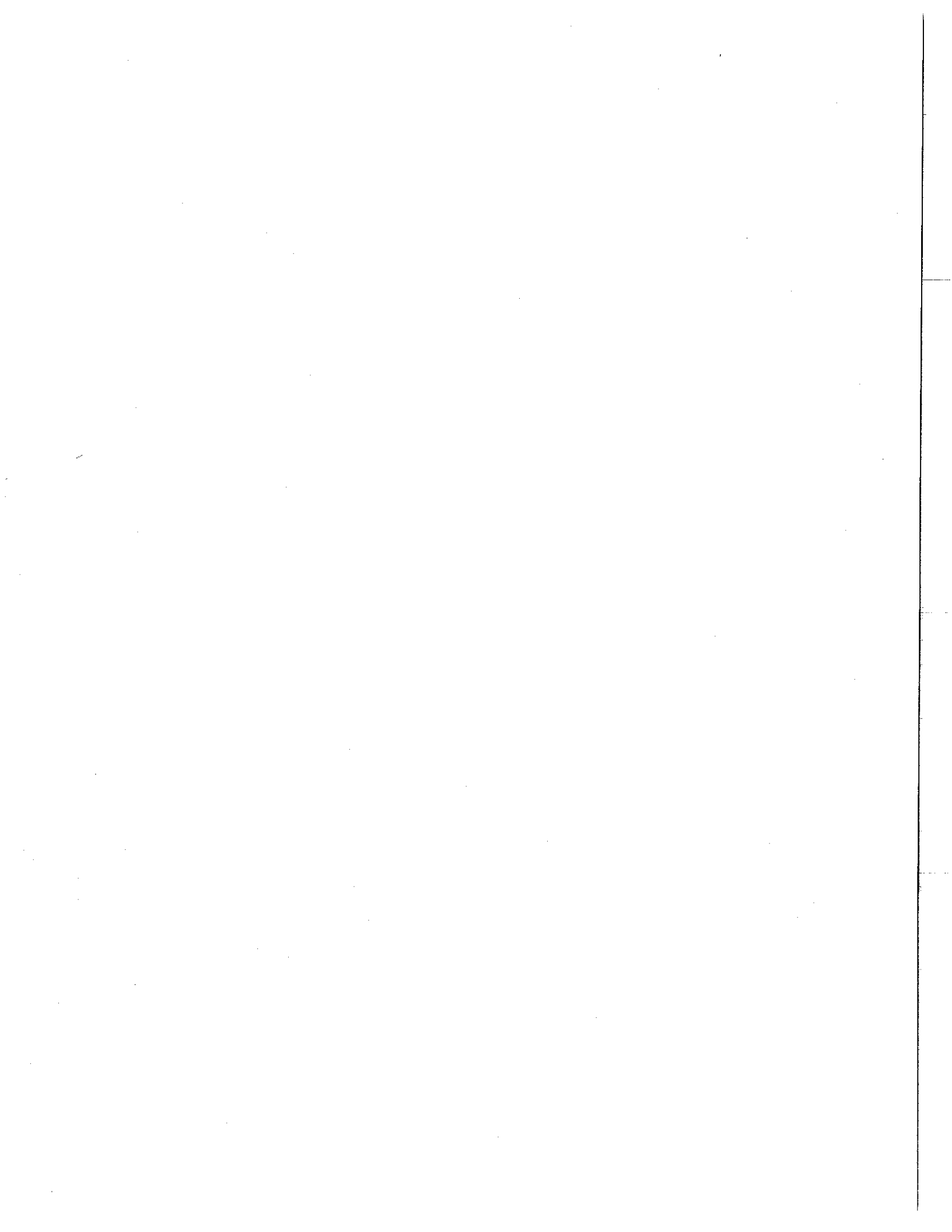


Peotone Community Unit
School District 207U

Annual Financial Report

Peotone, Illinois

June 30, 2013



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 (District) as of and for the fiscal year ended June 30, 2013, as listed in the table of contents.

Management's Responsibility for the Financial Statements

These financial statements are the responsibility of the district's management.

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion.

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

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described more fully in Note #1, the District 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, the District 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.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 2013, or changes in financial position for the fiscal year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets and liabilities arising from cash transactions of the District as of June 30, 2013, its revenue received and expenditures disbursed during the fiscal year then ended, on the basis of accounting described in Note #1.

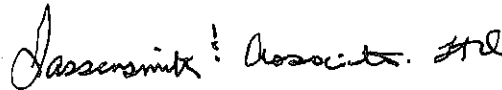
Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued a report dated September 26, 2013, on our consideration of the District'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* in considering the District's internal control over financial reporting and compliance.

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

Other Matters

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 purposes of additional analysis and are not a required part of the financial statements. The "Supplementary Information" is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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.



Gassensmith & Associates, Ltd.
Certified Public Accountants

September 26, 2013

Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with Government Auditing Standards

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Peotone Community Unit School District 207U (District) as of and for the year ended June 30, 2013, and have issued our report thereon dated September 26, 2013. Our opinion was adverse because the financial statements are not prepared in accordance with generally accepted accounting principles. However, the financial statements were found to be fairly stated on the cash basis of accounting, in accordance with regulatory reporting requirements established by the Illinois State Board of Education, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and

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

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

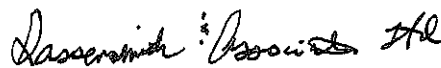
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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


Gassensmith & Associates, Ltd.
Certified Public Accountants

September 26, 2013

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U
WILL COUNTY, ILLINOIS
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
ARISING FROM CASH TRANSACTIONS - REGULATORY BASIS
JUNE 30, 2013

	<u>Educational</u>	<u>Operations and Maintenance</u>	<u>Debt Services</u>	<u>Transportation</u>	<u>Municipal Retirement/ Social Security</u>
<u>Assets</u>					
Cash and Cash Equivalents	2,662,019	815,103	2,047,645	858,041	635,331
Investments					
Other Current Assets	-	-	-	-	-
Land	-	-	-	-	-
Buildings	-	-	-	-	-
Improvements other than Buildings	-	-	-	-	-
Equipment Other than Trans or Food Svc	-	-	-	-	-
Transportation Equipment	-	-	-	-	-
Food Service Equipment	-	-	-	-	-
Amounts Available in Debt Service Funds	-	-	-	-	-
Amounts to be provided for Payment of Bonds	-	-	-	-	-
Amounts to be provided for Payment of Other Long Term Debt	-	-	-	-	-
Total Assets	<u>2,662,019</u>	<u>815,103</u>	<u>2,047,645</u>	<u>858,041</u>	<u>635,331</u>
<u>Liabilities and Fund Balances</u>					
Liabilities					
Payroll Deductions and Withholdings	-	-	-	-	-
Due to Organizations	-	-	-	-	-
Bonds Payable	-	-	-	-	-
Other Long-term Liabilities	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Reserved	-	-	-	-	-
Unreserved	2,662,019	815,103	2,047,645	858,041	635,331
Investments in General Fixed Assets	-	-	-	-	-
Total Fund Balances	<u>2,662,019</u>	<u>815,103</u>	<u>2,047,645</u>	<u>858,041</u>	<u>635,331</u>
Total Liabilities and Fund Balances	<u>2,662,019</u>	<u>815,103</u>	<u>2,047,645</u>	<u>858,041</u>	<u>635,331</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)
6,621,192	181,955	4,123	259,889	-	-	14,085,298
-	-	-	-	-	-	-
-	-	-	-	2,973,996	-	2,973,996
-	-	-	-	28,474,702	-	28,474,702
-	-	-	-	839,002	-	839,002
-	-	-	-	4,536,032	-	4,536,032
-	-	-	-	3,181,418	-	3,181,418
-	-	-	-	-	-	-
-	-	-	-	-	2,047,645	2,047,645
-	-	-	-	-	26,566,355	26,566,355
-	-	-	-	-	-	-
<u>6,621,192</u>	<u>181,955</u>	<u>4,123</u>	<u>259,889</u>	<u>40,005,150</u>	<u>28,614,000</u>	<u>82,704,448</u>
-	-	-	-	-	-	-
-	-	-	259,889	-	-	259,889
-	-	-	-	-	28,614,000	28,614,000
-	-	-	-	-	-	-
-	-	-	<u>259,889</u>	-	<u>28,614,000</u>	<u>28,873,889</u>
-	-	-	-	-	-	-
6,621,192	181,955	4,123	-	-	-	13,825,409
-	-	-	-	40,005,150	-	40,005,150
<u>6,621,192</u>	<u>181,955</u>	<u>4,123</u>	-	<u>40,005,150</u>	-	<u>53,830,559</u>
<u>6,621,192</u>	<u>181,955</u>	<u>4,123</u>	<u>259,889</u>	<u>40,005,150</u>	<u>28,614,000</u>	<u>82,704,448</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, 2013

	<u>Educational</u>	<u>Operations and Maintenance</u>	<u>Debt Services</u>
Revenue Received:			
Local Sources	\$ 8,950,484	\$ 1,394,517	\$ 4,323,156
State Sources	2,432,582	50,000	-
Federal Sources	672,730	-	-
Total Direct Receipts	<u>12,055,796</u>	<u>1,444,517</u>	<u>4,323,156</u>
Receipts for On-Behalf Payments	<u>2,077,307</u>	-	-
Total Revenues	<u>14,133,103</u>	<u>1,444,517</u>	<u>4,323,156</u>
Expenditures Disbursed:			
Instruction	8,869,986	-	-
Support Services	2,517,489	1,289,047	-
Community Services	579	-	-
Payments to Other Districts and Governmental Units	1,180,664	-	-
Debt Service	-	63,247	3,911,773
Total Direct Disbursements	<u>12,568,718</u>	<u>1,352,294</u>	<u>3,911,773</u>
Disbursements for On-Behalf Payments	<u>2,077,307</u>	-	-
Total Expenditures	<u>14,646,025</u>	<u>1,352,294</u>	<u>3,911,773</u>
Excess (Deficiency) of Revenues Over Expenditures	(512,922)	92,223	411,383
Other Financing Sources:			
Abatement of the Working Cash Fund	1,000,000	500,000	-
Transfer to Pay Principal and Interest on Capital Leases	-	-	21,566
Principal on Bonds Sold	-	-	3,040,000
Premium on Bond Sold	-	-	118,319
Accrued Interest on Bonds Sold	-	-	6,441
Transfer among funds	-	-	2,218
Other Financing (Uses):			
Abatement of the Working Cash Fund	-	-	-
Transfer to Pay Principal and Interest on Capital Leases	(21,566)	-	-
Transfer to Escrow	-	-	(3,040,000)
Bond issuance costs	-	-	(118,319)
Transfer among funds	-	-	-
Total Other Financing Sources and (Uses)	<u>978,434</u>	<u>500,000</u>	<u>30,225</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	465,512	592,223	441,608
Beginning Fund Balance - July 1, 2012	<u>2,196,507</u>	<u>222,880</u>	<u>1,606,037</u>
Ending Fund Balance - June 30, 2013	<u>2,662,019</u>	<u>815,103</u>	<u>2,047,645</u>

The accompanying notes are an integral part of these statements

Statement 2

<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>
\$ 579,694	\$ 615,223	\$ 192,580	\$ 319,868	\$ 2	16,375,524
1,065,701	-	-	-	-	3,548,283
-	-	-	-	-	672,730
<u>1,645,395</u>	<u>615,223</u>	<u>192,580</u>	<u>319,868</u>	<u>2</u>	<u>20,596,537</u>
-	-	-	-	-	2,077,307
<u>1,645,395</u>	<u>615,223</u>	<u>192,580</u>	<u>319,868</u>	<u>2</u>	<u>22,673,844</u>
-	228,269	-	-	-	9,098,255
1,576,151	315,601	-	267,614	-	5,965,902
-	-	-	-	-	579
-	-	-	-	-	1,180,664
-	-	-	-	-	3,975,020
<u>1,576,151</u>	<u>543,870</u>	<u>-</u>	<u>267,614</u>	<u>-</u>	<u>20,220,420</u>
-	-	-	-	-	2,077,307
<u>1,576,151</u>	<u>543,870</u>	<u>-</u>	<u>267,614</u>	<u>-</u>	<u>22,297,727</u>
69,244	71,353	192,580	52,254	2	376,117
-	-	-	-	-	1,500,000
-	-	-	-	-	21,566
-	-	5,455,000	-	-	8,495,000
-	-	202,293	-	-	320,612
-	-	4,468	-	-	
-	-	(1,500,000)	-	-	(1,500,000)
-	-	-	-	-	(21,566)
-	-	(202,293)	-	-	(320,612)
-	-	(2,218)	-	-	(2,218)
-	-	3,957,250	-	-	8,492,782
69,244	71,353	4,149,830	52,254	2	5,842,026
<u>788,797</u>	<u>563,978</u>	<u>2,471,362</u>	<u>129,701</u>	<u>4,121</u>	<u>7,983,383</u>
<u>858,041</u>	<u>635,331</u>	<u>6,621,192</u>	<u>181,955</u>	<u>4,123</u>	<u>13,825,409</u>

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 200U
WILL COUNTY, ILLINOIS
STATEMENT OF REVENUE RECEIVED - ALL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Educational	Operations and Maintenance	Debt Services
Revenue Received:			
Revenue from Local Sources			
Ad Valorem Taxes Levied By Local Education Agency			
Designated Purpose Levies	\$ 7,596,622	\$ 1,337,230	\$ 4,323,146
Leasing Levy	110,636	-	-
Special Education Levy	81,026	-	-
Social Security/Medicare Only Levy	-	-	-
Payments In Lieu Of Taxes			
Payments From Local Housing Authorities	-	-	-
Corporate Personal Property Replacement Taxes	527,059	-	-
Tuition			
Regular Tuition From Pupils Or Parents (In State)	39,073	-	-
Regular Tuition From Other Leas (In State)	155	-	-
Adult - Tuition From Other Sources (Out Of State)	-	-	-
Transportation Fees			
Regular Transportation Fees From Other Leas (In State)	-	-	-
Earnings On Investments			
Interest On Investments	814	2	-
Food Service			
Other Food Service	201,916	-	-
District/School Activity Income			
Admissions - Athletic	27,152	-	-
Admissions - Other	35,074	-	-
Fees	211,474	-	-
Textbook Income			
Rentals - Regular Textbook	80,119	-	-
Other Revenue From Local Sources			
Rentals	-	44,662	-
Contributions And Donations From Private Sources	616	12,453	-
Payments of Surplus Moneys from TIF Districts	7,930	-	-
Drivers' Education Fees	20,800	-	-
Other Local Revenues	10,018	170	10
Total Revenue From Local Sources	8,950,484	1,394,517	4,323,156

The accompanying notes are an integral part of these statements.

Statement 3

<u>Transportation</u>	<u>Municipal Retirement/ Social Security</u>	<u>Capital Projects</u>	<u>Working Cash</u>	<u>Tort</u>	<u>Fire Prevention and Safety</u>	<u>Total (Memorandum Only)</u>
\$ 535,458	\$ 257,982	\$ -	\$ 189,568	\$ 319,868	\$ -	\$ 14,559,874
-	-	-	-	-	-	110,636
-	-	-	-	-	-	81,026
-	307,241	-	-	-	-	307,241
-	-	-	-	-	-	-
-	50,000	-	-	-	-	577,059
-	-	-	-	-	-	39,073
-	-	-	-	-	-	155
-	-	-	-	-	-	-
15,000	-	-	-	-	-	15,000
-	-	-	3,012	-	2	3,830
-	-	-	-	-	-	201,916
-	-	-	-	-	-	27,152
-	-	-	-	-	-	35,074
-	-	-	-	-	-	211,474
-	-	-	-	-	-	80,119
-	-	-	-	-	-	44,662
-	-	-	-	-	-	13,069
-	-	-	-	-	-	7,930
1,014	-	-	-	-	-	21,814
28,222	-	-	-	-	-	38,420
<u>579,694</u>	<u>615,223</u>	<u>-</u>	<u>192,580</u>	<u>319,868</u>	<u>2</u>	<u>16,375,524</u>

(Continued)

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 200U
WILL COUNTY, ILLINOIS
STATEMENT OF REVENUE RECEIVED - ALL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Educational	Operations and Maintenance	Debt Services
Revenue From State Sources			
Unrestricted Grants-In-Aid			
General State Aid - Sec. 18-8.05	1,295,867	-	-
Other Unrestricted Grants-In-Aid From State Source	-	-	-
Restricted Grants-In-Aid			
Special Education - Private Facility Tuition	357,331	-	-
Special Education - Extraordinary	316,408	-	-
Special Education - Personnel	411,882	-	-
Special Education - Orphanage - Individual	16,900	-	-
Special Education - Summer School	3,468	-	-
CTE - Agriculture Education	1,535	-	-
State Free Lunch And Breakfast	1,784	-	-
Driver Education	25,988	-	-
Transportation - Regular/Vocational	-	-	-
Transportation - Special Education	-	-	-
School Infrastructure - Maintenance	-	50,000	-
Other Restricted Revenue From State Sources	1,419	-	-
Total Receipts From State Sources	<u>2,432,582</u>	<u>50,000</u>	<u>-</u>
Revenue From Federal Sources			
Restricted Grants-In-Aid Received From Federal Government			
Thru The State			
National School Lunch Program	89,601	-	-
Special Milk Program	3,580	-	-
Title I - Low Income	151,966	-	-
Federal - Special Education - Preschool Flow - Through	10,813	-	-
Federal - Special Education - Preschool Discretionary	-	-	-
Federal - Special Education - IDEA - Flow Through /			
Low Incidence	197,127	-	-
Federal - Special Education - IDEA - Room And Board	96,929	-	-
Federal - Special Education - IDEA - Other	-	-	-
Title II - Teacher Quality	31,517	-	-
Medicaid Matching Funds - Administrative Outreach	47,255	-	-
Medicaid Matching Funds - Fee-For-Service Program	40,305	-	-
Other Restricted Revenue From Federal Sources	3,637	-	-
Total Receipts From Federal Sources	<u>672,730</u>	<u>-</u>	<u>-</u>
Total Direct Receipts	<u>12,055,796</u>	<u>1,444,517</u>	<u>4,323,156</u>

The accompanying notes are an integral part of these statements.

Statement 3

<u>Transportation</u>	<u>Municipal Retirement/ Social Security</u>	<u>Capital Projects</u>	<u>Working Cash</u>	<u>Tort</u>	<u>Fire Prevention and Safety</u>	<u>Total (Memorandum Only)</u>
-	-	-	-	-	-	1,295,867
-	-	-	-	-	-	-
-	-	-	-	-	-	357,331
-	-	-	-	-	-	316,408
-	-	-	-	-	-	411,882
-	-	-	-	-	-	16,900
-	-	-	-	-	-	3,468
-	-	-	-	-	-	1,535
-	-	-	-	-	-	1,784
-	-	-	-	-	-	25,988
544,960	-	-	-	-	-	544,960
520,741	-	-	-	-	-	520,741
-	-	-	-	-	-	50,000
-	-	-	-	-	-	1,419
<u>1,065,701</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,548,283</u>
-	-	-	-	-	-	89,601
-	-	-	-	-	-	3,580
-	-	-	-	-	-	151,966
-	-	-	-	-	-	10,813
-	-	-	-	-	-	-
-	-	-	-	-	-	197,127
-	-	-	-	-	-	96,929
-	-	-	-	-	-	-
-	-	-	-	-	-	31,517
-	-	-	-	-	-	47,255
-	-	-	-	-	-	40,305
-	-	-	-	-	-	3,637
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>672,730</u>
<u>1,645,395</u>	<u>615,223</u>	<u>-</u>	<u>192,580</u>	<u>319,868</u>	<u>2</u>	<u>20,596,537</u>

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U
WILL COUNTY, ILLINOIS
STATEMENT OF EXPENDITURES DISBURSED
(AND COMPARISON WITH BUDGET)
EDUCATIONAL FUND
JUNE 30, 2013

Statement 4

Expenditures Disbursed:	<u>Actual</u>	<u>Budget</u>	<u>Unexpended Budget</u>
Instruction			
Regular Programs			
Salaries	\$ 4,347,621	\$ 4,817,800	\$ 470,179
Employee Benefits	1,190,297	1,303,700	113,403
Purchased Services	119,090	132,850	13,760
Supplies And Materials	214,177	241,000	26,823
Other Objects	1,043	-	(1,043)
Non-Capitalized Equipment	-	-	-
Total Regular Programs	<u>5,872,228</u>	<u>6,495,350</u>	<u>623,122</u>
Pre-K Programs			
Salaries	37,354	30,000	(7,354)
Employee Benefits	11,023	16,000	4,977
Purchased Services	175	100	(75)
Supplies And Materials	-	50	50
Total Pre-K Programs	<u>48,552</u>	<u>46,150</u>	<u>(2,402)</u>
Special Education Programs			
Salaries	1,555,927	1,347,000	(208,927)
Employee Benefits	449,831	417,000	(32,831)
Purchased Services	28,322	53,000	24,678
Supplies And Materials	32,922	40,200	7,278
Total Special Education Programs	<u>2,067,002</u>	<u>1,857,200</u>	<u>(209,802)</u>
Remedial and Suppl. Programs K-12			
Salaries	178,727	198,000	19,273
Employee Benefits	81,441	37,000	(44,441)
Purchased Services	-	3,000	3,000
Supplies and Materials	13,213	3,000	(10,213)
Total Remedial and Suppl. Programs K-12	<u>273,381</u>	<u>241,000</u>	<u>(32,381)</u>
Vocational Programs			
Salaries	177,963	149,000	(28,963)
Employee Benefits	48,476	41,600	(6,876)
Purchased Services	1,954	2,850	896
Supplies And Materials	29,614	22,250	(7,364)
Total Vocational Programs	<u>258,007</u>	<u>215,700</u>	<u>(42,307)</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, 2013

Statement 4
(continued)

Expenditures Disbursed:	Actual	Budget	Unexpended Budget
Interscholastic Programs			
Salaries	131,442	130,500	(942)
Employee Benefits	36,806	33,500	(3,306)
Purchased Services	99,971	109,700	9,729
Supplies And Materials	28,398	33,750	5,352
Total Interscholastic Programs	<u>296,617</u>	<u>307,450</u>	<u>10,833</u>
Driver's Education Programs			
Salaries	34,868	38,000	3,132
Employee Benefits	8,586	8,500	(86)
Supplies And Materials	2,405	6,200	3,795
Total Driver's Education Programs	<u>45,859</u>	<u>52,700</u>	<u>6,841</u>
Total Instruction	<u>8,861,646</u>	<u>9,215,550</u>	<u>353,904</u>
Support Services - Pupils			
Attendance And Social Work Services			
Salaries	135,318	131,000	(4,318)
Employee Benefits	32,774	15,000	(17,774)
Purchased Services	-	3,000	3,000
Supplies and Materials	-	3,000	3,000
Total Social Work Services	<u>168,092</u>	<u>152,000</u>	<u>(16,092)</u>
Guidance Services			
Salaries	105,309	108,500	3,191
Employee Benefits	30,987	29,200	(1,787)
Purchased Services	11,551	20,000	8,449
Supplies And Materials	1,912	2,200	288
Non-Capitalized Equipment	-	-	-
Total Guidance Services	<u>149,759</u>	<u>159,900</u>	<u>10,141</u>
Health Services			
Salaries	46,431	61,000	14,569
Employee Benefits	7,619	8,700	1,081
Supplies And Materials	4,868	7,000	2,132
Total Health Services	<u>58,918</u>	<u>76,700</u>	<u>17,782</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, 2013

Statement 4
(continued)

Expenditures Disbursed:	<u>Actual</u>	<u>Budget</u>	<u>Unexpended Budget</u>
Psychological Services			
Salaries	111,725	83,200	(28,525)
Employee Benefits	20,482	7,500	(12,982)
Purchased Services	-	1,000	1,000
Supplies and Materials	-	1,500	1,500
Total Psychological Services	<u>132,207</u>	<u>93,200</u>	<u>(39,007)</u>
Speech Pathology & Audiology			
Salaries	110,770	196,800	86,030
Employee Benefits	26,831	23,500	(3,331)
Purchased Services	-	4,000	4,000
Supplies and Materials	-	2,500	2,500
Total Speech Pathology & Audiology	<u>137,601</u>	<u>226,800</u>	<u>89,199</u>
Other Support Services - Pupils			
Supplies and Materials	5,689	6,000	311
Total Other Support Services - Pupils	<u>5,689</u>	<u>6,000</u>	<u>311</u>
Total Support Services - Pupils	<u>652,266</u>	<u>714,600</u>	<u>62,334</u>
Improvement Of Instruction Services			
Salaries	43,846	68,500	24,654
Employee Benefits	7,123	326,700	319,577
Purchased Services	34,520	34,100	(420)
Supplies And Materials	3,267	7,115	3,848
Other Objects	14,284	15,000	716
Total Improvement Of Instruction Services	<u>103,040</u>	<u>451,415</u>	<u>348,375</u>
Support Services - Instructional Staff			
Educational Media Services			
Salaries	59,461	60,000	539
Employee Benefits	14,685	13,000	(1,685)
Supplies And Materials	24,498	26,000	1,502
Total Educational Media Services	<u>98,644</u>	<u>99,000</u>	<u>356</u>
Total Support Services - Instructional Staff	<u>201,684</u>	<u>550,415</u>	<u>348,731</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, 2013

Statement 4

(continued)

Expenditures Disbursed:	Actual	Budget	Unexpended Budget
Support Services - General Administration			
Board Of Education Services			
Salaries	38,959	40,500	1,541
Employee Benefits	45	6,000	5,955
Purchased Services	58,845	65,600	6,755
Other Objects	22,771	50,000	27,229
Total Board Of Education Services	<u>120,620</u>	<u>162,100</u>	<u>41,480</u>
Executive Administration Services			
Salaries	75,000	75,000	-
Employee Benefits	-	500	500
Purchased Services	1,691	2,000	309
Supplies And Materials	510	500	(10)
Total Executive Administration Services	<u>77,201</u>	<u>78,000</u>	<u>799</u>
Tort Immunity Services			
Other Objects	7,944	48,000	40,056
Total Tort Immunity Services			
Total Support Services - Gen Admin.	<u>205,765</u>	<u>288,100</u>	<u>82,335</u>
Support Services - School Administration			
Office Of The Principal Services			
Salaries	443,090	556,775	113,685
Employee Benefits	88,966	79,000	(9,966)
Purchased Services	1,198	5,000	3,802
Supplies And Materials	815	1,500	685
Other Objects	-	15,000	15,000
Total Office Of The Principal Services	<u>534,069</u>	<u>657,275</u>	<u>123,206</u>
Support Services - Business:			
Direction of Business Support			
Salaries	82,661	63,000	(19,661)
Purchased Services	-	1,000	1,000
Supplies and Materials	471	900	429
Other Objects	-	500	500
Total Direction of Business Support	<u>83,132</u>	<u>65,400</u>	<u>(17,732)</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, 2013

Statement 4
(continued)

Expenditures Disbursed:	Actual	Budget	Unexpended Budget
Fiscal Services			
Salaries	101,459	106,000	4,541
Employee Benefits	15,692	24,000	8,308
Purchased Services	1,293	1,400	107
Supplies And Materials	11,779	12,000	221
Total Fiscal Services	<u>130,223</u>	<u>143,400</u>	<u>13,177</u>
Operation & Maintenance of Plant Services			
Purchased Services	19,983	18,000	(1,983)
Total Pupil Transportation Services	<u>19,983</u>	<u>18,000</u>	<u>(1,983)</u>
Food Services			
Salaries	175,190	182,000	6,810
Employee Benefits	22,000	23,000	1,000
Purchased Services	263	2,000	1,737
Supplies And Materials	167,766	192,000	24,234
Total Food Services	<u>365,219</u>	<u>399,000</u>	<u>33,781</u>
Total Support Services - Business	<u>598,557</u>	<u>625,800</u>	<u>27,243</u>
Information Services			
Salaries	95,152	115,000	19,848
Employee Benefits	20,845	22,500	1,655
Purchased Services	15,514	3,000	(12,514)
Supplies And Materials	193,637	200,000	6,363
Capital Outlay	-	2,500	2,500
Total Information Services	<u>325,148</u>	<u>343,000</u>	<u>17,852</u>
Total Support Services	<u>2,517,489</u>	<u>3,179,190</u>	<u>661,701</u>
Community Services			
Supplies and Materials	579	-	(579)
Total Community Services	<u>579</u>	<u>-</u>	<u>(579)</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, 2013

Statement 4

(continued)

Expenditures Disbursed:	Actual	Budget	Unexpended Budget
Payments To Other Governments			
Payments For Regular Programs			
Purchased Services	30,274	-	(30,274)
Payments For Special Education Programs			
Purchased Services	1,020,840	1,125,000	104,160
Payments for Adult Programs			
Purchased Services	129,550	163,000	33,450
Tuition	-	-	-
Total Payments To Other Governments	<u>1,180,664</u>	<u>1,288,000</u>	<u>107,336</u>
Provision For Contingencies	-	-	-
Total Disbursements	<u>12,560,378</u>	<u>13,682,740</u>	<u>1,122,362</u>

The accompanying notes are an integral part of these financial statements

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U

WILL COUNTY, ILLINOIS

Statement 5

STATEMENT OF EXPENDITURES DISBURSED

(AND COMPARISON WITH BUDGET)

OPERATIONS AND MAINTENANCE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<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	-	-	-
Total Facilities Acquisition and Construction Services	-	-	-
Operation and Maintenance of Plant Services:			
Salaries	550,256	540,000	(10,256)
Employee Benefits	118,017	119,000	983
Purchased Services	274,418	438,000	163,582
Supplies and Materials	343,263	386,000	42,737
Capital Outlay	2,261	38,000	35,739
Other Objects	832	1,000	168
Non-Capitalized Equipment	-	-	-
Total Operation and Maintenance of Plant Services	<u>1,289,047</u>	<u>1,522,000</u>	<u>232,953</u>
Total Support Services - Business	<u>1,289,047</u>	<u>1,522,000</u>	<u>232,953</u>
Debt Services-Interest on Long-Term Debt:			
Other Objects	<u>63,247</u>	<u>63,266</u>	<u>19</u>
Total Expenditures	<u><u>1,352,294</u></u>	<u><u>1,585,266</u></u>	<u><u>232,972</u></u>

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

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U

WILL COUNTY, ILLINOIS

Statement 6

STATEMENT OF EXPENDITURES DISBURSED

(AND COMPARISON WITH BUDGET)

DEBT SERVICES FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Actual</u>	<u>Budget</u>	<u>Unexpended Budget</u>
Expenditures Disbursed:			
Debt Services:			
Debt Service -			
Interest	973,528	1,042,501	68,973
Debt Service -			
Principal	2,940,635	2,911,000	(29,635)
Debt Service - Other	<u>5,950</u>	<u>6,800</u>	<u>850</u>
Total Expenditures	<u>3,920,113</u>	<u>3,960,301</u>	<u>40,188</u>

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

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U
WILL COUNTY, ILLINOIS
STATEMENT OF EXPENDITURES DISBURSED
(AND COMPARISON WITH BUDGET)
TRANSPORTATION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Statement 7

	Actual	Budget	Unexpended Budget
Expenditures Disbursed:			
Supporting Services:			
Support Services - Business			
Pupil Transportation Services:			
Salaries	706,980	728,816	21,836
Employee Benefits	21,829	20,100	(1,729)
Purchased Services	93,095	92,500	(595)
Supplies and Materials	354,200	320,000	(34,200)
Capital Outlay	392,223	411,000	18,777
Other Objects	7,824	4,000	(3,824)
Total Pupil Transportation			
Services	1,576,151	1,576,416	265
Total Support Services -			
Business	1,576,151	1,576,416	265
Total Expenditures	1,576,151	1,576,416	265

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

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U

WILL COUNTY, ILLINOIS

Statement 8

STATEMENT OF EXPENDITURES DISBURSED
(AND COMPARISON WITH BUDGET)
MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Actual</u>	<u>Budget</u>	<u>Unexpended Budget</u>
Expenditures Disbursed:			
Instruction:			
Regular Programs:			
Employee Benefits	103,748	145,950	42,202
Special Education Programs:			
Employee Benefits	116,228	108,000	(8,228)
Special Education Programs-Pre-K:			
Employee Benefits	3,034	2,000	(1,034)
CTE Programs:			
Employee Benefits	2,555	2,200	(355)
Interscholastic Programs			
Employee Benefits	2,209	2,000	(209)
Driver's Education Programs:			
Employee Benefits	493	600	107
Total Instruction	<u>228,267</u>	<u>260,750</u>	<u>32,483</u>
Supporting Services:			
Support Services - Pupils			
Attendance & Social Work Services:			
Employee Benefits	1,947	-	
Guidance Services:			
Employee Benefits	5,351	5,250	(101)
Health Services:			
Employee Benefits	8,468	11,000	2,532
Other Support Services - Pupils:			
Employee Benefits	3,200	-	(3,200)
Total Support Services - Pupils	<u>18,966</u>	<u>16,250</u>	<u>(769)</u>
Support Services - Instructional Staff:			
Improvement of Instruction Services:			
Employee Benefits	1,138	3,500	2,362
Educational Media Services			
Employee Benefits	-	800	800
Total Support Services - Instructional Staff	<u>1,138</u>	<u>4,300</u>	<u>800</u>

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

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U

WILL COUNTY, ILLINOIS

Statement 8
(continued)

STATEMENT OF EXPENDITURES DISBURSED

(AND COMPARISON WITH BUDGET)

MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Actual	Budget	Unexpended Budget
Support Services - General			
Administration:			
Board of Education Services:			
Employee Benefits	7,030	7,000	(30)
Executive Administration Services:			
Employee Benefits	-	1,200	1,200
Total Support Services - General Administration	<u>7,030</u>	<u>8,200</u>	<u>1,170</u>
Support Services - School Administration:			
Office of the Principal Svc:			
Employee Benefits	<u>7,371</u>	<u>6,000</u>	<u>(1,371)</u>
Support Services - Business			
Director of Business Support:			
Employee Benefits	913	2,850	1,937
Fiscal Services:			
Employee Benefits	18,493	18,500	7
Operation and Maintenance of Plant Services:			
Employee Benefits	84,859	88,000	3,141
Pupil Transportation Svc:			
Employee Benefits	127,952	138,000	10,048
Food Services:			
Employee Benefits	30,062	31,000	938
Internal Services:			
Employee Benefits	<u>18,817</u>	<u>21,500</u>	<u>2,683</u>
Total Support Services - Business	<u>281,096</u>	<u>299,850</u>	<u>18,754</u>
Total Support Services	<u>315,601</u>	<u>334,600</u>	<u>18,584</u>
Total Expenditures	<u>543,868</u>	<u>595,350</u>	<u>51,067</u>

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

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U

WILL COUNTY, ILLINOIS

Statement 9

STATEMENT OF EXPENDITURES DISBURSED

(AND COMPARISON WITH BUDGET)

TORT FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Actual</u>	<u>Budget</u>	<u>Unexpended Budget</u>
Expenditures Disbursed:			
Support Services:			
General Administration			
Unemployment insurance Payments			
Purchased Services	13,170	38,000	24,830
Insurance payments			
Purchased Services	170,052	160,000	(10,052)
Educational, Inspectional, Supervisory			
Services Related to Loss Prevention			
Salaries	61,316	48,000	(13,316)
Legal Services			
Purchased Services	<u>23,076</u>	<u>30,000</u>	<u>6,924</u>
Total Support Services -			
General Administration	<u>267,614</u>	<u>276,000</u>	<u>8,386</u>
Total Expenditures	<u><u>267,614</u></u>	<u><u>276,000</u></u>	<u><u>8,386</u></u>

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

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U

WILL COUNTY, ILLINOIS

Statement 10

STATEMENT OF EXPENDITURES DISBURSED

(AND COMPARISON WITH BUDGET)

FIRE PREVENTION & SAFETY FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Actual</u>	<u>Budget</u>	<u>Unexpended Budget</u>
Expenditures Disbursed:			
Support Services:			
Support Services -			
Business			
Facilities Acquisition &			
Construction Services			
Purchased Services	-	-	-
Operation & Maintenance			
of Plant			
Capital Outlay	-	-	-
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, 2013

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, 2013

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, 2013

Note #1 Summary of Significant Accounting Policies (continued)

B. Basis of Presentation - Fund Accounting (continued)

Governmental Funds - (continued)

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

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

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

Fiduciary Funds

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

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

Governmental and Expendable Trust Funds - Measurement Focus

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

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U
WILL COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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 \$735,048 has been utilized for the calculation of the per capita tuition charge and accumulated depreciation totaling \$17,503,395 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.

WILL COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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 24, 2012 and amended May 20, 2013.

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

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

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

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U
WILL COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note #1 Summary of Significant Accounting Policies (continued)

D. Budgets and Budgetary Accounting (continued)

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

E. Cash and Cash Equivalents

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

F. Investments

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

G. Inventories

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

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U
WILL COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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 2012 levy was passed by the Board on December 17, 2012. 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 \$7,330,976 from the 2012 tax levy prior to June 30, 2013. The balance of taxes shown in these financial statements are from the 2011 and prior tax levies.

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

	Maximum	Actual	Actual
	<u>Rate</u>	<u>2012 Rate</u>	<u>2011 Rate</u>
Educational	4.0000	2.0605	1.8502
Operations & Maintenance	0.7500	0.3629	0.3258
Transportation	None	0.1425	0.1328
Bond and Interest	None	1.1836	1.0439
Municipal Retirement	None	0.0686	0.0640
Social Security	None	0.0818	0.0763
Tort Immunity	None	0.0914	0.0740
Special Education	0.5000	0.0215	0.0200
Working Cash	0.0500	0.0493	0.0480
Lease Purchase	1.0000	<u>0.0294</u>	<u>0.0274</u>
Total		<u>4.0915</u>	<u>3.6624</u>

~~PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U~~
WILL COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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, 2013, expenditures disbursed exceeded revenue received from state grants, resulting in no restricted fund balance.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U
WILL COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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, 2013, 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, 2013, the total amount of unpaid contracts for services performed during the fiscal year ended June 30, 2013 amounted to \$403,697. This amount is included in the financial statements as Unreserved in the Education Fund.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U
WILL COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U
WILL COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note #3 Fund Balance Reporting (continued)

G. Reconciliation of Fund Balance Reporting (continued)

<u>Fund</u>	<u>Nonspend- able</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>	<u>Unassigned</u>	<u>Financial Statements - Reserved</u>	<u>Financial Statements - Unreserved</u>
Educational Operations & Maintenance	-	-	403,697	-	2,258,322	-	2,662,019
Debt Service	-	2,047,645	-	-	-	-	2,047,645
Transportation Municipal Retirement	-	-	-	351,544	506,497	-	858,041
Capital Projects	-	635,331	-	-	-	-	635,331
Working Cash	-	-	-	-	6,621,192	-	6,621,192
Tort Liability	-	181,955	-	-	-	-	181,955
Fire Prevention & Safety	-	4,123	-	-	-	-	4,123

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;
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;

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U
WILL COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note #4 Deposits and Investments (continued)

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.

At June 30, 2013, the carrying amount of the District's deposits with financial institutions, which includes demand deposits, savings accounts and certificates of deposits was \$13,825,249 (excludes \$160 petty cash and includes activity funds of \$259,889) and the bank balance was \$13,834,326 (includes activity funds of \$266,240). As of June 30, 2013, all of the District's bank balance was fully insured or collateralized.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U
WILL COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note #5 Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	<u>Balance</u> <u>7/1/2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2013</u>
Non-depreciable fixed assets:				
Land	2,973,996	-	-	2,973,996
Depreciable fixed assets:				
Buildings:	28,474,702	-	-	28,474,702
Improvements	839,002	-	-	839,002
Transportation				
Equipment	3,181,418	-	-	3,181,418
Equipment	<u>4,504,136</u>	<u>23,556</u>	-	<u>4,527,692</u>
Total Fixed Assets	39,973,254	23,556	-	39,996,810
Accumulated Depreciation:				
Buildings:	8,918,765	569,494	-	9,488,259
Improvements	472,094	41,951	-	514,045
Transportation				
Equipment	3,109,556	2,260	-	3,111,816
Equipment	<u>4,267,932</u>	<u>121,343</u>	-	<u>4,389,275</u>
Total Accumulated Depreciation	<u>16,768,347</u>	<u>735,048</u>	-	<u>17,503,395</u>
Fixed Assets, Net	<u>23,204,907</u>	<u>(711,492)</u>	-	<u>22,493,415</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 \$39,000 for this lease.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U
WILL COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note #6 Lease Commitments (continued)

Operating Leases (continued)

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

The annual future obligation for the District is as follows:

Fiscal Year	<u>Amount</u>
<u>Ended</u>	
6/30/14	441,237
6/30/15	61,827
6/30/16	<u>55,786</u>
Total	<u>\$558,850</u>

During the current year the District paid \$527,387 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, 2013, 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, 2012 and 2011.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U
WILL COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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, 2013, State of Illinois contributions were based on 28.05 percent of creditable earnings not paid from federal funds, and the district recognized revenue and expenditures of \$2,010,515 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2012 and June 30, 2011, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 24.91 percent (\$1,759,957) and 23.10 percent (\$1,752,056), respectively.

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

2.2 formula contributions Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2013 were \$42,708. Contributions for the years ended June 30, 2012 and June 30, 2011 were \$40,979 and \$43,991, respectively.

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

For the year ended June 30, 2013, the employer pension contribution was 28.05 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2012 and 2011, the employer contribution was 24.91 and 23.10 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2013, salaries totaling \$92,334 were paid from federal and special trust funds that required employer contributions of \$25,900. For the years ended June 30, 2012 and June 30, 2011, required district contributions were \$31,910 and \$31,811, respectively.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U
WILL COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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, 2013, the district paid \$0 to TRS for employer contributions under the ERO program. For the years ended June 30, 2012 and June 30, 2011, the district paid \$68,278 and \$0 in employer ERO contributions, respectively.

Salary increases over 6 percent and excess sick leave.

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

For the year ended June 30, 2013, the district paid \$0 to TRS for employer contributions due on salary increases in excess of 6 percent. For the years ended June 30, 2012 and 2011, the district paid \$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 (17.63 percent of salary during the year ended June 30, 2013).

For the year ended June 30, 2013, the district paid \$0 to TRS for sick leave days granted in the excess of the normal annual allotment. For the year ended June 30, 2012 and June 30, 2011, the district paid \$0 and \$0 in employer contributions granted for sick leave days, respectively.

~~PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U~~
WILL COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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, 2012. The report for the year ended June 30, 2013, is expected to be available in late 2013.

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

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U
WILL COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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 0.92 percent of pay during the year ended June 30, 2013. State of Illinois contributions were \$66,792 and the district recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the years ended June 30, 2012 and June 30, 2011 were 0.88 percent of pay, both years. State contributions on behalf of district employees were \$62,175 and 66,744, respectively.

Employer contributions to THIS Fund. The district also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.69 percent during the year ended June 30, 2013 and .66 percent during the years ended June 30, 2012 and June 30, 2011. For the year ended June 30, 2013, the district paid \$50,094 to the THIS Fund. For the years ended June 30, 2012 and June 30, 2011, the district paid \$46,631 and \$50,059 to the THIS Fund, respectively, which was 100 percent of the required contribution.

Further information on THIS Fund. The publicly available financial report of the THIS Fund may be found on the website of the Illinois Auditor General: <http://www.auditor.illinois.gov/Audit-Reports/ABC-List.asp>. The 2013 report is listed under "Central Management Services." Prior reports are available under "Healthcare and Family Services."

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.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U
 WILL COUNTY, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2013

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.

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 2012 was 10.10 percent. The 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 fiscal year 2013 was \$250,801.

Three-Year Trend Information for the Regular Plan

Fiscal Year <u>Ending</u>	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2013	250,801	100%	\$0
6/30/2012	235,142	100%	\$0
6/30/2011	241,633	100%	\$0

The required contribution for 2012 was determined as part of the December 31, 2010, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2010 included (a) 7.5 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
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note #7 Retirement Fund Commitments (continued)

C. Illinois Municipal Retirement Fund (continued)

a 20% corridor between the actuarial and market value of assets. The employer regular plan's unfunded actuarial accrued liability at December 31, 2010 is being amortized as a level percentage of projected payroll on an open 30 year basis.

Funded Status and Funding Progress. As of December 31, 2012, the most recent actuarial valuation date, the regular plan was 84.46 percent funded. The actuarial accrued liability for benefits was \$6,295,469 and the actuarial value of assets was \$5,317,005, resulting in an underfunded actuarial accrued liability (UAAL) of \$978,464. The covered payroll for calendar year 2012 (annual payroll of active employees covered by the plan) was \$2,322,751 and the ratio of the UAAL to the covered payroll was 42 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, 2013, the District had long-term debt outstanding in the amount of \$28,614,000. During the fiscal year, the following changes occurred in long-term debt account:

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2013</u>
General Obligation Bonds	24,770,000	8,495,000	5,895,000	27,370,000
Note Payable -Land	1,300,000	-	56,000	1,244,000
Capital Lease	21,295	-	21,295	-
Total	<u>26,091,295</u>	<u>8,495,000</u>	<u>5,972,295</u>	<u>28,614,000</u>

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U
WILL COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note #8 Long-Term Debt (continued)

The long-term debt consists of the following and is reflected in the General Long-Term Debt Account Group:

The summary of bonds and notes payable at June 30, 2013 is as follows:

Purpose	Interest Rates	Carrying Amount
Refunding School Bonds, Series 2005 - dated February 15, 2005	3.70%-4.00%	2,350,000
Refunding School Bonds, Series 2005B - dated September 1, 2005	4.25%-4.50%	2,415,000
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%	885,000
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%	240,000
Limited Tax School Bonds, Series 2010E - dated December 29, 2010	4.00%	1,990,000
Taxable Limited Tax School Bonds, Series 2010F - dated December 29, 2010	2.25%-3.12%	1,665,000
Taxable Refunding School Bonds, Series 2010G - dated December 29, 2010	4.25%-5.25%	5,120,000
General Obligation Refunding School Bonds, Series 2012, dated October 1, 2012	2.35%-2.75%	3,040,000
Taxable General Obligation Limited School Bonds, Series 2013, dated February 1, 2013	1.20%-3.40%	<u>5,455,000</u>
Total Bonds		<u>27,370,000</u>
Note Payable-Land	4.80%	<u>1,244,000</u>
Total General Obligations		<u>28,614,000</u>

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U
WILL COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note #8 Long-Term Debt (continued)

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.

Annual debt service payments required to service all outstanding general obligation bonds at June 30, 2013 are as follows:

Year Ending	Total Debt		
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Service</u>
2014	3,136,000	1,177,019	4,313,019
2015	3,498,000	959,662	4,457,662
2016	3,828,000	834,076	4,662,076
2017	4,225,000	689,087	4,914,087
2018	2,160,000	572,884	2,732,884
2019-2023	11,264,000	747,028	12,011,028
2024-2028	503,000	74,930	577,930
Total	<u>28,614,000</u>	<u>5,054,686</u>	<u>33,668,686</u>

Current Year Advance Refunding Of Debt

On October 1, 2012, the District issued Series 2012, \$3,040,000 in refunding school bonds, with an interest rate of ranging from 2.35% to 2.75% percent to advance refund \$585,000 of Series 2000D with an interest rates ranging from 5.60% to 5.70% and \$2,455,000 of Series 2002A bonds with interest rates ranging from 4.65% to 5.00%. The net proceeds of \$3,040,000 of the Series 2012 bonds (after residual deposit of \$6,441 into the Debt Service Fund and payment of \$118,319 underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the above-mentioned portions of the 2000D and 2002A Series bonds. As a result, the refunded portion of these bonds are considered to be defeased and the liability for those bonds has been removed from the long-term debt account group. The District's advance refunding resulted in an decrease in the District's total debt service payments over the next 9 years by \$440,917.

Note #8 Long-Term Debt (continued)

Advance Refunding of Debt

In the current and 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 \$7,680,000 of defeased bonds outstanding at June 30, 2013.

Legal Debt Margin

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, 2013, the District's legal debt limit was \$48,028,044. Qualifying outstanding debt as of June 30, 2013 totaled \$28,614,000, leaving a debt margin of \$19,414,044.

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. The lease was repaid in 2013.

Note #9 Other Postemployment Benefits

The District is legally required to provide postemployment healthcare benefits to former employees and retirees. Former employees, who are not retirees, are provided healthcare benefits mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). Former employees, who are qualified under COBRA, may apply for coverage by the District's health plan. The cost is 100% funded on a monthly pay-as-you-go basis by the former employee based upon the actual cost of the health plan for the chosen level of coverage. In addition, the District is responsible for paying the actual dollar amount of Teachers' Retirement Insurance Program (TRIP) insurance for certain eligible employees under the retirement provision of the contractual agreement.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U
 WILL COUNTY, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2013

Note #9 Other Postemployment Benefits

Illinois statutes mandate that a municipal government must offer its retirees a health insurance plan equivalent to that offered to active employees. Illinois statutes enable a government to make the health plan benefits supplemental to Medicare and to offer these supplemental benefits at a different retiree contribution rate than regular benefits provided by the group plan. State statutes do not presently require the government to pay any portion of the cost of the plan for retired employees.

Statement No. 45 of the Governmental Accounting Standards Board Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (GASB 45) was applicable for the District's year ended June 30, 2013. That Statement requires the District to recognize the obligation of other postemployment benefits (OPEB) in periods when the related services are received by the District. GASB 45 requires a systematic measurement and recognition of OPEB cost (expense) over a period that approximates employees' years of service and also requires providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. The District did implement the provisions of GASB 45 and determined the obligation to be immaterial to the financial statements.

Note #10 Tax Anticipation Warrants

There were no outstanding tax warrants at June 30, 2013.

Note #11 Interfund Loans and Transfers

There were no interfund loans at June 30, 2013. The District made the following transfers during the year ended June 30, 2013:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Education	1,000,000	21,566
Operation&Maintenance	500,000	-
Debt Services	23,784	-
Working Cash	-	1,502,218

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 and Education fund represents abatement of Working Cash Fund.

~~PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U~~
WILL COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note #12 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 #13 Expenditures in Excess of Budget

Individual fund expenditures didn't exceed appropriations during the current year.

Note #14 Deficit Fund Balances

As of June 30, 2013, the District did not have a deficit fund balance in any fund.

Note #15 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 \$13,170 for unemployment claims.

Note #16 Contingencies

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

Note #17 Pending Litigation

At June 30, 2013, 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.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U
WILL COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note #18 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 #19 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. Financial information can be obtained by writing to Southern Will County Cooperative for Special Education, 1207 North Larkin Ave, Joliet, IL 60435.

Note #20 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, 2013, 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, 2013

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]
12/31/12	5,317,005	6,295,469	978,464	84.46%	2,322,751	42.13%
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%

On a market value basis, the actuarial value of assets as of December 31, 2012 is \$5,471,638. On a market basis, the funded ratio would be 86.91%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with Peotone SD 207. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U
WILL COUNTY, ILLINOIS
DETAILED SCHEDULE OF GENERAL LONG-TERM DEBT
JUNE 30, 2013

Schedule I

Year Ending June 30	<u>Series 2010E</u>		<u>Series 2010F</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	1,990,000	39,800	125,000	49,766
2015	-	-	1,540,000	24,063
Total	<u>1,990,000</u>	<u>39,800</u>	<u>1,665,000</u>	<u>73,828</u>

Year Ending June 30	<u>Series 2005-Refunded 2010</u>		<u>Series 2005B-Refunded 2010</u>		<u>Series 2006C</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	-	91,030	305,000	101,813	-	98,440
2015	-	91,030	-	94,950	65,000	96,701
2016	-	91,030	-	94,950	15,000	94,561
2017	410,000	83,445	700,000	79,200	40,000	93,090
2018	465,000	67,025	770,000	46,125	190,000	86,938
2019	540,000	47,795	640,000	14,400	565,000	66,742
2020	935,000	18,700	-	-	660,000	33,973
2021	-	-	-	-	305,000	8,158
	<u>2,350,000</u>	<u>490,055</u>	<u>2,415,000</u>	<u>431,438</u>	<u>1,840,000</u>	<u>578,603</u>

Year Ending June 30	<u>Series 2007B</u>		<u>Series 2010C</u>		<u>Series 2010G</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	205,000	43,037	40,000	7,650	-	261,250
2015	215,000	31,488	50,000	6,300	-	261,250
2016	230,000	19,250	75,000	4,238	-	261,250
2017	235,000	6,463	75,000	1,462	-	261,250
2018	-	-	-	-	165,000	257,744
2019	-	-	-	-	2,360,000	195,238
2020	-	-	-	-	2,595,000	68,119
Total	<u>885,000</u>	<u>100,238</u>	<u>240,000</u>	<u>19,650</u>	<u>5,120,000</u>	<u>1,566,100</u>

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT-207U
WILL COUNTY, ILLINOIS
DETAILED SCHEDULE OF GENERAL LONG-TERM DEBT
JUNE 30, 2013

Schedule 1
(continued)

Year Ending June 30	Series 2008B-Refunded 2010		Series 2012		Series 2013	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	395,000	84,281	-	126,599	20,000	212,813
2015	850,000	60,938	-	79,957	715,000	155,170
2016	1,125,000	22,500	-	79,957	2,320,000	111,440
2017	-	-	295,000	76,493	2,400,000	36,000
2018	-	-	500,000	66,775	-	-
2019	-	-	485,000	54,463	-	-
2020	-	-	685,000	38,981	-	-
2021	-	-	1,075,000	14,781	-	-
Total	2,370,000	167,719	3,040,000	538,006	5,455,000	515,423

Year Ending June 30	Note Payable-Land	
	Principal	Interest
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	1,244,000	533,827

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U
WILL COUNTY, ILLINOIS
SCHEDULE OF TAXES EXTENDED AND COLLECTED
JUNE 30, 2013

	Educational <u>Levy</u>	Special Education <u>Levy</u>	Lease <u>Levy</u>	Tort Immunity <u>Levy</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>
Taxes Collected	<u>6,920,374</u>	<u>75,334</u>	<u>102,728</u>	<u>276,681</u>
 <u>2012 Levy</u>				
Assessed Valuation	348,029,306			
Tax Rate per \$100	<u>1.8502</u>	<u>0.0200</u>	<u>0.0274</u>	<u>0.0740</u>
Taxes Extended	<u>7,169,453</u>	<u>74,808</u>	<u>102,297</u>	<u>318,024</u>
Advance Taxes Received				
Prior to June 30, 2013	<u>3,691,916</u>	<u>38,523</u>	<u>52,677</u>	<u>163,767</u>
Taxes Receivable	<u>3,477,537</u>	<u>36,285</u>	<u>49,620</u>	<u>154,257</u>

Schedule 2

Operations & Maintenance Levy	Bond and Interest Levy	Transportation Levy	Municipal Retirement Levy	Social Security Levy	Working Cash Levy	Total All Levies
<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>1,218,266</u>	<u>3,903,663</u>	<u>496,220</u>	<u>239,529</u>	<u>284,837</u>	<u>179,431</u>	<u>13,697,063</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>1,262,701</u>	<u>4,118,304</u>	<u>495,825</u>	<u>238,692</u>	<u>284,621</u>	<u>171,538</u>	<u>14,236,263</u>
<u>650,229</u>	<u>2,120,724</u>	<u>255,325</u>	<u>122,915</u>	<u>146,566</u>	<u>88,334</u>	<u>7,330,976</u>
<u>612,472</u>	<u>1,997,580</u>	<u>240,500</u>	<u>115,777</u>	<u>138,055</u>	<u>83,204</u>	<u>6,905,287</u>

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U
WILL COUNTY, ILLINOIS
SCHEDULE OF LEGAL DEBT MARGIN
JUNE 30, 2013

Schedule 3

Assessed Valuation as of January 1, 2012	348,029,306
Debt Limitation Percentage	13.8%
Debt Limitation	<u>48,028,044</u>
Total Bonded Indebtedness Subject to Debt Limitation Provisions	28,614,000
Other Indebtedness Subject to Debt Limitation Provisions	<u>-</u>
Total Indebtedness Subject to Debt Limitation Provisions	<u>28,614,000</u>
Legal Debt Margin	<u><u>19,414,044</u></u>

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U
WILL COUNTY, ILLINOIS
STATEMENT OF ASSETS, LIABILITIES AND
FUND BALANCES
TRUST AND AGENCY FUND
JUNE 30, 2013

Schedule 4

	<u>TRUST AND AGENCY</u>
<u>ASSETS</u>	
Cash	<u>259,889</u>
<u>LIABILITIES</u>	
Due to Organizations	259,889
Fund Balance - Unreserved	<u>-</u>
Total Liabilities and Fund Equity	<u>259,889</u>

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U
WILL COUNTY, ILLINOIS
STATEMENT OF REVENUES RECEIVED AND
EXPENDITURES DISBURSED
TRUST AND AGENCY FUND
JUNE 30, 2013

Schedule 5

STUDENT ACTIVITY ACCOUNTS:	Cash Balance June 30, <u>2012</u>	<u>Receipts</u>	<u>Disbursements</u>	Cash Balance June 30, <u>2013</u>
Class of 2015	125	2,784	4,728	(1,819)
Class of 2014	3,955	18,862	19,298	3,519
Class of 2013	3,034	3,897	943	5,988
Class of 2012	304	-	304	-
Class of 2011	425	-	-	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)	150	150	(90)
Prom	5,492	-	-	5,492
Connor Shaw Pop	687	330	70	947
Foreign Language	1,395	7,072	7,796	671
FFA	8,155	21,010	21,601	7,564
FFA/FCCLA Concessions	136	-	-	136
HS Golf	1,049	1,302	2,076	275
Connor Shaw Newspaper	120	-	-	120
Skills USA	2	7,758	7,760	-
Journalism	-	1,373	-	1,373
HS Bowling	378	291	291	378
HS Boys Baseball	452	6,860	5,667	1,645
HS Boys Basketball Team	2,581	6,163	7,914	830
HS Boys Basketball Summer	300	4,810	4,541	569
HS General Athletic	579	6,787	7,321	45
Industrial Tech Resale	5,047	6,903	9,938	2,012
JH Behavior Incentive Prog	1,194	877	430	1,641
HS Track	841	926	1,991	(224)

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U
WILL COUNTY, ILLINOIS
STATEMENT OF REVENUES RECEIVED AND
EXPENDITURES DISBURSED
TRUST AND AGENCY FUND
JUNE 30, 2013

Schedule 5
(continued)

STUDENT ACTIVITY ACCOUNTS:	Cash Balance June 30, 2012	<u>Receipts</u>	<u>Disbursements</u>	Cash Balance June 30, 2013
HS BB Cheerleaders	1,020	5,392	5,628	784
HS Girls BB team	64	3,610	3,252	422
HS Auditorium	6,033	5,250	4,751	6,532
HS Girls Volleyball Team	1,337	4,999	3,024	3,312
HS Girls Softball	1,112	10,379	9,006	2,485
HS Student Council	3,925	14,369	15,191	3,103
Boys Regional Basketball	55	-	-	55
Poms Summer Camp	925	-	175	750
HS Dance Team	2,997	4,117	6,009	1,105
Lettermen	708	1,983	2,211	480
HS Yearbook	7,465	17,147	14,115	10,497
HS Band	656	8,455	7,490	1,621
HS Choir	1,018	2,246	1,922	1,342
HS Show Choir	1,467	3,003	1,729	2,741
National Honor Society	321	2,105	2,203	223
Newspaper	-	150	-	150
HS Football	2,603	20,842	22,180	1,265
PHS Pop Fund	2,380	5,587	7,682	285
Performing Arts	6,878	10,164	9,596	7,446
Connor Shaw Drama	810	-	-	810
Thespians	1,038	990	1,788	240
HS Wrestlers	1,049	4,655	3,912	1,792
Scholastic Bowl	118	790	633	275
JH Pop Fund	781	1,130	1,508	403
HS Excel Edge ACT Test	876	-	875	1
JH Athletic Activities	1,422	12,112	11,993	1,541
JH Activities Account	10,505	32,105	29,060	13,550
JH Cheerleaders	417	-	-	417
JH Band	1,787	1,213	1,043	1,957

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U
WILL COUNTY, ILLINOIS
STATEMENT OF REVENUES RECEIVED AND
EXPENDITURES DISBURSED
TRUST AND AGENCY FUND
JUNE 30, 2013

Schedule 5
(continued)

STUDENT ACTIVITY ACCOUNTS:	Cash Balance June 30, <u>2012</u>	<u>Receipts</u>	<u>Disbursements</u>	Cash Balance June 30, <u>2013</u>
JH Chorus	690	855	1,189	356
JH English	516	3,709	4,222	3
JH Science	567	535	254	848
JH Student Council	1,264	1,441	2,340	365
JH Video	1,598	3,705	4,479	824
PHS FB Tunnel	4,107	970	3,683	1,394
HS Recycling 3	104	33	20	117
Peotone Elementary	6,083	4,683	2,640	8,126
Peotone Elem Sunshine	100	-	-	100
Peotone Elem PTO Media	1	-	-	1
Peotone Elem POP	1,421	1,414	1,534	1,301
Green Garden Elementary	113	27,699	27,255	557
Green Garden Faculty Fund	334	766	722	378
Wilton Center Elem Faculty	597	142	431	308
Wilton Center Elem School	2,450	6,208	2,764	5,894
General Fund	2,306	25,452	25,287	2,471
Interest	8,761	353	57	9,057
Gym Suits	1,359	5,948	568	6,739
Textbooks	2,204	6,561	7,019	1,746
Education Foundation	4,946	19,499	21,436	3,009
Booster Club	18,269	37,078	44,593	10,754
High School Staff	992	620	862	750
Lambert Fund	250	-	-	250
B Starkey Football Memor	1,274	-	-	1,274
Cheer Summer Camp	-	-	-	-
HS Tad	939	660	1,269	330
Interstate 8 Conference	497	-	-	497
Computer P/R Fund	1,940	2,562	1,399	3,103
FB Cheer	500	13,720	3,604	10,616

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U
WILL COUNTY, ILLINOIS
STATEMENT OF REVENUES RECEIVED AND
EXPENDITURES DISBURSED
TRUST AND AGENCY FUND
JUNE 30, 2013

Schedule 5
(continued)

STUDENT ACTIVITY ACCOUNTS:	Cash Balance June 30, <u>2012</u>	<u>Receipts</u>	<u>Disbursements</u>	Cash Balance June 30, <u>2013</u>
WC/GG Library	24	23	-	47
WYSE	204	-	-	204
HS AP & Proctor	1,033	4,024	4,069	988
JE PE Gym Suits	2,099	8,400	7,497	3,002
Soccer Summer Camp	-	-	-	-
JH Art/Jones	321	117	539	(101)
High School Library	492	-	-	492
HS Boys Soccer	4,012	5,835	3,940	5,907
HS Baseball Summer Camp	187	-	-	187
Peotone Elem Library	255	-	-	255
HS Girls BKB Summer Cmp	88	2,750	2,219	619
Student ID Account	12,796	2,016	817	13,995
JH IESA State Series	557	2,391	2,663	285
Junior High Library	5,165	8,217	8,854	4,528
FFA/Skills Concessions	54	10,551	10,600	5
HS Football Summer Camp	1,000	2,420	3,375	45
Conner Shaw Center	2,002	11,243	10,048	3,197
HS Science Club	470	1,132	483	1,119
JH Play Activity	1,910	-	-	1,910
Junior High Track	99	15	-	114
HS Parking Permits	37,363	10,850	287	47,926
Smiles	-	416	-	416
HS Girls Soccer	269	1,720	1,195	794
HS Devil Dash	377	1,005	656	726
Class of 2016	-	833	675	158
JH Art	-	281	221	60
HS Physics	-	4,893	4,179	714
	<u>234,935</u>	<u>514,693</u>	<u>489,739</u>	<u>259,889</u>

Independent Auditor's Report on Compliance
for Each Major Program and on Internal Control over
Compliance Required by OMB Circular A-133

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

Report on Compliance for Each Major Federal Program

We have audited Peotone Community Unit School District 207U's (District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2013. the District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District'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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of 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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the District as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated September 26, 2013. Our audit opinion was adverse because the school district's policy is to prepare its financial statements to comply with regulatory provisions prescribed by the Illinois State Board of Education, which is a comprehensive basis of accounting other than generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States.. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. 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 basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Gassensmith & Associates, Ltd.

Gassensmith & Associates, Ltd.
Certified Public Accountants

Joliet, Illinois
September 26, 2013

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	ISBE Project No. /Federal Project No.	Federal Expenditures		Total by CFDA Number	Major Programs
			2012	2013		
<u>U.S. Department of Health and Human Services</u>						
Passed through Illinois Healthcare & Family Services Medicaid program administration	93.778	2013-4900	26,396	47,255	\$ 47,255	
<u>U.S. Department of Human Services</u>						
Passed through Illinois Department of Human Services STEP	84.126	2013	8,137	3,637	3,637	
<u>U.S. Department of Agriculture</u>						
Passed through Illinois State Board of Education National School Lunch Program	10.555	2012-4210 2013-4210	15,600 76,649	11,995 77,606	89,601	
Special Milk Program	10.556	2012-4215 2013-4215	1,314 6,823	1,184 2,396	3,580	
Non-cash Commodities Dept. of Defense Fresh Fruits and Vegetables	10.555	N/A	27,514	20,351	24,772	
<u>U.S. Department of Education</u>						
Passed through Illinois State Board of Education Special Education - IDEA	84.027A	2013-4625	37,034	44,625	602,848	X
Special Education - IDEA	84.027A	2012-4625-XC	-	1,930		
Special Education - IDEA	84.027A	2012-4625	45,040	50,374		
Special Education -IDEA-Flow Through/ Low Incidence	84.027A	2013-4620	-	197,127		
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	10,813	10,813	X
Title I - Low Income	84.010A	2012-4300	61,653	73,176	73,176	
Title I - Low Income	84.010A	2013-4300		78,790	78,790	
Title II - Teacher Quality	84.367A	2012-4932	22,372	11,841	11,841	
Title II - Teacher Quality	84.367A	2013-4932		19,676	19,676	
ARRA-Education Jobs Fund Program	84.410A	2012-4880	3,230	-	3,230	
Total Federal Award Expenditures			\$ 574,760	\$ 657,197	\$ 969,219	

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U

Notes to Schedule of Expenditures of Federal Awards
June 30, 2013

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	\$657,197
Add-Medicaid Fees-For-Service Program	40,305
Minus Non-Cash Commodities	<u>(24,772)</u>
Total Federal Revenues Per Basic Financial Statements	<u><u>\$672,730</u></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, 2013

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, 2013. 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, 2013

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

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

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

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 Audit Findings
June 30, 2013

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

