Admissions Athletic	31,889	-	-
Admissions Other	32,851	-	-
Fees	85,892	-	-
Textbooks:			
Rentals:			
Regular Textbooks	84,648	-	-
Rentals	-	23,194	-
Contributions and Donations from Private Sources	1,000	8,755	-
Refund of Prior Years' Expenditures	-	-	-
Local Fees	-	-	-
Drivers' Education Fees	23,200	-	-
Other Local Revenue	12,142	25,959	-
<b>Total Revenue from Local Sources</b>	<b>7,314,709</b>	<b>1,182,765</b>	<b>3,779,605</b>
Flow-through Revenue received from one LEA to another LEA	-	-	-
Flow-through Revenue from State Sources	-	-	-
Flow-through Revenue from Federal Sources	-	-	-
<b>Total Flow-through Revenue received   from one LEA to another LEA</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

Statement 3

<u>Trans- portation</u>	<u>Municipal Retirement/ Social Security</u>	<u>Working Cash</u>	<u>Tort</u>	<u>Fire Prevention and Safety</u>	<u>Total (Memorandum Only)</u>
450,730	190,698	130,340	157,347	-	12,292,042
-	198,364	-	-	-	69,598
-	-	-	-	-	198,364
-	-	-	-	-	94,238
-	463,747	-	-	-	545,221
-	-	-	-	-	-
-	-	-	-	-	26,954
-	-	-	-	-	60,765
3,300	-	-	-	-	3,300
11	16	1,590	-	2	5,236
-	-	-	-	-	247,976
-	-	-	-	-	31,889
-	-	-	-	-	32,851
-	-	-	-	-	85,892
-	-	-	-	-	84,648
-	-	-	-	-	23,194
-	-	-	-	-	9,755
-	-	-	-	-	-
-	-	-	-	-	23,200
<u>21,929</u>	-	-	-	-	<u>60,030</u>
<u>475,970</u>	<u>852,825</u>	<u>131,930</u>	<u>157,347</u>	<u>2</u>	<u>13,895,153</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U  
WILL COUNTY, ILLINOIS  
STATEMENT OF REVENUE RECEIVED - ALL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<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	1,797,252	89,602	-
Other Unrestricted	-	-	-
Restricted Grants-in-Aid:			
Special Education:			
Private Facility Tuition	335,809	-	-
Extraordinary	267,717	-	-
Personnel	477,925	-	-
Summer School	3,377	-	-
Career and Technical Education (CTE):			
CTE-Agriculture Education	4,668	-	-
CTE-Other	-	-	-
Vocational Education	-	-	-
State Free Lunch & Breakfast	2,700	-	-
Driver's Education	24,633	-	-
Transportation Aid:			
Regular/Vocational	-	-	-
Special Education	-	-	-
Early Childhood-Block Grant	142,545	-	-
Reading Improvement Block Grant	-	-	-
School Safety & Educational Improvement Block Grant	-	-	-
Other State Funds	2,953	-	-
Total Revenue from State Sources	<u>3,059,579</u>	<u>89,602</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	92,249	-	-
Special Milk	8,136	-	-
Food Service-Other	-	-	-
Title I:			
Low Income	61,653	-	-
Title IV - Safe & Drug Free Schools: Formula	-	-	-

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>Working Cash</u>	<u>Tort</u>	<u>Fire Prevention and Safety</u>	<u>Total (Memorandum Only)</u>
-	-	-	-	-	1,886,854
-	-	-	-	-	-
-	-	-	-	-	335,809
-	-	-	-	-	267,717
-	-	-	-	-	477,925
-	-	-	-	-	3,377
-	-	-	-	-	4,668
-	-	-	-	-	-
-	-	-	-	-	2,700
-	-	-	-	-	24,633
461,918	-	-	-	-	461,918
585,882	-	-	-	-	585,882
-	-	-	-	-	142,545
-	-	-	-	-	-
86,933	-	-	-	-	-
<u>1,134,733</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>89,886</u>
					<u>4,283,914</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	92,249
-	-	-	-	-	8,136
-	-	-	-	-	-
-	-	-	-	-	61,653
-	-	-	-	-	-

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U  
WILL COUNTY, ILLINOIS  
STATEMENT OF REVENUE RECEIVED - ALL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Educational</u>	<u>Operations and Maintenance</u>	<u>Debt Services</u>
Federal-Special Education:			
Preschool-Flow-Through	10,845	-	-
IDEA - Flow Through Low Incidence	268,307	-	-
IDEA - Room and Board	84,696	-	-
ARRA-IDEA-Part B-Preschool	3,291	-	-
Other ARRA Funds XI	3,230	-	-
Vocational Education:			
Title II - Teacher Quality	22,372	-	-
Medicaid Matching Funds - Administrative Outreach	26,396	-	-
Medicaid Matching Funds - Fee-for- Service Program	8,339	-	-
Other Restricted Revenue from Federal Sources	<u>8,887</u>	-	-
Total Revenue from Federal Sources	<u>598,401</u>	-	-
Total Revenues	<u>10,972,689</u>	<u>1,272,367</u>	<u>3,779,605</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>Working Cash</u>	<u>Tort</u>	<u>Fire Prevention and Safety</u>	<u>Total (Memorandum Only)</u>
-	-	-	-	-	10,845
-	-	-	-	-	268,307
-	-	-	-	-	84,696
-	-	-	-	-	3,291
-	-	-	-	-	3,230
-	-	-	-	-	22,372
-	-	-	-	-	26,396
-	-	-	-	-	8,339
-	-	-	-	-	<u>8,887</u>
-	-	-	-	-	<u>598,401</u>
<u>1,610,703</u>	<u>852,825</u>	<u>131,930</u>	<u>157,347</u>	<u>2</u>	<u>18,777,468</u>

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U  
WILL COUNTY, ILLINOIS  
STATEMENT OF EXPENDITURES DISBURSED  
(AND COMPARISON WITH BUDGET)  
EDUCATIONAL FUND  
JUNE 30, 2012

Statement 4

Expenditures Disbursed:	<u>Actual</u>	<u>Budget</u>	<u>Unexpended Budget</u>
<b>Instruction:</b>			
<b>Regular Programs:</b>			
Salaries	4,568,949	4,783,000	214,051
Employee Benefits	1,273,000	1,492,100	219,100
Purchased Services	122,830	137,850	15,020
Supplies and Materials	229,441	286,410	56,969
Capital Outlay	-	-	-
Other Objects	2,109	3,400	1,291
Termination Benefits	7,191	-	(7,191)
<b>Total Regular Programs</b>	<u>6,203,520</u>	<u>6,702,760</u>	<u>499,240</u>
<b>Pre-K Programs:</b>			
Salaries	28,531	91,000	62,469
Employee Benefits	15,960	25,000	9,040
Purchased Services	64	-	(64)
Supplies and Materials	42	-	(42)
Capital Outlay	-	-	-
Other Objects	-	-	-
Non-Capitalized Equipment	-	-	-
<b>Total Pre-K Programs</b>	<u>44,597</u>	<u>116,000</u>	<u>71,403</u>
<b>Special Education Programs:</b>			
Salaries	1,669,066	1,841,000	171,934
Employee Benefits	429,111	516,400	87,289
Purchased Services	52,529	40,000	(12,529)
Supplies and Materials	40,167	37,000	(3,167)
Capital Outlay	-	-	-
<b>Total Special Education Programs</b>	<u>2,190,873</u>	<u>2,434,400</u>	<u>243,527</u>
<b>Remedial and Suppl Programs K-12:</b>			
Purchased Services	-	-	-
<b>Total Remedial and Suppl Programs</b>	<u>-</u>	<u>-</u>	<u>-</u>

The accompanying notes are an integral part of these financial statements

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U  
WILL COUNTY, ILLINOIS  
STATEMENT OF EXPENDITURES DISBURSED  
(AND COMPARISON WITH BUDGET)  
EDUCATIONAL FUND  
JUNE 30, 2012

Statement 4  
(continued)

	Actual	Budget	Unexpended Budget
<b>CTE Programs:</b>			
Salaries	145,282	149,500	4,218
Employee Benefits	31,102	33,900	2,798
Purchased Services	2,522	1,900	(622)
Supplies and Materials	28,520	23,679	(4,841)
Capital Outlay			
Non-Capitalized Equipment	-	-	-
<b>Total CTE Programs</b>	<u>207,426</u>	<u>208,979</u>	<u>1,553</u>
<b>Interscholastic Programs:</b>			
Salaries	121,564	129,000	7,436
Employee Benefits	32,920	39,500	6,580
Purchased Services	106,546	99,922	(6,624)
Supplies and Materials	18,430	33,750	15,320
<b>Total Interscholastic Programs</b>	<u>279,460</u>	<u>302,172</u>	<u>22,712</u>
<b>Gifted Programs:</b>			
Salaries	59	-	(59)
Employee Benefits	12	-	(12)
<b>Total Gifted Programs</b>	<u>71</u>	<u>-</u>	<u>(71)</u>
<b>Driver's Education Program:</b>			
Salaries	36,787	30,000	(6,787)
Employee Benefits	8,401	-	(8,401)
Purchased Services	-	-	-
Supplies and Materials	6,123	3,500	(2,623)
<b>Total Driver's Education Programs</b>	<u>51,311</u>	<u>33,500</u>	<u>(17,811)</u>
<b>Total Instruction</b>	<u>8,977,258</u>	<u>9,797,811</u>	<u>820,553</u>
<b>Supporting Services:</b>			
<b>Support Services - Pupils</b>			
<b>Guidance Services:</b>			
Salaries	105,875	109,000	3,125
Employee Benefits	28,784	26,000	(2,784)
Purchased Services	19,471	35,000	15,529
Supplies and Materials	2,199	3,500	1,301
<b>Total Guidance Services</b>	<u>156,329</u>	<u>173,500</u>	<u>17,171</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, 2012

Statement 4  
(continued)

	<u>Actual</u>	<u>Budget</u>	<u>Unexpended Budget</u>
<b>Health Services:</b>			
Salaries	59,339	60,900	1,561
Employee Benefits	7,243	14,400	7,157
Purchased Services	-	1,000	1,000
Supplies and Materials	5,250	7,000	1,750
Other Objects	-	-	-
<b>Total Health Services</b>	<u>71,832</u>	<u>83,300</u>	<u>11,468</u>
<b>Other Support Services - Pupils:</b>			
Supplies and Materials	5,004	-	(5,004)
<b>Total Support Services - Pupils</b>	<u>233,165</u>	<u>256,800</u>	<u>23,635</u>
<b>Support Services - Instructional Staff:</b>			
<b>Improvement of Instructional Svc</b>			
Salaries	232,779	451,999	219,220
Employee Benefits	93,299	94,700	1,401
Purchased Services	18,015	27,748	9,733
Supplies and Materials	5,860	17,366	11,506
Other Objects	12,991	17,000	4,009
Capital Outlay	2,182	-	(2,182)
<b>Total Improvement of Instructional</b>	<u>365,126</u>	<u>608,813</u>	<u>243,687</u>
<b>Educational Media Services:</b>			
Salaries	56,096	56,500	404
Employee Benefits	12,559	12,700	141
Purchased Services	-	-	-
Supplies and Materials	24,421	26,500	2,079
<b>Total Educational Media Svc</b>	<u>93,076</u>	<u>95,700</u>	<u>2,624</u>
<b>Total Support Services - Instructional Staff</b>	<u>458,202</u>	<u>704,513</u>	<u>246,311</u>
<b>Support Services - General Administration:</b>			
<b>Board of Education Services:</b>			
Salaries	38,585	39,000	415
Employee Benefits	45	22,000	21,955
Purchased Services	74,219	64,100	(10,119)
Supplies and Materials	-	-	-
Other Objects	48,524	31,800	(16,724)
<b>Total Board of Education Svc</b>	<u>161,373</u>	<u>156,900</u>	<u>(4,473)</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, 2012

Statement 4  
(continued)

	Actual	Budget	Unexpended Budget
Executive Admin Services:			
Salaries	78,300	75,000	(3,300)
Employee Benefits	420	9,488	9,068
Purchased Services	335	7,000	6,665
Supplies and Materials	1,104	1,300	196
Total Executive Admin Svc	<u>80,159</u>	<u>92,788</u>	<u>12,629</u>
Tort Immunity Services:			
Purchased Services	38,396	85,000	46,604
Total Support Services -	<u>279,928</u>	<u>334,688</u>	<u>54,760</u>
Support Services - School Administration			
Office of the Principal Services:			
Salaries	409,610	405,700	(3,910)
Employee Benefits	72,903	76,000	3,097
Purchased Services	6,177	2,000	(4,177)
Supplies and Materials	810	1,250	440
Capital Outlay	-	-	-
Other Objects	13,813	-	(13,813)
Total Ofc of the Principal Svc	<u>503,313</u>	<u>484,950</u>	<u>(18,363)</u>
Support Services - Business			
Dir of Business Support Services:			
Salaries	80,521	80,200	(321)
Employee Benefits	1,080	4,000	2,920
Purchased Services	25	3,000	2,975
Supplies and Materials	1,386	900	(486)
Capital Outlay	-	-	-
Other Objects	251	500	249
Non-Capitalized Equipment	-	-	-
Total Dir Bus Support Services	<u>83,263</u>	<u>88,600</u>	<u>5,337</u>
Fiscal Services			
Salaries	81,407	69,000	(12,407)
Employee Benefits	14,920	16,000	1,080
Purchased Services	521	1,400	879
Supplies and Materials	11,120	6,100	(5,020)
Total Fiscal Services	<u>107,968</u>	<u>92,500</u>	<u>(15,468)</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, 2012

Statement 4  
(continued)

	<u>Actual</u>	<u>Budget</u>	<u>Unexpended Budget</u>
Operation and Maintenance of			
Plant Services:			
Purchased Services	13,916	-	(13,916)
Other Objects	-	-	-
Total Operation and Maintenance of Plant Services	<u>13,916</u>	<u>-</u>	<u>(13,916)</u>
Food Services:			
Salaries	173,999	169,000	(4,999)
Employee Benefits	21,709	24,000	2,291
Purchased Services	1,200	2,000	800
Supplies and Materials	168,402	214,400	45,998
Other Objects	-	2,000	2,000
Total Food Services	<u>365,310</u>	<u>411,400</u>	<u>46,090</u>
Total Support Services - Business	<u>570,457</u>	<u>592,500</u>	<u>22,043</u>
Support Services - Central			
Information Services:			
Salaries	102,796	112,000	9,204
Employee Benefits	21,640	18,156	(3,484)
Purchased Services	1,621	14,750	13,129
Supplies and Materials	207,483	151,000	(56,483)
Capital Outlay	-	-	-
Non-Capitalized Equipment	890	-	(890)
Total Information Services	<u>334,430</u>	<u>295,906</u>	<u>(38,524)</u>
Total Support Services - Central	<u>334,430</u>	<u>295,906</u>	<u>(38,524)</u>
Other Support Services:			
Other Objects	-	-	-
Total Other Supporting Services	<u>-</u>	<u>-</u>	<u>-</u>
Total Supporting Services	<u>2,379,495</u>	<u>2,669,357</u>	<u>289,862</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, 2012

Statement 4  
(continued)

	<u>Actual</u>	<u>Budget</u>	<u>Unexpended Budget</u>
Payments to Other Districts & Govt Units (ED)			
Payments to Other Governmental Units (In-State):			
Payments for Regular Programs:			
Purchased Services	-	1,091,000	1,091,000
Payments for Spec Educ Programs:			
Purchased Services	1,074,489	180,000	(894,489)
Payments for CTE Programs:			
Purchased Services	<u>154,645</u>	<u>175,000</u>	<u>20,355</u>
Total Payments to Other Govern- mental Units (In-State)	<u>1,229,134</u>	<u>1,446,000</u>	<u>216,866</u>
Debt Service			
Tax Anticipation Warrants	-	-	-
Provision for Contingencies	-	<u>10,000</u>	<u>10,000</u>
Total Expenditures	<u>12,585,887</u>	<u>13,923,168</u>	<u>1,337,281</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, 2012

Statement 5

	<u>Actual</u>	<u>Budget</u>	<u>Unexpended Budget</u>
Expenditures Disbursed:			
Supporting Services:			
Support Services - Business			
Facilities Acquisition and Construction Services			
Non-Capitalized Equipment	-	-	-
Other Objects	-	49,000	49,000
Total Facilities Acquisition and Construction Services	-	49,000	49,000
Operation and Maintenance of Plant Services:			
Salaries	527,263	536,000	8,737
Employee Benefits	111,145	117,000	5,855
Purchased Services	532,148	360,000	(172,148)
Supplies and Materials	374,047	400,000	25,953
Capital Outlay	38,205	38,500	295
Other Objects	643	10,700	10,057
Total Operation and Maintenance of Plant Services	1,283	1,462,200	(1,283)
Total Support Services - Business	1,584,734	1,511,200	(73,534)
Other Support Services			
Other Objects	-	-	-
Debt Services-Interest on Short-Term Debt:			
Other Objects	-	65,831	65,831
Debt Services-Interest on Long-Term Debt:			
Other Objects	65,844	-	(65,844)
Provision for Contingencies	-	-	-
Total Expenditures	1,650,578	1,577,031	(73,547)

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, 2012

Statement 7

	Actual	Budget	Unexpended Budget
Expenditures Disbursed:			
Supporting Services:			
Support Services - Business			
Pupil Transportation Services:			
Salaries	718,685	715,716	(2,969)
Employee Benefits	21,012	20,100	(912)
Purchased Services	10,675	82,500	71,825
Supplies and Materials	299,648	402,000	102,352
Capital Outlay	485,333	441,000	(44,333)
Other Objects	46,996	4,000	(42,996)
Total Pupil Transportation			
Services	1,582,349	1,665,316	82,967
Total Support Services -			
Business	1,582,349	1,665,316	82,967
Provision for Contingencies			
Other Objects	-	40,000	40,000
Total Expenditures	1,582,349	1,705,316	122,967

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, 2012

Statement 8

Expenditures Disbursed:	<u>Actual</u>	<u>Budget</u>	<u>Unexpended Budget</u>
Instruction:			
Regular Programs:			
Employee Benefits	76,616	175,000	98,384
Pre-K Programs:			
Employee Benefits	32,442	9,000	
Special Education Programs:			
Employee Benefits	105,096	110,000	4,904
Special Education Programs-Pre-K:			
Employee Benefits	-	3,000	3,000
CTE Programs:			
Employee Benefits	2,092	2,000	(92)
Interscholastic Programs			
Employee Benefits	1,726	3,000	1,274
Gifted			
Employee Benefits	1	-	(1)
Driver's Education Programs:			
Employee Benefits	522	-	(522)
Total Instruction	<u>218,495</u>	<u>302,000</u>	<u>106,947</u>
Supporting Services:			
Support Services - Pupils			
Guidance Services:			
Employee Benefits	5,196	7,000	1,804
Health Services:			
Employee Benefits	10,462	12,000	1,538
Other Support Services - Pupils:			
Employee Benefits	-	-	-
Total Support Services - Pupils	<u>15,658</u>	<u>19,000</u>	<u>3,342</u>
Support Services - Instructional Staff:			
Improvement of Instruction Services:			
Employee Benefits	3,330	9,000	5,670
Educational Media Services:			
Employee Benefits	779	1,500	721
Total Support Services - Instructional Staff	<u>4,109</u>	<u>10,500</u>	<u>6,391</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, 2012

Statement 8

	<u>Actual</u>	<u>Budget</u>	<u>Unexpended Budget</u>
Support Services - General			
Administration:			
Board of Education Services:			
Employee Benefits	6,745	7,000	255
Executive Administration Services:			
Employee Benefits	<u>1,087</u>	<u>2,000</u>	<u>913</u>
Total Support Services - General Administration	<u>7,832</u>	<u>9,000</u>	<u>1,168</u>
Support Services - School Administration:			
Office of the Principal Svc:			
Employee Benefits	<u>5,650</u>	<u>8,500</u>	<u>2,850</u>
Support Services - Business			
Director of Business Support:			
Employee Benefits	2,721	14,000	11,279
Fiscal Services:			
Employee Benefits	14,331	13,000	(1,331)
Operation and Maintenance of Plant Services:			
Employee Benefits	79,281	105,000	25,719
Pupil Transportation Svc:			
Employee Benefits	125,789	135,000	9,211
Food Services:			
Employee Benefits	28,444	28,000	(444)
Internal Services:			
Employee Benefits	<u>19,664</u>	<u>-</u>	<u>(19,664)</u>
Total Support Services - Business	<u>270,230</u>	<u>295,000</u>	<u>24,770</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>303,479</u>	<u>363,500</u>	<u>60,021</u>
Total Expenditures	<u>521,974</u>	<u>665,500</u>	<u>166,968</u>

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

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U  
WILL COUNTY, ILLINOIS  
STATEMENT OF EXPENDITURES DISBURSED  
(AND COMPARISON WITH BUDGET)  
FIRE PREVENTION & SAFETY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Statement 10

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

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, 2012

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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, 2012

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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, 2012

---

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.

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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 \$746,183 has been utilized for the calculation of the per capita tuition charge and accumulated depreciation totaling \$16,768,347 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.



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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 19, 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.

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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.

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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 2011 levy was passed by the Board on December 19, 2011. 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 \$5,969,266 from the 2011 tax levy prior to June 30, 2012. The balance of taxes shown in these financial statements are from the 2010 and prior tax levies.

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

	Maximum Rate	Actual 2011 Rate	Actual 2010 Rate
Educational	4.0000	1.8502	1.7879
Operations & Maintenance	0.7500	0.3258	0.3107
Transportation	None	0.1328	0.1233
Bond and Interest	None	1.0439	1.0320
Municipal Retirement	None	0.0640	0.0453
Social Security	None	0.0763	0.0392
Tort Immunity	None	0.0740	0.0193
Special Education	0.5000	0.0200	0.0194
Working Cash	0.0500	0.0480	0.0464
Lease Purchase	1.0000	<u>0.0274</u>	<u>0.0260</u>
Total		<u>3.6624</u>	<u>3.4495</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, 2012, expenditures disbursed exceeded revenue received from state grants, resulting in no restricted fund balance.

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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, 2012, expenditures disbursed from federal grants exceeded revenues received for those specific purposes in the Educational Fund, resulting in no restricted fund balance.

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, 2012, the total amount of unpaid contracts for services performed during the fiscal year ended June 30, 2012 amounted to \$531,232. This amount is included in the financial statements as Unreserved in the Education Fund.

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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	-	-	531,232	-	1,664,847	-	2,196,079
Debt Service	-	1,606,037	-	-	222,880	-	222,880
Transportation Municipal	-	-	-	351,544	437,253	-	1,606,037
Retirement	-	563,978	-	-	-	-	788,797
Capital Projects	-	-	-	-	-	-	563,978
Working Cash	-	-	-	-	2,471,362	-	-
Tort Liability	-	129,701	-	-	-	-	2,471,362
Fire Prevention & Safety	-	4,120	-	-	-	-	129,701
							4,120

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;

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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.



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Note #4 Deposits and Investments (continued)

At June 30, 2012, the carrying amount of the District's deposits with financial institutions, which includes demand deposits, savings accounts and certificates of deposits was \$8,218,148 (excludes \$160 petty cash and includes activity funds of \$234,935) and the bank balance was \$8,262,604 (includes activity funds of \$238,665). As of June 30, 2012, 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	7,773,939	7,733,213
Category #3	<u>488,665</u>	<u>484,935</u>
	<u>\$8,262,604</u>	<u>\$8,218,148</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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Note #5 Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	Balance <u>7/1/2011</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>6/30/2012</u>
Non-depreciable fixed assets:				
Land	2,973,996	-	-	2,973,996
Depreciable fixed assets:				
Buildings:	28,436,497	38,205	-	28,474,702
Improvements	839,002	-	-	839,002
Transportation				
Equipment	3,096,421	84,997	-	3,181,418
Equipment	<u>4,374,740</u>	<u>129,396</u>	-	<u>4,504,136</u>
Total Fixed Assets	39,720,656	252,598	-	39,973,254
Accumulated Depreciation:				
Buildings:	8,349,526	569,239	-	8,918,765
Improvements	430,143	41,951	-	472,094
Transportation				
Equipment	3,091,713	17,843	-	3,109,556
Equipment	<u>4,151,218</u>	<u>116,714</u>	-	<u>4,267,932</u>
Total Accumulated Depreciation	<u>16,022,600</u>	<u>745,747</u>	-	<u>16,768,347</u>
Fixed Assets, Net	<u>23,698,056</u>	<u>(493,149)</u>	-	<u>23,204,907</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 buses. 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. For 2013 the district will pay \$49,888 for this lease.

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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:

<u>Fiscal Year</u> <u>Ended</u>	<u>Amount</u>
6/30/13	538,275
6/30/14	441,237
6/30/15	61,827
6/30/16	<u>55,786</u>
Total	<u>\$1,097,125</u>

During the current year the District paid \$546,576 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, 2012, 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, 2011 and 2010.

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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, 2012, State of Illinois contributions were based on 24.91 percent of creditable earnings not paid from federal funds, and the district recognized revenue and expenditures of \$1,759,957 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2011 and June 30, 2010, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 23.10 percent (\$1,752,056) and 23.38 percent (\$1,917,353), respectively.

The district makes other types of employer contributions directly to TRS:

**2.2 formula contributions** Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2012 were \$40,979. Contributions for the years ended June 30, 2011 and June 30, 2010 were \$43,991 and \$47,565, respectively.

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

For the year ended June 30, 2012, the employer pension contribution was 24.91 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2011 and 2010, the employer contribution was 23.10 and 23.38 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2012, salaries totaling \$128,100 were paid from federal and special trust funds that required employer contributions of \$31,910. For the years ended June 30, 2011 and June 30, 2010, required district contributions were \$31,811 and \$0, respectively.

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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, 2012, the district paid \$68,278 to TRS for employer contributions under the ERO program. For the years ended June 30, 2011 and June 30, 2010, the district paid \$0 and \$129,911 in employer ERO contributions, respectively.

**Salary increases over 6 percent and excess sick leave.**

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

For the year ended June 30, 2012, the district paid \$0 to TRS for employer contributions due on salary increases in excess of 6 percent. For the years ended June 30, 2011 and 2010, the district paid \$0 and \$20,088 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 (17.83 percent of salary during the year ended June 30, 2012).

For the year ended June 30, 2012, 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, 2011 and June 30, 2010, the district paid \$0 and \$14,388 in employer contributions granted for sick leave days, respectively.

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

The reports may be obtained by writing to the Teachers' Retirement System of the State of Illinois, 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](http://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 retired 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. Effective July 1, 2012, in accordance with Executive Order 12-01, the plan is administered by CMS with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to the TRS who are not employees of the state to make a contribution to THIS Fund.

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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, 2012. State of Illinois contributions were \$62,175 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, 2011 and June 30, 2010 were 0.88 percent and 0.84 percent of pay, respectively. State contributions on behalf of district employees were \$66,744 and \$68,887, respectively.

**Employer contributions to THIS Fund.** The district also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.66 percent during the years ended June 30, 2012 and June 30, 2011, and 0.63 percent during the year ended June 30, 2010. For the year ended June 30, 2012, the district paid \$46,631 to the THIS Fund. For the years ended June 30, 2010 and June 30, 2009, the district paid \$50,059 and \$51,665 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.

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Note #7 Retirement Fund Commitments (continued)

C. Illinois Municipal Retirement Fund (continued)

Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at [www.imrf.org](http://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 annual required contribution rate for calendar year 2011 was 10.02 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.** The required contribution for calendar year 2011 was \$238,054.

**Three-Year Trend Information for the Regular Plan**

Fiscal Year <u>Ending</u>	Annual Pension Cost (APC)	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
12/31/2011	238,054	100%	\$0
12/31/2010	282,519	93%	\$0
12/31/2009	258,961	100%	\$0

The required contribution for 2011 was determined as part of the December 31, 2009, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2009 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



PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U  
WILL COUNTY, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

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, 2009 is being amortized as a level percentage of projected payroll on an open 30 year basis. .

**Funded Status and Funding Progress.** As of December 31, 2011, the most recent actuarial valuation date, the regular plan was 83.18 percent funded. The actuarial accrued liability for benefits was \$5,840,839 and the actuarial value of assets was \$4,858,217, resulting in an underfunded actuarial accrued liability (UAAL) of \$982,622. The covered payroll for calendar year 2011 (annual payroll of active employees covered by the plan) was \$2,375,788 and the ratio of the UAAL to the covered payroll was 41 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, 2012, the District had long-term debt outstanding in the amount of \$26,091,295. During the fiscal year, the following changes occurred in long-term debt account:

	Balance <u>July 1, 2011</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2012</u>
General Obligation Bonds	27,730,000	-	2,960,000	24,770,000
Note Payable -Land	1,349,000	-	49,000	1,300,000
Capital Lease	82,656	-	61,361	21,295
Total	<u>29,161,656</u>	<u>-</u>	<u>3,070,361</u>	<u>26,091,295</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, 2012

Note #8 Long-Term Debt (continued)

The summary of bonds and notes payable at June 30, 2012 is as follow:

Purpose	Interest Rates	Carrying Amount
Refunding School Bonds, Series 2000D-dated November 1, 2000	5.60%-5.70%	585,000
Refunding School Bonds, Series 2002A-dated July 15, 2002	4.60%-5.00%	2,455,000
Refunding School Bonds, Series 2005-dated February 15, 2005	3.70%-4.00%	2,400,000
Refunding School Bonds, Series 2005B-dated September 1, 2005	4.25%-4.50%	2,880,000
Taxable Refunding School Bonds, Series 2006C-dated January 15, 2006	5.35%	1,840,000
Taxable Refunding Bonds, Series 2007B-dated February 1, 2007	5.40%-5.50%	1,080,000
Refunding School Bonds, Series 2008B-dated December 1, 2008	3.75%-4.00%	2,370,000
Refunding School Bonds, Series 2010C-dated February 15, 2010	3.00%-3.90%	280,000
Taxable GO Limited School Bonds, Series 2010D-dated June 15, 2010	2.75%-3.25%	470,000
Limited Tax School Bonds, Series 2010E-dated December 29, 2010	4.00%	3,200,000
Taxable Limited Tax School Bonds, Series 2010F-dated December 29, 2010	2.25%-3.12%	2,090,000
Taxable Refunding School Bonds, Series 2010G-dated December 29, 2010	4.25%-5.25%	5,120,000
Total Bonds		24,770,000
Note Payable-Land	4.80%	1,300,000
Total General Obligations		26,070,000

The principal and interest payments for these general obligations are paid from Debt Service Fund, except interest for the Note Payable-Land which is paid out of the Operation and Maintenance Fund.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U  
WILL COUNTY, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

Note #8 Long-Term Debt (continued)

Annual debt service payments required to service all outstanding general obligation bonds at June 30, 2012 are as follows:

Year Ending			Total Debt
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Service</u>
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	1,508,000	792,799	2,300,799
2017-2021	15,070,000	2,112,620	17,182,620
2022-2026	472,000	121,782	593,782
2027-2028	<u>210,000</u>	<u>15,344</u>	<u>225,344</u>
Total	<u>26,070,000</u>	<u>6,010,692</u>	<u>32,080,692</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, 2012, the District's legal debt limit was \$51,512,967. Qualifying outstanding debt as of June 30, 2012 totaled \$26,091,295, leaving a debt margin of \$25,421,672.

General obligation bonds currently outstanding are as follows:

*Advance Refunding of Debt*

In the prior years, 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. The District has \$5,760,000 of defeased bonds outstanding at June 30, 2012.

*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.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U  
WILL COUNTY, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

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Note #8 Long-Term Debt (continued)

Annual debt service payments required to service outstanding lease at June 30, 2012 are as follows:

Year Ending <u>June 30,</u> 2013	<u>Principal</u>	<u>Interest</u>	Total Debt <u>Service</u>
	21,295	271	21,566
	<u>21,295</u>	<u>271</u>	<u>21,566</u>

Note #9 Tax Anticipation Warrants

There were no outstanding tax warrants at June 30, 2012.

Note #10 Interfund Loans and Transfers

There were no interfund loans at June 30, 2012. The District made the following transfers during the year ended June 30, 2012:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Education	-	64,698
Operation&Maintenance	200,000	-
Debt Services	64,698	-
Working Cash	-	200,000

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 Operation & Maintenance fund represents abatement of Working Cash Fund.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U  
WILL COUNTY, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

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Note #11 Common Bank Accounts

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

Note #12 Expenditures in Excess of Budget

Individual fund expenditures exceeded appropriations in the following funds:

<u>Fund</u>	<u>Expenditures</u>	<u>Budget</u>	<u>Variance</u>
Operation & Maintenance	1,650,578	1,577,031	(73,547)
Debt Service	4,388,763	4,258,398	(130,365)

Note #13 Deficit Fund Balances

As of June 30, 2012, the District did not have a deficit fund balance in any fund.

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 \$56,311 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.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U  
WILL COUNTY, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

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Note #16 Pending Litigation

At June 30, 2012, 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 2012, the District paid \$380,984 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.

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, 2012, there were no significant reductions in coverage. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U  
WILL COUNTY, ILLINOIS  
OTHER INFORMATION  
ILLINOIS MUNICIPAL RETIREMENT FUND  
SCHEDULE OF FUNDING PROGRESS  
JUNE 30, 2012

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]
12/31/11	4,858,217	5,840,839	982,622	83.18%	2,375,788	41.36%
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%

On a market value basis, the actuarial value of assets as of December 31, 2011 is \$4,656,989. On a market basis, the funded ratio would be 79.73%.

**SUPPLEMENTARY INFORMATION**



PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U  
WILL COUNTY, ILLINOIS  
DETAILED SCHEDULE OF GENERAL LONG-TERM DEBT  
JUNE 30, 2012

Schedule 1

Year Ending June 30	Series 2010E		Series 2010F	
	Principal	Interest	Principal	Interest
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
<b>Total</b>	<b>3,200,000</b>	<b>143,600</b>	<b>2,090,000</b>	<b>130,016</b>

Ending June 30	Series 2010D	
	Principal	Interest
2013	470,000	7,638
<b>Total</b>	<b>470,000</b>	<b>7,638</b>

Year Ending June 30	Series 2002A-Refunded 2010		Series 2005-Refunded 2010		Series 2000D-Refunded 2010	
	Principal	Interest	Principal	Interest	Principal	Interest
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	-	33,053
2019	310,000	79,818	540,000	47,795	205,000	27,313
2020	480,000	61,028	935,000	18,700	175,000	16,629
2021	1,075,000	24,994	-	-	205,000	5,842
<b>Total</b>	<b>2,455,000</b>	<b>838,744</b>	<b>2,400,000</b>	<b>582,085</b>	<b>585,000</b>	<b>215,046</b>

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U  
WILL COUNTY, ILLINOIS  
DETAILED SCHEDULE OF GENERAL LONG-TERM DEBT  
JUNE 30, 2012

Schedule 1

Year Ending June 30	Series 2005B-Refunded 2010		Series 2006C		Series 2007B	
	Principal	Interest	Principal	Interest	Principal	Interest
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	-	-
<b>Total</b>	<b>2,880,000</b>	<b>549,994</b>	<b>1,840,000</b>	<b>677,043</b>	<b>1,080,000</b>	<b>154,178</b>

Year Ending June 30	Series 2010C		Series 2010G		Series 2008B-Refunded 2010	
	Principal	Interest	Principal	Interest	Principal	Interest
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	-	-
<b>Total</b>	<b>280,000</b>	<b>28,500</b>	<b>5,120,000</b>	<b>1,827,350</b>	<b>2,370,000</b>	<b>259,406</b>

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U  
WILL COUNTY, ILLINOIS  
DETAILED SCHEDULE OF GENERAL LONG-TERM DEBT  
JUNE 30, 2012

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>
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>1,300,000</u>	<u>597,093</u>	<u>21,295</u>	<u>271</u>

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U  
WILL COUNTY, ILLINOIS  
SCHEDULE OF TAXES EXTENDED AND COLLECTED  
JUNE 30, 2012

		<u>Educational Levy</u>	<u>Special Education Levy</u>	<u>Lease Levy</u>	<u>Tort Immunity Levy</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>
Taxes Collected		<u>6,961,067</u>	<u>74,766</u>	<u>100,361</u>	<u>74,766</u>
<u>2011 Levy</u>					
Assessed Valuation	373,282,370				
Tax Rate per \$100		<u>1.8502</u>	<u>0.0200</u>	<u>0.0274</u>	<u>0.0740</u>
Taxes Extended		<u>6,906,470</u>	<u>74,656</u>	<u>102,279</u>	<u>276,229</u>
Advance Taxes Received Prior to June 30, 2012		<u>3,015,673</u>	<u>32,831</u>	<u>44,770</u>	<u>120,579</u>
Taxes Receivable		<u>3,890,797</u>	<u>41,825</u>	<u>57,509</u>	<u>155,650</u>

## Schedule 2

<u>Operations &amp; 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>0.3107</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>1,203,670</u>	<u>4,108,605</u>	<u>476,888</u>	<u>175,127</u>	<u>151,559</u>	<u>143,748</u>	<u>13,470,557</u>
<u>0.3258</u>	<u>1.0439</u>	<u>0.1328</u>	<u>0.0640</u>	<u>0.0763</u>	<u>0.0480</u>	<u>3.6624</u>
<u>1,216,154</u>	<u>3,896,695</u>	<u>495,719</u>	<u>238,901</u>	<u>284,814</u>	<u>179,176</u>	<u>13,671,093</u>
<u>531,265</u>	<u>1,701,241</u>	<u>216,087</u>	<u>104,462</u>	<u>124,161</u>	<u>78,197</u>	<u>5,969,266</u>
<u>684,889</u>	<u>2,195,454</u>	<u>279,632</u>	<u>134,439</u>	<u>160,653</u>	<u>100,979</u>	<u>7,701,827</u>

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U  
WILL COUNTY, ILLINOIS  
SCHEDULE OF LEGAL DEBT MARGIN  
JUNE 30, 2012

Schedule 3

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Assessed Valuation as of January 1, 2011	373,282,370
Debt Limitation Percentage	13.8%
Debt Limitation	<u>51,512,967</u>
Total Bonded Indebtedness Subject to Debt Limitation Provisions	26,070,000
Other Indebtedness Subject to Debt Limitation Provisions	<u>21,295</u>
Total Indebtedness Subject to Debt Limitation Provisions	<u>26,091,295</u>
Legal Debt Margin	<u><u>25,421,672</u></u>

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U  
WILL COUNTY, ILLINOIS  
STATEMENT OF ASSETS, LIABILITIES AND  
FUND BALANCES  
TRUST AND AGENCY FUND  
JUNE 30, 2012

Schedule 4

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	<u>TRUST AND AGENCY</u>
<u>ASSETS</u>	
Cash	<u>234,935</u>
<u>LIABILITIES</u>	
Due to Organizations	234,935
Fund Balance - Unreserved	<u>-</u>
Total Liabilities and Fund Equity	<u>234,935</u>

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U  
WILL COUNTY, ILLINOIS  
STATEMENT OF REVENUES RECEIVED AND  
EXPENDITURES DISBURSED  
TRUST AND AGENCY FUND  
JUNE 30, 2012

Schedule 5

STUDENT ACTIVITY ACCOUNTS:	Cash Balance June 30, 2011	Receipts	Disbursements	Cash Balance June 30, 2012
Class of 2014	-	1,120	995	125
Class of 2014	589	3,366	-	3,955
Class of 2013	2,876	20,623	20,465	3,034
Class of 2012	(163)	1,585	1,118	304
Class of 2011	415	10	-	425
Class of 2010	1,599	-	-	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	500	-	-	500
IHSA Music Contest	-	-	90	(90)
Prom	6,255	1,331	2,094	5,492
Connor Shaw Pop	538	687	538	687
Foreign Language	296	8,376	7,277	1,395
FFA	10,448	20,153	22,446	8,155
FFA/FCCLA Concessions	136	-	-	136
HS Golf	1	1,988	940	1,049
Connor Shaw Newspaper	120	-	-	120
Skills USA	12	11,280	11,290	2
Journalism	-	-	-	-
HS Bowling	378	213	213	378
HS Boys Baseball	1,197	3,105	3,850	452
HS Boys Basketball Team	2,839	5,710	5,968	2,581
HS Boys Basketball Summer	300	4,520	4,520	300
HS General Athletic	591	1,090	1,102	579
Industrial Tech Resale	479	5,917	1,349	5,047
JH Behavior Incentive Prog	438	1,277	521	1,194
HS Track	813	328	300	841
HS BB Cheerleaders	(99)	6,086	4,967	1,020
HS Girls BB team	150	3,669	3,755	64
HS Auditorium	1,501	4,812	280	6,033



PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U  
WILL COUNTY, ILLINOIS  
STATEMENT OF REVENUES RECEIVED AND  
EXPENDITURES DISBURSED  
TRUST AND AGENCY FUND  
JUNE 30, 2012

Schedule 5  
(continued)

STUDENT ACTIVITY ACCOUNTS:	Cash Balance			Cash Balance
	June 30, 2011	Receipts	Disbursements	
HS Girls Volleyball Team	901	3,315	2,879	1,337
HS Girls Softball	1,222	16,115	16,225	1,112
HS Student Council	3,608	14,412	14,095	3,925
Boys Regional Basketball	-	55	-	55
Poms Summer Camp	925	-	-	925
HS Dance Team	3,637	15,381	16,021	2,997
Lettermen	601	2,945	2,838	708
HS Yearbook	10,011	21,850	24,396	7,465
HS Band	2,122	3,114	4,580	656
HS Choir	658	709	349	1,018
HS Show Choir	1,893	5,715	6,141	1,467
National Honor Society	431	2,609	2,719	321
Newspaper	1,670	1,670	3,340	-
HS Football	997	18,596	16,990	2,603
PHS Pop Fund	69	10,020	7,709	2,380
Performing Arts	5,655	5,102	3,879	6,878
Connor Shaw Drama	810	-	-	810
Thespians	1,799	1,969	2,730	1,038
HS Wrestlers	807	2,771	2,529	1,049
Scholastic Bowl	(6)	1,990	1,866	118
JH Pop Fund	(25)	2,085	1,279	781
HS Excel Edge ACT Test	591	6,313	6,028	876
JH Athletic Activities	1,556	10,025	10,159	1,422
JH Activities Account	4,344	34,834	28,673	10,505
JH Cheerleaders	417	-	-	417
JH Band	1,168	932	313	1,787
JH Chorus	1,084	-	394	690
JH English	3	6,460	5,947	516
JH Science	151	675	259	567
JH Student Council	248	1,664	648	1,264
JH Video	1,929	4,808	5,139	1,598
PHS FB Tunnel	3,235	3,863	2,991	4,107

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U  
WILL COUNTY, ILLINOIS  
STATEMENT OF REVENUES RECEIVED AND  
EXPENDITURES DISBURSED  
TRUST AND AGENCY FUND  
JUNE 30, 2012

Schedule 5  
(continued)

STUDENT ACTIVITY ACCOUNTS:	Cash Balance June 30, 2011	Receipts	Disbursements	Cash Balance June 30, 2012
HS Recycling 3	125	40	61	104
Peotone Elementary	4,455	5,626	3,998	6,083
Peotone Elem Sunshine	100	-	-	100
Peotone Elem PTO Media	1	1,417	1,417	1
Peotone Elem POP	225	1,726	530	1,421
Green Garden Elementary	735	6,530	7,152	113
Green Garden Faculty Fund	360	949	975	334
Wilton Center Elem Faculty	1,429	1,310	2,142	597
Wilton Center Elem School	(165)	4,175	1,560	2,450
General Fund	2,039	25,041	24,774	2,306
Interest	8,149	1,068	456	8,761
Gym Suits	4,805	8,893	12,339	1,359
Textbooks	765	7,292	5,853	2,204
Education Foundation	1,594	18,935	15,583	4,946
Booster Club	18,979	17,484	18,194	18,269
High School Staff	893	620	521	992
Lambert Fund	250	-	-	250
B Starkey Football Memor	1,274	-	-	1,274
Cheer Summer Camp	-	-	-	-
HS Tad	745	1,785	1,591	939
Interstate 8 Conference	497	-	-	497
Computer P/R Fund	2,722	2,097	2,879	1,940
FB Cheer	13	624	137	500
WC/GG Library	16	8	-	24
WYSE	204	-	-	204
HS AP & Proctor	679	6,286	5,932	1,033
JE PE Gym Suits	5,223	9,243	12,367	2,099
Soccer Summer Camp	-	1,140	1,140	-
JH Art/Jones	101	574	354	321
High School Library	492	-	-	492
HS Boys Soccer	2,034	17,405	15,427	4,012
HS Baseball Summer Camp	187	-	-	187

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U  
WILL COUNTY, ILLINOIS  
STATEMENT OF REVENUES RECEIVED AND  
EXPENDITURES DISBURSED  
TRUST AND AGENCY FUND  
JUNE 30, 2012

Schedule 5  
(continued)

STUDENT ACTIVITY ACCOUNTS:	Cash Balance		Disbursements	Cash Balance
	June 30, 2011	Receipts		June 30, 2012
Peotone Elem Library	245	10	-	255
HS Girls BKB Summer Cmp	409	2,890	3,211	88
Student ID Account	9,863	2,933	-	12,796
JH IESA State Series	304	1,599	1,346	557
Junior High Library	4,676	7,658	7,169	5,165
FFA/Skills Concessions	57	15,802	15,805	54
HS Football Summer Camp	-	5,189	4,189	1,000
Conner Shaw Center	2,758	4,597	5,353	2,002
HS Science Club	95	375	-	470
JH Play Activity	1,910	-	-	1,910
Junior High Track	825	265	991	99
HS Parking Permits	27,342	10,021	-	37,363
Smiles	2,076	-	2,076	-
HS Girls Soccer	123	2,902	2,756	269
HS Devil Dash	4,297	1,537	5,457	377
	<u>200,575</u>	<u>503,289</u>	<u>468,929</u>	<u>234,935</u>

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

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

Compliance

We have audited the compliance of Peotone Community Unit School District 207U with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2012. Peotone Community Unit School District 207U's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Peotone Community Unit School District 207U's management. Our responsibility is to express an opinion on Peotone Community Unit School District 207U's compliance based on our audit.

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

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

In our opinion, Peotone Community Unit School District 207U complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2012.

#### 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, 2012, and have issued our report thereon dated September 10, 2012. 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

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

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.

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.*

Gassensmith & Associates, Ltd.  
Certified Public Accountants

Joliet, Illinois  
September 10, 2012

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	ISBE Project No. /Federal Project No.	Federal Expenditures Year		Total by CFDA Number	Major Programs
			2011	2012		
<u>U.S. Department of Health and Human Services</u>						
Passed through Illinois Healthcare & Family Services						
Medicaid program administration	93.778	2012-4900	-	26,396	\$ 26,396	
<u>U.S. Department of Human Services</u>						
Passed through Illinois Department of Human Services						
STEP	84.126	2012	-	8,137	8,137	
<u>U.S. Department of Agriculture</u>						
Passed through Illinois State Board of Education						
National School Lunch Program	10.555	2011-4210 2012-4210	- -	15,600 76,649	92,249	
Special Milk Program	10.556	2011-4215 2012-4215	- -	1,314 6,823	8,137	
Non-cash Commodities	10.555	N/A	-	27,514	32,949	
Dept. of Defense Fresh Fruits and Vegetables	10.555	N/A	-	5,435		
<u>U.S. Department of Education</u>						
Passed through Illinois State Board of Education						
Special Education - IDEA	84.027A	2011-4625	-	37,034	353,002	X
Special Education - IDEA	84.027A	2010-4625-XC	2,622	-		
Special Education - IDEA	84.027A	2012-4625	-	45,040		
Special Education -IDEA-Flow Through/ Low Incidence	84.027A	2011-4620	41,588	-		
Special Education -IDEA-Flow Through/ Low Incidence	84.027A	2012-4620	-	226,718		
Special Education -IDEA-Flow Through Preschool	84.173A	2012-4600	-	10,845	10,845	X
ARRA-Fed.-Sp. Ed.-Pre-School Flow Through	84.392A	2011-4856	3,291	-	3,291	X
Technology-Enhancing Education-Formula	84.318X	2011-4971	750	-	750	
Title I - Low Income	84.010A	2012-4300	-	61,653	61,653	
Title II - Teacher Quality	84.367A	2012-4932	-	22,372	22,372	
ARRA-Education Jobs Fund Program	84.410A	2012-4880	-	3,230	3,230	
Total Federal Award Expenditures			\$ 48,251	\$ 574,760	\$ 623,011	

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U

Notes to Schedule of Expenditures of Federal Awards  
June 30, 2012

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	\$623,011
Add-Medicaid Fees-For-Service Program	8,339
Minus Non-Cash Commodities	<u>(32,949)</u>
Total Federal Revenues Per Basic Financial Statements	<u>\$598,401</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, 2012

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, 2012. 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.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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.

FEDERAL AWARDS

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.
7. The programs tested as major programs include Special Education Custer-(CFDA 84.027A, 84.173A, 84.392A).
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Peotone Community Unit School District 207U was determined to be a low-risk auditee.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U

Summary of Findings and Questionable Costs  
June 30, 2012

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 is missing 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 Community Unit School District 207U.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U

Summary Schedule of Prior Year Audit Findings  
Year Ending June 30, 2012

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u>
2011-1	Title I questioned costs	Corrective action was implemented.