

VILLAGE OF MT. ZION, ILLINOIS

ANNUAL FINANCIAL REPORT

APRIL 30, 2015

VILLAGE OF MT. ZION, ILLINOIS

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INDEPENDENT AUDITORS' REPORT

Mayor and Village Board
Village of Mt. Zion
Mt. Zion, Illinois

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, fiduciary fund and the aggregate remaining fund information of the Village of Mt. Zion, Illinois, as of and for the year ended April 30, 2015, and the related notes to the financial statements, which collectively comprise the Village's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1A; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the government's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Mayor and Village Board
Village of Mt. Zion
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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Qualified Opinion on Governmental Activities

The financial statement referred to above do not include the effects of implementation of Governmental Accounting Standards Board Statement No. 45, which requires the measurement and disclosure of annual amounts of other post employment benefit costs on the modified cash basis of accounting. The actuarial measurement of the other post employment benefits described in Note 5 are not known to the Village, and accordingly, are not disclosed in the financial statements referred to above.

Qualified Opinion

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Governmental Activities" paragraph, the financial statements referred to above present fairly, in all material respects, the modified cash basis financial position of the governmental activities of the Village of Mt. Zion, Illinois, as of April 30, 2015, and the changes in modified cash basis financial position thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1A.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the business-type activities, each major fund and the aggregate remaining fund information of the Village of Mt. Zion, Illinois, as of April 30, 2015, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1A.

Basis of Accounting

We draw attention to Note 1A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is similar to the cash basis of accounting with which the Village prepares its budget in compliance with the budget laws of the State of Illinois, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Mt. Zion, Illinois' financial statements. The schedules listed as "supplementary information" and "other information (unaudited)" in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

Mayor and Village Board
Village of Mt. Zion
Page Three

The schedules listed as "supplementary information" are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules listed as "supplementary information" are fairly stated, in all material respects, in relation to the financial statements as a whole.

The schedules listed as "other information (unaudited)" in the table of contents have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Yours very truly,

A handwritten signature in cursive script, likely representing the firm's name, is written above the printed name.

McGUIRE, YUHAS, HUFFMAN & BUCKLEY, P.C.
Certified Public Accountants

Decatur, Illinois
October 19, 2015

VILLAGE OF MT. ZION, ILLINOIS

STATEMENT OF NET POSITION
MODIFIED CASH BASIS

April 30, 2015

	Primary Government		
	Governmental Activities	Business- type Activities	Total
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 1,772,979	\$ 507,074	\$ 2,280,053
Certificates of Deposit	612,495	-	612,495
IMET Liquidated Trust Receivable	19,673	11,164	30,837
Prepaid Payroll Taxes	346	-	346
Accounts Receivable (net of allowance for doubtful accounts)	-	143,513	143,513
Total Current Assets	2,405,493	661,751	3,067,244
Non-Current Assets			
Land, Property, Plant and Equipment	20,470,244	7,391,004	27,861,248
Less: Accumulated Depreciation	(5,525,940)	(3,711,555)	(9,237,495)
Net Land, Property, Plant and Equipment	14,944,304	3,679,449	18,623,753
Intangible Asset			
Sewer System Annexation Cost (Net of Accumulated Amortization of \$865,500)	-	304,753	304,753
Total Non-Current Assets	14,944,304	3,984,202	18,928,506
Total Assets	17,349,797	4,645,953	21,995,750
LIABILITIES			
Current Liabilities			
Notes Payable - current	12,494	-	12,494
Bonds Payable - current	455,000	-	455,000
Total Current Liabilities	467,494	-	467,494
Non-Current Liabilities			
Notes Payable - non-current	55,521	-	55,521
Bonds Payable - non-current	4,772,967	-	4,772,967
Total Non-Current Liabilities	4,828,488	-	4,828,488
Total Liabilities	5,295,982	-	5,295,982
NET POSITION			
Net Investment in Capital Assets	9,648,322	3,679,449	13,327,771
Restricted for: Police	17,683	-	17,683
Street and Alley Maintenance	479,443	-	479,443
Audit	38,172	-	38,172
Social Security Tax	79,168	-	79,168
Liability Insurance	27,070	-	27,070
IMRF	41,659	-	41,659
School Crossing Guard	21,698	-	21,698
Unemployment Compensation	60,213	-	60,213
Capital Projects	170,487	-	170,487
Special Tax Capital Projects	1,392	-	1,392
Debt Service	10,986	-	10,986
Unrestricted	1,457,522	966,504	2,424,026
Total Net Position	\$ 12,053,815	\$ 4,645,953	\$ 16,699,768

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

VILLAGE OF MT. ZION, ILLINOIS

STATEMENT OF ACTIVITIES
MODIFIED CASH BASIS

For the Year Ended April 30, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Capital Grants and Contributions	Net (Expense) Revenue
Governmental Activities				
Current				
General Government				
Administration	\$ 574,538	\$ 211,899	\$ -	\$ (362,639)
Planning and Zoning	75,538	-	-	(75,538)
Public Safety	925,106	13,733	2,632	(908,741)
Streets & Alleys	843,438	-	-	(843,438)
Culture & Recreation				
Parks	328,931	86,305	2,176	(240,450)
Convention Center	213,639	155,536	-	(58,103)
Debt Service	249,654	-	-	(249,654)
Capital Outlay	200,002	-	-	(200,002)
Total Governmental Activities	3,410,846	467,473	4,808	(2,938,565)
Business-type Activities				
Water	964,915	1,269,717	-	304,802
Sanitary Sewer	517,552	454,325	-	(63,227)
Total Business-type Activities	1,482,467	1,724,042	-	241,575
Total Governmental and Business-type Activities	\$ 4,893,313	\$ 2,191,515	\$ 4,808	\$ (2,696,990)
Changes in Net Position				
Net (Expense) Revenue	\$ (2,938,565)	\$ 241,575	\$ (2,696,990)	
General Revenues				
Property Tax	1,114,565	-	1,114,565	
Utility Tax	173,995	-	173,995	
Telecommunications Tax	72,585	-	72,585	
Income Tax	566,416	-	566,416	
Replacement Tax	30,510	-	30,510	
Sales and Use Tax	459,267	-	459,267	
Games Tax	9,947	-	9,947	
Reimbursements	95,341	-	95,341	
Interest	4,820	1,210	6,030	
Bond Subsidies	15,719	-	15,719	
Motor Fuel Tax	188,595	-	188,595	
Loss on Disposal of Capital Assets	(10,761)	(6,338)	(17,099)	
Operating Transfers	60,000	(60,000)	-	
Total General Revenues, Losses and Transfers	2,780,999	(65,128)	2,715,871	
Net Change in Net Position	(157,566)	176,447	18,881	
Net Position, May 1	12,211,381	4,469,506	16,680,887	
Net Position, April 30	\$ 12,053,815	\$ 4,645,953	\$ 16,699,768	

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

VILLAGE OF MT. ZION, ILLINOIS

STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES - GOVERNMENTAL FUNDS
MODIFIED CASH BASIS

April 30, 2015

	General	2013 Bond Repayment Fund	Motor Fuel Tax Fund	Nonmajor Governmental Funds	Totals
ASSETS					
Current Assets					
Cash and Cash Equivalents	\$ 669,508	\$ 54,414	\$ 473,065	\$ 566,969	\$ 1,763,956
Certificates of Deposit	612,495	-	-	-	612,495
IMET Liquidated Trust Receivable	12,101	-	-	7,572	19,673
Due from 2013 Bond Repayment Fund	49,478	-	-	-	49,478
Due from Nonmajor Governmental Funds	6,795	3,658	-	-	10,453
Due from General Fund	-	-	6,378	-	6,378
Prepaid Payroll Taxes	346	-	-	-	346
Total Assets	\$ 1,350,723	\$ 58,072	\$ 479,443	\$ 574,541	\$ 2,462,779
LIABILITIES AND FUND BALANCES					
Current Liabilities					
Due to Motor Fuel Tax Fund	\$ 6,378	\$ -	\$ -	\$ -	\$ 6,378
Due to 2013 Bond Repayment Fund	-	-	-	3,658	3,658
Due to General Fund	-	49,478	-	6,795	56,273
Total Liabilities	6,378	49,478	-	10,453	66,309
Fund Balances					
Restricted	17,683	8,594	479,443	442,251	947,971
Assigned	-	-	-	121,837	121,837
Unassigned	1,326,662	-	-	-	1,326,662
Total Fund Balances	1,344,345	8,594	479,443	564,088	2,396,470
Total Liabilities and Fund Balances	\$ 1,350,723	\$ 58,072	\$ 479,443	\$ 574,541	\$ 2,462,779

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

VILLAGE OF MT. ZION, ILLINOIS

RECONCILIATION OF THE STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
MODIFIED CASH BASIS

April 30, 2015

Total Fund Balances - Total Governmental Funds	\$	2,396,470
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital Assets of \$20,470,244 net of accumulated depreciation of (\$5,525,940), are not financial resources and therefore, are not reported in the funds.		14,944,304
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Bonds and notes payable are not reported in the governmental funds		(5,295,982)
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The Internal Service Fund is used by management to charge employee insurance costs to individual funds. Assets and liabilities of the Internal Service Fund are included in governmental activities.		<u>9,023</u>
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Net Position of Governmental Activities	\$	<u>12,053,815</u>
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Notes to Financial Statements are an integral part of this statement.

VILLAGE OF MT. ZION, ILLINOIS

STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
MODIFIED CASH BASIS

For the Year Ended April 30, 2015

	General	2013 Bond Repayment Fund	Motor Fuel Tax Fund	Nonmajor Governmental Funds	Totals
Revenues Received					
Property Tax	\$ 497,341	\$ 152,163	\$ -	\$ 465,061	\$ 1,114,565
Utility Tax	173,995	-	-	-	173,995
Telecommunications Tax	72,585	-	-	-	72,585
Licenses & Permits	87,179	-	-	-	87,179
Franchise Fees	68,675	-	-	-	68,675
Income Tax	566,416	-	-	-	566,416
Replacement Tax	30,510	-	-	-	30,510
Sales and Use Tax	459,267	-	-	-	459,267
Games Tax	9,947	-	-	-	9,947
Grants	2,632	-	-	-	2,632
Fines, Fees & Miscellaneous	101,763	-	-	-	101,763
Donations	2,176	-	-	-	2,176
Rentals	209,856	-	-	-	209,856
Reimbursements	95,341	-	-	-	95,341
Interest	3,637	-	64	1,113	4,814
Bond Subsidies	-	-	-	15,719	15,719
Motor Fuel Tax	-	-	188,595	-	188,595
Total Revenues Received	2,381,320	152,163	188,659	481,893	3,204,035
Expenditures Disbursed					
Current					
General Government					
Administration	222,514	-	-	250,329	472,843
Planning & Zoning	75,538	-	-	-	75,538
Public Safety	898,199	-	-	5,463	903,662
Streets & Alleys	309,175	-	4,955	570	314,700
Culture & Recreation					
Parks	168,079	-	-	-	168,079
Convention Center	198,502	-	-	-	198,502
Debt Service					
Principal	-	145,000	-	306,985	451,985
Interest	-	7,955	-	248,945	256,900
Capital Outlay	221,831	-	124,355	98,902	445,088
Total Expenditures Disbursed	2,093,838	152,955	129,310	911,194	3,287,297
Excess(Deficiency) of Revenues Received Over(Under) Expenditures Disbursed	287,482	(792)	59,349	(429,301)	(83,262)
Other Financing Sources(Uses)					
Operating Transfers In	60,000	-	-	581,287	641,287
Operating Transfers Out	(466,787)	-	-	(114,500)	(581,287)
Net Change in Fund Balances	(119,305)	(792)	59,349	37,486	(23,262)
Fund Balances, May 1	1,463,650	9,386	420,094	526,602	2,419,732
Fund Balances, April 30	\$ 1,344,345	\$ 8,594	\$ 479,443	\$ 564,088	\$ 2,396,470

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

VILLAGE OF MT. ZION, ILLINOIS

RECONCILIATION OF THE STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
MODIFIED CASH BASIS

For the Year Ended April 30, 2015

Net Change in Fund Balances - Total Governmental Funds	\$ (23,262)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital asset purchases capitalized	245,086
Depreciation expense	(817,267)
Loss on Disposal of Capital Assets	(10,761)

The issuance of long-term debt provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position.

Bond and note principal repayments	451,985
Bond issue premium amortization	7,246

The Internal Service Fund is used by management to charge employee insurance costs to individual funds.

Net change in fund balance of the Internal Service Fund is reported with Governmental Activities	<u>(10,593)</u>
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Change in Net Position of Governmental Activities	<u>\$ (157,566)</u>
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Notes to Financial Statements are an integral part of this statement.

VILLAGE OF MT. ZION, ILLINOIS
STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS
MODIFIED CASH BASIS

April 30, 2015

	Business-type Activities			Governmental
	Water	Sanitary Sewer	Total	Internal Service Fund
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 441,293	\$ 65,781	\$ 507,074	\$ 9,023
Accounts Receivable (net of allowance For doubtful accounts)	106,804	36,709	143,513	-
IMET Liquidated Trust Receivable	11,082	82	11,164	-
Due from the Sanitary Sewer Fund	100,000	-	100,000	-
Total Current Assets	659,179	102,572	761,751	9,023
Non-Current Assets				
Land, Property, Plant and Equipment	3,712,314	3,678,690	7,391,004	-
Less: Accumulated Depreciation	(1,680,984)	(2,030,571)	(3,711,555)	-
Net Land, Property Plant and Equipment	2,031,330	1,648,119	3,679,449	-
Intangible Asset				
Sewer System Annexation Cost (Net of Accumulated Amortization of \$865,500)	-	304,753	304,753	-
Total Non-current Assets	2,031,330	1,952,872	3,984,202	-
Total Assets	2,690,509	2,055,444	4,745,953	9,023
LIABILITIES				
Current Liabilities				
Due to the Water Fund	-	100,000	100,000	-
NET POSITION				
Net Investment in Capital Assets	2,031,330	1,648,119	3,679,449	-
Restricted	-	-	-	-
Unrestricted	659,179	307,325	966,504	9,023
Total Net Position	\$ 2,690,509	\$ 1,955,444	\$ 4,645,953	\$ 9,023

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

VILLAGE OF MT. ZION, ILLINOIS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS
MODIFIED CASH BASIS

For the Year Ended April 30, 2015

	Business-type Activities			Governmental
	Water	Sanitary Sewer	Total	Internal Service Fund
Operating Revenues				
Charges for Services	\$ 1,259,013	\$ 446,132	\$ 1,705,145	\$ -
Other Fees & Miscellaneous	10,704	8,193	18,897	-
Total Operating Revenues	<u>1,269,717</u>	<u>454,325</u>	<u>1,724,042</u>	<u>-</u>
Operating Expenses				
Personal Services				
Salaries	155,407	137,075	292,482	-
Benefits	38,320	37,095	75,415	10,599
Total Personal Services	<u>193,727</u>	<u>174,170</u>	<u>367,897</u>	<u>10,599</u>
Operations and Contractual Services				
Repairs & Maintenance	34,924	15,828	50,752	-
Engineering	37,808	-	37,808	-
Legal	2,079	-	2,079	-
Janitorial Services	5,273	5,272	10,545	-
Postage	4,333	3,569	7,902	-
Telephone	937	2,356	3,293	-
Printing & Publications	4,237	3,826	8,063	-
Fees	9,158	3,861	13,019	-
Travel & Training	2,068	362	2,430	-
Utilities	2,345	2,974	5,319	-
Water Purchases	569,540	-	569,540	-
Sewer Treatment Charges	-	184,365	184,365	-
Supplies & Equipment	3,439	1,498	4,937	-
Miscellaneous	-	100	100	-
Gasoline & Oil	8,737	8,737	17,474	-
System Repairs & Maintenance	2,440	2,440	4,880	-
Depreciation and Amortization	83,870	108,194	192,064	-
Total Operations and Contractual Services	<u>771,188</u>	<u>343,382</u>	<u>1,114,570</u>	<u>-</u>
Total Operating Expenses	<u>964,915</u>	<u>517,552</u>	<u>1,482,467</u>	<u>10,599</u>
Operating Income (Loss)	<u>304,802</u>	<u>(63,227)</u>	<u>241,575</u>	<u>(10,599)</u>
Non-Operating Revenues (Expenses)				
Interest Income	1,138	72	1,210	6
Loss on Disposal of Asset	(6,338)	-	(6,338)	-
Transfers to the General Fund	(40,000)	(20,000)	(60,000)	-
Total Non-Operating Revenues (Expenses)	<u>(45,200)</u>	<u>(19,928)</u>	<u>(65,128)</u>	<u>6</u>
Change in Net Position	259,602	(83,155)	176,447	(10,593)
Total Net Position, May 1	<u>2,430,907</u>	<u>2,038,599</u>	<u>4,469,506</u>	<u>19,616</u>
Total Net Position, April 30	<u>\$ 2,690,509</u>	<u>\$ 1,955,444</u>	<u>\$ 4,645,953</u>	<u>\$ 9,023</u>

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

VILLAGE OF MT. EION, ILLINOIS
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
MODIFIED CASH BASIS

For the Year Ended April 30, 2015

	Business-type Activities			Governmental Activities
	Water	Sanitary Sewer	Total	Internal Service Fund
Cash Flows from Operating Activities				
Cash Received from Customers	\$ 1,245,662	\$ 454,653	\$ 1,700,315	\$ -
Payments to Suppliers	(725,638)	(272,283)	(997,921)	(10,599)
Payments to Employees	(155,407)	(137,075)	(292,482)	-
Net Cash Provided(Used) by Operating Activities	<u>364,617</u>	<u>45,295</u>	<u>409,912</u>	<u>(10,599)</u>
Cash Flows from Non-capital Financing Activities				
Transfers to the General Fund	(40,000)	(20,000)	(60,000)	-
Net Cash Provided(Used) by Non-Capital Financing Activities	<u>(40,000)</u>	<u>(20,000)</u>	<u>(60,000)</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities				
Purchase of Capital Assets	(638,505)	-	(638,505)	-
Net Cash Provided(Used) by Capital and Related Financing Activities	<u>(638,505)</u>	<u>-</u>	<u>(638,505)</u>	<u>-</u>
Cash Flows from Investing Activities				
Increase in IMET Liquidated Trust Receivable	(11,082)	(82)	(11,164)	-
Interest Received	1,138	72	1,210	6
Net Cash Provided(Used) by Investing Activities	<u>(9,944)</u>	<u>(10)</u>	<u>(9,954)</u>	<u>6</u>
Net Increase(Decrease) in Cash in Bank	(323,832)	25,285	(298,547)	(10,593)
Cash in Bank and Register - May 1	765,125	40,496	805,621	19,616
Cash in Bank and Register - April 30	<u>\$ 441,293</u>	<u>\$ 65,781</u>	<u>\$ 507,074</u>	<u>\$ 9,023</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income	\$ 304,802	\$ (63,227)	\$ 241,575	\$ (10,599)
Adjustments to Reconcile Operating Income(Loss) to Net Cash Provided(Used) by Operating Activities				
Depreciation and Amortization	83,870	108,194	192,064	-
Changes in Assets and Liabilities (Increase)Decrease in Accounts Receivable	(24,055)	328	(23,727)	-
Total Adjustments	<u>59,815</u>	<u>108,522</u>	<u>168,337</u>	<u>-</u>
Net Cash Provided(Used) by Operating Activities	<u>\$ 364,617</u>	<u>\$ 45,295</u>	<u>\$ 409,912</u>	<u>\$ (10,599)</u>

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

VILLAGE OF MT. ZION, ILLINOIS
 STATEMENT OF FIDUCIARY NET POSITION
 MODIFIED CASH BASIS

April 30, 2015

	<u>Police Pension Fund</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 12,156
Mutual Funds	<u>60,810</u>
Total Current Assets	<u>72,966</u>
Non-Current Assets	
Certificates of Deposit	418,888
Municipal Bonds	<u>41,568</u>
Total Non-Current Assets	<u>460,456</u>
Total Assets	<u>533,422</u>
 LIABILITIES	 <u>-</u>
 NET POSITION	
Restricted for Pension Benefits	<u>533,422</u>
Total Net Position	<u>\$ 533,422</u>

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

VILLAGE OF MT. ZION, ILLINOIS

STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED,
AND CHANGES IN FIDUCIARY NET POSITION
MODIFIED CASH BASIS

For the Year Ended April 30, 2015

	<u>Police Pension Fund</u>
Additions	
Property Tax	\$ 152,313
Member Contributions	47,428
Investment Earnings	
Interest	4,787
Dividends	1,264
Realized Gains	<u>1,026</u>
Total Additions	<u>206,818</u>
Deductions	
Administrative Expenditures	<u>21,155</u>
Total Deductions	<u>21,155</u>
Change in Net Position	<u>185,663</u>
Total Net Position, May 1	<u>347,759</u>
Total Net Position, April 30	<u>\$ 533,422</u>

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

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2015

Note 1 Significant accounting policies followed by the Village are as follows -

A) Measurement Focus and Basis of Accounting -

The government-wide, business-type activities, proprietary fund, fiduciary fund and internal service fund financial statements are prepared using the economic resources measurement focus, which measures both financial and capital resources. The governmental fund financial statements are prepared using the current financial resource measurement focus, which is based on the concept of fiscal accountability. Therefore, due to the differences in measurement focuses, the governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Basis of accounting refers to when revenues received and expenditures disbursed are recognized in the accounts and how they are reported on the financial statements. The Village maintains its accounting records for all funds on the modified cash basis of accounting. The government-wide financial statements are also prepared using the modified cash basis of accounting. Accordingly, revenues are recognized and recorded in the accounts when cash is received. In the same manner, expenditures are recognized and recorded upon the disbursement of cash. Assets of a fund are only recorded when a right to receive cash exists which arises from a previous cash transaction. Liabilities of a fund, similarly, result from previous cash transactions.

Modified cash-basis financial statements omit recognition of receivables and payables and other accrued and deferred items that do not arise from previous cash transactions with the exception that the Village capitalizes assets and depreciates them over their useful life and the Village books revenue and receivables for the business-type activities when billings are prepared. Accordingly, the statements do not present financial position or results of operations in accordance with generally accepted accounting principles.

All investments are carried at cost, which approximates market, unless otherwise noted. Investments are comprised of savings accounts, certificates of deposit, money markets, mutual funds and municipal bonds, some of which are federally insured. The Village board has legal authority to invest in certificates or other investments.

B) Capital Assets -

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2015

(Continued)

**Note 1 Significant accounting policies followed by the Village are as follows -
(Continued)**

B) Capital Assets (Continued) -

Government-Wide Statements

In the government-wide financial statements, capital assets are accounted for as assets in the Statement of Net Position. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

The Village has not maintained records of its governmental activities' infrastructure assets placed in service prior to May 1, 2004. Accordingly, the amount presented in the statement of Net Position for governmental activities' capital assets includes only infrastructure assets purchased after May 1, 2004.

The fixed assets of the Water and Sewer funds have been recorded at cost since April 1, 1960. The costs of assets acquired prior to this date have not been included.

Depreciation of all exhaustible fixed assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation has been provided as outlined below:

The cost for maintenance will be expensed.

The following depreciation methods are established:

Waterworks and Sewer System	34-40 years, straight line
Infrastructure	20-40 years, straight line
Equipment and Machinery	5-10 years, straight line
Furniture and Office Equipment	5-10 years, straight line

Fund Financial Statements

In the fund financial statements, capital assets acquired for use in governmental fund operations are accounted for as expenses of the governmental funds upon acquisition. Capital assets acquired for use in proprietary fund operations are accounted for the same as in the government-wide statements.

NOTES TO FINANCIAL STATEMENTS

April 30, 2015

(Continued)

**Note 1 Significant accounting policies followed by the Village are as follows -
(Continued)**

C) Reporting Entity -

In evaluating how to define the Village, for financial reporting purposes, management (Trustees) has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the Village's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management (Trustees), the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service.

Application of this criterion involves considering whether the activity is conducted within the geographic boundaries of the Village and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships; regardless of whether the Village is able to exercise oversight responsibilities. Based upon the application of the criteria, the Mt. Zion Police Pension Fund has been identified as a component unit of the Village. The Pension Fund is fiscally dependent on the Village to levy taxes to fund its pension liabilities. The Pension Fund is reported as a fiduciary fund of the Village.

D) Basis of Presentation -

Although the Village presents its annual financial statements on the modified cash basis of accounting, a special purpose framework other than GAAP, the aspects of financial statement content and format, as prescribed by GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments have been implemented in the financial statements, effective for the year ended April 30, 2005 and after. This change had a material effect on the comparability of previous year financial statements to statements dated April 30, 2005 and after.

The following represents the Village's basis of financial statement presentation based on the GASB 34 format.

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the Village as a whole. They include all funds of the Village except for fiduciary funds.

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2015

(Continued)

**Note 1 Significant accounting policies followed by the Village are as follows -
(Continued)**

D) Basis of Presentation - (Continued)

The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernment revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to the external customers for goods or services.

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 which constitute its assets, liabilities, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is either the General Fund or if it meets the following criteria:

Total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding element total for all funds of that category or type, and

Total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 5 percent of the corresponding element total for all governmental and enterprise funds combined.

Governmental Funds

Governmental funds are those through which most governmental functions of the Village are financed. The acquisition, use and balances of the Village's expendable financial resources and the related liabilities (arising from cash transactions) are accounted for through governmental funds.

General Fund

The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

Special Revenue Funds are used to account for cash received from specific sources. The expenditures in excess of the amounts received and accumulated fund balance for these special revenue funds become an obligation of the general fund.

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2015

(Continued)

**Note 1 Significant accounting policies followed by the Village are as follows -
(Continued)**

D) Basis of Presentation - (Continued)

<u>Fund</u>	<u>Brief Description</u>
Motor Fuel Tax Fund	Accounts for revenues collected from the motor fuel tax and expenditures associated with maintenance of the Village's streets and alleys.
Audit Fund	Accounts for property taxes collected and expenditures paid for the Village's annual audit.
Social Security Fund	Accounts for property taxes collected and expenditures paid for the Village's payroll taxes.
Liability Insurance Fund	Accounts for property taxes collected and expenditures paid for the Village's liability insurance.
IMRF Fund	Accounts for property taxes collected and expenditures paid for retirement for the Village's employees.
School Crossing Guard Fund	Accounts for property taxes collected and expenditures paid for the salary of the school crossing guards.
Unemployment Compensation Fund	Accounts for property taxes collected and expenditures paid for unemployment insurance.
General Capital Projects Fund	Accounts for revenues collected, primarily bond proceeds, and expenditures paid for capital projects for the Village.
Special Tax Allocation Fund	Accounts for property taxes collected and expenditures paid for the tax increment financing district (T.I.F).
Lease Purchase Fund	Accounts for property taxes collected and expenditures paid for the lease payments associated with asset acquisitions.
Bond Repayment Funds	Account for property taxes collected and expenditures paid for bond interest and principal payments.

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2015

(Continued)

Note 1 Significant accounting policies followed by the Village are as follows -
(Continued)

D) Basis of Presentation - (Continued)

Proprietary Funds

Enterprise Funds

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Fund

Brief Description

Water & Sewer Funds

Account for the activities of providing water and sanitation sewer services to the public.

Internal Service Fund

Risk Management Fund

Accounts for transfers from other funds and expenditures paid for the Village's insurance costs, deductibles, co-insurance, and judgments.

Fiduciary Fund

Police Pension Fund

Accounts for property taxes collected and expenditures paid for pension benefits of qualified police officers.

Major and Non-major Funds

The funds are classified as major or non-major as follows:

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2015

(Continued)

Note 1 Significant accounting policies followed by the Village are as follows - (Continued)

D) Basis of Presentation - (Continued)

<u>Major Funds</u>	<u>Non-major Funds</u>
General Fund	Audit Fund
2013 Bond Repayment Fund	Social Security Fund
Water Fund	Liability Insurance Fund
Sanitary Sewer Fund	IMRF Fund
Motor Fuel Tax Fund	School Crossing Guard Fund
	Unemployment Compensation Fund
	General Capital Projects Fund
	Special Tax Allocation Fund
	Lease Purchase Fund
	Bond Repayment Funds

E) Use of Estimates -

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

F) Priority for Use of Restricted and Unrestricted Assets -

When both restricted and unrestricted resources are available for use, it is the Village's practice to use restricted resources first, then unrestricted resources as needed.

G) Budgets and Appropriations -

The appropriation ordinance for all fund types is prepared on the cash basis of accounting which is similar to the modified cash basis that is used in financial reporting. This allows for comparability between appropriated and actual amounts. The Village's appropriation ordinance was passed on April 21, 2014.

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2015

(Continued)

**Note 1 Significant accounting policies followed by the Village are as follows -
(Continued)**

G) Budgets and Appropriations - (Continued)

For each fund, total fund expenditures disbursed may not legally exceed appropriated amounts. The appropriations lapse at the end of each fiscal year. Expenditures did not exceed appropriated amounts in any fund for the year ended April 30, 2015.

H) Non-current Liabilities -

The Village considers any liability not expected to be paid within one year to be a non-current liability. The liabilities shown on the statement of net position and the statement of fund net position - proprietary fund are broken down between current and non-current liabilities.

I) Program Revenues -

In the Statement of Activities, revenues that are derived directly from each activity or from parties outside the Village's taxpayers are reported as program revenues. The Governmental Activities' program revenues include fines, permits, donations, rental fees and event admissions. The Water and Sewer Funds' program revenues are the collection of water and sewer charges from customers who receive water and sewer services from the Village and grants received from other governments.

J) Operating and Nonoperating Revenues and Expenditures -

Proprietary fund statements classify revenues and expenditures as either operating or as nonoperating. The Village considers operating revenues and expenditures for proprietary funds to be those that result from providing services and producing and delivering goods and/or services. Revenues and expenditures related to capital and related financing, noncapital financing, or investing activities are considered to be nonoperating. All revenues of the proprietary funds are to be used to cover operations.

K) Internal and Interfund Balances and Activities -

If any interfund activity occurs or balances exist in the fund financial statements, they are eliminated or reclassified in the process of aggregating the financial information for the government-wide Statement of Net Position and Statement of Activities.

L) Cash and Cash Equivalents -

Cash and Cash Equivalents include all monies in banks and highly liquid investments. The carrying values of cash and cash equivalents approximates fair value because of the short maturities of those financial investments.

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2015

(Continued)

**Note 1 Significant accounting policies followed by the Village are as follows -
(Continued)**

M) Legal Debt Margin -

The following outlines the legal debt margin that the Village of Mt. Zion was limited to for the year ended April 30, 2015.

2014 Assessed Valuation		\$107,291,999	
		=====	
Statutory Debt Limitation			
8.625% of Assessed Valuation			9,253,935
Outstanding Bonds			
Series 2009A	\$2,650,000		
Series 2010A	585,000		
Series 2010B	1,715,000		
Series 2013	215,000		
Outstanding Notes Payable	68,015		
Less:			
Alternate Revenue Bonds	\$2,650,000	\$ 2,583,015	
	-----	-----	
Legal Debt Margin		\$ 6,670,920	
		=====	

N) Fund Balance Reporting -

According to Government Accounting Standards, fund balances are to be classified into five major classifications; nonspendable, restricted, committed, assigned, and unassigned. Below are definitions of each classification.

a. Nonspendable Fund Balance

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

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2015

(Continued)

**Note 1 Significant accounting policies followed by the Village are as follows -
(Continued)**

N) Fund Balance Reporting - (Continued)

b. Restricted Fund Balance

The restricted fund balance classification refers to amounts that are (1) subject to outside restrictions, not controlled by the entity, such as restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislation of the government itself. All special revenue funds have been restricted for their respective specified purposes.

Additionally, \$17,683 of the General Fund's fund balance is restricted for Police D.A.R.E., Drug and D.U.I. programs.

c. Committed Fund Balance

The committed fund balance classification refers to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority (the Village Board). Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of formal action it employed to previously commit those amounts.

The Village Board commits fund balance by making motions or passing resolutions to adopt policy or to approve contracts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The Village does not have any balances committed as of April 30, 2015.

d. Assigned Fund Balance

The assigned fund balance classification refers to amounts that are constrained by the government's intent to be used for a specific purpose, but are neither restricted nor committed. The Village Board has the authority to assign amounts to be used for specific purposes.

The Village has assigned \$121,837 of the Village's fund balances as follows as of April 30, 2015:

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2015

(Continued)

**Note 1 Significant accounting policies followed by the Village are as follows -
(Continued)**

N) Fund Balance Reporting - (Continued)

d. Assigned Fund Balance (Continued)

Purpose -----	Amount -----
Audit	\$ 1,000
Series 2009 Bond Payments	106,513
Series 2010 Bond Payments	14,324

	\$ 121,837
	=====

e. Unassigned Fund Balance

The unassigned fund balance classification is the residual classification for General Fund amounts that have not been restricted, committed, or assigned to specific purposes.

f. Expenditures of Fund Balance

Unless specifically identified, expenditures act to reduce restricted balances first, then committed balances, next assigned balances, and finally act to reduce unassigned balances. Expenditures for a specifically identified purpose will act to reduce the specific classification of fund balance that is identified. As of April 30, 2015, no formal fund balance policy had been adopted by the Village.

O) Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position -

The Village follows GASB Statement No. 63 Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position which was effective for audits of periods beginning after November 15, 2011. A deferred outflow of resources represents the consumption of a government's net assets that is applicable to a future period. A deferred inflow of resources represents the acquisition of net assets that is applicable to a future reporting period. Deferred outflows of resources are reported in a separate section of the Statement of Net Position following assets. Deferred inflows of resources are reported in a separate section of the Statement of Net Position following liabilities. As of April 30, 2015, the Village had not engaged in any transactions which qualified for reporting as a deferred outflow of resource or deferred inflow of resource.

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2015

(Continued)

Note 1 Significant accounting policies followed by the Village are as follows - (Continued)**P) Accounts Receivable -**

Customer receivables are recorded as receivables and revenues at their original invoice amount. Management periodically reviews the customer receivable accounts and accounts are written off as they become uncollectible or deemed uncollectible. Therefore, accounts receivable is recorded net of allowance for uncollectible accounts.

Note 2 Property Tax Calendar -

Property taxes attach as an enforceable lien on property as of January 1 of each year. The 2013 levy (collected in the fiscal period ending April 30, 2015) was adopted by the Village on December 2, 2013. The collection dates for the 2013 levy were June, 2014 and September, 2014. The Village receives significant distributions of tax receipts approximately one month after these due dates.

Note 3 Accrued Vacation/Leave -

Due to the Village reporting on the modified cash basis of accounting no accrual has been made for employees vacation/leave earned but not taken.

Each employee is allowed to carry over a maximum of 40 hours of vacation time to a new fiscal year. Any unused vacation time in excess of 40 hours from the previous fiscal year is lost. As of April 30, 2015, the accumulated vacation time amounted to \$31,143.

Sick leave benefits provide for ordinary sick pay and are cumulative but do not vest with employees and, therefore, are not paid out at termination. Unvested accumulated sick leave of Village employees at April 30, 2015 amounted to \$190,355.

Note 4 IMRF Pension Plan -

Plan Description. The Village's defined benefit pension plan for Regular and Sheriff's Law Enforcement Personnel (SLEP) employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The Village's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information (RSI). That report may be obtained on-line at www.imrf.org.

Funding Policy. As set by statute, the Village's Regular and SLEP plan members are required to contribute 4.50 and 7.50 percent, respectively, of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees.

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2015

(Continued)

Note 4 IMRF Pension Plan - (Continued)

The employer annual required contribution rate for calendar year 2014 was 15.89% for Regular plan members and 44.57% for SLEP members. The Village also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost. The required contribution for calendar year 2014 for the Regular plan was \$97,839 and \$18,762 for the SLEP.

Three Year Trend Information for the Regular Plan

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/14	\$ 97,839	100%	\$0
12/31/13	115,741	100%	0
12/31/12	98,658	100%	0

Three Year Trend Information for the
Sheriff's Law Enforcement Personnel Plan

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/14	\$18,762	100%	\$0
12/31/13	40,638	100%	0
12/31/12	0	-	0

The required contribution for 2014 was determined as part of the December 31, 2012 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2012, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of the Village's Regular and SLEP plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The Village's Regular and SLEP plans' unfunded actuarial accrued liability at December 31, 2012 is being amortized as a level percentage of projected payroll on an open 30 year basis.

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2015

(Continued)

Note 4 IMRF Pension Plan - (Continued)

Funded Status and Funding Progress. As of December 31, 2014, the most recent actuarial valuation date, the Regular plan was 65.33% funded. The actuarial accrued liability for benefits was \$1,757,824 and the actuarial value of assets was \$1,148,336, resulting in an underfunded actuarial accrued liability (UAAL) of \$609,488. The covered payroll for calendar year 2014 (annual payroll of active employees covered by the plan) was \$615,724 and the ratio of the UAAL to the covered payroll was 99%.

As of December 31, 2014, the most recent actuarial valuation date, the SLEP plan was 0.00% funded. The actuarial accrued liability for benefits was \$0 and the actuarial value of assets was \$24,494, resulting in an overfunded actuarial accrued liability (UAAL) of \$24,494. The covered payroll for calendar year 2014 (annual payroll of active employees covered by the plan) was \$42,096. Because the plan is overfunded, there is no ratio of the UAAL to the covered payroll.

The Village's law enforcement personnel no longer participate in IMRF; rather they contribute to the Police Pension Fund established by the Village as required by statute.

The schedule of funding progress, presented as Other Information (Unaudited), presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Note 5 Post Employment Health Insurance -

Currently, retired employees of the Village can participate in the Village's health insurance plan. The retirees are responsible for 100% of the cost of their coverage. However, because they are included in the Village's plan, they are receiving an implicit rate subsidy, which is considered an other post employment benefit (OPEB). GASB Statement No. 45 requires the cost of the OPEB to be recognized in the accounting period in which it is earned. The cost of the OPEB is determined by an actuarial valuation, which the Village has determined is not cost effective to obtain.

Note 6 Deposits and Investments -

The Village maintains multiple checking and other accounts to account for funds. Each Fund's portion of these accounts is displayed on the appropriate Statement of Assets, Liabilities and Fund Balances - Governmental Funds, on the Statement of Fund Net Position - Proprietary Funds, or on the Statement of Fiduciary Net Position. The certificates of deposit are maintained separately for each fund. The Village is allowed to invest in securities authorized by State statute, section 2 and 6 of the Public Funds Investment Act (30 ILCS 235/2 and 6). The Village currently invests in Certificates of Deposit, which are considered interest bearing time deposits, at federally insured financial institutions.

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2015

(Continued)

Note 6 Deposits and Investments - (Continued)

The Village invests in the Illinois Funds Money Market Fund and Prime Fund which consist of monies invested by individual participants that are pooled together and invested in U.S. Treasury bills and notes backed by the full faith and credit of the U.S. Treasury. The funds are rated AAAM by Standard and Poor's. The individual participants maintain separate investment accounts representing a proportionate share of the pool assets and its respective collateral; therefore, no collateral is identified with each individual participant's account.

The Village also invests in the Illinois Metropolitan Investment Fund (IMET) Convenience Fund which consists of monies invested by individual participants that are pooled together in a short-term money market instrument. These funds are collateralized via FDIC Insurance, the FHLB LOC Program, and pooled Government Securities at 110% on bank deposits.

The Village does not have policies regarding credit risk, custodial credit risk or concentration of credit risk.

Custodial credit risk for deposits and time deposits is the risk that in the event of a bank failure, the Village's deposits and time deposits may not be returned or the Village will not be able to recover collateral securities in the possession of an outside party. Demand deposits of \$44,717 and time deposits of \$1,700,860, at Prairie State Bank, are covered by federal insurance up to \$250,000 each. The remaining balance of \$1,450,860 is collateralized with securities held by the pledging financial institution's trust department or as agents in favor of the Village. Demand deposits of \$1,471 at Town and Country Bank are fully insured. Time deposits of \$10,000 at Scott State Bank are fully insured. Demand deposits of \$25 at Staley Credit Union are fully insured.

The Village has a total investment portfolio recorded at cost of \$521,266 in its financial statements. Of the total, \$418,888 is comprised of certificates of deposits backed by FDIC insurance, \$60,810 is invested in mutual funds and \$41,568 is invested in municipal bonds. The mutual funds and municipal bonds are unsecured.

The Village has a total of \$584,916 invested with the Illinois Funds, which are fully backed by the full faith of the U.S. Treasury. The Village also has investments totaling \$726,857 with IMET. These funds are not insured, but are collateralized by pooled securities.

As of April 30, 2015, the Village had the following balances of deposits, cash equivalents, and investments:

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2015

(Continued)

Note 6 Deposits and Investments - (Continued)

Types of Deposits/ Cash Equivalents/ Investments -----	Fair Value -----	Cost -----	Average Credit Quality Ratings (1) -----
Demand Deposits	\$ 46,213	\$ 46,213	N/A
N.O.W. and Money Markets	1,099,290	1,099,290	N/A
Illinois Funds	584,916	584,916	AAAm
IMET Convenience Fund	726,857	726,857	N/A
Mutual Funds	65,644	60,810	N/A
Municipal Bonds	43,572	41,568	Aaa, Aa1, A2
Certificates of Deposit	1,035,251	1,030,458	N/A
Total	\$3,601,743 =====	\$3,590,112 =====	

(1) Ratings are provided where applicable to indicate associated credit risk. N/A indicates not applicable or rating not available.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Generally, the Village's investing activities are managed by the Village Administrator.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The Village uses the specific identification method of managing interest rate risk.

Concentration of credit risk is the risk of loss attributed to the magnitude of the Village's investment in a single issuer. External investment pools are excluded when assessing concentration of credit risk.

Note 7 Risks -

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Village joined other governmental units and became a member of the Illinois Municipal League Risk Management Association (IMLRMA), a public entity risk pool currently operating as a common risk management and insurance program for member governmental units. The Village pays an annual premium to IMLRMA for its general insurance coverage.

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2015

(Continued)

Note 7 Risks - (Continued)

IMLRMA is self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$7,000,000 for each insured event.

For the insured programs there have been no significant reductions in coverage. Settlement amounts have not exceeded insurance coverage for the current or prior three years.

Note 8 Other Required Individual Fund Disclosures -

Generally accepted accounting principles require disclosure, as part of the financial statements of certain information concerning individual funds including:

- A) Deficit fund balances of individual funds. No Village fund had a deficit fund balance at April 30, 2015.
- B) Individual fund interfund receivable and payable balances. The Special Tax Allocation Fund owed the 2013 Bond Repayment Fund \$3,658 at April 30, 2015. This payable is expected to be paid off in the fiscal year ended April 30, 2016. This payable is an accumulation of T.I.F. receipts to be used for bond repayment. The IMRF Fund owed the General Fund \$6,795 at April 30, 2015 and plans to pay off the payable in the fiscal year ended April 30, 2016. This payable is due to General Fund receipts being unintentionally allocated to the IMRF. The 2013 Bond Repayment Fund owed the General Fund \$49,478 at April 30, 2015. This payable is expected to be paid off in the fiscal year ended April 30, 2016. This loan made to temporarily increase the cash balance in the 2013 Bond Repayment Fund. The General Fund owed the Motor Fuel Tax Fund \$6,378 at April 30, 2015 and plans to pay off the payable in the fiscal year ended April 30, 2016. This payable is due to MFT receipts being deposited into the General Funds games tax account. The Sewer Fund owed the Water Fund \$100,000 at April 30, 2015. This payable exists because the Sewer Fund borrowed the money for operations in a previous year. The balance is not expected to be fully repaid in the year ending April 30, 2016.
- C) Interfund transfers. The Water Fund and Sewer Fund transferred \$40,000 and \$20,000 respectively to the General Fund for reimbursement of expenses paid by the General Fund, as part of the budgeted activity for the year. The General Fund transferred \$284,506 and \$182,281 to the 2009 Bond Repayment Fund and 2010 Bond Repayment Fund respectively, to cover the costs of the bond principal and interest payments. The Special Tax Allocation Fund transferred \$114,500 to the 2009 Bond Repayment Fund cover the costs of the bond principal and interest payments.

Note 9 Beneficial Interest in Community Foundation Account -

The Village entered into an agreement with the Community Foundation of Macon County to establish the "Mt. Zion Fletcher Park Fund". This is a fund held and wholly owned by the Community Foundation to support the construction and operation of Fletcher Park.

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2015

(Continued)

Note 9 Beneficial Interest in Community Foundation Account - (Continued)

Distributions from the fund are made by the Community Foundation board, usually at the request of a donor or the Village. The ultimate control over the funds is maintained by the Community Foundation in its fiduciary capacity. The initial deposit to start the fund at the Community Foundation was \$1,000, and this is considered the Village's money. At April 30, 2015, the balance in the account was \$37,506.

Note 10 Long-Term Debt Obligations -

Changes in long-term debt for the year ended April 30, 2015 are as follows:

	Beginning Balance	Issued	(Retired)	Ending Balance
	-----	-----	-----	-----
Notes Payable	\$ 80,000		\$(11,985)	\$ 68,015
Bonds and Debt Certificates Payable	5,605,000		(440,000)	5,165,000
Unamortized Bond Issue Premium	70,213		(7,246)	62,967
Totals	\$ 5,755,213	\$ 0	\$(459,231)	\$ 5,295,982
	=====	=====	=====	=====

The total amount due within one year is \$467,494. This includes \$12,494 of notes payable and \$455,000 of bonds and debt certificates payable.

Bonds and Debt Certificates

The Village issues general obligation and alternate revenue bonds and debt certificates to provide funds for the acquisition and construction of major capital facilities. These bonds have been issued for governmental activities only. Bonds outstanding at April 30, 2015 include the following:

2009 Alternate Revenue Bonds

\$3,515,000 alternate revenue bonds issued on March 24, 2009, due in various annual installments ranging from \$140,000 to \$245,000 through December 1, 2028, plus interest at 3.00% to 5.00%. The bonds are to be repaid with telecommunication tax receipts, franchise fees, and a portion of utility tax receipts received by the 2009 Bond Fund. The bond was issued with a premium of \$83,809 which is amortized over the life of the bond.

\$2,650,000

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2015

(Continued)

Note 10 Long-Term Debt Obligations - (Continued)

2010A General Obligation Debt Certificates (Limited Tax)

\$870,000 general obligation debt certificates issued on October 7, 2010, due in various annual installments ranging from \$35,000 to \$245,000 through October 1, 2019, plus interest at 1.15% to 4.55%. The certificates are to be repaid with property taxes received by the Village. \$ 585,000

2010B General Obligation Debt Certificates (Limited Tax)

\$1,715,000 general obligation debt certificates issued on October 7, 2010, due in various annual installments ranging from \$265,000 to \$535,000 through October 1, 2030, plus interest at 4.90% to 6.15%. The certificates are to be repaid with property taxes received by the Village. \$1,715,000

2013 General Obligation Bonds

\$500,000 general obligation bonds issued on January 1, 2013, due in various annual installments ranging from \$70,000 to \$150,000 through December 1, 2016, plus interest at 2.00% to 2.25%. The bonds are to be repaid with property taxes received by the Village. The bond was issued with a premium of \$10,697 which is amortized over the life of the bond. \$ 215,000

Total Bond and Debt Certificates at April 30, 2015 \$5,165,000

Notes Payable

The Village borrowed funds from Prairie State Bank and Trust, Mt. Zion, Illinois for the acquisition of a skid steer loader. The funds have been borrowed for governmental activities only. The note is payable in annual installments of \$15,385 including interest at 4.25%, matures on February 11, 2020, and is secured by the loader. The note will be repaid with property taxes received by the Village. The first installment was due February 11, 2015. \$ 68,015

Total Notes Payable at April 30, 2015 \$ 68,015

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2015

(Continued)

Note 10 Long-Term Debt Obligations - (Continued)

The annual requirements to amortize all debt outstanding as of April 30, 2015, are as follows:

Bonds and Debt Certificates Payable

Year ending April 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 455,000	\$ 238,501	\$ 693,501
2017	395,000	220,657	615,657
2018	335,000	203,948	538,948
2019	345,000	191,026	536,026
2020	360,000	176,903	536,903
2021-2025	1,545,000	661,364	2,206,364
2026-2030	1,545,000	268,117	1,813,117
2031	<u>185,000</u>	<u>5,688</u>	<u>190,688</u>
Total	5,165,000	1,966,204	7,131,204
Bond Premium	<u>62,967</u>	<u>0</u>	<u>62,967</u>
Total Bonds and Debt Service Requirement	<u>\$5,227,967</u>	<u>\$1,966,204</u>	<u>\$7,194,171</u>

Notes Payable

Year ending April 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 12,494	\$ 2,891	\$ 15,385
2017	13,025	2,360	15,385
2018	13,579	1,806	15,385
2019	14,156	1,229	15,385
2020	<u>14,761</u>	<u>624</u>	<u>15,385</u>
Total Notes Payable Service Requirement	\$ <u>68,015</u>	\$ <u>8,910</u>	\$ <u>76,925</u>

Debt service funds were created to account for the accumulation of resources for, and the payment of, principal and interest related to the bond issues. All monies deposited into the debt service funds are restricted for payment of bond principal and interest only.

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2015

(Continued)

Note 11 Capital Assets -

The breakdown of capital assets by type and the related accumulated depreciation for the Business-Type Activities is as follows:

	Beginning	Additions	Deletions	Ending
	-----	-----	-----	-----
Capital Assets:				
Land and Easements	\$ 141,138			\$ 141,138
Construction in Progress	8,584			8,584
Buildings and System	6,008,552	\$ 638,505	\$(10,312)	6,636,745
Equipment	659,798		\$(55,261)	604,537
	-----	-----	-----	-----
Total	\$ 6,818,072	\$ 638,505	\$(65,573)	\$ 7,391,004
	=====	=====	=====	=====
	Beginning	Additions	Deletions	Ending
	-----	-----	-----	-----
Accumulated Depreciation:				
Buildings and System	\$ 3,260,395	\$ 135,848	(3,974)	\$ 3,392,269
Equipment	347,588	26,959	(55,261)	319,286
	-----	-----	-----	-----
Total	\$ 3,607,983	\$ 162,807	\$(59,235)	3,711,555
	=====	=====	=====	=====
Ending Book Value				\$ 3,679,449
				=====

Land and Easements and Construction in Progress are non-depreciating assets.

The breakdown of capital assets by type and the related accumulated depreciation for the Governmental Activities is as follows:

	Beginning	Additions	Deletions	Ending
	-----	-----	-----	-----
Capital Assets:				
Land	\$ 971,363	\$		\$ 971,363
Construction in Progress	41,834	91,880		133,714
Buildings	3,487,025	5,210		3,492,235
Equipment	1,450,579	60,278	(110,130)	1,400,727
Infrastructure	14,384,487	87,718		14,472,205
	-----	-----	-----	-----
Total	\$ 20,335,288	\$ 245,086	\$(110,130)	\$20,470,244
	=====	=====	=====	=====
Accumulated Depreciation:				
Buildings	\$ 517,946	\$ 81,718		\$ 599,664
Equipment	1,028,096	91,030	(99,369)	1,019,757
Infrastructure	3,262,000	644,519		3,906,519
	-----	-----	-----	-----
Total	\$ 4,808,042	\$ 817,267	\$(99,369)	\$ 5,525,940
	=====	=====	=====	=====
Ending Book Value				\$14,944,304
				=====

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2015

(Continued)

Note 11 Capital Assets - (Continued)

Total depreciation for all governmental activities assets amounted to \$817,267, for the current year, of which \$91,096, \$21,444, \$528,738, \$160,852 and \$15,137 were charged to the Administration, Public Safety, Street and Alleys, Parks and Convention Center functions, respectively.

Land and Construction in Progress are non-depreciating assets.

Note 12 Tax Increment Allocation Redevelopment Agreement Note -

This note is an obligation issued pursuant to the Tax Increment Allocation Redevelopment Act (Section 5/11-74.4-1 et seq. of Chapter 65 of the Illinois Compiled Statutes, the "TIF Act"), as supplemented and amended (the "Act"), and under the Redevelopment Agreement and the principal of and interest on this Note are payable, if at all, and not otherwise, solely and only from Available Revenues in connection with a specified part (the Part/Phase of the "Development Property") of the Redevelopment Project Area, established under the Act, and as provided in and subject to the limitations provided in the Redevelopment Agreement pursuant to which the Village of Mt. Zion has issued this Note. The term "Available Revenues" means incremental property taxes under Section 11-74.4-8 of the TIF Act in the percentage (90%) specified in the Redevelopment Agreement, derived solely and only from the Part/Phase of the Development Property, less certain Surplus and not otherwise.

The Redevelopment Revenue Note dated May 16, 2012 had a total outstanding balance of \$660,682 at an interest rate of 4.5%. The note was created to reimburse Lewis Property Development LLC for outstanding eligible project costs related to the Mt. Zion Gustin and Nelson Tax Increment Redevelopment Project Area. The Village is required to make payments based on available revenues until either the note is paid off, or until the TIF agreement expires at December 31, 2022, whichever comes first.

During the fiscal year ended April 30, 2015, payments made from TIF revenue towards this obligation totaled \$87,718 (\$68,346 of principal and \$19,372 of interest). This resulted in a balance on this note of \$538,342 at April 30, 2015.

VILLAGE OF MT. ZION, ILLIOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2015

(Continued)

Note 13 Construction and Other Commitments -

A Developers Economic Incentive Agreement was entered into in October 2012, for the construction of a business within the Mt. Zion Village East addition. The agreement called for a \$58,120 payment for the property by the owners and for the Village to pay as incentive \$58,120 plus \$25,000 on the first day of operation of the business and up to an additional \$25,000 as a rebate of one half of the sales tax collected by the Village from sales at the business during the period of operation up to January 1, 2018, resulting in total payments not to exceed \$108,120. The fifty percent sales tax rebate to be paid by the Village is to terminate after the Village has paid \$25,000 of sales tax rebates or on January 1, 2018, whichever occurs first. In the year ended April 30, 2014, \$58,120 was paid per this agreement. The business owner decided to not take the additional two payments of \$25,000 and relieve the Village from all future obligations related to this agreement. Accordingly, nothing was paid on this agreement during the year ended April 30, 2015, and there will not be any future payments on this agreement.

During the fiscal year ended April 30, 2014, the Village entered into an agreement to share the costs associated with an environmental study to modify the alignment of a portion of the South East Beltway in Macon County, Illinois, with Steve Lewis and Macon County. The total cost of this study is \$120,000 which will be split evenly by the parties involved and could take up to 24 months for completion. Accordingly, the Village will be responsible for \$40,000 related to this study. The total cost of the construction project and a timetable for completion are not yet known.

During the year ended April 30, 2015, the Village committed to paying \$150,000 for an engineering and design plan relating to a new water tower. The new tower construction will also include additional upgrades to the water processing system. The total estimated cost to construct an elevated composite water storage tank, with booster pumps and booster pump appurtenances, pump station modifications and water main looping is \$4,137,600 and is expected to take approximately 2 years for completion. The estimate includes capital cost, engineering and contingency.

The Village has recently entered into an agreement with Chastain and Associates, for the design and engineering of the splash pad for Fletcher Park, with a cost not to exceed \$36,500. The total cost of the splash pad and a timetable for completion are not yet known.

Note 14 Lease Income -

On December 19, 2014, the Village signed a lease with Elite Entertainment. The Village will provide Elite Entertainment with approximately 350 square feet of office space in exchange for \$500 per month. The lease term began on January 1, 2015, and is a 12 month lease which shall continue on a monthly basis thereafter. The total income to be derived from this lease agreement is not yet known.

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2015

(Continued)

Note 15 IMRF - Law Enforcement Personnel -

As required by state statute, the Village previously created the Police Pension Fund, as the Village's law enforcement personnel can no longer participate in IMRF. When this fund was created and the law enforcement personnel were taken out of the IMRF plan, IMRF returned all of the employee contributions to be deposited into the newly created fund. However, IMRF kept all of the previous employer contributions related to these participants. At April 30, 2015, the Village was working with IMRF in an attempt to reclaim the employer contributions, so that they can be deposited into the Police Pension Fund.

Note 16 Police Pension Plan Contributions (GASB 27) -

The Village of Mt. Zion contributes to a single-employer, defined benefit pension plan (known as the Mt. Zion Police Pension Fund) for the full-time officers to provide retirement, disability benefits, post retirement increases, and death benefits to plan members and beneficiaries in accordance with Article 3 of the Illinois Pension Code. For its fiscal year ended April 30, 2015, Mt. Zion Police Pension Fund has adopted GASB Statement Number 67, *Financial Reporting for Pension Plans*. However, the Village follows the reporting requirements of GASB Statement No 27 *Accounting for Pensions by State and Local Government Employers*. Consequently, some differences exist in the reporting requirements between the Village and the Pension Fund. The Pension Fund's GASB 67 required disclosures are included in Note 17. The following represents additional required disclosures under GASB 27 pertaining to the Village.

Annual Pension Cost and Net Pension Obligation

Components of the annual pension cost and increases in the net pension obligation are as follows.

Annual Required Contribution	\$153,087
Interest on Net Pension Obligation	6,645
Adjustment to Annual Required Contribution	(5,437)

Annual Pension Cost	154,295
Contributions Made	152,313

Increase/(Decrease) in Net Pension Obligation	1,982
Net Pension Obligation at Beginning of Year	132,909

Net Pension Obligation at End of Year	\$134,891
	=====

Three Year Trend Information for the Regular Plan

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
-----	-----	-----	-----
4/30/15	\$154,295	98.7%	\$134,891
4/30/14	153,652	49.1%	132,909
4/30/13	142,989	61.7%	54,748

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2015

(Continued)

Note 16 Police Pension Plan Contributions (GASB 27) - (Continued)

The schedule of funding progress, presented as Other Information (Unaudited), presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Note 17 Mt. Zion Police Pension Fund (GASB 67) -

Summary of Significant Accounting Policies: Reporting Entity, Measurement Focus and Basis of Accounting. The Mt. Zion Police Pension is a fiduciary fund of the Village of Mt. Zion, Illinois and is included in the Villages fiduciary fund financial statements. It does not issue a stand-alone financial report. The financial statements of the Plan are prepared using the economic resources measurement focus and the modified cash basis of accounting, which is a special purpose framework other than GAAP. Plan member contributions are recognized in the period they are withheld. The Village's contributions are recognized when they are received by the Plan. Plan investments are reported at cost, which approximates fair value for the checking, money market, mutual funds, certificates of deposit, bonds, and money mutual accounts at Prairie State Bank and Trust and Town and Country Bank. The Fund may only make investments as allowed by Illinois Compiled Statutes (ILCS).

Plan Description: Administration. On July 18, 2011, the Village of Mt. Zion created and established a single-employer, defined benefit pension plan for the full-time officers to provide retirement, disability benefits, post retirement increases, and death benefits to plan members and beneficiaries in accordance with Article 3 of the Illinois Pension Code. It is governed by five trustees. The trustees are to be representative of at least one active duty officer and one eligible beneficiary. Currently, there are no beneficiaries who meet the eligibility requirements to serve as a trustee, so that position is filled by an additional current officer. The defined benefit provisions and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may only be amended by the Illinois legislature. Administrative costs are financed through investment earnings.

Plan Description: Membership.

Membership in the plan consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	0
Inactive Plan Member Entitled to but not yet Receiving Benefits	0
Active Plan Members	<u>11</u>
Total members	<u>11</u>

VILLAGE OF MT. ZION, ILLIOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2015

(Continued)

Note 17 Mt. Zion Police Pension Fund (GASB 67) - (Continued)

Plan Description: Benefits Provided.

The Plan provides retirement benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held at the date of retirement. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a covered employee who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3.00% of the original pension and 3.00% compounded annually thereafter. Surviving spouses receive 100% of final salary for fatalities resulting from an act of duty, or otherwise the greater of 50% of final salary or the employee's retirement benefit.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officers' salary for pension purposes is capped at \$ 106,800, plus the lesser of $\frac{1}{2}$ of the annual change in the Consumer Price Index or 3.00% compounded. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., $\frac{1}{2}$ % for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3.00% or $\frac{1}{2}$ of the change in the Consumer Price Index for the proceeding calendar year. Surviving spouse's benefits are $66 \frac{2}{3}$ % of the Employee's benefit at the time of death.

Plan Description: Contributions.

Employees are required by ILCS to contribute 9.91% of their base salary to the Fund. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amount necessary to finance the Fund, as actuarially determined by an enrolled actuary. The current tax levy requirement is \$296,815.

VILLAGE OF MT. ZION, ILLIOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2015

(Continued)

Note 17 Mt. Zion Police Pension Fund (GASB 67) - (Continued)Village's Pension Liability.

Total Pension Liability	\$2,858,966
Pension Plan's Fiduciary Net Position	533,422
Village's Net Pension Liability	2,309,555
Pension Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	18.66%

See the Schedule of Changes in the Net Pension Liability and Related Ratios presented as Other Information (Unaudited) for additional information related to the funded status of the Police Pension Fund.

Actuarial Methods and Assumptions. In the April 30, 2015 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included (a) 3.00 percent investment rate of return, (b) projected salary increases of 4.00 percent and an inflation rate of 2.50 percent, (c) use of the RP 2000 Mortality Table with no adjustment noted for future mortality improvement beyond the valuation date, (d) State of Illinois DOI experience rates for withdrawal, disability and retirement (100% by age 70), and (e) marital status at 80 percent with female spouses 3 years younger. The Village's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed 27 year basis.

Note 18 Illinois Metropolitan Investment Fund (IMET) Convenience Fund Contingency -

On September 29, 2014 IMET was notified that a Repurchase Agreement it had purchased had been fraudulently represented as being secured by guarantees from the United States Department of Agriculture (USDA). IMET later learned that documentation related to the USDA had been falsified and the proceeds from the transaction had been misappropriated. As a result, on September 30, 2014, IMET placed the Village's share (2.8% of its total account or \$32,429) of the underlying fraudulent investment into a Liquidating Trust with is not available to the Village until recoveries can be achieved. As of April 30, 2015, IMET has estimated recoveries from seized assets and other sources to be 53.5% of the Liquidating Trust. Therefore, the Village estimates it will realize a loss on its Liquidating Trust of \$15,000. IMET continues to pursue all matters of recovery of the investment; however, there can be no assurance that the loss will be limited to the estimated amount of \$15,000. As of April 30, 2015, recoveries totaling \$1,613 had been distributed to the Village from the Liquidating Trust.

SUPPLEMENTARY INFORMATION

VILLAGE OF MT. ZION, ILLINOIS
GENERAL FUND

SCHEDULE OF EXPENDITURES DISBURSED - MODIFIED CASH BASIS
For the Year Ended April 30, 2015

General Government - Administration		
Salaries	\$ 52,205	
Benefits	14,470	
Repairs & Maintenance	14,637	
Legal Services	25,563	
Janitorial Services	5,273	
Postage	1,618	
Telephone	2,475	
Printing & Publications	4,385	
Fees	11,114	
Travel & Training	6,652	
Dues & Subscriptions	1,438	
Utilities	6,544	
Supplies & Equipment	7,113	
Miscellaneous	373	
Economic Development	39,945	
Special Projects	28,709	
	<u>222,514</u>	
Total General Government - Administration		\$ <u>222,514</u>
General Government - Planning & Zoning		
Salaries	57,803	
Benefits	8,832	
Engineering	7,761	
Printing & Publications	626	
Fees	224	
Travel & Training	167	
Dues & Subscriptions	125	
	<u>75,538</u>	
Total General Government - Planning & Zoning		<u>75,538</u>

(Continued on next page)

VILLAGE OF MT. ZION, ILLINOIS
GENERAL FUND

SCHEDULE OF EXPENDITURES DISBURSED - MODIFIED CASH BASIS
For the Year Ended April 30, 2015
(Continued)

Public Safety		
Salaries	\$ 599,723	
Benefits	176,354	
Repairs & Maintenance	17,896	
Legal Services	4,816	
Janitorial Services	7,800	
Contractual Services	2,238	
Postage	588	
Telephone	6,601	
Radio Communications	8,965	
Printing & Publications	1,963	
Fees	9,866	
Travel & Training	9,190	
Dues & Subscriptions	1,094	
Utilities	24,224	
Supplies & Equipment	10,844	
Miscellaneous	2,090	
Gasoline & Oil	<u>13,947</u>	
Total Public Safety		<u>\$ 898,199</u>
Streets and Alleys		
Salaries	125,875	
Benefits	33,095	
Repairs & Maintenance	53,280	
Engineering	32,398	
Telephone	2,815	
Printing & Publications	357	
Fees	5,866	
Travel & Training	1,537	
Utilities	5,825	
Street Lighting	29,926	
Supplies & Equipment	9,365	
Miscellaneous	99	
Gasoline & Oil	<u>8,737</u>	
Total Streets and Alleys		<u>309,175</u>

(Continued on next page)

VILLAGE OF MT. ZION, ILLINOIS
GENERAL FUND

SCHEDULE OF EXPENDITURES DISBURSED - MODIFIED CASH BASIS
For the Year Ended April 30, 2015
(Continued)

Culture & Recreation - Parks		
Salaries	\$ 70,008	
Benefits	7,396	
Repairs & Maintenance	10,023	
Janitorial Services	4,816	
Contractual Services	33,510	
Postage	866	
Printing & Publications	12,700	
Fees	1,138	
Travel & Training	331	
Dues & Subscriptions	370	
Utilities	12,584	
Supplies & Equipment	14,299	
Miscellaneous	<u>38</u>	
Total Culture & Recreation - Parks		\$ <u>168,079</u>
Culture & Recreation - Convention Center		
Salaries	54,969	
Benefits	12,837	
Repairs & Maintenance	13,203	
Janitorial Services	10,179	
Contractual Services	41,083	
Postage	899	
Telephone	2,946	
Printing & Publications	45,490	
Fees	7,273	
Utilities	1,774	
Supplies & Equipment	7,775	
Miscellaneous	<u>74</u>	
Total Culture & Recreation - Convention Center		<u>198,502</u>
Capital Outlay		
Administration	1,335	
Public Safety	20,542	
Streets & Alleys	137,077	
Parks	59,249	
Convention Center	<u>3,628</u>	
Total Capital Outlay		\$ <u>221,831</u>

VILLAGE OF MT. ZION, ILLINOIS

COMBINING SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS - MODIFIED CASH BASIS
 April 30, 2015

	Audit Fund	Social Security Fund	Liability Insurance Fund	IMRF Fund	School Crossing Guard Fund	Unemployment Compensation Fund	Total Nonmajor Special Revenue Funds
ASSETS							
Current Assets:							
Cash and Cash Equivalents	\$ 38,655	\$ 77,337	\$ 26,500	\$ 45,972	\$ 21,296	\$ 58,496	\$ 268,256
IMET Liquidated Trust Receivable	517	1,831	570	2,482	402	1,717	7,519
TOTAL ASSETS	\$ 39,172	\$ 79,168	\$ 27,070	\$ 48,454	\$ 21,698	\$ 60,213	\$ 275,775
LIABILITIES AND FUND BALANCES							
Current Liabilities:							
Due to the General Fund	\$ -	\$ -	\$ -	\$ 6,795	\$ -	\$ -	\$ 6,795
Fund Balance:							
Restricted	38,172	79,168	27,070	41,659	21,698	60,213	267,980
Assigned	1,000	-	-	-	-	-	1,000
Total Fund Balance	\$ 39,172	\$ 79,168	\$ 27,070	\$ 41,659	\$ 21,698	\$ 60,213	\$ 268,980
TOTAL LIABILITIES AND FUND BALANCES	\$ 39,172	\$ 79,168	\$ 27,070	\$ 48,454	\$ 21,698	\$ 60,213	\$ 275,775

VILLAGE OF MT. ZION, ILLINOIS

COMBINING SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS - MODIFIED CASH BASIS
 For the Year Ended April 30, 2015

	Audit Fund	Social Security Fund	Liability Insurance Fund	IMRF Fund	School Crossing Guard Fund	Unemployment Compensation Fund	Total Nonmajor Special Revenue Funds
Revenues Received							
Property Tax	\$ 26,781	\$ 56,773	\$ 66,409	\$ 86,446	\$ 5,361	\$ 1,074	\$ 242,844
Motor Fuel Tax	-	-	-	-	-	-	-
Reimbursements	-	-	-	-	-	-	-
Interest	56	214	62	207	39	173	751
Total Revenues Received	26,837	56,987	66,471	86,653	5,400	1,247	243,595
Expenditures Disbursed							
Current							
General Government							
Administration	21,200	-	-	-	-	-	21,200
Audit Fees	-	58,500	-	-	-	-	58,500
Social Security Taxes	-	-	-	-	-	-	68,086
Liability Insurance	-	-	68,086	-	-	-	68,086
IMRF Expense	-	-	-	95,596	-	-	95,596
Unemployment Insurance	-	-	-	-	-	6,947	6,947
Public Safety	-	-	-	-	5,463	-	5,463
Salaries	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-
Total Expenditures Disbursed	21,200	58,500	68,086	95,596	5,463	6,947	255,792
Excess of Revenues Received Over (Under) Expenditures Disbursed	5,637	(1,513)	(1,615)	(8,943)	(63)	(5,700)	(12,197)
Other Financing Sources (Uses)							
Operating Transfers In	-	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-	-
Net Change in Fund Balance	5,637	(1,513)	(1,615)	(8,943)	(63)	(5,700)	(12,197)
Fund Balances - May 1	33,535	80,681	28,685	50,602	21,761	65,913	281,177
Fund Balances - April 30	\$ 39,172	\$ 79,168	\$ 27,070	\$ 41,659	\$ 21,698	\$ 60,213	\$ 268,980

VILLAGE OF MT. ZION, ILLINOIS

COMBINING SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
 April 30, 2015

	Total Nonmajor Special Revenue Funds		Capital Projects Funds		Debt Service Funds			Total Nonmajor Governmental Funds
			General Capital Projects Fund	Special Tax Allocation Fund	Lease Purchase Fund	2009 Bond Repayment Fund	2010 Bond Repayment Fund	
ASSETS								
Current Assets:								
Cash and Cash Equivalents	\$ 268,256	\$ 170,487	\$ 5,050	\$ 2,339	\$ 106,513	\$ 14,324	\$ 566,969	
DEBT Liquidated Trust Receivable	7,519	-	-	53	-	-	7,572	
TOTAL ASSETS	\$ 275,775	\$ 170,487	\$ 5,050	\$ 2,392	\$ 106,513	\$ 14,324	\$ 574,541	
LIABILITIES AND FUND BALANCES								
Current Liabilities:								
Due to the General Fund	\$ 6,795	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,795	
Due to the 2013 Bond Repayment Fund	-	-	3,658	-	-	-	3,658	
Total Liabilities	6,795	-	3,658	-	-	-	10,453	
Fund Balance:								
Restricted	267,980	170,487	1,392	2,392	-	-	442,251	
Assigned	1,000	-	-	-	106,513	14,324	121,837	
Unassigned	-	-	-	-	-	-	-	
Total Fund Balance	268,980	170,487	1,392	2,392	106,513	14,324	564,088	
TOTAL LIABILITIES AND FUND BALANCES	\$ 275,775	\$ 170,487	\$ 5,050	\$ 2,392	\$ 106,513	\$ 14,324	\$ 574,541	

VILLAGE OF MT. ZION, ILLINOIS

COMBINING SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
For the Year Ended April 30, 2015

	Total Nonmajor Special Revenue Funds	Capital Projects Funds		Debt Service Funds		Total Nonmajor Governmental Funds
		General Capital Projects Fund	Special Tax Allocation Fund	Lease Purchase Fund	2009 Bond Repayment Fund	
Revenues Received						
Property Tax	\$ 242,844	\$ -	\$ 206,901	\$ 15,316	\$ -	\$ 465,061
Motor Fuel Tax	-	-	-	-	-	-
Reimbursements	-	-	-	-	-	-
Bond Subsidies	-	-	-	-	15,719	15,719
Interest	751	-	44	6	312	1,113
Total Revenues Received	243,595	-	206,945	15,322	312	481,893
Expenditures Disbursed						
Current						
General Government						
Administration						
Audit Fees	21,200	-	-	-	-	21,200
Social Security Taxes	58,500	-	-	-	-	58,500
Liability Insurance	68,086	-	-	-	-	68,086
IMRF Expense	95,596	-	-	-	-	95,596
Unemployment Insurance	6,947	-	-	-	-	6,947
Public Safety						
Salaries	5,463	-	-	-	-	5,463
Streets and Alleys						
Fees	-	-	10	-	-	10
Legal	-	-	560	-	-	560
Debt Service						
Principal	-	-	-	11,985	190,000	306,985
Interest	-	-	-	3,400	123,739	248,945
Capital Outlay	-	11,184	87,718	-	-	98,902
Total Expenditures Disbursed	255,792	11,184	88,288	15,385	313,739	911,194
Excess of Revenues Received Over (Under) Expenditures Disbursed	(12,197)	(11,184)	118,657	(63)	(313,427)	(429,301)
Other Financing Sources (Uses)						
Operating Transfers In	-	-	-	-	399,006	399,006
Operating Transfers Out	-	-	(114,500)	-	-	(114,500)
Net Change in Fund Balance	(12,197)	(11,184)	4,157	(63)	85,579	37,486
Fund Balances - May 1	281,177	181,671	(2,765)	2,455	20,934	526,602
Fund Balances - April 30	\$ 268,980	\$ 170,487	\$ 1,392	\$ 2,392	\$ 106,513	\$ 564,088

OTHER INFORMATION (UNAUDITED)

VILLAGE OF MT. ZION, ILLINOIS

OTHER INFORMATION (UNAUDITED)
 COMPARISON OF BUDGET AND ACTUAL EXPENDITURES
 GOVERNMENTAL FUNDS - CASH BASIS

For the Year Ended April 30, 2015

	<u>Amended / Final Budget</u>	<u>Actual Expenditures</u>	<u>Unexpended Balance</u>
General Fund			
General Corporate Purposes	\$ 3,110,800	\$ 2,560,625	\$ 550,175
Special Revenue Funds			
Audit Fund	30,000	21,200	8,800
Social Security Fund	70,000	58,500	11,500
Liability Insurance Fund	75,000	68,086	6,914
IMRF Fund	145,000	95,596	49,404
School Crossing Guard Fund	7,000	5,463	1,537
Unemployment Compensation Fund	7,000	6,947	53
Capital Projects Funds			
General Capital Projects Fund	181,000	11,184	169,816
Motor Fuel Tax Fund	596,000	129,310	466,690
Special Tax Allocation Fund	227,000	202,788	24,212
Debt Service Funds			
Lease Purchase Fund	15,385	15,385	0
2009 Bond Repayment Fund	313,750	313,739	11
2010 Bond Repayment Fund	228,000	226,806	1,194
2013 Bond Repayment Fund	<u>153,836</u>	<u>152,955</u>	<u>881</u>
Total Governmental Funds	\$ <u>5,159,771</u>	\$ <u>3,868,584</u>	\$ <u>1,291,187</u>

VILLAGE OF MT. ZION, ILLINOIS

OTHER INFORMATION (UNAUDITED)
 COMPARISON OF BUDGET AND ACTUAL EXPENDITURES
 OTHER FUNDS - CASH BASIS

For the Year Ended April 30, 2015

	<u>Amended / Final Budget</u>	<u>Actual Expenditures</u>	<u>Unexpended Balance</u>
Proprietary Funds			
Water Fund	\$ 1,638,600	\$ 1,559,550	\$ 79,050
Sewer Fund	462,600	429,358	33,242
Internal Service Fund			
Risk Management Fund	25,000	10,599	14,401
Fiduciary Fund			
Police Pension Fund	<u>34,250</u>	<u>21,155</u>	<u>13,095</u>
Total Other Funds	<u>\$ 2,160,450</u>	<u>\$ 2,020,662</u>	<u>\$ 139,788</u>

VILLAGE OF MT. ZION, ILLINOIS

OTHER INFORMATION (UNAUDITED)
 IMRF AND POLICE PENSION SCHEDULE OF FUNDING PROGRESS
 DEFINED BENEFIT PENSION PLAN

April 30, 2015

Regular Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) ---Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/14	1,148,336	1,757,824	609,488	65.33%	615,724	98.99%
12/31/13	2,219,443	2,692,544	473,101	82.43%	628,653	75.26%
12/31/12	2,104,007	2,840,196	736,189	74.08%	622,447	118.27%

On a market value basis, the actuarial value of assets as of December 31, 2014 is \$1,732,332. On a market basis, the funded ratio would be 98.55%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with the Village of Mt. Zion. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

Sheriff's Law Enforcement Personnel (SLEP) Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) ---Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/14	24,494	0	(24,494)	0.00%	42,096	0.00%
12/31/13	63,401	587,644	524,243	10.79%	82,833	632.89%
12/31/12	20,283	561,335	541,052	3.61%	80,465	672.41%

On a market value basis, the actuarial value of assets as of December 31, 2014 is \$32,434. On a market basis, the funded ratio would be 0.00%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with the Village of Mt. Zion. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

Police Pension Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) ---Proj. Unit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
4/30/15	549,411	2,858,966	2,309,555	19.22%	539,715	427.9%
4/30/14	357,519	1,692,456	1,334,937	21.12%	407,894	327.3%
4/30/13	267,637	1,727,625	1,459,988	15.49%	430,035	339.5%

The schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

VILLAGE OF MT. ZION, ILLINOIS

OTHER INFORMATION (UNAUDITED)
 SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
 MT. ZION POLICE PENSION FUND

April 30, 2015

		2015
TOTAL PENSION LIABILITY		
Service Cost	\$	110,598
Interest		50,774
Changes in Benefit Terms		-
Differences Between Expected and Actual Experience		14,696
Changes of Assumptions		990,442
Benefit Payments, Including Refunds of Member Contributions		-
Net Change in Total Pension Liability		1,166,510
Total Pension Liability - Beginning		1,692,456
Total Pension Liability - Ending	\$	2,858,966
PLAN FIDUCIARY NET POSITION		
Contributions - Employer		152,313
Contributions - Member		47,428
Net Investment Income		7,077
Benefit Payments, Including Refunds of Member Contributions		-
Administrative Expense		(21,155)
Net Change in Plan Fiduciary Net Position		185,663
Plan Fiduciary Net Position - Beginning		347,759
Plan Fiduciary Net Position - Ending	\$	533,422
NET PENSION LIABILITY	\$	2,309,555
Plan Fiduciary Net Position as Percentage of the Total Pension Liability		18.66%
Covered-Employee Payroll		539,715
Net Pension Liability as a Percentage of Covered-Employee Payroll		427.9%

NOTES TO SCHEDULE

Information is not available for years prior to fiscal year 2015

VILLAGE OF MT. ZION, ILLINOIS
 OTHER INFORMATION (UNAUDITED)
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 MT. ZION POLICE PENSION FUND

April 30, 2015

		<u>2015</u>
Actuarially Determined Contribution	\$	153,087
Contributions in Relation to the Actuarially Determined Contribution		<u>152,313</u>
Contribution Deficiency (Excess)	\$	<u>774</u>
Covered-Employee Payroll	\$	539,715
Contributions as a Percentage of Covered-Employee Payroll		28.22%

NOTES TO SCHEDULE

Information is not available for years prior to fiscal year 2015

Valuation date: Actuarially determined contribution rates are calculated as of the first day, May 1, of the respective fiscal year ended April 30.

Methods and assumptions used to determine contribution rates (for the fiscal year ended April 30, 2015, unless otherwise noted):

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Pay, Closed
Remaining Amortization Period	27 years
Asset Valuation Method	Market Value
Inflation	2.50%
Salary Increases	4.00%
Investment Rate of Return	3.00%
Retirement Age	Uniform Distribution from Ages 50-70 (100% by age 70)
Mortality	RP-2000 CHBCA Mortality Table, not adjusted for future mortality improvements

VILLAGE OF MT. ZION, ILLINOIS

OTHER INFORMATION (UNAUDITED)
SCHEDULE OF INVESTMENT RETURNS
MT. ZION POLICE PENSION FUND

April 30, 2015

	<u>2015</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	1.33%

NOTES TO SCHEDULE

Information is not available for years prior to fiscal year 2015