

COAL CITY COMMUNITY UNIT
SCHOOL DISTRICT NO. 1
COAL CITY, ILLINOIS
ANNUAL FINANCIAL REPORT
JUNE 30, 2008

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1

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ECHOLS, MACK & ASSOCIATES, P.C.

Certified Public Accountants

CARRIE E. ECHOLS, CPA

TAWNYA R. MACK, CPA

Independent Auditor's Report

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

We have audited the accompanying 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, 2008, which collectively comprise the District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School District's Board of Education. Our responsibility is to express opinions on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1, the District prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Coal City Community Unit School District No. 1, as of June 30, 2008, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2008, on our consideration of Coal City Community Unit School District No. 1's internal control over financial reporting and our tests of its compliance with provisions of laws, regulations, contracts and other matters. The purpose of that report is to describe the scope of testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the

internal control over financial reporting and compliance. The report is an internal part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and other required supplementary information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the Coal City Community Unit School District No. 1 basic financial statements. The combining and individual nonmajor fund financial statements and the statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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

Echols, Mack & Associates, P.C.

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

Morris, Illinois
September 9, 2008

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1

Management's Discussion and Analysis - Unaudited June 30, 2008

This section of the Coal City Community Unit School District's (District) Annual Audit presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2008. The analysis focuses on the District's financial performance as a whole. Since the prior years audit has not been issued for the District, comparison to prior year data is not available, but will be provided in the following years. Please read it in conjunction with the District's financial statement that follows this section.

Financial Highlights

- Local revenue (87% of total revenue) continued to be delivered in a timely fashion (July, September).
- The majority of Federal Funding (1% of total revenue) generally comes in the form of various Title Grants.
- The assessed valuation decreased by 3% (\$20,595,327) from tax year 2006 to 2007. The assessed valuation increased by 56% (\$437,735,425) from tax year 2005 to 2006. The assessed valuation increased an average of 58% over the last three years. The drastic change over the past two years is due to the re-valuation of Dresden Station.
- The \$14,940,000 General Obligation Bonds were issued in March 2006 for the purpose of site improvements for a new primary school building.

Comparison of Current Fund Balances

<u>Fund</u>	<u>June 30, 2008</u>
Educational Fund	\$11,762,776
Operations & Maintenance Fund	388,704
Bond & Interest	-
Transportation Fund	1,137,390
Social Security & IMRF	320,352
Working Cash Fund	2,356,286
Life Safety Fund	218,920
Rent Fund	53,294
Site & Construction	<u>4,194,165</u>
Total	<u>\$20,431,887</u>

The Site and Construction Fund's fund balance decreased by 10,746,641 due to construction of a new primary school building.

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1

Management's Discussion and Analysis - Unaudited June 30, 2008

Comparison of Budget vs. Actual Receipts and Disbursements for the Current Fiscal Year

<u>Fund</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Budget Disbursements</u>	<u>Actual Disbursements</u>
Education Fund	\$ 19,442,318	19,961,272	17,175,517	16,420,934
Operations & Maintenance Fund	3,067,029	2,879,644	4,187,829	3,835,800
Bond & Interest Fund	2,283,825	2,272,721	1,875,654	1,872,853
Transportation Fund	2,467,514	2,381,175	2,604,635	1,960,325
Social Security & IMRF Fund	475,287	490,173	405,153	401,205
Working Cash Fund	109,615	122,200	-	-
Life Safety Fund	29,615	32,281	335,000	306,688
Rent Fund	21,615	21,909	-	-
Site & Construction Fund	200,000	442,264	14,459,743	11,188,905
Total	<u>\$ 28,096,818</u>	<u>28,603,639</u>	<u>41,043,531</u>	<u>35,986,710</u>

Current and Future Initiatives

Current initiatives will concentrate on the improvement of facilities. The District's architects have conducted a facilities assessment and have made recommendations for improving building systems.

Additionally we will develop a model for staffing and supplies that address increased growth in our residential community.

Accounting Systems and Budgetary Controls

In developing and evaluating the District's accounting system, consideration is given to the adequacy of internal accounting controls. Such controls are designed to provide reasonable, but not absolute assurance for safeguarding of assets against any loss from unauthorized disposition. The District strives for increased reliability of financial records used for preparing financial statements and maintaining accountability for assets. We believe that our internal accounting controls adequately safeguard the District and provide reasonable assurance of the proper recording of financial data.

Budgetary control is maintained at line item levels and built up into program and cost centers before being combined to create fund totals. All activity is reported to the Board of Education on a monthly basis. These reports compare account balances to the annual budget accumulation. Full disclosures are made if extraordinary variances appear during the year.

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations to those programs.

The chart below includes revenues and expenditures.

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1

Management's Discussion and Analysis - Unaudited June 30, 2008

Description	Budget	Actual	Variance	Percent Variance
Education Revenues	19,442,318	19,961,272	518,954	2.60%
Education Expenditures	17,175,517	16,420,934	754,583	4.60%
Operations & Maintenance Revenues	3,067,029	2,879,644	(187,385)	-6.51%
Operations & Maintenance Expenditures	4,187,829	3,835,800	352,029	9.18%
Bond & Interest Revenues	2,283,825	2,272,721	(11,104)	-0.49%
Bond & Interest Expenditures	1,875,654	1,872,853	2,801	0.15%
Transportation Revenues	2,467,514	2,381,175	(86,339)	-3.63%
Transportation Expenditures	2,604,635	1,960,325	644,310	32.87%
Social Security & IMRF Revenues	475,287	490,173	14,886	3.04%
Social Security & IMRF Expenditures	405,153	401,205	3,948	0.98%
Working Cash Revenues	109,615	122,200	12,585	10.30%
Working Cash Expenditures	-	-	-	N/A
Life Safety Revenues	29,615	32,281	2,666	8.26%
Life Safety Expenditures	335,000	306,688	28,312	9.23%
Rent Revenues	21,615	21,909	294	1.34%
Rent Expenditures	-	-	-	N/A
Site & Construction Revenues	200,000	442,264	242,264	54.78%
Site & Construction Expenditures	14,459,743	11,188,905	3,270,838	29.23%

General Governmental Accounting Functions

The general governmental activities include all services provided by the District. Included are the general, special revenue and debt service funds.

The District's property tax is levied each calendar year on all taxable real property allocated in the District. The District is located in Grundy County and Will County. The County Assessors are responsible for assessment of all taxable property within the two counties. Only one homestead is located in Will County and as a result a very small portion of tax revenue is generated.

Property taxes are a significant revenue source for the District. The two factors that affect property tax revenue are assessed valuation and the tax rate.

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1

Management's Discussion and Analysis - Unaudited June 30, 2008

The District must file its tax levy ordinance no later than the last Tuesday in December of each year. The owner of real property on January 1 in any year is liable for taxes of that prior year. In Grundy County taxes are due in two installments.

Other revenue sources consist of local revenue exclusive on property taxes including fees, tuition, donations, and investment interest. The District also receives revenue from state and federal sources.

Condensed Financial Information

Table 1
Net Assets

	Governmental Activities	
	2008	2007
<u>Assets</u>		
Current Assets	\$ 20,537,873	27,874,600
Capital Assets	34,232,514	33,132,085
Accumulated Depreciation	(15,046,095)	(14,248,321)
Total Assets	<u>\$ 39,724,292</u>	<u>\$46,758,364</u>
<u>Liabilities</u>		
Overdraft payable	\$ -	53,716
Withholdings	105,985	199,513
Due within one year	1,635,000	1,175,000
Due in more than one year	13,110,000	14,745,000
Total Liabilities	<u>14,850,985</u>	<u>16,173,229</u>
<u>Net Assets</u>		
Invested in Capital Assets, Net of Related Debt	4,441,420	2,963,764
Restricted	1,362,244	1,231,937
Unrestricted	<u>19,069,643</u>	<u>26,389,434</u>
Total Net Assets	<u>\$ 24,873,306</u>	<u>\$30,585,135</u>

As seen in Table 1, Unrestricted Net Assets - the part of the net assets that can be used to finance day-to-day operations without any constraints - ended at \$19,069,643 for the year. Restricted Net Assets, \$1,362,244, is restricted for tort, insurance, facilities impact, and school site donation related expenditures.

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1

Management's Discussion and Analysis - Unaudited June 30, 2008

As seen in Table 2, total income stood at \$28,599,256 at the end of the fiscal year, of which \$3,247,883 was from program revenues. Total expenditures at the end of the fiscal year stood at \$34,311,086, including current year depreciation and excluding capital outlay purchases and debt.

Table 2
Change in Net Assets

	Governmental Activities	
	2008	2007
Revenues		
Program Revenues		
Fees and charges for services	\$ 777,445	1,056,730
Operating grants and contributions	2,135,624	2,613,969
Capital grants and contributions	334,814	318,965
General Revenues		
Property taxes	20,536,653	13,246,792
Tort immunity taxes	234,376	1,728,411
Special education taxes	257,802	135,915
Replacement taxes	1,681,707	1,525,658
Interest income	1,316,971	1,746,456
Unrestricted contributions & donations	13,215	7,580
Grants & entitlements not restricted	1,202,182	762,787
Payment in lieu of taxes	-	1,200,000
Site Donations	62,044	72,003
Miscellaneous	50,809	402,396
Special items:		
Loss on disposition of asset	(4,386)	-
Total Revenue	28,599,256	24,817,662
Program Activities		
Instruction	11,168,878	8,296,421
Supporting services	21,236,015	9,895,032
Community services	16,191	16,159
Payments to other schools	1,890,002	1,830,377
Total Expenditures	34,311,086	20,037,989
Change in Net Assets	(5,711,830)	4,779,673
Beginning Net Assets	30,585,135	25,805,462
Ending Net Assets	\$ 24,873,306	30,585,135

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1

Management's Discussion and Analysis - Unaudited June 30, 2008

Debt Administration

The District continues to pay off the 1998 and 2006 Building Bonds for the construction of the Middle School and Early Childhood Center respectively. As of June 30, 2008, the District's debt obligations were as follows:

	Beginning Balance	Additions	Retired	Ending Balance
School Building Bonds	\$ 980,000	-	750,000	230,000
General Obligation Bonds	14,940,000	-	425,000	14,515,000
Total	<u>\$15,920,000</u>	<u>-</u>	<u>1,175,000</u>	<u>14,745,000</u>

Refer to Note 7 for further information.

Capital Assets

The capital assets of the District are those assets used in the performance of general governmental functions. As of June 30, 2008, the capital assets balance of the District amounted to \$19,186,420. This amount represents the actual and historical original cost of the assets net for accumulated depreciation.

	June 30, 2007	June 30, 2008
Land	\$ 5,646,420	5,466,151
Land Improvements	1,333,607	1,333,607
Building	21,751,473	22,887,419
Equipment	3,831,345	3,976,098
Cafeteria Equipment	569,240	569,240
Accumulated Depreciat	<u>(14,248,321)</u>	<u>(15,046,095)</u>
Total	<u>\$ 18,883,764</u>	<u>19,186,420</u>

Refer to Note 5 for additional detail regarding capital assets.

Economic Outlook

The outlook for the District is dependant upon the valuation of Dresden Nuclear Station. At the present time, we do have a 5 year term agreement with Exelon (in which we are in year 1). As that agreement comes to a close with the 2011 levy, the District will continue to work cooperatively with the taxing bodies in an open dialogue with Exelon to reach a new long term agreement which would bring stability to our revenue.

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1

Management's Discussion and Analysis - Unaudited June 30, 2008

Independent Audit

The School Code of Illinois and the District's adopted policy require an annual audit of the financial statements and its related transactions of all funds to the District. The audit is done by an independent certified public accountant that is selected by the District's Board of Education.

Closing Report

It is our belief that this Comprehensive Annual Report will provide the District's management, local citizens, and outside investors with a most meaningful financial presentation. We hope that all readers of this Report will obtain a clear and concise understanding of the District's financial condition as of June 30, 2008.

Acknowledgement

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of all of the members of the Business Office who assisted in the closing of the District's financial records and the preparation of the report. We extend our appreciation to the members of the Board of Education for their interest and support in planning and conducting the financial operations of the District in a responsible, progressive manner.

Respectfully submitted,

Kent Bugg

Kent Bugg
Superintendent
Coal City Community Unit School District No. 1

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1

Statement of Net Assets - Modified Cash Basis
 Government-Wide Funds
June 30, 2008

	Primary Government		Total
	Governmental Activities	2008	2007
<u>Assets</u>			
Cash in bank	\$ 8,657,873	8,657,873	4,762,600
Investments	11,880,000	11,880,000	23,112,000
Capital Assets			
Land	5,466,151	5,466,151	5,646,420
Land Improvements	1,333,607	1,333,607	1,333,607
Building	22,887,419	22,887,419	21,751,473
Equipment	3,976,098	3,976,098	3,831,345
Cafeteria Equipment	569,240	569,240	569,240
Accumulated Depreciation	(15,046,095)	(15,046,095)	(14,248,321)
Total Assets	<u>\$ 39,724,292</u>	<u>39,724,292</u>	<u>46,758,364</u>
<u>Liabilities</u>			
Overdraft Payable	\$ -	-	53,716
Withholdings	105,985	105,985	199,513
Long Term Liabilities			
Due Within One Year	1,635,000	1,635,000	1,175,000
Due in More Than One Year	13,110,000	13,110,000	14,745,000
Total Liabilities	<u>14,850,985</u>	<u>14,850,985</u>	<u>16,173,229</u>
<u>Net Assets</u>			
Invested in Capital Assets, Net of Related Debt	4,441,420	4,441,420	2,963,764
Restricted	1,362,244	1,362,244	1,231,937
Unrestricted	19,069,643	19,069,643	26,389,434
Total Net Assets	<u>\$ 24,873,306</u>	<u>24,873,306</u>	<u>30,585,135</u>

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

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1

Statement B

Statement of Activities - Modified Cash Basis
Government-Wide Funds
Year Ended June 30, 2008

Program Activities	Expenses	Program Revenues			Governmental Activities	Net Expense and Changes in Net Assets	
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions		2008	2007
Governmental Activities							
Instruction	11,168,878	107,582	1,275,808	334,814	(9,450,674)	(9,450,674)	(6,522,725)
Support Services	21,236,015	669,863	859,816	-	(19,706,336)	(19,706,336)	(7,679,064)
Community Services	16,191	-	-	-	(16,191)	(16,191)	(16,159)
Payments to Other Schools	1,890,002	-	-	-	(1,890,002)	(1,890,002)	(1,830,377)
Total Governmental Activities	\$ 34,311,085	777,445	2,135,624	334,814	(31,063,203)	(31,063,203)	(16,048,325)
General Revenues							
Taxes:							
Property Taxes					20,536,653	20,536,653	13,246,792
Tort Immunity					234,376	234,376	1,728,411
Special Education Taxes					257,802	257,802	135,915
Replacement Taxes					1,681,707	1,681,707	1,525,658
Payment in Lieu of Taxes					-	-	1,200,000
Grants and Entitlements not Restricted to Specific Programs					1,202,182	1,202,182	762,787
Refund of Prior Year Expenditures					-	-	20,647
Site Donations					62,044	62,044	72,003
Unrestricted Contributions and Donations					13,215	13,215	7,580
Interest on Investments					1,316,971	1,316,971	1,746,456
Miscellaneous					50,809	50,809	381,749
Special Items:							
Loss on disposition of asset					(4,386)	(4,386)	-
Total General Revenues					25,351,373	25,351,373	20,827,998
Change in Net Assets					(5,711,830)	(5,711,830)	4,779,673
Net Assets Beginning of Year					30,585,135	30,585,135	25,805,462
Net Assets End of Year					24,873,306	24,873,306	30,585,135

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

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1

Statement C

Balance Sheet - Modified Cash Basis
 Governmental Funds
June 30, 2008

	Educational Fund	Transportation Fund	Site & Construction Fund	Working Cash Fund	Bond & Interest Fund	Nonmajor Governmental Funds	Total Governmental Funds	
							2008	2007
<u>Assets</u>								
Cash	\$ 4,257,466	637,390	2,194,165	1,156,286	-	412,566	8,657,873	4,762,600
Investments	8,000,000	500,000	2,000,000	1,200,000	-	180,000	11,880,000	23,112,000
Total Assets	<u>\$ 12,257,466</u>	<u>1,137,390</u>	<u>4,194,165</u>	<u>2,356,286</u>	<u>-</u>	<u>592,566</u>	<u>20,537,873</u>	<u>27,874,600</u>
<u>Liabilities and Fund Balances</u>								
Liabilities:								
Withholdings	105,985	-	-	-	-	-	105,985	199,513
Overdraft payable	-	-	-	-	-	-	-	53,716
Total Liabilities	105,985	-	-	-	-	-	105,985	253,229
Fund Balance:								
Reserved	1,362,244	-	-	-	-	-	1,362,244	1,231,937
Unreserved	10,789,236	1,137,390	4,194,165	2,356,286	-	592,566	19,069,643	26,389,434
Total Fund Balances	12,151,480	1,137,390	4,194,165	2,356,286	-	592,566	20,431,887	27,621,371
Total Liabilities and Fund Balance	<u>\$ 12,257,466</u>	<u>1,137,390</u>	<u>4,194,165</u>	<u>2,356,286</u>	<u>-</u>	<u>592,566</u>		

Reconciliation to Statement of Net Assets:

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities of \$34,232,514 (net of accumulated depreciation of \$15,046,095), are not financial resources and therefore are not reported in the funds.

19,186,420 18,883,764

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

(14,745,000) (15,920,000)

Net Assets of Governmental Activities

\$ 24,873,306 \$ 30,585,135

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

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1

Statement D

Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Year Ended June 30, 2008

	General Fund	Transportation Fund	Site & Construction Fund	Working Cash Fund	Bond & Interest Fund	Nonmajor Governmental Funds	Total Governmental Funds	
							2008	2007
Revenues								
Local Sources	\$ 20,028,112	1,521,359	442,264	122,200	2,272,721	544,364	24,931,020	21,121,941
Flow Through	21,709	-	-	-	-	-	21,709	24,097
State Sources	1,254,099	859,816	-	-	-	-	2,113,915	2,589,872
Federal Sources	334,814	-	-	-	-	-	334,814	318,965
On Behalf Payments	1,202,182	-	-	-	-	-	1,202,182	762,787
Total Cash Receipts	22,840,916	2,381,175	442,264	122,200	2,272,721	544,364	28,603,640	24,817,662
Expenditures								
Instructional	9,284,719	-	-	-	-	91,198	9,375,917	8,654,735
Support	7,864,788	1,960,325	11,188,905	-	200	615,548	21,629,766	14,205,412
Community Service	15,044	-	-	-	-	1,147	16,191	16,159
Payment to Other Schools	1,890,002	-	-	-	-	-	1,890,002	1,830,377
On Behalf Payments	1,202,182	-	-	-	-	-	1,202,182	762,787
Debt Service								
Interest	-	-	-	-	697,653	-	697,653	516,912
Principal	-	-	-	-	1,175,000	-	1,175,000	3,115,000
Total Expenditures	20,256,734	1,960,325	11,188,905	-	1,872,853	707,894	35,986,710	29,101,382
Excess Revenues over Expenditures	2,584,182	420,850	(10,746,641)	122,200	399,868	(163,530)	(7,383,070)	(4,283,720)
Other Financing Sources (Uses) -								
Bond Proceeds	-	-	-	-	-	-	-	14,940,000
Sale or Compensation for Fixed Assets	193,583	-	-	-	-	-	193,583	-
Transfer to/(from)	112,067	-	-	287,801	(399,868)	-	-	-
Total Other Financing Sources (Uses)	305,650	-	-	287,801	(399,868)	-	193,583	14,940,000
Net Change in Fund Balances	2,889,832	420,850	(10,746,641)	410,002	-	(163,530)	(7,189,487)	10,656,280
Fund balance, beginning of year	9,261,648	716,540	14,940,806	1,946,284	-	756,095	27,621,374	16,965,091
Fund balance, end of year	\$ 12,151,480	1,137,390	4,194,165	2,356,286	-	592,566	20,431,887	27,621,371

Reconciliation to the Statement of Activities:

Net Change in Fund Balances - governmental activities \$ (7,383,070) (4,283,720)

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 Assets:
General Obligation Bonds 1,175,000 3,115,000

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 capitalized 1,304,299 6,693,162
Loss on disposition of assets (4,386)
Depreciation expense (803,674) (744,769)

Change in Net Assets of Governmental Activities (Statement B) **\$ (5,711,830) 4,779,673**

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2008

	Student Activity Funds	June 30, 2008	2007
<u>Assets</u>			
Cash	\$ 764,220	764,220	606,787
<u>Liabilities</u>			
Due to Student Activity Organizations	\$ 764,220	764,220	606,787

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

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1

Notes to Financial Statements June 30, 2008

Note 1: Summary of Significant Accounting Policies

Coal City Community Unit School District No. 1 (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 District prepares its basic financial statements in conformity with the modified cash basis of accounting.

In the current fiscal year, the District has implemented GASB Statement no. 34, *Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments* (GASB Statement No. 34), GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus* which provides additional guidance for the implementation of GASB Statement 34, and GASB Statement No. 38 *Certain Financial Statement Disclosures* which changes note disclosure requirements for governmental entities.

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, also the District is not included in any other governmental "reporting entity".

A. Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a statement of net assets 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 assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

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

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1

Notes to Financial Statements June 30, 2008

Note 1: Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation (Continued)

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 this more detailed level. The focus of governmental financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor 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, revenue, 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. 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.

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1

Notes to Financial Statements June 30, 2008

Note 1: Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

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 and the Operations and Maintenance 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. Tort Immunity and Special Education taxes 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. Three special revenue funds are considered to be a major fund. They are:

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 State aid.
2. Site & Construction Fund - The Site & Construction Fund is used to account for expenditures related to maintenance of District property. Main sources of revenue included bonds.
3. Working Cash Fund - The Working Cash Fund is used to account for the accumulation of property tax revenues for the purpose of making temporary interfund loans with all other funds or the District.

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. It is:

1. Bond and Interest - The Bond & 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 assets and changes in net assets. 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

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1

Notes to Financial Statements June 30, 2008

Note 1: Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

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 fund is an agency fund which reports resources that belong to the student bodies of the District.

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 assets, 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 assets, with three modifications: capital acquisitions are not reported as expenditures but rather capitalized and shown as assets on the statement of net assets, 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 assets rather than 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 trans are shown on the statement of assets, liabilities and fund balance arising from cash transactions. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e. revenues) and uses (i.e. expenditures). 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 governmental activities if 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. Budgetary Basis of Accounting

The District's budget for all governmental funds is prepared on the 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. The budget was passed on September 17, 2007 and was not amended.

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1

Notes to Financial Statements June 30, 2008

Note 1: Summary of Significant Accounting Policies (Continued)

D. Budgetary Basis of Accounting (Continued)

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 resolutions. 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 (in other ways) by the same procedures required of its original adoption.

E. Cash and 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".

During the fiscal year, investments were limited to certificates of deposit.

F. Capital Assets

All capital assets of the District are classified as general capital assets. These assets generally result from expenditures in the governmental funds. They are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of five hundred dollars. The District does not possess any infrastructure. 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 Financial Statements June 30, 2008

Note 1: Summary of Significant Accounting Policies (Continued)

F. Capital Assets (Continued)

All reported capital assets except land and construction in progress are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	30 years
Equipment	10 years
Cafeteria Equipment	10 years

G. Compensated Absences

Full time teacher certified employees received 2 personal days per year and are allowed to accrue 4 days of personal leave total. Full time teacher certified employees receive 12 days of sick leave (13 sick days if they have 100 accumulated sick days, 20 sick days if they have 175 accumulated sick days) each school year to a maximum of 410 days. Unused personal days may be added to accumulated sick days.

H. Accrued Liabilities and Long-term Obligations

The District prepares its government-wide financial statements on the modified cash basis. On the modified cash basis only long-term obligations are reported in the government-wide financial statements, payables and accrued liabilities are not reflected in the government-wide statements.

The District prepares its fund financial statements on the cash basis. On the cash basis, payables, accrued liabilities and long-term obligations are not reflected in the fund financial statements.

I. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt 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. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1

Notes to Financial Statements June 30, 2008

Note 1: Summary of Significant Accounting Policies (Continued)

J. Estimates

The preparation of financial statements in conformity with the 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.

Note 2: Deposits

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 limited by their 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.

Currently the District invests in certificates of deposit. These are reported on the financial statements as investments.

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 does not have a deposit policy for custodial credit risk. At June 30, 2008, the carrying amount of the District's deposits was \$21,302,093 and the bank balance was \$21,932,158. The deposits are categorized in accordance with risk factors created by governmental reporting standards.

	Carrying Amount	Bank Balance
Category # 1	\$ -	-
Category # 2	20,990,483	21,620,548
Category # 3	311,610	311,610
Total	<u>\$ 21,302,093</u>	<u>21,932,158</u>

Category #1 Uncollateralized:

Category #2 Collateralized with securities held by the pledging financial institution; or

Category #3 Collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name.

Note 3: Property Taxes

On the cash basis of accounting, property taxes are recognized as revenues when they are received. The levy, in the amount of \$18,375,529, increased by bond and interest levy to

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1

Notes to Financial Statements June 30, 2008

Note 3: Property Taxes (Continued)

\$20,588,511 was passed by the Board on December 17, 2007. 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.

Two specific levies that could result in restricted fund balances:

Tort Immunity. Revenue collected and the related expenditures paid of this restricted tax levy are accounted for in the Educational Fund. A total of \$264,994 was collected and \$210,489 was spent in the current fiscal year. Prior year restricted fund balance was \$642,714, and current year restricted fund balance is \$697,220; refer to the table below:

	<u>Educational Fund</u>
Tort Revenues:	
Tax Collections	\$ 234,376
Interest	<u>30,618</u>
Total Tort Revenues	264,994
Tort Expenditures:	
Professional Services	113,321
Maintenance and Service	69,902
Insurance	17,098
Miscellaneous	10,167
Salaries	<u>-</u>
Total Tort Expenditures	<u>210,488</u>
Receipts Over/(Under) Expenditures	54,506
Restricted at July 1, 2007	<u>642,714</u>
Restricted at June 30, 2008	<u><u>\$ 697,220</u></u>

Special Education. Revenue collected and the related expenditures paid of this restricted tax levy are accounted for in the Educational Fund. A total of \$257,802 was collected and all was spent, resulting in no restricted fund balance.

Note 4: 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, 2008:

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1

Notes to Financial Statements June 30, 2008

Note 4: Legal Debt Margin (Continued)

Assessed Valuation (2007)	<u>\$ 763,240,582</u>
Statutory debt limitation (13.8%)	<u>\$ 105,327,200</u>
Amount of debt applicable to debt limitation	<u>14,745,000</u>
Legal Debt Margin	<u>\$ 90,582,200</u>

Note 5: Capital Assets

	<u>July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2008</u>
Capital Assets, not being depreciated:				
Land	<u>\$ 5,646,420</u>	<u>-</u>	<u>180,269</u>	<u>5,466,151</u>
Total Capital Assets, not being depreciated	<u>5,646,420</u>	<u>-</u>	<u>180,269</u>	<u>5,466,151</u>
Capital Assets, being depreciated:				
Land Improvements	1,333,607	-	-	1,333,607
Building	21,751,473	1,135,946	-	22,887,419
Equipment	3,831,345	168,353	23,600	3,976,098
Cafeteria Equipment	569,240	-	-	569,240
Total Capital Assets, being depreciated	<u>27,485,665</u>	<u>1,304,299</u>	<u>23,600</u>	<u>28,766,364</u>
Less Accumulated Depreciation:				
Land Improvements	1,033,802	66,680	-	1,100,482
Building	9,386,997	613,101	-	10,000,098
Equipment	3,418,708	102,465	5,900	3,515,273
Cafeteria Equipment	408,814	21,428	-	430,242
Total Accumulated Depreciation	<u>14,248,321</u>	<u>803,674</u>	<u>5,900</u>	<u>15,046,095</u>
Total Capital Assets being depreciated, net	<u>13,237,344</u>	<u>500,625</u>	<u>17,700</u>	<u>13,720,269</u>
Governmental Activities Capital Assets, Net	<u>\$ 18,883,764</u>	<u>500,625</u>	<u>197,969</u>	<u>19,186,420</u>

Current year depreciation is allocated as follows:

Instructional Expenditures	\$ 61,479
Support Service Expenditures	<u>742,195</u>
Total Current Year Depreciation	<u>\$803,674</u>

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1

Notes to Financial Statements June 30, 2008

Note 6: Other Contract 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. At June 30, 2008, the total amount of unpaid teacher's contracts for services performed during the year ended June 30, 2008, amounted to \$817,132.

Note 7: Long-Term Obligations

The following is a summary of the District's general long-term obligations for the year ended June 30, 2008:

	Principal Outstanding 7/1/2007	Additions	Reductions	Principal Outstanding 6/30/2008	Amount Due in One Year
General Obligation Bonds:					
1998 5.60% - 4.50% \$8,950,000 School Building Bonds	\$ 980,000	-	750,000	230,000	230,000
2006 4.25% - 5.00% \$14,940,000 General Obligation Bonds	14,940,000	-	425,000	14,515,000	1,405,000
Total General Obligation Bonds	\$ 15,920,000	-	1,175,000	14,745,000	1,635,000

On September 1, 1998, the District issued \$8,950,000 in school building bonds for the purpose of making improvements to the District buildings. The bonds final maturity is February 1, 2009.

Fiscal Year Ending	Principal	Interest	Total
2009	\$ 230,000	10,466	240,466
Total	\$ 230,000	10,466	240,466

On July 1, 2006, the District issued \$14,940,000 in general obligation school bonds for the purpose of a new school building. The 2006 bonds final maturity is February 1, 2015.

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1

Notes to Financial Statements June 30, 2008

Note 7: Long-Term Obligations (Continued)

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 1,405,000	635,375	2,040,375
2010	1,800,000	575,662	2,375,662
2011	1,975,000	497,162	2,472,162
2012	2,170,000	411,475	2,581,475
2013	2,375,000	319,250	2,694,250
2014	2,590,000	218,312	2,808,312
2015	2,200,000	105,000	2,305,000
Totals	<u>\$14,515,000</u>	<u>2,762,236</u>	<u>17,277,236</u>

Note 8: Lease Commitments

A. Operating Leases

During the fiscal year, the District had two operating lease agreements. One for vocational educational training with a rate of \$2,425 annually and one for golf course rental for \$1,000 plus practice fees. Future minimum lease payments until expiration are as follows:

June 30, 2009	\$ 3,425
June 30, 2010	\$ 3,525

The District is also the lessor of an operating lease for 2 classrooms for 2 half days. The revenue from this lease is \$7,500 annually.

B. Capital Leases

During the fiscal year, the District had four capital lease agreements. They are as follows:

- Apple Financial Services - 26 Mac mini, monitors and 1 remote desktop with annual payments of \$10,675 ending during fiscal year 2009;
- PMA Leasing, Inc - 4 Bizhub 920 copy machines with monthly payments of \$2,197 ending during fiscal year 2012;
- Canon Financial Services, Inc - 2 copy machines with monthly payments of \$734 ending during fiscal year 2011; and
- HP Financial Services - computer equipment with annual payments of \$11,753 ending during fiscal year 2009.

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1

Notes to Financial Statements June 30, 2008

Note 8: Lease Commitments (Continued)

B. Capital Leases (Continued)

Future minimum lease payments until expiration are as follows:

June 30, 2009	\$60,130
June 30, 2010	37,802
June 30, 2011	35,177
June 30, 2012	<u>19,773</u>
Total	<u>\$152,882</u>

Note 9: Retirement Fund Commitments

A. Teachers Retirement System of the State of Illinois

The school District (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.

The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The State of Illinois maintains primary responsibility for the funding of the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the system's administration.

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate for the year ended June 30, 2008, was 9.4 percent of creditable earnings. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. The active member contribution rate was also 9.4 percent for the years ended June 30, 2007 and 2006.

The State of Illinois makes contributions directly to TRS on behalf of the District's TRS-covered employees.

On Behalf Contributions - The State of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2008, State of Illinois contributions were based on 13.11 percent of creditable earnings, not paid from federal funds, and the District recognized revenue and expenditures of \$1,129,792 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2007 and June 30, 2006, the State of Illinois contribution rates as percentages of creditable earnings were 9.78 percent (\$762,787) and 7.06 percent (\$512,573), respectively.

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1

Notes to Financial Statements June 30, 2008

Note 9: Retirement Fund Commitments (Continued)

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

The state contributions to TRS for the years ended June 30, 2008 were based on an actuarial formula. The state contributions for the years ended June 30, 2007 and June 30, 2006 were based on dollar amounts specified by the statute and were not actuarially determined. The District makes other types of employer contributions directly to TRS.

The District makes other types of employer contributions directly to TRS.

2.2 Formula Contributions - Employers contribute 0.58 percent of creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2008 were \$49,983. Contributions for the years ending June 30, 2007, and June 30, 2006, were \$45,237 and \$42,109, respectively.

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

For the year ended June 30, 2008, the employer pension contribution was 13.11 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2007 and 2006, the employer contribution was 9.78 and 7.06 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2008, salaries totaling \$213,676 were paid from federal and special trust funds that required employer contributions of \$28,013. For the years ended June 30, 2007 and June 30, 2006, required District contributions were \$19,859 and \$10,627, respectively.

Early Retirement Option (ERO) - The District is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member and under which ERO program the member retires.

Under Public Act 94-0004, a "Pipeline ERO" program is provided for members to retire under the same terms as the ERO program that expired June 30, 2005, provided they meet certain conditions and retire on or before July 1, 2007. If members do not meet these conditions, they can retire under the "Modified ERO" program which requires higher member and employer contributions to TRS. Also, under Modified ERO, Public Act 94-0004 eliminates the waiver of member and employer ERO contributions that had been in effect for members with 34 years of service (unless the member qualifies for the Pipeline ERO).

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1

Notes to Financial Statements June 30, 2008

Note 9: Retirement Fund Commitments (Continued)

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

Under the Pipeline ERO, the maximum employer contribution is 100 percent of the member's highest salary used in the final average salary calculation.

Under the Modified ERO, the maximum employer contribution is 117.5 percent. Both the 100 percent and 117.5 percent maximums apply when the member is age 55 at retirement.

For the year ended June 30, 2008, the District paid \$0 to TRS for sick leave days granted in the excess of the normal annual allotment. For the year ended June 30, 2007 and June 30, 2006, the District paid \$0 and \$0 in employer contributions granted for sick leave days, respectively.

Salary increases over 6 percent and excess sick leave - Public Act 94-0004 added two new employer contributions to TRS.

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

For the year ended June 30, 2008, the District paid \$0 to TRS for employer contributions due on salary increases in excess of 6 percent. For the year ended June 30, 2007 and June 30, 2006, the District paid \$0 and \$0 to TRS for employer contributions due on salary increases in excess of 6 percent, respectively.

- If an employer grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the employer makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary used to calculate final average salary, and the TRS total normal cost rate (17.62 percent of salary during the year ended June 30, 2008).

For the year ended June 30, 2008, the District paid \$0 to TRS for sick leave days granted in the excess of the normal annual allotment. For the year ended June 30, 2007 and June 30, 2006, the District paid \$0 and \$0 in employer contributions granted for sick leave days, respectively.

Further information - TRS financial information, an explanation of TRS benefits, and descriptions of member, employer and state funding requirements can be found in the

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1

Notes to Financial Statements June 30, 2008

Note 9: Retirement Fund Commitments (Continued)

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

TRS Comprehensive Annual Financial Report for the year ended June 30, 2007. The report for the year ended June 30, 2008, is expected to be available in late 2008.

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

B. THIS Fund Employer Contributions

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

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. The Illinois Department of Healthcare and Family Services (HFS) and the Illinois Department of Central Management Services (CMS) administer the plan with the cooperation of TRS. The director of HFS determines the rates and premiums for annuitants and dependent beneficiaries and establishes the cost-sharing parameters. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to the TRS who are not employees of the state make a contribution to THIS.

The percentage of employer required contributions in the future will be determined by the director of Healthcare and Family Services and will not exceed 105 percent of the percentage of salary actually required to be paid in the previous fiscal year.

On behalf contributions to THIS Fund - State of Illinois makes employer retiree health insurance contributions on behalf of the district. State contributions are intended to match contributions to THIS Fund from active members which were 0.84 percent of pay during the year ended June 30, 2008. State of Illinois contributions were \$72,389, and the district recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the years ended June 30, 2007 and 2006 were 0.80 percent of pay. State contributions on behalf of district employees were \$62,396 and \$58,082, respectively.

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1

Notes to Financial Statements June 30, 2008

Note 10: Retirement Fund Commitments (Continued)

B. THIS Fund Employer Contributions (Continued)

Employer contributions to THIS Fund - The employer also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.63 percent during the year ended June 30, 2008 and 0.60 percent during the years ended June 30, 2007 and 2006. For the year ended June 30, 2008, the district paid \$54,292 to the THIS Fund. For the years ended June 30, 2007 and June 30, 2006, the district paid \$46,797 and \$43,561 to the THIS Fund, respectively, which was 100 percent of the required contribution.

Further Information - The publicly available financial report of the THIS Fund may be obtained by writing to the Department of Healthcare and Family Services, 201 S. Grand Av., Springfield, IL 62763-3838.

C. Illinois Municipal Retirement Fund

The District's defined multiple-employer benefit pension plan, Illinois Municipal Retirement (IMRF), provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF acts as a common investment and administrative agent for local governments and school Districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly.

IMRF issues a financial report that includes financial statements and required supplementary information. That report may be obtained at www.imrf.org/pubs/pubs/homepage.htm or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oakbrook, Illinois 60523.

Employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The member rate is established by state statute. The District is required to contribute at an actuarially determined rate. The District rate for calendar year 2007 was 11.01 percent of payroll. The District contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on an open basis). The amortization period at December 31, 2007 was 25 years.

For December 31, 2007, the District's annual pension cost of \$159,396 was equal to the District's required and actual contributions. The required contribution was determined as part of December 31, 2005 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net administrative expenditures), (b) projected salary increases of 4.00% per year, attributable to inflations, (c) additional projected salary increases ranging from 0.4% to 10.0% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1

Notes to Financial Statements June 30, 2008

Note 9: Retirement Fund Commitments (Continued)

C. Illinois Municipal Retirement Fund (Continued)

determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor. The assumptions used for the 2007 actuarial valuation were based on the 2002 - 2004 experience study.

TREND INFORMATION

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/07	\$ 159,396	100%	\$ 0
12/31/06	156,647	100%	0
12/31/05	130,157	100%	0
12/31/04	124,776	100%	0
12/31/03	113,234	100%	0
12/31/02	116,910	100%	0
12/31/01	113,071	100%	0
12/31/00	106,842	100%	0
12/31/99	101,088	100%	0
12/31/98	111,936	100%	0

Note 10: Transfers

During the current fiscal year the District made the following transfers:

	Transfer In	Transfer Out
Major Governmental Funds:		
Educational Fund	\$ 112,066	-
Working Cash Fund	390,083	102,281
Bond & Interest Fund	-	399,868
Total Transfers	\$ 502,149	502,149

Permanent Transfers are as follows:

- Interest transfer from the Working Cash Fund to the Educational Fund in the amount of \$102,281; and
- Interest transfer from the Bond & Interest Fund to the Educational Fund in the amount of \$9,785.

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1

Notes to Financial Statements June 30, 2008

Note 10: Transfers (Continued)

Temporary Transfer is as follows:

- From the Bond & Interest Fund to the Working Cash fund for \$390,083 as a repayment of prior year transfer.

Note 11: Risk Management- Claims and Judgments

The District's risk management activities are recorded in the Education Fund. No liability has been recorded in the books for future expenses related to risk management; these expenses are reported as the expenditures 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.

Pending Litigation

The District is currently involved in pending litigation with relation to their tort levy. The cases are in regards to taxpayers seeking refunds due to the alleged unlawful use of funds from the District's tort levy for the fiscal years 2003 to 2005. The 2003 lawsuit was settled, the City winning its position. The outcome of the 2004 and 2005 litigations can not be determined at this time, but it is believed that the outcome will not have a material effect on the District's current financial condition.

Note 12: Contingencies

Grant Revenues: The School 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.

Note 13: Reserved Fund Balance

The General Fund has a reserved fund balance of \$1,362,244 of which \$1,011,025 is for the Educational Fund and \$351,219 is for the Operations and Maintenance Fund. In the Educational Fund, \$697,220 is reserved for tort related expenditures and \$313,805 is reserved for insurance related expenditures. In the Operations and Maintenance Fund, \$276,465 is reserved for facilities impact related expenditures and \$74,754 is reserved for school site donation related expenditures.

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1

Notes to Financial Statements June 30, 2008

Note 14: Intergovernmental Agreements

Grundy County Special Education Cooperative - The Grundy County Special Education Cooperative is a jointly governed organization that was formed for the purpose of providing special education for the handicapped 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 current fiscal year, the District paid \$1,449,548 to the Cooperative. Financial information can be obtained by writing, Grundy County Special Education Cooperative, 725 School Street, Morris, IL 60450.

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1
GENERAL FUND

Statement of Assets, Liabilities and Fund Balance Arising
from Cash Transactions
June 30, 2008

	Educational Fund	Operations & Maintenance Fund	Total
<u>Assets</u>			
Cash in bank	\$ 3,888,959	368,507	4,257,466
Investments	8,000,000	-	8,000,000
Total Assets	<u>\$ 11,888,959</u>	<u>368,507</u>	<u>12,257,466</u>
<u>Liabilities and Fund Balance</u>			
Liabilities			
Withholdings	126,182	(20,197)	105,985
Fund balance			
Reserved	1,011,025	351,219	1,362,244
Unreserved	10,751,751	37,485	10,789,236
Total Fund Balance	<u>11,762,776</u>	<u>388,704</u>	<u>12,151,480</u>
Total Liabilities and Fund Balance	<u>\$ 11,888,959</u>	<u>368,507</u>	<u>12,257,466</u>

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1
GENERAL FUND

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended June 30, 2008

			Total General Fund	
			Year Ended	
			June 30,	
	Educational	Operations &	2008	2007
	Fund	Maintenance		
	Fund	Fund		
Revenues				
Local Revenues	\$ 17,148,468	2,879,644	20,028,112	15,007,304
Flow Through Revenues	21,709	-	21,709	24,097
State Revenues	1,254,099	-	1,254,099	1,196,367
Federal Revenues	334,814	-	334,814	318,965
On Behalf Payments	1,202,182	-	1,202,182	762,787
Total Revenues	19,961,272	2,879,644	22,840,916	17,309,519
Expenditures				
Instruction	9,284,719	-	9,284,719	8,572,622
Support Services	4,165,316	3,699,472	7,864,788	10,999,356
Payments to Other Schools	1,753,674	136,327	1,890,002	1,830,377
Community Service	15,044	-	15,044	15,056
On Behalf Payments	1,202,182	-	1,202,182	762,787
Total Expenditures	16,420,934	3,835,800	20,256,734	22,180,198
Excess Revenues over Expenditures	3,540,338	(956,155)	2,584,182	(4,870,679)
Other Financing Sources (Uses) -				
Transfer from Bond & Interest	9,786	-	9,786	95,361
Transfer to Operations and Maintenance Fund	-	-	-	(4,500,000)
Transfer to Transportation Fund	-	-	-	(500,000)
Transfer from Working Cash Fund	102,281	-	102,281	121,172
Proceeds from Sale of Land	-	193,583	193,583	4,500,000
Total Other Financing Sources (Uses)	112,067	193,583	305,650	(283,467)
Net Change in Fund Balance	3,652,404	(762,572)	2,889,832	(5,154,146)
Fund Balance, Beginning of Year	8,110,372	1,151,276	9,261,648	14,415,794
Fund Balance, End of Year	\$ 11,762,776	388,704	12,151,480	9,261,648

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1
GENERAL FUND

Schedule A-3

Schedule of Revenues, Expenditures and Changes in Fund Balance
Year Ended June 30, 2008
(With Comparative Figures for 2007)

	Original and Final Appropriations	Year Ended June 30, 2008	2007
<u>Educational:</u>			
Revenues			
Local Sources:			
Property Taxes	\$ 13,965,419	13,656,993	6,795,756
Tort Immunity	-	234,376	1,728,411
Special Education Taxes	258,911	257,802	135,915
Replacement Taxes	1,500,000	1,651,728	1,494,968
Payments in Lieu of Taxes	-	-	1,200,000
Tuition	22,500	39,447	18,634
Interest on Investments	575,000	593,517	676,464
Food Service	564,090	588,089	572,659
Pupil Activities	69,600	60,652	66,001
Textbook Rentals/Resale	33,500	233	142,357
Donations	2,000	13,215	7,580
Local Fees	30,000	7,250	7,275
Sale of Equipment	-	-	220
Refund of Prior Year Expenditures	-	12,255	20,647
Other Local Revenues	-	32,912	29,994
Total Local Sources	<u>17,021,020</u>	<u>17,148,468</u>	<u>12,896,881</u>
Flow-Through Revenue			
Career Development	14,705	14,705	16,511
Medicaid Outreach	7,000	7,004	7,586
Total Flow-Through Revenue	<u>21,705</u>	<u>21,709</u>	<u>24,097</u>
State Programs:			
General State Aid	764,848	843,140	742,571
Drivers Education	24,000	25,955	21,800
Learning Improvement - Change Grants	4,000	-	-
Reading Improvement - Block Grant	53,250	53,250	52,193
Special Education - Personnel	25,000	13,037	30,642
Special Education - Orphan	5,000	-	-
State Free Lunch & Breakfast	3,700	2,980	3,863
Special Education - Extraordinary	105,000	193,759	128,140
Special Education - Summer School	500	498	618
Vocational Education - Formula	-	-	-
Safety & Ed Grant	61,670	69,500	73,480
Special Education - Private Facility Tuition	65,200	46,322	114,128
Truant Alternative/Optional Education	-	-	-
Technology - Closing the Gap	2,746	-	-

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1
GENERAL FUND

Schedule A-3
(Continued)

Schedule of Revenues, Expenditures and Changes in Fund Balance
Year Ended June 30, 2008
(With Comparative Figures for 2007)

	Original and Final Appropriations	Year Ended June 30, 2008	2007
<u>Educational (continued):</u>			
State Programs (continued)			
State Library Grant	\$ 1,400	1,554	1,505
Board Certification	-	4,104	3,000
Other State Sources	-	-	24,426
	<u>1,116,314</u>	<u>1,254,099</u>	<u>1,196,367</u>
Total State Programs			
Federal Programs:			
Title I - Low Income	116,986	154,320	135,590
Title II - Teacher Quality	46,982	48,293	44,928
National School Lunch Program	115,000	119,143	124,285
Special Milk Program	3,700	3,902	3,274
Food Commodities	-	-	260
Title IV - Safe and Drug Free Schools	5,419	5,177	5,133
Title V - Innovation & Flexibility	2,746	2,288	3,879
Federal Charter Schools	2,700	1,691	1,443
Special Education - IDEA	-	-	173
Federal Emergency Management Aid	-	-	-
Other Federal Resources	-	-	-
	<u>293,533</u>	<u>334,814</u>	<u>318,965</u>
Total Federal Programs			
On Behalf Payments	989,746	1,202,182	762,787
	<u>19,442,318</u>	<u>19,961,272</u>	<u>15,199,096</u>
Total Revenue			
Expenditures:			
Instructional:			
Regular Programs:			
Salaries	5,677,734	5,614,264	5,181,172
Benefits	1,509,969	1,466,078	1,342,888
Purchased Services	52,400	44,306	12,825
Teaching Supplies	360,296	323,188	279,242
Capital Outlay	56,700	48,418	64,526
Other Objects	150	50	1,233
	<u>7,657,249</u>	<u>7,496,304</u>	<u>6,881,886</u>
Total Regular Programs			

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1
GENERAL FUND

Schedule A-3
(Continued)

Schedule of Revenues, Expenditures and Changes in Fund Balance
Year Ended June 30, 2008
(With Comparative Figures for 2007)

	Original and Final Appropriations	Year Ended June 30, 2008	2007
<u>Educational (continued):</u>			
Special Education Programs:			
Salaries	\$ 139,162	147,588	126,260
Benefits	40,244	42,980	37,730
Supplies	13,260	8,122	3,649
Capital Outlay	3,000	-	-
Tuition	215,000	170,774	219,185
Total Special Education Programs	410,666	369,465	386,824
Remedial Programs:			
Salaries	269,700	267,729	236,893
Employee Benefits	72,630	94,096	90,111
Purchased Services	2,800	5,040	22,936
Supplies	700	22,763	-
Capital Outlay	-	10,490	-
Total Remedial	345,830	400,118	349,940
Vocational Programs:			
Salaries	209,813	204,741	164,341
Benefits	66,414	72,296	59,049
Purchased Services	28,000	21,223	2,626
Supplies	22,954	20,368	22,523
Capital Outlay	16,000	7,545	49,986
Total Vocational	343,181	326,173	298,525
Interscholastic Programs:			
Salaries	399,722	362,692	345,335
Benefits	86,733	90,585	79,633
Purchased Services	76,990	53,684	48,830
Supplies	56,975	43,822	51,023
Capital Outlay	21,550	19,454	12,290
Other	16,345	15,175	12,207
Total Interscholastic	658,315	585,412	549,318
Summer School Programs:			
Salaries	54,041	15,797	18,414
Benefits	9,950	2,207	2,101
Supplies	9,000	6,711	8,802
Capital Outlay	-	-	-
Total Summer School	72,991	24,715	29,317

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1
GENERAL FUND

Schedule A-3
(Continued)

Schedule of Revenues, Expenditures and Changes in Fund Balance
Year Ended June 30, 2008
(With Comparative Figures for 2007)

	Original and Final Appropriations	Year Ended June 30, 2008	2007
<u>Educational (continued):</u>			
Gifted Programs:			
Salaries	\$ 65,101	69,772	61,502
Benefits	13,375	10,034	13,183
Purchased Services	-	469	-
Supplies	2,248	2,257	2,127
Total Gifted	80,724	82,532	76,812
Total Instructional	9,568,956	9,284,719	8,572,622
Support:			
Attendance & Social Work Services			
Salaries	130,079	125,336	81,025
Benefits	27,498	32,179	20,413
Purchased Services	-	1,197	154
Supplies	3,725	1,995	891
Total Attendance & Social Work Services	161,302	160,707	102,483
Guidance Services			
Salaries	176,590	198,999	220,011
Benefits	65,195	53,115	68,934
Purchased Services	-	762	592
Supplies	1,000	1,209	1,760
Capital Outlay	900	1,575	952
Other	-	-	-
Total Guidance Services	243,685	255,660	292,249
Health Services:			
Salaries	95,591	95,803	90,516
Benefits	17,688	18,097	17,291
Purchased Services	650	370	813
Supplies	4,112	3,751	3,674
Capital Outlay	1,000	275	-
Total Health Services	119,041	118,296	112,294
Other Support Services - Pupils			
Salaries	80,000	-	-
Purchased Services	27,000	20,568	20,542
Supplies	6,175	6,003	4,776
Total Other Support Services - Pupils	113,175	26,571	25,318

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1
GENERAL FUND

Schedule A-3
(Continued)

Schedule of Revenues, Expenditures and Changes in Fund Balance
Year Ended June 30, 2008
(With Comparative Figures for 2007)

	Original and Final Appropriations	Year Ended June 30, 2008	2007
<u>Educational (continued):</u>			
Instruction Improvement:			
Salaries	\$ 142,300	129,112	115,214
Benefits	33,896	34,558	32,692
Purchased Services	156,700	112,829	113,838
Supplies	14,300	9,244	3,735
Capital Outlay	5,000	1,288	2,413
Other	500	494	274
	<u>352,696</u>	<u>287,525</u>	<u>268,166</u>
Total Instruction Improvement			
Educational Media/Tech Services:			
Salaries	221,633	219,085	182,010
Benefits	84,100	67,401	54,451
Purchased Services	63,000	67,612	48,234
Supplies	63,183	53,866	71,385
Capital Outlay	194,600	174,427	56,915
Other	-	-	-
	<u>626,516</u>	<u>582,392</u>	<u>412,995</u>
Total Educational Media Services			
Assessment & Testing:			
Purchased Services	27,700	19,872	23,696
Supplies	49,500	33,335	38,169
Capital Outlay	5,000	-	8,090
	<u>82,200</u>	<u>53,207</u>	<u>69,956</u>
Total Assessment & Testing			
Board of Education Services:			
Salaries	-	-	-
Benefits	34,444	4,707	4,488
Purchased Services	485,600	434,251	450,054
Supplies	14,000	6,348	10,277
Capital Outlay	10,000	5,575	-
Other Objects	12,500	13,724	17,565
	<u>556,544</u>	<u>464,605</u>	<u>482,384</u>
Total Board of Education Services			
Superintendent Services:			
Salaries	187,586	189,812	181,535
Employee Benefits	41,715	34,887	36,293
Purchased Services	4,000	1,881	2,385
Supplies	2,000	1,675	1,035
Capital Outlay	1,000	-	-
Other Objects	2,000	89	2,494
	<u>238,301</u>	<u>228,345</u>	<u>223,742</u>
Total Superintendent Services			

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1
GENERAL FUND

Schedule A-3
(Continued)

Schedule of Revenues, Expenditures and Changes in Fund Balance
Year Ended June 30, 2008
(With Comparative Figures for 2007)

	Original and Final Appropriations	Year Ended June 30, 2008	2007
<u>Educational (continued):</u>			
Principal Services:			
Salaries	\$ 698,762	733,611	547,741
Employee Benefits	252,288	223,682	161,729
Purchased Services	27,650	19,714	21,714
Supplies	30,300	21,666	7,580
Capital Outlay	11,000	633	9,934
Other Objects	2,050	1,674	1,217
Total Principal Services	1,022,050	1,000,981	749,915
Other Support Services - School Admin			
Salaries	-	1,825	25,199
Employee Benefits	5,500	5,012	7,621
Purchase Services	-	4,800	-
Total Other Support Services - School Admin	5,500	11,636	32,820
Direction of Business Support Services			
Salaries	58,000	58,000	60,750
Benefits	11,850	16,880	19,128
Purchased Services	1,000	587	898
Supplies	1,000	258	1,004
Capital Outlay	2,500	1,636	936
Other Objects	1,000	285	375
Total Direciton of Business Support Services	75,350	77,646	83,091
Fiscal Services:			
Bookkeeper Salaries	92,665	89,160	105,587
Benefits	7,065	7,476	7,740
Purchased Services	19,000	10,056	4,723
Supplies	20,000	16,096	6,378
Capital Outlay	7,500	8,689	1,983
Other Objects	2,500	3,591	812
Total Fiscal Services	148,730	135,067	127,223
Operation & Maintenance of Plant Services			
Salaries	-	-	112,158
Purchased Services	111,500	54,785	41,519
Supplies	10,500	5,108	5,229
Capital Outlay	10,000	-	-
Other Objects	1,000	1,185	-
Total Operation & Maintenance of Plant Services	133,000	61,078	158,906

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1
GENERAL FUND

Schedule A-3
(Continued)

Schedule of Revenues, Expenditures and Changes in Fund Balance
Year Ended June 30, 2008
(With Comparative Figures for 2007)

	Original and Final Appropriations	Year Ended June 30, 2008	2007
<u>Educational (continued):</u>			
Food Services:			
Salaries	\$ 240,795	243,010	253,940
Benefits	75,930	54,104	70,823
Purchased Services	19,900	10,770	16,934
Supplies	304,500	329,172	305,592
Capital Outlay	12,200	5,558	65,674
Other	8,900	10,697	7,979
	<u>662,225</u>	<u>653,312</u>	<u>720,942</u>
Total Food Services			
Internal Services	41,000	43,464	40,516
Capital Outlay			
	<u>41,000</u>	<u>43,464</u>	<u>40,516</u>
Total Internal Services			
Information Services	4,000	4,825	5,027
Purchased Services			
	<u>4,000</u>	<u>4,825</u>	<u>5,027</u>
Total Information Services			
	<u>4,585,315</u>	<u>4,165,316</u>	<u>3,908,028</u>
Total Support			
Community Services	15,000	15,000	15,000
Salaries	-	-	-
Benefits	-	-	-
Purchased Services	500	44	56
Supplies			
	<u>15,500</u>	<u>15,044</u>	<u>15,056</u>
Total Community Services			
Payments to Other Schools	35,000	19,154	19,153
Assessment	1,981,000	1,734,521	1,682,373
Tuition			
	<u>2,016,000</u>	<u>1,753,674</u>	<u>1,701,526</u>
Total Payments to Other Schools			
On Behalf Payments	989,746	1,202,182	762,787
	<u>17,175,517</u>	<u>16,420,934</u>	<u>14,960,019</u>
Total Expenditures			
	<u>2,266,801</u>	<u>3,540,338</u>	<u>239,077</u>
Excess of Revenues over Expenditures			

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1
GENERAL FUND

Schedule A-3
(Continued)

Schedule of Revenues, Expenditures and Changes in Fund Balance
Year Ended June 30, 2008
(With Comparative Figures for 2007)

	Original and Final Appropriations	Year Ended June 30, 2008	2007
<u>Educational (continued):</u>			
Other Financing Sources (Uses):			
Transfer from Bond & Interest	-	9,786	95,361
Transfer to Operations and Maintenance Fund	-	-	(4,500,000)
Transfer to Transportation Fund	-	-	(500,000)
Transfer from Working Cash	90,000	102,281	121,173
Total Other Financing Sources (Uses)	90,000	112,067	(4,783,466)
Net Change in Fund Balance	<u>\$ 2,356,801</u>	3,652,404	(4,544,389)
Fund Balance, Beginning of Year		8,110,372	12,654,761
Fund Balance, End of Year		<u>11,762,776</u>	<u>8,110,372</u>

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1
GENERAL FUND

Schedule A-3
(Continued)

Schedule of Revenues, Expenditures and Changes in Fund Balance
Year Ended June 30, 2008
(With Comparative Figures for 2007)

	Original and Final Appropriations	Year Ended June 30, 2008	2007
<u>Operations & Maintenance:</u>			
Revenues			
Local Sources:			
Property Taxes	\$ 2,746,029	2,731,636	1,698,919
Personal Property Replacement Taxes	250,000	-	-
Rental income	7,000	7,168	16,310
Interest Income	64,000	61,375	111,841
Site Donations	-	62,044	72,003
Facilities Fee	-	11,780	176,777
Other Revenues	-	5,642	34,574
	<u>3,067,029</u>	<u>2,879,644</u>	<u>2,110,423</u>
Total Revenues			
Expenditures			
Other Support Services - Pupil	500	655	445
Purchased Services			
Facilities Acquisition & Construction Services	210,000	248,341	156,937
Purchased Services	-	159,140	4,999,145
Capital Outlay			
Operation/Maintenance of Plant	886,469	856,540	702,425
Salaries	180,160	170,851	163,268
Employee Benefits	274,700	231,244	190,274
Purchased Services	805,200	803,740	737,244
Supplies	1,640,800	1,228,831	141,515
Custodial Equipment	50,000	130	75
Other			
Payment to Other Governments	140,000	136,327	128,851
Vocational Education Programs			
	<u>4,187,829</u>	<u>3,835,800</u>	<u>7,220,179</u>
Total Expenditures			
	<u>(1,120,800)</u>	<u>(956,155)</u>	<u>(5,109,756)</u>
Excess of Revenues over Expenditures			
Other Financing Sources (Uses):			
Transfer from Educational Fund	-	-	4,500,000
Sale or Compensation for Fixed Assets	-	193,583	-
	-	193,583	4,500,000
Total Other Financing Sources (Uses)			
	<u>\$ (1,120,800)</u>	<u>(762,572)</u>	<u>(609,756)</u>
Net Change in Fund Balance			
		<u>1,151,276</u>	<u>1,761,032</u>
Fund Balance, Beginning of Year			
		<u>388,704</u>	<u>1,151,276</u>
Fund Balance, End of Year			

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1
TRANSPORTATION FUND

Statement of Assets, Liabilities and Fund Balance Arising
from Cash Transactions
June 30, 2008

	<u>Assets</u>	
Cash in bank		\$ 637,390
Investments		500,000
		<u>\$ 1,137,390</u>
Total Assets		
	<u>Fund Balance</u>	
Fund balance		<u>\$ 1,137,390</u>

Schedule B-2

Schedule of Revenues, Expenditures and Changes in Fund Balance
Year Ended June 30, 2008
(With Comparative Figures for 2007)

	Original and Final Appropriations	Year Ended June 30, 2008	2007
Revenues			
Property Taxes	\$ 1,412,243	1,404,817	679,576
Fees from other Districts	3,500	62,826	56,714
Interest on Investments	5,000	53,716	14,374
Other revenue	-	-	2
Regular Transportation Aid	270,000	386,023	535,563
Special Education Aid	776,771	473,794	857,943
Total Revenues	<u>2,467,514</u>	<u>2,381,175</u>	<u>2,144,173</u>
Expenditures			
Transportation Salaries	13,000	2,500	2,250
Employee Benefits	955	798	954
Purchased Services	2,359,680	1,954,871	1,665,852
Supplies	11,000	2,157	6,554
Capital Outlay	20,000	-	9,054
Other Objects	200,000	-	-
Total Expenditures	<u>2,604,635</u>	<u>1,960,325</u>	<u>1,684,664</u>
Excess of Revenues over Expenditures	<u>(137,121)</u>	<u>420,850</u>	<u>459,508</u>
Other Financing Sources (Uses):			
Transfer from Educational Fund	-	-	500,000
Net Change in Fund Balance	<u>\$ (137,121)</u>	420,850	959,508
Fund Balance, Beginning of Year		716,540	(242,968)
Fund Balance, End of Year		<u>1,137,390</u>	<u>716,540</u>

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

Statement of Assets, Liabilities and Fund Balance Arising
from Cash Transactions
June 30, 2008

Assets

Cash in bank	\$ 2,194,165
Investments	<u>2,000,000</u>
Total Assets	<u>\$ 4,194,165</u>

Fund Balance

Fund balance	<u>\$ 4,194,165</u>
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Schedule B-4

Schedule of Revenues, Expenditures and Changes in Fund Balance
Year Ended June 30, 2008
(With Comparative Figures for 2007)

	Original and Final Appropriations	Year Ended June 30, 2008	2007
Revenues			
Premium on Bonds	\$ -	-	262,508
Interest on Bonds Sold	-	-	54,453
Interest on Investments	200,000	442,264	684,623
Total Revenue	200,000	442,264	1,001,584
Expenditures			
Support Services	14,459,743	11,188,905	999,343
Total Expenditures	14,459,743	11,188,905	999,343
Excess of Revenues over Expenditures	(14,259,743)	(10,746,641)	2,241
Other Financing Sources (Uses) - Bond Proceeds	-	-	14,940,000
Total Other Financing Sources (Uses)	-	-	14,940,000
Net Change in Fund Balance	<u>\$ (14,259,743)</u>	(10,746,641)	14,942,241
Fund balance, Beginning of Year		14,940,806	(1,435)
Fund balance, End of Year		<u>4,194,165</u>	<u>14,940,806</u>

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1
WORKING CASH FUND

Statement of Assets, Liabilities and Fund Balance Arising
from Cash Transactions
June 30, 2008

Assets

Cash	\$ 1,156,286
Investments	<u>1,200,000</u>
Total Assets	<u>\$ 2,356,286</u>

Fund Balance

Fund balance	<u>\$ 2,356,286</u>
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Schedule B-6

Schedule of Revenues, Expenditures and Changes in Fund Balance
Year Ended June 30, 2008
(With Comparative Figures for 2007)

	Original and Final Appropriations	Year Ended June 30, 2008	2007
Revenues			
Property Taxes	\$ 19,615	19,897	169,885
Interest on Investments	<u>90,000</u>	<u>102,303</u>	<u>121,173</u>
Total Revenue	109,615	122,200	291,058
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues over Expenditures	109,615	122,200	291,058
Other Financing Sources (Uses) -			
Transfer in	-	390,083	(390,083)
Transfer out	<u>(90,000)</u>	<u>(102,281)</u>	<u>(121,173)</u>
Total Other Financing Sources (Uses)	(90,000)	287,801	(511,255)
Net Change in Fund Balance	<u>\$ 19,615</u>	410,002	(220,198)
Fund balance, Beginning of Year		<u>1,946,284</u>	<u>2,166,482</u>
Fund balance, End of Year		<u>2,356,286</u>	<u>1,946,284</u>

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

Statement of Assets, Liabilities and Fund Balance Arising
from Cash Transactions
June 30, 2008

<u>Assets</u>	
Cash in bank	\$ <u>-</u>
<u>Fund Balance</u>	
Fund balance	\$ <u>-</u>

Schedule of Revenues, Expenditures and Changes in Fund Balance
Year Ended June 30, 2008
(With Comparative Figures for 2007)

	Original and Final <u>Appropriations</u>	Year Ended June 30, <u>2008</u>	2007
Revenues			
Property Taxes	\$ 2,253,825	2,242,015	3,191,511
Interest Income	30,000	30,706	95,361
Total Revenues	<u>2,283,825</u>	<u>2,272,721</u>	<u>3,286,872</u>
Expenditures			
Interest on Bonds	697,654	697,653	516,912
Miscellaneous	3,000	200	530
Bonds Retired	1,175,000	1,175,000	3,115,000
Total Expenditures	<u>1,875,654</u>	<u>1,872,853</u>	<u>3,632,442</u>
Excess of Revenues over Expenditures	<u>\$ 408,171</u>	399,868	(345,570)
Other Financing Sources (Uses):			
Transfer out		(399,868)	(95,361)
Transfer in		-	390,083
Total Other Financing Sources (Uses)		(399,868)	294,722
Net Change in Fund Balance		-	(50,848)
Fund Balance, Beginning of Year		-	50,848
Fund Balance, End of Year		<u>-</u>	<u>-</u>

Schedule C-1

Assets

Fund Balances

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

Schedule C-2

Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Year Ended June 30, 2008

	Life Safety Fund	Social Security and IMRF Fund	Rent Fund	Total Nonmajor Governmental Funds	
				Year Ended June 30,	
				2008	2007
Revenues:					
Local Sources:					
Property Taxes	\$ 19,897	441,501	19,897	481,295	711,149
Replacement Tax	-	29,979	-	29,979	30,690
Interest on Investments	12,384	18,693	2,013	33,090	42,619
Total Revenues	32,281	490,173	21,909	544,364	784,458
Expenditures:					
Instructional	-	91,198	-	91,198	82,112
Support	306,688	308,860	-	615,548	521,519
Community Services	-	1,147	-	1,147	1,103
Total Expenditures	306,688	401,205	-	707,894	604,734
Excess of Revenues over Expenditures	(274,407)	88,968	21,909	(163,530)	179,724
Fund Balance, Beginning of Year	493,327	231,384	31,384	756,095	576,371
Fund Balance, End of Year	\$ 218,920	320,352	53,294	592,566	756,095

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

Statement of Assets, Liabilities and Fund Balance Arising
from Cash Transactions
June 30, 2008

<u>Assets</u>	
Cash in bank	\$ 218,920
Investments	-
Total Assets	<u>\$ 218,920</u>
<u>Fund Balance</u>	
Fund balance	<u>\$ 218,920</u>

Schedule of Revenues, Expenditures and Changes in Fund Balance
Year Ended June 30, 2008
(With Comparative Figures for 2007)

	Original and Final Appropriations	Year Ended June 30, 2008	2007
Revenues			
Property Taxes	\$ 19,615	19,897	169,885
Interest Income	10,000	12,384	24,888
Total Revenue	<u>29,615</u>	<u>32,281</u>	<u>194,773</u>
Expenditures			
Purchased Services	-	14,135	1,080
Capital Outlay	335,000	292,554	56,604
Total Expenditures	<u>335,000</u>	<u>306,688</u>	<u>57,684</u>
Excess of Revenues over Expenditures	<u>\$ (305,385)</u>	(274,407)	137,089
Fund Balance, Beginning of Year		<u>493,327</u>	<u>356,239</u>
Fund Balance, End of Year		<u>218,920</u>	<u>493,327</u>

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

Statement of Assets, Liabilities and Fund Balance Arising
from Cash Transactions
June 30, 2008

Assets

Cash in bank	\$ 140,352
Investments	180,000
Total assets	\$ 320,352

Fund Balance

Fund balance	\$ 320,352

Schedule C-6

Schedule of Revenues, Expenditures and Changes in Fund Balance
Year Ended June 30, 2008
(With Comparative Figures for 2007)

	Original and Final Appropriations	Year Ended June 30, 2008	2007
Revenues			
Property Taxes - IMRF	\$ 172,607	172,004	141,349
Property Taxes - FICA	270,680	269,497	230,031
Replacement Taxes	26,000	29,979	30,690
Interest Income	6,000	18,693	16,238
Total Revenue	475,287	490,173	418,307
Expenditures			
Instructional	89,431	91,198	82,122
Supporting Services	304,422	308,860	282,702
Community Services	11,300	1,147	1,103
Total Expenditures	405,153	401,205	365,927
Excess of Revenues over Expenditures	\$ 70,134	88,968	52,381
Fund Balance, Beginning of Year		231,384	179,003
Fund Balance, End of Year		320,352	231,384

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1
RENT FUND

Statement of Assets, Liabilities and Fund Balance Arising
from Cash Transactions
June 30, 2008

Assets

Cash in bank	\$ 53,294
Investments	-
Total Assets	<u>\$ 53,294</u>

Fund Balance

Fund balance	<u>\$ 53,294</u>
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Schedule C-8

Schedule of Revenues, Expenditures and Changes in Fund Balance
Year Ended June 30, 2008
(With Comparative Figures for 2007)

	Original and Final Appropriations	Year Ended June 30, 2008	2007
Revenues			
Property taxes	\$ 19,615	19,897	169,885
Interest income	2,000	2,013	1,493
Total Revenue	<u>21,615</u>	<u>21,909</u>	<u>171,378</u>
Expenditures			
Purchased Services	-	-	181,122
Total Expenditures	<u>-</u>	<u>-</u>	<u>181,122</u>
Excess of Revenues over Expenditures	<u>\$ 21,615</u>	21,909	(9,744)
Fund Balance, Beginning of Year		<u>31,384</u>	41,129
Fund Balance, End of Year		<u>53,294</u>	<u>31,384</u>

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1
TRUST AND AGENCY FUND

Statement of Revenues and Expenditures
Year Ended June 30, 2008

	<u>June 30, 2007</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>June 30, 2008</u>
Student Activity Funds:				
High School Activity Funds:				
All School Play Fund	\$ 1,266	2,715	1,292	2,689
Alumni	643	-	-	643
Art Club	247	-	-	247
Athletics	1,274	51,652	48,506	4,420
Baseball	2,436	5,875	6,317	1,994
Band	-	12,059	11,267	792
Boys Basketball	1,891	2,357	3,507	741
CCTV	78	-	26	52
Cheerleading	894	9,252	7,369	2,777
Class of 2005	150	-	-	150
Class of 2006	2,069	-	-	2,069
Class of 2007	5,825	-	3,000	2,825
Class of 2008	7,960	208	5,173	2,995
Class of 2009	2,677	43,044	42,725	2,996
Class of 2010	1,687	412	-	2,099
Class of 2011	-	1,054	548	506
Coaler Creation	1,653	3,980	3,543	2,090
Drama Club	3,101	-	-	3,101
FCCLA	617	1,098	409	1,306
Football	1,381	5,312	4,917	1,776
Freeman Trotter Scholarship	250	250	250	250
General Activity	18,567	7,679	14,210	12,036
Girl's Basketball	692	3,939	4,371	260
Girl's Tennis	2,445	920	925	2,440
Girl's Soccer	799	1,265	901	1,163
Golf	-	2,571	1,317	1,254
Library	101	1,246	1,034	313
Link Leaders	28	324	-	352
N.O.W. Interest	1,694	-	1,694	-
National Honor Society	348	285	455	178
Peer Helpers	516	-	196	320
Pepsi	(93)	5,385	2,957	2,335
Poms	435	2,154	2,452	137
Presidents Council	282	-	-	282
SADD	699	350	20	1,029
Science Club	231	16	25	221
Show Choir	5,788	11,729	15,310	2,207
Soccer	379	615	223	771
Softball	(1,077)	5,139	3,657	405
Speech	943	2,026	2,136	833
Student Council	8,190	6,141	3,855	10,476
Teachers Petty Cash	740	402	76	1,066
Tennis	1,256	1,860	2,600	516
Track	-	1,150	949	201
Varsity Club	793	1,414	1,301	906

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1
TRUST AND AGENCY FUND

Statement of Revenues and Expenditures
Year Ended June 30, 2008

	<u>June 30, 2007</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>June 30, 2008</u>
Student Activity Funds:				
High School Activity Funds: (continued)				
Volleyball Club	2,954	1,753	3,495	1,212
Wrestling	(885)	3,812	2,023	904
Yearbook	31,170	36,351	33,967	33,554
Total High School Activity Funds	113,094	237,794	238,999	111,889
Intermediate School Activity Funds:				
Art Fund	969	-	550	419
General Activity	235	4,862	4,537	559
Library Fund	1,391	5,754	5,431	1,714
Pepsi-Flower Fund	30	2,525	2,143	412
School Store Fund	2,891	3,052	3,398	2,545
Student Council	27	1,499	1,170	356
Yearbook	2,864	5,039	4,583	3,320
Total Intermediate School Activity Funds	8,407	22,731	21,812	9,325
Middle School Activity Funds:				
6th Grade Student Fund	171	526	-	697
8th Grade Dance	227	3,694	3,707	214
Art Club	1,038	-	-	1,038
Athletics	1,976	14,005	13,173	2,808
Band	1,325	3,689	3,687	1,327
Gardent Club	1,303	709	1,602	410
General Activity	3,324	12,805	13,782	2,347
Library	95	5,433	5,224	304
Math Team	8	100	105	3
MS Girls Softball	547	1,366	1,530	383
MS Showchoir Chorus	-	-	-	-
Operation Snowflake	-	-	-	-
Pepsi Fund	1,065	1,891	2,458	498
Picture & Yearbook	2,395	7,783	6,699	3,479
Presidents Council	-	-	-	-
School Enrichment	1,224	-	974	250
Showchoir	-	2,630	2,601	29
Speech	573	263	339	497
Student Council	2,697	4,138	4,780	2,055
Student Enrichment	3,570	3,185	3,116	3,639
Wrestling	-	1,012	917	95
Total Middle School Activity Funds	21,538	63,229	64,694	20,073

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1
TRUST AND AGENCY FUND

Statement of Revenues and Expenditures
Year Ended June 30, 2008

	<u>June 30, 2007</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>June 30, 2008</u>
Student Activity Funds:				
Elementary School Activity Funds:				
Flower Fund	(16)	16	-	-
General Activity	5,670	14,926	16,699	3,897
Library Fund	724	17,572	16,604	1,692
Music Program	454	-	-	454
Pepsi-Cola Fund	730	2,569	2,549	750
Yearbook & Picture Fund	43	10,477	8,885	1,635
Total Elementary School Activity Funds	<u>7,605</u>	<u>45,560</u>	<u>44,737</u>	<u>8,428</u>
Total Student Activity Funds	<u>150,644</u>	<u>369,314</u>	<u>370,243</u>	<u>149,715</u>
Booster Clubs:				
High School Athletic Booster	4,329	84,972	67,401	21,900
2008 Prom Fest	56	25,024	19,828	5,252
Parent Student Organization	4,987	59,363	62,401	1,949
Total Booster Clubs	<u>9,372</u>	<u>169,359</u>	<u>149,630</u>	<u>29,101</u>
Memorial Activity Funds:				
High School Memorial	3,038	279	-	3,317
Kaplan Scholarship Fund	409,234	-	1,743	407,491
Freeman Trotter Scholarship Fund	3,749	150	250	3,649
Rashke Memorial	11,825	-	215	11,610
Anderson Memorial Fund	162,545	-	3,208	159,337
Total Memorial Activity Funds	<u>590,391</u>	<u>429</u>	<u>5,416</u>	<u>585,404</u>
Total Activity Accounts	<u>\$ 750,407</u>	<u>539,102</u>	<u>525,289</u>	<u>764,220</u>

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1

Schedule of Funding Progress
Illinois Municipal Retirement

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability Entry Age (a)	Unfunded AAL (UAAL) (b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2007	1,699,788	2,856,756	1,156,968	59.50%	1,447,743	79.92%
12/31/2006	2,299,629	3,178,073	878,444	72.36%	1,429,265	61.46%
12/31/2005	2,205,231	2,786,652	581,421	79.14%	1,314,715	44.22%
12/31/2004	2,457,728	2,978,980	521,252	82.50%	1,353,320	38.52%
12/31/2003	2,427,415	2,704,434	277,019	89.76%	1,233,490	22.46%
12/31/2002	2,400,633	2,536,457	135,824	94.65%	1,222,906	11.11%
12/31/2001	2,243,009	2,374,577	131,568	94.46%	1,134,117	11.60%
12/31/2000	1,889,488	2,078,866	189,378	90.89%	982,903	19.27%
12/31/1999	1,516,340	1,808,568	292,228	83.84%	889,080	32.87%
12/31/1998	1,129,869	1,608,337	478,468	70.25%	875,180	54.67%

On a market value basis, actuarial value of assets as of December 31, 2007 is \$1,963,745. On a market value basis, the funded ratio would be 68.74%

***Digest of Changes**

The actuarial assumptions used to determine the actuarial accrued liability for 2007 are based on the 2002-2004 Experience Study.

The principal changes were:

- The 1994 Group Annuity Mortality implemented.
- For Regular members, fewer normal and more early retirements are expected to occur.

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1

Schedule 1

Assessed Valuations, Tax Rates, Tax Extensions
and Tax Collections

	2004	2005	2006	2007
Assessed Valuations	329,139,151	346,100,484	783,835,909	763,240,582
Tax Rates:				
Educational	2.0000	2.0000	1.7517	1.7402
Building	0.5000	0.5000	0.3504	0.3670
Bond & Interest	0.8113	0.9393	0.2876	0.2989
Transportation	0.2000	0.2000	0.1802	0.1706
IMRF	0.0437	0.0416	0.0221	0.0221
Working Cash	0.0500	0.0500	0.0026	0.0012
Tort Immunity	0.5349	0.5087	0.0301	0.0302
Special Education	0.0400	0.0400	0.0331	0.0301
Social Security	0.0671	0.0677	0.0346	0.0347
Lease PBC	0.0500	0.0500	0.0026	-
Fire Prevention/Safety	0.0500	0.0500	0.0026	0.0026
Totals	4.3470	4.4473	2.6976	2.6976
Tax Extensions:				
Educational	6,582,799	6,922,026	13,730,469	13,281,929
Building	1,645,695	1,730,502	2,746,561	2,801,093
Bond & Interest	2,670,306	3,250,921	2,254,311	2,281,326
Transportation	658,277	692,201	1,412,472	1,302,088
IMRF	143,834	143,978	173,227	168,676
Working Cash	164,569	173,050	20,380	9,158
Tort Immunity	1,760,565	1,760,613	235,934	230,499
Special Education	131,655	138,440	259,449	229,735
Social Security	220,852	234,309	271,206	264,844
Lease PBC	164,569	173,050	20,380	-
Fire Prevention/Safety	164,569	173,050	20,380	19,844
Totals	14,307,690	15,392,140	21,144,769	20,589,196
Tax Collections	14,290,478	15,111,118	21,028,831	-

COAL CITY COMMUNITY UNIT SCHOOL DISTRICT NO. 1

Legal Debt Margin
June 30, 2008

Assessed Valuation - 2007 Tax Year		<u>\$ 763,240,582</u>
Statutory Debt Limitation (13.8% of Assessed Valuation)		\$ 105,327,200
Less Applicable Debt:		
School Building Bonds, Series 1998	230,000	
General Obligation Bonds, Series 2006	<u>14,515,000</u>	<u>14,745,000</u>
Legal Debt Margin		<u>\$ 90,582,200</u>

ECHOLS, MACK & ASSOCIATES, P.C.

Certified Public Accountants

CARRIE E. ECHOLS, CPA

TAWNYA R. MACK, CPA

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 the financial statements of Coal City Community Unit School District No. 1 as of and for the year ended June 30, 2008, and have issued our report thereon dated September 9, 2008. 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Coal City Community Unit School District No. 1's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Coal City Community Unit School District No. 1's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Coal City Community Unit School District No. 1's internal control over financial reporting.

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. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be presented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Coal City Community Unit School District No. 1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Coal City Community Unit School District No. 1, Illinois in a separate letter dated September 9, 2008.

This report is intended solely for the information and use of management, the School Board, and others within the entity and is not intended to be and should not be used by anyone other than these specified parties.

Echols, Mack & Associates, P.C.

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

Morris, Illinois
September 9, 2008