

Peotone Community Unit
School District 207U

Annual Financial Report

Peotone, Illinois

June 30, 2016

September 30, 2016

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

Communication with Those Charged with Governance at the Conclusion of the Audit

We have audited the basic financial statements fund and the aggregate remaining fund information of Peotone Community Unit School District 207U (District) for the year ended June 30, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 1, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2016. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no significant accounting estimates to be noted for the period under audit.

The financial statement disclosures are neutral, consistent, and clear.

Board of Education
Peotone Community Unit School District 207U

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial and communicate them to the appropriate level of management. Management has corrected all such misstatements. We have attached a list of adjustments at the end of this letter which were corrected by management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 30, 2016.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Board of Education
Peotone Community Unit School District 207U

Other Audit Findings or Issues

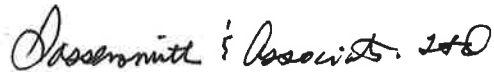
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Education and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,


Gassensmith & Associates, Ltd
Certified Public Accountants

Adj. Journal Entries
Peotone
June 30, 2016

| AJE No. | Account Description | W/P Ref | Account Number | Debits | Credits |
|---|-------------------------------------|---------|----------------|--------------|--------------|
| 1 | EDUCATION TAXES | | 10-1100 | 10,976.00 | |
| 1 | LEASING TAXES | | 10-1130 | 1,762.00 | |
| 1 | SPECIAL EDUCATION TAXES | | 10-1140 | 1,636.00 | |
| 1 | Cash In Bank | | 10-110 | | 14,374.00 |
| 1 | CASH IN BANK - O&M FUND | | 20-110 | 12,574.00 | |
| 1 | O&M TAXES | | 20-1100 | | 12,574.00 |
| 1 | Cash In Bank | | 30-110 | 58,953.00 | |
| 1 | DEBT SERVICE TAXES | | 30-1100 | | 58,953.00 |
| 1 | Cash In Bank | | 40-110 | 2,505.00 | |
| 1 | TRANSPORTATION TAXES | | 40-1100 | | 2,505.00 |
| 1 | IMRF TAXES | | 50-1100 | 21,102.00 | |
| 1 | SOC SECURITY TAXES | | 50-1150 | 32,053.00 | |
| 1 | Cash In Bank | | 50-110 | | 53,155.00 |
| 1 | WORKING CASH TAXES | | 70-1100 | 3,346.00 | |
| 1 | Cash In Bank | | 70-110 | | 3,346.00 |
| 1 | CURRENT LEVY TORT | | 80-1120 | 3,157.00 | |
| 1 | Cash | | 80-110 | | 3,157.00 |
| To reclass | | | | | |
| 2 | COMPUTER HARDWARE | | 10-2630-400 | | 5,066.70 |
| 2 | TECH-NON CAPITALIZED EQUIPMENT | | 10-2630-700 | 5,066.70 | |
| 2 | COMPUTER HARDWARE | | 10-2630-400 | | 6,522.86 |
| 2 | TECH-NON CAPITALIZED EQUIPMENT | | 10-2630-700 | 6,522.86 | |
| 2 | COMPUTER HARDWARE | | 10-2630-400 | | 110,748.25 |
| 2 | TECH-NON CAPITALIZED EQUIPMENT | | 10-2630-700 | 110,748.25 | |
| 2 | PE CAPITAL OUTLAY | | 10-1110-540-1 | | 392.00 |
| 2 | PE GENERAL SUPPLIES | | 10-1110-410 | 392.00 | |
| 2 | COMPUTER HARDWARE | | 10-2630-400 | | 1,225.53 |
| 2 | TITLE 1 CAPITAL OUTLAY | | 10-1250-500 | 1,225.53 | |
| To reclass non-capitalized equipment | | | | | |
| 3 | CASH IN BANK - O&M FUND | AA15 | 20-110 | 11,586.35 | |
| 3 | MISCELLANEOUS BLDG | | 20-1999 | | 11,586.35 |
| 3 | OTHER - INCLUDES MISC. | | 10-1999 | 11,586.35 | |
| 3 | Cash In Bank | | 10-110 | | 11,586.35 |
| To reclass | | | | | |
| 4 | OTHER - INCLUDES MISC. | | 10-1999 | | 6,634.89 |
| 4 | HEALTH INSURANCE BENEFITS | | 10-2410-222 | 6,634.89 | |
| To reclass | | | | | |
| 5 | IDEA ROOM & BOARD | | 10-4625 | 15,000.58 | |
| 5 | SPEC IDEA FLOW THROUGH | | 10-4620 | | 15,000.58 |
| To reclass | | | | | |
| 7 | HOT LUNCH - STUDENT | | 10-1611 | 44,975.08 | |
| 7 | STUDENTS A LA CARTE | | 10-1613 | | 43,222.78 |
| 7 | SALES TO STUDENTS - OTHER | | 10-1614 | | 1,752.30 |
| lunch reclass | | | | | |
| 8 | Cash In Bank | | 30-110 | 378,000.00 | |
| 8 | Transfer to pay principal | | 30-7600 | | 378,000.00 |
| 8 | CASH IN BANK - O&M FUND | | 20-110 | | 378,000.00 |
| 8 | Other revenue pledged to pay princi | | 20-8630 | 378,000.00 | |
| To record transfer to debt service for current and cumulative principal payments. | | | | | |
| 9 | On-behalf expenditures | | 10.4180.600 | 3,980,482.00 | |
| 9 | On-behalf Revenues | | 10.3998.00 | | 3,980,482.00 |
| 9 | On-behalf expenditures | | 10.4180.600 | 76,220.00 | |
| 9 | On-behalf Revenues | | 10.3998.00 | | 76,220.00 |

Adj. Journal Entries
Peotone
June 30, 2016

| AJE No. | Account Description | W/P Ref | Account Number | Debits | Credits |
|--|------------------------------|------------|-------------------|--------------|--------------|
| TO RECORD ON-BEHALF | | | | | |
| 10 | SERVICE FEES | | 30-5400-600 | | 111,420.00 |
| 10 | OTHER SOURCES NOT CLASSIFIED | | 30-7990 | 111,420.00 | |
| 10 | PRINCIAPL ON BONDS SOLD | | 30-7210 | | 2,150,000.00 |
| 10 | OTHER USES | | 30-8990-000 | 2,157,475.00 | |
| 10 | Premium on Bond Issuance | | 30-7220-000 | | 69,504.90 |
| 10 | Bond issuance cost | | 30-5400-601 | 48,000.00 | |
| 10 | Premium on Bond Issuance | | 30-7220-000 | 13,652.50 | |
| 10 | OTHER SOURCES NOT CLASSIFIED | | 30-7990 | 377.40 | |
| To record refunding bond | | | | | |
| 11 | Bond premium | | 70-7220-000 | | 226,658.20 |
| 11 | Bond premium | | 70-7220-000 | 23,543.80 | |
| 11 | TRANSFER TO ESCROW | | 70-8990-001 | 231,750.00 | |
| 11 | Bond issue costs | | 70-8990-000 | 63,420.00 | |
| 11 | SALE OF BONDS | | 70-7210 | | 88,680.60 |
| 11 | Bond issue costs | | 70-8990-000 | | 3,375.00 |
| To record working cash bond and related fees | | | | | |
| Totals | | | | 7,824,143.29 | 7,824,143.29 |

PEOTONE COMMUNITY UNIT
SCHOOL DISTRICT 207U
PEOTONE, ILLINOIS

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PEOTONE COMMUNITY UNIT
SCHOOL DISTRICT 207U
PEOTONE, 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 basic financial statements of Peotone Community Unit School District 207U (District), Peotone, Illinois, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Illinois State Board of Education. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express 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

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

statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2016, 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, 2016, 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

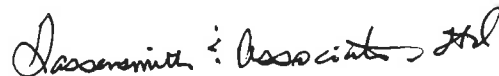
In accordance with Government Auditing Standards, we have also issued a report dated September 30, 2016, on our consideration of the District's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts

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

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.

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 30, 2016

Independent Auditors' 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 basic financial statements of Peotone Community Unit School District 207U (District) as of and for the year ended June 30, 2016, and have issued our report thereon dated September 30, 2016. 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material

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

weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses:

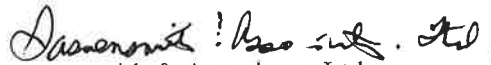
The Board of Education and management share the ultimate responsibility for the District's internal control system. While it is acceptable to outsource various accounting functions, the responsibility for internal control cannot be outsourced. The District engages an independent auditor to assist in preparing its financial statements and accompanying disclosures. However, as independent auditors, we cannot be considered part of the District's internal control system. To establish proper internal control over the preparation of its financial statements, including disclosures, and closing entries, the District should design and implement a comprehensive review procedure to ensure that the financial statements, including disclosures and closing entries, are complete and accurate. Such review procedures should be performed by an individual possessing a thorough understanding of applicable generally accepted accounting principles, Governmental Accounting Standards Board Statements and knowledge of the District's activities and operations. Currently, the District's personnel do not have sufficient financial reporting and accounting knowledge to perform a review of the District's financial statements and related disclosures to provide a high level of assurance that any potential material omissions or other errors would be identified and corrected.

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 30, 2016

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U

STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
ARISING FROM CASH TRANSACTIONS - REGULATORY BASIS

JUNE 30, 2016

| | <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 | 872,605 | 227,372 | 2,440,399 | 300,398 | 629,195 |
| Investments | - | - | - | - | - |
| Land | - | - | - | - | - |
| Buildings | - | - | - | - | - |
| Improvements other than Buildings | - | - | - | - | - |
| Equipment | - | - | - | - | - |
| Transportation 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>872,605</u> | <u>227,372</u> | <u>2,440,399</u> | <u>300,398</u> | <u>629,195</u> |
| <u>Liabilities and Fund Balances</u> | | | | | |
| <u>Liabilities</u> | | | | | |
| Due to Organizations | - | - | - | - | - |
| Bonds Payable | - | - | - | - | - |
| Other Long-term Liabilities | - | - | - | - | - |
| Total Liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>Fund Balances:</u> | | | | | |
| Reserved | - | - | - | - | - |
| Unreserved | 872,605 | 227,372 | 2,440,399 | 300,398 | 629,195 |
| Investments in General Fixed Assets | - | - | - | - | - |
| Total Fund Balances | <u>872,605</u> | <u>227,372</u> | <u>2,440,399</u> | <u>300,398</u> | <u>629,195</u> |
| Total Liabilities and Fund Balances | <u>872,605</u> | <u>227,372</u> | <u>2,440,399</u> | <u>300,398</u> | <u>629,195</u> |

Statement I

| <u>Working Cash</u> | <u>Tort</u> | <u>Fire Prevention and Safety</u> | <u>Trust and Agency Funds</u> | <u>General Fixed Assets</u> | <u>General Long Term Debt</u> | <u>Total (Memorandum Only)</u> |
|---------------------|----------------|-----------------------------------|-------------------------------|-----------------------------|-------------------------------|--------------------------------|
| 7,412,142 | 495,029 | 4,128 | 309,557 | - | - | 12,690,825 |
| - | - | - | - | 2,973,996 | - | 2,973,996 |
| - | - | - | - | 28,913,469 | - | 28,913,469 |
| - | - | - | - | 839,002 | - | 839,002 |
| - | - | - | - | 4,591,858 | - | 4,591,858 |
| - | - | - | - | 3,181,418 | - | 3,181,418 |
| - | - | - | - | - | 2,440,399 | 2,440,399 |
| - | - | - | - | - | 20,171,601 | 20,171,601 |
| - | - | - | - | - | 203,104 | 203,104 |
| <u>7,412,142</u> | <u>495,029</u> | <u>4,128</u> | <u>309,557</u> | <u>40,499,743</u> | <u>22,815,104</u> | <u>76,005,672</u> |
| - | - | - | 309,557 | - | - | 309,557 |
| - | - | - | - | - | 22,612,000 | 22,612,000 |
| - | - | - | - | - | 203,104 | 203,104 |
| - | - | - | <u>309,557</u> | - | <u>22,815,104</u> | <u>23,124,661</u> |
| - | - | - | - | - | - | - |
| 7,412,142 | 495,029 | 4,128 | - | - | - | 12,381,268 |
| - | - | - | - | 40,499,743 | - | 40,499,743 |
| <u>7,412,142</u> | <u>495,029</u> | <u>4,128</u> | - | <u>40,499,743</u> | - | <u>52,881,011</u> |
| <u>7,412,142</u> | <u>495,029</u> | <u>4,128</u> | <u>309,557</u> | <u>40,499,743</u> | <u>22,815,104</u> | <u>76,005,672</u> |

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U

STATEMENT OF REVENUE RECEIVED, EXPENDITURES DISBURSED,
OTHER FINANCING SOURCES (USES) AND CHANGES IN FUND BALANCES -
ALL FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

| | <u>Educational</u> | <u>Operations and Maintenance</u> | <u>Debt Services</u> |
|--|--------------------|---|--------------------------|
| Revenue Received: | | | |
| Local Sources | 8,996,772 | 1,477,673 | 4,596,771 |
| State Sources | 1,988,782 | - | - |
| Federal Sources | 897,340 | - | - |
| Total Direct Receipts | <u>11,882,894</u> | <u>1,477,673</u> | <u>4,596,771</u> |
| Receipts for On-Behalf Payments | <u>4,056,702</u> | <u>-</u> | <u>-</u> |
| Total Revenues | <u>15,939,596</u> | <u>1,477,673</u> | <u>4,596,771</u> |
| Expenditures Disbursed: | | | |
| Instruction | 9,145,060 | - | - |
| Support Services | 2,927,868 | 1,631,178 | - |
| Community Services | 850 | - | - |
| Payments to Other Districts and Governmental Units | 1,370,917 | - | - |
| Debt Service | <u>2,896</u> | <u>54,908</u> | <u>4,747,210</u> |
| Total Direct Disbursements | <u>13,447,591</u> | <u>1,686,086</u> | <u>4,747,210</u> |
| Disbursements for On-Behalf Payments | <u>4,056,702</u> | <u>-</u> | <u>-</u> |
| Total Expenditures | <u>17,504,293</u> | <u>1,686,086</u> | <u>4,747,210</u> |
| Excess (Deficiency) of Revenues Over Expenditures | (1,564,697) | (208,413) | (150,439) |
| Other Financing Sources: | | | |
| Abatement of the Working Cash Fund | 1,500,000 | 300,000 | - |
| ISBE loan proceeds | 171,400 | - | - |
| Principal on Bonds Sold | - | - | 2,150,000 |
| Premium on Bond Sold | - | - | 55,852 |
| Transfer among funds | - | - | 67,423 |
| Other Financing (Uses): | | | 378,000 |
| Abatement of the Working Cash Fund | - | - | - |
| Transfer to Pay Principal and Interest on Capital Leases | - | - | - |
| Transfer to Escrow | - | - | (2,157,475) |
| Bond issuance costs | - | - | - |
| Transfer among funds | <u>(67,423)</u> | <u>(378,000)</u> | <u>-</u> |
| Total Other Financing Sources and (Uses) | 1,603,977 | (78,000) | 493,800 |
| Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses) | 39,280 | (286,413) | 343,361 |
| Beginning Fund Balance | <u>833,325</u> | <u>513,785</u> | <u>2,097,038</u> |
| Ending Fund Balance | <u>872,605</u> | <u>227,372</u> | <u>2,440,399</u> |

| <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> |
|-----------------------|--|---------------------|----------------|-----------------------------------|--------------------------------|
| 540,663 | 555,606 | 158,827 | 334,246 | 1 | 16,660,559 |
| 999,691 | - | - | - | - | 2,988,473 |
| - | - | - | - | - | 897,340 |
| <u>1,540,354</u> | <u>555,606</u> | <u>158,827</u> | <u>334,246</u> | <u>1</u> | <u>20,546,372</u> |
| - | - | - | - | - | 4,056,702 |
| <u>1,540,354</u> | <u>555,606</u> | <u>158,827</u> | <u>334,246</u> | <u>1</u> | <u>24,603,074</u> |
| - | 216,359 | - | - | - | 9,361,419 |
| 1,577,242 | 367,769 | - | 211,009 | - | 6,715,066 |
| - | - | - | - | - | 850 |
| - | - | - | - | - | 1,370,917 |
| - | - | - | - | - | 4,802,118 |
| <u>1,577,242</u> | <u>584,128</u> | - | <u>211,009</u> | - | <u>22,250,370</u> |
| - | - | - | - | - | 4,056,702 |
| <u>1,577,242</u> | <u>584,128</u> | - | <u>211,009</u> | - | <u>26,307,072</u> |
| (36,888) | (28,522) | 158,827 | 123,237 | 1 | (1,703,998) |
| - | - | - | - | - | 1,800,000 |
| - | - | - | - | - | 171,400 |
| - | - | 4,690,000 | - | - | 6,840,000 |
| - | - | 203,114 | - | - | 258,966 |
| - | - | - | - | - | 67,423 |
| - | - | (1,800,000) | - | - | (1,800,000) |
| - | - | - | - | - | - |
| - | - | (231,750) | - | - | (2,389,225) |
| - | - | (60,045) | - | - | (60,045) |
| - | - | - | - | - | (445,423) |
| - | - | 2,801,319 | - | - | 4,443,096 |
| (36,888) | (28,522) | 2,960,146 | 123,237 | 1 | 3,114,202 |
| <u>337,286</u> | <u>657,717</u> | <u>4,451,996</u> | <u>371,792</u> | <u>4,127</u> | <u>9,267,066</u> |
| <u>300,398</u> | <u>629,195</u> | <u>7,412,142</u> | <u>495,029</u> | <u>4,128</u> | <u>12,381,268</u> |

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 200U

STATEMENT OF REVENUE RECEIVED - ALL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

| | <u>Educational</u> | <u>Operations and Maintenance</u> | <u>Debt Services</u> |
|--|--------------------|---|--------------------------|
| Revenue Received: | | | |
| Revenue from Local Sources | | | |
| Ad Valorem Taxes Levied By Local Education Agency | | | |
| Designated Purpose Levies | 7,541,401 | 1,313,424 | 4,596,771 |
| Leasing Levy | 105,983 | - | - |
| Special Education Levy | 77,114 | - | - |
| Social Security/Medicare Only Levy | - | - | - |
| Payments In Lieu Of Taxes | | | |
| Corporate Personal Property Replacement Taxes | 518,659 | - | - |
| Tuition | | | |
| Regular Tuition From Pupils Or Parents (In State) | 47,975 | - | - |
| Special Education - Tuition From Other Leas (In State) | 10,719 | - | - |
| Earnings On Investments | | | |
| Interest On Investments | 638 | - | - |
| Food Service | | | |
| Sales To Pupils - Lunch | 120,344 | - | - |
| Sales To Pupils - A La Carte | 43,223 | - | - |
| Sales To Pupils - Adults | 1,752 | - | - |
| District/School Activity Income | | | |
| Admissions - Athletic | 28,922 | - | - |
| Admissions - Other | 31,468 | - | - |
| Fees | 183,974 | - | - |
| Textbook Income | | | |
| Rentals - Regular Textbook | 78,443 | - | - |
| Other Revenue From Local Sources | | | |
| Rentals | - | 44,522 | - |
| Contributions And Donations From Private Sources | - | 67,222 | - |
| Impact Fees From Municipal Or County Governments | - | - | - |
| Services Provided Other LEAs | - | - | - |
| Payments of Surplus Moneys from TIF Districts | - | - | - |
| Drivers' Education Fees | 19,700 | - | - |
| Refund Prior Years' Expenditures | 57,006 | 16,775 | - |
| Other Local Revenues | 129,451 | 35,730 | - |
| Total Revenue From Local Sources | <u>8,996,772</u> | <u>1,477,673</u> | <u>4,596,771</u> |

The accompanying notes are an integral part of these financial 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> |
|-----------------------|--|-------------------------|---------------------|----------------|-----------------------------------|--------------------------------|
| 518,496 | 227,338 | - | 155,801 | 334,246 | - | 14,687,477 |
| - | - | - | - | - | - | 105,983 |
| - | - | - | - | - | - | 77,114 |
| - | 264,164 | - | - | - | - | 264,164 |
| - | 64,104 | - | - | - | - | 582,763 |
| - | - | - | - | - | - | 47,975 |
| - | - | - | - | - | - | 10,719 |
| - | - | - | 3,026 | - | 1 | 3,665 |
| - | - | - | - | - | - | 120,344 |
| - | - | - | - | - | - | 43,223 |
| - | - | - | - | - | - | 1,752 |
| - | - | - | - | - | - | 28,922 |
| - | - | - | - | - | - | 31,468 |
| - | - | - | - | - | - | 183,974 |
| - | - | - | - | - | - | 78,443 |
| - | - | - | - | - | - | 44,522 |
| - | - | - | - | - | - | 67,222 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| 1,000 | - | - | - | - | - | 20,700 |
| - | - | - | - | - | - | 73,781 |
| 21,167 | - | - | - | - | - | 186,348 |
| <u>540,663</u> | <u>555,606</u> | <u>-</u> | <u>158,827</u> | <u>334,246</u> | <u>1</u> | <u>16,660,559</u> |

(Continued)

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 200U

STATEMENT OF REVENUE RECEIVED - ALL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

| | <u>Educational</u> | <u>Operations and Maintenance</u> | <u>Debt Services</u> |
|---|--------------------|---|--------------------------|
| Revenue From State Sources | | | |
| Unrestricted Grants-In-Aid | | | |
| General State Aid - Sec. 18-8.05 | 836,651 | - | - |
| Restricted Grants-In-Aid | | | |
| Special Education - Private Facility Tuition | 417,055 | - | - |
| Special Education - Funding for Children | 202,367 | - | - |
| Special Education - Personnel | 425,842 | - | - |
| Special Education - Orphanage - Individual | 85,155 | - | - |
| Special Education - Summer School | 2,634 | - | - |
| CTE - Agriculture Education | 1,368 | - | - |
| State Free Lunch And Breakfast | 642 | - | - |
| Driver Education | 16,132 | - | - |
| Transportation - Regular/Vocational | - | - | - |
| Transportation - Special Education | - | - | - |
| Other Restricted Revenue From State Sources | 936 | - | - |
| Total Receipts From State Sources | <u>1,988,782</u> | <u>-</u> | <u>-</u> |
| Revenue From Federal Sources | | | |
| Restricted Grants-In-Aid Received From Federal Government Thru The State | | | |
| National School Lunch Program | 105,134 | - | - |
| Special Milk Program | - | - | - |
| Title I - Low Income | 149,334 | - | - |
| Federal - Special Education - Preschool Flow - Through | 10,682 | - | - |
| Federal - Special Education - IDEA - Flow Through / Low Incidence | 245,641 | - | - |
| Federal - Special Education - IDEA - Room And Board | 300,110 | - | - |
| Title II - Teacher Quality | 36,813 | - | - |
| Medicaid Matching Funds - Administrative Outreach | 21,959 | - | - |
| Medicaid Matching Funds - Fee-For-Service Program | 27,667 | - | - |
| Other Restricted Revenue From Federal Sources | - | - | - |
| Total Receipts From Federal Sources | <u>897,340</u> | <u>-</u> | <u>-</u> |
| Total Direct Receipts | <u>11,882,894</u> | <u>1,477,673</u> | <u>4,596,771</u> |

The accompanying notes are an integral part of these financial 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> |
|-----------------------|--|-------------------------|---------------------|----------------|-----------------------------------|--------------------------------|
| - | - | - | - | - | - | 836,651 |
| - | - | - | - | - | - | 417,055 |
| - | - | - | - | - | - | 202,367 |
| - | - | - | - | - | - | 425,842 |
| - | - | - | - | - | - | 85,155 |
| - | - | - | - | - | - | 2,634 |
| - | - | - | - | - | - | 1,368 |
| - | - | - | - | - | - | 642 |
| - | - | - | - | - | - | 16,132 |
| 496,454 | - | - | - | - | - | 496,454 |
| 503,237 | - | - | - | - | - | 503,237 |
| - | - | - | - | - | - | 936 |
| <u>999,691</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,988,473</u> |
| - | - | - | - | - | - | 105,134 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | 149,334 |
| - | - | - | - | - | - | 10,682 |
| - | - | - | - | - | - | 245,641 |
| - | - | - | - | - | - | 300,110 |
| - | - | - | - | - | - | 36,813 |
| - | - | - | - | - | - | 21,959 |
| - | - | - | - | - | - | 27,667 |
| - | - | - | - | - | - | - |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>897,340</u> |
| <u>1,540,354</u> | <u>555,606</u> | <u>-</u> | <u>158,827</u> | <u>334,246</u> | <u>1</u> | <u>20,546,372</u> |

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U

Statement 4

STATEMENT OF EXPENDITURES DISBURSED
(AND COMPARISON WITH BUDGET)
EDUCATIONAL FUND
JUNE 30, 2016

| Expenditures Disbursed: | <u>Actual</u> | <u>Budget</u> | <u>Unexpended Budget</u> |
|---|------------------|------------------|------------------------------|
| Instruction | | | |
| Regular Programs | | | |
| Salaries | 4,427,243 | 4,277,700 | (149,543) |
| Employee Benefits | 1,147,109 | 1,366,470 | 219,361 |
| Purchased Services | 156,977 | 135,950 | (21,027) |
| Supplies And Materials | 296,777 | 370,750 | 73,973 |
| Capital Outlay | - | 6,000 | 6,000 |
| Other Objects | 15,847 | 15,400 | (447) |
| Termination Benefits | - | 7,500 | 7,500 |
| Total Regular Programs | <u>6,043,953</u> | <u>6,179,770</u> | <u>135,817</u> |
| Pre-K Programs | | | |
| Salaries | 47,127 | 41,500 | (5,627) |
| Employee Benefits | - | 15,100 | 15,100 |
| Purchased Services | - | 50 | 50 |
| Supplies And Materials | 5,608 | 10,000 | 4,392 |
| Other Objects | - | - | - |
| Total Pre-K Programs | <u>52,735</u> | <u>66,650</u> | <u>13,915</u> |
| Special Education Programs | | | |
| Salaries | 1,659,651 | 1,735,050 | 75,399 |
| Employee Benefits | 469,753 | 508,000 | 38,247 |
| Purchased Services | 332,814 | 167,050 | (165,764) |
| Supplies And Materials | 34,781 | 50,000 | 15,219 |
| Capital Outlay | - | 50 | 50 |
| Total Special Education Programs | <u>2,496,999</u> | <u>2,460,150</u> | <u>(36,849)</u> |
| Remedial and Suppl. Programs K-12 | | | |
| Salaries | - | 210,000 | 210,000 |
| Employee Benefits | 28,260 | 79,500 | 51,240 |
| Supplies and Materials | - | 8,000 | 8,000 |
| Capital Outlay | 5,474 | 3,600 | (1,874) |
| Total Remedial and Suppl. Programs K-12 | <u>33,734</u> | <u>301,100</u> | <u>267,366</u> |
| Vocational Programs | | | |
| Salaries | 87,916 | 89,100 | 1,184 |
| Employee Benefits | 26,760 | 26,500 | (260) |
| Purchased Services | 1,052 | 1,100 | 48 |
| Supplies And Materials | 12,842 | 15,800 | 2,958 |
| Total Vocational Programs | <u>128,570</u> | <u>132,500</u> | <u>3,930</u> |

The accompanying notes are an integral part of these financial statements

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U

Statement 4
(continued)

STATEMENT OF EXPENDITURES DISBURSED
(AND COMPARISON WITH BUDGET)
EDUCATIONAL FUND
JUNE 30, 2016

| Expenditures Disbursed: | Actual | Budget | Unexpended Budget |
|-------------------------------------|-----------|-----------|----------------------|
| Interscholastic Programs | | | |
| Salaries | 151,964 | 147,000 | (4,964) |
| Employee Benefits | 44,155 | 42,450 | (1,705) |
| Purchased Services | 111,645 | 113,850 | 2,205 |
| Supplies And Materials | 34,988 | 32,400 | (2,588) |
| Total Interscholastic Programs | 342,752 | 335,700 | (7,052) |
| Driver's Education Programs | | | |
| Salaries | 35,154 | 36,650 | 1,496 |
| Employee Benefits | 9,443 | 9,800 | 357 |
| Supplies And Materials | 1,720 | 2,500 | 780 |
| Total Driver's Education Programs | 46,317 | 48,950 | 2,633 |
| Total Instruction | 9,145,060 | 9,524,820 | 379,760 |
| Support Services - Pupils | | | |
| Attendance And Social Work Services | | | |
| Salaries | 163,174 | 125,000 | (38,174) |
| Employee Benefits | 55,371 | 31,500 | (23,871) |
| Total Social Work Services | 218,545 | 156,500 | (62,045) |
| Guidance Services | | | |
| Salaries | 112,811 | 113,000 | 189 |
| Employee Benefits | 27,989 | 37,300 | 9,311 |
| Purchased Services | 14,631 | 20,000 | 5,369 |
| Supplies And Materials | 1,922 | 2,000 | 78 |
| Total Guidance Services | 157,353 | 172,300 | 14,947 |
| Health Services | | | |
| Salaries | 91,726 | 92,000 | 274 |
| Employee Benefits | 17,783 | 17,900 | 117 |
| Purchased Services | - | 200 | 200 |
| Supplies And Materials | 6,132 | 7,000 | 868 |
| Total Health Services | 115,641 | 117,100 | 1,459 |
| Psychological Services | | | |
| Salaries | 88,079 | 137,100 | 49,021 |
| Employee Benefits | - | 25,300 | 25,300 |
| Total Psychological Services | 88,079 | 162,400 | 74,321 |

The accompanying notes are an integral part of these financial statements

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U

Statement 4
(continued)

STATEMENT OF EXPENDITURES DISBURSED
(AND COMPARISON WITH BUDGET)
EDUCATIONAL FUND
JUNE 30, 2016

| Expenditures Disbursed: | <u>Actual</u> | <u>Budget</u> | <u>Unexpended Budget</u> |
|--|----------------|----------------|------------------------------|
| Speech Pathology & Audiology | | | |
| Salaries | 147,127 | 166,000 | 18,873 |
| Employee Benefits | - | - | - |
| Total Speech Pathology & Audiology | <u>147,127</u> | <u>166,000</u> | <u>18,873</u> |
| Other Support Services - Pupils | | | |
| Supplies and Materials | 4,883 | 5,050 | 167 |
| Total Other Support Services - Pupils | <u>4,883</u> | <u>5,050</u> | <u>167</u> |
| Total Support Services - Pupils | <u>731,628</u> | <u>779,350</u> | <u>47,722</u> |
| Improvement Of Instruction Services | | | |
| Salaries | 882 | 35,020 | 34,138 |
| Employee Benefits | 143 | 17,400 | 17,257 |
| Purchased Services | 46,644 | 52,887 | 6,243 |
| Supplies And Materials | 2,227 | 5,000 | 2,773 |
| Capital Outlay | - | 150 | 150 |
| Other Objects | 10,000 | 16,500 | 6,500 |
| Total Improvement Of Instruction Services | <u>59,896</u> | <u>126,957</u> | <u>67,061</u> |
| Support Services - Instructional Staff | | | |
| Educational Media Services | | | |
| Salaries | - | 68,000 | 68,000 |
| Employee Benefits | - | 9,900 | 9,900 |
| Supplies And Materials | 21,120 | 26,500 | 5,380 |
| Total Educational Media Services | <u>21,120</u> | <u>104,400</u> | <u>83,280</u> |
| Total Support Services - Instructional Staff | <u>81,016</u> | <u>231,357</u> | <u>150,341</u> |
| Support Services - General Administration | | | |
| Board Of Education Services | | | |
| Salaries | 42,516 | 42,500 | (16) |
| Employee Benefits | 8,892 | - | (8,892) |
| Purchased Services | 74,002 | 44,100 | (29,902) |
| Other Objects | 36,386 | 30,000 | (6,386) |
| Total Board Of Education Services | <u>161,796</u> | <u>116,600</u> | <u>(45,196)</u> |

The accompanying notes are an integral part of these financial statements

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U

Statement 4
(continued)

STATEMENT OF EXPENDITURES DISBURSED
(AND COMPARISON WITH BUDGET)
EDUCATIONAL FUND
JUNE 30, 2016

| Expenditures Disbursed: | Actual | Budget | Unexpended Budget |
|--|----------------|----------------|----------------------|
| Executive Administration Services | | | |
| Salaries | 151,410 | 152,000 | 590 |
| Employee Benefits | 46,194 | 46,700 | 506 |
| Purchased Services | - | 1,000 | 1,000 |
| Supplies And Materials | 251 | 600 | 349 |
| Total Executive Administration Services: | <u>197,855</u> | <u>200,300</u> | <u>2,445</u> |
| Tort Immunity Services | | | |
| Other Objects | 22,700 | 35,000 | 12,300 |
| Total Tort Immunity Services | | | |
| Total Support Services - Gen Admin. | <u>382,351</u> | <u>351,900</u> | <u>(30,451)</u> |
| Support Services - School Administration | | | |
| Office Of The Principal Services | | | |
| Salaries | 431,382 | 407,000 | (24,382) |
| Employee Benefits | 104,296 | 104,400 | 104 |
| Purchased Services | - | 5,000 | 5,000 |
| Supplies And Materials | - | 800 | 800 |
| Capital Outlay | - | 8,000 | 8,000 |
| Total Office Of The Principal Services | <u>535,678</u> | <u>525,200</u> | <u>(10,478)</u> |
| Support Services - Business: | | | |
| Direction of Business Support | | | |
| Salaries | 82,257 | 81,400 | (857) |
| Employee Benefits | 8,892 | 9,500 | 608 |
| Purchased Services | 745 | 1,500 | 755 |
| Supplies and Materials | 151 | 200 | 49 |
| Other Objects | 1,055 | 1,200 | 145 |
| Total Direction of Business Support | <u>93,100</u> | <u>93,800</u> | <u>700</u> |
| Fiscal Services | | | |
| Salaries | 66,676 | 90,000 | 23,324 |
| Employee Benefits | 18,283 | 22,400 | 4,117 |
| Purchased Services | 7,931 | 1,400 | (6,531) |
| Supplies And Materials | 4,657 | 10,000 | 5,343 |
| Total Fiscal Services | <u>97,547</u> | <u>123,800</u> | <u>26,253</u> |

The accompanying notes are an integral part of these financial statements

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U

Statement 4
(continued)

STATEMENT OF EXPENDITURES DISBURSED
(AND COMPARISON WITH BUDGET)
EDUCATIONAL FUND
JUNE 30, 2016

| Expenditures Disbursed: | Actual | Budget | Unexpended Budget |
|---|-----------|-----------|----------------------|
| Operation & Maintenance of Plant Services | | | |
| Purchased Services | 13,889 | 22,500 | 8,611 |
| Total Pupil Transportation Services | 13,889 | 22,500 | 8,611 |
| Food Services | | | |
| Salaries | 140,265 | 145,000 | 4,735 |
| Employee Benefits | 25,186 | 26,000 | 814 |
| Purchased Services | 1,290 | 1,500 | 210 |
| Supplies And Materials | 119,949 | 122,200 | 2,251 |
| Capital Outlay | 5,526 | - | (5,526) |
| Total Food Services | 292,216 | 294,700 | 2,484 |
| Total Support Services - Business | 496,752 | 534,800 | 38,048 |
| Plan, Research, Evaluation Services | | | |
| Purchased Services | - | 800 | 800 |
| Total Plan, Research, Evaluation Services | - | 800 | 800 |
| Information Services | | | |
| Salaries | 255,936 | 255,000 | (936) |
| Employee Benefits | 50,816 | 51,200 | 384 |
| Purchased Services | 163,541 | 155,000 | (8,541) |
| Supplies And Materials | 107,542 | 262,000 | 154,458 |
| Capital Outlay | - | 50 | 50 |
| Non-Capitalized Equipment | 122,608 | - | (122,608) |
| Total Information Services | 700,443 | 723,250 | 22,807 |
| Total Support Services | 2,927,868 | 3,146,657 | 218,789 |
| Community Services | | | |
| Supplies and Materials | 850 | 1,800 | 950 |
| Total Community Services | 850 | 1,800 | 950 |
| Payments To Other Governments | | | |
| Payments For Regular Programs | | | |
| Purchased Services | - | 35,000 | 35,000 |
| Payments For Special Education Programs | | | |
| Purchased Services | 1,277,098 | 1,300,000 | 22,902 |
| Payments for CTE | | | |
| Purchased Services | 93,819 | 110,000 | 16,181 |
| Tuitions | - | - | - |
| Total Payments To Other Governments | 1,370,917 | 1,445,000 | 74,083 |

The accompanying notes are an integral part of these financial statements

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U

Statement 4
(continued)

STATEMENT OF EXPENDITURES DISBURSED
(AND COMPARISON WITH BUDGET)
EDUCATIONAL FUND
JUNE 30, 2016

| | Actual | Budget | Unexpended Budget |
|-----------------------------|------------|------------|----------------------|
| Expenditures Disbursed: | | | |
| Debt Service Payments | | | |
| Interest on Long-Term Debt | 2,896 | - | (2,896) |
| Provision For Contingencies | - | - | - |
| Total Expenditures | 13,447,591 | 14,118,277 | 670,686 |

The accompanying notes are an integral part of these financial statements

STATEMENT OF EXPENDITURES DISBURSED
(AND COMPARISON WITH BUDGET)
OPERATIONS AND MAINTENANCE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

| | <u>Actual</u> | <u>Budget</u> | <u>Unexpended Budget</u> |
|--|-------------------------|-------------------------|------------------------------|
| Expenditures Disbursed: | | | |
| Operation and Maintenance of | | | |
| Plant Services: | | | |
| Salaries | 517,450 | 540,000 | 22,550 |
| Employee Benefits | 132,377 | 134,400 | 2,023 |
| Purchased Services | 582,702 | 831,500 | 248,798 |
| Supplies and Materials | 397,360 | 427,000 | 29,640 |
| Capital Outlay | - | 50,000 | 50,000 |
| Other Objects | 1,289 | 13,000 | 11,711 |
| Non-Capitalized Equipment | - | - | - |
| Total Operation and Maintenance of Plant Services | <u>1,631,178</u> | <u>1,995,900</u> | <u>364,722</u> |
| Total Support Services - Business | <u>1,631,178</u> | <u>1,995,900</u> | <u>364,722</u> |
| Debt Services-Interest on | | | |
| Long-Term Debt: | | | |
| Other Objects | <u>54,908</u> | <u>64,000</u> | <u>9,092</u> |
| Total Expenditures | <u><u>1,686,086</u></u> | <u><u>2,059,900</u></u> | <u><u>373,814</u></u> |

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

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U

Statement 6

STATEMENT OF EXPENDITURES DISBURSED
 (AND COMPARISON WITH BUDGET)
 DEBT SERVICES FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

| | <u>Actual</u> | <u>Budget</u> | <u>Unexpended Budget</u> |
|--------------------------|-------------------------|-------------------------|------------------------------|
| Expenditures Disbursed: | | | |
| Debt Services: | | | |
| Debt Service - Interest | 723,937 | 4,993,000 | 4,269,063 |
| Debt Service - Principal | 3,970,423 | - | (3,970,423) |
| Debt Service - Other | <u>52,850</u> | <u>7,000</u> | <u>(45,850)</u> |
| Total Expenditures | <u><u>4,747,210</u></u> | <u><u>5,000,000</u></u> | <u><u>252,790</u></u> |

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

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U

Statement 7

STATEMENT OF EXPENDITURES DISBURSED
 (AND COMPARISON WITH BUDGET)
 TRANSPORTATION FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

| | <u>Actual</u> | <u>Budget</u> | <u>Unexpended Budget</u> |
|--------------------------------|-------------------------|-------------------------|------------------------------|
| Expenditures Disbursed: | | | |
| Supporting Services: | | | |
| Support Services - Business | | | |
| Pupil Transportation Services: | | | |
| Salaries | 853,410 | 904,000 | 50,590 |
| Employee Benefits | 33,761 | 34,100 | 339 |
| Purchased Services | 472,439 | 550,800 | 78,361 |
| Supplies and Materials | 217,172 | 370,000 | 152,828 |
| Capital Outlay | - | - | - |
| Other Objects | 460 | 20,000 | 19,540 |
| Total Pupil Transportation | | | |
| Services | <u>1,577,242</u> | <u>1,878,900</u> | <u>301,658</u> |
| Total Support Services - | | | |
| Business | <u>1,577,242</u> | <u>1,878,900</u> | <u>301,658</u> |
| Total Expenditures | <u><u>1,577,242</u></u> | <u><u>1,878,900</u></u> | <u><u>301,658</u></u> |

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

STATEMENT OF EXPENDITURES DISBURSED
(AND COMPARISON WITH BUDGET)
MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

| Expenditures Disbursed: | Actual | Budget | Unexpended Budget |
|---|----------------|----------------|----------------------|
| Instruction: | | | |
| Regular Programs: | | | |
| Employee Benefits | 88,537 | 113,750 | 25,213 |
| Special Education Programs: | | | |
| Employee Benefits | 123,487 | 137,100 | 13,613 |
| Special Education Programs-Pre-K: | | | |
| Employee Benefits | - | - | - |
| CTE Programs: | | | |
| Employee Benefits | 1,257 | 1,700 | 443 |
| Interscholastic Programs | | | |
| Employee Benefits | 2,582 | 2,250 | (332) |
| Driver's Education Programs: | | | |
| Employee Benefits | 496 | 500 | 4 |
| Total Instruction | <u>216,359</u> | <u>255,300</u> | <u>38,941</u> |
| Supporting Services: | | | |
| Support Services - Pupils | | | |
| Attendance & Social Work Services: | | | |
| Employee Benefits | 4,567 | 2,000 | (2,567) |
| Guidance Services: | | | |
| Employee Benefits | 6,614 | 6,700 | 86 |
| Health Services: | | | |
| Employee Benefits | 16,461 | 16,500 | 39 |
| Speech Pathology & Audiology Services | | | |
| Employee Benefits | - | 2,000 | 2,000 |
| Other Support Services - Pupils: | | | |
| Employee Benefits | 2,952 | 2,000 | (952) |
| Total Support Services - Pupils | <u>30,594</u> | <u>29,200</u> | <u>(1,394)</u> |
| Support Services - Instructional Staff: | | | |
| Improvement of Instruction Services: | | | |
| Employee Benefits | 16 | 3,650 | 3,634 |
| Educational Media Services: | | | |
| Employee Benefits | - | 1,000 | 1,000 |
| Total Support Services - Instructional Staff | <u>16</u> | <u>4,650</u> | <u>4,634</u> |
| Support Services - General | | | |
| Administration: | | | |
| Board of Education Services: | | | |
| Employee Benefits | 10,496 | 8,000 | (2,496) |
| Executive Administration Services: | | | |
| Employee Benefits | 2,195 | 2,400 | 205 |

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

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U

Statement 8
(continued)

STATEMENT OF EXPENDITURES DISBURSED
(AND COMPARISON WITH BUDGET)
MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

| Expenditures Disbursed: | <u>Actual</u> | <u>Budget</u> | <u>Unexpended Budget</u> |
|---|----------------|----------------|------------------------------|
| Total Support Services - | | | |
| General Administration | 12,691 | 10,400 | (2,291) |
| Support Services - School Administration: | | | |
| Office of the Principal Svc: | | | |
| Employee Benefits | 5,721 | 7,400 | 1,679 |
| Support Services - Business: | | | |
| Director of Business Support: | | | |
| Employee Benefits | 18,324 | 19,700 | 1,376 |
| Fiscal Services: | | | |
| Employee Benefits | 11,905 | 18,800 | 6,895 |
| Operation and Maintenance of Plant | | | |
| Services: | | | |
| Employee Benefits | 84,855 | 97,200 | 12,345 |
| Pupil Transportation Svc: | | | |
| Employee Benefits | 152,532 | 155,000 | 2,468 |
| Food Services: | | | |
| Employee Benefits | 22,792 | 29,000 | 6,208 |
| Internal Services: | | | |
| Employee Benefits | 28,339 | - | (28,339) |
| Total Support Services - Business | <u>318,747</u> | <u>319,700</u> | <u>953</u> |
| Support Services - Central: | | | |
| Information Services: | | | |
| Employee Benefits | - | 16,000 | 16,000 |
| Total Support Services - Central | <u>-</u> | <u>16,000</u> | <u>16,000</u> |
| Total Support Services | <u>367,769</u> | <u>387,350</u> | <u>19,581</u> |
| Total Expenditures | <u>584,128</u> | <u>642,650</u> | <u>58,522</u> |

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

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U

Statement 9

STATEMENT OF EXPENDITURES DISBURSED
 (AND COMPARISON WITH BUDGET)
 TORT FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

| | <u>Actual</u> | <u>Budget</u> | <u>Unexpended Budget</u> |
|--|-----------------------|-----------------------|------------------------------|
| Expenditures Disbursed: | | | |
| Support Services: | | | |
| General Administration | | | |
| Unemployment insurance Payments | | | |
| Purchased Services | 9,803 | 35,000 | 25,197 |
| Insurance payments | | | |
| Purchased Services | 173,834 | 240,000 | 66,166 |
| Educational, Inspectional, Supervisory | | | |
| Services Related to Loss Prevention | | | |
| Purchased Services | 27,372 | 28,000 | 628 |
| Legal Services | | | |
| Purchased Services | - | 70,000 | 70,000 |
| Total Support Services - | | | |
| General Administration | <u>211,009</u> | <u>373,000</u> | <u>161,991</u> |
| Total Expenditures | <u><u>211,009</u></u> | <u><u>373,000</u></u> | <u><u>161,991</u></u> |

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

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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 Funds - Measurement Focus

The financial statements of all Governmental 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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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 \$692,412 has been utilized for the calculation of the per capita tuition charge and accumulated depreciation totaling \$19,569,801 has been reported on the Illinois Local Education Agency annual financial report (ISBE Form 50-35). Depreciation has been computed over the estimated useful lives of the assets using the straight-line method.

The estimated useful lives are as follows:

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

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

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

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Note #1 Summary of Significant Accounting Policies (continued)

C. Basis of Accounting

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

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

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

D. Budgets and Budgetary Accounting

The budget for all Governmental Funds and for the Expendable Trust Fund is prepared on the cash basis of accounting which is the same basis that is used in financial reporting. This allows for comparability between budget and actual amounts. This is an acceptable method in accordance with Chapter 105, Section 5, Paragraph 17.1 of the Illinois Compiled Statutes. The budget was passed on September 21, 2015 and amended June 20, 2016.

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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. 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.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note #1 Summary of Significant Accounting Policies (continued)

G. 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 2015 levy was passed by the Board on December 21, 2015. 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 \$8,073,001 from the 2015 tax levy prior to June 30, 2016. The balance of taxes shown in these financial statements are from the 2014 and prior tax levies.

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

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Note #2 Property Taxes (continued)

| | <u>Maximum</u> <u>Rate</u> | <u>Actual</u> <u>2015 Rate</u> | <u>Actual</u> <u>2014 Rate</u> |
|--------------------------|-------------------------------|-----------------------------------|-----------------------------------|
| Educational | 4.0000 | 2.3016 | 2.2921 |
| Operations & Maintenance | 0.7500 | 0.4049 | 0.3948 |
| Transportation | None | 0.1591 | 0.1566 |
| Bond & Interest | None | 1.4202 | 1.3772 |
| Municipal Retirement | None | 0.0636 | 0.0754 |
| Social Security | None | 0.0723 | 0.0899 |
| Tort Immunity | None | 0.1013 | 0.1024 |
| Special Education | 0.8000 | 0.0232 | 0.0239 |
| Working Cash | 0.0500 | 0.0469 | 0.0483 |
| Lease Purchase | 0.1000 | <u>0.0319</u> | <u>0.0327</u> |
| TOTAL | | <u>4.6250</u> | <u>4.5933</u> |

Note #3 Special Tax Levies and Restricted Equity

In a prior fiscal year, 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.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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

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, 2016, expenditures disbursed exceeded revenue received from state grants, resulting in no restricted fund balance.
4. Federal Grants
Proceeds from federal grants and the related expenditures have been included in the Educational Fund. At June 30, 2016, 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.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note #3 Fund Balance Reporting (continued)

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, 2016, the total amount of unpaid contracts for services performed during the fiscal year ended June 30, 2016 amounted to \$726,444. This amount is included in the financial statements as Unreserved in the Education Fund.

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 \$348,625 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.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Note #3 Fund Balance Reporting (continued)

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.

| Fund | Generally Accepted Accounting Principles | | | | | Regulatory Basis | |
|-----------------------------|--|------------|-----------|----------|------------|---------------------------------------|---|
| | Nonspend- able | Restricted | Committed | Assigned | Unassigned | Financial Statements - Reserved | Financial Statements - Unreserved |
| Educational | - | - | 726,444 | - | 146,161 | - | 872,605 |
| Operations & Maintenance | - | - | - | - | 227,373 | - | 227,373 |
| Debt Service | - | 2,440,399 | - | - | - | - | 2,440,399 |
| Transportation Municipal | - | - | - | 348,625 | (48,227) | - | 300,398 |
| Retirement | - | 629,195 | - | - | - | - | 629,195 |
| Working Cash | - | - | - | - | 7,412,143 | - | 7,412,143 |
| Tort Liability | - | 495,029 | - | - | - | - | 495,029 |
| Fire Prevension & Safety | - | 4,128 | - | - | - | - | 4,128 |

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Note #3 Fund Balance Reporting (continued)

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;
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.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Note #4 Deposits and Investments (continued)

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, 2016, the carrying amount of the District's deposits with financial institutions, which includes demand deposits, savings accounts and certificates of deposits was \$12,690,825, (excludes \$160 petty cash and includes activity funds of \$309,557) and the bank balance was \$12,805,079 (includes activity funds of \$288,800). As of June 30, 2016, all of the bank balances are insured or collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Note #5 Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

| | <u>Balance</u> <u>7/1/2015</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>6/30/2016</u> |
|--------------------------------|-----------------------------------|------------------|------------------|------------------------------------|
| Non-depreciable fixed assets: | | | | |
| Land | 2,973,996 | - | - | 2,973,996 |
| Depreciable fixed assets: | | | | |
| Buildings: | 28,474,702 | - | - | 28,474,702 |
| Improvements | 1,277,769 | - | - | 1,277,769 |
| Transportation | | | | |
| Equipment | 3,181,418 | - | - | 3,181,418 |
| Equipment | <u>4,586,332</u> | <u>5,526</u> | - | <u>4,591,858</u> |
| Total Fixed Assets | 40,494,217 | 5,526 | - | 40,499,743 |
| Accumulated Depreciation: | | | | |
| Buildings: | 10,627,247 | 569,494 | - | 11,196,741 |
| Improvements | 607,872 | 64,910 | - | 672,782 |
| Transportation | | | | |
| Equipment | 3,113,420 | 16,999 | - | 3,130,419 |
| Equipment | <u>4,541,111</u> | <u>28,748</u> | - | <u>4,569,859</u> |
| Total Accumulated Depreciation | <u>18,889,650</u> | <u>680,151</u> | - | <u>19,569,801</u> |
| Fixed Assets, Net | <u>21,604,567</u> | <u>(674,625)</u> | - | <u>20,929,942</u> |

Note #6 Lease Commitments

Operating Leases

The district leases various transportation equipment. The leases are payable in five annual installments through July 2019. In July 2013, the district entered into a sixty month lease agreement to lease a bus barn. The District is currently obligated under operating lease agreements for office equipment.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note #6 Lease Commitments (continued)

The annual future obligation for the District is as follows:

| Fiscal Year Ended | Transportation Equipment | Bus Barn | Office Equipment | Total |
|----------------------|-----------------------------|----------|---------------------|---------|
| 6/30/2017 | 348,625 | 23,000 | 102,360 | 473,985 |
| 6/30/2018 | 348,625 | 23,000 | 102,360 | 473,985 |
| 6/30/2019 | 348,625 | - | 102,360 | 450,985 |
| 6/30/2020 | 8,136 | - | 102,360 | 110,496 |
| 6/30/2021 | - | - | 68,240 | 68,240 |

During the current year the District paid \$463,616 for lease expenses.

Note #7 Retirement Fund Commitments

A. Teachers' Retirement System of the State of Illinois

General Information about the Pension Plan

Plan description

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. TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. 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 TRS Board of Trustees is responsible for the System's administration.

TRS issues a publicly available financial report that can be obtained at <http://trs.illinois.gov/pubs/cafr>; by writing to TRS at 2815 West Washington Street, P O Box 19253, Springfield, IL 62794 or by calling (888) 877-0890, option 2.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note #7 Retirement Fund Commitments: (continued)

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

Benefits provided

TRS provides retirement, disability, and death benefits. Tier I members have TRS or reciprocal system service prior to January 1, 2011. Tier I members qualify for retirement benefits at age 62 with five years of service, at age 60 with 10 years, or age 55 with 20 years. The benefit is determined by the average of the four highest years of creditable earnings within the last 10 years of creditable service and the percentage of average salary to which the member is entitled. Most members retire under a formula that provides 2.2 percent of final average salary up to a maximum of 75 percent with 34 years of service. Disability and death benefits are also provided.

Tier II members qualify for retirement benefits at age 67 with 10 years of service, or a discounted annuity can be paid at age 62 with 10 years of service. Creditable earnings for retirement purposes are capped and the final average salary is based on the highest consecutive eight years of creditable service rather than the last four. Disability provisions for Tier II are identical to those of Tier I. Death benefits are payable under a formula that is different from Tier I.

Essentially all Tier I retirees receive an annual 3 percent increase in the current retirement benefit beginning January 1 following the attainment of age 61 or on January 1 following the member's first anniversary in retirement, whichever is later. Tier II annual increases will be the lesser of three percent of the original benefit or one-half percent of the rate of inflation beginning January 1 following attainment of age 67 or on January 1 following the member's first anniversary in retirement, whichever is later.

Contributions

The state of Illinois maintains the primary responsibility for funding TRS. The Illinois Pension Code, as amended by Public Act 88-0593 and subsequent acts, provides that for years 2010 through 2045, the minimum contribution to the System for each fiscal year shall be an amount determined to be sufficient to bring the total assets of the System up to 90 percent of the total actuarial liabilities of the System by the end of fiscal year 2045.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Note #7 Retirement Fund Commitments: (continued)

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2016, was 9.4 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer.

On behalf contributions to TRS. The State of Illinois makes employer pension contributions on behalf of the district. For the year ended June 30, 2016, State of Illinois contributions recognized by the employer were based on the state's proportionate share of the collective NPL associated with the employer, and the employer recognized revenue and expenditures of \$3,980,482 in pension contributions from the state of Illinois.

2.2 formula contributions. Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2016 were \$41,636, and are deferred because they were paid after the June 30, 2015 measurement date.

Federal and special trust fund contributions. When TRS members are paid from federal and special trust funds administered by the district, there is a statutory requirement for the district to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that has been in effect since 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. Public Act 98-0674 now requires the two rates to be the same.

For the year ended June 30, 2016, the employer pension contribution was 36.06 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2016, salaries totaling \$131,822 were paid from federal and special trust funds that required employer contributions of \$47,535. These contributions are deferred because they were paid after the June 30, 2015 measurement date.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2016

Note #7 Retirement Fund Commitments: (continued)

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

Employer retirement cost contributions. Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The employer is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the current program is 146.5 percent and applies when the member is age 55 at retirement. For the year ending June 30, 2016, the district paid \$0 to TRS for employer ERO contributions

The employer is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2016, the district paid \$0 to TRS for employer contributions due on salary increases in excess of 6 percent and \$0 for sick leave days granted in excess of the normal annual allotment.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.

At June 30, 2016, the employer reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for state pension support provided to the employer. The state's support and total are for disclosure purposes only. The amount recognized by the employer as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the employer were as follows:

| | |
|---|--------------------------|
| Employer's proportionate share of the net pension liability | 1,831,299 |
| State's proportionate share of the net pension liability associated with the employer | 48,584,866 |
| Total | <u><u>50,416,165</u></u> |

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Note #7 Retirement Fund Commitments: (continued)

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

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014, and rolled forward to June 30, 2015. The employer's proportion of the net pension liability was based on the employer's share of contributions to TRS for the measurement year ended June 30, 2015, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2015, the employer's proportion was .002795 percent, which was an increase (decrease) of .000712 from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the employer recognized pension expense of \$147,248 and revenue of \$0 for support provided by the state. At June 30, 2016, the employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | 681 | 2,007 |
| Net difference between projected and actual earnings on pension plan investments | 36,268 | 64,126 |
| Changes of assumptions | 25,325 | - |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 551,657 | - |
| Employer contributions subsequent to the measurement date | <u>89,171</u> | <u>-</u> |
| Total | <u><u>703,102</u></u> | <u><u>66,133</u></u> |

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note #7 Retirement Fund Commitments: (continued)

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

\$89,171 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

| | |
|------|---------|
| 2017 | 146,718 |
| 2018 | 146,718 |
| 2019 | 146,718 |
| 2020 | 107,642 |

Actuarial assumptions

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|----------------------------------|---|
| Inflation | 3.00 percent |
| Salary Increases | varies by amount of service credit |
| Investment rate of return | 7.50 percent, net of pension plan investment expense, including inflation |

Mortality rates were based on the RP-2014 White Collar Table with adjustments as appropriate for TRS experience. The rates are used on a fully-generational basis using projection table MP-2014.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note #7 Retirement Fund Commitments: (continued)

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

The actuarial assumptions for the years ended June 30, 2015 and 2014 were different. The actuarial assumptions used in the June 30, 2015 valuation were based on the 2015 actuarial experience analysis. The investment return assumption remained at 7.5 percent, salary increase assumptions were lowered, retirement rates were increased, mortality updates were made and other assumptions were revised. The actuarial assumptions used in the June 30, 2014 valuation were based on updates to economic assumptions adopted in 2014 which lowered the investment return assumption from 8.0 percent to 7.5 percent. The salary increase and inflation assumptions were also lowered from their 2013 levels.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class that were used by the actuary are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|--------------------------------|--------------------------|---|
| U.S. large cap | 18% | 7.53% |
| Global equity excluding U.S. | 18% | 7.88% |
| Aggregate bonds | 16% | 1.57% |
| U.S. TIPS | 2% | 2.82% |
| NCREIF | 11% | 5.11% |
| Opportunistic real estate | 4% | 9.09% |
| ARS | 8% | 2.57% |
| Risk parity | 8% | 4.87% |
| Diversified inflation strategy | 1% | 3.23% |
| Private equity | 14% | 12.33% |
| Total | <u>100%</u> | |

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note #7 Retirement Fund Commitments: (continued)

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

Discount rate

At June 30, 2015, the discount rate used to measure the total pension liability was a blended rate of 7.47 percent, which was a change from the June 30, 2014 rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and state contributions will be made at the current statutorily-required rates.

Based on those assumptions, TRS's fiduciary net position at June 30, 2015 was not projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. Tier I's liability is partially-funded by Tier II members, as the Tier II member contribution is higher than the cost of Tier II benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. Despite the subsidy, all projected future payments were not covered, so a slightly lower long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

At June 30, 2014, the discount rate used to measure the total pension liability was 7.50 percent. The discount rate was the same as the actuarially-assumed rate of return on investments that year because TRS's fiduciary net position and the subsidy provided by Tier II were sufficient to cover all projected benefit payments.

Sensitivity of the employer's proportionate share of the net pension liability to changes in the discount rate.

The following presents the employer's proportionate share of the net pension liability calculated using the discount rate of 7.47 percent, as well as what the employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.47 percent) or 1-percentage-point higher (8.47 percent) than the current rate.

| | 1% Decrease (6.47%) | Current Discount Rate (7.47%) | 1% Increase (8.47%) |
|--|------------------------|-------------------------------------|------------------------|
| Employer's proportionate share of the net pension liability | 2,263,037 | 1,831,299 | 1,477,263 |

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Note #7 Retirement Fund Commitments: (continued)

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

TRS fiduciary net position

Detailed information about the TRS's fiduciary net position as of June 30, 2015 is available in the separately issued TRS *Comprehensive Annual Financial Report*.

- B. THIS Fund:

The district participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit post-employment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription and behavioral health benefits, but it does not provide vision, dental or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants not enrolled in Medicare may participate in the state-administered participating provider option plan or choose from several managed care options. Annuitants who are enrolled in Medicare Parts A and B may be eligible to enroll in a Medicare Advantage plan.

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of the THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. The plan is administered by the Illinois Department of Central Management Services (CMS) with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to TRS who are not employees of the state to make a contribution to the THIS Fund.

The percentage of employer required contributions in the future will not exceed 105 percent of the percentage of salary actually required to be paid in the previous fiscal year.

On behalf contributions to the THIS Fund.

The State of Illinois makes employer retiree health insurance contributions on behalf of the district. State contributions are intended to match contributions to the THIS Fund from active members which were 1.07 percent of pay during the year ended June 30, 2016. State of Illinois contributions were \$76,220, and the district recognized revenue and expenditures of this amount during the year.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Note #7 Retirement Fund Commitments: (continued)

B. THIS Fund: (continued)

Employer contributions to the THIS Fund.

The district also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.8 percent during the year ended June 30, 2016. For the year ended June 30, 2016, the district paid \$56,987 to the THIS Fund, which was 100 percent of the required contribution.

Further information on the THIS Fund.

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

C. Illinois Municipal Retirement Fund

IMRF Plan Description

The District's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The District's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. 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 Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

Benefits Provided

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Note #7 Retirement Fund Commitments: (continued)

C. Illinois Municipal Retirement Fund (continued)

Benefits Provided (continued)

County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

All three IMRF benefit plans have two tiers. Employees hired before January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note #7 Retirement Fund Commitments: (continued)

C. Illinois Municipal Retirement Fund (continued)

Employees Covered by Benefit Terms

At June 30, 2016, the following employees were covered by the benefit terms:

| | |
|-------------------------------|--------------|
| Number of | |
| Retirees and Beneficiaries | 75 |
| Inactive, Non-Retired Members | 80 |
| Active Members | <u>116</u> |
| Total | <u>271</u> |
| Covered Valuation Payroll | \$ 2,695,386 |

Contributions

As set by statute, the District's Regular Plan Members are required to contribute 4.5% 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 District's annual contribution rate for calendar year 2015 was 10.21%. For the fiscal year ended 2015, the District contributed \$276,401 to the plan. The District also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The District's net pension liability was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note #7 Retirement Fund Commitments: (continued)

C. Illinois Municipal Retirement Fund (continued)

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2015:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.75%.
- **Salary Increases** were expected to be 3.75% to 14.50%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.50%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- The IMRF-specific rates for **Mortality** (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note #7 Retirement Fund Commitments: (continued)

C. Illinois Municipal Retirement Fund (continued)

Actuarial Assumptions (continued)

- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

| <u>Asset Class</u> | <u>Portfolio Target Percentage</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-------------------------|------------------------------------|---|
| Domestic Equity | 38% | 7.60% |
| International Equity | 17% | 7.80% |
| Fixed Income | 27% | 3.00% |
| Real Estate | 8% | 6.15% |
| Alternative Investments | 9% | 5.25-8.50% |
| Cash Equivalents | <u>1%</u> | 2.25% |
| Total | 100% | |

Single Discount Rate

A Single Discount Rate of 7.50% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note #7 Retirement Fund Commitments: (continued)

C. Illinois Municipal Retirement Fund (continued)

2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.56%, and the resulting single discount rate is 7.49%.

Changes in the Net Pension Liability

| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
|--|--|--|----------------------------------|
| | <u>(A)</u> | <u>(B)</u> | <u>(A) - (B)</u> |
| Balances at December 31, 2014 | 10,536,196 | 9,900,942 | 635,254 |
| Changes for the year: | | | - |
| Service Cost | 322,840 | - | 322,840 |
| Interest on the Total Pension Liability | 778,849 | - | 778,849 |
| Changes of Benefit Terms | - | - | - |
| Differences Between Expected and Actual | | | |
| Experience of the Total Pension Liability | 13,321 | - | 13,321 |
| Changes of Assumptions | 26,009 | - | 26,009 |
| Contributions - Employer | - | 276,401 | (276,401) |
| Contributions - Employees | - | 127,909 | (127,909) |
| Net Investment Income | - | 49,020 | (49,020) |
| Benefit Payments, including Refunds of Employee Contributions | (598,203) | (598,203) | - |
| Other (Net Transfer) | - | 24,989 | (24,989) |
| Net Changes | <u>542,816</u> | <u>(119,884)</u> | <u>662,700</u> |
| Balances at December 31, 2015 | <u>11,079,012</u> | <u>9,781,058</u> | <u>1,297,954</u> |

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note #7 Retirement Fund Commitments: (continued)

C. Illinois Municipal Retirement Fund (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.5%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

| | 1% Decrease (6.5%) | Current Discount Rate (7.5%) | 1% Increase (8.5%) |
|-------------------------------|-----------------------|------------------------------------|--------------------------|
| Net Pension Liability/(Asset) | 2,703,609 | 1,297,954 | 131,598 |

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2016, the District incurred pension expense of \$589,901. At June 30, 2016, the District reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | 143,782 | - |
| Changes of assumptions | 249,863 | - |
| Net difference between projected and actual earnings on pension plan investments | 629,240 | - |
| Total | <u>1,022,885</u> | <u>-</u> |

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note #7 Retirement Fund Commitments: (continued)

C. Illinois Municipal Retirement Fund (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year ended December 31:

| | |
|------|------------|
| 2016 | \$ 377,347 |
| 2017 | 337,206 |
| 2018 | 170,887 |
| 2019 | 137,445 |
| 2020 | - |

Note #8 Long-Term Debt

As of June 30, 2016, the District had long-term debt outstanding in the amount of \$22,815,104. During the fiscal year, the following changes occurred in long-term debt account:

| | <u>Balance</u> <u>June 30, 2015</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance</u> <u>June 30, 2016</u> |
|--------------------------|--|------------------|-------------------|--|
| General Obligation Bonds | 20,885,000 | 6,840,000 | 6,175,000 | 21,550,000 |
| Note Payable -Land | 1,125,000 | - | 63,000 | 1,062,000 |
| ISBE Tech Loan | 99,127 | 171,400 | 67,423 | 203,104 |
| Total | <u>22,109,127</u> | <u>7,011,400</u> | <u>6,305,423</u> | <u>22,815,104</u> |

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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, 2016 is as follows:

| <u>Purpose</u> | <u>Interest Rates</u> | <u>Carrying Amount</u> |
|--|-----------------------|------------------------|
| Taxable Refunding School Bonds, Series 2006C- dated January 15, 2006 | 5.35% | 1,760,000 |
| Taxable Refunding Bonds, Series 2007B - dated February 1, 2007 | 5.40%-5.50% | 235,000 |
| Refunding School Bonds, Series 2010C - dated February 15, 2010 | 3.00%-3.90% | 75,000 |
| 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% | 2,175,000 |
| General Obligation Refunding School Bonds, Series 2014, dated August 6, 2014 | 2.00% | 2,360,000 |
| General Obligation Refunding School Bonds, Series 2015, dated October 6, 2015 | 2.00%-3.00% | 2,095,000 |
| Taxable General Obligation Limited School Bonds, Series 2015, dated December 17, 2015 | 3.00%-4.00% | <u>4,690,000</u> |
| Total Bonds | | <u>21,550,000</u> |
| Note Payable-Land | 4.80% | <u>1,062,000</u> |
| ISBE Technology revolving loan | 2.00% | <u>203,104</u> |
| Total General Obligations | | <u>22,815,104</u> |

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

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Note #8 Long-Term Debt (continued)

Annual debt service payments required to service all outstanding obligations at June 30, 2016 are as follows:

| Year Ending June 30 | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------------------------|-------------------|------------------|-------------------|
| 2017 | 4,116,207 | 847,674 | 4,963,881 |
| 2018 | 5,469,717 | 679,334 | 6,149,051 |
| 2019 | 4,604,180 | 430,709 | 5,034,889 |
| 2020 | 4,860,000 | 237,383 | 5,097,383 |
| 2021 | <u>3,765,000</u> | <u>70,639</u> | <u>3,835,639</u> |
| TOTALS | <u>22,815,104</u> | <u>2,265,739</u> | <u>25,080,843</u> |

Current Year refunding of Debt

On October 6, 2015, the District issued Series 2015, \$2,150,000 in refunding school bonds, with interest rates varying from 2.0 percent to 3.0 percent to refund \$2,110,000 of Series 2005B with an interest rate of 4.50 percent.

Proceeds of \$2,157,475 of the Series 2015 bond (after payment of \$48,000 for 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 2005B Series bond. As a result, this refunded bond is considered to be defeased and the liability for this bond has been removed from the long-term debt account group.

The District's current refundings resulted in a decrease in the District's total debt service payments over the next three years by \$51,391; and an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$57,919.

On December 17, 2015, the District issued Series 2015B, \$4,690,000 in Taxable General Obligation Limited Tax School bonds, with interest rates ranging from 3.0 percent to 4.0 percent to partially refund Series 2013 and for working cash. Proceeds of \$231,750 of the Series 2015B bond (after payment of \$63,420 for underwriting fees,

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Note #8 Long-Term Debt (continued)

Current Year refunding of Debt (continued)

insurance and other issuance costs) were used to purchase U.S. government securities, the remainder was deposited in working cash fund. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the above mentioned 2013 Series bond. As a result, this refunded bond is considered to be defeased and the liability for this bond has been removed from the long-term debt account group

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 \$8,330,000 of defeased bonds outstanding at June 30, 2016.

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, 2016, the District's legal debt limit was \$46,083,434. Qualifying outstanding debt as of June 30, 2016 totaled \$22,815,104, leaving a debt margin of \$23,268,330.

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Note #9 Other Postemployment Benefits (continued)

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, 2015. 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 Required Individual Fund Disclosures

There were no interfund loans at June 30, 2016. The Educational Fund transferred \$67,423 to the Debt Service Fund to make principal payments on ISBE technology loans. The Working Cash Fund was partially abated per Board approval, funds were transferred in the amount of \$1,500,000 to the Educational Fund and \$300,000 to the Operation and Maintenance Fund. The Operations and Maintenance Fund transferred \$378,000 to the Debt Service Fund to make prior and current principal payments.

Note #11 Common Bank Accounts

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

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Note #12 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 \$9,803 for unemployment claims.

Note #13 Commitments and contingencies

Litigation

From time to time, the District is involved in legal and administrative proceedings with respect to employment, civil rights, property tax protests and other matters. Although the District is unable to predict the outcome of these matters, the District believes that the final outcome of any actions will not have a material adverse effect on the results of operations or the financial position of the District.

Grant Programs

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 #14 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.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Note #15 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, 2016, 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

SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
JUNE 30, 2016

| | |
|---|----------------------|
| Employer's proportion of the net pension liability | 0.00208% |
| Employer's proportionate share of the net pension liability | \$ 1,831,299 |
| State's proportionate share of the net pension liability associated with the employer | <u>48,584,866</u> |
| Total | <u>\$ 50,416,165</u> |
| Employer's covered-employee payroll | \$ 7,123,399 |
| Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 25.7% |
| Plan fiduciary net position as a percentage of the total pension liability | 41.5% |
| <i>*The amounts presented were determined as of the prior fiscal-year end.</i> | |

SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
Fiscal Year 2016

| | |
|---|-----------------|
| Contractually-required contribution | 79,499 |
| Contributions in relation to the contractually-required contributions | <u>(79,499)</u> |
| Contribution deficiency (excess) | <u>-</u> |
| Employer's covered-employee payroll | 7,123,399 |
| Contributions as a percentage of covered-employee payroll | 1.12% |

Notes to other Information

Changes of assumptions

Amounts reported in 2014 reflect an investment rate of return of 7.5 percent, an inflation rate of 3.0 percent and real return of 4.5 percent, and a salary increase assumption of 5.75 percent. In 2013, assumptions used were an investment rate of return of 8.0 percent, an inflation rate of 3.25 percent and real return of 4.75 percent, and salary increases of 6.00 percent. However, the total pension liability at the beginning and end of the year was calculated using the same assumptions, so the difference due to actuarial assumptions was not calculated or allocated.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U

SCHEDULES OF OTHER INFORMATION - IMRF
 MULTYEAR SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Calendar Years
 (schedule to be built prospectively from 2014)

| Calendar year ending December 31, | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|---|------------|------------|------|------|------|------|------|------|------|------|
| Total Pension Liability | | | | | | | | | | |
| Service Cost | 322,840 | 307,602 | | | | | | | | |
| Interest on the Total Pension Liability | 778,849 | 686,376 | | | | | | | | |
| Benefit Changes | - | - | | | | | | | | |
| Difference between Expected and Actual Experience | 133,211 | 282,978 | | | | | | | | |
| Assumption Changes | 26,009 | 487,377 | | | | | | | | |
| Benefit Payments and Refunds | (598,203) | (452,039) | | | | | | | | |
| Net Change in Total Pension Liability | 542,816 | 1,312,294 | | | | | | | | |
| Total Pension Liability - Beginning | 10,536,196 | 9,223,902 | | | | | | | | |
| Total Pension Liability - Ending (a) | 11,079,012 | 10,536,196 | | | | | | | | |
| Plan Fiduciary Net Position | | | | | | | | | | |
| Employer Contributions | 276,401 | 278,494 | | | | | | | | |
| Employee Contributions | 127,909 | 123,768 | | | | | | | | |
| Pension Plan Net Investment Income | 49,020 | 567,188 | | | | | | | | |
| Benefit payments and Refunds | (598,203) | (452,039) | | | | | | | | |
| Other | 24,989 | 60,479 | | | | | | | | |
| Net Change in Plan Fiduciary Net Position | (119,884) | 577,890 | | | | | | | | |
| Plan Fiduciary Net Position - Beginning | 9,900,942 | 9,323,052 | | | | | | | | |
| Plan Fiduciary Net Position - Ending (b) | 9,781,058 | 9,900,942 | | | | | | | | |
| Net Pension Liability (Asset) - Ending (a) - (b) | 1,297,954 | 635,254 | | | | | | | | |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 88.28% | 86.49% | | | | | | | | |
| Current Valuation Payroll | 2,695,386 | 2,706,683 | | | | | | | | |
| Net Pension Liability as a Percentage of Covered Valuation Payroll | 48.15% | 23.47% | | | | | | | | |

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U

SCHEDULE OF EMPLOYER CONTRIBUTIONS - IMRF

MOST RECENT CALENDAR YEAR

| <u>Calendar Year Ending December 31,</u> | <u>Actuarially Determined Contribution</u> | <u>Actual Contribution</u> | <u>Contribution Deficiency (Excess)</u> | <u>Covered Valuation Payroll</u> | <u>Actual Contribution as a % of Covered Valuation Payroll</u> |
|--|--|--------------------------------|---|--|--|
| 2014 | 276,894 | 278,494 | (1,600) | 2,706,683 | 10.29% |
| 2015 | 275,199 | 276,401 | (1,202) | 2,695,386 | 10.25% |

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U

NOTES TO SCHEDULE OF CONTRIBUTIONS - IMRF

SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS
USED IN THE CALCULATION OF THE 2014 CONTRIBUTION RATE*

Valuation Date

Notes Actuarially determined contribution rates are calculated as of December 31 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine 2014 Contribution Rates:

| | |
|-------------------------------|---|
| Actuarial Cost Method | Aggregate Entry Age Normal |
| Amortization Method | Level Percentage of Payroll, Closed |
| Remaining Amortization Period | Non-taxing bodies: 10- year rolling period. Taxing bodies (Regular, SLEP and ECO groups): 29-year closed period until remaining period reaches 15 years (then 15-year rolling period). Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 24 years for most employers (two employers were financed over 33 years). |
| Asset Valuation Method | 5-Year smoothed market; 20% corridor |
| Wage growth | 4.00% |
| Price Inflation | 3.0% - approximate; No explicit price inflation assumption is used in this valuation. |
| Salary Increases | 4.40% to 16.00% including inflation |
| Investment Rate of Return | 7.50% |
| Retirement Age | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2011 valuation pursuant to an experience study of the period 2008 - 2010. RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men 120% of the table rates were used. For women 92% of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years. |

Other Information

Notes There were no benefit changes during the year.

*Based on Valuation Assumptions used in the December 31, 2012 actuarial valuation.

Supplemental Information

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U

DETAILED SCHEDULE OF GENERAL LONG-TERM DEBT

JUNE 30, 2016

| Year Ending June 30 | Series 2006C | | Series 2007B | | Series 2010C | |
|---------------------------|------------------|----------------|----------------|--------------|---------------|--------------|
| | Principal | Interest | Principal | Interest | | |
| 2017 | 40,000 | 93,090 | 235,000 | 6,463 | 75,000 | 1,462 |
| 2018 | 190,000 | 86,938 | - | - | - | - |
| 2019 | 565,000 | 66,742 | - | - | - | - |
| 2020 | 660,000 | 33,973 | - | - | - | - |
| 2021 | 305,000 | 8,158 | - | - | - | - |
| | <u>1,760,000</u> | <u>288,901</u> | <u>235,000</u> | <u>6,463</u> | <u>75,000</u> | <u>1,462</u> |

| Year Ending June 30 | Series 2010G | | Series 2012 | | Series 2013 | |
|---------------------------|------------------|----------------|------------------|----------------|------------------|---------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2017 | - | 261,250 | 295,000 | 76,493 | 2,175,000 | 32,625 |
| 2018 | 165,000 | 257,744 | 500,000 | 66,775 | - | - |
| 2019 | 2,360,000 | 195,238 | 485,000 | 54,463 | - | - |
| 2020 | 2,595,000 | 68,119 | 685,000 | 39,891 | - | - |
| 2021 | - | - | 1,075,000 | 14,781 | - | - |
| Total | <u>5,120,000</u> | <u>782,350</u> | <u>3,040,000</u> | <u>252,403</u> | <u>2,175,000</u> | <u>32,625</u> |

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U

DETAILED SCHEDULE OF GENERAL LONG-TERM DEBT
 JUNE 30, 2016

| Year Ending June 30 | Series 2014 | | Series 2015 | |
|---------------------------|------------------|----------------|------------------|---------------|
| | Principal | Interest | Principal | Interest |
| 2017 | 425,000 | 42,950 | 705,000 | 52,275 |
| 2018 | 475,000 | 57,750 | 765,000 | 30,225 |
| 2019 | 540,000 | 9,200 | 625,000 | 9,375 |
| 2020 | 920,000 | - | - | - |
| 2021 | - | - | - | - |
| Total | <u>2,360,000</u> | <u>109,900</u> | <u>2,095,000</u> | <u>91,875</u> |

| Year Ending June 30 | Series 2015B | | Note Payable-Land | |
|---------------------------|------------------|----------------|-------------------|---------------|
| | Principal | Interest | Principal | Interest |
| 2016 | | | | |
| 2017 | - | 225,799 | 70,000 | 51,684 |
| 2018 | 2,305,000 | 129,975 | 992,000 | 48,277 |
| 2019 | - | 95,400 | - | - |
| 2020 | - | 95,400 | - | - |
| 2021 | 2,385,000 | 47,700 | - | - |
| Total | <u>4,690,000</u> | <u>594,274</u> | <u>1,062,000</u> | <u>99,961</u> |

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U

SCHEDULE OF TAXES EXTENDED AND COLLECTED

JUNE 30, 2016

| | | <u>Educational Levy</u> | <u>Special Education Levy</u> | <u>Lease Levy</u> | <u>Tort Immunity Levy</u> |
|--|-------------|-----------------------------|---------------------------------------|-----------------------|-----------------------------------|
| <u>2014 Levy</u> | | | | | |
| Assessed Valuation | 328,243,076 | | | | |
| Tax Rate per \$100 | | <u>2.2921</u> | <u>0.0239</u> | <u>0.0327</u> | <u>0.1024</u> |
| Taxes Extended | | 7,521,604 | 78,429 | 107,306 | 336,029 |
| Taxes Collected | | <u>7,503,300</u> | <u>78,238</u> | <u>107,045</u> | <u>335,212</u> |
| <u>2015 Levy</u> | | | | | |
| Assessed Valuation | 333,937,925 | | | | |
| Tax Rate per \$100 | | <u>2.3016</u> | <u>0.0232</u> | <u>0.0319</u> | <u>0.1013</u> |
| Taxes Extended | | 7,683,789 | 77,452 | 106,497 | 338,185 |
| Advance Taxes Received Prior to June 30, 2016 | | <u>4,017,527</u> | <u>40,369</u> | <u>55,710</u> | <u>176,817</u> |
| Taxes Receivable | | <u><u>3,666,262</u></u> | <u><u>37,083</u></u> | <u><u>50,787</u></u> | <u><u>161,368</u></u> |

| Operations & Maintenance Levy | Debt Services Levy | Transportation Levy | Municipal Retirement Levy | Social Security Levy | Working Cash Levy | Total All Levies |
|----------------------------------|-----------------------|------------------------|------------------------------|-------------------------|----------------------|-------------------|
| <u>0.3948</u> | <u>1.3772</u> | <u>0.1566</u> | <u>0.0754</u> | <u>0.0899</u> | <u>0.0483</u> | <u>4.5933</u> |
| 1,295,549 | 4,519,328 | 513,888 | 247,428 | 295,010 | 158,498 | <u>15,073,069</u> |
| <u>1,292,397</u> | <u>4,508,330</u> | <u>512,638</u> | <u>246,825</u> | <u>294,292</u> | <u>158,112</u> | <u>15,036,389</u> |
| <u>0.4049</u> | <u>1.4202</u> | <u>0.1591</u> | <u>0.0636</u> | <u>0.0723</u> | <u>0.0469</u> | <u>4.6250</u> |
| 1,351,741 | 4,741,274 | 531,148 | 212,326 | 241,370 | 156,574 | <u>15,440,356</u> |
| <u>706,459</u> | <u>2,479,465</u> | <u>277,739</u> | <u>111,418</u> | <u>125,952</u> | <u>81,545</u> | <u>8,073,001</u> |
| <u>645,282</u> | <u>2,261,809</u> | <u>253,409</u> | <u>100,908</u> | <u>115,418</u> | <u>75,029</u> | <u>7,367,355</u> |

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U

SCHEDULE OF LEGAL DEBT MARGIN

JUNE 30, 2016

| | |
|---|--------------------------|
| Assessed Valuation as of January 1, 2015 | 333,937,925 |
| Debt Limitation Percentage | 13.8% |
| Debt Limitation | <u>46,083,434</u> |
| Total Bonded Indebtedness Subject to Debt Limitation Provisions | 22,612,000 |
| Other Indebtedness Subject to Debt Limitation Provisions | <u>203,104</u> |
| Total Indebtedness Subject to Debt Limitation Provisions | <u>22,815,104</u> |
| Legal Debt Margin | <u><u>23,268,330</u></u> |

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U

STATEMENT OF ASSETS, LIABILITIES AND
FUND BALANCES

TRUST AND AGENCY FUND
JUNE 30, 2016

| | <u>TRUST AND AGENCY</u> |
|-----------------------------------|---------------------------------|
| <u>ASSETS</u> | |
| Cash | <u>309,557</u> |
| <u>LIABILITIES</u> | |
| Due to Organizations | 309,557 |
| Fund Balance - Unreserved | <u>-</u> |
| Total Liabilities and Fund Equity | <u>309,557</u> |

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U

STATEMENT OF REVENUES RECEIVED AND
EXPENDITURES DISBURSED
TRUST AND AGENCY FUND
JUNE 30, 2016

| STUDENT ACTIVITY ACCOUNTS: | Cash Balance | | | Cash Balance |
|-------------------------------|------------------|----------|--------------|------------------|
| | June 30, 2015 | Revenues | Expenditures | June 30, 2016 |
| Class of 2019 | - | 2,573 | 1,362 | 1,211 |
| Class of 2018 | 244 | 4,793 | 3,094 | 1,943 |
| Class of 2017 | 2,365 | 14,717 | 16,995 | 87 |
| Class of 2016 | 438 | 1,906 | 2,161 | 183 |
| Class of 2015 | 1,312 | - | 185 | 1,127 |
| Class of 2014 | 1,869 | - | 185 | 1,684 |
| Class of 2013 | 5,988 | - | 185 | 5,803 |
| Class of 2011 | 425 | - | - | 425 |
| Class of 2009 | 448 | - | - | 448 |
| Class of 2008 | 500 | - | - | 500 |
| Class of 2007 | 500 | - | - | 500 |
| Class of 2006 | 501 | - | - | 501 |
| Class of 2005 | 250 | - | 170 | 80 |
| BDI Band Festival | (90) | - | - | (90) |
| Prom | 2,460 | 2,800 | 3,000 | 2,260 |
| Foreign Language | 746 | 5,165 | 4,965 | 946 |
| FFA | 3,513 | 28,809 | 23,796 | 8,526 |
| FFA/FCCLA Concessions | 136 | | | 136 |
| HS Golf | 1,085 | 2,734 | 2,090 | 1,729 |
| PIC Intramural | 356 | 3,415 | 662 | 3,109 |
| Skills USA | 140 | 9,224 | 10,542 | (1,178) |
| HS Best Buddies | 62 | 300 | 309 | 53 |
| HS Bowling | 377 | 292 | 284 | 385 |
| HS Boys Baseball | 1,685 | 5,648 | 6,021 | 1,312 |
| HS Boys Basketball Team | 742 | 8,935 | 7,850 | 1,827 |
| HS Boys Basketball Summer | 551 | 4,500 | 2,160 | 2,891 |
| HS General Athletic | 897 | 2,296 | 2,211 | 982 |
| Industrial Tech Resale | 159 | 4,969 | 3,531 | 1,597 |
| JH Behavior Incentive Prog | 2,656 | 636 | 704 | 2,588 |
| HS Track | 1,271 | 1,303 | 1,041 | 1,533 |
| HS BB Cheerleaders | 398 | 9,971 | 10,023 | 346 |
| HS Girls BB team | 503 | 2,320 | 1,596 | 1,227 |

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U

STATEMENT OF REVENUES RECEIVED AND
EXPENDITURES DISBURSED
TRUST AND AGENCY FUND
JUNE 30, 2016

| STUDENT ACTIVITY ACCOUNTS: | Cash Balance | | | Cash Balance |
|-------------------------------|-------------------------|-----------------|---------------------|-------------------------|
| | June 30, <u>2015</u> | <u>Revenues</u> | <u>Expenditures</u> | June 30, <u>2016</u> |
| HS Auditorium | 14,812 | 5,688 | 4,220 | 16,280 |
| HS Girls Volleyball Team | 2,980 | 3,371 | 2,972 | 3,379 |
| HS Girls Softball | 2,414 | 7,070 | 5,717 | 3,767 |
| HS Student Council | 4,059 | 17,307 | 16,828 | 4,538 |
| Boys Regional Basketball | 55 | - | - | 55 |
| HS Dance Team | 1,391 | 4,488 | 4,243 | 1,636 |
| Lettermen | 534 | 6,707 | 2,076 | 5,165 |
| HS Yearbook | 2,224 | 12,851 | 10,628 | 4,447 |
| HS Band | 2,578 | 10,694 | 10,821 | 2,451 |
| HS Choir | 609 | 462 | 862 | 209 |
| HS Show Choir | 871 | 7,177 | 6,673 | 1,375 |
| National Honor Society | 1,088 | 4,200 | 3,997 | 1,291 |
| CSC Preschool | - | 2,404 | 1,260 | 1,144 |
| HS Football | 5,484 | 15,941 | 12,311 | 9,114 |
| PHS Pop Fund | 661 | 560 | 316 | 905 |
| Performing Arts | 9,631 | 13,645 | 15,153 | 8,123 |
| Connor Shaw Drama | 973 | 2,015 | 1,206 | 1,782 |
| Thespians | 1,344 | - | 523 | 821 |
| HS Wrestlers | 964 | 2,453 | 2,363 | 1,054 |
| Scholastic Bowl | 309 | 410 | 366 | 353 |
| JH Pop Fund | (742) | - | - | (742) |
| HS ACT Test | 1,625 | - | 700 | 925 |
| JH Athletic Activities | 630 | 5,720 | 6,102 | 248 |
| JH Activities Account | 4,642 | 23,228 | 26,146 | 1,724 |
| JH Cheerleaders | 3 | - | - | 3 |
| JH Band | 1,911 | 235 | 280 | 1,866 |
| JH Chorus | (402) | 964 | 560 | 2 |
| JH English | 3 | - | - | 3 |
| JH Science | 1,446 | 250 | 280 | 1,416 |
| JH Student Council | 883 | 2,250 | 1,903 | 1,230 |
| JH Video | 930 | 3,270 | 1,574 | 2,626 |
| PHS FB Tunnel | 503 | 330 | 355 | 478 |

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U

STATEMENT OF REVENUES RECEIVED AND
EXPENDITURES DISBURSED
TRUST AND AGENCY FUND
JUNE 30, 2016

| STUDENT ACTIVITY ACCOUNTS: | Cash Balance | | | Cash Balance |
|-------------------------------|-------------------------|-----------------|---------------------|-------------------------|
| | June 30, <u>2015</u> | <u>Revenues</u> | <u>Expenditures</u> | June 30, <u>2016</u> |
| HS Recycling 3 | 2 | 35 | - | 37 |
| Peotone Elementary | 5,116 | 14,391 | 14,122 | 5,385 |
| Peotone Elem Sunshine | 147 | 745 | 321 | 571 |
| PE Devil Dash | 1 | - | - | 1 |
| Peotone Elem POP | 1,256 | 283 | 333 | 1,206 |
| PIC | 1,988 | 10,774 | 9,986 | 2,776 |
| Green Garden Faculty Fund | 771 | - | 162 | 609 |
| General Fund | 8,705 | 23,108 | 22,888 | 8,925 |
| Interest | 3,822 | 298 | 173 | 3,947 |
| Gym Suits | 3,585 | 4,264 | 4,640 | 3,209 |
| Textbooks | 2,353 | 185 | - | 2,538 |
| Education Foundation | - | 9,825 | 8,599 | 1,226 |
| Booster Club | 11,656 | 25,702 | 25,330 | 12,028 |
| High School Staff | 1,078 | 720 | 705 | 1,093 |
| Lambert Fund | 250 | - | - | 250 |
| B Starkey Football Memor | 1,274 | - | - | 1,274 |
| HS Tad | 204 | 643 | 650 | 197 |
| Interstate 8 Conference | 497 | - | - | 497 |
| PHS Math CluB | 168 | 734 | 371 | 531 |
| Computer P/R Fund | 3,422 | - | - | 3,422 |
| PIC Library | 121 | 60 | - | 181 |
| HS AP & Proctor | 1,906 | 9,083 | 8,668 | 2,321 |
| JE PE Gym Suits | 3,625 | 5,582 | 6,386 | 2,821 |
| Soccer Summer Camp | 1,050 | 1,775 | 369 | 2,456 |
| JH PALS | 576 | 1,429 | 1,464 | 541 |
| HS Baseball Fld Renovations | 2,763 | - | 2,128 | 635 |
| High School Library | 3,942 | 581 | 322 | 4,201 |
| HS Boys Soccer | 7,625 | 4,046 | 3,040 | 8,631 |
| HS Baseball Summer Camp | 187 | - | - | 187 |
| Peotone Elem Library | 425 | 51 | - | 476 |
| HS Girls BKB Summer Cmp | 714 | 2,900 | 3,614 | - |
| Student ID Account | 16,230 | 1,111 | - | 17,341 |

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U

STATEMENT OF REVENUES RECEIVED AND
EXPENDITURES DISBURSED
TRUST AND AGENCY FUND
JUNE 30, 2016

| STUDENT ACTIVITY ACCOUNTS: | Cash Balance | | | Cash Balance |
|-------------------------------|-------------------------|-----------------|---------------------|-------------------------|
| | June 30, <u>2015</u> | <u>Revenues</u> | <u>Expenditures</u> | June 30, <u>2016</u> |
| JH IESA State Series | 858 | 4,873 | 5,037 | 694 |
| Junior High Library | 3,487 | 7,608 | 6,456 | 4,639 |
| FFA/Skills Concessions | 1,175 | 15,449 | 16,195 | 429 |
| HS Football Summer Camp | 1,540 | 2,400 | 2,437 | 1,503 |
| PIC Yearbook Club | 1,703 | 560 | 375 | 1,888 |
| HS Science Club | 1,763 | 1,984 | 1,875 | 1,872 |
| JH Play Activity | 3,592 | 2,644 | 2,081 | 4,155 |
| Junior High Track | 418 | - | - | 418 |
| HS Parking Permits | 67,753 | 9,950 | 278 | 77,425 |
| Smiles | 177 | - | - | 177 |
| HS Girls Soccer | 2,373 | 342 | 395 | 2,320 |
| JH Art | 390 | - | - | 390 |
| HS Devil Dash | 1,102 | 917 | 706 | 1,313 |
| HS Physics | 786 | - | 304 | 482 |
| | <u>269,476</u> | <u>436,048</u> | <u>395,967</u> | <u>309,557</u> |

Independent Auditor's Report on Compliance
for Each Major Program and on Internal Control over
Compliance Required by the Uniform Guidance

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 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, 2016. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance 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

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

requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of 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, 2016.

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 each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 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

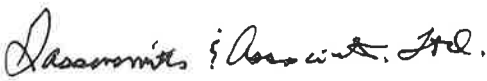
To the Board of Education
Peotone Community Unit School District 207U

any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report of Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. 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 the Uniform Guidance 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


Gassensmith & Associates, Ltd.
Certified Public Accountants

Joliet, Illinois
September 30, 2016

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U
56-099-207U-26
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ending June 30, 2016

| Federal Grantor/Pass-Through Grantor/ Program or Cluster Title and Major Program Designation | CFDA Number ² (A) | ISBE Project # (1st 8 digits) or Contract #3 (B) | Receipts/Revenues Year | | Expenditure/Disbursements ³ Year | Obligations/ Encumb. (G) | Final Status (H) | Budget (I) |
|--|------------------------------------|---|---------------------------|-----------------------|--|--------------------------------|------------------------|---------------|
| | | | 7/1/14-6/30/15 (C) | 7/1/15-6/30/16 (D) | | | | |
| U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES | | | | | | | | |
| Passed Through Illinois Healthcare & Family Services | | | | | | | | |
| Medicaid Matching | 93.778 | 2016-4900 | - | 21,959 | - | - | 21,959 | n/a |
| Medicaid Matching | 93.778 | 2015-4900 | 25,715 | - | 25,715 | - | - | n/a |
| TOTAL DEPARTMENT OF HEALTH & HUMAN SERVICES | | | 25,715 | 21,959 | 25,715 | - | 21,959 | |
| U.S. DEPARTMENT OF HUMAN SERVICES | | | | | | | | |
| Passed Through Illinois Department of Family Services | | | | | | | | |
| STEP Grant | 84.126 | | 14,546 | - | 14,546 | - | - | n/a |
| TOTAL DEPARTMENT OF HUMAN SERVICES | | | 14,546 | - | 14,546 | - | - | |
| U.S. DEPARTMENT OF AGRICULTURE | | | | | | | | |
| Passed Through Illinois State Board of Education | | | | | | | | |
| National School Lunch Program | 10.555 | 2016-4210 | - | 87,090 | - | - | 87,090 | n/a |
| National School Lunch Program | 10.555 | 2015-4210 | 95,244 | 18,044 | 96,057 | - | 18,044 | n/a |
| Special Milk Program | 10.556 | 2015-4215 | 168 | - | 168 | - | - | n/a |
| Commodities (non-cash) | 10.555 | n/a | - | 10,107 | - | - | 10,107 | n/a |
| Commodities (non-cash) | 10.555 | n/a | 10,827 | - | 10,827 | - | - | n/a |
| Dept of Defense Fresh Fruit and Vegetables (non-cash) | 10.555 | n/a | - | 9,004 | - | - | 9,004 | n/a |
| Dept of Defense Fresh Fruit and Vegetables (non-cash) | 10.555 | n/a | 11,903 | - | 11,903 | - | - | n/a |
| TOTAL U.S. DEPARTMENT OF AGRICULTURE | | | 118,142 | 124,245 | 118,955 | - | 124,245 | |
| U.S. DEPARTMENT OF EDUCATION | | | | | | | | |
| Passed through IL State Board of Education | | | | | | | | |
| Special Education - IDEA - Flowthrough/Low Incidence (M) | 84.027A | 2016-4620 | - | 245,641 | - | - | 245,641 | |
| Special Education - IDEA - Flowthrough/Low Incidence (M) | 84.027A | 2015-4620 | 220,425 | - | 220,425 | - | - | 235,426 |
| IDEA preschool flowthrough (M) | 84.173A | 2016-4600 | - | 10,682 | - | - | 10,682 | n/a |
| IDEA preschool flowthrough (M) | 84.173A | 2015-4600 | 10,682 | - | 10,682 | - | - | n/a |
| Special Education - IDEA - Room & Board (M) | 84.027A | 2016-4625 | - | 110,695 | - | - | 110,695 | n/a |
| Special Education - IDEA - Room & Board (M) | 84.027A | 2015-4625 | - | 189,415 | - | - | 189,415 | n/a |
| Title I - Low Income | 84.010A | 2016-4300 | - | 122,317 | - | - | 137,968 | 160,039 |
| Title I - Low Income | 84.010A | 2015-4300 | 126,369 | 27,017 | 155,386 | - | - | 167,651 |
| Title II - Teacher Quality | 84.367A | 2016-4932 | - | 28,031 | - | - | 29,166 | 33,102 |
| Title II - Teacher Quality | 84.367A | 2015-4932 | 20,706 | 8,782 | 29,488 | - | - | 32,243 |
| TOTAL U.S. DEPARTMENT OF EDUCATION | | | 380,182 | 742,560 | 415,981 | - | 723,567 | n/a |
| TOTAL FEDERAL AWARDS | | | 538,585 | 868,784 | 575,197 | - | 869,771 | |

² (M) Program was audited as a major program as defined by Title 2 CFR §200.518.

The accompanying notes are an integral part of this schedule.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U

Notes to Schedule of Expenditures of Federal Awards
June 30, 2016

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. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), therefore some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. The District has elected not to use the 10 percent de minimus indirect cost rate as allowed under the uniform guidance.

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

| | |
|---|-------------------------|
| Revenues Per Schedule of Expenditures Of Federal Awards | \$888,784 |
| Add-Medicaid Fees-For-Service Program | 21,959 |
| Minus Non-Cash Commodities | <u>(19,111)</u> |
| Total Federal Revenues Per Basic Financial Statements | <u><u>\$891,632</u></u> |

Note 2 Subrecipients, Insurance, and Loans

Of the federal expenditures in the schedule, the District did not provide any federal awards to subrecipients. The District did not have any federal insurance in effect during the year, and did not have any federal loans or loan guarantees outstanding at the year end.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U

Summary of Findings and Questionable Costs
June 30, 2016

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, 2016. 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. One material weakness was disclosed during the audit of the financial statements, see item 2016-1.
3. No instances of noncompliance material to the combined financial statements of the District were disclosed during the audit.

FEDERAL AWARDS

4. No material weaknesses were disclosed during the audit of compliance over major federal award programs. No significant deficiencies that are considered to be material weaknesses were disclosed during the audit of compliance over major federal award programs.
5. The Auditor's Report on Compliance for the major federal award programs for the District expresses an unqualified opinion on all major federal programs.
6. There were no audit findings relative to the major federal award programs for the District.
7. The programs tested as major programs was the Special Education Cluster (84.027A 84.173A).
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. The District was determined to be a low-risk auditee.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U

Summary of Findings and Questionable Costs
June 30, 2016

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

There was one financial statement finding reported for fiscal year ended June 30, 2016, see the accompanying finding 2016-1.

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
56-099-207U-26
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2016

SECTION II - FINANCIAL STATEMENT FINDINGS

1. FINDING NUMBER:¹¹

2016- 001

2. THIS FINDING IS:

New

Repeat from Prior Year?

Year originally reported? _____

3. Criteria or specific requirement

Proper internal control over the preparation of the financial statements, including disclosures, should include a comprehensive review procedure to ensure that the financial statements, including disclosures, are complete and accurate. This review should be performed by an individual possessing a thorough understanding of applicable generally accepted principles applicable to governments, Governmental Accounting Standards Board Statements, and knowledge of the District's activities and operations.

4. Condition

Currently, the District's personnel do not have sufficient financial reporting and accounting knowledge to perform a thorough review of the District's financial statements and related disclosures to provide a high level of assurance that any potential material omissions or other errors would be identified and corrected.

5. Context¹²

The condition is limited to external financial reporting in accordance with accounting principles applicable to governments, due to the complex nature of governmental accounting.

6. Effect

A material omission or other error in the financial statements of the District could go undetected by District personnel.

7. Cause

The District's personnel have not received sufficient training in governmental financial reporting.

8. Recommendation

We recommend the District obtain/assign an employee the responsibility of becoming knowledgeable in governmental accounting and financial reporting. Such knowledge could be obtained through reviewing governmental accounting textbooks, Governmental Accounting Standards Board Statements and report review checklists and by attending governmental accounting seminars.

9. Management's response¹³

Management concurs with the finding. The District will implement a plan after evaluating its options.

For ISBE Review

Date

Resolution/Change Code Number

Initials

Description of Questioned Costs

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U
56-099-207U-26
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
Year Ending June 30, 2016

Corrective Action Plan

Finding No.: **2016- 001**

Condition:

Currently, the District's personnel do not have sufficient financial reporting and accounting knowledge to perform a thorough review of the District's financial statements and related disclosures to provide a high level of assurance that any potential material omissions or other errors would be identified and corrected.

Plan:

The District plans to familiarize it's staff with financial reporting requirements to the extent possible.

Anticipated Date of Completion: Ongoing

Name of Contact Person: Steve Stein

Management Response: The cost of acquiring personnel familiar with the requirements of external reporting will be considered.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U

Summary Schedule of Prior Audit Findings

June 30, 2016

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

