

## VILLAGE OF MT. ZION, ILLINOIS

## NOTES TO FINANCIAL STATEMENTS

December 31, 2018

(Continued)

**Note 4 Defined Benefit Pension Plan - IMRF - (Continued)**

The Villages SLEP plan was terminated during the fiscal year ended December 31, 2018. The remaining balance in the SLEP plan of \$38,057 was reimbursed to the Village's IMRF Fund.

**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 2018 was 10.57% for the Regular Plan and 0.00% for the SLEP Plan. For the fiscal year ended December 31, 2018, the Village contributed \$77,042 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/Pension Expenditure**

The Village's net pension liability was measured as of December 31, 2018. 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. Pension expenditures for the year reported in these modified cash basis financial statements totaled \$77,042.

**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.

**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.

## VILLAGE OF MT. ZION, ILLINOIS

## NOTES TO FINANCIAL STATEMENTS

December 31, 2018

(Continued)

**Note 6 Deposits and Investments - (Continued)**

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 \$78,831 at Prairie State Bank are fully insured. Time deposits of \$1,263,728 at Prairie State Bank are covered by federal insurance up to \$250,000. The remaining balance of \$1,013,728 is collateralized with securities held by the pledging financial institution's trust department or as agents in favor of the Village. Demand deposits of \$174,222 at Town and Country Bank are fully insured. Time deposits of \$786,565 at Scott State Bank are covered by federal insurance up to \$250,000. The remaining balance of \$536,565 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 \$246,645 with IMET are not insured, but are collateralized by pooled securities. Time deposits of \$302,876 at Busey Bank covered by federal insurance up to \$250,000. The remaining balance of \$52,876 is uncollateralized. Time deposits of \$245,001 at Hickory Point Bank are fully insured. Time deposits of \$70,420 at United Bank (HPB&T CDAR account) are fully insured.

The Village's General and Water Fund have invested in municipal bonds totaling \$86,041 and \$62,254 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 \$1,687,846. Of the total, \$33,620 is invested in an FDIC insured money market fund, \$917,841 is invested in FDIC insured certificates of deposits, \$129,087 is invested in mutual funds and \$607,298 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, 2018

(Continued)

## Note 6 Deposits and Investments - (Continued)

As of December 31, 2018, 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	\$ 253,077	\$ 253,077	N/A
N.O.W. and Money Markets	1,880,089	1,880,089	N/A
IMET Convenience Fund	246,645	246,645	N/A
Mutual Funds	129,087	121,685	N/A
Municipal Bonds	755,593	766,162	AA, A, Other
Certificates of Deposit	1,669,542	1,692,485	N/A
CDARS	70,420	70,420	N/A
Restricted Cash in Escrow	3	3	N/A
	-----	-----	
Total	\$5,004,456	\$5,030,566	
	=====	=====	

(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, 2018

(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, 2018. 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, 2018, 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, 2018

(Continued)

**Note 7 Risks - (Continued)**

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

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

**Note 8 Other Required Individual Fund Disclosures -**

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

- A) Deficit fund balances of individual funds. No funds had deficit balances at December 31, 2018.
- B) Individual fund interfund receivable and payable balances. No amounts are due on interfund loans at 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 \$145,348 and \$196,359 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 \$113,000 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, 2018, the balance in the account was \$60,217.

## VILLAGE OF MT. ZION, ILLINOIS

## NOTES TO FINANCIAL STATEMENTS

December 31, 2018

(Continued)

## Note 10 Long-Term Debt Obligations - Governmental Activities -

Changes in long-term debt for the year ended December 31, 2018 are as follows:

	Beginning Balance	Issued	(Retired)	Ending Balance
	-----	-----	-----	-----
Notes Payable	\$ 42,495	\$ 0	\$ (13,579)	\$ 28,916
Bonds and Debt Certificates Payable	4,382,600	0	(518,700)	3,863,900
Unamortized Bond Issue Premium	51,884	0	(6,874)	45,010
Totals	\$ 4,476,979	\$ 0	\$ (539,153)	\$ 3,937,826
	=====	=====	=====	=====

The total amount due within one year is \$545,056, not including current bond premium amortization. This includes \$14,156 of notes payable and \$530,900 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, 2018 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. 125,000

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, 2018

(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.

145,900

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.

223,000

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.

1,655,000

Total Bond and Debt Certificates at December 31, 2018

\$3,863,900

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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.

\$ 28,916

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Total Notes Payable at December 31, 2018

\$ 28,916

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## VILLAGE OF MT. ZION, ILLINOIS

## NOTES TO FINANCIAL STATEMENTS

December 31, 2018

(Continued)

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

The annual requirements to amortize all debt outstanding as of December 31, 2018, are as follows:

## Bonds and Debt Certificates Payable

Year ending Dec. 31,	Principal	Interest	Total
2019	\$ 530,900	\$ 141,305	\$ 672,205
2020	398,000	126,479	524,479
2021	290,000	115,125	405,125
2022	300,000	105,673	405,673
2023	310,000	95,395	405,395
2024-2028	1,670,000	305,228	1,975,228
2029-2030	365,000	33,825	398,825
Total	3,863,900	923,030	4,786,930
Bond Premium	45,010	0	45,010
Total Bonds and Debt Service Requirement	\$3,908,910	\$ 923,030	\$4,831,940

## Notes Payable

Year ending Dec. 31,	Principal	Interest	Total
2019	\$ 14,156	\$ 1,229	\$ 15,385
2020	14,760	625	15,385
Total Notes Payable Service Requirement	\$ 28,916	\$ 1,854	\$ 30,770

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. A residual balance of \$3 remains in the escrow account as of December 31, 2018.



## VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS  
 December 31, 2018  
 (Continued)

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

Changes in long-term debt for the year ended December 31, 2018 are as follows:

	Beginning Balance	Issued	(Retired)	Ending Balance
	-----	-----	-----	-----
Notes Payable	\$675,895	\$1,738,501	\$ (0)	\$2,414,396
Totals	\$675,895	\$1,738,501	\$ (0)	\$2,414,396
	=====	=====	=====	=====

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 preliminary loan agreement called for semi-annual payments of principal and interest at 1.64% for 20 years beginning November 1, 2019. The Village made draws on the loan as construction continued on the plant. Construction was completed and the loan was finalized in December 2018. The finalized loan agreement after all draws and accrued interest was for \$2,414,396, with semi-annual loan payments of \$71,044 scheduled for May 15 and November 15 of each year at 1.64% interest for 20 years beginning May 15, 2019 and maturing November 15, 2038. As of December 31, 2018, the balance on the loan was \$2,414,396.

The annual requirements to amortize outstanding notes payable of \$2,414,396 as of December 31, 2018, are as follows:

	Notes Payable		
	Principal	Interest	Total
	-----	-----	-----
Year ending Dec. 31,			
2019	\$ 102,912	\$ 39,176	\$ 142,088
2020	104,607	37,481	142,088
2021	106,329	35,759	142,088
2022	108,080	34,008	142,088
2023	109,860	32,228	142,088
2024-2028	577,041	133,400	710,441
2029-2033	626,143	84,298	710,441
2034-2038	679,424	31,017	710,441
	-----	-----	-----
Total Notes Payable	\$2,414,396	\$ 427,367	\$2,841,763
Service Requirement	=====	=====	=====

## VILLAGE OF MT. ZION, ILLINOIS

## NOTES TO FINANCIAL STATEMENTS

December 31, 2018

(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	634,248		(634,248)	0
Buildings and System	6,884,841	3,166,846		10,051,687
Equipment	597,903	14,312		612,215
	-----	-----	-----	-----
Total	\$ 8,334,430	\$3,181,158	\$ (634,248)	10,881,340
	=====	=====	=====	-----
Accumulated Depreciation:				
Buildings and System	\$ 3,766,946	\$ 147,776	\$	3,914,722
Equipment	382,170	26,464		408,634
	-----	-----	-----	-----
Total	\$ 4,149,116	\$ 174,240	\$ (0)	4,323,356
	=====	=====	=====	-----
Ending Book Value				\$ 6,557,984
				=====

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

Total depreciation and amortization for all Business-Type Activities assets amounted to \$203,496, for the current period, of which \$96,645 and \$106,851 were charged to the Water and Sanitary Sewer functions, respectively.

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	\$ 660	\$	\$ 972,023
Construction in Progress	212,659	67,424		280,083
Buildings	3,510,503	13,874		3,524,377
Equipment	1,494,182	78,899	(68,116)	1,504,965
Infrastructure	15,691,616	271,644		15,963,260
	-----	-----	-----	-----
Total	\$21,880,323	\$ 432,501	\$ (68,116)	22,244,708
	=====	=====	=====	-----
Accumulated Depreciation:				
Buildings	\$ 818,629	\$ 83,047	\$	901,676
Equipment	1,035,217	94,566	(68,116)	1,061,667
Infrastructure	5,733,486	722,809		6,456,295
	-----	-----	-----	-----
Total	\$ 7,587,332	\$ 900,422	\$ (68,116)	8,419,638
	=====	=====	=====	-----
Ending Book Value				\$13,825,070
				=====

## VILLAGE OF MT. ZION, ILLINOIS

## NOTES TO FINANCIAL STATEMENTS

December 31, 2018

(Continued)

**Note 12 Capital Assets - (Continued)**

Total depreciation for all Governmental Activities assets amounted to \$900,422, for the current period, of which \$39,482, \$36,486, \$632,071, \$155,384 and \$36,999 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. Expenditures 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, 2018, payments made from TIF revenue towards this obligation totaled \$271,644 (\$223,865 of principal and \$47,779 of interest). This resulted in a balance on this note of \$749,853 at December 31, 2018.

## VILLAGE OF MT. ZION, ILLINOIS

## NOTES TO FINANCIAL STATEMENTS

December 31, 2018

(Continued)

## Note 14 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	1
Active Plan Members	<u>10</u>
Total members	<u>12</u>

## VILLAGE OF MT. ZION, ILLINOIS

## NOTES TO FINANCIAL STATEMENTS

December 31, 2018

(Continued)

## Note 14 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 Village contribution to the plan was \$388,836 and was entirely met by the current tax levy.

## VILLAGE OF MT. ZION, ILLINOIS

## NOTES TO FINANCIAL STATEMENTS

December 31, 2018

(Continued)

**Note 15 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, 2018, IMET has estimated recoveries from seized assets and other sources to be 57.1% of the Liquidating Trust. Therefore, the Village estimates it will realize a loss on its Liquidating Trust of \$13,912. 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 \$13,912. As of December 31, 2018, recoveries totaling \$4,506 had been distributed to the Village from the Liquidating Trust.

**Note 16 Construction and Other Commitments -**

The Village has been awarded a \$374,200 Open Space Land Acquisition and Development (OSLAD) grant for the construction of a new splash pad in Fletcher Park. The total project cost is estimated at \$748,500. As of the date of these financial statements, no construction agreements have been signed and an official start date for the project has not been established.

**SUPPLEMENTARY INFORMATION**

VILLAGE OF MT. ZION, ILLINOIS  
GENERAL FUND

SCHEDULE OF EXPENDITURES DISBURSED - MODIFIED CASH BASIS  
For the Year Ended December 31, 2018

General Government - Administration		
Salaries	\$ 65,680	
Benefits	10,605	
Repairs & Maintenance	5,925	
Legal Services	17,508	
Janitorial Services	5,980	
Postage	1,412	
Telephone	1,844	
Printing & Publications	3,893	
Fees	18,902	
Travel & Training	5,259	
Dues & Subscriptions	2,711	
Utilities	6,871	
Supplies & Equipment	3,611	
Miscellaneous	403	
Economic Development	23,314	
Special Projects	6,139	
Total General Government - Administration	<u>180,057</u>	\$ <u>180,057</u>
General Government - Planning & Zoning		
Salaries	\$ 54,498	
Benefits	9,765	
Engineering	2,955	
Printing & Publications	379	
Fees	508	
Dues & Subscriptions	0	
Total General Government - Planning & Zoning	<u>68,105</u>	\$ <u>68,105</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, 2018  
(Continued)

Public Safety		
Salaries	\$ 605,440	
Benefits	212,574	
Employer Pension Contributions	0	
Repairs & Maintenance	16,604	
Legal Services	5,632	
Janitorial Services	7,420	
Contractual Services	1,396	
Postage	904	
Telephone	5,849	
Radio Communications	8,200	
Printing & Publications	676	
Fees	80,241	
Travel & Training	6,794	
Dues & Subscriptions	900	
Utilities	12,174	
Supplies & Equipment	6,361	
Miscellaneous	937	
Gasoline & Oil	16,795	
K9 Grant	0	
Total Public Safety	<u>988,897</u>	\$ <u>988,897</u>
Streets and Alleys		
Salaries	\$ 127,348	
Benefits	45,615	
Repairs & Maintenance	47,238	
Engineering	51,942	
Telephone	3,205	
Fees	5,816	
Travel & Training	489	
Utilities	8,319	
Street Lighting	33,600	
Supplies & Equipment	8,725	
Miscellaneous	0	
Gasoline & Oil	7,852	
Total Streets and Alleys	<u>340,149</u>	\$ <u>340,149</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, 2018  
(Continued)

Culture & Recreation - Parks		
Salaries	\$ 101,444	
Benefits	26,667	
Repairs & Maintenance	10,599	
Engineering	187	
Janitorial Services	10,795	
Contractual Services	17,166	
Fletcher Park Events	15,561	
Postage	1,083	
Telephone	2,801	
Printing & Publications	5,851	
Fees	7,776	
Travel & Training	0	
Dues & Subscriptions	379	
Utilities	20,406	
Supplies & Equipment	12,668	
Miscellaneous	<u>0</u>	
Total Culture & Recreation - Parks		\$ <u>233,383</u>
Culture & Recreation - Convention Center		
Salaries	\$ 55,456	
Benefits	24,522	
Repairs & Maintenance	10,158	
Janitorial Services	19,106	
Contractual Services	10,053	
Postage	1,083	
Telephone	2,624	
Printing & Publications	12,229	
Fees	5,040	
Utilities	4,909	
Supplies & Equipment	4,378	
Miscellaneous	<u>0</u>	
Total Culture & Recreation - Convention Center		\$ <u>149,558</u>
Capital Outlay		
Administration	\$ 9,683	
Public Safety	55,452	
Streets & Alleys	96,271	
Parks	32,199	
Convention Center	<u>9,683</u>	
Total Capital Outlay		\$ <u>203,288</u>

VILLAGE OF MT. ZION, ILLINOIS

COMBINING SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS - MODIFIED CASH BASIS  
December 31, 2018

	Audit Fund	Social Security Fund	Liability Insurance Fund	IMRF Fund	School Crossing Guard Fund	Unemployment Compensation Fund	Total Nonmajor Special Revenue Funds
<b>ASSETS</b>							
Current Assets:							
Cash and Cash Equivalents	\$ 33,968	\$ 80,631	\$ 31,642	\$ 100,278	\$ 19,295	\$ 38,524	\$ 304,338
IMET Liquidated Trust Receivable	468	1,659	516	2,249	364	1,556	6,812
<b>TOTAL ASSETS</b>	<u>\$ 34,436</u>	<u>\$ 82,290</u>	<u>\$ 32,158</u>	<u>\$ 102,527</u>	<u>\$ 19,659</u>	<u>\$ 40,080</u>	<u>\$ 311,150</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Current Liabilities:							
Fund Balance:							
Restricted	33,436	82,290	32,158	102,527	19,659	40,080	310,150
Assigned	1,000	-	-	-	-	-	1,000
<b>Total Fund Balance</b>	<u>34,436</u>	<u>82,290</u>	<u>32,158</u>	<u>102,527</u>	<u>19,659</u>	<u>40,080</u>	<u>311,150</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 34,436</u>	<u>\$ 82,290</u>	<u>\$ 32,158</u>	<u>\$ 102,527</u>	<u>\$ 19,659</u>	<u>\$ 40,080</u>	<u>\$ 311,150</u>

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, 2018

	Audit Fund	Social Security Fund	Liability Insurance Fund	IMRF Fund	School Crossing Guard Fund	Unemployment Compensation Fund	Total Nonmajor Special Revenue Funds
<b>Revenues Received</b>							
Property Tax	\$ 13,797	\$ 45,898	\$ 67,522	\$ 61,610	\$ 509	\$ 509	\$ 189,845
Interest	349	1,237	330	469	271	733	3,389
Reimbursements	-	-	-	38,057	-	-	38,057
<b>Total Revenues Received</b>	<b>14,146</b>	<b>47,135</b>	<b>67,852</b>	<b>100,136</b>	<b>780</b>	<b>1,242</b>	<b>231,291</b>
<b>Expenditures Disbursed</b>							
<b>Current</b>							
General Government Administration							
Audit Fees	19,830	-	-	-	-	-	19,830
Social Security Taxes	-	65,156	-	-	-	-	65,156
Liability Insurance	-	-	68,401	-	-	-	68,401
IMRF Expense	-	-	-	77,042	-	-	77,042
Unemployment Insurance	-	-	-	-	-	13,680	13,680
Public Safety Salaries	-	-	-	-	2,758	-	2,758
Capital Outlay	-	-	-	-	-	-	-
<b>Total Expenditures Disbursed</b>	<b>19,830</b>	<b>65,156</b>	<b>68,401</b>	<b>77,042</b>	<b>2,758</b>	<b>13,680</b>	<b>246,867</b>
<b>Excess of Revenues Received Over (Under) Expenditures Disbursed</b>	<b>(5,684)</b>	<b>(18,021)</b>	<b>(549)</b>	<b>23,094</b>	<b>(1,978)</b>	<b>(12,438)</b>	<b>(15,576)</b>
<b>Other Financing Sources (Uses)</b>							
Operating Transfers In	-	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-	-
<b>Net Change in Fund Balance</b>	<b>(5,684)</b>	<b>(18,021)</b>	<b>(549)</b>	<b>23,094</b>	<b>(1,978)</b>	<b>(12,438)</b>	<b>(15,576)</b>
<b>Fund Balances - January 1</b>	<b>40,120</b>	<b>100,311</b>	<b>32,707</b>	<b>79,433</b>	<b>21,637</b>	<b>52,518</b>	<b>326,726</b>
<b>Fund Balances - December 31</b>	<b>\$ 34,436</b>	<b>\$ 82,290</b>	<b>\$ 32,158</b>	<b>\$ 102,527</b>	<b>\$ 19,659</b>	<b>\$ 40,080</b>	<b>\$ 311,150</b>

VILLAGE OF MT. ZION, ILLINOIS

COMBINING SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS  
 December 31, 2018

	Total Nonmajor Special Revenue Funds	Debt Service Funds			Total Nonmajor Governmental Funds	
		Lease Purchase Fund	2009 Bond Repayment Fund	2010 Bond Repayment Fund		
Cash and Cash Equivalents	\$ 304,338	\$ 17,195	\$ 73,717	\$ 16,114	\$ -	\$ 411,364
IMET Liquidated Trust Receivable	6,812	48	-	-	-	6,860
Restricted Cash in Escrow	-	-	3	-	-	3
<b>TOTAL ASSETS</b>	<b>\$ 311,150</b>	<b>\$ 17,243</b>	<b>\$ 73,720</b>	<b>\$ 16,114</b>	<b>\$ -</b>	<b>\$ 418,227</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Current Liabilities:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Current Liabilities:						
Fund Balance:						
Restricted	310,150	17,243	3	-	-	327,396
Assigned	1,000	-	73,717	16,114	-	90,831
Unassigned	-	-	-	-	-	-
Total Fund Balance	311,150	17,243	73,720	16,114	-	418,227
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 311,150</b>	<b>\$ 17,243</b>	<b>\$ 73,720</b>	<b>\$ 16,114</b>	<b>\$ -</b>	<b>\$ 418,227</b>

ASSETS

Current Assets:  
 Cash and Cash Equivalents  
 IMET Liquidated Trust Receivable  
 Restricted Cash in Escrow

TOTAL ASSETS

LIABILITIES AND FUND BALANCES

Current Liabilities:

Total Current Liabilities:

Fund Balance:

  Restricted  
   Assigned  
   Unassigned

Total Fund Balance

TOTAL LIABILITIES AND FUND BALANCES

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, 2018

	Total Nonmajor Special Revenue Funds	Debt Service Funds				Total Nonmajor Governmental Funds
		Lease Purchase Fund	2009 Bond Repayment Fund	2010 Bond Repayment Fund	2016 Bond Repayment Fund	
Revenues Received						
Property Tax	\$ 189,845	\$ 15,590	\$ -	\$ 31,641	\$ 153,683	\$ 359,118
Bond Subsidies	-	-	-	-	-	31,641
Interest	3,389	36	245	-	20	3,690
Reimbursements	38,057	-	-	-	-	38,057
<b>Total Revenues Received</b>	<b>231,291</b>	<b>15,626</b>	<b>245</b>	<b>31,641</b>	<b>153,703</b>	<b>432,506</b>
Expenditures Disbursed						
Current						
General Government Administration						
Audit Fees	19,830	-	-	-	-	19,830
Social Security Taxes	65,156	-	-	-	-	65,156
Liability Insurance	68,401	-	-	-	-	68,401
IMRF Expense	77,042	-	-	-	-	77,042
Unemployment Insurance	13,680	-	-	-	-	13,680
Public Safety Salaries	2,758	-	-	-	-	2,758
Debt Service						
Principal	-	13,580	257,000	120,000	141,699	532,279
Interest and Fees	-	1,805	39,301	107,938	8,469	157,513
Capital Outlay	-	-	-	-	-	-
<b>Total Expenditures Disbursed</b>	<b>246,867</b>	<b>15,385</b>	<b>296,301</b>	<b>227,938</b>	<b>150,168</b>	<b>936,659</b>
Excess of Revenues Received Over (Under) Expenditures Disbursed	(15,576)	241	(296,056)	(196,297)	3,535	(504,153)
Other Financing Sources (Uses) Operating Transfers In						
Operating Transfers In	-	-	258,348	196,359	-	454,707
Net Change in Fund Balance	(15,576)	241	(37,708)	62	3,535	(49,446)
Fund Balances - January 1	326,726	17,002	111,428	16,052	(3,535)	467,673
Fund Balances - December 31	\$ 311,150	\$ 17,243	\$ 73,720	\$ 16,114	\$ -	\$ 418,227

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, 2018

	<u>Amended / Final Budget</u>	<u>Actual Expenditures</u>	<u>Unexpended Balance</u>
<b>General Fund</b>			
General Corporate Purposes	\$ 3,175,700	\$ 2,505,144	\$ 670,556
<b>Special Revenue Funds</b>			
Audit Fund	29,000	19,830	9,170
Social Security Fund	75,000	65,156	9,844
Liability Insurance Fund	80,000	68,401	11,599
IMRF Fund	90,000	77,042	12,958
School Crossing Guard Fund	3,500	2,758	742
Unemployment Compensation Fund	50,000	13,680	36,320
<b>Capital Projects Funds</b>			
General Capital Projects Fund	487,693	487,693	0
Motor Fuel Tax Fund	326,000	87,741	238,259
Special Tax Allocation Fund	464,000	407,305	56,695
<b>Debt Service Funds</b>			
Lease Purchase Fund	15,385	15,385	0
2009 Bond Repayment Fund	296,500	296,301	199
2010 Bond Repayment Fund	228,000	227,938	62
2016 Bond Repayment Fund	<u>150,200</u>	<u>150,168</u>	<u>32</u>
<b>Total Governmental Funds</b>	<u>\$ 5,470,978</u>	<u>\$ 4,424,542</u>	<u>\$ 1,046,436</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, 2018

	<u>Amended / Final Budget</u>	<u>Actual Expenditures (Incl Capital Acquisitions)</u>	<u>Unexpended Balance</u>
<b>Proprietary Funds</b>			
Water Fund	\$ 4,529,250	\$ 3,756,888	\$ 772,362
Sewer Fund	502,850	443,779	59,071
<b>Internal Service Fund</b>			
Risk Management Fund	0	0	0
<b>Fiduciary Fund</b>			
Police Pension Fund	<u>97,904</u>	<u>97,903</u>	<u>1</u>
<b>Total Other Funds</b>	<u>\$ 5,130,004</u>	<u>\$ 4,298,570</u>	<u>\$ 831,434</u>

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, 2018	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	2.72%	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.