

Peotone Community Unit
School District 207U

Annual Financial Report

Peotone, Illinois

June 30, 2018

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, 2018, 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, 2018, 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, 2018, 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

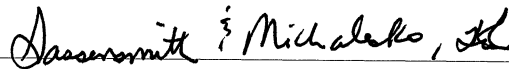
In accordance with Government Auditing Standards, we have also issued a report dated October 29, 2018, on our consideration of the District's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts and grant

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

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 & Michalesko, Ltd.
Certified Public Accountants

October 29, 2018

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, 2018, and have issued our report thereon dated October 29, 2018. 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 & Michalesko, Ltd.
Certified Public Accountants

October 29, 2018

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U

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

JUNE 30, 2018

	<u>Educational</u>	<u>Operations and Maintenance</u>	<u>Debt Services</u>	<u>Transportation</u>	<u>Municipal Retirement/ Social Security</u>
<u>Assets</u>					
Cash and Cash Equivalents	2,985,961	540,540	2,717,806	806,106	301,777
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>2,985,961</u>	<u>540,540</u>	<u>2,717,806</u>	<u>806,106</u>	<u>301,777</u>
<u>Liabilities and Fund Balances</u>					
<u>Liabilities</u>					
Payroll Deductions and Withholdings	-	-	-	-	-
Due to Organizations	-	-	-	-	-
Bonds Payable	-	-	-	-	-
Other Long-term Liabilities	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund Balances:</u>					
Reserved	-	-	-	-	-
Unreserved	2,985,961	540,540	2,717,806	806,106	301,777
Investments in General Fixed Assets	-	-	-	-	-
Total Fund Balances	<u>2,985,961</u>	<u>540,540</u>	<u>2,717,806</u>	<u>806,106</u>	<u>301,777</u>
Total Liabilities and Fund Balances	<u>2,985,961</u>	<u>540,540</u>	<u>2,717,806</u>	<u>806,106</u>	<u>301,777</u>

Statement 1

<u>Capital Projects</u>	<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>
3,885	3,684,184	404,288	4,130	236,032	-	-	11,684,709
-	-	-	-	-	-	-	-
-	-	-	-	-	2,540,833	-	2,540,833
-	-	-	-	-	28,913,469	-	28,913,469
-	-	-	-	-	848,235	-	848,235
-	-	-	-	-	4,687,447	-	4,687,447
-	-	-	-	-	3,255,437	-	3,255,437
-	-	-	-	-	-	2,717,806	2,717,806
-	-	-	-	-	-	10,482,194	10,482,194
-	-	-	-	-	-	29,180	29,180
<u>3,885</u>	<u>3,684,184</u>	<u>404,288</u>	<u>4,130</u>	<u>236,032</u>	<u>40,245,421</u>	<u>13,229,180</u>	<u>65,159,310</u>
-	-	-	-	-	-	-	-
-	-	-	-	236,032	-	-	236,032
-	-	-	-	-	-	13,200,000	13,200,000
-	-	-	-	-	-	29,180	29,180
-	-	-	-	<u>236,032</u>	-	<u>13,229,180</u>	<u>13,465,212</u>
-	-	-	-	-	-	-	-
3,885	3,684,184	404,288	4,130	-	-	-	11,448,677
-	-	-	-	-	40,245,421	-	40,245,421
<u>3,885</u>	<u>3,684,184</u>	<u>404,288</u>	<u>4,130</u>	-	<u>40,245,421</u>	-	<u>51,694,098</u>
<u>3,885</u>	<u>3,684,184</u>	<u>404,288</u>	<u>4,130</u>	<u>236,032</u>	<u>40,245,421</u>	<u>13,229,180</u>	<u>65,159,310</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, 2018

	<u>Educational</u>	<u>Operations and Maintenance</u>	<u>Debt Services</u>
Revenue Received:			
Local Sources	10,163,452	1,635,436	5,228,571
State Sources	2,216,599	-	-
Federal Sources	706,798	-	-
Total Direct Receipts	<u>13,086,849</u>	<u>1,635,436</u>	<u>5,228,571</u>
Receipts for On-Behalf Payments	<u>740,289</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>13,827,138</u>	<u>1,635,436</u>	<u>5,228,571</u>
Expenditures Disbursed:			
Instruction	8,640,004	-	-
Support Services	3,404,542	1,433,788	-
Payments to Other Districts and Governmental Units	512,159	-	-
Debt Service	<u>1,650</u>	<u>42,571</u>	<u>6,078,523</u>
Total Direct Disbursements	<u>12,558,355</u>	<u>1,476,359</u>	<u>6,078,523</u>
Disbursements for On-Behalf Payments	<u>740,289</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>13,298,644</u>	<u>1,476,359</u>	<u>6,078,523</u>
Excess (Deficiency) of Revenues			
Over Expenditures	528,494	159,077	(849,952)
Other Financing Sources:			
Abatement of the Working Cash Fund	2,000,000	250,000	-
Sale of fixed assets	-	662,782	-
Transfer among funds			1,069,717
Other Financing (Uses):			
Abatement of the Working Cash Fund	-	-	-
Transfer among funds	<u>(77,717)</u>	<u>(992,000)</u>	<u>-</u>
Total Other Financing Sources and (Uses)	<u>1,922,283</u>	<u>(79,218)</u>	<u>1,069,717</u>
Excess (Deficiency) of Revenues			
Over Expenditures and Other Financing Sources (Uses)	2,450,777	79,859	219,765
Beginning Fund Balance	<u>535,184</u>	<u>460,681</u>	<u>2,498,041</u>
Ending Fund Balance	<u>2,985,961</u>	<u>540,540</u>	<u>2,717,806</u>

Statement 2

<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>
554,148	282,394	3,885	165,371	203,127	1	18,236,385
1,052,082	-	-	-	-	-	3,268,681
-	-	-	-	-	-	706,798
<u>1,606,230</u>	<u>282,394</u>	<u>3,885</u>	<u>165,371</u>	<u>203,127</u>	<u>1</u>	<u>22,211,864</u>
-	-	-	-	-	-	740,289
<u>1,606,230</u>	<u>282,394</u>	<u>3,885</u>	<u>165,371</u>	<u>203,127</u>	<u>1</u>	<u>22,952,153</u>
-	173,479	-	-	-	-	8,813,483
1,592,278	353,947	-	-	321,683	-	7,106,238
-	-	-	-	-	-	512,159
-	-	-	-	-	-	6,121,094
<u>1,592,278</u>	<u>527,426</u>	<u>-</u>	<u>-</u>	<u>321,683</u>	<u>-</u>	<u>22,552,974</u>
-	-	-	-	-	-	740,289
<u>1,592,278</u>	<u>527,426</u>	<u>-</u>	<u>-</u>	<u>321,683</u>	<u>-</u>	<u>23,293,263</u>
13,952	(245,032)	3,885	165,371	(118,556)	1	(341,110)
250,000	-	-	-	-	-	2,500,000
-	-	-	-	-	-	662,782
-	-	-	-	-	-	1,069,717
-	-	-	(2,500,000)	-	-	(2,500,000)
-	-	-	-	-	-	(1,069,717)
<u>250,000</u>	<u>-</u>	<u>-</u>	<u>(2,500,000)</u>	<u>-</u>	<u>-</u>	<u>662,782</u>
263,952	(245,032)	3,885	(2,334,629)	(118,556)	1	320,022
<u>542,154</u>	<u>546,809</u>	<u>-</u>	<u>6,018,813</u>	<u>522,844</u>	<u>4,129</u>	<u>11,128,655</u>
<u>806,106</u>	<u>301,777</u>	<u>3,885</u>	<u>3,684,184</u>	<u>404,288</u>	<u>4,130</u>	<u>11,448,677</u>

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 200U

STATEMENT OF REVENUE RECEIVED - ALL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<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	8,758,470	1,449,749	5,179,179
Leasing Levy	52,097	-	-
Special Education Levy	83,292	-	-
Social Security/Medicare Only Levy	-	-	-
Payments In Lieu Of Taxes			
Corporate Personal Property Replacement Taxes	482,088	-	-
Tuition			
Regular Tuition From Pupils Or Parents (In State)	38,415	-	-
Special Education - Tuition From Other Leas (In State)	10,885	-	-
Earnings On Investments			
Interest On Investments	823	-	-
Food Service			
Sales To Pupils - Lunch	98,605	-	-
Sales To Pupils - A La Carte	41,843	-	-
Sales To Adults	1,017	-	-
Other Food Service	632	-	-
District/School Activity Income			
Admissions - Athletic	41,974	-	-
Admissions - Other	58,724	-	-
Fees	106,737	-	-
Textbook Income			
Rentals - Regular Textbook	144,654	-	-
Other Revenue From Local Sources			
Rentals	-	26,478	-
Contributions And Donations From Private Sources	77,199	65,097	-
Impact Fees From Municipal Or County Governments	-	-	-
Services Provided Other LEAs	-	-	-
Payments of Surplus Moneys from TIF Districts	-	-	-
Drivers' Education Fees	18,600	-	-
Refund Prior Years' Expenditures	9,655	62,202	49,392
Other Local Revenues	137,742	31,909	-
Total Revenue From Local Sources	<u>10,163,452</u>	<u>1,635,435</u>	<u>5,228,571</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>
549,364	109,007	-	162,006	203,127	-	16,410,902
-	-	-	-	-	-	52,097
-	-	-	-	-	-	83,292
-	113,803	-	-	-	-	113,803
-	59,584	-	-	-	-	541,672
-	-	-	-	-	-	38,415
-	-	-	-	-	-	10,885
1	-	-	3,364	-	1	4,189
-	-	-	-	-	-	98,605
-	-	-	-	-	-	41,843
-	-	-	-	-	-	1,017
-	-	-	-	-	-	632
-	-	-	-	-	-	41,974
-	-	-	-	-	-	58,724
-	-	-	-	-	-	106,737
-	-	-	-	-	-	144,654
-	-	-	-	-	-	26,478
-	-	-	-	-	-	142,296
-	-	3,885	-	-	-	3,885
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	18,600
1,348	-	-	-	-	-	122,597
3,435	-	-	-	-	-	173,086
<u>554,148</u>	<u>282,394</u>	<u>3,885</u>	<u>165,370</u>	<u>203,127</u>	<u>1</u>	<u>18,236,383</u>

(Continued)

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 200U

STATEMENT OF REVENUE RECEIVED - ALL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Educational</u>	<u>Operations and Maintenance</u>	<u>Debt Services</u>
Revenue From State Sources			
Unrestricted Grants-In-Aid			
General State Aid - Sec. 18-8.05	1,494,540	-	-
Restricted Grants-In-Aid			
Special Education - Private Facility Tuition	365,791	-	-
Special Education - Funding for Children	99,293	-	-
Special Education - Personnel	169,928	-	-
Special Education - Orphanage - Individual	60,084	-	-
Special Education - Orphanage - Summer	1,412	-	-
Special Education - Summer School	1,766	-	-
CTE - Agriculture Education	3,012	-	-
State Free Lunch And Breakfast	1,085	-	-
Driver Education	17,611	-	-
Transportation - Regular/Vocational	-	-	-
Transportation - Special Education	-	-	-
Other Restricted Revenue From State Sources	2,077	-	-
Total Receipts From State Sources	<u>2,216,599</u>	<u>-</u>	<u>-</u>
Revenue From Federal Sources			
Restricted Grants-In-Aid Received From Federal Government			
Thru The State			
National School Lunch Program	96,128	-	-
Special Milk Program	-	-	-
Title I - Low Income	174,786	-	-
Title IV - Safe And Drug Free Schools - Formula	5,451	-	-
Federal - Special Education - Preschool Flow - Through	10,682	-	-
Federal - Special Education - IDEA - Flow Through /			
Low Incidence	235,220	-	-
Federal - Special Education - IDEA - Room And Board	104,023	-	-
Title II - Teacher Quality	36,416	-	-
Medicaid Matching Funds - Administrative Outreach	12,484	-	-
Medicaid Matching Funds - Fee-For-Service Program	31,608	-	-
Other Restricted Revenue From Federal Sources	-	-	-
Total Receipts From Federal Sources	<u>706,798</u>	<u>-</u>	<u>-</u>
Total Direct Receipts	<u>13,086,849</u>	<u>1,635,435</u>	<u>5,228,571</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>
-	-	-	-	-	-	1,494,540
-	-	-	-	-	-	365,791
-	-	-	-	-	-	99,293
-	-	-	-	-	-	169,928
-	-	-	-	-	-	60,084
-	-	-	-	-	-	1,412
-	-	-	-	-	-	1,766
-	-	-	-	-	-	3,012
-	-	-	-	-	-	1,085
-	-	-	-	-	-	17,611
450,683	-	-	-	-	-	450,683
601,399	-	-	-	-	-	601,399
-	-	-	-	-	-	2,077
<u>1,052,082</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,268,681</u>
-	-	-	-	-	-	96,128
-	-	-	-	-	-	-
-	-	-	-	-	-	174,786
-	-	-	-	-	-	5,451
-	-	-	-	-	-	10,682
-	-	-	-	-	-	235,220
-	-	-	-	-	-	104,023
-	-	-	-	-	-	36,416
-	-	-	-	-	-	12,484
-	-	-	-	-	-	31,608
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>706,798</u>
<u>1,606,230</u>	<u>282,394</u>	<u>3,885</u>	<u>165,370</u>	<u>203,127</u>	<u>1</u>	<u>22,211,862</u>

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U

Statement 4
(continued)

STATEMENT OF EXPENDITURES DISBURSED
(AND COMPARISON WITH BUDGET)
EDUCATIONAL FUND
JUNE 30, 2018

Expenditures Disbursed:	<u>Actual</u>	<u>Budget</u>	<u>Unexpended Budget</u>
Instruction			
Regular Programs			
Salaries	3,675,716	3,762,100	86,384
Employee Benefits	1,078,750	1,108,640	29,890
Purchased Services	7,583	11,250	3,667
Supplies And Materials	158,526	165,551	7,025
Capital Outlay	4,608	4,700	92
Other Objects	3,236	7,500	4,264
Total Regular Programs	<u>4,928,419</u>	<u>5,059,741</u>	<u>131,322</u>
Pre-K Programs			
Salaries	50,991	64,500	13,509
Employee Benefits	5,057	10,940	5,883
Supplies And Materials	6,273	8,000	1,727
Capital Outlay	-	50	50
Total Pre-K Programs	<u>62,321</u>	<u>83,490</u>	<u>21,169</u>
Special Education Programs			
Salaries	1,275,925	1,228,500	(47,425)
Employee Benefits	368,845	383,333	14,488
Purchased Services	223,449	295,600	72,151
Supplies And Materials	18,310	20,000	1,690
Total Special Education Programs	<u>1,886,529</u>	<u>1,927,433</u>	<u>40,904</u>
Remedial and Suppl. Programs K-12			
Salaries	140,567	138,500	(2,067)
Employee Benefits	62,567	75,400	12,833
Supplies and Materials	1,677	9,224	7,547
Total Remedial and Suppl. Programs K-12	<u>204,811</u>	<u>223,124</u>	<u>18,313</u>
CTE Programs			
Salaries	162,595	169,500	6,905
Employee Benefits	60,513	63,442	2,929
Purchased Services	-	1,000	1,000
Supplies And Materials	13,259	16,000	2,741
Total Vocational Programs	<u>236,367</u>	<u>249,942</u>	<u>13,575</u>
Interscholastic Programs			
Salaries	154,719	150,000	(4,719)
Employee Benefits	17,484	21,200	3,716
Purchased Services	145,467	151,230	5,763
Supplies And Materials	32,753	32,800	47
Total Interscholastic Programs	<u>350,423</u>	<u>355,230</u>	<u>4,807</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, 2018

Expenditures Disbursed:	Actual	Budget	Unexpended Budget
Driver's Education Programs			
Salaries	34,508	41,000	6,492
Employee Benefits	4,162	4,800	638
Supplies And Materials	1,925	2,500	575
Total Driver's Education Programs	<u>40,595</u>	<u>48,300</u>	<u>7,705</u>
Regular K-12 Programs - Private Tuition			
Other Objects	2,504	2,500	(4)
Special Education Programs K-12 - Private Tuition			
Other Objects	928,035	1,000,000	71,965
Total Truant Alternative And Optional Programs	<u>930,539</u>	<u>1,002,500</u>	<u>71,961</u>
Total Instruction	<u>8,640,004</u>	<u>8,949,760</u>	<u>309,756</u>
Support Services - Pupils			
Support Services - Pupils			
Attendance And Social Work Services			
Salaries	153,655	158,000	4,345
Employee Benefits	45,448	41,550	(3,898)
Total Social Work Services	<u>199,103</u>	<u>199,550</u>	<u>447</u>
Guidance Services			
Salaries	141,362	158,000	16,638
Employee Benefits	37,722	44,970	7,248
Purchased Services	10,159	20,000	9,841
Supplies And Materials	1,431	2,000	569
Total Guidance Services	<u>190,674</u>	<u>224,970</u>	<u>34,296</u>
Health Services			
Salaries	90,243	98,000	7,757
Employee Benefits	16,035	18,075	2,040
Purchased Services	1,478	1,500	22
Supplies And Materials	6,870	7,300	430
Total Health Services	<u>114,626</u>	<u>124,875</u>	<u>10,249</u>
Psychological Services			
Salaries	85,318	89,000	3,682
Employee Benefits	17,907	17,535	(372)
Total Psychological Services	<u>103,225</u>	<u>106,535</u>	<u>3,310</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, 2018

Expenditures Disbursed:	Actual	Budget	Unexpended Budget
Speech Pathology & Audiology			
Salaries	171,887	185,000	13,113
Employee Benefits	44,768	42,500	(2,268)
Total Speech Pathology & Audiology	<u>216,655</u>	<u>227,500</u>	<u>10,845</u>
Other Support Services - Pupils			
Supplies and Materials	4,112	5,050	938
Total Other Support Services - Pupils	<u>4,112</u>	<u>5,050</u>	<u>938</u>
Total Support Services - Pupils	<u>828,395</u>	<u>888,480</u>	<u>60,085</u>
Improvement Of Instruction Services			
Salaries	61,491	64,000	2,509
Employee Benefits	13,761	10,818	(2,943)
Purchased Services	68,451	90,122	21,671
Supplies And Materials	6,538	8,000	1,462
Capital Outlay	-	1,500	1,500
Other Objects	12,296	14,500	2,204
Non-Capitalized Equipment	1,500	-	(1,500)
Total Improvement Of Instruction Services	<u>164,037</u>	<u>188,940</u>	<u>24,903</u>
Support Services - Instructional Staff			
Educational Media Services			
Salaries	49,335	51,000	1,665
Employee Benefits	13,988	13,935	(53)
Supplies And Materials	22,065	26,500	4,435
Total Educational Media Services	<u>85,388</u>	<u>91,435</u>	<u>6,047</u>
Assessment And Testing			
Purchased Services	18,310	18,400	90
Total Assessment And Testing	<u>18,310</u>	<u>18,400</u>	<u>90</u>
Total Support Services - Instructional Staff	<u>267,735</u>	<u>298,775</u>	<u>31,040</u>
Support Services - General Administration			
Board Of Education Services			
Salaries	45,071	46,000	929
Employee Benefits	27,159	29,235	2,076
Purchased Services	106,537	119,050	12,513
Other Objects	23,883	30,000	6,117
Total Board Of Education Services	<u>202,650</u>	<u>224,285</u>	<u>21,635</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, 2018

Expenditures Disbursed:	<u>Actual</u>	<u>Budget</u>	<u>Unexpended Budget</u>
Executive Administration Services			
Salaries	159,438	152,000	(7,438)
Employee Benefits	46,275	46,575	300
Purchased Services	259	1,000	741
Supplies And Materials	2,066	2,500	434
Total Executive Administration Services	<u>208,038</u>	<u>202,075</u>	<u>(5,963)</u>
Total Support Services - Gen Admin.	<u>410,688</u>	<u>426,360</u>	<u>15,672</u>
Support Services - School Administration			
Office Of The Principal Services			
Salaries	391,018	405,500	14,482
Employee Benefits	91,868	89,675	(2,193)
Purchased Services	492	2,000	1,508
Supplies And Materials	12	-	(12)
Capital Outlay	-	-	-
Total Office Of The Principal Services	<u>483,390</u>	<u>497,175</u>	<u>13,785</u>
Support Services - Business:			
Direction of Business Support			
Salaries	74,507	72,500	(2,007)
Employee Benefits	19,152	19,135	(17)
Purchased Services	11,012	13,200	2,188
Supplies and Materials	328	350	22
Other Objects	515	600	85
Total Direction of Business Support	<u>105,514</u>	<u>105,785</u>	<u>271</u>
Fiscal Services			
Salaries	77,616	98,000	20,384
Employee Benefits	12,965	16,100	3,135
Purchased Services	13,284	16,000	2,716
Supplies And Materials	3,911	4,000	89
Other Objects	3,267	5,000	1,733
Total Fiscal Services	<u>111,043</u>	<u>139,100</u>	<u>28,057</u>
Operation & Maintenance of Plant Services			
Purchased Services	<u>3,020</u>	<u>3,200</u>	<u>180</u>
Total Pupil Transportation Services	<u>3,020</u>	<u>3,200</u>	<u>180</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, 2018

Expenditures Disbursed:	<u>Actual</u>	<u>Budget</u>	<u>Unexpended Budget</u>
Food Services			
Salaries	136,972	149,000	12,028
Employee Benefits	27,377	35,200	7,823
Purchased Services	2,510	3,400	890
Supplies And Materials	89,755	106,300	16,545
Capital Outlay	12,115	13,500	1,385
Total Food Services	<u>268,729</u>	<u>307,400</u>	<u>38,671</u>
Internal Services			
Purchased Services	109,810	115,000	5,190
Supplies and Materials	-	14,000	14,000
Total Internal Services	<u>109,810</u>	<u>129,000</u>	<u>19,190</u>
Total Support Services - Business	<u>598,116</u>	<u>684,485</u>	<u>86,369</u>
Information Services			
Salaries	208,201	225,000	16,799
Employee Benefits	35,203	45,455	10,252
Purchased Services	357,923	368,400	10,477
Supplies And Materials	68,487	122,625	54,138
Capital Outlay	55,609	60,000	4,391
Non-Capitalized Equipment	89,461	88,536	(925)
Total Information Services	<u>814,884</u>	<u>910,016</u>	<u>95,132</u>
Staff Services			
Purchased Services	1,334	1,500	166
Total Staff Services	<u>1,334</u>	<u>1,500</u>	<u>166</u>
Total Support Services	<u>3,404,542</u>	<u>3,706,791</u>	<u>302,249</u>
Community Services			
Supplies and Materials	-	1,500	1,500
Total Community Services	<u>-</u>	<u>1,500</u>	<u>1,500</u>
Payments To Other Governments			
Payments For Special Education Programs			
Purchased Services	423,784	485,000	61,216
Payments for CTE			
Purchased Services	88,375	88,500	125
Total Payments To Other Governments	<u>512,159</u>	<u>573,500</u>	<u>61,341</u>
Debt Service Payments			
Interest on Long-Term Debt	1,650	2,000	350
Total Expenditures	<u>12,558,355</u>	<u>13,233,551</u>	<u>675,196</u>

The accompanying notes are an integral part of these financial statements

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U

Statement 5

STATEMENT OF EXPENDITURES DISBURSED
 (AND COMPARISON WITH BUDGET)
 OPERATIONS AND MAINTENANCE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Actual</u>	<u>Budget</u>	<u>Unexpended Budget</u>
Expenditures Disbursed:			
Operation and Maintenance of Plant Services:			
Salaries	435,087	440,000	4,913
Employee Benefits	89,435	96,600	7,165
Purchased Services	478,526	578,000	99,474
Supplies and Materials	362,587	404,500	41,913
Capital Outlay	67,106	67,500	394
Other Objects	1,047	1,180	133
Non-Capitalized Equipment	-	-	-
Total Operation and Maintenance of Plant Services	<u>1,433,788</u>	<u>1,587,780</u>	<u>153,992</u>
Total Support Services - Business	<u>1,433,788</u>	<u>1,587,780</u>	<u>153,992</u>
Debt Services-Interest on Long-Term Debt:			
Other Objects	<u>42,571</u>	<u>42,571</u>	<u>-</u>
Total Expenditures	<u><u>1,476,359</u></u>	<u><u>1,630,351</u></u>	<u><u>153,992</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, 2018

	<u>Actual</u>	<u>Budget</u>	<u>Unexpended Budget</u>
Expenditures Disbursed:			
Debt Services:			
Debt Service - Interest	605,606	6,075,323	5,469,717
Debt Service - Principal	5,469,717	-	(5,469,717)
Debt Service - Other	<u>3,200</u>	<u>4,000</u>	<u>800</u>
Total Expenditures	<u><u>6,078,523</u></u>	<u><u>6,079,323</u></u>	<u><u>800</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, 2018

	<u>Actual</u>	<u>Budget</u>	<u>Unexpended Budget</u>
Expenditures Disbursed:			
Supporting Services:			
Support Services - Business			
Pupil Transportation Services:			
Salaries	849,863	891,500	41,637
Employee Benefits	45,570	49,150	3,580
Purchased Services	446,098	467,000	20,902
Supplies and Materials	245,487	245,500	13
Other Objects	<u>5,261</u>	<u>5,300</u>	<u>39</u>
Total Pupil Transportation Services	<u>1,592,279</u>	<u>1,658,450</u>	<u>66,171</u>
Total Support Services - Business	<u>1,592,279</u>	<u>1,658,450</u>	<u>66,171</u>
Total Expenditures	<u><u>1,592,279</u></u>	<u><u>1,658,450</u></u>	<u><u>66,171</u></u>

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, 2018

Expenditures Disbursed:	Actual	Budget	Unexpended Budget
Instruction:			
Regular Programs:			
Employee Benefits	72,812	95,350	22,538
Pre-K Programs:			
Employee Benefits	-	1,500	1,500
Special Education Programs:			
Employee Benefits	95,348	93,400	(1,948)
Special Education Programs-Pre-K:			
Employee Benefits	-	3,100	3,100
CTE Programs:			
Employee Benefits	2,217	2,800	583
Interscholastic Programs			
Employee Benefits	2,607	3,800	1,193
Driver's Education Programs:			
Employee Benefits	495	700	205
Total Instruction	<u>173,479</u>	<u>200,650</u>	<u>27,171</u>
Supporting Services:			
Support Services - Pupils			
Attendance & Social Work Services:			
Employee Benefits	2,208	2,500	292
Guidance Services:			
Employee Benefits	11,470	11,700	230
Health Services:			
Employee Benefits	16,289	16,000	(289)
Speech Pathology & Audiology Services			
Employee Benefits	1,183	1,400	217
Other Support Services - Pupils:			
Employee Benefits	2,477	2,550	73
Total Support Services - Pupils	<u>33,627</u>	<u>34,150</u>	<u>523</u>
Support Services - Instructional Staff:			
Improvement of Instruction Services:			
Employee Benefits	1,579	1,300	(279)
Educational Media Services:			
Employee Benefits	-	700	700
Total Support Services - Instructional Staff	<u>1,579</u>	<u>2,000</u>	<u>421</u>
Support Services - General			
Administration:			
Board of Education Services:			
Employee Benefits	7,424	8,200	776
Executive Administration Services:			

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, 2018

Expenditures Disbursed:	Actual	Budget	Unexpended Budget
Employee Benefits	<u>2,316</u>	<u>2,300</u>	<u>(16)</u>
Total Support Services - General Administration	<u>9,740</u>	<u>10,500</u>	<u>760</u>
Support Services - School Administration:			
Office of the Principal Svc:			
Employee Benefits	<u>5,642</u>	<u>6,500</u>	<u>858</u>
Support Services - Business:			
Director of Business Support:			
Employee Benefits	19,239	20,000	761
Fiscal Services:			
Employee Benefits	10,459	17,400	6,941
Operation and Maintenance of Plant Services:			
Employee Benefits	73,131	80,000	6,869
Pupil Transportation Svc:			
Employee Benefits	152,413	159,000	6,587
Food Services:			
Employee Benefits	<u>21,421</u>	<u>23,800</u>	<u>2,379</u>
Total Support Services - Business	<u>276,663</u>	<u>300,200</u>	<u>23,537</u>
Support Services - Central:			
Information Services:			
Employee Benefits	<u>26,696</u>	<u>31,400</u>	<u>4,704</u>
Total Support Services - Central	<u>26,696</u>	<u>31,400</u>	<u>4,704</u>
Total Support Services	<u>353,947</u>	<u>384,750</u>	<u>30,803</u>
Total Expenditures	<u>527,426</u>	<u>585,400</u>	<u>57,974</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, 2018

	<u>Actual</u>	<u>Budget</u>	<u>Unexpended Budget</u>
Expenditures Disbursed:			
Support Services:			
General Administration			
Unemployment insurance Payments			
Purchased Services	17,582	15,000	(2,582)
Insurance payments			
Purchased Services	274,876	335,000	60,124
Educational, Inspectional, Supervisory Services Related to Loss Prevention			
Purchased Services	<u>29,225</u>	<u>33,000</u>	<u>3,775</u>
Total Support Services - General Administration	<u>321,683</u>	<u>383,000</u>	<u>61,317</u>
Total Expenditures	<u><u>321,683</u></u>	<u><u>383,000</u></u>	<u><u>61,317</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, 2018

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, 2018

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, 2018

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, 2018

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 \$691,075 has been utilized for the calculation of the per capita tuition charge and accumulated depreciation totaling \$20,918,844 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, 2018

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 25, 2017 and amended June 25, 2018.

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, 2018

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, 2018

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 2017 levy was passed by the Board on December 18, 2017. 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 balance of taxes shown in these financial statements are from the 2016 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, 2018

Note #2 Property Taxes (continued)

	<u>Maximum</u> <u>Rate</u>	<u>Actual</u> <u>2017 Rate</u>	<u>Actual</u> <u>2016 Rate</u>
Educational	None	2.4189	2.3475
Operations & Maintenance	0.7500	0.4050	0.3833
Transportation	None	0.1487	0.1507
Bond & Interest	None	1.3959	1.4276
Municipal Retirement	None	0.0191	0.0418
Social Security	None	0.0191	0.0446
Tort Immunity	None	0.0550	0.0557
Special Education	0.8000	0.0232	0.0221
Working Cash	0.0500	0.0438	0.0445
Lease Purchase	0.1000	<u>0.0001</u>	<u>0.0303</u>
TOTAL		<u>4.5288</u>	<u>4.5481</u>

Note #3 Fund Balance Reporting

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, 2018

Note #3 Fund Balance Reporting (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, 2018, 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, 2018, 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, 2018

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

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 \$356,754 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, 2018

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	-	-	-	-	2,985,961	-	2,985,961
Operations & Maintenance	-	-	-	-	540,540	-	540,540
Debt Service	-	2,717,806	-	-	-	-	2,717,806
Transportation Municipal	-	-	-	356,754	449,352	-	806,106
Retirement	-	301,777	-	-	-	-	301,777
Working Cash	-	-	-	-	3,684,184	-	3,684,184
Tort Liability Fire Prevention	-	404,288	-	-	-	-	404,288
& Safety	-	4,130	-	-	-	-	4,130

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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, 2018

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, 2018, the carrying amount of the District's deposits with financial institutions, which includes demand deposits, savings accounts and certificates of deposits was \$11,684,711, (excludes \$160 petty cash and includes activity funds of \$236,032) and the bank balance was \$12,234,654 (includes activity funds of \$247,503). As of June 30, 2018, 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, 2018

Note #5 Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	Balance <u>7/1/2017</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>6/30/2018</u>
Non-depreciable fixed assets:				
Land	2,973,996	-	433,163	2,540,833
Depreciable fixed assets:				
Buildings:	28,474,702	-	-	28,474,702
Improvements	1,287,002	-	-	1,287,002
Transportation				
Equipment	3,223,480	31,957	-	3,255,437
Equipment	<u>4,640,155</u>	<u>47,292</u>	-	<u>4,687,447</u>
Total Fixed Assets	40,599,335	79,249	433,163	40,245,421
Accumulated Depreciation:				
Buildings:	11,766,235	569,494	-	12,335,729
Improvements	737,730	65,372	-	803,102
Transportation				
Equipment	3,135,343	8,678	-	3,144,021
Equipment	<u>4,597,557</u>	<u>38,435</u>	-	<u>4,635,992</u>
Total Accumulated				
Depreciation	<u>20,236,865</u>	<u>681,979</u>	-	<u>20,918,844</u>
Fixed Assets, Net	<u><u>20,362,470</u></u>	<u><u>(602,730)</u></u>	<u><u>433,163</u></u>	<u><u>19,326,577</u></u>

Note #6 Lease Commitments

Operating Leases

The district leases various transportation equipment. The leases are payable in five annual installments through June 2021. The district also 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, 2018

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
6/30/2019	356,754	33,000	117,012	506,766
6/30/2020	19,546	33,000	117,012	169,558
6/30/2021	16,688	33,000	82,892	132,580
6/30/2022	8,136	33,000	-	41,136
6/30/2023	-	33,000	-	33,000

During the current year the District paid \$496,766 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 non-annuitants 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 <https://www.trsil.org/financial/cafrs/fy2017>; by writing to TRS at 2815 West Washington Street, P O Box 19253, Springfield, IL 62794 or by calling (888) 678-3675, option 2.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

Note #7 Retirement Fund Commitments

A. Teachers' Retirement System of the State of Illinois
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.

Public Act 100-0023, enacted in 2017, creates an optional Tier III hybrid retirement plan, but it has not yet gone into effect. The earliest possible implementation date is July 1, 2019.

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, 2018

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, 2017, was 9.0 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, 2018, 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 \$661,356 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, 2018 were \$38,045, and are deferred because they were paid after the June 30, 2017 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 Public Act 100-0340, the federal and special trust fund contribution rate is the total employer normal cost beginning with the year ended June 30, 2018.

Previously, employer contributions for employees paid from federal and special trust funds were at the same rate as the state contribution rate to TRS and were much higher.

For the year ended June 30, 2018, the employer pension contribution was 10.10 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2018, salaries totaling \$141,168 were paid from federal and special trust funds that required employer contributions of \$14,257. These contributions are deferred because they were paid after the June 30, 2017 measurement date.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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 ERO. The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the program that ended on June 30, 2016, is 146.5 percent and applies when the member is age 55 at retirement. For the year ending June 30, 2018, the district paid \$0 to TRS for employer ERO contributions for retirements that occurred before July 1, 2016.

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, 2018, the district paid \$204 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, 2018, 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 follows below:

Employer's proportionate share of the net pension liability	1,725,711
State's proportionate share of the net pension liability associated with the employer	<u>49,530,749</u>
Total	<u><u>51,256,460</u></u>

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

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, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016, and rolled forward to June 30, 2017. 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, 2017, relative to the contributions of all participating TRS employers and the state during that period. At June 30, 2017, the employer's proportion was .00226 percent, which was an increase (decrease) of .0002 from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the employer recognized pension expense of \$661,356 and revenue of \$661,356 for support provided by the state. At June 30, 2018, 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	18,743	797
Net difference between projected and actual earnings on pension plan investments	1,184	-
Changes of assumptions	115,179	49,589
Changes in proportion and differences between employer contributions and proportionate share of contributions	367,961	305,366
Employer contributions subsequent to the measurement date	52,303	-
Total	<u>555,370</u>	<u>355,752</u>

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note #7 Retirement Fund Commitments: (continued)

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

\$52,303 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows in these reporting years:

Year ended June 30:

2019	113,073
2020	70,009
2021	(34,828)
2022	(3,687)
2023	2,747

Actuarial assumptions

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary Increases	varies by amount of service credit
Investment rate of return	7.00 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. The same assumptions were used in the June 30, 2016 actuarial valuation.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

Note #7 Retirement Fund Commitments: (continued)

A. Teachers' Retirement System of the State of Illinois: (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 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. equities large cap	14.4%	6.94%
U.S. equities small/mid cap	3.6%	8.09%
International equities developed	14.4%	7.46%
Emerging market equities	3.6%	10.15%
U.S. bonds core	10.7%	2.44%
International debt developed	5.3%	1.70%
Real estate	15.0%	5.44%
Commodities (real return)	11.0%	4.28%
Hedge funds (absolute return)	8.0%	4.16%
Private equity	14.0%	10.63%
Total	100%	

Discount rate

At June 30, 2017, the discount rate used to measure the total pension liability was 7.0 percent, which was a change from the June 30, 2016 rate of 6.83 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.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

Note #7 Retirement Fund Commitments: (continued)

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

Based on those assumptions, TRS's fiduciary net position at June 30, 2017 was projected to be available to make all projected future benefit payments to 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. All projected future payments were covered, so the 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, 2016, the discount rate used to measure the total pension liability was 6.83 percent. The discount rate was lower than the actuarially-assumed rate of return on investments that year as well because TRS's fiduciary net position and the subsidy provided by Tier II were not 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 7.00 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Employer's proportionate share of the net pension liability	2,120,161	1,725,711	1,402,541

TRS fiduciary net position

Detailed information about the TRS's fiduciary net position as of June 30, 2017 is available in the separately issued TRS *Comprehensive Annual Financial Report*.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note #7 Retirement Fund Commitments: (continued)

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 1.18 percent of pay during the year ended June 30, 2018. State of Illinois contributions were \$78,933, 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, 2018

Note #7 Retirement Fund Commitments: (continued)

B. THIS Fund: (continued)

Employer contributions to the THIS Fund.

The district also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.88 percent during the year ended June 30, 2018. For the year ended June 30, 2018, the district paid \$58,865 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 County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

Note #7 Retirement Fund Commitments: (continued)

C. Illinois Municipal Retirement Fund (continued)

Benefits Provided (continued)

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, 2018

Note #7 Retirement Fund Commitments: (continued)

C. Illinois Municipal Retirement Fund (continued)

Employees Covered by Benefit Terms

At December 31, 2016, the following employees were covered by the benefit terms:

Number of	
Retirees and Beneficiaries	94
Inactive, Non-Retired Members	86
Active Members	97
Total	<u>277</u>
Covered Valuation Payroll	\$ 2,286,002

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 2016 was 10.34%. For the fiscal year ended June 30, 2018, the District contributed \$236,431 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, 2017. 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, 2018

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, 2017:

- 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, 2018

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%	6.85%
International Equity	17%	6.75%
Fixed Income	27%	3.00%
Real Estate	8%	5.75%
Alternative Investments	9%	2.65-7.35%
Cash Equivalents	1%	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, 2018

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 7.50%.

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2016	11,652,024	10,345,001	1,307,023
Changes for the year:			
Service Cost	278,374	-	278,374
Interest on the Total Pension Liability	861,339	-	861,339
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(172,811)	-	(172,811)
Changes of Assumptions	(350,794)	-	(350,794)
Contributions - Employer	-	236,431	(236,431)
Contributions - Employees	-	103,531	(103,531)
Net Investment Income	-	1,829,615	(1,829,615)
Benefit Payments, including Refunds of Employee Contributions	(613,371)	(613,371)	-
Other (Net Transfer)	-	(225,555)	225,555
Net Changes	<u>2,737</u>	<u>1,330,651</u>	<u>(1,327,914)</u>
Balances at December 31, 2016	<u>11,654,761</u>	<u>11,675,652</u>	<u>(20,891)</u>

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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% Lower (6.5%)	Current Discount Rate (7.5%)	1% Higher (8.5%)
Net Pension Liability/(Asset)	1,284,425	(20,891)	(1,115,625)

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

For the year ended June 30, 2017, the District recognized pension expense of \$244,216. At June 30, 2017, 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
Deferred amounts to be recognized in pension expense in future periods		
Differences between expected and actual experience	16,101	117,091
Changes of assumptions	4,598	254,789
Net difference between projected and actual earnings on pension plan investments	335,396	857,961
Total deferred amounts to be recognized in pension expense in future periods	<u>356,095</u>	<u>1,229,841</u>
Pension contributions made subsequent to the measurement date	133,098	-
Total deferred amounts related to pensions	<u><u>489,193</u></u>	<u><u>1,229,841</u></u>

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

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:

2018	\$ (203,348)
2019	(235,634)
2020	(220,273)
2021	(214,491)
2022	-

Note #8 Long-Term Debt

As of June 30, 2018, the District had long-term debt outstanding in the amount of \$13,229,180. During the fiscal year, the following changes occurred in long-term debt account:

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2018</u>
General Obligation Bonds	17,600,000	-	4,400,000	13,200,000
Note Payable -Land	992,000	-	992,000	-
ISBE Tech Loan	106,897	-	77,717	29,180
Total	<u>18,698,897</u>	<u>-</u>	<u>5,469,717</u>	<u>13,229,180</u>

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

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, 2018 is as follows:

Purpose	Interest Rates	Carrying Amount
Taxable Refunding School Bonds, Series 2006C- dated January 15, 2006	5.35%	1,530,000
Taxable Refunding School Bonds, Series 2010G- dated December 29, 2010	4.25%-5.25%	4,955,000
General Obligation Refunding School Bonds, Series 2012, dated October 1, 2012	2.35%-2.75%	2,245,000
General Obligation Refunding School Bonds, Series 2014, dated August 6, 2014	2.00%	1,460,000
General Obligation Refunding School Bonds, Series 2015, dated October 6, 2015	2.00%-3.00%	625,000
Taxable General Obligation Limited School Bonds, Series 2015B, dated December 17, 2015	3.00%-4.00%	2,385,000
Total Bonds		<u>13,200,000</u>
ISBE Technology revolving loan	2.00%	<u>29,180</u>
Total General Obligations		<u><u>13,229,180</u></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, 2018

Note #8 Long-Term Debt (continued)

Annual debt service payments required to service all outstanding obligations at June 30, 2018 are as follows:

Year Ending			
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	4,604,180	430,709	5,034,889
2020	4,860,000	236,473	5,096,473
2021	<u>3,765,000</u>	<u>70,639</u>	<u>3,835,639</u>
TOTALS	<u>13,229,180</u>	<u>737,821</u>	<u>13,967,001</u>

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 \$4,550,000 of defeased bonds outstanding at June 30, 2018.

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, 2018, the District's legal debt limit was \$49,928,730. Qualifying outstanding debt as of June 30, 2018 totaled \$13,229,180, leaving a debt margin of \$36,399,550.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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.

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. Retired employees covered under the District's plan are required to pay 100% of the cost of their insurance based on the rates paid by the District. Retired employees must be covered under the District's health insurance plan at the time of retirement to receive this benefit and must continue coverage with the District's plan to maintain this benefit. Although the actuarial cost of health benefits for retirees exceeds the average amount paid by retirees, based on historical turnover rates, number of active employees, age of active employees and participation rate, management of the District does not consider the effects of implementing Governmental Accounting Standards board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions and calculating the actuarial determined liability to be material to the June 30, 2018 financial statements.

Note #10 Required Individual Fund Disclosures

The Educational Fund transferred \$77,717 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 \$2,000,000 to the Educational Fund, \$250,000 to the Operation and Maintenance Fund and \$250,000 to the Transportation Fund. The Operations and Maintenance Fund transferred \$992,000 to the Debt Service Fund to make current principal payments.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

Note #11 Common Bank Accounts

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

Note #12 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 \$17,582 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.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT NO. 207U

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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.

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, 2018, 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

(Dollar amounts in thousands)

	6/30/17	6/30/16	6/30/15	6/30/14
Employer's proportion of the net pension liability	0.22600%	0.00204%	0.00280%	0.00208%
Employer's proportionate share of the net pension liability	\$ 1,725,711	\$ 1,610,670	\$ 1,831,299	\$ 1,268,227
State's proportionate share of the net pension liability associated with the employer	<u>56,327,240</u>	<u>56,327,240</u>	<u>48,584,866</u>	<u>46,028,779</u>
Total	<u>\$ 58,052,951</u>	<u>\$ 57,937,910</u>	<u>\$ 50,416,165</u>	<u>\$ 47,297,006</u>
Employer's covered-employee payroll	\$ 6,689,246	\$ 6,684,246	\$ 7,123,399	\$ 7,479,381
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	25.8%	24.1%	25.7%	17.0%
Plan fiduciary net position as a percentage of the total pension liability	36.4%	36.4%	41.5%	43.0%

*The amounts presented were determined as of the prior fiscal-year end.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Teachers' Retirement System of the State of Illinois

(Dollar amounts in thousands)

Statutorily-required contribution	52,303	83,115	79,499	85,174
Contributions in relation to the statutorily-required contributions	<u>(52,303)</u>	<u>(83,115)</u>	<u>(79,499)</u>	<u>(85,174)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered-employee payroll	6,689,246	6,684,246	7,123,399	7,479,381
Contributions as a percentage of covered-employee payroll	0.78%	1.24%	1.12%	1.14%

Notes to other Information

Changes of assumptions

For the 2017 and 2016 measurement years, the assumed investment rate of return was of 7.0 percent, including an inflation rate of 2.5 percent and a real return of 4.5 percent. Salary increases were assumed to vary by service credit.

For the 2015 measurement year, the assumed investment rate of return was 7.5 percent, including an inflation rate of 3.0 percent and a real return of 4.5 percent. Salary increases were assumed to vary by service credit. Various other changes in assumptions were adopted based on the experience analysis for the three-year period ending June 30, 2014.

For the 2014 measurement year, the assumed investment rate of return was also 7.5 percent, including an inflation rate of 3.0 percent and a real return of 4.5 percent. However, salary increases were assumed to vary by age.

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U

SCHEDULES OF OTHER INFORMATION - IMRF
 MULTIYEAR 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,	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Total Pension Liability										
Service Cost	278,374	312,292	322,840	307,602						
Interest on the Total Pension Liability	861,339	818,719	778,849	686,376						
Benefit Changes	-	-	-	-						
Difference between Expected and Actual Experience	(172,811)	32,221	13,321	282,978						
Assumption Changes	(350,794)	(40,093)	26,009	487,377						
Benefit Payments and Refunds	<u>(613,371)</u>	<u>(550,127)</u>	<u>(598,203)</u>	<u>(452,039)</u>						
Net Change in Total Pension Liability	2,737	573,012	542,816	1,312,294						
Total Pension Liability - Beginning	<u>11,652,024</u>	<u>11,079,012</u>	<u>10,536,196</u>	<u>9,223,902</u>						
Total Pension Liability - Ending (a)	<u>11,654,761</u>	<u>11,652,024</u>	<u>11,079,012</u>	<u>10,536,196</u>						
Plan Fiduciary Net Position										
Employer Contributions	236,431	263,384	276,401	278,494						
Employee Contributions	103,531	116,141	127,909	123,768						
Pension Plan Net Investment Income	1,829,615	672,799	49,020	567,188						
Benefit payments and Refunds	(613,371)	(550,127)	(598,203)	(452,039)						
Other	<u>(225,555)</u>	<u>61,746</u>	<u>24,989</u>	<u>60,479</u>						
Net Change in Plan Fiduciary Net Position	1,330,651	563,943	(119,884)	577,890						
Plan Fiduciary Net Position - Beginning	<u>10,345,001</u>	<u>9,781,058</u>	<u>9,900,942</u>	<u>9,323,052</u>						
Plan Fiduciary Net Position - Ending (b)	<u>11,675,652</u>	<u>10,345,001</u>	<u>9,781,058</u>	<u>9,900,942</u>						
Net Pension Liability (Asset) - Ending (a) - (b)	(20,891)	1,307,023	1,297,954	635,254						
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	88.78%	88.78%	88.28%	86.49%						
Covered Valuation Payroll	2,286,002	2,510,880	2,695,386	2,706,683						
Net Pension Liability as a Percentage of Covered Valuation Payroll	-0.91%	52.05%	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%
2016	263,391	263,384	7	2,510,880	10.49%
2016	236,601	236,431	170	2,286,002	10.34%

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U

NOTES TO SCHEDULE OF CONTRIBUTIONS - IMRF

SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS
USED IN THE CALCULATION OF THE 2017 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 2017 Contribution Rates:

Actuarial Cost Method Aggregate Entry Age = normal
Amortization Method Level percentage of payroll, closed
Remaining Amortization Period 27 year closed period
Asset Valuation Method 5-Year smoothed market; 20% corridor
Wage growth 3.50%
Price Inflation 2.75%, approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases 3.75% to 14.50% 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 2014 valuation pursuant to an experience study of the period 2011 to 2013.

Mortality RP-2014 Blue Collar Health Annuitant Mortality Table adjusted to match current IMRF experience. For disabled lives, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). 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.

Other Information

Notes There were no benefit changes during the year.

*Based on Valuation Assumptions used in the December 31, 2016 actuarial valuation; note two year lag

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U

DETAILED SCHEDULE OF GENERAL LONG-TERM DEBT

JUNE 30, 2018

Year Ending June 30	<u>Series 2006C</u>		<u>Series 2010G</u>		<u>Series 2012</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2018						
2019	565,000	66,742	2,360,000	195,238	485,000	54,463
2020	660,000	33,973	2,595,000	68,119	685,000	38,981
2021	305,000	8,158	-	-	1,075,000	14,781
	<u>1,530,000</u>	<u>108,873</u>	<u>4,955,000</u>	<u>263,357</u>	<u>2,245,000</u>	<u>108,225</u>

Year Ending June 30	<u>Series 2014</u>		<u>Series 2015</u>		<u>Series 2015B</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2018						
2019	540,000	23,800	625,000	9,375	-	95,400
2020	920,000	9,200	-	-	-	95,400
2021	-	-	-	-	2,385,000	47,700
Total	<u>1,460,000</u>	<u>33,000</u>	<u>625,000</u>	<u>9,375</u>	<u>2,385,000</u>	<u>190,800</u>

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U

SCHEDULE OF TAXES EXTENDED AND COLLECTED

JUNE 30, 2018

		Educational Levy	Special Education Levy	Lease Levy	Tort Immunity Levy
<u>2016 Levy</u>					
Assessed Valuation	350,777,926				
Tax Rate per \$100		<u>2.3475</u>	<u>0.0221</u>	<u>0.0303</u>	<u>0.0557</u>
Taxes Extended		8,232,236	77,501	106,256	195,329
Taxes Collected		<u>8,224,461</u>	<u>77,424</u>	<u>106,156</u>	<u>195,150</u>
<u>2017 Levy</u>					
Assessed Valuation	359,628,476				
Tax Rate per \$100		<u>2.4189</u>	<u>0.0232</u>	<u>0.0001</u>	<u>0.0550</u>
Taxes Extended		8,696,638	83,411	360	197,741
Advance Taxes Received Prior to June 30, 2018		<u>4,737,407</u>	<u>45,439</u>	<u>195</u>	<u>107,713</u>
Taxes Receivable		<u><u>3,959,231</u></u>	<u><u>37,972</u></u>	<u><u>165</u></u>	<u><u>90,028</u></u>

Operations & Maintenance <u>Levy</u>	Debt Services <u>Levy</u>	Trans- portation <u>Levy</u>	Municipal Retirement <u>Levy</u>	Social Security <u>Levy</u>	Working Cash <u>Levy</u>	Total All Levies
<u>0.3833</u>	<u>1.4276</u>	<u>0.1507</u>	<u>0.0418</u>	<u>0.0446</u>	<u>0.0445</u>	<u>4.5481</u>
1,344,160	5,006,322	528,476	146,585	156,404	156,053	<u>15,949,322</u>
<u>1,342,888</u>	<u>5,001,556</u>	<u>527,982</u>	<u>146,444</u>	<u>156,249</u>	<u>155,907</u>	<u>15,934,217</u>
<u>0.4050</u>	<u>1.3959</u>	<u>0.1487</u>	<u>0.0191</u>	<u>0.0191</u>	<u>0.0438</u>	<u>4.5288</u>
1,456,091	5,018,660	534,619	68,669	69,669	157,474	<u>16,283,332</u>
<u>793,194</u>	<u>2,733,862</u>	<u>291,226</u>	<u>37,412</u>	<u>37,412</u>	<u>85,778</u>	<u>8,869,638</u>
<u>662,897</u>	<u>2,284,798</u>	<u>243,393</u>	<u>31,257</u>	<u>32,257</u>	<u>71,696</u>	<u>7,413,694</u>

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U

SCHEDULE OF LEGAL DEBT MARGIN
JUNE 30, 2018

Assessed Valuation as of January 1, 2017	359,628,476
Debt Limitation Percentage	13.8%
Debt Limitation	<u>49,628,730</u>
Total Bonded Indebtedness Subject to Debt Limitation Provisions	13,200,000
Other Indebtedness Subject to Debt Limitation Provisions	<u>29,180</u>
Total Indebtedness Subject to Debt Limitation Provisions	<u>13,229,180</u>
Legal Debt Margin	<u><u>36,399,550</u></u>

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U

STATEMENT OF ASSETS, LIABILITIES AND
FUND BALANCES

TRUST AND AGENCY FUND

JUNE 30, 2018

	<u>TRUST AND AGENCY</u>
<u>ASSETS</u>	
Cash	<u>236,032</u>
<u>LIABILITIES</u>	
Due to Organizations	236,032
Fund Balance - Unreserved	<u>-</u>
Total Liabilities and Fund Equity	<u>236,032</u>

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U

STATEMENT OF REVENUES RECEIVED AND
EXPENDITURES DISBURSED
TRUST AND AGENCY FUND
JUNE 30, 2018

STUDENT ACTIVITY ACCOUNTS:	Cash Balance			Cash Balance
	June 30, <u>2017</u>	<u>Revenues</u>	<u>Expenditures</u>	June 30, <u>2018</u>
Class of 2022	-	-	-	-
Class of 2021	-	1,160	697	463
Class of 2020	710	3,466	2,388	1,788
Class of 2019	2,494	15,167	16,005	1,656
Class of 2018	1,716	2,036	2,313	1,439
Class of 2017	185	-	-	185
Class of 2016	185	-	-	185
Class of 2015	1,127	-	-	1,127
Class of 2014	1,684	-	-	1,684
Class of 2013	5,803	-	-	5,803
Class of 2011	425	-	-	425
Class of 2009	448	-	-	448
Class of 2008	500	-	-	500
Class of 2007	500	-	222	278
Class of 2006	80	-	-	80
Class of 2005	80	-	-	80
BDI Band Festival	(90)	-	-	(90)
Prom	1,746	-	1,551	195
International Culture Club	1,864	1,764	2,495	1,133
FFA	7,480	19,470	17,696	9,254
FFA/FCCLA Concessions	136	-	-	136
HS Golf	544	757	435	866
PIC Intramural	4,472	660	990	4,142
HS Skills USA	1,691	5,978	6,856	813
HS Best Buddies	252	2,502	2,264	490
HS Bowling	289	150	352	87
HS Boys Baseball	776	3,775	3,996	555
HS Boys Basketball Team	3,175	1,031	2,169	2,037
HS Boys Basketball Summer	1,417	3,100	1,450	3,067
HS General Athletic	617	2,547	2,346	818
Industrial Tech Resale	2,191	-	1,494	697
JH Behavior Incentive Prog	2,294	94	506	1,882

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U

STATEMENT OF REVENUES RECEIVED AND
EXPENDITURES DISBURSED
TRUST AND AGENCY FUND
JUNE 30, 2018

STUDENT ACTIVITY ACCOUNTS:	Cash Balance			Cash Balance
	June 30, <u>2017</u>	<u>Revenues</u>	<u>Expenditures</u>	June 30, <u>2018</u>
HS Track	3,900	5,033	6,130	2,803
HS BB Cheerleaders	3,865	2,447	3,875	2,437
HS Girls BB team	1,294	4,075	3,950	1,419
HS Auditorium	21,154	3,062	440	23,776
HS Girls Volleyball Team	3,807	2,569	2,725	3,651
HS Girls Softball	3,394	127	944	2,577
HS Student Council	5,172	15,034	14,502	5,704
Boys Regional Basketball	55	-	-	55
HS Dance Team	1,659	6,607	8,456	(190)
Lettermen	3,403	1,000	1,000	3,403
HS Yearbook	8,656	8,946	8,836	8,766
HS Band	3,038	16,195	17,263	1,970
HS Choir	469	755	526	698
HS Show Choir	1,375	7,813	7,574	1,614
National Honor Society	1,082	6,814	7,103	793
CSC Preschool	532	348	840	40
HS Football	8,002	26,170	17,437	16,735
PHS Pop Fund	1,926	1,813	2,512	1,227
Performing Arts	9,246	16,246	7,890	17,602
PIC Drama	1,127	2,175	2,636	666
JH Cross Country	90	270	183	177
Thespians	817	4,396	4,877	336
HS Wrestlers	1,019	692	838	873
Scholastic Bowl	264	473	658	79
JH Pop Fund	(742)	-	-	(742)
HS ACT Test	925	-	-	925
JH Athletic Activities	2,297	5,663	4,228	3,732
JH Activities Account	1,737	23,511	23,670	1,578
JH Cheerleaders	3	1,036	534	505
JH Band	1,896	560	707	1,749
JH Chorus	17	603	496	124
IESA Speech	3	-	3	-

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U

STATEMENT OF REVENUES RECEIVED AND
EXPENDITURES DISBURSED
TRUST AND AGENCY FUND
JUNE 30, 2018

STUDENT ACTIVITY ACCOUNTS:	Cash Balance			Cash Balance
	June 30, <u>2017</u>	<u>Revenues</u>	<u>Expenditures</u>	June 30, <u>2018</u>
JH Science	955	250	241	964
JH Student Council	1,669	2,535	722	3,482
JH Yearbook	3,521	2,440	1,110	4,851
PHS FB Tunnel	478	-	-	478
HS Recycling 3	37	-	-	37
Peotone Elementary	7,380	7,142	8,389	6,133
Peotone Elem Sunshine	652	-	-	652
PE Devil Dash	1	-	-	1
Peotone Elem POP	1,206	-	-	1,206
PIC	2,362	1,178	2,117	1,423
Green Garden Faculty Fund	219	-	201	18
General Fund	8,572	8,884	8,895	8,561
Interest	3,786	230	322	3,694
Gym Suits	2,960	1,968	4,065	863
Textbooks	1,243	586	1,829	-
Education Foundation	1,892	10,932	10,197	2,627
Booster Club	10,195	30,505	31,067	9,633
High School Staff	1,442	710	493	1,659
Lambert Fund	250	-	-	250
B Starkey Football Memor	1,274	-	-	1,274
HS Tad	105	252	170	187
Interstate 8 Conference	497	-	-	497
PHS Math CluB	536	-	150	386
Computer P/R Fund	3,422	-	-	3,422
FB Cheer	-	1,725	-	1,725
PIC Library	248	-	-	248
HS AP & Proctor	2,158	-	2,136	22
JE PE Gym Suits	1,139	5,132	5,746	525
Soccer Summer Camp	1,956	1,000	891	2,065
JH PALS	306	1,472	1,313	465
High School Library	5,289	3,396	4,014	4,671
HS Boys Soccer	8,969	2,212	3,559	7,622

PEOTONE COMMUNITY UNIT SCHOOL DISTRICT 207U

STATEMENT OF REVENUES RECEIVED AND
EXPENDITURES DISBURSED
TRUST AND AGENCY FUND
JUNE 30, 2018

STUDENT ACTIVITY ACCOUNTS:	Cash Balance			Cash Balance
	June 30, <u>2017</u>	<u>Revenues</u>	<u>Expenditures</u>	June 30, <u>2018</u>
HS Baseball Summer Camp	187	-	-	187
Peotone Elem Library	705	-	-	705
HS Girls BKB Summer Cmp	-	2,650	2,460	190
HS Speech	-	-	245	(245)
JH IESA State Series	1,735	3,906	5,721	(80)
Junior High Library	5,586	4,910	4,347	6,149
FFA/Skills Concessions	407	16,612	16,912	107
HS Football Summer Camp	1,454	-	885	569
PIC Yearbook Club	2,146	525	-	2,671
HS Science Club	1,086	1,155	1,739	502
JH Play Activity	5,525	2,031	3,407	4,149
Junior High Track	418	-	-	418
Smiles	177	-	-	177
HS Girls Soccer	2,320	3	699	1,624
JH Art	390	-	-	390
HS Devil Dash	2,205	100	1,211	1,094
HS Physics	482	-	-	482
	<u>235,812</u>	<u>342,531</u>	<u>342,311</u>	<u>236,032</u>