

**COAL CITY COMMUNITY
UNIT SCHOOL DISTRICT NO. 1
COAL CITY, ILLINOIS
ANNUAL FINANCIAL REPORT
JUNE 30, 2018**



CERTIFIED PUBLIC ACCOUNTANTS

Prepared by:

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COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1

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INDEPENDENT AUDITORS' REPORT



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CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Board of Education
Coal City Community Unit School District No. 1
Coal City, Illinois

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Coal City Community Unit School District No. 1 as of and for the year ended June 30, 2018, and the related notes to the basic 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 modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. 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 error or fraud.

Auditors' Responsibility

Our responsibility is to express opinions 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 from 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Coal City Community Unit School District No. 1 as of June 30, 2018, and the respective changes in modified cash basis financial position, thereof for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Coal City Community Unit School District No. 1's basic financial statements. The other information, including notes to other information, on pages 41-60, and the supplemental information on pages 61-69, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual fund financial statements and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and combining and individual non-major fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The IMRF and TRS pension data schedules (pages 56-58), and the Schedule of Assessed Valuations, Tax Rates, Tax Extensions, and Tax Collections (page 69) have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Comparative Information

We previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of Coal City Community Unit School District #1 for the year ended June 30, 2017, which are presented in summary for comparative purposes with the accompanying financial statements. In our report dated September 6, 2017, we expressed unmodified opinions on the respective financial statements of the governmental activities and each major fund.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 5, 2018, on our consideration of the Coal City Community Unit School District No. 1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Coal City Community Unit School District No. 1's internal control over financial reporting and compliance.

Mack & Associates, P.C.
Mack & Associates, P.C.
Certified Public Accountants

Morris, Illinois
September 5, 2018

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statement
Statement of Net Position - Modified Cash Basis
June 30, 2018

	Governmental Activities	
	2018	2017
<u>Assets</u>		
Cash in bank	\$ 2,818,755	2,274,336
Investments	15,997,490	19,244,740
Capital Assets		
Land	6,186,420	6,186,420
Construction in Progress	-	1,518,469
Land Improvements	5,863,196	5,863,196
Building	80,090,140	76,332,655
Equipment	3,442,382	3,252,059
Cafeteria Equipment	478,119	469,455
Accumulated Depreciation	(34,400,094)	(31,908,275)
Total Assets	<u>\$ 80,476,408</u>	<u>83,233,055</u>
<u>Liabilities</u>		
Withholdings	\$ 401,088	1,002,249
Long-Term Liabilities:		
Due Within One Year	2,245,000	1,425,000
Due in More Than One Year	32,305,000	35,555,000
Total Liabilities	<u>34,951,088</u>	<u>37,982,249</u>
<u>Net Position</u>		
Net Investment in Capital Assets	27,110,163	24,733,979
Restricted	1,075,938	927,999
Unrestricted	17,339,219	19,588,828
Total Net Position	<u>\$ 45,525,320</u>	<u>45,250,806</u>

The Notes to Basic Financial Statements are an integral part of this statement.

Government-wide Financial Statement
Statement of Activities - Modified Cash Basis
For the Year Ended June 30, 2018

Program Activities	Expenditures	Program Receipts			Net Expenditures, Receipts, and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
					2018	2017
Governmental Activities						
Instruction	\$ 18,271,760	227,835	1,019,257	-	(17,024,668)	(13,502,669)
Support Services	10,944,799	577,446	1,396,260	-	(8,971,093)	(11,930,337)
Community Services	6,630	-	-	-	(6,630)	(16,431)
Payments to Other Schools	930,271	-	-	-	(930,271)	(890,691)
On-Behalf Payments	1,496,573	-	1,496,573	-	-	-
Unallocated Interest	3,449,939	-	-	-	(3,449,939)	(2,074,527)
Total Governmental Activities	<u>\$ 35,099,972</u>	<u>805,281</u>	<u>3,912,090</u>	<u>-</u>	<u>(30,382,601)</u>	<u>(28,414,655)</u>
General Revenues						
Taxes:						
Property Taxes					\$ 24,738,085	24,783,991
Payment in Lieu of Taxes					25,968	-
Replacement Taxes					1,323,177	1,581,329
Grants and Entitlements not Restricted to Specific Programs					1,342,287	723,733
Refund of Prior Year Expenditures					304,963	144,283
Site Donations					43,554	41,013
Unrestricted Contributions and Donations					555	-
Interest on Investments					301,553	133,728
Miscellaneous					140,252	391,433
Total General Revenues					<u>28,220,394</u>	<u>27,799,510</u>
Premium on Bonds Sold					<u>2,436,721</u>	<u>-</u>
Change in Net Position					274,514	(615,145)
Net Position Beginning of Year					<u>45,250,806</u>	<u>45,865,951</u>
Net Position End of Year					<u>\$ 45,525,320</u>	<u>45,250,806</u>

The Notes to Basic Financial Statements are an integral part of this statement.

Statement of Assets, Liabilities and Changes in Fund Balances
Modified Cash Basis- Governmental Funds
June 30, 2018

		Special Revenue Fund	Capital Projects Fund	Debt Service Fund		Total Governmental Funds	
	General Fund	Transportation Fund	Site & Construction Fund	Bond & Interest Fund	Nonmajor Governmental Funds	2018	2017
<u>Assets</u>							
Cash	\$ 2,035,521	-	1,004,872	3,848	83,646	3,127,887	5,230,357
Investments	12,651,372	2,380,443	-	86,109	1,075,224	16,193,148	19,244,740
Total Assets	<u>\$ 14,686,893</u>	<u>2,380,443</u>	<u>1,004,872</u>	<u>89,957</u>	<u>1,158,870</u>	<u>19,321,035</u>	<u>24,475,097</u>
<u>Liabilities and Fund Balances</u>							
Liabilities:							
Overdraft Payable	\$ -	136,243	195,658	-	172,889	504,790	2,956,021
Withholdings	401,088	-	-	-	-	401,088	1,002,249
Total Liabilities	<u>401,088</u>	<u>136,243</u>	<u>195,658</u>	<u>-</u>	<u>172,889</u>	<u>905,878</u>	<u>3,958,270</u>
Fund Balance:							
Restricted	-	-	-	89,957	985,981	1,075,938	927,999
Committed	1,270,597	-	809,214	-	-	2,079,811	4,048,037
Assigned	-	2,244,200	-	-	-	2,244,200	2,132,670
Unassigned	13,015,208	-	-	-	-	13,015,208	13,408,121
Total Fund Balances	<u>14,285,805</u>	<u>2,244,200</u>	<u>809,214</u>	<u>89,957</u>	<u>985,981</u>	<u>18,415,157</u>	<u>20,516,827</u>
Total Liabilities and Fund Balance	<u>\$ 14,686,893</u>	<u>2,380,443</u>	<u>1,004,872</u>	<u>89,957</u>	<u>1,158,870</u>		

Reconciliation to Statement of Net Position:

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities of \$96,060,257 (net of accumulated depreciation of \$34,400,094),
are not financial resources and therefore are not reported in the funds.

\$ 61,660,163 61,713,979

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore
are not reported in the funds:

General Obligation Bonds

(34,550,000) (36,980,000)

Net Position of Governmental Activities

\$ 45,525,320 45,250,806

The Notes to Basic Financial Statements are an integral part of this statement.

Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds	
		Transportation Fund	Site & Construction Fund	Bond & Interest Fund		2018	2017
Revenues Received:							
Local Sources	\$ 21,988,247	1,226,568	43,554	3,404,483	994,481	27,657,333	27,752,297
Flow Through	26,055	-	-	-	-	26,055	14,633
State Sources	1,910,879	921,461	-	-	-	2,832,340	1,724,709
Federal Sources	925,464	-	-	-	-	925,464	979,569
On Behalf Payments	1,496,573	-	-	-	-	1,496,573	4,900,076
Total Revenues Received	26,347,218	2,148,029	43,554	3,404,483	994,481	32,937,765	35,371,284
Expenditures Disbursed:							
Current:							
Instructional	15,058,553	-	-	-	277,398	15,335,951	14,405,651
Support	8,259,347	2,036,499	119,012	-	529,941	10,944,799	10,863,632
Community Service	6,162	-	-	-	468	6,630	16,431
Intergovernmental:							
Payments to Other Schools	930,271	-	-	-	-	930,271	890,691
On Behalf Payments	1,496,573	-	-	-	-	1,496,573	4,900,076
Capital Outlay	420,185	-	2,461,808	-	-	2,881,993	5,588,101
Debt Service:							
Interest & service charges	-	-	-	1,685,511	-	1,685,511	2,074,527
Principal	-	-	-	1,425,000	-	1,425,000	1,250,000
Total Expenditures Disbursed	26,171,091	2,036,499	2,580,820	3,110,511	807,807	34,706,728	39,989,109
Excess (Deficiency) of Revenues Received over (under) Expenditures Disbursed	176,127	111,530	(2,537,266)	293,972	186,674	(1,768,963)	(4,617,825)
Other Financing Sources (Uses) -							
Bond Proceeds	-	-	-	28,105,000	-	28,105,000	-
Bond Premiums	-	-	-	2,436,721	-	2,436,721	-
Principal Refunded to Escrow	-	-	-	(29,110,000)	-	(29,110,000)	-
Interest Refunded to Escrow	-	-	-	(1,764,428)	-	(1,764,428)	-
Transfers in (out)	(500,000)	-	500,000	-	-	-	-
Total Other Financing Sources (Uses)	(500,000)	-	500,000	(332,707)	-	(332,707)	-
Net Changes in Fund Balances	(323,873)	111,530	(2,037,266)	(38,735)	186,674	(2,101,670)	(4,617,825)
Fund Balance, Beginning of Year	14,609,678	2,132,670	2,846,480	128,692	799,307	20,516,827	25,134,652
Fund Balance, End of Year	\$ 14,285,805	2,244,200	809,214	89,957	985,981	18,415,157	20,516,827

The Notes to Basic Financial Statements are an integral part of this statement.

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1, ILLINOIS

Statement D
ContinuedStatement of Revenues Received, Expenditures Disbursed and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018**Reconciliation to the Statement of Activities:**

Net Change in Fund Balances - governmental activities	\$ (2,101,670)	(4,617,825)
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Amount reported for governmental activities in the Statement of Activities are different because:

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:

Principal on Debt	1,425,000	1,250,000
Bond Refunding	29,110,000	-
Bond Proceeds	(28,105,000)	-

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The change in fund balance must be increased by capital purchases and decreased by depreciation expense:

Capital asset purchases	3,969,009	5,217,758
Capital asset dispositions, net of accumulated depreciation	(1,518,469)	(96,694)
Depreciation expense	(2,504,356)	(2,368,384)

Change in Net Position of Governmental Activities (Statement B)	\$ 274,514	(615,145)
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The Notes to Basic Financial Statements are an integral part of this statement.

Statement of Fiduciary Net Position
Agency Funds
June 30, 2018

		June 30,	
		2018	2017
	<u>Assets</u>		
Cash		\$ 815,793	778,728
	<u>Liabilities</u>		
Due to Student Activity Organizations		\$ 815,793	778,728

The Notes to Basic Financial Statements are an integral part of this statement.

NOTES TO BASIC FINANCIAL STATEMENTS

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1

Notes to Basic Financial Statements For the Year Ended June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Coal City Community Unit School District No. 1, Illinois (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Illinois. It is governed by a seven-member Board of Education (the "Board") elected by registered voters of the District. The financial statements of the District have been prepared on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Illinois, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the District's accounting policies are described below:

Reporting Entity

The District has developed criteria to determine whether outside agencies with activities which benefit the citizens of the District, including joint agreements, which serve pupils from numerous districts, should be included within its financial reporting entity. Oversight responsibility is derived from the governmental unit's authority and includes, but is not limited to, financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters, scope of public services, and special financing relationships. There are no component units as defined above that are included in the District's reporting entity. The District is not included in any other governmental "reporting entity."

The joint agreement (Grundy County Special Education Cooperative) has 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 is therefore excluded from the accompanying financial statements because the District does not control the assets, operations or management of the joint agreement. See Note 15 for further detail.

A. Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements. The Statement of Net Position and the Statement of Activities display information about the District as a whole. The statements include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

A. Basis of Presentation (Continued)

The Statement of Net Position presents the financial condition of the governmental activities of the District at year-end. The Statement of Activities presents a comparison between direct expenditures and program revenues for each program or function of the District's governmental activities. Direct expenditures are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function.

Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements. During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at a more detailed level. The focus of governmental financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

B. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are summarized by providing a separate set of self-balancing accounts which include its assets, liabilities, fund equity, revenues, and expenditures. The District maintains individual funds required by the State of Illinois. 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 purpose for which they are to be spent and the means by which spending activities are controlled. An emphasis is placed on major funds within the governmental category.

Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

B. Fund Accounting (Continued)

A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. total assets, liabilities, revenues, or expenditures of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. total assets, liabilities, revenues, or expenditures of the individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.

There are two categories of funds utilized by the District: governmental and fiduciary.

Governmental Funds. Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. The following are the District's major governmental funds:

General Fund - The General Fund, which consists of the Educational Fund, the Operations and Maintenance Fund, and the Working Cash Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. The Special Education and Lease levies are included in these funds.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes. One special revenue fund is considered to be a major fund:

1. Transportation Fund - The Transportation Fund is used to account for expenditures related to transporting the students of the District. Main sources of revenue include property taxes and transportation state aid.

Capital Project Funds - Capital Project Funds are used to account for the accumulation of financial resources for, and the payment of maintenance/capital additions. The District has one capital project fund that is considered a major fund:

1. Site & Construction Fund - The Site & Construction Fund is used to account for expenditures related to maintenance/improvements of District property.

Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

B. Fund Accounting (Continued)

Debt Service Funds - Debt Service Funds are used to account for the accumulation of financial resources for, and the payment of, general long-term debt principal, interest and related costs. The District has one debt service fund that is considered a major fund.

1. Bond and Interest - The Bond and Interest Fund is used to account for principal and interest related to long-term debt issued by the District. The fund balance in this fund is restricted for debt service related expenditures.

Fiduciary Funds - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of the results of operations. The District's only fiduciary funds are agency funds which report resources that belong to the student bodies of the District and various scholarship funds.

C. Measurement Focus and Basis of Accounting

Government-wide Financial Statements. The government-wide financial statements are prepared using the economic resources measurement focus and the modified cash basis of accounting. This means that only balances resulting from previous cash transactions are shown on the Statement of Net Position, with two modifications: capital assets net of related depreciation and long-term liabilities resulting from debt issuances are also included. The Statement of Activities presents increases (i.e. revenues) and decreases (i.e. expenditures) in total net position, with three modifications: capital acquisitions are not reported as expenditures but rather capitalized and shown as assets on the Statement of Net Position, depreciation expense is reported in the Statement of Activities, and long-term debt principal payments are shown as a reduction of long-term liabilities on the Statement of Net Position rather than as a disbursement on the Statement of Activities.

Fund Financial Statements. All governmental funds are accounted for using the current financial resources measurement focus and the cash basis of accounting. This means that only current assets, liabilities and fund balances resulting from previous cash transactions are shown on the Statement of Assets, Liabilities and Fund Balance Arising from Cash Transactions. The Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balances reports on the sources (i.e. revenues) and uses (i.e. expenditures).

Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

Revenues are recognized when cash is received. Expenditures are recognized when checks are written. Allocations of cost, such as depreciation, are not recognized in governmental funds. This approach differs from the manner in which the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

D. Cash, Cash Equivalents and Investments

Cash and Cash Equivalents

For the purpose of financial reporting, "cash and cash equivalents" includes all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less. Trust account investments in open-ended mutual funds are also considered cash equivalents.

To improve cash management, the District utilizes a pooled account. Monies for all funds, excluding fiduciary funds, are maintained in this pool. Individual fund integrity is maintained through District records. Interest in the pool is presented as "cash."

Investments

During the fiscal year, investments were limited to certificates of deposit, money market mutual funds, and the Illinois School District Liquid Asset Fund. Investments are stated at cost which approximates market value. Gains or losses on the sale of investments are recognized upon realization. The institutions in which investments are made must be approved by the Board of Education.

E. Capital Assets

In the government-wide financial statements, capital assets arising from cash transactions are accounted for as assets in the Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if the actual cost is unavailable. Estimated historical cost was used to value a majority of the assets acquired prior to July 1, 2004. Assets acquired since July 1, 2004, are recorded at cost.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of five hundred dollars. Investments are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1

Notes to Basic Financial Statements For the Year Ended June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. Capital Assets (Continued)

Depreciation of exhaustible capital assets arising from cash transactions is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	15-39 years
Equipment	3-10 years
Cafeteria Equipment	3-10 years

F. Compensated Absences

Each full-time teacher shall be granted twelve (12) sick leave days per school year without loss of pay. Each full-time teacher who has accumulated one hundred (100) unused sick days at the end of the previous year shall receive fourteen (14) sick days the next school year. Each full-time teacher who has accumulated one hundred fifty (150) unused sick days at the end of the previous year shall receive sixteen (16) days the next school year. Each full-time teacher who has accumulated two hundred (200) unused sick days at the end of the previous year shall receive (25) sick days the next school year.

G. Pensions

For purposes of measuring the net pension liability, information about the fiduciary net position of TRS and IMRF and additions to/deductions from the TRS and IMRF fiduciary net position have been determined on the same basis as they are reported by TRS and IMRF.

H. Net Position

In the government-wide financial statements net position represents the difference between assets and liabilities, and is displayed in three components:

1. Net Position invested in capital assets - consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of these assets. At June 30, 2018, net investment in capital assets consists of the following:

Capital assets, at cost	\$ 96,060,257
Less: Accumulated depreciation	<u>(34,400,094)</u>
Capital assets, net	61,660,163
Less:	
General obligation bonds	<u>(34,550,000)</u>
Net investment in capital assets	<u><u>\$ 27,110,163</u></u>

Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

H. Net Position – (Continued)

2. Restricted net position - consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net position - all other net position that does not meet the definition of "restricted" or "net investment in capital assets."

I. Insurance Liability

The District's employees are covered by a health insurance policy under which the District's total premium is based on actual claims incurred. As of June 30, 2018, total premiums paid by District employees have exceeded claims incurred by \$401,088. This amount is included in the payroll withholdings liability reported in the Educational and Operations & Maintenance Funds on the accompanying financial statements.

J. Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

K. Reclassifications

Certain prior year balances may have been reclassified to conform to the current year presentation.

NOTE 2: DEPOSITS AND INVESTMENTS

The District is allowed to invest in securities as authorized by the School Code of Illinois, Chapter 85, Sections 902 and 906; and Chapter 122, Section 8-7 and is limited by its own local ordinance. The District has adopted a formal written investment and cash management policy. The institution in which investments are made must be approved by the Board of Education.

Deposits

Custodial Credit Risk - is the risk that in the event of bank failure, the District's deposits may not be returned to it. The District's custodial credit risk policy is included in a formal written investment and cash management policy.

The District's deposits and certificates of deposits are entirely covered by federal depository insurance (FDIC) or by securities held by the pledging financial institution. The FDIC currently insures the first \$250,000 of the District's deposits at each financial institution. Deposit balances over \$250,000 are collateralized with securities held by the pledging financial institution. At June 30, 2018, the carrying amount of the District's deposits was \$2,818,755 and the bank balance was \$3,261,672. All of the District's deposits in excess of FDIC limits (\$2,902,405) are fully collateralized by securities held with the pledging financial institution.

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1

Notes to Basic Financial Statements For the Year Ended June 30, 2018

NOTE 2: DEPOSITS AND INVESTMENTS -(Continued)

Investments

Investments consist of the following:

	<u>Carrying Amount</u>	<u>Market Value</u>
Illinois School District Liquid Asset Fund	\$ 15,997,490	15,997,490
	<u>\$ 15,997,490</u>	<u>15,997,490</u>

The Illinois School District Liquid Asset Fund. The Illinois School District Liquid Asset Fund is an external investment pool sponsored by the Illinois Association of School Boards, the Illinois Association of School Administrators and the Illinois Association of School Business Officials. PMA Securities, Inc. administers the fund. A thirteen-member Board of Trustees oversees the actions of the Administrator and decides on general policies. The fund invests in high-quality, short-term debt instruments guaranteed by the full faith and credit of the United States, certain U.S. government agency obligations, commercial paper, bank obligations and other obligations permitted by Illinois law. The monies invested in the Illinois School District Liquid Asset Funds are reported at cost which represents market value.

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's investing activities are managed under the custody of the District Superintendent and Treasurer. Investing is performed in accordance with investment policies adopted by the Board of Education complying with the School Code of Illinois.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The District's procedures provide that to the extent practicable, investments are matched with anticipated cash flows. Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer.

Concentration Risk is the risk that is a result of the Board placing no limit on the amount that can be invested with any single issuer.

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1

Notes to Basic Financial Statements For the Year Ended June 30, 2018

NOTE 3: COMMON BANK ACCOUNT

Separate bank and investment accounts are not maintained for all District funds; instead, cash and investments of certain funds is combined in common bank and investment accounts. Individual accounting records are maintained showing the balances attributed to each fund. As of June 30, 2018, the funds participating in the common accounts had the following balances (overdrafts):

Fund	Pooled Checking	Pooled Investments	Total
General Fund:			
Educational Fund	\$ 1,633,378	10,956,222	12,589,600
Operations and Maint. Fund	401,342	816,950	1,218,292
Working Cash Fund	801	878,200	879,001
Total General Fund	<u>2,035,521</u>	<u>12,651,372</u>	<u>14,686,893</u>
Bond & Interest Fund	3,848	86,109	89,957
Transportation Fund	(136,243)	2,380,443	2,244,200
IMRF and Social Security Fund	(163,686)	371,773	208,087
Tort Fund	(9,203)	400,066	390,863
Life Safety Fund	83,646	303,385	387,031
Site and Construction Fund	<u>1,004,872</u>	<u>(195,658)</u>	<u>809,214</u>
Total	<u>\$ 2,818,755</u>	<u>15,997,490</u>	<u>18,816,245</u>

NOTE 4: CAPITAL ASSETS

	July 1, 2017	Additions	Deletions	June 30, 2018
Capital Assets, not being depreciated:				
Land	\$ 6,186,420	-	-	6,186,420
Construction in Progress	<u>1,518,469</u>	<u>-</u>	<u>(1,518,469)</u>	<u>-</u>
Total Capital Assets, not being depreciated	<u>7,704,889</u>	<u>-</u>	<u>(1,518,469)</u>	<u>6,186,420</u>
Capital Assets, being depreciated:				
Land Improvements	5,863,196	-	-	5,863,196
Building	76,332,655	3,757,485	-	80,090,140
Equipment	3,252,059	202,860	(12,537)	3,442,382
Cafeteria Equipment	<u>469,455</u>	<u>8,664</u>	<u>-</u>	<u>478,119</u>
Total Capital Assets, being depreciated	<u>85,917,365</u>	<u>3,969,009</u>	<u>(12,537)</u>	<u>89,873,837</u>
Total Capital Assets	<u>93,622,254</u>	<u>3,969,009</u>	<u>(1,531,006)</u>	<u>96,060,257</u>
Less Accumulated Depreciation:				
Land Improvements	(4,070,079)	(267,107)	-	(4,337,185)
Building	(24,626,260)	(2,075,097)	-	(26,701,356)
Equipment	(2,848,750)	(141,304)	12,537	(2,977,517)
Cafeteria Equipment	<u>(363,188)</u>	<u>(20,848)</u>	<u>-</u>	<u>(384,036)</u>
Total Accumulated Depreciation	<u>(31,908,277)</u>	<u>(2,504,356)</u>	<u>12,537</u>	<u>(34,400,094)</u>
Total Capital Assets being depreciated, net	<u>54,009,088</u>	<u>1,464,653</u>	<u>-</u>	<u>55,473,743</u>
Governmental Activities Capital Assets, Net	<u>\$ 61,713,977</u>	<u>1,464,653</u>	<u>(1,518,469)</u>	<u>61,660,163</u>

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1

Notes to Basic Financial Statements For the Year Ended June 30, 2018

NOTE 4: CAPITAL ASSETS - (Continued)

Current year depreciation is allocated as follows:

Instructional Expenditures	\$ 2,419,576
Support Service Expenditures	<u>84,780</u>
Total Current Year Depreciation	<u>\$ 2,504,356</u>

The District's significant capital purchases during the fiscal year included:

Administration Building	\$ 1,716,963
Stadium and Bleacher Renovations	2,040,522

NOTE 5: LONG-TERM OBLIGATIONS

The following is a summary of the District's general long-term obligations for the year ended June 30, 2018:

	Principal Outstanding 7/1/2017	Additions	Reductions	Principal Outstanding 6/30/2018	Amount Due in One Year
General Obligation Bonds:					
2008 5.875% \$32,880,000	\$ 29,530,000	-	29,530,000	-	-
2010 4.00% \$3,680,000	345,000	-	-	345,000	-
2016 3.50-4.00% \$7,105,000	7,105,000	-	1,005,000	6,100,000	-
2017 3.50-4.00% \$19,625,000	-	19,625,000	-	19,625,000	1,500,000
2018 3.50-4.00% \$8,480,000	-	8,480,000	-	8,480,000	745,000
Total General Obligation Bonds	<u>\$ 36,980,000</u>	<u>28,105,000</u>	<u>30,535,000</u>	<u>34,550,000</u>	<u>2,245,000</u>

All of the District's debt service payments are made from the Bond and Interest Fund.

On November 1, 2008, the District issued \$32,880,000 in general obligation school bonds for the high school addition. During the year ending June 30, 2018, the outstanding bonds (\$29,110,000) were refunded by the 2017 G.O. Bonds.

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1

Notes to Basic Financial Statements For the Year Ended June 30, 2018

NOTE 5: LONG-TERM OBLIGATIONS - (Continued)

On September 8, 2010, the District issued \$3,680,000 in general obligation school bonds for the high school addition. In December 2012, the District authorized the provision for partial defeasance of \$3,335,000 of principal and \$708,279 of interest on these bonds prior to maturity. The outstanding 2010 bonds final maturity is February 1, 2030. Bond and interest payments are made from the Debt Service Fund. The District's payment schedule is shown in the following amortization schedule.

Fiscal Year Ending June 30,	Principal	Interest	Total
2019	\$ -	13,800	13,800
2020	-	13,800	13,800
2021	-	13,800	13,800
2022	-	13,800	13,800
2023	-	13,800	13,800
2024	-	13,800	13,800
2025	-	13,800	13,800
2026	-	13,800	13,800
2027	-	13,800	13,800
2028	-	13,800	13,800
2029	-	13,800	13,800
2030	345,000	13,800	358,800
Total	\$ 345,000	165,600	510,600

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1**Notes to Basic Financial Statements
For the Year Ended June 30, 2018****NOTE 5: LONG-TERM OBLIGATIONS - (Continued)**

On February 3, 2016, the District issued \$6,000,000 in general obligation working cash bonds for building renovations, plus \$1,105,000 in refunding bonds to partially refund the 2008 general obligation bonds, for a total issuance of \$7,105,000. The bonds' final maturity is February 1, 2036. Bond and interest payments are made from the Debt Service Fund. The District's payment schedule is shown in the amortization schedule below:

Fiscal Year Ending June 30,	Principal	Interest	Total
2019	\$ -	227,906	227,906
2020	-	227,906	227,906
2021	-	227,906	227,906
2022	-	227,906	227,906
2023	-	227,906	227,906
2024	-	227,906	227,906
2025	-	227,906	227,906
2026	-	227,906	227,906
2027	-	227,906	227,906
2028	-	227,906	227,906
2029	-	227,906	227,906
2030	695,000	227,906	922,906
2031	820,000	200,107	1,020,107
2032	1,205,000	167,306	1,372,306
2033	750,000	126,638	876,638
2034	775,000	101,326	876,326
2035	910,000	74,200	984,200
2036	945,000	37,800	982,800
Total	<u>\$ 6,100,000</u>	<u>3,442,249</u>	<u>9,542,249</u>

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1**Notes to Basic Financial Statements
For the Year Ended June 30, 2018****NOTE 5: LONG-TERM OBLIGATIONS - (Continued)**

On July 27, 2017, the District issued \$19,625,000 in general obligation refunding school bonds to partially refund the 2008 general obligation bonds. The bonds' final maturity is February 1, 2028. Bond and interest payments are made from the Debt Service Fund. The District's payment schedule is shown in the amortization schedule below:

Fiscal Year Ending June 30,	Principal	Interest	Total
2019	\$ 1,500,000	827,300	2,327,300
2020	1,595,000	782,300	2,377,300
2021	1,675,000	718,500	2,393,500
2022	1,855,000	651,500	2,506,500
2023	1,915,000	577,300	2,492,300
2024	2,015,000	481,550	2,496,550
2025	2,130,000	380,800	2,510,800
2026	2,195,000	274,300	2,469,300
2027	2,305,000	188,450	2,493,450
2028	2,440,000	73,200	2,513,200
Total	<u>\$ 19,625,000</u>	<u>4,955,200</u>	<u>24,580,200</u>

On June 6, 2018, the District issued \$8,480,000 in general obligation refunding school bonds to refund the remaining balance of the 2008 general obligation bonds. The bonds' final maturity is February 1, 2029. Bond and interest payments are made from the Debt Service Fund. The District's payment schedule is shown in the amortization schedule below:

Fiscal Year Ending June 30,	Principal	Interest	Total
2019	\$ 745,000	222,124	967,124
2020	560,000	317,926	877,926
2021	565,000	295,526	860,526
2022	475,000	272,926	747,926
2023	510,000	253,926	763,926
2024	520,000	238,626	758,626
2025	525,000	217,826	742,826
2026	590,000	196,826	786,826
2027	590,000	173,226	763,226
2028	550,000	149,626	699,626
2029	2,850,000	127,626	2,977,626
Total	<u>\$ 8,480,000</u>	<u>2,338,558</u>	<u>10,946,184</u>

Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 6: PROPERTY TAXES

On the cash basis of accounting, property taxes are recognized as revenues when they are received. The 2017 levy, in the amount of \$22,254,676, increased by the Bond and Interest levy to \$25,601,420 was passed by the Board on December 16, 2017 and will be received in the subsequent fiscal year. The 2016 levy in the amount of \$21,651,604, increased by Bond and Interest levy to \$25,034,264, was received during the current fiscal year. The 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 subsequent to the year of the levy. Taxes are remitted to the District in the month following the due dates. The District receives property tax revenues from both Grundy County and Will County.

Under current procedures, the County Treasurer distributes all property taxes received to the District, including amounts paid by taxpayers that have filed objections in the circuit court that such taxes are illegal and excessive. Any tax objections that are sustained in the subsequent legal proceedings are deducted from future property tax distributions that are due to the District.

Specific levies may result in a restricted fund balance within the General Fund:

Special Education. Revenue collected and the related expenditures paid from this restricted tax levy are accounted for in the Educational Fund. A total of \$305,245 was collected and all was spent, resulting in no restricted fund balance.

Lease. Revenue collected and the related expenditures paid from this restricted tax levy are accounted for in the Educational Fund. A total of \$230,674 was collected and all was spent, resulting in no restricted fund balance.

NOTE 7: RETIREMENT FUND COMMITMENT

A. Teachers Retirement System of the State of Illinois

General Information about the Plan

Plan Description

The employer 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 <http://www.trsil.org/financial/catrs/fy2017> or by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 678-3675, option 2.

Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 7: RETIREMENT FUND COMMITMENTS – (Continued)

A. Teachers Retirement System of the State of Illinois (Continued)

Benefits Provided

TRS provides retirement, disability, and death benefits. Tier 1 members have TRS or reciprocal system service prior to January 1, 2011. Tier 1 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 2 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 2 are identical to those of Tier 1. Death benefits are payable under a formula that is different from Tier 1.

Essentially all Tier 1 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 2 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 3 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.

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.

Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 7: RETIREMENT FUND COMMITMENTS – (Continued)

A. Teachers Retirement System of the State of Illinois (Continued)

Contributions (Continued)

On Behalf Contributions to TRS – The state of Illinois makes employer pension contributions on behalf of the employer. 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 \$1,340,017 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 \$76,951.

Federal and Special Trust Fund Contributions – When TRS members are paid from federal and special trust funds administered by the employer, there is a statutory requirement for the employer to pay an employer pension contribution from those funds.

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 \$96,169 were paid from federal and special trust funds that required employer contributions of \$9,712.

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 ended June 30, 2018, the employer 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 employer paid \$2,179 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.

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1

Notes to Basic Financial Statements For the Year Ended June 30, 2018

NOTE 7: RETIREMENT FUND COMMITMENTS – (Continued)

A. *Teachers Retirement System of the State of Illinois (Continued)*

Pension Liabilities

At June 30, 2018, the employer has an unreported liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for state pension support provided to the employer. The state's support and total are for disclosure purposes only. The amount recognized by the employer as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the employer were as follows:

Employer's proportionate share of the net pension liability	\$ 1,684,283
State's proportionate share of the net pension liability associated with the employer	<u>94,802,326</u>
Total	<u>\$ 96,486,609</u>

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 .0022 percent, which was a increase of .0003 percent from its proportion measured as of June 30, 2016.

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.

Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 7: RETIREMENT FUND COMMITMENTS – (Continued)

A. Teachers Retirement System of the State of Illinois (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 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%	

Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 7: RETIREMENT FUND COMMITMENTS – (Continued)

A. Teachers Retirement System of the State of Illinois (Continued)

Discount Rate

At June 30, 2017, the discount rate used to measure the total pension liability was a blended rate of 7.00 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

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 of current active and inactive members and all benefit recipients. Tier 1's liability is partially funded by Tier 2 members, as the Tier 2 member contribution is higher than the cost of Tier 2 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 not covered, 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 because TRS's fiduciary net position and the subsidy provided by Tier 2 were not sufficient to cover all projected benefit payments.

Sensitivity of the District'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	\$ 2,069,361	1,684,283	1,368,871

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*.

Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 7: RETIREMENT FUND COMMITMENTS – (Continued)

B. THIS Fund Contributions

The employer 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 THIS Fund

The state of Illinois makes employer retiree health insurance contributions on behalf of the employer. 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 \$156,556, and the employer recognized revenue and expenditures of this amount during the year.

- Employer contributions to THIS Fund

The employer 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 employer paid \$116,754 to the THIS Fund, which was 100 percent of the required contribution.

Further information 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."

Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 7: RETIREMENT FUND COMMITMENTS – (Continued)

C. Illinois Municipal Retirement Defined Benefit Pension Plan

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). All of the District's employees participate in the Regular Plan.

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.

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1

Notes to Basic Financial Statements For the Year Ended June 30, 2018

NOTE 7: RETIREMENT FUND COMMITMENTS – (Continued)

C. Illinois Municipal Retirement Defined Benefit Pension Plan (Continued)

Benefits Provided (Continued)

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.

Employees Covered by Benefit Terms

As of December 31, 2017, the following employees were covered by the benefit terms:

Retirees and Beneficiaries	63
Inactive, Non-retired members	35
Active Members	<u>86</u>
Total	<u><u>184</u></u>

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 and actual District contributions for calendar year 2017 and the fiscal year ended June 30, 2018 are summarized below. 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.

Plan member required contribution rate	4.50%
District required contribution rate for 2017	13.22%
District required contribution rate for 2018	11.15%
District actual contributions for 2017	\$ 324,629
District actual contributions for fiscal year 2018	\$ 312,258

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1

Notes to Basic Financial Statements For the Year Ended June 30, 2018

NOTE 7: RETIREMENT FUND COMMITMENTS – (Continued)

C. Illinois Municipal Retirement Defined Benefit Pension Plan (Continued)

Net Pension Liability

The District's net pension liability (asset) was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date.

At December 31, 2017, the District had a net pension liability for the plan, determined as follows:

Total Pension Liability	\$ 10,974,848
Plan Fiduciary Net Position	10,769,513
Net Pension Liability (Asset)	<u>\$ 205,335</u>

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 2.50%.
- Salary Increases were expected to be 3.39% to 14.25%.
- 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 2017 valuation according to an experience study from years 2014 to 2016.
- For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates for 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-2017 (base year 2015). 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-2017 (base year 2016). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 7: RETIREMENT FUND COMMITMENTS – (Continued)

C. Illinois Municipal Retirement Defined Benefit Pension Plan (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	37%	6.85%
International Equity	18%	6.75%
Fixed Income	28%	3.00%
Real Estate	9%	5.75%
Alternative Investments	7%	2.65-7.35%
Cash Equivalents	<u>1%</u>	2.25%
Total	100%	

Single Discount Rate

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

- 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
- 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).

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1

Notes to Basic Financial Statements For the Year Ended June 30, 2018

NOTE 7: RETIREMENT FUND COMMITMENTS – (Continued)

C. Illinois Municipal Retirement Defined Benefit Pension Plan (Continued)

Single Discount Rate (Continued)

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.31%, and the resulting single discount rate is 7.50%.

Changes in the Net Pension Liability

A schedule of changes in the net pension liability and related ratios can be found on Schedule 1 of the Other Information section of this report.

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 7.50%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Decrease 6.50%	Current Single Discount Rate Assumption 7.50%	1% Increase 8.50%
Total Pension Liability	\$ 12,284,537	10,974,848	9,900,505
Plan Fiduciary Net Position	10,769,513	10,769,513	10,769,513
Net Pension Liability (Asset)	<u>\$ 1,515,024</u>	<u>205,335</u>	<u>(869,008)</u>

NOTE 8: LEGAL DEBT MARGIN

Legal debt margin is the percent of the District's assessed valuation which is subject to debt limitation. The statutory debt limitation for the District is 13.8%. The District's legal debt margin limitation is as follows for the fiscal year ended June 30, 2018:

Assessed Valuation (2017)	<u>\$ 786,052,900</u>
Statutory debt limitation (13.8%)	\$ 108,475,300
Amount of debt applicable to debt limitation	<u>34,550,000</u>
Legal Debt Margin	<u>\$ 73,925,300</u>

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1

Notes to Basic Financial Statements For the Year Ended June 30, 2018

NOTE 9: OTHER CONTRACTUAL COMMITMENTS

Teacher's contracts for services rendered during the school year for teachers electing twelve month pay schedules are recorded in the fiscal year when such checks are drawn. The total amount of unpaid teacher's contracts for services performed during the year ended June 30, 2018 amounted to \$956,804.

NOTE 10: LEASE COMMITMENTS

During the fiscal year, the District had the following lease agreements:

- Martin Whalen – 7 copy machines with monthly payments of \$4,510, with the final payment due in June of 2018. Total payments of \$54,120 were made under this lease during the year ended June 30, 2018.
- American Capital – Chrome Books and carts with annual payments of \$64,974, with final payment due in July 2020. Total payments of \$64,974 were made under this lease during the year ended June 30, 2018.
- Apple Financial Services – 160 Macbooks with annual payments of \$70,048, with final payment due in October 2019. Total payments of \$70,048 were made under this lease during the year ended June 30, 2018.
- American Capital – 100 I Pad Minis with annual payments of \$12,963, with final payment due in December 2020. Total payments of \$12,963 were made under this lease during the year ended June 30, 2018.
- Proven IT – 7 Canon Copiers with annual payments of \$30,096, with final payment due in June 2022. The first payment will be in fiscal year 2019.
- Midwest Bus Sales – 2016 Chevy/Thomas with annual payments of \$6,727, with final payment due in May 2021. The first payment will be in fiscal year 2019.
- Midwest Bus Sales – 2017 Chevy/Thomas with annual payments of \$7,859, with final payment due in May 2023. The first payment will be in fiscal year 2019.

Future minimum lease payments until expiration are as follows:

June 30, 2019	\$ 127,693
June 30, 2020	122,619
June 30, 2021	44,682
June 30, 2022	37,956
June 30, 2023	<u>7,859</u>
Total	<u>\$ 340,808</u>

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1

Notes to Basic Financial Statements For the Year Ended June 30, 2018

NOTE 10: LEASE COMMITMENTS – (Continued)

The District owns farmland, which it leases to John Trotter Farms. The lease, which began February 28, 2018, states the District will receive 2 bi-annual payments of \$15,005 each year for five years. During the fiscal year ending June 30, 2018, the District received \$30,010 from this agreement.

NOTE 11: TRANSFERS

The District made the following transfers among funds during the year ended June 30, 2018, to cover expenditures related to school renovations:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund:		
Operation and Maintenance	\$ 500,000	500,000
Working Cash	-	500,000
Total General Fund	500,000	1,000,000
Site & Construction	500,000	-
Totals	\$ 1,000,000	1,000,000

NOTE 12: RISK MANAGEMENT- CLAIMS AND JUDGMENTS

The District's risk management activities are recorded in the Tort Fund. No liability has been recorded in the books for future expenses related to risk management. These expenditures are reported as the payments are made.

The District is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets, errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 13: GRANTS

The District has received funding from state and federal grants which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the granting agencies. Any disallowed claims resulting from such audits could become a liability of the District. In the opinion of the District, any such disallowed claims will not have a material adverse effect on the overall financial position of the District.

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1

Notes to Basic Financial Statements For the Year Ended June 30, 2018

NOTE 14: FUND BALANCE – GASB 54 PRESENTATION

According to Government Accounting Standards, fund balances are to be classified into five major classifications; Nonspendable Fund Balance, Restricted Fund Balance, Committed Fund Balance, Assigned Fund Balance, and Unassigned Fund Balance. Below are definitions of the differences between the balances.

	General Fund	Trans. Fund	SS & IMRF Fund	Site & Const. Fund	Tort Fund	Life Safety Fund	Bond & Interest Fund	Total Fund Balance
Restricted for:								
Social Security/ Medicare	\$ -	-	11,340	-	-	-	-	11,340
IMRF	-	-	196,747	-	-	-	-	196,747
Tort related insurance	-	-	-	-	390,863	-	-	390,863
Debt Service Reserve	-	-	-	-	-	-	89,957	89,957
Life Safety	-	-	-	-	-	387,031	-	387,031
Committed To:								
Unpaid Teacher Contracts	956,804	-	-	-	-	-	-	956,804
Insurance Reserve	313,793	-	-	-	-	-	-	313,793
Construction Projects	-	-	-	809,214	-	-	-	809,214
Assigned To:								
Transportation	-	2,244,200	-	-	-	-	-	2,244,200
Unassigned:								
Working Cash	879,001	-	-	-	-	-	-	879,001
Building Maintenance	1,209,779	-	-	-	-	-	-	1,209,779
Educational Fund	10,926,428	-	-	-	-	-	-	10,926,428
	<u>\$ 14,285,805</u>	<u>2,244,200</u>	<u>208,087</u>	<u>809,214</u>	<u>390,863</u>	<u>387,031</u>	<u>89,957</u>	<u>18,415,157</u>

A. *Nonspendable Fund Balance*

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

B. *Restricted Fund Balance*

The Restricted Fund Balance classification refers to amounts that are subject to outside restrictions, not controlled by the entity. Restrictions may be 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.

Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 14: FUND BALANCE – GASB 54 PRESENTATION – (Continued)

B. Restricted Fund Balance (Continued)

The District has revenue sources received within different funds that also fall into these categories:

1. Special Education
Cash receipts and the related cash disbursements of this restricted tax levy are accounted for in the Educational Fund. Expenditures disbursed exceeded revenues received for this purpose, resulting in no restricted fund balance.
2. 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 balances.
3. 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 balances.
4. Social Security/IMRF
Cash disbursed and the related cash receipts of this restricted tax levy are accounted for in the IMRF and Social Security Fund. Revenue received exceeded expenditures disbursed for Social Security and IMRF, resulting in restricted balances of \$11,340 and \$196,747 respectively.
5. Tort Immunity
Revenue collected and the related expenses paid of this restricted tax levy are accounted for in the Tort Fund. A total of \$228,915 was collected and \$97,186 was spent, resulting in a restricted fund balance of \$390,863.

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. 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.

Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 14: FUND BALANCE – GASB 54 PRESENTATION – (Continued)

C. Committed Fund Balance (Continued)

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

Employee contracts for services rendered during the school year for employees electing twelve month pay schedules are recorded as disbursements in the fiscal year when such checks are drawn. At June 30, 2018, the total amount of unpaid contracts for services performed during the fiscal year ended June 30, 2018 amounted to \$956,804. This amount is shown as Committed in the Educational Fund. The District also has committed \$313,793 insurance reserve in the Educational Fund. The entire balance of the Site & Construction Fund (\$809,214) is committed for future capital projects.

D. Assigned Fund Balance

The Assigned Fund Balance classification refers to amounts that are constrained by the government's 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 finance committee or by the Superintendent when the School Board has delegated the authority to assign amounts to be used for specific purposes. The District's Transportation Fund has a fund balance of \$2,244,200 which is assigned for the purpose of purchasing/leasing buses for student transportation.

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 Unassigned fund balances in the Educational, Operations and Maintenance, and Working Cash Funds.

F. 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.

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1

Notes to Basic Financial Statements For the Year Ended June 30, 2018

NOTE 15: INTERGOVERNMENTAL AGREEMENTS

The Grundy County Special Education Cooperative is a jointly governed organization that was formed for the purpose of providing special education for children in the twelve member school districts. The governing board consists of the superintendents of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the governing board. During the fiscal year, the District paid \$211,749 to the Cooperative. During fiscal year 2018, the District received a refund of \$226,634 from the Cooperative. Financial information can be obtained by writing, Grundy County Special Education Cooperative, 725 School Street, Morris, IL 60450. During the year ended June 30, 2018, the District Board voted to withdraw from the Cooperative. The withdrawal will be effective for the fiscal year ending June 30, 2019.

The District entered into an agreement with Reed-Custer Community Unit School District No. 255U and Wilmington Community School District No. 209U. The Districts have agreed to jointly purchase certain pieces of equipment for use by the Districts in the day-to-day operations of the schools. The superintendents of the Districts work together on the bidding process and the selection and purchase of the desired equipment. The Districts agree to cooperate with each other in scheduling the use of the equipment after purchase.

NOTE 16: TAX ABATEMENTS

The District has entered into an agreement with Grundy County, Gooselake Township, Gooselake Road District, Joliet Junior College, Coal City Public Library District, Coal City Fire Protection District, the Grundy County Treasurer and the Grundy County Supervisor of Assessments to rebate incremental taxes from the existing Economic Development Project Area #1 to CPV Three Rivers, LLC. CPV intends to construct and operate an electric generator facility in the EDPA #1.

Under the agreement, the County will declare an annual surplus, based upon an agreed-upon payment schedule, for 20 years. This surplus will be distributed to the participating taxing bodies on or before September 30, each year. The District's share of the surplus is 64.08%. The County will also rebate CPV annually for the amount by which incremental taxes paid by CPV exceed the agreed-upon surplus payment schedule.

The rebates are anticipated to begin in 2021, and the agreement will run through 2041.

NOTE 17: SUBSEQUENT EVENTS

Management evaluated subsequent events through September 5, 2018, the date the financial statements were available to be issued, other than the bonds described above. No amounts were required to be recorded or disclosed in the financial statements as of June 30, 2018, as a result of events occurring between July 1, 2018 and September 5, 2018.

OTHER INFORMATION

Combining Statement of Assets, Liabilities and Fund Balances
Arising from Cash Transactions
June 30, 2018

	Educational Fund	Operations & Maintenance Fund	Working Cash Fund	Total
<u>Assets</u>				
Cash in bank	1,633,378	401,342	801	2,035,521
Investments	10,956,222	816,950	878,200	12,651,372
Total Assets	<u>\$ 12,589,600</u>	<u>1,218,292</u>	<u>879,001</u>	<u>14,686,893</u>
<u>Liabilities and Fund Balance</u>				
Liabilities:				
Withholdings	\$ 392,575	8,513	-	401,088
Total Liabilities	<u>392,575</u>	<u>8,513</u>	<u>-</u>	<u>401,088</u>
Fund Balance:				
Committed	1,270,597	-	-	1,270,597
Unassigned	10,926,428	1,209,779	879,001	13,015,208
Total Fund Balance	<u>12,197,025</u>	<u>1,209,779</u>	<u>879,001</u>	<u>14,285,805</u>
Total Liabilities and Fund Balance	<u>\$ 12,589,600</u>	<u>1,218,292</u>	<u>879,001</u>	<u>14,686,893</u>

**Combining Statement of Revenues Received , Expenditures Disbursed, and Changes in Fund Balances
For the Year Ended June 30, 2018
(With Comparative Figures for 2017)**

				Total General Fund	
				Year Ended	
	Educational	Operations &	Working	June 30,	
	Fund	Maintenance	Cash	2018	2017
	Fund	Fund	Fund		
Revenues Received:					
Local Revenues	\$ 18,528,729	3,265,855	193,663	21,988,247	22,080,945
Flow Through Revenues	26,055	-	-	26,055	14,633
State Revenues	1,910,879	-	-	1,910,879	1,244,198
Federal Revenues	925,464	-	-	925,464	979,569
On Behalf Payments	1,496,573	-	-	1,496,573	4,900,076
Total Revenues Received	22,887,700	3,265,855	193,663	26,347,218	29,219,421
Expenditures Disbursed:					
Instruction	15,134,260	-	-	15,134,260	14,191,761
Support Services	5,654,103	2,949,722	-	8,603,825	8,567,416
Payments to Other Schools	707,785	222,486	-	930,271	890,691
Community Service	6,162	-	-	6,162	15,283
On Behalf Payments	1,496,573	-	-	1,496,573	4,900,076
Total Expenditures Disbursed	22,998,883	3,172,208	-	26,171,091	28,565,227
Excess (Deficiency) of Revenues Received Over (Under) Expenditures Disbursed	(111,183)	93,647	193,663	176,127	654,194
Other Financing Sources (Uses):					
Abatement of Working Cash Fund	-	500,000	(500,000)	-	-
Transfers (to) from Other Funds	-	(500,000)	-	(500,000)	(800,000)
Total Other Financing Sources (Uses)	-	-	(500,000)	(500,000)	(800,000)
Net Change in Fund Balance	(111,183)	93,647	(306,337)	(323,873)	(145,806)
Fund Balance, Beginning of Year	12,308,208	1,116,132	1,185,338	14,609,678	14,755,484
Fund Balance, End of Year	\$ 12,197,025	1,209,779	879,001	14,285,805	14,609,678

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1
GENERAL FUND

Schedule A-3

Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2018
(With Comparative Figures for 2017)

	Original and Final Appropriations	Year Ended June 30,	
		2018	2017
<u>Educational Fund:</u>			
Revenues Received:			
Local Sources:			
Property Taxes	\$ 15,662,164	15,476,950	15,657,960
Special Education Taxes	308,902	305,245	310,631
Replacement Taxes	1,400,000	1,267,292	1,527,787
Payment in Lieu of Taxes	9,000	25,968	-
Tuition	22,000	42,173	39,444
Interest on Investments	20,000	260,551	99,181
Food Service	513,000	522,566	500,791
District Activities	85,000	88,019	87,786
Textbook Rentals/Resale	72,000	79,138	76,062
Donations	5,000	555	-
Refund of Prior Year Expenditures	-	301,515	144,283
Driver's Education Fees	30,000	18,505	15,350
Local Fees	15,000	-	-
Other Local Revenues	55,000	140,252	221,755
Total Local Sources	18,197,066	18,528,729	18,681,030
Flow-Through Revenues Received:			
Career Development	16,000	26,055	14,633
Total Flow-Through Revenues Received	16,000	26,055	14,633
State Programs:			
Evidence based funding	700,000	1,342,287	723,733
Special Education:			
Private Facility Tuition	50,000	104,495	37,403
Funding for Children Requiring Special Ed Services	200,000	133,389	199,252
Personnel	300,000	174,281	255,221
Orphanage - Individual	20,000	-	7,869
Summer School	-	385	-
State Free Lunch & Breakfast	5,000	3,816	1,326
Drivers Education	-	28,912	19,394
Early Childhood Education	-	115,840	-
State Library Grant	-	7,474	-
Total State Programs	\$ 1,275,000	1,910,879	1,244,198

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1
GENERAL FUND

Schedule A-3
(Continued)

Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance
Budget & Actual
For the Year Ended June 30, 2018
(With Comparative Figures for 2017)

	Original and Final Appropriations	Year Ended June 30, 2018	2017
<u>Educational Fund (continued):</u>			
Revenues Received (continued):			
Federal Programs:			
National School Lunch Program	\$ 250,000	265,962	268,661
Special Milk Program	-	3,082	1,747
School Breakfast Program	200,000	30,768	30,057
Title I - Low Income	350,000	262,567	121,132
IDEA Flow Through Sub Grant	-	194,318	211,785
Title IV - Safe and Drug Free Schools	10,000	4,762	-
Title II - Teacher Quality	-	308	73,407
ARRA McKinney Vento Homeless	-	-	325
ISBE Commodities	-	38,859	55,474
DoD Fruits & Vegetables	-	26,329	12,655
Medicaid Outreach	-	35,287	48,423
Federal E-Rate	-	-	76,972
Medicaid Fee for Service	120,000	63,222	78,931
Total Federal Programs	930,000	925,464	979,569
On Behalf Payments	4,700,000	1,496,573	4,900,076
Total Revenues Received	25,118,066	22,887,700	25,819,506
Expenditures Disbursed:			
Instructional:			
Regular Programs:			
Salaries	7,997,069	8,040,302	7,822,460
Benefits	1,838,650	1,855,634	1,762,359
Purchased Services	53,600	85,877	82,044
Teaching Supplies	415,917	414,137	338,757
Capital Outlay	42,600	37,495	9,716
Other Objects	500	-	-
Total Regular Programs	10,348,336	10,433,445	10,015,336
Tuition Payments to Charter Schools:			
Purchased Services	29,500	-	-
Pre-K Programs:			
Salaries	229,609	365,961	-
Benefits	-	65,545	-
Supplies	2,000	187	-
Total Pre-K Programs	231,609	431,693	-
Special Education Programs:			
Salaries	1,837,153	1,758,249	1,938,843
Benefits	310,800	374,229	379,923
Purchased Services	52,500	63,309	74,558
Supplies	31,000	35,900	32,887
Capital Outlay	14,000	8,130	11,114
Other Objects - Tuition	200,000	374,394	216,560
Total Special Education Programs	\$ 2,445,453	2,614,211	2,653,885

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1
GENERAL FUND

Schedule A-3
(Continued)

Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance
Budget & Actual
For the Year Ended June 30, 2018
(With Comparative Figures for 2017)

	Original and Final Appropriations	Year Ended June 30, 2018	2017
<u>Educational Fund (continued):</u>			
Expenditures Disbursed (continued):			
Instructional (continued):			
Remedial Programs:			
Salaries	\$ 97,000	88,343	106,277
Benefits	9,200	-	24
Purchased Services	50,000	1,348	2,250
Supplies	120,000	26,884	44,702
Capital Outlay	-	220,582	2,289
Total Remedial Programs	276,200	337,157	155,542
Remedial Pre-K:			
Salaries	162,952	-	-
Supplies & Materials	2,000	-	-
Total Remedial Pre-K	164,952	-	-
CTE Programs:			
Salaries	327,970	315,448	316,583
Benefits	66,700	59,392	69,935
Purchased Services	2,000	2,579	797
Supplies	17,500	22,000	24,901
Capital Outlay	1,000	2,508	6,916
Total CTE Programs	415,170	401,927	419,132
Interscholastic Programs:			
Salaries	531,300	555,504	544,612
Benefits	158,900	124,056	121,708
Purchased Services	108,200	90,927	93,121
Supplies	59,400	50,198	102,614
Capital Outlay	50,600	27,574	26,237
Other Objects	20,850	32,864	28,574
Total Interscholastic Programs	929,250	881,123	916,866
Summer School Programs:			
Salaries	20,000	18,851	19,380
Benefits	4,000	3,061	2,712
Purchased services	3,500	1,282	360
Supplies	15,000	11,510	8,548
Total Summer School Programs	42,500	34,704	31,000
Total Instructional	\$ 14,882,970	15,134,260	14,191,761

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1
GENERAL FUND

Schedule A-3
(Continued)

Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance
Budget & Actual
For the Year Ended June 30, 2018
(With Comparative Figures for 2017)

	Original and Final Appropriations	Year Ended June 30, 2018	2017
<u>Educational Fund (continued):</u>			
Expenditures Disbursed (continued):			
Support:			
Attendance & Social Work Services:			
Salaries	\$ 239,390	234,942	238,456
Benefits	56,725	54,931	61,034
Supplies	2,000	1,456	1,260
Total Attendance & Social Work Services	298,115	291,329	300,750
Guidance Services:			
Salaries	213,342	218,607	219,326
Benefits	69,750	75,367	66,419
Supplies	1,700	-	-
Total Guidance Services	284,792	293,974	285,745
Health Services:			
Salaries	97,000	101,841	104,036
Benefits	21,100	22,229	21,579
Purchased Services	1,000	387	514
Supplies	4,015	2,202	3,112
Capital Outlay	2,000	14,471	-
Total Health Services	125,115	141,130	129,241
Psychological Services:			
Salaries	130,750	130,202	128,863
Benefits	32,250	29,501	29,138
Total Psychological Services	163,000	159,703	158,001
Speech Pathology & Audiology Services:			
Salaries	191,500	227,484	187,985
Benefits	25,500	34,679	28,724
Supplies	-	233	-
Total Speech Pathology & Audiology Services	217,000	262,396	216,709
Other Support Services - Pupils:			
Purchased Services	77,300	73,437	71,047
Supplies	10,400	8,579	5,426
Total Other Support Services - Pupils	\$ 87,700	82,016	76,473

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1
GENERAL FUND

Schedule A-3
(Continued)

Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance
Budget & Actual
For the Year Ended June 30, 2018
(With Comparative Figures for 2017)

	Original and Final Appropriations	Year Ended June 30, 2018	2017
<u>Educational Fund (continued):</u>			
Expenditures Disbursed (continued):			
Support (continued):			
Improvement of Instruction Services:			
Salaries	\$ 197,300	199,632	244,373
Benefits	50,000	67,821	63,400
Purchased Services	161,000	107,619	102,150
Supplies	13,500	6,206	1,350
Capital Outlay	3,000	-	-
Other Objects	1,200	358	288
Total Improvement of Instruction Services	426,000	381,636	411,561
Educational Media/Tech Services:			
Salaries	348,980	367,644	338,643
Benefits	70,400	74,309	68,332
Purchased Services	515,500	471,480	442,878
Supplies	34,760	27,865	30,440
Capital Outlay	125,500	84,826	102,903
Total Educational Media/Tech Services	1,095,140	1,026,124	983,196
Assessment & Testing:			
Purchased Services	10,700	3,741	14,567
Supplies	50,500	49,900	46,810
Capital Outlay	5,000	-	-
Total Assessment & Testing	66,200	53,641	61,377
Board of Education Services:			
Salaries	-	7,323	65,080
Purchased Services	733,500	412,966	460,401
Supplies	11,000	11,702	14,645
Capital Outlay	11,000	11,251	47,581
Other Objects	18,000	17,440	15,696
Total Board of Education Services	773,500	460,682	603,403
Superintendent Services:			
Salaries	230,000	229,968	238,068
Benefits	55,000	56,855	44,501
Purchased Services	3,500	3,688	2,178
Supplies	500	361	463
Other Objects	2,500	2,204	1,855
Total Superintendent Services	\$ 291,500	293,076	287,065

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1
GENERAL FUND

Schedule A-3
(Continued)

Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance
Budget & Actual
For the Year Ended June 30, 2018
(With Comparative Figures for 2017)

	Original and Final Appropriations	Year Ended June 30, 2018	2017
<u>Educational Fund (continued):</u>			
Expenditures Disbursed (continued):			
Support (continued):			
Principal Services:			
Salaries	\$ 879,714	829,342	823,232
Benefits	240,600	234,193	214,945
Purchased Services	7,900	7,686	7,147
Supplies	27,000	24,870	28,572
Capital Outlay	-	-	853
Other Objects	2,900	2,293	1,369
Total Principal Services	1,158,114	1,098,384	1,076,118
Other Support Services - School Administration:			
Purchased Services	3,000	2,560	3,200
Total Other Support Services - School Administration	3,000	2,560	3,200
Direction of Business Support Services:			
Salaries	63,000	54,562	52,231
Benefits	15,700	17,932	15,877
Purchased Services	1,500	1,727	2,669
Supplies	1,000	2,628	2,643
Capital Outlay	1,000	-	843
Other Objects	1,000	1,273	2,070
Total Direction of Business Support Services	83,200	78,122	76,333
Fiscal Services:			
Salaries	150,500	134,430	115,768
Benefits	21,250	23,253	19,893
Purchased Services	5,000	1,101	11,620
Supplies	17,000	31,445	24,446
Capital Outlay	1,000	5,113	5,513
Other Objects	4,500	5,163	3,585
Total Fiscal Services	199,250	200,505	180,825
Operation & Maintenance of Plant Services:			
Supplies	5,000	3,427	2,313
Total Operation & Maintenance of Plant Services	\$ 5,000	3,427	2,313

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1
GENERAL FUND

Schedule A-3
(Continued)

Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance
Budget & Actual
For the Year Ended June 30, 2018
(With Comparative Figures for 2017)

	Original and Final Appropriations	Year Ended June 30, 2018	2017
<u>Educational Fund (continued):</u>			
Expenditures Disbursed (continued):			
Support (continued):			
Food Services:			
Salaries	\$ 343,500	315,910	337,701
Benefits	45,800	26,813	27,088
Purchased Services	17,950	10,232	4,483
Supplies	404,000	432,601	443,923
Capital Outlay	40,000	31,773	58,522
Other Objects	15,000	-	-
Total Food Services	866,250	817,329	871,717
Information Services:			
Purchased Services	-	4,823	5,370
Total Information Services	-	4,823	5,370
Other Support Services:			
Supplies	2,500	3,246	1,503
Total Other Support Services	2,500	3,246	1,503
Total Support	6,145,376	5,654,103	5,730,900
Community Services:			
Salaries	15,000	6,115	15,000
Supplies	200	47	283
Total Community Services	15,200	6,162	15,283
Payments to Other Schools:			
Assessments:			
Regular Programs	25,000	15,551	17,802
Special Education Programs	-	23,336	118,530
Tuition:			
Special Education Programs	383,000	354,239	268,985
Continuing & Technical Education Programs	280,000	314,659	266,716
Total Payments to Other Schools	688,000	707,785	672,033
On Behalf Payments	4,700,000	1,496,573	4,900,076
Total Expenditures Disbursed	\$ 26,431,546	22,998,883	25,510,053

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1
GENERAL FUND

Schedule A-3
(Continued)

Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance
Budget & Actual
For the Year Ended June 30, 2018
(With Comparative Figures for 2017)

	Original and Final Appropriations	Year Ended June 30, 2018	2017
<u>Educational Fund (continued):</u>			
Excess (Deficiency) of Revenues Received Over (Under) Expenditures Disbursed	\$ (1,313,480)	(111,183)	309,453
Other Financing Sources (Uses):			
Transfers to other funds	-	-	(500,000)
Total Other Financing Sources (Uses)	-	-	(500,000)
Net Change in Fund Balance	<u>\$ (1,313,480)</u>	(111,183)	(190,547)
Fund Balance, Beginning of Year		12,308,208	12,498,755
Fund Balance, End of Year		<u>\$ 12,197,025</u>	<u>12,308,208</u>

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1
GENERAL FUND

Schedule A-3
(Continued)

Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2018
(With Comparative Figures for 2017)

	Original and Final Appropriations	Year Ended June 30, 2018	2017
<u>Operations & Maintenance Fund:</u>			
Revenues Received:			
Local Sources:			
Property Taxes	\$ 3,281,628	3,242,774	3,298,694
Rental income	20,000	23,081	28,779
Other Local Revenues	10,000	-	-
Total Revenues Received	3,311,628	3,265,855	3,327,473
Expenditures Disbursed:			
Support Services:			
Facilities Acquisition & Construction Services:			
Purchased Services	100,000	6,794	171,835
Capital Outlay	20,000	-	-
Total Facilities Acquisition & Construction Services	120,000	6,794	171,835
Operation & Maintenance of Plant Services:			
Salaries	1,223,100	1,126,746	1,098,504
Benefits	212,700	202,091	200,482
Purchased Services	660,450	578,634	366,578
Supplies	875,500	837,278	827,907
Capital Outlay	201,000	197,044	169,832
Other Objects	-	1,135	1,378
Total Operation & Maintenance of Plant Services	3,172,750	2,942,928	2,664,681
Total Support Services	3,292,750	2,949,722	2,836,516
Payments to Other Districts:			
Payments for CTE Programs	250,000	222,486	218,658
Total Payments to Other Districts	250,000	222,486	218,658
Provision for Contingencies	50,000	-	-
Total Expenditures Disbursed	3,592,750	3,172,208	3,055,174
Excess (Deficiency) of Revenues Received Over (Under) Expenditures Disbursed	(281,122)	93,647	272,299
Other Financing Sources (Uses):			
Abatement of Working Cash Fund	500,000	500,000	-
Transfer to Other Funds	(500,000)	(500,000)	(300,000)
Total Other Financing Sources (Uses)	-	-	(300,000)
Net Change in Fund Balance	\$ (281,122)	93,647	(27,701)
Fund Balance, Beginning of Year		1,116,132	1,143,833
Fund Balance, End of Year		\$ 1,209,779	1,116,132

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1
GENERAL FUND

Schedule A-3
(Continued)

Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2018
(With Comparative Figures for 2017)

	Original and Final Appropriations	Year Ended June 30, 2018	2017
<u>Working Cash Fund:</u>			
Revenues Received:			
Local Sources:			
Property Taxes	\$ 154,489	152,661	38,849
Interest Income	-	41,002	33,593
Total Revenues Received	154,489	193,663	72,442
Expenditures Disbursed	-	-	-
Excess (Deficiency) of Revenues Received Over (Under) Expenditures Disbursed	154,489	193,663	72,442
Other Financing Sources (Uses):			
Abatement of Working Cash Fund	(500,000)	(500,000)	-
Total Other Financing Sources (Uses)	(500,000)	(500,000)	-
Net Change in Fund Balance	<u>\$ (345,511)</u>	(306,337)	72,442
Fund balance, Beginning of Year		1,185,338	1,112,896
Fund balance, End of Year		<u>\$ 879,001</u>	<u>1,185,338</u>

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1
TRANSPORTATION FUND

Schedule B-1

Statement of Assets, Liabilities and Fund Balance
Arising from Cash Transactions
June 30, 2018

<u>Assets</u>	
Investments	\$ 2,380,443
Total Assets	<u>\$ 2,380,443</u>
<u>Liabilities and Fund Balance</u>	
Liabilities:	
Overdraft Payable	\$ 136,243
Fund Balance:	
Assigned Fund Balance	2,244,200
Total Liabilities and Fund Balance	<u>\$ 2,380,443</u>

Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2018
(With Comparative Figures for 2017)

Schedule B-2

	Original and Final Appropriations	Year Ended June 30, 2018	2017
Revenues Received:			
Local Sources:			
Property Taxes	\$ 1,235,453	1,220,824	1,125,904
Fees from other Districts	25,000	5,744	5,605
Total Local Sources	<u>1,260,453</u>	<u>1,226,568</u>	<u>1,131,509</u>
State Sources:			
Regular/Vocational Transportation	200,000	334,436	143,109
Special Education	400,000	587,025	337,402
Total State Sources	<u>600,000</u>	<u>921,461</u>	<u>480,511</u>
Total Revenues Received	<u>1,860,453</u>	<u>2,148,029</u>	<u>1,612,020</u>
Expenditures Disbursed:			
Pupil Transportation Services:			
Purchased Services	2,050,000	2,036,229	1,885,951
Supplies	14,500	270	7,096
Capital Outlay	25,000	-	-
Total Pupil Transportation Services	<u>2,089,500</u>	<u>2,036,499</u>	<u>1,893,047</u>
Provision for Contingencies	<u>50,000</u>	<u>-</u>	<u>-</u>
Total Expenditures Disbursed	<u>2,139,500</u>	<u>2,036,499</u>	<u>1,893,047</u>
Excess (Deficiency) of Revenues over Over (Under) Expenditures Disbursed	<u>(279,047)</u>	111,530	(281,027)
Fund Balance, Beginning of Year		2,132,670	2,413,697
Fund Balance, End of Year		<u>\$ 2,244,200</u>	<u>2,132,670</u>

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1
SITE & CONSTRUCTION FUND

Schedule B-3

Statement of Assets, Liabilities and Fund Balance
Arising from Cash Transactions
June 30, 2018

<u>Assets</u>	
Cash	\$ 1,004,872
Total Assets	<u>\$ 1,004,872</u>
<u>Liabilities and Fund Balance</u>	
Liabilities	
Overdrafts payable	\$ 195,658
Fund Balance	
Committed Fund Balance	809,214
Total Liabilities and Fund Balance	<u>\$ 1,004,872</u>

Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2018
(With Comparative Figures for 2017)

Schedule B-4

	Original and Final Appropriations	Year Ended June 30, 2018	2017
Revenues Received:			
Local Sources:			
Impact Fees	\$ -	43,554	41,013
Interest on Investments	-	-	951
Other Revenues	-	-	92,381
Total Revenues Received	<u>-</u>	<u>43,554</u>	<u>134,345</u>
Expenditures Disbursed:			
Facilities Acquisition & Construction Services:			
Purchased Services	130,000	119,012	201,999
Capital Outlay:			
Renovations	-	619,830	4,630,241
Grounds Improvements	2,650,000	1,841,978	536,793
Total Expenditures Disbursed	<u>2,780,000</u>	<u>2,580,820</u>	<u>5,369,033</u>
Excess (Deficiency) of Revenues Received Over (Under) Expenditures Disbursed	<u>(2,780,000)</u>	<u>(2,537,266)</u>	<u>(5,234,688)</u>
Other Financing Sources (Uses):			
Transfers In	500,000	500,000	800,000
Total Other Financing Sources (Uses)	<u>500,000</u>	<u>500,000</u>	<u>800,000</u>
Net Change in Fund Balance	<u>\$ (2,280,000)</u>	<u>(2,037,266)</u>	<u>(4,434,688)</u>
Fund balance, Beginning of Year		2,846,480	7,281,168
Fund balance, End of Year		<u>\$ 809,214</u>	<u>2,846,480</u>

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1
BOND AND INTEREST FUND

Schedule B-5

Statement of Assets, Liabilities and Fund Balance
Arising from Cash Transactions
June 30, 2018

<u>Assets</u>	
Cash in Bank	\$ 3,848
Investments	86,109
Total Assets	<u>\$ 89,957</u>
<u>Fund Balance</u>	
Restricted Fund Balance	\$ 89,957
Total Fund Balance	<u>\$ 89,957</u>

Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2018
(With Comparative Figures for 2017)

Schedule B-6

	Original and Final Appropriations	Year Ended June 30, 2018	2017
Revenues Received:			
Local Sources:			
Property Taxes	\$ 3,441,785	3,401,035	3,365,591
Refund of Prior Year Expenditures	-	3,448	-
Total Revenues Received	<u>3,441,785</u>	<u>3,404,483</u>	<u>3,365,591</u>
Expenditures Disbursed:			
Debt Service:			
Interest on Long-Term Debt	1,425,000	1,238,491	2,073,102
Principal on Long-Term Debt	2,016,794	1,425,000	1,250,000
Bond Issuance Costs	-	445,595	-
Other	2,500	1,425	1,425
Total Expenditures Disbursed	<u>3,444,294</u>	<u>3,110,511</u>	<u>3,324,527</u>
Excess (Deficiency) of Revenues Received Over (Under) Expenditures Disbursed	<u>(2,509)</u>	<u>293,972</u>	<u>41,064</u>
Other Financing Sources (Uses):			
Bond Proceeds	-	28,105,000	-
Bond Premiums	-	2,436,721	-
Principal Refunded to Escrow	-	(29,110,000)	-
Interest Refunded to Escrow	-	(1,764,428)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(332,707)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (2,509)</u>	<u>(38,735)</u>	<u>41,064</u>
Fund Balance, Beginning of Year		<u>128,692</u>	<u>87,628</u>
Fund Balance, End of Year		<u>\$ 89,957</u>	<u>128,692</u>

Illinois Municipal Retirement Fund
Schedule of Changes in Net Pension Liability and Related Ratios

Calendar Year Ending December 31,	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total Pension Liability										
Service Cost	\$ 267,926	282,795	268,527	285,875	-	-	-	-	-	-
Interest on the Total Pension Liability	812,544	793,540	755,471	687,092	-	-	-	-	-	-
Benefit Changes	-	-	-	-	-	-	-	-	-	-
Difference between Expected and Actual Experience	(90,041)	(115,211)	100,252	67,844	-	-	-	-	-	-
Assumption Changes	(359,934)	(38,935)	13,151	422,960	-	-	-	-	-	-
Benefit Payments and Refunds	(711,220)	(696,489)	(546,300)	(486,563)	-	-	-	-	-	-
Net Change in Total Pension Liability	(80,725)	225,700	591,101	977,208	-	-	-	-	-	-
Total Pension Liability - Beginning	11,055,573	10,829,873	10,238,772	9,261,564	-	-	-	-	-	-
Total Pension Liability - Ending	<u>\$ 10,974,848</u>	<u>11,055,573</u>	<u>10,829,873</u>	<u>10,238,772</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan Fiduciary Net Position										
Contributions - Employer	\$ 324,629	322,044	328,818	318,304	-	-	-	-	-	-
Contributions - Employee	111,349	105,167	108,561	105,243	-	-	-	-	-	-
Pension Plan Net Investment Income	1,722,264	606,190	44,640	514,079	-	-	-	-	-	-
Benefit Payments and Refunds	(711,220)	(696,489)	(546,300)	(486,563)	-	-	-	-	-	-
Other	(198,799)	151,565	114,630	72,373	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	1,248,223	488,477	50,349	523,436	-	-	-	-	-	-
Plan Fiduciary Net Position - Beginning	9,521,290	9,032,813	8,982,464	8,459,028	-	-	-	-	-	-
Plan Fiduciary Net Position - Ending	<u>\$ 10,769,513</u>	<u>9,521,290</u>	<u>9,032,813</u>	<u>8,982,464</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Pension Liability (Asset)	<u>\$ 205,335</u>	<u>1,534,283</u>	<u>1,797,060</u>	<u>1,256,308</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	98.13%	86.12%	83.41%	87.73%	N/A	N/A	N/A	N/A	N/A	N/A
Covered Valuation Payroll	\$ 2,455,589	2,337,037	2,412,458	2,317,996	N/A	N/A	N/A	N/A	N/A	N/A
Net Pension Liability as a Percentage of the Covered Valuation Payroll	8.36%	65.65%	74.49%	54.20%	N/A	N/A	N/A	N/A	N/A	N/A

*This schedule is intended to show information for ten years and additional years' information will be displayed as it becomes available

**Illinois Municipal Retirement Fund
Schedule of Contributions**

Calendar Year Ending	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
12/31/2017	\$ 324,629	324,629	-	2,455,589	13.22%
12/31/2016	322,044	322,044	-	2,337,037	13.78%
12/31/2015	328,818	328,818	-	2,412,458	13.63%
12/31/2014	315,479	318,304	(2,825)	2,317,996	13.73%

Notes to Schedule:

Valuation Date:

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

Methods and Assumptions used to Determine 2017 Contribution Rate:

<i>Actuarial Cost Method</i>	Aggregate Entry Age Normal
<i>Amortization Method</i>	Level Percentage of Payroll, Closed
<i>Remaining Amortization Period</i>	Non-Taxing bodies: 10-year rolling period. Taxing bodies (Regular, SLEP, and ECO groups): 26-year closed period. Early Retirement Incentive Plan liabilities: a period up to 10 year selected by the Employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 22 years for most employers (two employers were financed over 31 years).
<i>Asset Valuation Method</i>	5-Year smoothed market; 20% corridor
<i>Wage Growth</i>	3.50%
<i>Price Inflation</i>	2.75% - approximate; No explicit price inflation assumption is used in this valuation.
<i>Salary Increases</i>	3.75% to 14.50% including inflation
<i>Investment Rate of Return</i>	7.50%
<i>Retirement Age</i>	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 2011-2013.
<i>Mortality</i>	For non-disabled retirees, 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 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 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 2012). 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.

This schedule is intended to show information for ten years and additional years' information will be displayed as it becomes available

Other Information

Teachers' Retirement System of the State of Illinois

Schedule 3**Schedule of District's Share of the Net Pension Liability**

	Fiscal Year			
	2017	2016*	2015*	2014*
District's Proportion of the Net Pension Liability	0.0022%	0.0019%	0.0024%	0.0022%
District's Proportionate Share of the Net Pension Liability	\$ 1,684,283	1,469,467	1,571,991	1,359,701
State's Proportionate Share of the Net Pension Liability Associated with District	94,802,326	92,681,240	78,896,869	69,542,958
Total	<u>\$ 96,486,609</u>	<u>94,150,707</u>	<u>80,468,860</u>	<u>70,902,659</u>
District's Covered-Employee Payroll	\$ 12,355,210	11,953,384	11,925,986	11,247,232
District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	13.63%	12.29%	13.18%	12.09%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	39.30%	36.40%	41.50%	43.00%

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

Schedule 4**Schedule of Contributions**

	Fiscal Year			
	2018	2017	2016	2015
Statutorily Required Contribution	\$ 86,663	88,396	71,748	86,674
Contributions in Relation to the Statutorily-Required Contribution	86,663	88,396	71,748	86,674
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's Covered-Employee Payroll	\$ 13,267,494	12,355,210	11,953,384	11,925,986
Contributions as a Percentage of Covered-Employee Payroll	0.65%	0.72%	0.60%	0.73%

NOTES TO OTHER INFORMATION

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1

Notes to Other Information For the Year Ended June 30, 2018

NOTE 1: BUDGETARY BASIS OF ACCOUNTING

The District's budget for all governmental funds is prepared using the modified cash basis of accounting (Non-GAAP) which is the same basis that is used in fund financial statements. This allows for comparability between budget and actual amounts. This is an acceptable method in accordance with Chapter 122, Paragraph 17.1 of the Illinois Revised Statutes.

For each fund, total fund expenses paid may not legally exceed the budgeted amounts. The budget lapses at the end of the fiscal year. The District follows these procedures in establishing the budgetary data reflected in the financial statements:

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 and the means of financing them. The proposed operating budget is placed on file and a public hearing is held to obtain comments from the community.

Prior to October 1, the budget is legally adopted by the Board of Education through passage of a resolution. Formal budgetary integration is employed as a management control device at the function/object level during the year.

The Board of Education may make transfers between the various items in any fund not exceeding in the aggregate 10 percent of the total of such fund as set forth in the budget.

The Board of Education may amend the budget by performing the same procedures required of its original adoption.

The District's budget was adopted on September 6, 2017 and was not amended.

NOTE 2: BUDGETARY COMPARISON INFORMATION

The table below includes budgetary comparisons for the District's major funds.

Description	Budget	Actual	Variance	Percent Variance
Educational Expenditures Disbursed	26,431,546	22,998,883	3,432,663	12.99%
Operations & Maintenance Expenditures Disbursed	3,592,750	3,172,208	420,542	13.26%
Working Cash Expenditures Disbursed	-	-	-	N/A
Total General Fund	30,024,296	26,171,091	3,853,205	14.72%
Transportation Expenditures Disbursed	2,139,500	2,036,499	103,001	5.06%
Site & Construction Expenditures Disbursed	2,780,000	2,580,820	199,180	7.72%
Bond & Interest Expenditures Disbursed	3,444,294	3,110,511	333,783	10.73%

Notes to Other Information
For the Year Ended June 30, 2018

NOTE 3: CHANGES IN ASSUMPTIONS

For the 2017 and 2016 measurement years, the assumed investment rate was 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.

SUPPLEMENTAL INFORMATION

Combining Statement of Assets, Liabilities and Fund Balances Arising From Cash Transactions
June 30, 2018

	Special Revenue Funds			Total Nonmajor Governmental Funds	
	Life Safety Fund	Social Security and IMRF Fund	Tort Immunity and Judgment Fund	June 30,	
				2018	2017
<u>Assets</u>					
Cash	\$ 83,646	-	-	83,646	72,016
Investments	303,385	371,773	400,066	1,075,224	945,524
Total Assets	<u>\$ 387,031</u>	<u>371,773</u>	<u>400,066</u>	<u>1,158,870</u>	<u>1,017,540</u>
<u>Liabilities and Fund Balance</u>					
Liabilities:					
Overdrafts Payable	\$ -	163,686	9,203	172,889	218,233
Total Liabilities	<u>-</u>	<u>163,686</u>	<u>9,203</u>	<u>172,889</u>	<u>218,233</u>
Fund Balances:					
Restricted	387,031	208,087	390,863	985,981	799,307
Total Fund Balances	<u>387,031</u>	<u>208,087</u>	<u>390,863</u>	<u>985,981</u>	<u>799,307</u>
Total Liabilities and Fund Balance	<u>\$ 387,031</u>	<u>371,773</u>	<u>400,066</u>	<u>1,158,870</u>	<u>1,017,540</u>

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1
NON-MAJOR GOVERNMENTAL FUNDS

Schedule C-2

Combining Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balances
For the Year Ended June 30, 2018
(With Comparative Figures for 2017)

				Total Nonmajor Governmental Funds	
	Life Safety Fund	Social Security and IMRF Fund	Tort Immunity and Judgment Fund	June 30,	
				2018	2017
Revenues Received:					
Local Sources:					
Property Taxes	\$ 76,330	633,351	228,915	938,596	986,362
Replacement Tax	-	55,885	-	55,885	53,542
Total Revenues Received	76,330	689,236	228,915	994,481	1,039,904
Expenditures Disbursed:					
Instructional	-	277,398	-	277,398	267,873
Support	-	432,755	97,186	529,941	568,251
Community Services	-	468	-	468	1,148
Total Expenditures Disbursed	-	710,621	97,186	807,807	837,272
Excess (Deficiency) of Revenues Received Over (Under)					
Expenditures Disbursed	76,330	(21,385)	131,729	186,674	202,632
Fund Balance, Beginning of Year	310,701	229,472	259,134	799,307	596,675
Fund Balance, End of Year	\$ 387,031	208,087	390,863	985,981	799,307

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1
LIFE SAFETY FUND

Schedule C-3

Statement of Assets, Liabilities and Fund Balance
Arising from Cash Transactions
June 30, 2018

<u>Assets</u>	
Cash in Bank	\$ 83,646
Investments	303,385
Total Assets	<u>\$ 387,031</u>
<u>Fund Balance</u>	
Restricted Fund Balance	\$ 387,031
Total Fund Balance	<u>\$ 387,031</u>

Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2018
(With Comparative Figures for 2017)

Schedule C-4

	Original and Final Appropriations	Year Ended June 30, 2018	2017
Revenues Received:			
Local Sources:			
Property Taxes	\$ 77,245	76,330	116,545
Total Revenues Received	<u>77,245</u>	<u>76,330</u>	<u>116,545</u>
Expenditures Disbursed:			
Facilities Acquisition & Construction Services:			
Purchased Services	25,000	-	-
Total Expenditures Disbursed	<u>25,000</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Received Over (Under) Expenditures Disbursed	<u>\$ 52,245</u>	76,330	116,545
Fund Balance, Beginning of Year		<u>310,701</u>	<u>194,156</u>
Fund Balance, End of Year		<u>\$ 387,031</u>	<u>310,701</u>

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1
SOCIAL SECURITY AND IMRF FUND

Schedule C-5

Statement of Assets, Liabilities and Fund Balance
Arising from Cash Transactions
June 30, 2018

<u>Assets</u>	
Investments	\$ 371,773
Total Assets	<u>\$ 371,773</u>
<u>Liabilities and Fund Balance</u>	
Liabilities	
Overdraft payable	\$ 163,686
Fund Balance	
Restricted for FICA	11,340
Restricted for IMRF	196,747
Total Fund Balance	<u>208,087</u>
Total Liabilities and Fund Balance	<u>\$ 371,773</u>

Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance
Budget & Actual
For the Year Ended June 30, 2018
(With Comparative Figures for 2017)

Schedule C-6

	Original and Final Appropriations	Year Ended June 30, 2018	2017
Revenues Received:			
Local Sources:			
Property Taxes:			
IMRF	\$ 301,139	297,573	298,978
FICA	339,800	335,778	337,826
Replacement Taxes	50,000	55,885	53,542
Total Revenues Received	<u>690,939</u>	<u>689,236</u>	<u>690,346</u>
Expenditures Disbursed:			
Instructional Benefits	263,450	277,398	267,873
Supporting Services Benefits	488,350	432,755	453,899
Community Services Benefits	1,300	468	1,148
Total Expenditures Disbursed	<u>753,100</u>	<u>710,621</u>	<u>722,920</u>
Excess (Deficiency) of Revenues Received Over (Under) Expenditures Disbursed	<u>\$ (62,161)</u>	(21,385)	(32,574)
Fund Balance, Beginning of Year		<u>229,472</u>	<u>262,046</u>
Fund Balance, End of Year		<u>\$ 208,087</u>	<u>229,472</u>

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1
TORT IMMUNITY AND JUDGMENT FUND

Schedule C-7

Statement of Assets, Liabilities and Fund Balance
Arising from Cash Transactions
June 30, 2018

<u>Assets</u>	
Investments	\$ 400,066
Total Assets	<u>\$ 400,066</u>
<u>Liabilities and Fund Balance</u>	
Liabilities	
Overdrafts payable	<u>\$ 9,203</u>
Fund Balance	
Restricted Fund Balance	<u>390,863</u>
Total Liabilities and Fund Balance	<u>\$ 400,066</u>

Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2018
(With Comparative Figures for 2017)

Schedule C-8

	Original and Final Appropriations	Year Ended June 30,	
		2018	2017
Revenues Received:			
Local Sources:			
Property taxes	\$ 231,657	228,915	233,013
Total Revenues Received	<u>231,657</u>	<u>228,915</u>	<u>233,013</u>
Expenditures Disbursed:			
Support Services (General Administration):			
Insurance Payments	130,000	90,079	100,205
Educational Services Related to Loss Prevention	56,000	7,107	14,147
Total Expenditures Disbursed	<u>186,000</u>	<u>97,186</u>	<u>114,352</u>
Excess (Deficiency) of Revenues Received Over (Under) Expenditures Disbursed	<u>\$ 45,657</u>	131,729	118,661
Fund Balance, Beginning of Year		<u>259,134</u>	<u>140,473</u>
Fund Balance, End of Year		<u>\$ 390,863</u>	<u>259,134</u>

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1
AGENCY FUNDS

Schedule D
(Continued)

Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2018

	June 30, 2017	Additions	Deductions	June 30, 2018
Student Activity Funds:				
High School Activity Funds:				
All School Play Fund	\$ (234)	-	-	(234)
Alumni	2,857	11,054	7,496	6,415
Art Club	669	945	834	780
Athletics	6,444	43,838	45,572	4,710
Band	4,210	1,229	5,261	178
Baseball	3	5,643	4,072	1,574
Boys Basketball Cheerleading	90	12,265	13,965	(1,610)
Bass Fishing	2,088	1,229	1,398	1,919
Boys Basketball	977	1,974	2,361	590
Boys Soccer	1,038	-	88	950
Cassani Scholarship	1,000	1,000	2,000	-
Cheer Football	2,008	21,613	20,572	3,049
Class of 2016	1,279	-	1,279	-
Class of 2017	3,625	-	3,625	-
Class of 2018	3,631	-	3,631	-
Class of 2019	777	56,093	55,618	1,252
Class of 2020	647	180	-	827
Class of 2021	-	842	-	842
Coaler Creations	2,290	3,961	4,098	2,153
Color Guard	202	1,285	784	703
Community Foundation Scholarship	500	-	-	500
Costume Rental	5,830	28,305	25,542	8,593
Don Pfiefer Scholarship	3,245	-	-	3,245
Drama Club	3,051	8,692	4,852	6,891
FCCLA	518	3,052	3,097	473
FIBLA	2,139	17,359	13,370	6,128
Flint Hill Scholarship	-	1,500	-	1,500
Football	3,916	9,525	3,536	9,905
Foreign Language	1	-	-	1
Freeman Trotter Scholarship	1,150	250	-	1,400
General Activity	1,388	21,749	20,926	2,211
Girl's Basketball	396	800	540	656
Girl's Soccer	4,747	273	726	4,294
Golf	2,197	3,992	4,922	1,267
HS Play	38	3,030	2,907	161
Kessler/Wheeler Scholarship	-	2,500	-	2,500
Kim Ferarri Scholarship	-	3,700	-	3,700
Library	192	309	351	150
Link Leaders	274	-	-	274
Madrigals	1,429	350	160	1,619
Math	314	1,895	824	1,385
Musical	242	24,421	17,480	7,183
NHS	680	1,051	562	1,169
Path	177	-	160	17
PBS	657	1,419	857	1,219
Pepsi	610	-	415	195
Poms - Fall	749	10,972	8,452	3,269

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1
AGENCY FUNDS

Schedule D
(Continued)

Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2018

	June 30, 2017	Additions	Deductions	June 30, 2018
Student Activity Funds:				
High School Activity Funds: (continued)				
Ruth Allen Scholarship	\$ 10,000	-	-	10,000
SADD	1,055	539	541	1,053
Science Club	53	503	346	210
Social Committee	106	752	800	58
Scholastic Bowl	65	865	365	565
Softball	2,602	738	1,399	1,941
Speech	2,571	1,470	1,685	2,356
Student Council	16,484	9,414	13,366	12,532
Teachers Petty Cash	1,126	-	-	1,126
Tennis	500	604	933	171
Theatre Series	5,346	23,797	21,308	7,835
Track	-	1,200	-	1,200
Varsity Club	1,266	310	327	1,249
VFW Scholarship	4,000	-	-	4,000
Volleyball Club	-	1,866	1,086	780
Wellness	519	2,316	1,900	935
Wrestling	886	2,440	1,310	2,016
Wrestling Cheerleading	131	-	131	-
Yearbook	2,902	13,275	15,784	393
Total High School Activity Funds	117,648	368,384	343,614	142,418
Intermediate School Activity Funds:				
Art Fund	221	163	163	221
General Activity	915	5,352	5,144	1,123
Library Fund	10,245	5,300	5,972	9,572
Pepsi-Flower Fund	9	166	110	66
School Store Fund	1,299	388	458	1,229
Student Council	974	8,507	7,679	1,802
Yearbook	8,427	2,201	1,451	9,177
Total Intermediate School Activity Funds	22,090	22,077	20,977	23,190
Middle School Activity Funds:				
6th Grade Student Fund	1,105	-	-	1,105
8th Grade Dance	878	1,350	1,809	419
Art Club	-	80	-	80
Athletics	6,767	16,835	10,288	13,314
Band	1	651	465	187
Chorus	1,664	2,365	3,217	812
Garden Club	2,747	376	160	2,963
General Activity	8,502	17,751	16,982	9,271
Library	1,358	5,000	5,928	430
Musical	4,718	2,135	2,013	4,840
Shop for Free	1,459	49	1,435	73
PBS	785	-	53	732
Pepsi Fund	427	1,629	1,927	129
Picture & Yearbook	7,526	1,256	1,300	7,482
Pops	10,060	5,240	3,487	11,813
Speech	1,830	15	145	1,700
Student Council	1,624	8,689	9,626	687
Student Enrichment	472	385	286	571
Total Middle School Activity Funds	\$ 51,923	63,806	59,121	56,608

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1
AGENCY FUNDS

Schedule D
(Continued)

Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2018

	June 30, 2017	Additions	Deductions	June 30, 2018
Student Activity Funds:				
Elementary School Activity Funds:				
General Activity	\$ 3,297	9,047	6,848	5,496
After School Exercise	7	-	-	7
Library Fund	1,248	10,075	9,993	1,330
Music Program	510	882	817	575
Pepsi-Cola Fund	249	818	642	425
School Store	(213)	2,741	2,111	417
Special Education	2,082	-	124	1,958
Yearbook & Picture Fund	947	390	746	591
Total Elementary School Activity Funds	8,127	23,953	21,281	10,799
Early Childhood Center Activity Funds:				
General Activity	14,036	17,340	17,515	13,861
Music Program	230	-	-	230
Pepsi-Cola Fund	353	669	380	642
PSO	2,415	-	-	2,415
Library	2,265	12,065	12,506	1,824
Flower Fund	499	300	122	677
Yearbook & Picture Fund	307	3,725	1,191	2,841
Total Early Childhood Center Activity Funds	20,105	34,099	31,714	22,490
Athletic Boosters	35,458	79,920	76,670	38,708
Prom Fest	6,704	22,961	25,185	4,480
Total Student Activity Funds	262,055	615,200	578,562	298,693
Memorial Activity Funds:				
High School Memorial	2,733	1	100	2,634
Kaplan Scholarship Fund	342,108	12,643	11,712	343,039
Freeman Trotter Scholarship Fund	1,636	20	-	1,656
Rashke Memorial	7,802	15	500	7,317
VFW Scholarship	2,014	25	-	2,039
Anderson Memorial Fund	160,380	35	-	160,415
Total Memorial Activity Funds	516,673	12,739	12,312	517,100
Total Activity Accounts	\$ 778,728	627,939	590,874	815,793

**Assessed Valuations, Tax Rates
and Tax Collections**

	Tax Year				
	2013	2014	2015	2016	2017
Assessed Valuations	<u>\$ 785,182,825</u>	<u>788,495,436</u>	<u>767,166,241</u>	<u>776,330,866</u>	<u>786,052,900</u>
Tax Rates:					
Educational	1.9750	1.9634	1.9788	1.9874	1.9874
Building	0.4209	0.4021	0.4246	0.4227	0.4229
Bond & Interest	0.3777	0.3888	0.4332	0.4433	0.4501
Transportation	0.1985	0.1372	0.1449	0.1591	0.1799
IMRF	0.0380	0.0377	0.0385	0.0388	0.0400
Working Cash	0.0200	0.0196	0.0050	0.0199	0.0285
Tort Immunity	0.0010	0.0010	0.0300	0.0298	0.0284
Special Education	0.0400	0.0392	0.0400	0.0398	0.0398
Social Security	0.0430	0.0426	0.0435	0.0438	0.0450
Lease PBC	0.0137	0.0429	0.0365	0.0300	0.0300
Fire Prevention/Safety	0.0020	0.0490	0.0150	0.0100	0.0050
Totals	<u>3.1298</u>	<u>3.1236</u>	<u>3.1898</u>	<u>3.2246</u>	<u>3.2569</u>
Tax Extensions:					
Educational	\$ 15,508,146	15,481,477	15,180,379	15,428,955	15,621,919
Building	3,304,677	3,170,619	3,257,081	3,281,628	3,323,932
Bond & Interest	2,965,557	3,065,513	3,323,134	3,441,785	3,538,134
Transportation	1,558,588	1,081,895	1,111,701	1,235,453	1,414,437
IMRF	298,369	297,578	295,206	301,139	314,346
Working Cash	157,037	154,624	38,358	154,490	224,027
Tort Immunity	7,930	7,806	230,073	231,657	223,241
Special Education	314,073	309,169	306,713	308,902	312,695
Social Security	337,629	336,214	333,564	339,800	353,648
Lease PBC	107,256	338,186	279,862	233,210	235,739
Fire Prevention/Safety	15,782	386,442	115,075	77,245	39,303
Totals	<u>\$ 24,575,044</u>	<u>24,629,523</u>	<u>24,471,145</u>	<u>25,034,264</u>	<u>25,601,420</u>
Tax Collections	<u>\$ 24,570,186</u>	<u>24,649,060</u>	<u>24,783,873</u>	<u>24,736,364</u>	<u>-</u>

OTHER REQUIRED REPORTING



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CERTIFIED PUBLIC ACCOUNTANTS

**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
Coal City Community Unit School District No. 1
Coal City, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Coal City Community Unit School District No. 1, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Coal City Community Unit School District No. 1's basic financial statements, and have issued our report thereon dated September 5, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Coal City Community Unit School District No. 1'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 Coal City Community Unit School District No. 1's internal control. Accordingly, we do not express an opinion on the effectiveness of Coal City Community Unit School District No. 1'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 weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency (2018-01).

We noted certain matters that we reported to management of Coal City Community Unit School District No. 1, Illinois in a separate letter dated September 5, 2018.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Coal City Community Unit School District No. 1'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.

Mack & Associates, P.C.

Mack & Associates, P.C.
Certified Public Accountants

Morris, Illinois
September 5, 2018

SINGLE AUDIT SECTION



CERTIFIED PUBLIC ACCOUNTANTS

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**Independent Auditors' Report on Compliance
for Each Major Program and On Internal
Control over Compliance Required by the Uniform Guidance**

To the Board of Education
Coal City Community Unit
School District No. 1
Coal City, Illinois

Report on Compliance for Each Major Federal Program

We have audited Coal City Community Unit School District No. 1's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Coal City Community Unit School District No. 1's major federal programs for the year ended June 30, 2018. Coal City Community Unit School District No. 1's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Coal City Community Unit School District No. 1's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Coal City Community Unit School District No. 1's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Coal City Community Unit School District No. 1's compliance.

Opinion on Each Major Federal Program

In our opinion, Coal City Community Unit School District No. 1 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of Coal City Community Unit School District No. 1 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Coal City Community Unit School District No. 1's internal control over compliance with the types requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Coal City Community Unit School District No. 1's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Mack & Associates, P.C.

Mack & Associates, P.C.
Certified Public Accountants

Morris, Illinois
September 5, 2018

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Federal Expenditures</i>
Child Nutrition Cluster-Cluster		
<i>United States Department of Agriculture:</i>		
Passed-through Illinois State Board of Education:		
National School Lunch Program:	10.555*	
National School Lunch Program 2018 - 4210-2018		\$ 218,462
National School Lunch Program 2017 - 4210-2017		47,500
Lanter Commodities		38,859
DoD Fruits & Vegetables		26,329
Total National School Lunch Program		331,150
Special Milk Program for Children:	10.556*	
Special Milk Program - 2018 - 4215-2018		2,713
Special Milk Program - 2017 - 4215-2017		369
Total Special Milk Program		3,082
National School Breakfast Program:	10.553*	
National School Breakfast Program - 2018 - 4220-2018		26,037
National School Breakfast Program - 2017 - 4220-2017		4,731
Total Special Milk Program		30,768
Total Passed Through Illinois State Board of Education		365,000
Total United States Department of Agriculture		365,000
Total Child Nutrition Cluster-Cluster		365,000
Other Programs:		
<i>United States Department of Education:</i>		
Passed-through Illinois State Board of Education:		
Improving Teacher Quality State Grants	84.367	
Title II - 2018 - 4932-2018		308
Total Improving Teacher Quality State Grants		308
Title I Grants to Local Educational Agencies	84.010	
Title I - 2018 - 4300-2018		338,359
Total Title I Grants to Local Educational Agencies		338,359
Title IVA Grants Drug and Alcohol	84.424	
Title IVA - 2018 - 4400-2018		8,411
Total Passed Through Illinois State Board of Education		347,078
Passed-through Grundy County Special Education Cooperative:		
IDEA Flow-through	84.027*	207,658
Total Passed Through Grundy County Special Education Cooperative		207,658
Total United States Department of Education		554,736
<i>United States Department of Health & Human Services:</i>		
Passed-through Illinois Department of Healthcare & Family Services:		
Medical Assistance Program	93.778	37,418
Total Passed Through Grundy County Special Education Cooperative		37,418
Total United States Department of Health & Human Services		37,418
Total Other Programs		592,154
Total Expenditures of Federal Awards		\$ 957,154

*Denotes major program

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2018

NOTE A: BASIS OF PRESENTATION AND ACCOUNTING

Basis of Presentation

The Schedule of Expenditures of Federal Awards includes the federal grant activity of Coal City Community Unit School District No. 1, and is presented on the modified cash basis of accounting. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget Uniform Administrative Requirements, Cost Principles, and Audit requirements of Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the Basic Financial Statements.

Basis of Accounting

Under the modified cash basis of accounting, 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.

NOTE B: INDIRECT FACILITIES & ADMINISTRATION COSTS

Coal City Community Unit School District No. 1 did not elect to use the 10% de minimis cost rate.

NOTE C: SUB RECIPIENTS

Coal City Community Unit School District No. 1, Illinois did not provide federal awards to sub recipients.

NOTE D: NON-CASH AWARDS

The amount of commodities reported on the schedule (\$65,188) is the value of commodities distributed by the Lanter Delivery System during the current year and priced as prescribed by the U.S. Department of Agriculture (CFDA 10.555).

NOTE E: OTHER DISCLOSURES

Amount of federal insurance, loans, and loan guarantees in effect during the year - None.

Federal Grants requiring matching expenditures - Yes.

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2018

A. SUMMARY OF AUDITORS' RESULTS

1. The Auditors' Report expresses an unmodified opinion on the financial statements of Coal City Community Unit School District No. 1.
2. One significant deficiency and no material weaknesses relating to the audit of the financial statements are reported in the 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*.
3. No instances of noncompliance material to the financial statements of Coal City Community Unit School District No. 1 were disclosed during the audit.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Program and On Internal Control over Compliance Required by the Uniform Guidance.
5. The Auditors' Report on Compliance for the major federal award programs for Coal City Community Unit School District No. 1 expresses an unmodified opinion on all major federal programs.
6. Audit findings relative to the major federal award programs for the Coal City Community Unit School District No. 1 are reported in Part C of this schedule.
7. The programs tested as major programs include the IDEA Special Education Program-CFDA #84.027 and the Child Nutrition cluster – CFDA #10.553, 10.554, and 10.586.
8. Total federal expenditures for the year ended June 30, 2018 were \$957,154, and 59.83% of that total was tested as major programs.
9. The threshold for distinguishing Types A and B programs was \$750,000.
10. Coal City Community Unit School District No. 1 was not determined to be a low-risk auditee.

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

2018-01: Significant Audit Adjustments

Condition:

During the course of the audit, we identified misstatements requiring audit adjustments to be posted. These adjustments had a significant effect on the District's financial statements, and were primarily related to issuance of and refunding of long-term debt.

Criteria:

A control deficiency 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 misstatements on a timely basis.

Context:

The adjustments primarily related to adjusting cash balances and recording debt issuance transactions.

Effect:

Certain book balances were misstated at year-end, and significant audit adjustments were required to correct the balances.

Cause:

Debt issuance is a complex and infrequent transaction, and cash flows were not properly recorded.

Recommendation:

Month-end, or year-end adjustments should be made to record any transactions that occur outside of the District's normal operating accounts.

Management Response:

Management is aware of this condition, and has begun to implement the necessary policies and procedures.

Corrective Action Plan:

Chief School Business Official will work together with Auditor as necessary related to complex adjusting journal entries.

Anticipated Date of Completion:

June 30, 2019

Name of Contact Person:

Jason Smith, Chief School Business Official

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018**

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

None.

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO.

**Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2018**

A. FINDINGS - FINANCIAL STATEMENTS AUDIT

None.