

VILLAGE OF CARBON CLIFF, ILLINOIS

***FINANCIAL STATEMENTS
and
INDEPENDENT AUDITORS' REPORT***

December 31, 2007

VILLAGE OF CARBON CLIFF, ILLINOIS
December 31, 2007

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December 31, 2007

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INDEPENDENT AUDITORS' REPORT

To the President and Board of Trustees
Village of Carbon Cliff, Illinois
Carbon Cliff, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Carbon Cliff, Illinois, as of and for the year ended December 31, 2007, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. 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 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 opinion.

As described in Note 1, the Village of Carbon Cliff, Illinois prepares its financial statements on a modified cash basis, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

The management's discussion and analysis which is required by U.S. generally accepted accounting principles has not been presented as part of this report.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position - modified cash basis of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Carbon Cliff, Illinois, as of December 31, 2007, and the respective changes in financial position - modified cash basis thereof for the year then ended in conformity with the basis of accounting described in Note 1.

The budgetary comparison and other required supplementary information on pages 28 through 34, are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Village of Carbon Cliff, Illinois' basic financial statements. The combining and individual nonmajor fund financial statements and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor 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.

Moline, Illinois
August xx, 2008

BASIC FINANCIAL STATEMENTS

VILLAGE OF CARBON CLIFF, ILLINOIS
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
December 31, 2007

	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash	\$ 436,005	\$ 93,725	\$ 529,730
Investments	2,235,886	7,451	2,243,337
Capital assets, net of accumulated depreciation:			
Land	84,000	- - -	84,000
Buildings and systems	28,557	1,501,663	1,530,220
Equipment and vehicles	162,415	29,149	191,564
Improvements other than buildings	800	- - -	800
Infrastructure	<u>33,736</u>	<u>- - -</u>	<u>33,736</u>
Total assets	<u>\$ 2,981,399</u>	<u>\$ 1,631,988</u>	<u>\$ 4,613,387</u>
<u>LIABILITIES</u>			
Payroll withholding	<u>\$ 5,426</u>	<u>\$ - - -</u>	<u>\$ 5,426</u>
Total liabilities	<u>\$ 5,426</u>	<u>\$ - - -</u>	<u>\$ 5,426</u>
<u>NET ASSETS</u>			
Invested in capital assets	\$ 309,508	\$ 1,530,812	\$ 1,840,320
Restricted for:			
Debt Service	- - -	25,782	25,782
Maintenance of roadways	251,423	- - -	251,423
Unrestricted	<u>2,415,042</u>	<u>75,394</u>	<u>2,490,436</u>
Total net assets	<u>\$ 2,975,973</u>	<u>\$ 1,631,988</u>	<u>\$ 4,607,961</u>

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

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VILLAGE OF CARBON CLIFF, ILLINOIS
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
For the Year Ended December 31, 2007

	<u>Expenses</u>	<u>Program Charges for Services</u>
FUNCTIONS/PROGRAMS		
Primary Government:		
Governmental activities:		
General government	\$ 245,736	\$ 26,164
Public safety	208,172	4,131
Public works	80,768	- - -
Recreation and culture	30,668	- - -
Economic development	<u>698,365</u>	<u>- - -</u>
Total governmental activities	<u>\$ 1,263,709</u>	<u>\$ 30,295</u>
Business-type activities:		
Water	\$ 418,151	\$ 171,550
Sewer	225,236	165,535
Garbage	<u>71,241</u>	<u>54,227</u>
Total business-type activities	<u>\$ 714,628</u>	<u>\$ 391,312</u>
Total primary government	<u>\$ 1,978,337</u>	<u>\$ 421,607</u>

General revenues
 Property taxes
 Other taxes
 Investment earnings
 Miscellaneous
 Intergovernmental
Transfers

Total general revenues

Change in net assets

NET ASSETS, Beginning

NET ASSETS, Ending

<u>Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>		
Operating Grants and Contribu- tions	Capital Grants and Contribu- tions	<u>Primary Government</u>		
		<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
\$ 3,791	\$ - - -	(\$ 215,781)	\$ - - -	(\$ 215,781)
- - -	12,500	(191,541)	- - -	(191,541)
- - -	- - -	(80,768)	- - -	(80,768)
- - -	- - -	(30,668)	- - -	(30,668)
- - -	- - -	(698,365)	- - -	(698,365)
<u>\$ 3,791</u>	<u>\$ 12,500</u>	<u>(\$ 1,217,123)</u>	<u>\$ - - -</u>	<u>(\$ 1,217,123)</u>
\$ - - -	\$ - - -	\$ - - -	(\$ 246,601)	(\$ 246,601)
- - -	- - -	- - -	(59,701)	(59,701)
- - -	- - -	- - -	(17,014)	(17,014)
<u>\$ - - -</u>	<u>\$ - - -</u>	<u>\$ - - -</u>	<u>(\$ 323,316)</u>	<u>(\$ 323,316)</u>
<u>\$ 3,791</u>	<u>\$ 12,500</u>	<u>(\$ 1,217,123)</u>	<u>(\$ 323,316)</u>	<u>(\$ 1,540,439)</u>
		\$ 886,550	\$ 44,286	\$ 930,836
		527,074	- - -	527,074
		139,213	7,638	146,851
		26,913	175,226	202,139
		53,746	- - -	53,746
		(11,135)	11,135	- - -
		<u>\$ 1,622,361</u>	<u>\$ 238,285</u>	<u>\$ 1,860,646</u>
		\$ 405,238	(\$ 85,031)	\$ 320,207
		<u>2,570,735</u>	<u>1,717,019</u>	<u>4,287,754</u>
		<u>\$ 2,975,973</u>	<u>\$ 1,631,988</u>	<u>\$ 4,607,961</u>

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

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VILLAGE OF CARBON CLIFF, ILLINOIS
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
December 31, 2007

	<u>General Fund</u>	<u>Special Tax Allocation Fund - TIF #1</u>	<u>Special Tax Allocation Fund - TIF #2</u>	<u>Motor Fuel Tax Fund</u>
ASSETS				
Cash	\$ 141,713	\$ - - -	\$ 294,292	\$ - - -
Investments	<u>206,533</u>	<u>940,276</u>	<u>529,606</u>	<u>251,423</u>
Total assets	<u>\$ 348,246</u>	<u>\$ 940,276</u>	<u>\$ 823,898</u>	<u>\$ 251,423</u>
 LIABILITIES				
Payroll withholdings	\$ <u>5,426</u>	\$ - - -	\$ - - -	\$ - - -
 FUND BALANCES				
Reserved for maintenance of roadways	\$ - - -	\$ - - -	\$ - - -	\$ 251,423
Unreserved, reported in:				
General Fund	342,820	- - -	- - -	- - -
Special revenue funds	<u>- - -</u>	<u>940,276</u>	<u>823,898</u>	<u>- - -</u>
Total fund balances	<u>\$ 342,820</u>	<u>\$ 940,276</u>	<u>\$ 823,898</u>	<u>\$ 251,423</u>
 Total liabilities and fund balances	 <u>\$ 348,246</u>	 <u>\$ 940,276</u>	 <u>\$ 823,898</u>	 <u>\$ 251,423</u>

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ - - - <u>308,048</u>	\$ 436,005 <u>2,235,886</u>
\$ <u><u>308,048</u></u>	\$ <u><u>2,671,891</u></u>
\$ <u>- - -</u>	\$ <u>5,426</u>
\$ - - - - - - <u>308,048</u>	\$ 251,423 342,820 <u>2,072,222</u>
\$ <u>308,048</u>	\$ <u>2,666,465</u>
\$ <u><u>308,048</u></u>	\$ <u><u>2,671,891</u></u>

VILLAGE OF CARBON CLIFF, ILLINOIS
RECONCILIATION OF THE BALANCE SHEET
- MODIFIED CASH BASIS - OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET ASSETS
December 31, 2007

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

Total fund balance - governmental funds	\$ 2,666,465
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>309,508</u>
Net assets of governmental activities	\$ <u>2,975,973</u>

VILLAGE OF CARBON CLIFF, ILLINOIS
 STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - MODIFIED CASH
 BASIS - GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2007

	General Fund	Special Tax Allocation Fund - TIF #1
REVENUES		
Property taxes	\$ 100,120	\$ 346,280
Other taxes	363,178	960
Licenses and permits	18,864	- - -
Fines and fees	4,131	- - -
Grant income	16,291	- - -
Interest	13,400	45,590
Miscellaneous	25,644	- - -
Other reimbursements	<u>61,046</u>	<u>- - -</u>
Total revenues	<u>\$ 602,674</u>	<u>\$ 392,830</u>
EXPENDITURES		
Current:		
Personnel	\$ 217,739	\$ - - -
Contractual services	170,981	170,868
Commodities	99,055	- - -
Other	29,384	45,891
Capital outlay	<u>33,823</u>	<u>- - -</u>
Total expenditures	<u>\$ 550,982</u>	<u>\$ 216,759</u>
Excess of revenues over expenditures	<u>\$ 51,692</u>	<u>\$ 176,071</u>
OTHER FINANCING SOURCES (USES)		
Transfer in	\$ 41,664	\$ - - -
Transfer out	<u>- - -</u>	<u>- - -</u>
Total other financing sources (uses)	<u>\$ 41,664</u>	<u>\$ - - -</u>
Net change in fund balance	\$ 93,356	\$ 176,071
Fund balance, beginning	<u>249,464</u>	<u>764,205</u>
Fund balance, ending	<u>\$ 342,820</u>	<u>\$ 940,276</u>

Special Tax Allocation Fund - TIF #2	Motor Fuel Tax Fund	Other Governmental Funds	Total Governmental Funds
\$ 440,150	\$ - - -	\$ - - -	\$ 886,550
26,357	48,428	88,151	527,074
- - -	- - -	- - -	18,864
- - -	- - -	- - -	4,131
- - -	- - -	- - -	16,291
53,689	12,721	13,813	139,213
- - -	- - -	1,269	26,913
<u>- - -</u>	<u>- - -</u>	<u>- - -</u>	<u>61,046</u>
\$ <u>520,196</u>	\$ <u>61,149</u>	\$ <u>103,233</u>	\$ <u>1,680,082</u>
\$ - - -	\$ - - -	\$ - - -	\$ 217,739
463,025	- - -	4,534	809,408
- - -	- - -	- - -	99,055
18,581	- - -	6,787	100,643
<u>- - -</u>	<u>- - -</u>	<u>- - -</u>	<u>33,823</u>
\$ <u>481,606</u>	\$ <u>- - -</u>	\$ <u>11,321</u>	\$ <u>1,260,668</u>
\$ <u>38,590</u>	\$ <u>61,149</u>	\$ <u>91,912</u>	\$ <u>419,414</u>
\$ 5,250	\$ - - -	\$ - - -	\$ 46,914
(<u>7,415</u>)	(<u>35,185</u>)	(<u>15,449</u>)	(<u>58,049</u>)
(\$ <u>2,165</u>)	(\$ <u>35,185</u>)	(\$ <u>15,449</u>)	(\$ <u>11,135</u>)
\$ 36,425	\$ 25,964	\$ 76,463	\$ 408,279
<u>787,473</u>	<u>225,459</u>	<u>231,585</u>	<u>2,258,186</u>
\$ <u>823,898</u>	\$ <u>251,423</u>	\$ <u>308,048</u>	\$ <u>2,666,465</u>

The accompanying notes are an integral part

VILLAGE OF CARBON CLIFF, ILLINOIS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES -
MODIFIED CASH BASIS - OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2007

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

Net change in fund balances - total governmental funds	\$ 408,279
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. This is the amount by which capital outlays exceeded depreciation in the current period.	(<u>3,041</u>)
Change in net assets of governmental activities	\$ <u>405,238</u>

VILLAGE OF CARBON CLIFF, ILLINOIS
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
PROPRIETARY FUNDS
December 31, 2007

	<u>Business-Type Activities Enterprise Funds</u>			Total Business- type Activities
	<u>Water Fund</u>	<u>Wastewater Treatment Fund</u>	<u>Nonmajor Enterprise Fund</u>	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ - - -	\$ 134,775	\$ 22,546	\$ 157,321
Investments	<u>- - -</u>	<u>- - -</u>	<u>7,451</u>	<u>7,451</u>
Total current assets	<u>\$ - - -</u>	<u>\$ 134,775</u>	<u>\$ 29,997</u>	<u>\$ 164,772</u>
Noncurrent assets:				
Restricted cash and investments:				
Bond covenant accounts:				
Cash	<u>\$ 25,782</u>	<u>\$ - - -</u>	<u>\$ - - -</u>	<u>\$ 25,782</u>
Total restricted assets	<u>\$ 25,782</u>	<u>\$ - - -</u>	<u>\$ - - -</u>	<u>\$ 25,782</u>
Capital assets:				
Buildings and systems	\$ 1,436,232	\$ 1,475,672	\$ - - -	\$ 2,911,904
Equipment and vehicles	21,428	15,065	- - -	36,493
Less accumulated depreciation	(<u>453,577</u>)	(<u>964,008</u>)	<u>- - -</u>	(<u>1,417,585</u>)
Total capital assets (net of accumulated depreciation)	<u>\$ 1,004,083</u>	<u>\$ 526,729</u>	<u>\$ - - -</u>	<u>\$ 1,530,812</u>
Total assets	<u>\$ 1,029,865</u>	<u>\$ 661,504</u>	<u>\$ 29,997</u>	<u>\$ 1,721,366</u>
LIABILITIES				
Current liabilities:				
Bank overdraft	<u>\$ 89,378</u>	<u>\$ - - -</u>	<u>\$ - - -</u>	<u>\$ 89,378</u>
Total current liabilities	<u>\$ 89,378</u>	<u>\$ - - -</u>	<u>\$ - - -</u>	<u>\$ 89,378</u>
NET ASSETS				
Invested in capital assets	\$ 1,004,083	\$ 526,729	\$ - - -	\$ 1,530,812
Restricted for:				
Debt service	25,782	- - -	- - -	25,782
Unrestricted	(<u>89,378</u>)	<u>134,775</u>	<u>29,997</u>	<u>75,394</u>
Total net assets	<u>\$ 940,487</u>	<u>\$ 661,504</u>	<u>\$ 29,997</u>	<u>\$ 1,631,988</u>

The accompanying notes are an integral part

VILLAGE OF CARBON CLIFF, ILLINOIS
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS - MODIFIED CASH BASIS
PROPRIETARY FUNDS
For the Year Ended December 31, 2007

	<u>Business-Type Activities Enterprise Funds</u>			<u>Total Business- type Activities</u>
	<u>Water Fund</u>	<u>Wastewater Treatment Fund</u>	<u>Nonmajor Enterprise Fund</u>	
OPERATING REVENUES				
Charges for services	\$ 171,550	\$ 165,535	\$ 54,227	\$ 391,312
Property taxes	30,278	378	13,630	44,286
Other reimbursements	<u>173,537</u>	<u>- - -</u>	<u>1,689</u>	<u>175,226</u>
Total operating revenues	<u>\$ 375,365</u>	<u>\$ 165,913</u>	<u>\$ 69,546</u>	<u>\$ 610,824</u>
OPERATING EXPENSES				
Personnel	\$ 61,685	\$ 55,507	\$ 11,934	\$ 129,126
Contractual services	50,110	114,535	56,167	220,812
Commodities	21,741	14,880	3,140	39,761
Other	2,525	- - -	- - -	2,525
Depreciation	<u>28,961</u>	<u>29,614</u>	<u>- - -</u>	<u>58,575</u>
Total operating expenses	<u>\$ 165,022</u>	<u>\$ 214,536</u>	<u>\$ 71,241</u>	<u>\$ 450,799</u>
OPERATING INCOME (LOSS)	<u>\$ 210,343</u>	<u>(\$ 48,623)</u>	<u>(\$ 1,695)</u>	<u>\$ 160,025</u>
NONOPERATING REVENUE				
Investment income	\$ 3,726	\$ 3,672	\$ 240	\$ 7,638
Interest expense	(28,129)	(700)	- - -	(28,829)
Bond principal payment	<u>(225,000)</u>	<u>(10,000)</u>	<u>- - -</u>	<u>(235,000)</u>
Total nonoperating revenue (expense)	<u>(\$ 249,403)</u>	<u>(\$ 7,028)</u>	<u>\$ 240</u>	<u>(\$ 256,191)</u>
Income (loss) before transfers	(\$ 39,060)	(\$ 55,651)	(\$ 1,455)	(\$ 96,166)
TRANSFERS IN	7,415	8,970	- - -	16,385
TRANSFERS OUT	<u>(5,250)</u>	<u>- - -</u>	<u>- - -</u>	<u>(5,250)</u>
CHANGES IN NET ASSETS	(\$ 36,895)	(\$ 46,681)	(\$ 1,455)	(\$ 85,031)
TOTAL NET ASSETS - Beginning	<u>977,382</u>	<u>708,185</u>	<u>31,452</u>	<u>1,717,019</u>
TOTAL NET ASSETS - Ending	<u>\$ 940,487</u>	<u>\$ 661,504</u>	<u>\$ 29,997</u>	<u>\$ 1,631,988</u>

The accompanying notes are an integral part

VILLAGE OF CARBON CLIFF, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2007

	<u>Business-Type Activities Enterprise Funds</u>			<u>Total Business- type Activities</u>
	<u>Water Fund</u>	<u>Wastewater Treatment Fund</u>	<u>Nonmajor Enterprise Fund</u>	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 171,550	\$ 165,535	\$ 54,227	\$ 391,312
Other receipts	203,815	378	15,319	219,512
Payments to suppliers	(74,376)	(129,415)	(59,307)	(263,098)
Payments to employees	(61,685)	(55,507)	(11,934)	(129,126)
 Net cash provided by operating activities	 \$ 239,304	 (\$ 19,009)	 (\$ 1,695)	 \$ 218,600
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	\$ 7,415	\$ 8,970	\$ - - -	\$ 16,385
Transfers to other funds	(5,250)	- - -	- - -	(5,250)
 Net cash provided by noncapital financing activities	 \$ 2,165	 \$ 8,970	 \$ - - -	 \$ 11,135
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(\$ 14,065)	(\$ 14,065)	\$ - - -	(\$ 28,130)
Principal paid on long-term debt	(225,000)	(10,000)	- - -	(235,000)
Interest paid on long-term debt	(28,129)	(700)	- - -	(28,829)
 Net cash used by capital and related financing activities	 (\$ 267,194)	 (\$ 24,765)	 \$ - - -	 (\$ 291,959)
 CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	\$ 3,726	\$ 3,672	\$ 240	\$ 7,638
 Net cash provided by investing activities	 \$ 3,726	 \$ 3,672	 \$ 240	 \$ 7,638

VILLAGE OF CARBON CLIFF, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2007

	<u>Business-Type Activities Enterprise Funds</u>			
	<u>Water Fund</u>	<u>Wastewater Treatment Fund</u>	<u>Nonmajor Enterprise Fund</u>	<u>Total Business- type Activities</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(\$ 21,999)	(\$ 31,132)	(\$ 1,455)	(\$ 54,586)
CASH AND CASH EQUIVALENTS - Beginning	(<u>41,597</u>)	<u>165,907</u>	<u>31,452</u>	<u>155,762</u>
CASH AND CASH EQUIVALENTS - Ending	(\$ <u>63,596</u>)	\$ <u>134,775</u>	\$ <u>29,997</u>	\$ <u>101,176</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 210,343	(\$ 48,623)	(\$ 1,695)	\$ 160,025
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	<u>28,961</u>	<u>29,614</u>	<u>- - -</u>	<u>58,575</u>
Net cash provided by operating activities	\$ <u>239,304</u>	(\$ <u>19,009</u>)	(\$ <u>1,695</u>)	\$ <u>218,600</u>

The accompanying notes are an integral part

VILLAGE OF CARBON CLIFF, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further under Basis of Accounting, these financial statements are presented on a modified cash basis of accounting. This modified basis of accounting differs from U.S. generally accepted accounting principles (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

Reporting Entity

The Village of Carbon Cliff, Illinois provides a broad range of services to citizens, including general government, public safety, streets, sanitation and park facilities. It also operates the water and sewer utilities.

The reporting entity is to include (1) the primary government, (2) organizations for which the primary government is financial accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Village of Carbon Cliff, Illinois is a municipal corporation governed by a Board of Trustees, which is elected by the public and has the exclusive responsibility and accountability for the decisions it makes. The Village has the statutory authority to adopt its own budget, to levy taxes and to issue bonded debt without the approval of another government. It has the right to sue and be sued, and has the right to buy, sell, lease or mortgage property in its own name. Based on these criteria, the Village is considered a primary government and there are no other organizations or agencies whose financial statements should be combined and presented with these combined statements.

The Village became a home rule government in November 2006.

Basis of Presentation

Government-Wide Financial Statements -

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees

charged to external parties for goods or services.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - (Continued)

Fund Financial Statements -

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. The Village presently has no fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures of that individual government or enterprise 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 government or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

General Funds -

The General Fund is the primary operating fund of the Village and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds -

Special Revenue Funds are used to account for the proceeds of the specific revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the Village. The Village reports the following special revenue funds as major:

Special Tax Allocation Fund - TIF #1 accounts for revenues and expenditures related to the development of TIF district #1.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - (Continued)

Special Tax Allocation Fund - TIF #2 accounts for revenues and expenditures related to the development of TIF district #2.

Motor Fuel Tax Fund accounts for expenditures related to projects financed by the state gasoline tax as collected and distributed by the State of Illinois.

Proprietary Fund Types -

Enterprise Funds - Enterprise funds are used to account for business-type activities provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector. The Village reports the following enterprise funds as major:

The water fund accounts for the revenue and expenses of the department responsible for providing water service to the general public.

The wastewater treatment fund accounts for the revenue and expenses of the department responsible for providing sewer service to the general public.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus -

In the government-wide Statement of Net Assets and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis.

In the fund financial statements, the "current financial resources" measurement focus, as applied to the modified cash basis of accounting, is used, as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given

period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

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NOTES TO FINANCIAL STATEMENTS

NOTE 1 - (Continued)

- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent, financial, or nonfinancial) associated with their activities are reported. Proprietary fund equity is classified as net assets.

Basis of Accounting -

In the government-wide Statement of Net Assets and Statement of Activities and the fund financial statements, governmental and business-type activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net assets/fund equity, revenues, and expenditures when they result from cash transactions with a provision for depreciation in the government-wide statements and proprietary fund statements. This basis is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are *not recorded* in these financial statements.

If the Village utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Cash and Cash Equivalents -

For the purpose of financial reporting, "cash and cash equivalents" includes all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less.

Investments -

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - (Continued)

Capital Assets -

The Village's modified cash basis of accounting reports capital assets resulting from cash transactions and reports depreciation where appropriate. The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund and whether they are reported in the government-wide or fund financial statements.

Government-wide Statements -

Capital assets are reported in the government-wide financial statements as assets in the Statement of Net Assets. Capital assets are recorded at historical cost or estimated historical cost if actual cost is not available. Prior to January 1, 2004, governmental funds' infrastructure assets were not capitalized. Infrastructure assets acquired since January 1, 2004 are recorded at cost.

Depreciation of all exhaustible capital assets arising from cash transactions is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$5,000 is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

Buildings and systems	20-50 years
Improvements other than buildings	20 years
Equipment and vehicles	5-20 years
Infrastructure	40 years

Fund Financial Statements -

In the fund financial statements, capital assets arising from cash transactions acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets acquired for use in proprietary fund operations are accounted for the same as in the government-wide statements.

Long-term Debt -

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in

the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

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NOTES TO FINANCIAL STATEMENTS

NOTE 1 - (Continued)

Equity Classification -

Government-wide Statements

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- b. Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

It is the Village's policy to first use restricted net assets prior to the use of unrestricted net assets when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements -

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

Property taxes -

Property taxes are levied in December and attached as an enforceable lien on the property as of the preceding January 1 and are collectible in June, August, September and November of the year following the December tax levy.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - (Continued)

Budgetary Data -

The Board of Trustees annually adopts a budget on the cash basis for all funds following the required public notice and hearing for all funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Internal and Interfund Balances and Activities -

In the process of aggregating the financial information for the government-wide Statement of Net Assets and Statement of Activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

Interfund activity, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

1. Interfund loans - Amounts provided with a requirement for repayment are reported as interfund receivables and payables.
2. Interfund services - Sales or purchases of goods and services between funds are reported as revenues and expenditures.
3. Interfund reimbursements - Repayments from funds responsible for certain expenditures to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures in the respective funds.
4. Interfund transfers - Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

1. Internal balances - Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the Statement of Net Assets, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.

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NOTES TO FINANCIAL STATEMENTS

NOTE 1 - (Continued)

2. Internal activities - Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers-Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities.

Use of Estimates -

The preparation of financial statements in conformity with the other comprehensive basis of accounting (OCBOA) used by the Village requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities -

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "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 details of this \$3,041 difference are as follows:

Capital outlay	\$ 24,065
Depreciation expense	(<u>27,106</u>)

Net adjustment to decrease *net changes in fund balances - total*

governmental funds to arrive at
changes in net assets of governmental
activities

\$ 3,041

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NOTES TO FINANCIAL STATEMENTS

NOTE 3 - DEPOSITS AND INVESTMENTS

As of December 31, 2007, the Village had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>
Illinois Funds	\$1,982,589
Certificates of deposit	<u>260,748</u>
Total	<u>\$2,243,337</u>

Interest rate risk. The highest interest rate available will always be the objective of the investment policy combined with safety of principal, which is left to the discretion of the Village President.

Credit risk. The investment and deposit of Village monies is governed by the provisions of the Illinois Compiled Statutes. In accordance with these provisions, all Village monies must be invested in one or more of the following:

- a. Interest-bearing savings accounts, interest-bearing certificates of deposit or interest-bearing time deposits constituting direct obligations of any bank as shall have been selected and designated under the terms of the Illinois Compiled Statutes and as shall have complied with the requirements thereof;
- b. Shares or other forms of securities legally issuable by savings and loan associations incorporated under the laws of this state or any other state or under the laws of the United States, provided such shares or securities are insured by the Federal Savings and Loan Insurance Corporation;
- c. Bonds, notes, certificates of indebtedness, treasury bills or other securities now or hereafter issued, which are guaranteed by the full faith and credit of the United States of America as to principal and interest;

- d. Short-term discount obligations of the Federal National Mortgage Association.

During the year ended December 31, 2007, the Village complied with the provisions of these statutes pertaining to the types of investments held and institutions in which deposits were made.

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NOTES TO FINANCIAL STATEMENTS

NOTE 3 - (Continued)

Concentration of credit risk. In accordance with its investment policy, the Village President will have the sole responsibility to select which financial institutions will be depositories for Village funds. The Village President will take into consideration security, size, location, condition, service, fees, and the community relations involvement of the financial institutions when choosing a financial institution.

Custodial credit risk - deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Village's deposits may not be returned. At all times in order to meet the objective of safety of capital, the Village President will require deposits in excess of federally insured amount to be collateralized and evidenced by an approved written agreement. Investments requiring collateralization will not be made prior to Board approval.

As of December 31, 2007, the carrying amount of the Village's deposits with financial institutions totaled \$2,772,793 with the bank balances totaling \$2,904,259. The bank balances of \$2,904,259 are entirely insured or collateralized with securities held by the Village or its agent in the Village's name.

Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2007, there was no investment custodial risk for the Village.

NOTE 4 - PENSION PLAN

Plan Description

The Village's defined benefit pension plan, Illinois Municipal Retirement Fund (IMRF), provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF acts 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. The 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, Oak Brook, Illinois 60523.

NOTES TO FINANCIAL STATEMENTS

NOTE 4 - (Continued)

Funding Policy

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 Village is required to contribute at an actuarially determined rate. The employer rate for calendar year 2007 was 14.65 percent of payroll. The employer contribution requirements are established and may be amended by 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 open basis). The amortization period at December 31, 2007 was 29 years.

Annual Pension Cost

For December 31, 2007, the Village's annual pension cost of \$31,503 was equal to the Village's required and actual contributions. The required contribution was determined as part of the December 31, 2005 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% a year attributable to inflation, (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 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

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/07	\$ 31,503	100%	\$ - - -

12/31/06	21,998	100%	- - -
12/31/05	19,017	100%	- - -
12/31/04	25,530	100%	- - -
12/31/03	31,105	100%	- - -
12/31/02	33,439	100%	- - -
12/31/01	37,041	100%	- - -
12/31/00	27,839	100%	- - -
12/31/99	21,603	100%	- - -
12/31/98	17,581	100%	- - -

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NOTES TO FINANCIAL STATEMENTS

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2007:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ <u>84,000</u>	\$ <u>- - -</u>	\$ <u>- - -</u>	\$ <u>84,000</u>
Total capital assets, not being depreciated	\$ <u>84,000</u>	\$ <u>- - -</u>	\$ <u>- - -</u>	\$ <u>84,000</u>
Capital assets, being depreciated:				
Buildings	\$ 79,544	\$ - - -	\$ - - -	\$ 79,544
Equipment and vehicles	325,488	24,065	- - -	349,553
Improvements other than buildings	8,000	- - -	- - -	8,000
Infrastructure	<u>34,750</u>	<u>- - -</u>	<u>- - -</u>	<u>34,750</u>
Total capital assets being depreciated	\$ <u>447,782</u>	\$ <u>24,065</u>	\$ <u>- - -</u>	\$ <u>471,847</u>
Less accumulated depreciation for:				
Buildings	\$ 49,508	\$ 1,479	\$ - - -	\$ 50,987
Equipment and vehicles	162,780	24,358	- - -	187,138
Improvements other than buildings	6,800	400	- - -	7,200
Infrastructure	<u>145</u>	<u>869</u>	<u>- - -</u>	<u>1,014</u>
Total accumulated depreciation	\$ <u>219,233</u>	\$ <u>27,106</u>	\$ <u>- - -</u>	\$ <u>246,339</u>

Total capital assets, being depreciated, net	\$ <u>228,549</u>	(\$ <u>3,041</u>)	\$ - - -	\$ <u>225,508</u>
Governmental activities capital assets, net	\$ <u>312,549</u>	(\$ <u>3,041</u>)	\$ - - -	\$ <u>309,508</u>

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NOTES TO FINANCIAL STATEMENTS

NOTE 5 - (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, being depreciated:				
Buildings and systems	\$ 2,911,904	\$ - - -	\$ - - -	\$ 2,911,904
Equipment and vehicles	<u>8,363</u>	<u>28,130</u>	<u>- - -</u>	<u>36,493</u>
Total capital assets being depreciated	\$ <u>2,920,267</u>	\$ <u>28,130</u>	\$ <u>- - -</u>	\$ <u>2,948,397</u>
Less accumulated depreciation for:				
Buildings and systems	\$ 1,352,503	\$ 57,738	\$ - - -	\$ 1,410,241
Equipment and vehicles	<u>6,507</u>	<u>837</u>	<u>- - -</u>	<u>7,344</u>
Total accumulated depreciation	\$ <u>1,359,010</u>	\$ <u>58,575</u>	\$ <u>- - -</u>	\$ <u>1,417,585</u>
Total capital assets, being depreciated, net	\$ <u>1,561,257</u>	(\$ <u>30,445</u>)	\$ - - -	\$ <u>1,530,812</u>
Business-type activities capital assets, net	\$ <u>1,561,257</u>	(\$ <u>30,445</u>)	\$ - - -	\$ <u>1,530,812</u>

Depreciation expense was charged to functions/programs of the Village as follows:

Governmental activities:

Public safety	\$ 13,273
Public works	12,654
Recreation and culture	<u>1,179</u>

Long-term liability activity for the year ended December 31, 2007 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities:					
Bonds payable:					
General obligation bonds	\$ <u>590,000</u>	\$ <u>- - -</u>	(\$ <u>235,000</u>)	\$ <u>355,000</u>	\$ <u>35,000</u>

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NOTES TO FINANCIAL STATEMENTS

NOTE 6 - (Continued)

Legal Debt Margin -

As of December 31, 2007, the general obligation debt of the Village did not exceed its legal debt margin, as shown by the computation that follows:

Assessed valuation	\$ <u>12,911,745</u>
Statutory debt limitation (8.625% of assessed valuation)	\$ 1,113,638
General obligation bonds (Special Service)	(345,000)
General obligation bonds (Special Service)	(10,000)
General obligation bonds, not subject to debt limit	<u>355,000</u>
Unused legal debt capacity	\$ <u>1,113,638</u>

NOTE 7 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund transfers as of December 31, 2007 is as follows:

	<u>Transfer Out</u>				<u>Total</u>
	<u>TIF #2</u>	<u>Motor Fuel Tax</u>	<u>Nonmajor Govern- mental</u>	<u>Water Fund</u>	
Transfer In:					
General Fund	\$ - - -	\$ 35,185	\$ 6,479	\$ - - -	\$ 41,664
TIF #2	- - -	- - -	- - -	5,250	5,250
Water Fund	7,415	- - -	- - -	- - -	7,415
Wastewater Treatment Fund	- - -	- - -	<u>8,970</u>	- - -	<u>8,970</u>
Total	\$ <u>7,415</u>	\$ <u>35,185</u>	\$ <u>15,449</u>	\$ <u>5,250</u>	\$ <u>63,299</u>

NOTE 8 - RISK MANAGEMENT

The Village is exposed to various risks of loss related to tort, theft, damage to or the destruction of assets, errors and omissions, injuries to employees and natural disasters. These risks are covered by the purchase of commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

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REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by GASB but are not considered a part of the basic financial statements. Such information includes:

Budgetary Comparison Schedules for the following:

General Fund

Special Tax Allocation Fund - TIF #1

Special Tax Allocation Fund - TIF #2

Motor Fuel Tax Fund

Notes to the Required Supplementary Information

Schedules of Funding Progress - Defined Benefit Retirement Plan

VILLAGE OF CARBON CLIFF, ILLINOIS
 SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL -
 MODIFIED CASH BASIS
 GENERAL FUND

For the Year Ended December 31, 2007

	Original Budget	Final Budget	Actual Amounts
REVENUES			
Property taxes	\$ 109,180	\$ 108,862	\$ 100,120
Other taxes	341,964	351,604	363,178
Licenses and permits	18,350	18,350	18,864
Fines and fees	3,855	3,855	4,131
Grant income	52,354	52,354	16,291
Interest	7,340	7,340	13,400
Sale of property	500	500	- - -
Miscellaneous	21,400	21,400	25,644
Other reimbursements	<u>40,940</u>	<u>40,940</u>	<u>61,046</u>
Total revenues	<u>\$ 595,883</u>	<u>\$ 605,205</u>	<u>\$ 602,674</u>
EXPENDITURES			
Current:			
Personnel:			
Salaries	\$ 170,901	\$ 159,823	\$ 149,767
Health insurance	33,350	36,925	36,923
Retirement	<u>35,120</u>	<u>35,120</u>	<u>31,049</u>
Total personnel	<u>\$ 239,371</u>	<u>\$ 231,868</u>	<u>\$ 217,739</u>
Contractual Services:			
Intergovernmental agreement	\$ 98,650	\$ 109,610	\$ 109,605
Engineering	60,175	69,735	39,895
Legal and professional	<u>28,240</u>	<u>21,765</u>	<u>21,481</u>
Total contractual services	<u>\$ 187,065</u>	<u>\$ 201,110</u>	<u>\$ 170,981</u>
Commodities:			
Postage	\$ 2,000	\$ 1,485	\$ 1,514

Publishing and printing	2,685	1,910	1,901
Telephone	5,475	4,430	4,425
Dues and publications	2,635	2,395	2,383
Travel	5,000	10,285	10,504
Training	2,400	2,260	2,560
Utilities	60,425	45,665	24,905
Insurance	16,020	15,520	13,975
Maintenance	14,510	17,095	16,878
Supplies	<u>22,795</u>	<u>21,380</u>	<u>20,010</u>
Total commodities	\$ <u>133,945</u>	\$ <u>122,425</u>	\$ <u>99,055</u>

(Continued)

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Exhibit 1
(Continued)

VILLAGE OF CARBON CLIFF, ILLINOIS
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL -
MODIFIED CASH BASIS
GENERAL FUND
For the Year Ended December 31, 2007

	Original Budget	Final Budget	Actual Amounts
EXPENDITURES (Continued)			
Other:			
Community relations	\$ 18,500	\$ 21,365	\$ 29,178
Miscellaneous	<u>1,750</u>	<u>315</u>	<u>206</u>
Total other	\$ <u>20,250</u>	\$ <u>21,680</u>	\$ <u>29,384</u>
Capital expenditures	\$ <u>21,500</u>	\$ <u>38,620</u>	\$ <u>33,823</u>
Total expenditures	\$ <u>602,131</u>	\$ <u>615,703</u>	\$ <u>550,982</u>
Excess (deficiency) of revenues over (under) expenditures	(\$ <u>6,248</u>)	(\$ <u>10,498</u>)	\$ 51,692
OTHER FINANCING SOURCES (USES)			
Transfer in	\$ 10,000	\$ - - -	\$ 41,664
Transfer out	(<u>10,000</u>)	(<u>50</u>)	<u>- - -</u>
Total other financing sources (uses)	\$ <u>- - -</u>	(\$ <u>50</u>)	\$ <u>41,664</u>
Net change in fund balance	(\$ <u>6,248</u>)	(\$ <u>10,548</u>)	\$ 93,356
Fund balance, beginning			<u>249,464</u>
Fund balance, ending			\$ <u>342,820</u>

VILLAGE OF CARBON CLIFF, ILLINOIS
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL -
MODIFIED CASH BASIS
SPECIAL TAX ALLOCATION FUND - TIF #1
For the Year Ended December 31, 2007

	Original Budget	Final Budget	Actual Amounts
REVENUES			
Property taxes	\$ 390,000	\$ 350,000	\$ 346,280
Other taxes	650	960	960
Interest	<u>24,000</u>	<u>47,320</u>	<u>45,590</u>
Total revenues	<u>\$ 414,650</u>	<u>\$ 398,280</u>	<u>\$ 392,830</u>
EXPENDITURES			
Current:			
Contractual services:			
Engineering services	\$ 15,000	\$ 15,000	\$ 689
Legal and professional services	7,855	10,415	4,908
Public improvements	375,000	265,490	68,034
Redevelopment agreement	200,010	200,010	97,237
Other:			
Postage	25	25	21
Telephone and fax	350	350	274
Publishing	25	25	8
Dues	375	375	375
Travel	1,550	2,145	2,144
Printing	10	10	7
Training	150	470	470
Maintenance service equipment	75	42,435	42,417
Water testing	<u>- - -</u>	<u>175</u>	<u>175</u>
Total expenditures	<u>\$ 600,425</u>	<u>\$ 536,925</u>	<u>\$ 216,759</u>
Excess (deficiency) of revenues under expenditures	(\$ 185,775)	(\$ 138,645)	\$ 176,071

OTHER FINANCING SOURCES

Transfer in	<u>6,000</u>	<u>- - -</u>	<u>- - -</u>
Net change in fund balance	(\$ <u>179,775</u>)	(\$ <u>138,645</u>)	\$ 176,071
Fund balance, beginning			<u>764,205</u>
Fund balance, ending			<u>\$ 940,276</u>

VILLAGE OF CARBON CLIFF, ILLINOIS
 SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL -
 MODIFIED CASH BASIS
 SPECIAL TAX ALLOCATION FUND - TIF #2
 For the Year Ended December 31, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>
REVENUES			
Property taxes	\$ 375,000	\$ 440,150	\$ 440,150
Other taxes	28,500	31,610	26,357
Interest	<u>22,000</u>	<u>53,690</u>	<u>53,689</u>
Total revenues	<u>\$ 425,500</u>	<u>\$ 525,450</u>	<u>\$ 520,196</u>
EXPENDITURES			
Contractual services:			
Redevelopment Agreement	\$ 150,050	\$ 112,780	\$ 112,776
Engineering services	15,000	25,705	25,703
Legal and professional services	9,355	7,615	7,611
Intergovernmental agreement	50,050	224,000	223,981
Sewer hook-up fees and easements	1,944	1,944	1,944
Utility system	75,000	- - -	91,010
Other:			
Postage	25	80	78
Telephone and fax	350	350	274
Dues	375	375	375
Travel expenses	250	715	712
Supplies	- - -	395	431
Training	150	720	720
Maintenance service equipment	75	260	248
Maintenance service utility	2,000	15,640	15,633
Printing	10	105	102
Publishing	25	25	8
Interest expense	<u>- - -</u>	<u>4,390</u>	<u>- - -</u>
Total expenditures	<u>\$ 304,659</u>	<u>\$ 395,099</u>	<u>\$ 481,606</u>
Excess of revenues over expenditures	<u>\$ 120,841</u>	<u>\$ 130,351</u>	<u>\$ 38,590</u>

OTHER FINANCING SOURCES (USES)			
Transfer in	\$ - - -	\$ - - -	\$ 5,250
Transfer out	<u>- - -</u>	<u>- - -</u>	(<u>7,415</u>)
Total other financing sources (uses)	\$ <u>- - -</u>	\$ <u>- - -</u>	(\$ <u>2,165</u>)
Net change in fund balance	\$ <u><u>120,841</u></u>	\$ <u><u>130,351</u></u>	\$ 36,425
Fund balance, beginning			<u>787,473</u>
Fund balance, ending			\$ <u><u>823,898</u></u>

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Exhibit 4

VILLAGE OF CARBON CLIFF, ILLINOIS
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL -
MODIFIED CASH BASIS
MOTOR FUEL TAX FUND
For the Year Ended December 31, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>
REVENUES			
Motor fuel tax	\$ 48,305	\$ 48,305	\$ 48,428
Interest	<u>11,750</u>	<u>11,750</u>	<u>12,721</u>
Total revenues	\$ <u>60,055</u>	\$ <u>60,055</u>	\$ <u>61,149</u>
EXPENDITURES			
	\$ <u>- - -</u>	\$ <u>- - -</u>	\$ <u>- - -</u>
Excess of revenues over expenditures	\$ 60,055	\$ 60,055	\$ 61,149
OTHER FINANCING USES			
Transfer out	(<u>18,000</u>)	(<u>35,185</u>)	(<u>35,185</u>)
Net change in fund balance	\$ <u><u>42,055</u></u>	\$ <u><u>24,870</u></u>	\$ 25,964
Fund balance, beginning			<u>225,459</u>
Fund balance, ending			\$ <u><u>251,423</u></u>

VILLAGE OF CARBON CLIFF, ILLINOIS
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION -
BUDGET COMPARISONS
December 31, 2007

I. BUDGETARY INFORMATION

The Board of Trustees annually adopts a budget on the cash basis for all funds following the required public notice and hearing for all funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

II. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Expenditures exceeded appropriations in the Special Tax Allocation Fund - TIF #2 by \$86,507. These expenditures were funded by available reserves.

VILLAGE OF CARBON CLIFF, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION ON
PENSION PLAN FUNDING PROGRESS
December 31, 2007

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Fair Value of Net Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) --Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
12/31/07	\$ 317,051	\$519,254	\$ 202,203	61.06%	\$215,037	94.03%
12/31/06	255,241	447,098	191,857	57.09	161,158	119.05
12/31/05	216,995	394,869	177,874	54.95	161,299	110.28
12/31/04	182,076	326,803	144,727	55.71	216,359	66.89
12/31/03	146,196	325,961	179,765	44.85	287,477	62.53
12/31/02	102,007	264,864	162,857	38.51	306,218	53.18
12/31/01	151,182	292,561	141,379	51.68	326,926	43.24
12/31/00	95,783	225,345	129,562	42.51	252,166	51.38
12/31/99	56,812	165,206	108,394	34.39	212,217	51.08
12/31/98	28,673	127,591	98,918	22.47	172,699	57.28

On a market value basis, the actuarial value of assets as of December 31, 2007 is \$335,471. On a market basis, the funded ratio would be 64.61%.

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 occur.

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OTHER SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Hotel Tax Fund - Accounts for expenditures to promote tourism with revenue generated by hotel taxation.

Non-Home Rule Sales Tax Fund - Accounts for expenditures related to drainage improvements financed by sales tax as collected and distributed by the State of Illinois.

VILLAGE OF CARBON CLIFF, ILLINOIS
 COMBINING BALANCE SHEET -
 MODIFIED CASH BASIS
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2007

	<u>Special Revenue Funds</u>		
	<u>Hotel Tax Fund</u>	<u>Non-Home Rule Sales Tax Fund</u>	<u>Total Nonmajor Governmental Fund</u>
ASSETS			
Investments	\$ <u>217,196</u>	\$ <u>90,852</u>	\$ <u>308,048</u>
Total Assets	\$ <u><u>217,196</u></u>	\$ <u><u>90,852</u></u>	\$ <u><u>308,048</u></u>
 FUND BALANCES			
Unreserved	\$ <u><u>217,196</u></u>	\$ <u><u>90,852</u></u>	\$ <u><u>308,048</u></u>

VILLAGE OF CARBON CLIFF, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES FUND BALANCE -
MODIFIED CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2007

	<u>Special Revenue Funds</u>		
	<u>Hotel</u>	<u>Non-Home</u>	<u>Total</u>
	<u>Tax Fund</u>	<u>Rule</u>	<u>Nonmajor</u>
		<u>Sales Tax</u>	<u>Governmental</u>
		<u>Fund</u>	<u>Funds</u>
REVENUES			
Hotel tax	\$ 58,500	\$ - - -	\$ 58,500
Local sales tax	- - -	29,651	29,651
Interest	10,063	3,750	13,813
Miscellaneous	- - -	1,269	1,269
Total revenues	\$ <u>68,563</u>	\$ <u>34,670</u>	\$ <u>103,233</u>
EXPENDITURES			
Current:			
Contractual services	\$ 2,265	\$ 2,269	\$ 4,534
Other	<u>6,787</u>	<u>- - -</u>	<u>6,787</u>
Total expenditures	\$ <u>9,052</u>	\$ <u>2,269</u>	\$ <u>11,321</u>
Excess of revenues over expenditures	\$ <u>59,511</u>	\$ <u>32,401</u>	\$ <u>91,912</u>
OTHER FINANCING USES			
Transfer out	(\$ <u>15,449</u>)	\$ - - -	(\$ <u>15,449</u>)
Net change in fund balance	\$ 44,062	\$ 32,401	\$ 76,463

Fund balance, beginning	<u>173,134</u>	<u>58,451</u>	<u>231,585</u>
Fund balance, ending	<u>\$ 217,196</u>	<u>\$ 90,852</u>	<u>\$ 308,048</u>

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Exhibit 9

VILLAGE OF CARBON CLIFF, ILLINOIS
 SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL -
 MODIFIED CASH BASIS
 HOTEL TAX FUND
 For the Year Ended December 31, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>
REVENUES			
Hotel tax	\$ 66,000	\$ 66,000	\$ 58,500
Interest	<u>7,500</u>	<u>7,500</u>	<u>10,063</u>
Total revenues	<u>\$ 73,500</u>	<u>\$ 73,500</u>	<u>\$ 68,563</u>
EXPENDITURES			
Current:			
Contractual services:			
Legal and professional	\$ 2,400	\$ 2,270	\$ 2,265
Other:			
Dues	5,000	6,250	6,250
Community relations	100	430	429
Supplies	<u>35</u>	<u>35</u>	<u>108</u>
Total expenditures	<u>\$ 7,535</u>	<u>\$ 8,985</u>	<u>\$ 9,052</u>
Excess of revenues over expenditures	\$ 65,965	\$ 64,515	\$ 59,511
OTHER FINANCING USES			
Transfer out	(<u>20,525</u>)	(<u>19,075</u>)	(<u>15,449</u>)
Net change in fund balance	<u>\$ 45,440</u>	<u>\$ 45,440</u>	\$ 44,062

Fund balance, beginning	<u>173,134</u>
Fund balance, ending	<u>\$ 217,196</u>

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Exhibit 10

VILLAGE OF CARBON CLIFF, ILLINOIS
 SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL -
 MODIFIED CASH BASIS
 NON-HOME RULE SALES TAX FUND
 For the Year Ended December 31, 2007

	Original Budget	Final Budget	Actual Amounts
REVENUES			
Local sales tax	\$ 28,750	\$ 28,750	\$ 29,651
Interest	2,250	2,250	3,750
Miscellaneous	<u>- - -</u>	<u>- - -</u>	<u>1,269</u>
Total revenues	<u>\$ 31,000</u>	<u>\$ 31,000</u>	<u>\$ 34,670</u>
EXPENDITURES			
Current:			
Contractual services:			
Professional services	<u>\$ 1,000</u>	<u>\$ 2,270</u>	<u>\$ 2,269</u>
Total expenditures	<u>\$ 1,000</u>	<u>\$ 2,270</u>	<u>\$ 2,269</u>
Excess of revenues over expenditures	<u>\$ 30,000</u>	<u>\$ 28,730</u>	\$ 32,401
Fund balance, beginning			<u>58,451</u>
Fund balance, ending			<u>\$ 90,852</u>

VILLAGE OF CARBON CLIFF, ILLINOIS
ASSESSED VALUATIONS AND PROPERTY TAX RATES
For the Last Ten Calendar Years

Calendar Year:	<u>Assessed Value</u>	<u>Property Tax Rates</u>
2007	\$ 14,108,858	0.7532%
2006	12,911,745	0.8164
2005	12,505,324	0.936
2004	11,716,490	0.658
2003	12,108,015	1.040
2002	11,494,634	1.018
2001	10,298,083	1.181
2000	9,725,001	1.203
1999	9,487,964	1.174
1998	9,310,841	1.304

VILLAGE OF CARBON CLIFF, ILLINOIS
PROPERTY TAX LEVIES AND COLLECTIONS
GENERAL AND ENTERPRISE FUNDS
For the Last Ten Calendar Years

Calendar Year:	<u>Taxes Levied</u>	<u>Taxes Collected</u>
2008	\$ 116,126	\$ - - -
2007	114,889	114,128
2006	126,336	123,838
2005	85,876	91,416
2004	134,649	137,507
2003	125,383	123,194
2002	128,989	127,317
12/31/2001	123,982	116,568
03/31/2001	118,147	117,939
2000	136,382	135,949
1999	115,490	115,159

