

VILLAGE OF MT. ZION, ILLINOIS

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2017

VILLAGE OF MT. ZION, ILLINOIS

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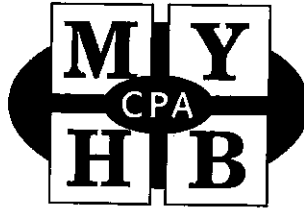
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INDEPENDENT AUDITOR'S REPORT

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, and aggregate remaining fund information of the Village of Mt. Zion, Illinois, as of and for the year ended December 31, 2017, 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Village of Mt. Zion, Illinois, as of December 31, 2017, 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 a special purpose framework 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.

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,



McGUIRE, YUHAS, HUFFMAN & BUCKLEY, P.C.
Certified Public Accountants
Decatur, Illinois
June 18, 2018

VILLAGE OF MT. ZION, ILLINOIS

STATEMENT OF NET POSITION
MODIFIED CASH BASIS

December 31, 2017

	Primary Government		
	Governmental Activities	Business- type Activities	Total
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 1,650,344	\$ 1,213,058	\$ 2,863,402
Certificates of Deposit	615,968	200,801	816,769
Municipal Bonds	169,742	122,865	292,607
IMET Liquidated Trust Receivable	19,672	11,164	30,836
Prepaid Payroll Taxes	12	-	12
Accounts Receivable (net of allowance for doubtful accounts)	-	166,604	166,604
Internal Balances	(3,175)	3,175	-
Restricted Cash in Escrow	3	-	3
Total Current Assets	2,452,566	1,717,667	4,170,233
Non-Current Assets			
Land, Property, Plant and Equipment	21,880,323	8,334,430	30,214,753
Less: Accumulated Depreciation	(7,587,332)	(4,149,116)	(11,736,448)
Net Land, Property, Plant and Equipment	14,292,991	4,185,314	18,478,305
Intangible Asset			
Sewer System Annexation Cost (Net of Accumulated Amortization of \$943,517)	-	226,736	226,736
Total Non-Current Assets	14,292,991	4,412,050	18,705,041
Total Assets	16,745,557	6,129,717	22,875,274
LIABILITIES			
Current Liabilities			
Notes Payable - current	13,579	-	13,579
Bonds Payable - current	518,700	-	518,700
Total Current Liabilities	532,279	-	532,279
Non-Current Liabilities			
Notes Payable - non-current	28,916	675,895	704,811
Bonds Payable - non-current	3,915,784	-	3,915,784
Total Non-Current Liabilities	3,944,700	675,895	4,620,595
Total Liabilities	4,476,979	675,895	5,152,874
NET POSITION			
Net Investment in Capital Assets	9,816,012	3,736,155	13,552,167
Restricted for:			
Police	25,820	-	25,820
Street and Alley Maintenance	189,409	-	189,409
Audit	39,120	-	39,120
Social Security Tax	100,311	-	100,311
Liability Insurance	32,707	-	32,707
IMRF	79,433	-	79,433
School Crossing Guard	21,637	-	21,637
Unemployment Compensation	52,518	-	52,518
Capital Projects	488,848	-	488,848
Special Tax Capital Projects	44,320	-	44,320
Debt Service	17,005	-	17,005
Unrestricted	1,361,438	1,717,667	3,079,105
Total Net Position	\$ 12,268,578	\$ 5,453,822	\$ 17,722,400

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 December 31, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Capital Grants and Contributions	Net (Expense) Revenue
Governmental Activities				
Current				
General Government				
Administration	\$ 504,975	\$ 213,693	\$ -	\$ (291,282)
Planning and Zoning	70,008	-	-	(70,008)
Public Safety	1,032,368	73,628	303	(958,437)
Streets & Alleys	996,813	-	-	(996,813)
Culture & Recreation				
Parks	418,376	80,427	12,851	(325,098)
Convention Center	136,593	128,899	-	(7,694)
Debt Service	259,161	-	-	(259,161)
Capital Outlay	38,696	-	-	(38,696)
Total Governmental Activities	<u>3,456,990</u>	<u>496,647</u>	<u>13,154</u>	<u>(2,947,189)</u>
Business-type Activities				
Water	1,252,615	1,642,800	-	390,185
Sanitary Sewer	550,654	497,998	-	(52,656)
Total Business-type Activities	<u>1,803,269</u>	<u>2,140,798</u>	<u>-</u>	<u>337,529</u>
Total Governmental and Business-type Activities	<u>\$ 5,260,259</u>	<u>\$ 2,637,445</u>	<u>\$ 13,154</u>	<u>\$ (2,609,660)</u>
Changes in Net Position				
Net (Expense) Revenue	\$ (2,947,189)	\$ 337,529	\$ (2,609,660)	
General Revenues				
Property Tax	1,234,676	-	1,234,676	
Utility Tax	162,479	-	162,479	
Telecommunications Tax	64,851	-	64,851	
Income Tax	601,020	-	601,020	
Replacement Tax	30,824	-	30,824	
Sales and Use Tax	476,444	-	476,444	
Games Tax	40,234	-	40,234	
Reimbursements	59,655	-	59,655	
Interest	26,562	7,747	34,309	
Bond Subsidies	31,615	-	31,615	
Motor Fuel Tax	152,875	-	152,875	
Gain/(Loss) on Disposal of Capital Assets	(6,061)	-	(6,061)	
Operating Transfers	60,000	(60,000)	-	
Total General Revenues, Losses and Transfers	<u>2,935,174</u>	<u>(52,253)</u>	<u>2,882,921</u>	
Change in Net Position	(12,015)	285,276	273,261	
Net Position, January 1	<u>12,280,593</u>	<u>5,168,546</u>	<u>17,449,139</u>	
Net Position, December 31	<u>\$ 12,268,578</u>	<u>\$ 5,453,822</u>	<u>\$ 17,722,400</u>	

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

December 31, 2017

	Capital Projects Funds				Debt Service		Totals
	General	General Capital Projects	Special Tax Allocation	Motor Fuel Tax	2009 Bond Repayment Fund	Nonmajor Governmental Funds	
ASSETS							
Current Assets							
Cash and Cash Equivalents	\$ 447,911	\$ 488,848	\$ 44,320	\$ 189,409	\$ 111,425	\$ 368,431	\$ 1,650,344
Certificates of Deposit	615,968	-	-	-	-	-	615,968
Municipal Bonds	169,742	-	-	-	-	-	169,742
IMET Liquidated Trust Receivable	12,100	-	-	-	-	7,572	19,672
Prepaid Payroll Taxes	12	-	-	-	-	-	12
Due from Other Funds	16,583	-	-	-	-	-	16,583
Restricted Cash in Escrow	-	-	-	-	3	-	3
Total Assets	\$ 1,262,316	\$ 488,848	\$ 44,320	\$ 189,409	\$ 111,428	\$ 376,003	\$ 2,472,324
LIABILITIES AND FUND BALANCES							
Current Liabilities							
Due to Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,758	\$ 19,758
Total Liabilities	-	-	-	-	-	19,758	19,758
Fund Balances							
Restricted	25,820	488,848	44,320	189,409	3	342,728	1,091,128
Assigned	-	-	-	-	111,425	17,052	128,477
Unassigned	1,236,496	-	-	-	-	(3,535)	1,232,961
Total Fund Balances	1,262,316	488,848	44,320	189,409	111,428	356,245	2,452,566
Total Liabilities and Fund Balances	\$ 1,262,316	\$ 488,848	\$ 44,320	\$ 189,409	\$ 111,428	\$ 376,003	\$ 2,472,324

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

December 31, 2017

Total Fund Balances - Total Governmental Funds \$ 2,452,566

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

Capital Assets of \$21,880,323 net of accumulated
depreciation of (\$7,587,332), are not financial
resources and therefore, are not reported in the
funds.

14,292,991

Bonds and notes payable are not reported in the
governmental funds

(4,476,979)

Net Position of Governmental Activities

\$ 12,268,578

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 December 31, 2017

	Capital Projects Funds				Debt Service		Totals
	General	General Capital Projects	Special Tax Allocation	Motor Fuel Tax	2009 Bond Repayment Fund	Nonmajor Governmental Funds	
Revenues Received							
Property Tax	\$ 480,061	\$ -	\$ 367,898	\$ -	\$ -	\$ 386,697	\$ 1,234,676
Utility Tax	162,479	-	-	-	-	-	162,479
Telecommunications Tax	64,851	-	-	-	-	-	64,851
Licenses & Permits	78,741	-	-	-	-	-	78,741
Franchise Fees	113,471	-	-	-	-	-	113,471
Police Services	48,864	-	-	-	-	-	48,864
Income Tax	601,020	-	-	-	-	-	601,020
Replacement Tax	30,824	-	-	-	-	-	30,824
Sales and Use Tax	476,444	-	-	-	-	-	476,444
Games Tax	40,234	-	-	-	-	-	40,234
Fines, Fees & Miscellaneous	76,930	-	-	-	-	-	76,930
Donations	13,154	-	-	-	-	-	13,154
Rentals	178,641	-	-	-	-	-	178,641
Reimbursements	56,573	-	-	3,082	-	-	59,655
Interest	11,966	-	44	70	12,394	2,088	26,562
Bond Subsidies	-	-	-	-	-	31,615	31,615
Motor Fuel Tax	-	-	-	152,875	-	-	152,875
Total Revenues Received	2,434,273	-	367,942	156,027	12,394	420,400	3,391,036
Expenditures Disbursed							
Current							
General Government							
Administration	177,007	-	-	-	-	236,844	413,851
Planning & Zoning	70,008	-	-	-	-	-	70,008
Public Safety	977,922	-	-	-	-	4,293	982,215
Streets & Alleys	400,373	-	590	10,516	-	-	411,439
Culture & Recreation	257,297	-	-	-	-	-	257,297
Parks	134,438	-	-	-	-	-	134,438
Convention Center	-	-	-	-	-	-	-
Debt Service							
Principal	-	-	-	-	2,271,000	251,225	2,532,225
Interest and Fees	-	-	-	-	134,197	131,849	266,036
Capital Outlay	157,083	-	245,224	58,942	-	-	461,249
Total Expenditures Disbursed	2,174,128	-	245,774	69,458	2,405,197	634,211	5,528,758
Excess (Deficiency) of Revenues Received Over (Under) Expenditures Disbursed	260,145	-	122,168	86,569	(2,392,793)	(213,811)	(2,137,722)
Other Financing Sources (Uses)							
Proceeds from Sale of Equipment	3,379	-	-	-	-	-	3,379
Operating Transfers In	60,000	-	-	-	309,495	195,665	565,360
Operating Transfers Out	(389,380)	-	(116,000)	-	-	-	(505,380)
Net Change in Fund Balances	(65,856)	-	6,168	86,569	(2,083,298)	(17,926)	(2,074,343)
Fund Balances, January 1	1,328,172	488,848	38,152	102,840	2,194,726	374,171	4,526,909
Fund Balances, December 31	\$ 1,262,316	\$ 489,848	\$ 44,320	\$ 189,409	\$ 111,428	\$ 356,245	\$ 2,452,566

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 December 31, 2017

Net Change in Fund Balances - Total Governmental Funds \$ (2,074,343)

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	422,553
Depreciation expense	(889,885)
Proceeds from Sale of Equipment	(3,379)
Gain/(Loss) on Disposal of Capital Assets	(6,061)

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	2,532,225
Bond issue premium amortization	6,875

Change in Net Position of Governmental Activities \$ (12,015)

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

December 31, 2017

ASSETS	Business-type Activities		
	Water	Sanitary Sewer	Total
Current Assets			
Cash and Cash Equivalents	\$ 1,173,165	\$ 39,893	\$ 1,213,058
Certificates of Deposit	200,801	-	200,801
Municipal Bonds	122,865	-	122,865
IMET Liquidated Trust Receivable	11,082	82	11,164
Due From Other Funds	3,175	-	3,175
Accounts Receivable (net of allowance for doubtful accounts)	129,093	37,511	166,604
Total Current Assets	1,640,181	77,486	1,717,667
Non-Current Assets			
Land, Property, Plant and Equipment	4,656,987	3,677,443	8,334,430
Less: Accumulated Depreciation	(1,910,345)	(2,238,771)	(4,149,116)
Net Land, Property Plant and Equipment	2,746,642	1,438,672	4,185,314
Intangible Asset			
Sewer System Annexation Cost (Net of Accumulated Amortization of \$943,517)	-	226,736	226,736
Total Non-current Assets	2,746,642	1,665,408	4,412,050
Total Assets	4,386,823	1,742,894	6,129,717
LIABILITIES			
Non-Current Liabilities			
Water Plant Loan, non-current	675,895	-	675,895
Total Long Term Liabilities	675,895	-	675,895
NET POSITION			
Net Investment in Capital Assets	2,070,747	1,665,408	3,736,155
Restricted	-	-	-
Unrestricted	1,640,181	77,486	1,717,667
Total Net Position	\$ 3,710,928	\$ 1,742,894	\$ 5,453,822

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 December 31, 2017

	Business-type Activities		
	Water	Sanitary Sewer	Total
Operating Revenues			
Charges for Services	\$ 1,633,625	\$ 494,698	\$ 2,128,323
Other Fees & Miscellaneous	9,175	3,300	12,475
Total Operating Revenues	1,642,800	497,998	2,140,798
Operating Expenses			
Personal Services			
Salaries	239,448	110,792	350,240
Benefits	61,383	39,197	100,580
Total Personal Services	300,831	149,989	450,820
Operations and Contractual Services			
Repairs & Maintenance	21,793	36,410	58,203
Engineering	13,043	3,056	16,099
Janitorial Services	5,980	5,980	11,960
Postage	4,924	3,649	8,573
Telephone	1,899	1,747	3,646
Printing & Publications	2,450	1,711	4,161
Fees	29,371	8,057	37,428
Travel & Training	3,638	413	4,051
Utilities	8,172	5,375	13,547
Water Purchases	741,227	-	741,227
Sewer Treatment Charges	-	210,725	210,725
Supplies & Equipment	11,269	3,959	15,228
Meters	2,812	2,812	5,624
Gasoline & Oil	8,880	8,881	17,761
Depreciation and Amortization	96,326	107,890	204,216
Total Operations and Contractual Services	951,784	400,665	1,352,449
Total Operating Expenses	1,252,615	550,654	1,803,269
Operating Income (Loss)	390,185	(52,656)	337,529
Non-Operating Revenues (Expenses)			
Interest Income	7,471	276	7,747
Operating Transfers Out	(40,000)	(20,000)	(60,000)
Total Non-Operating Revenues (Expenses)	(32,529)	(19,724)	(52,253)
Change in Net Position	357,656	(72,380)	285,276
Total Net Position, January 1	3,353,272	1,815,274	5,168,546
Total Net Position, December 31	\$ 3,710,928	\$ 1,742,894	\$ 5,453,822

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

VILLAGE OF MT. ZION, ILLINOIS

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
MODIFIED CASH BASIS

For the Year Ended December 31, 2017

	Business-type Activities		
	Water	Sanitary Sewer	Total
Cash Flows from Operating Activities			
Cash Received from Customers	\$ 1,647,882	\$ 500,654	\$ 2,148,536
Payments to Suppliers	(916,841)	(331,972)	(1,248,813)
Payments to Employees	(239,448)	(110,792)	(350,240)
Net Cash Provided(Used) by Operating Activities	<u>491,593</u>	<u>57,890</u>	<u>549,483</u>
Cash Flows from Non-capital Financing Activities			
Receipts (Payments) on Interfund Loans	(3,175)	-	(3,175)
Transfers from (to) the General Fund	(40,000)	(20,000)	(60,000)
Net Cash Provided(Used) by Non-Capital Financing Activities	<u>(43,175)</u>	<u>(20,000)</u>	<u>(63,175)</u>
Cash Flows from Capital and Related Financing Activities			
Purchase of Capital Assets	(485,206)	-	(485,206)
Receipts (Payments) on Water Plant IEPA Loan	675,895	-	675,895
Net Cash Provided(Used) by Capital and Related Financing Activities	<u>190,689</u>	<u>-</u>	<u>190,689</u>
Cash Flows from Investing Activities			
Redemption of Municipal Bonds	57,042	-	57,042
Increase of Certificates of Deposits	(801)	-	(801)
Interest Received	7,471	276	7,747
Net Cash Provided(Used) by Investing Activities	<u>63,712</u>	<u>276</u>	<u>63,988</u>
Net Increase(Decrease) in Cash in Bank	702,819	38,166	740,985
Cash in Bank and Register - January 1	470,346	1,727	472,073
Cash in Bank and Register - December 31	<u>\$ 1,173,165</u>	<u>\$ 39,893</u>	<u>\$ 1,213,058</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income	\$ 390,185	\$ (52,656)	\$ 337,529
Adjustments to Reconcile Operating Income(Loss) to Net Cash Provided(Used) by Operating Activities			
Depreciation and Amortization	96,326	107,890	204,216
Changes in Assets and Liabilities (Increase)Decrease in Accounts Receivable	5,082	2,656	7,738
Total Adjustments	<u>101,408</u>	<u>110,546</u>	<u>211,954</u>
Net Cash Provided(Used) by Operating Activities	<u>\$ 491,593</u>	<u>\$ 57,890</u>	<u>\$ 549,483</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

December 31, 2017

	<u>Police Pension Fund</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 24,315
Mutual Funds	<u>137,386</u>
Total Current Assets	<u>161,701</u>
Non-Current Assets	
Certificates of Deposit	1,035,298
Municipal Bonds	<u>164,943</u>
Total Non-Current Assets	<u>1,200,241</u>
Total Assets	<u>1,361,942</u>
LIABILITIES	<u>-</u>
NET POSITION	
Restricted for Pension Benefits	<u>1,361,942</u>
Total Net Position	<u>\$ 1,361,942</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 December 31, 2017

	<u>Police Pension Fund</u>
Additions	
Property Tax	\$ 327,429
Member Contributions	53,533
Employer Contributions	38,104
Investment Earnings	
Interest	14,413
Dividends	3,134
Realized and Unrealized Gains(Losses)	<u>17,614</u>
Total Additions	<u>454,227</u>
Deductions	
Benefit Payments	43,531
Administrative Expenditures	<u>20,873</u>
Total Deductions	<u>64,404</u>
Change in Net Position	<u>389,823</u>
Total Net Position, January 1	<u>972,119</u>
Total Net Position, December 31	<u>\$ 1,361,942</u>

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

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

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, except for the water & sewer fund in which revenue is recorded when services rendered are billed. 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, except for the water & sewer funds in which receivables for services rendered are recorded when billed. 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 lives, records revenue and receivables for the business-type activities when billings are prepared, and recognizes unrealized gains and losses on its investments. Accordingly, the statements do not present financial position or results of operations in accordance with generally accepted accounting principles.

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

December 31, 2017

(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. Management believes the depreciated amount of these assets is not material to the financial statements.

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. Management believes the depreciated amount of these assets is not material to the financial statements.

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.

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

(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

December 31, 2017

(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

December 31, 2017

(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

December 31, 2017

(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

December 31, 2017

(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
General Capital Projects Fund	Social Security Fund
Special Tax Allocation Fund	Liability Insurance Fund
Motor Fuel Tax Fund	IMRF Fund
2009 Bond Repayment Fund	School Crossing Guard Fund
Water Fund	Unemployment Compensation Fund
Sanitary Sewer Fund	Lease Purchase Fund
	2010 and 2016 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 budget and 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 budgeted and actual amounts. The Village's budget and appropriation ordinance was passed on December 5, 2016.

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

(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 budgeted amounts. The appropriations lapse at the end of each fiscal year. Expenditures exceeded budgeted amounts in the 2009 Bond Repayment Fund by \$2,091,187 for the fiscal year ended December 31, 2017. This was due to the Village not budgeting for the activity related to the refunding bonds' issuance and escrow account.

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, police services, 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

December 31, 2017

(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 of the Village of Mt. Zion as of December 31, 2017:

2017 Assessed Valuation		\$111,279,922	
		=====	
Statutory Debt Limitation			
8.625% of Assessed Valuation		9,597,893	
Outstanding Bonds			
Series 2010A	245,000		
Series 2010B	1,715,000		
Series 2016	287,600		
Series 2016A	330,000		
Series 2016B	1,805,000		
Outstanding Notes Payable	718,390		
Less:			
Alternate Revenue Bonds	\$2,135,000	\$	2,965,990
	-----	-----	
Legal Debt Margin		\$	6,631,903
		=====	

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

December 31, 2017

(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, \$25,820 of the General Fund's fund balance is restricted for Police, KICK, Drug, and DUI 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 December 31, 2017.

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 \$128,477 of the Village's fund balances as follows as of December 31, 2017:

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

(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	111,425
Series 2010 Bond Payments	16,052

	\$ 128,477
	=====

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 December 31, 2017, 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 December 31, 2017, 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

December 31, 2017

(Continued)

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

P) Accounts Receivable -

Customer receivables related to water and sewer billings are recorded as receivables and revenues at their original invoice amount, after services have been rendered and corresponding bills have been prepared. 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 2016 levy (collected in the period ending December 31, 2017) was adopted by the Village on December 5, 2016. The collection dates, by the county, for the 2016 levy were June 2017 and September 2017. 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 December 31, 2017, the accumulated vacation time amounted to \$37,886.

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 December 31, 2017 amounted to \$248,339.

Note 4 Defined Benefit Pension Plan - IMRF

IMRF Plan Description

The Village's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The Village's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund (agent multiple-employer plan). A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

(Continued)

Note 4 Defined Benefit Pension Plan - IMRF (Continued)

Benefits Provided

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

All three IMRF benefit plans have two tiers. Employees hired before January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

Employees Covered by Benefit Terms

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

	<u>Regular</u>	<u>SLEP</u>
Retirees and Beneficiaries currently receiving benefits	25	2
Inactive Plan Members entitled to but not yet receiving benefits	16	0
Active Plan Members	17	0
	--	--
Total	58	2
	==	==

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

(Continued)

Note 4 Defined Benefit Pension Plan - IMRF (Continued)

Contributions

As set by statute, the Village's Regular Plan members are required to contribute 4.5% of their annual covered salary and the Village's SLEP Plan members are required to contribute 7.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Village's annual contribution rate for calendar year 2017 was 10.88% for the Regular Plan and 0.00% for the SLEP Plan. For the fiscal year ended December 31, 2017, the Village contributed \$79,182 to the Regular Plan and \$0 to the SLEP Plan. 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 IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The Village's net pension liability was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. No amount has been recorded on these financial statements due to the modified cash basis of accounting.

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2017:

- The Actuarial Cost Method used was Entry Age Normal.
- The Asset Valuation Method used was Market Value of Assets.
- The Inflation Rate was assumed to be 2.50%.
- Salary Increases were expected to be 3.39% to 14.25%, including inflation.
- The Investment Rate of Return was assumed to be 7.50%.
- Projected Retirement Age was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study from years 2014 to 2016.
- For Non-disabled Retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For Disabled Retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For Active Members, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

(Continued)

Note 4 Defined Benefit Pension Plan - IMRF (Continued)

Actuarial Assumptions (Continued)

- The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class -----	Portfolio Target Percentage -----	Long-Term Expected Real Rate of Return -----
Domestic Equity	37%	6.85%
International Equity	18%	6.75%
Fixed Income	28%	3.00%
Real Estate	9%	5.75%
Alternative Investments	7%	2.65-7.35%
Cash Equivalents	1%	2.25%

Total	100%	
	===	

Single Discount Rate

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

- The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
- The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

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

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

(Continued)

Note 4 Defined Benefit Pension Plan - IMRF (Continued)

Changes in the Net Pension Liability - Regular Plan

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
	-----	-----	-----
Balances at December 31, 2016	\$6,817,438	\$6,264,114	\$ 553,324
Changes for the year:			
Service Cost	66,211		66,211
Interest on the Total Pension Liability	498,568		498,568
Changes of Benefit Terms			0
Differences Between Expected and Actual Experience of the Total Pension Liability	30,094		30,094
Changes of Assumptions	(203,536)		(203,536)
Contributions - Employer		79,182	(79,182)
Contributions - Employees		33,422	(33,422)
Net Investment Income		1,178,467	(1,178,467)
Benefit Payments, including Refunds of Employee Contributions	(405,934)	(405,934)	0
Other (Net Transfer)		(55,777)	55,777
	-----	-----	-----
Net Changes	(14,597)	829,360	(843,957)
	-----	-----	-----
Balances at December 31, 2017	\$6,802,841	\$7,093,474	\$ (290,633)
	=====	=====	=====

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - Regular Plan

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

	1% Lower (6.50%)	Current Discount (7.50%)	1% Higher (8.50%)
	-----	-----	-----
Net Pension Liability	\$524,388	\$ (290,633)	\$ (960,341)

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

(Continued)

Note 4 Defined Benefit Pension Plan - IMRF (Continued)

Changes in the Net Pension Liability - SLEP Plan

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
	-----	-----	-----
Balances at December 31, 2016	\$ 51,772	\$ 78,141	\$ (26,369)
Changes for the year:			
Service Cost			0
Interest on the Total Pension Liability	3,715		3,715
Changes of Benefit Terms			0
Differences Between Expected and Actual Experience of the Total Pension Liability	6,692		6,692
Changes of Assumptions	(1,600)		(1,600)
Contributions - Employer			0
Contributions - Employees			0
Net Investment Income		15,731	(15,731)
Benefit Payments, including Refunds of Employee Contributions	(4,478)	(4,478)	0
Other (Net Transfer)		4,756	(4,756)
Net Changes	4,329	16,009	(11,680)
Balances at December 31, 2017	\$ 56,101	\$ 94,150	\$ (38,049)
	=====	=====	=====

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - SLEP Plan

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

	1% Lower (6.50%)	Current Discount (7.50%)	1% Higher (8.50%)
	-----	-----	-----
Net Pension Liability	\$ (32,725)	\$ (38,049)	\$ (42,624)

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. Due to the Village reporting on the modified cash basis, no accruals or adjustments have been made in relation to this other post-employment benefit.

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

(Continued)

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 - Modified Cash Basis, on the Statement of Fund Net Position - Proprietary Funds - Modified Cash Basis, or on the Statement of Fiduciary Net Position - Modified Cash Basis. Investments 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 money markets, certificates of deposits, CDARS, municipal bonds, and mutual funds.

The Village 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 \$12,725 at Prairie State Bank are fully insured. Time deposits of \$1,697,696 at Prairie State Bank are covered by federal insurance up to \$250,000. The remaining balance of \$1,447,696 is collateralized with securities held by the pledging financial institution's trust department or as agents in favor of the Village. Demand deposits of \$235,278 at Town and Country Bank are fully insured. Time deposits of \$982,859 at Scott State Bank are covered by federal insurance up to \$250,000. The remaining balance of \$732,859 is collateralized with securities held by the pledging financial institution's trust department or as agents in favor of the Village. Demand deposits of \$25 at Staley Credit Union are fully insured. Investments totaling \$257,178 with IMET are not insured, but are collateralized by pooled securities. Time deposits of \$200,801 at Busey Bank are fully insured. Time deposits of \$315,001 at Hickory Point Bank are fully insured.

The Village's General and Water Fund have invested in municipal bonds totaling \$169,742 and \$122,865 respectively. These bonds were issued by the Village of Mt. Zion, Illinois, and were repurchased by the Village itself, during the year ended April 30, 2016. These amounts represent the Village's investment in municipal bonds.

The Village's Police Pension Fund investment portfolio at Town and Country is recorded at market value of \$1,350,090. Of the total, \$12,463 is invested in an FDIC insured money market fund, \$1,010,299 is invested in FDIC insured certificates of deposits, \$137,386 is invested in mutual funds and \$189,942 is invested in municipal bonds. The mutual funds and municipal bonds are unsecured.

The Village's Restricted Cash in Escrow of \$3 is held by BOK Financial Corporation. See Note 10 for further details regarding the purpose and restrictions related to the escrow account.

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

(Continued)

Note 6 Deposits and Investments - (Continued)

As of December 31, 2017, the Village had the following balances of deposits, cash equivalents, and investments:

Types of Deposits/ Cash Equivalents/ Investments	Fair Value	Cost	Average Credit Quality Ratings (1)
-----	-----	-----	-----
Demand Deposits	\$ 248,028	\$ 248,028	N/A
N.O.W. and Money Markets	2,392,397	2,392,397	N/A
IMET Convenience Fund	257,178	257,178	N/A
Mutual Funds	137,386	111,685	N/A
Municipal Bonds	482,550	483,870	AA, A, Other
Certificates of Deposit	1,756,721	1,756,721	N/A
CDARS	70,000	70,000	N/A
Restricted Cash in Escrow	3	3	N/A
Total	\$5,344,263	\$5,322,618	
	=====	=====	

(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.

Effective for the fiscal year ended December 31, 2017 the Village has implemented GASB No. 72 *Fair Value Measurement and Application* in the preparation of these financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS
December 31, 2017
(Continued)

Note 6 Deposits and Investments - (Continued)

- Level 1: Quoted prices (unadjusted) in active markets for an identical asset or liability to which the government has access at the measurement date.
- Level 2: Inputs other than quoted prices included in Level 1, that are observable for an asset or liability, either directly or indirectly. Level 2 inputs include quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full-term of the assets or liabilities.
- Level 3: Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

There have been no significant changes in the valuation techniques during the fiscal year ended December 31, 2017. Where quoted market prices are available in an active market, securities are classified with Level 1 of the valuation hierarchy. If quoted prices are not available, then fair values are estimated using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. At December 31, 2017, the Villages mutual funds, municipal bonds and certificates of deposits are classified within the Level 1 hierarchy.

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

December 31, 2017

(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. The 2016 Bond Repayment Fund had a deficit fund balance of \$3,535 at December 31, 2017.
- B) Individual fund interfund receivable and payable balances. The 2016 Bond Repayment Fund owed the Water Fund \$3,175 and the General Fund \$16,583. The balance is expected to be fully repaid in the year ending December 31, 2018.
- 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 \$193,495 and \$195,885 to the 2009 Bond Repayment Fund and the 2010 Bond Repayment Fund, respectively, to cover the costs of bond principal and interest payments. The Special Tax Allocation Fund transferred \$116,000 to the 2009 Bond Repayment Fund to 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.

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, and as such, the balance is not reported on the books of the Village. The initial deposit to start the fund at the Community Foundation was \$1,000 and at December 31, 2017, the balance in the account was \$54,177.

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

(Continued)

Note 10 Long-Term Debt Obligations - Governmental Activities -

Changes in long-term debt for the year ended December 31, 2017 are as follows:

	Beginning Balance	Issued	(Retired)	Ending Balance
	-----	-----	-----	-----
Notes Payable	\$ 55,521	\$ 0	\$ (13,026)	\$ 42,495
Bonds and Debt Certificates Payable	6,901,800	0	(2,519,200)	4,382,600
Unamortized Bond Issue Premium	58,758	0	(6,874)	51,884
Totals	\$ 7,016,079	\$ 0	\$(2,539,100)	\$ 4,476,979
	=====	=====	=====	=====

The total amount due within one year is \$532,279. This includes \$13,579 of notes payable and \$518,700 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 December 31, 2017 include the following:

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. 245,000

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. Principal payments are scheduled to begin during the year ending December 31, 2020. 1,715,000

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

(Continued)

Note 10 Long-Term Debt Obligations - Governmental Activities - (Continued)

2016 General Obligation Bonds

\$487,600 general obligation bonds issued on February 1, 2016, due in various annual installments ranging from \$66,800 to \$145,900 through December 1, 2019, plus interest at 2.95% to 6.40%. The bonds are to be repaid with property taxes received by the Village. The bond was issued with a premium of \$10,016 which is amortized over the life of the bonds.

287,600

2016A Alternate Revenue Refunding Bonds

\$336,000 alternate revenue refunding bonds issued on September 1, 2016, due in various annual installments ranging from \$6,000 to \$113,000 through December 1, 2020, plus interest at 1.90%. The bonds are to be repaid with telecommunication tax receipts, franchise fees, and a portion of utility tax receipts. These bonds were issued to refund the 2009 Alternate Revenue Bonds.

330,000

2016B Alternate Revenue Refunding Bonds

\$1,830,000 alternate revenue refunding bonds issued on September 1, 2016, due in various annual installments ranging from \$25,000 to \$180,000 through December 1, 2028, plus interest at 1.83%. The bonds are to be repaid with telecommunication tax receipts, franchise fees, and a portion of utility tax receipts. These bonds were issued to refund the 2009 Alternate Revenue Bonds.

1,805,000

Total Bond and Debt Certificates at December 31, 2017

\$4,382,600

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.

\$ 42,495

Total Notes Payable at December 31, 2017

\$ 42,495

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

(Continued)

Note 10 Long-Term Debt Obligations - Governmental Activities - (Continued)

The annual requirements to amortize all debt outstanding as of December 31, 2017, are as follows:

Bonds and Debt Certificates Payable

Year ending Dec. 31,	Principal	Interest	Total
2018	\$ 518,700	\$ 155,723	\$ 674,423
2019	530,900	141,305	672,205
2020	398,000	126,479	524,479
2021	290,000	115,125	405,125
2022	300,000	105,674	405,674
2023-2027	1,630,000	364,427	1,994,427
2028-2032	715,000	70,022	785,022
Total	4,382,600	1,078,755	5,461,355
Bond Premium	51,884	0	51,884
Total Bonds and Debt Service Requirement	\$4,434,484	\$1,078,755	\$5,513,239

Notes Payable

Year ending Dec. 31,	Principal	Interest	Total
2018	\$ 13,579	\$ 1,806	\$ 15,385
2019	14,156	1,229	15,385
2020	14,760	625	15,385
Total Notes Payable Service Requirement	\$ 42,495	\$ 3,660	\$ 46,155

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 or assigned for payment of bond principal and interest only.

The 2016A & 2016B Alternate Revenue Refunding Bonds were issued on September 1, 2016 for the purpose of redeeming the 2009 Alternate Revenue Bonds. Upon issuance, the proceeds have been placed in an escrow account, which is reported as Restricted Cash in Escrow. This escrow account is required to be maintained to pay interest and principle on the 2009 Alternate Revenue Bonds until December 1, 2017, the date which the 2009 Alternate Revenue Bonds were fully redeemed.

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

(Continued)

Note 11 Long-Term Debt Obligations - Business-Type Activities -

Changes in long-term debt for the year ended December 31, 2017 are as follows:

	Beginning Balance	Issued	(Retired)	Ending Balance
	-----	-----	-----	-----
Notes Payable	\$ 0	\$ 675,895	\$ (0)	\$ 675,895
Totals	\$ 0	\$ 675,895	\$ (0)	\$ 675,895
	=====	=====	=====	=====

In June 2017, the IL EPA approved a loan to the Village in the amount of \$2,794,210 for the construction of an elevated water storage tank and a booster pump station. The loan calls for semi-annual payments of principal and interest at 1.64% for 20 years beginning November 1, 2019. The Village will draw on the loan as construction continues on the plant. As of December 31, 2017, the Village had drawn \$675,895 on the loan.

The annual requirements to amortize outstanding notes payable of \$675,895 as of December 31, 2017, are as follows:

Year ending Dec. 31,	Notes Payable		
	Principal	Interest	Total
	-----	-----	-----
2018	\$ 0	\$ 0	\$ 0
2019	14,346	5,542	19,888
2020	29,046	10,731	39,777
2021	29,524	10,253	39,777
2022	30,010	9,766	39,776
2023-2027	157,629	41,254	198,883
2028-2032	171,043	27,841	198,884
2033-2037	185,597	13,286	198,883
2038-2042	58,700	965	59,665
	-----	-----	-----
Total Notes Payable Service Requirement	\$ 675,895	\$ 119,638	\$ 795,533
	=====	=====	=====

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS
December 31, 2017
(Continued)

Note 12 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	\$ 217,438	\$	\$	\$ 217,438
Construction in Progress	369,172	398,208	(133,132)	634,248
Buildings and System	6,686,889	220,130	(22,178)	6,884,841
Equipment	604,537		(6,634)	597,903
	-----	-----	-----	-----
Total	\$ 7,878,036	\$ 618,338	\$ (161,944)	\$ 8,334,430
	=====	=====	=====	-----
	Beginning	Additions	Deletions	Ending
	-----	-----	-----	-----
Accumulated Depreciation:				
Buildings and System	\$ 3,640,027	\$ 149,097	\$ (22,178)	\$ 3,766,946
Equipment	362,942	25,862	(6,634)	382,170
	-----	-----	-----	-----
Total	\$ 4,002,969	\$ 174,959	\$ (28,812)	4,149,116
	=====	=====	=====	-----
Ending Book Value				\$ 4,185,314
				=====

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	144,313	76,183	(7,837)	212,659
Buildings	3,498,095	12,408		3,510,503
Equipment	1,485,001	88,738	(79,557)	1,494,182
Infrastructure	15,438,554	253,062		15,691,616
	-----	-----	-----	-----
Total	\$21,537,326	\$ 430,391	\$ (87,394)	\$21,880,323
	=====	=====	=====	-----
Accumulated Depreciation:				
Buildings	\$ 736,246	\$ 82,383	\$	\$ 818,629
Equipment	1,005,366	99,967	(70,116)	1,035,217
Infrastructure	5,025,951	707,535		5,733,486
	-----	-----	-----	-----
Total	\$ 6,767,563	\$ 889,885	\$ (70,116)	\$ 7,587,332
	=====	=====	=====	-----
Ending Book Value				\$14,292,991
				=====

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

(Continued)

Note 12 Capital Assets - (Continued)

Total depreciation for all governmental activities assets amounted to \$889,885, for the current period, of which \$91,124, \$50,153, \$585,374, \$161,079 and \$2,155 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 13 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 original 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 eight months ended December 31, 2016, additional eligible expenses subject to reimbursement as part of this note were identified. Expenses of \$541,364 were identified from a requisition report dated December 18, 2012. Accumulated interest since December 18, 2012 of \$79,491 has been calculated and added on to the December 31, 2016 balance. Additionally, expenses of \$265,220 were submitted by the developer on September 22, 2016.

During the fiscal year ended December 31, 2017, payments made from TIF revenue towards this obligation totaled \$245,224 (\$199,964 of principal and \$45,260 of interest). This resulted in a balance on this note of \$965,469 at December 31, 2017.

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

(Continued)

Note 14 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 fiscal year ended December 31, 2017, and there will not be any future payments on this agreement.

During the year ended April 30, 2015, the Village committed to pay \$150,000 for an engineering and design plan relating to a new water tower. In August 2016, the Village entered into an agreement with MSA Professional Services for construction related engineering services, with a total cost of \$378,000. The new tower construction will also include 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. The estimated cost includes capital cost, engineering and contingency. During the 8 months ended December 31, 2016 and the year ended December 31, 2017, the Village expended approximately \$282,000 and \$485,205, respectively, for construction and related engineering services. During fiscal year 2017, bids were accepted and awarded. Korte & Luitjohan was awarded the pump house improvements for \$524,000. Caldwell Tanks was awarded the tank portion for \$2,383,000. The project began in October 2017 and will be completed by October 2018.

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.

On September 15, 2017, the Village entered into an agreement with Dunn Company for road maintenance to be performed and paid in 2018. The total amount of this agreement is \$416,760.

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

(Continued)

Note 15 Mt. Zion Police Pension Fund -

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 Village's 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. The Plan's checking, money market and certificates of deposits are reported at cost, which approximates fair value. The Plan's investments in municipal bonds and mutual funds are reported at fair value. Deposit and investment accounts are maintained 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	1
Inactive Plan Member Entitled to but not yet Receiving Benefits	2
Active Plan Members	<u>10</u>
Total members	<u>13</u>

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS
December 31, 2017
(Continued)

Note 15 Mt. Zion Police Pension Fund - (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 10 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%. 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 2018 and 2017 tax levy requirements are \$304,789 and \$384,386, respectively.

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

(Continued)

Note 15 Mt. Zion Police Pension Fund - (Continued)

Village's Pension Liability.

Total Pension Liability	\$3,728,837
Pension Plan's Fiduciary Net Position	1,361,942
Village's Net Pension Liability	2,366,895
Pension Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	36.52%

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 December 31, 2016 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 2014 Mortality Table projected to 2017 using improvement scale MP-2016, (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 over a 30 year period which commenced in 2012 (closed 25 year period). The Pension Fund has not estimated long-term expected real rates of return by major asset classes of its investment portfolio.

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
	-----	-----	-----
Balances at December 31, 2016	\$3,910,823	\$ 972,119	\$2,938,704
Changes for the year:			
Service Cost	284,482		284,482
Interest on the Total Pension Liability	116,672		116,672
Changes of Benefit Terms			0
Differences Between Expected and Actual Experience of the Total Pension Liability	(518,117)		(518,117)
Changes of Assumptions	(21,492)		(21,492)
Contributions - Employer		365,533	(365,533)
Contributions - Employees		53,533	(53,533)
Net Investment Income		35,161	(35,161)
Benefit Payments, including Refunds of Employee Contributions	(43,531)	(43,531)	0
Administrative Expenses		(20,873)	20,873
Net Changes	(181,986)	389,823	(571,809)
Balances at December 31, 2017	\$3,728,837	\$1,361,942	\$2,366,895
	=====	=====	=====

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

(Continued)

Note 15 Mt. Zion Police Pension Fund - (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - Regular Plan

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 3.00%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Lower (2.00%)	Current Discount (3.00%)	1% Higher (4.00%)
	-----	-----	-----
Net Pension Liability	\$3,171,198	\$2,366,895	\$1,727,652

Note 16 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 which is not available to the Village until recoveries can be achieved. As of December 31, 2017, IMET has estimated recoveries from seized assets and other sources to be 47.6% of the Liquidating Trust. Therefore, the Village estimates it will realize a loss on its Liquidating Trust of \$16,993. 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 \$16,993. As of December 31, 2017, 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 December 31, 2017

General Government - Administration		
Salaries	\$ 58,966	
Benefits	9,501	
Repairs & Maintenance	4,337	
Legal Services	16,118	
Janitorial Services	5,980	
Postage	850	
Telephone	1,718	
Printing & Publications	4,074	
Fees	17,035	
Travel & Training	3,573	
Dues & Subscriptions	2,110	
Utilities	7,020	
Supplies & Equipment	6,550	
Miscellaneous	290	
Economic Development	27,811	
Special Projects	11,074	
Total General Government - Administration		\$ <u>177,007</u>
General Government - Planning & Zoning		
Salaries	55,591	
Benefits	8,816	
Engineering	5,010	
Printing & Publications	42	
Fees	349	
Dues & Subscriptions	200	
Total General Government - Planning & Zoning		<u>70,008</u>

(Continued on next page)

VILLAGE OF MT. ZION, ILLINOIS
GENERAL FUND

SCHEDULE OF EXPENDITURES DISBURSED - MODIFIED CASH BASIS
For the Year Ended December 31, 2017
(Continued)

Public Safety		
Salaries	\$ 617,354	
Benefits	215,108	
Employer Pension Contributions	38,104	
Repairs & Maintenance	15,752	
Legal Services	10,284	
Janitorial Services	8,515	
Contractual Services	1,462	
Postage	1,070	
Telephone	5,746	
Radio Communications	8,100	
Printing & Publications	618	
Fees	10,014	
Travel & Training	11,730	
Dues & Subscriptions	1,400	
Utilities	8,490	
Supplies & Equipment	6,041	
Miscellaneous	963	
Gasoline & Oil	15,915	
K9 Grant	1,256	
Total Public Safety		\$ <u>977,922</u>
Streets and Alleys		
Salaries	136,287	
Benefits	47,670	
Repairs & Maintenance	44,981	
Engineering	91,777	
Telephone	3,139	
Fees	5,182	
Travel & Training	858	
Utilities	6,496	
Street Lighting	39,197	
Supplies & Equipment	15,848	
Miscellaneous	38	
Gasoline & Oil	8,900	
Total Streets and Alleys		<u>400,373</u>

(Continued on next page)

VILLAGE OF MT. ZION, ILLINOIS
GENERAL FUND

SCHEDULE OF EXPENDITURES DISBURSED - MODIFIED CASH BASIS
For the Year Ended December 31, 2017
(Continued)

Culture & Recreation - Parks		
Salaries	\$ 104,995	
Benefits	24,048	
Repairs & Maintenance	9,378	
Engineering	24,201	
Janitorial Services	10,363	
Contractual Services	34,234	
Postage	649	
Telephone	1,994	
Printing & Publications	6,162	
Fees	7,072	
Travel & Training	406	
Dues & Subscriptions	234	
Utilities	19,829	
Supplies & Equipment	13,709	
Miscellaneous	23	
Total Culture & Recreation - Parks		\$ 257,297
Culture & Recreation - Convention Center		
Salaries	50,245	
Benefits	15,163	
Repairs & Maintenance	11,487	
Janitorial Services	16,853	
Contractual Services	16,004	
Postage	886	
Telephone	2,316	
Printing & Publications	9,858	
Fees	1,973	
Utilities	4,315	
Supplies & Equipment	5,292	
Miscellaneous	46	
Total Culture & Recreation - Convention Center		134,438
Capital Outlay		
Public Safety	62,403	
Streets & Alleys	43,948	
Parks	42,900	
Convention Center	7,832	
Total Capital Outlay		\$ 157,083

VILLAGE OF MT. ZION, ILLINOIS

COMBINING SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS - MODIFIED CASH BASIS
December 31, 2017

	Audit Fund	Social Security Fund	Liability Insurance Fund	DMRF Fund	School Crossing Guard Fund	Unemployment Compensation Fund	Total Nonmajor Special Revenue Funds
ASSETS							
Current Assets:							
Cash and Cash Equivalents	\$ 39,603	\$ 98,480	\$ 32,137	\$ 76,951	\$ 21,235	\$ 50,801	\$ 319,207
DMRF Liquidated Trust Receivable	517	1,831	570	2,482	402	1,717	7,519
TOTAL ASSETS	\$ 40,120	\$ 100,311	\$ 32,707	\$ 79,433	\$ 21,637	\$ 52,518	\$ 326,726
LIABILITIES AND FUND BALANCES							
Current Liabilities:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance:							
Restricted	39,120	100,311	32,707	79,433	21,637	52,518	325,726
Assigned	1,000	-	-	-	-	-	1,000
Total Fund Balance	40,120	100,311	32,707	79,433	21,637	52,518	326,726
TOTAL LIABILITIES AND FUND BALANCES	\$ 40,120	\$ 100,311	\$ 32,707	\$ 79,433	\$ 21,637	\$ 52,518	\$ 326,726

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 December 31, 2017

	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	\$ 18,174	\$ 58,092	\$ 80,274	\$ 68,126	\$ 536	\$ 536	\$ 225,738
Interest	201	712	190	299	156	510	2,068
Total Revenues Received	18,375	58,804	80,464	68,425	692	1,046	227,806
Expenditures Disbursed							
Current							
General Government Administration							
Audit Fees	19,010	-	-	-	-	-	19,010
Social Security Taxes	-	65,494	-	-	-	-	65,494
Liability Insurance	-	-	69,206	-	-	-	69,206
IMRF Expense	-	-	-	79,183	-	-	79,183
Unemployment Insurance	-	-	-	-	-	3,951	3,951
Public Safety							
Salaries	-	-	-	-	4,293	-	4,293
Capital Outlay	-	-	-	-	-	-	-
Total Expenditures Disbursed	19,010	65,494	69,206	79,183	4,293	3,951	241,137
Net Change in Fund Balance	(635)	(6,690)	11,258	(10,758)	(3,601)	(2,905)	(13,331)
Fund Balances - January 1	40,755	107,001	21,449	90,191	25,238	55,423	340,057
Fund Balances - December 31	\$ 40,120	\$ 100,311	\$ 32,707	\$ 79,433	\$ 21,637	\$ 52,518	\$ 326,726

VILLAGE OF MT. ZION, ILLINOIS

COMBINING SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
December 31, 2017

	Total Nonmajor Special Revenue Funds	Debt Service Funds		2016 Bond Repayment Fund	Total Nonmajor Governmental Funds
		Lease Purchase Fund	2010 Bond Repayment Fund		
Current Assets:					
Cash and Cash Equivalents	\$ 319,207	\$ 16,949	\$ 16,052	\$ 16,223	\$ 368,431
IMET Liquidated Trust Receivable	7,519	53	-	-	7,572
TOTAL ASSETS	\$ 326,726	\$ 17,002	\$ 16,052	\$ 16,223	\$ 376,003
LIABILITIES AND FUND BALANCES					
Current Liabilities:					
Due to Other Funds	\$ -	\$ -	\$ -	\$ 19,758	\$ 19,758
Total Current Liabilities:					
Fund Balance:					
Restricted	325,726	17,002	-	-	342,728
Assigned	1,000	-	16,052	-	17,052
Unassigned	-	-	-	(3,535)	(3,535)
Total Fund Balance	326,726	17,002	16,052	(3,535)	356,245
TOTAL LIABILITIES AND FUND BALANCES	\$ 326,726	\$ 17,002	\$ 16,052	\$ 16,223	\$ 376,003

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 December 31, 2017

	Total Nonmajor Special Revenue Funds	Debt Service Funds			Total Nonmajor Governmental Funds
		Lease Purchase Fund	2010 Bond Repayment Fund	2016 Bond Repayment Fund	
Revenues Received					
Property Tax	\$ 225,738	\$ 14,778	\$ 31,615	\$ 146,181	\$ 386,697
Bond Subsidies	-	-	-	-	31,615
Interest	2,068	20	-	-	2,088
Total Revenues Received	227,806	14,798	31,615	146,181	420,400
Expenditures Disbursed					
Current					
General Government Administration					
Audit Fees	19,010	-	-	-	19,010
Social Security Taxes	65,494	-	-	-	65,494
Liability Insurance	69,206	-	-	-	69,206
IMRF Expense	79,183	-	-	-	79,183
Unemployment Insurance	3,951	-	-	-	3,951
Public Safety					
Salaries	4,293	-	-	-	4,293
Debt Service					
Principal	-	13,025	115,000	133,200	261,225
Interest and Fees	-	2,360	112,480	17,009	131,849
Capital Outlay	-	-	-	-	-
Total Expenditures Disbursed	241,137	15,385	227,480	150,209	634,211
Excess of Revenues Received Over (Under) Expenditures Disbursed	(13,331)	(587)	(195,865)	(4,028)	(213,811)
Other Financing Sources (Uses) Operating Transfers In			195,885	-	195,885
Net Change in Fund Balance	(13,331)	(587)	20	(4,028)	(17,926)
Fund Balances - January 1	340,057	17,589	16,032	493	374,171
Fund Balances - December 31	\$ 326,726	\$ 17,002	\$ 16,052	\$ (3,535)	\$ 356,245

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 December 31, 2017

	<u>Amended / Final Budget</u>	<u>Actual Expenditures</u>	<u>Unexpended Balance</u>
General Fund			
General Corporate Purposes	\$ 2,920,554	\$ 2,563,508	\$ 357,046
Special Revenue Funds			
Audit Fund	25,000	19,010	5,990
Social Security Fund	75,000	65,494	9,506
Liability Insurance Fund	90,000	69,206	20,794
IMRF Fund	85,000	79,183	5,817
School Crossing Guard Fund	5,500	4,293	1,207
Unemployment Compensation Fund	50,000	3,951	46,049
Capital Projects Funds			
General Capital Projects Fund	487,693	0	487,693
Motor Fuel Tax Fund	260,000	69,458	190,542
Special Tax Allocation Fund	412,000	361,774	50,226
Debt Service Funds			
Lease Purchase Fund	15,386	15,385	1
2009 Bond Repayment Fund	314,000	2,405,187	-2,091,187
2010 Bond Repayment Fund	227,480	227,480	0
2016 Bond Repayment Fund	<u>150,300</u>	<u>150,209</u>	<u>91</u>
Total Governmental Funds	\$ <u>5,117,913</u>	\$ <u>6,034,138</u>	\$ <u>-916,225</u>

VILLAGE OF MT. ZION, ILLINOIS

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

For the Year Ended December 31, 2017

	<u>Amended / Final Budget</u>	<u>Actual Expenditures (Incl Capital Acquisitions)</u>	<u>Unexpended Balance</u>
Proprietary Funds			
Water Fund	\$ 1,928,250	\$ 1,681,495	\$ 246,755
Sewer Fund	494,350	462,764	31,586
Internal Service Fund			
Risk Management Fund	0	0	0
Fiduciary Fund			
Police Pension Fund	<u>76,400</u>	<u>64,404</u>	<u>11,996</u>
Total Other Funds	<u>\$ 2,499,000</u>	<u>\$ 2,208,663</u>	<u>\$ 290,337</u>

VILLAGE OF MT. ZION, ILLINOIS

OTHER INFORMATION (UNAUDITED)
 IMRF REGULAR PLAN
 SCHEDULE OF CHANGES IN THE EMPLOYER'S NET
 PENSION LIABILITY AND RELATED RATIOS
 LAST TEN CALENDAR YEARS
 (SCHEDULE TO BE BUILT PROSPECTIVELY)

	2017	2016	2015
Total Pension Liability:			
Service Cost	\$ 66,211	\$ 67,633	\$ 57,627
Interest on the Total Pension Liability	498,568	505,360	485,610
Benefit Changes	-	-	-
Difference between Expected and Actual Experience	30,094	(262,663)	103,830
Assumption Changes	(203,536)	(7,823)	8,024
Benefit Payments and Refunds	(405,934)	(396,754)	(378,794)
Net Change in Total Pension Liability	(14,597)	(94,247)	276,297
Total Pension Liability at Beginning of Year	6,817,438	6,911,685	6,635,388
Total Pension Liability at End of Year	\$ 6,802,841	\$ 6,817,438	\$ 6,911,685
Plan Fiduciary Net Position:			
Employer Contributions	\$ 79,182	\$ 89,097	\$ 84,225
Employee Contributions	33,422	30,146	29,843
Pension Plan Net Investment Income	1,178,467	428,323	31,150
Benefit Payments and Refunds	(405,934)	(396,754)	(378,794)
Other	(55,777)	(189,890)	174,362
Net Change in Plan Fiduciary Net Position	829,360	(39,078)	(59,214)
Plan Fiduciary Net Position at Beginning of Year	6,264,114	6,303,192	6,362,406
Plan Fiduciary Net Position at End of Year	\$ 7,093,474	\$ 6,264,114	\$ 6,303,192
Net Pension Liability at End of Year	\$ (290,633)	\$ 553,324	\$ 608,493
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	104.27%	91.88%	91.20%
Covered Valuation Payroll	\$ 727,776	\$ 669,906	\$ 663,181
Net Pension Liability as a Percentage of Covered Valuation Payroll	-39.93%	82.60%	91.75%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

VILLAGE OF MT. ZION, ILLINOIS
 OTHER INFORMATION (UNAUDITED)
 IMRF REGULAR PLAN
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 LAST TEN CALENDAR YEARS
 (SCHEDULE TO BE BUILT PROSPECTIVELY)

Calendar Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a Percentage of Covered Valuation Payroll
2017	\$ 79,182	\$ 79,182	\$ -	\$ 727,776	10.88%
2016	\$ 89,164	\$ 89,097	\$ 67	\$ 669,906	13.30%
2015	\$ 84,224	\$ 84,225	\$ (1)	\$ 663,181	12.70%

NOTES TO IMRF REGULAR PLAN SCHEDULES

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

Methods and Assumptions Used to Determine 2017 Contribution Rates*:

Actuarial Cost Method: Aggregate entry age normal
Amortization Method: Level percentage of payroll, closed
Remaining Amortization Period: 26-year closed period Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 21 years for most employers (two employers were financed over 30 years).
Asset Valuation Method: 5-year smoothed market; 20% corridor
Wage Growth: 3.50%
Price Inflation: 2.75%, approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases: 3.75% to 14.50%, including inflation
Investment Rate of Return: 7.50%
Retirement Age: Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011 to 2013.
Mortality: For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information: There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2015, actuarial valuation; note two year lag between valuation and rate setting.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

VILLAGE OF MT. ZION, ILLINOIS

OTHER INFORMATION (UNAUDITED)
 IMRF SLEP PLAN
 SCHEDULE OF CHANGES IN THE EMPLOYER'S NET
 PENSION LIABILITY AND RELATED RATIOS
 LAST TEN CALENDAR YEARS
 (SCHEDULE TO BE BUILT PROSPECTIVELY)

	2017	2016	2015
Total Pension Liability:			
Service Cost	\$ -	\$ -	\$ -
Interest on the Total Pension Liability	3,715	3,683	4,104
Benefit Changes	-	-	-
Difference between Expected and Actual Experience	6,692	1,159	(5,412)
Assumption Changes	(1,600)	-	-
Benefit Payments and Refunds	(4,478)	(4,364)	(4,246)
Net Change in Total Pension Liability	4,329	478	(5,554)
Total Pension Liability at Beginning of Year	51,772	51,294	56,848
Total Pension Liability at End of Year	\$ 56,101	\$ 51,772	\$ 51,294
Plan Fiduciary Net Position:			
Employer Contributions	\$ -	\$ -	\$ -
Employee Contributions	-	-	-
Pension Plan Net Investment Income	15,731	5,229	424
Benefit Payments and Refunds	(4,478)	(4,364)	(4,246)
Other	4,756	1,144	(6,875)
Net Change in Plan Fiduciary Net Position	16,009	2,009	(10,697)
Plan Fiduciary Net Position at Beginning of Year	78,141	76,132	86,829
Plan Fiduciary Net Position at End of Year	\$ 94,150	\$ 78,141	\$ 76,132
Net Pension Liability at End of Year	\$ (38,049)	\$ (26,369)	\$ (24,838)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	167.82%	150.93%	148.42%
Covered Valuation Payroll	\$ -	\$ -	\$ -
Net Pension Liability as a Percentage of Covered Valuation Payroll	0.00%	0.00%	0.00%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

VILLAGE OF MT. ZION, ILLINOIS
 OTHER INFORMATION (UNAUDITED)
 IMRF SLEP PLAN
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 LAST TEN CALENDAR YEARS
 (SCHEDULE TO BE BUILT PROSPECTIVELY)

Calendar Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a Percentage of Covered Valuation Payroll
2017	\$ -	\$ -	\$ -	-	0.00%
2016	\$ -	\$ -	\$ -	-	0.00%
2015	\$ -	\$ -	\$ -	-	0.00%

NOTES TO IMRF REGULAR PLAN SCHEDULES

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

Methods and Assumptions Used to Determine 2017 Contribution Rates*:

Actuarial Cost Method: Aggregate entry age normal
Amortization Method: Level percentage of payroll, closed
Remaining Amortization Period: 26-year closed period Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 21 years for most employers (two employers were financed over 30 years).
Asset Valuation Method: 5-year smoothed market; 20% corridor
Wage Growth: 3.50%
Price Inflation: 2.75%, approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases: 3.75% to 14.50%, including inflation
Investment Rate of Return: 7.50%
Retirement Age: Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011 to 2013.
Mortality: For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information: There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2015, actuarial valuation; note two year lag between valuation and rate setting.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

VILLAGE OF MT. ZION, ILLINOIS

OTHER INFORMATION (UNAUDITED)
 MT. ZION POLICE PENSION FUND
 SCHEDULE OF CHANGES IN THE EMPLOYER'S NET
 PENSION LIABILITY AND RELATED RATIOS
 LAST TEN FISCAL PERIODS ENDED
 (SCHEDULE TO BE BUILT PROSPECTIVELY)

	12 Months Ended December 31, 2017	8 Months Ended December 31, 2016	Year Ended April 30, 2016	Year Ended April 30, 2015
TOTAL PENSION LIABILITY				
Service Cost	284,482 \$	290,153 \$	265,519 \$	110,598
Interest	116,672	111,222	85,177	50,774
Changes in Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience	(518,117)	(26,017)	235,256	14,696
Changes of Assumptions	(21,492)	(157,410)	316,441	990,442
Benefit Payments, Including Refunds of Member Contributions	(43,531)	(29,021)	(39,463)	-
Net Change in Total Pension Liability	(181,986)	188,927	862,930	1,166,510
Total Pension Liability - Beginning	3,910,823	3,721,896	2,858,966	1,692,456
Total Pension Liability - Ending	3,728,837 \$	3,910,823 \$	3,721,896 \$	2,858,966
PLAN FIDUCIARY NET POSITION				
Contributions - Employer	365,533	296,358	134,769	152,313
Contributions - Member	53,533	35,480	50,218	47,428
Net Investment Income	35,161	6,130	21,993	7,077
Benefit Payments, Including Refunds of Member Contributions	(43,531)	(29,021)	(39,463)	-
Administrative Expense	(20,873)	(13,773)	(23,994)	(21,155)
Net Change in Plan Fiduciary Net Position	389,823	295,174	143,523	185,663
Plan Fiduciary Net Position - Beginning	972,119	676,945	533,422	347,759
Plan Fiduciary Net Position - Ending	1,361,942 \$	972,119 \$	676,945 \$	533,422
NET PENSION LIABILITY	2,366,895 \$	2,938,704 \$	3,044,951 \$	2,309,555
Plan Fiduciary Net Position as Percentage of the Total Pension Liability	36.52%	24.86%	18.19%	18.66%
Covered-Employee Payroll	514,382	357,060	505,888	539,715
Net Pension Liability as a Percentage of Covered-Employee Payroll	460.14%	823.03%	601.90%	427.92%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

VILLAGE OF MT. ZION, ILLINOIS

OTHER INFORMATION (UNAUDITED)
 MT. ZION POLICE PENSION FUND
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 LAST TEN FISCAL PERIODS ENDED
 (SCHEDULE TO BE BUILT PROSPECTIVELY)

<u>Fiscal Period Ended</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Valuation Payroll</u>	<u>Actual Contribution as a Percentage of Covered Valuation Payroll</u>
Dec. 31, 2017 \$	377,904	\$ 365,533	\$ 12,371	\$ 514,382	71.06%
Dec. 31, 2016 \$	296,815	\$ 296,358	\$ 457	\$ 519,811	57.01%
Apr. 30, 2016 \$	126,907	\$ 134,769	\$ (7,862)	\$ 505,888	26.64%
Apr. 30, 2015 \$	153,087	\$ 152,313	\$ 774	\$ 539,715	28.22%

NOTES TO MT. ZION POLICE PENSION FUND SCHEDULES

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

Methods and Assumptions Used to Determine 2017 Contribution Rates*:

Actuarial Cost Method: Aggregate entry age normal
Amortization Method: Level percentage of payroll, closed
Remaining Amortization Period: 24 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 2014 Mortality Table (BCHA) projected to 2018 using improvement scale MP-2017.

Other Information: There were no benefit changes during the year.

* The other non-economic actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance (GRS) in 2017.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

VILLAGE OF MT. ZION, ILLINOIS
 OTHER INFORMATION (UNAUDITED)
 MT. ZION POLICE PENSION FUND
 SCHEDULE OF INVESTMENT RETURNS
 LAST TEN FISCAL PERIODS ENDED
 (SCHEDULE TO BE BUILT PROSPECTIVELY)

	Year Ended December 31, 2017	8 Months Ended December 31, 2016	Year Ended April 30, 2016	Year Ended April 30, 2015
Annual Money-Weighted Rate of Return, Net of Investment Expense	1.84%	1.61%	1.47%	1.33%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.