

**VILLAGE OF MT. ZION, ILLINOIS
SPECIAL TAX ALLOCATION FUND**

ANNUAL FINANCIAL REPORT

APRIL 30, 2016

VILLAGE OF MT. ZION, ILLINOIS
SPECIAL TAX ALLOCATION FUND

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Daniel J. McGuire, CPA
 Robert J. Yuhas Jr., CPA, CFP
 Kevin J. Huffman, CPA
 Kevin R. Buckley, CPA
 Tracie L. England, CPA
 Cody R. Buckley, CPA



Members: American
 Institute of Certified
 Public Accountants &
 Illinois CPA Society

McGuire, Yuhas, Huffman & Buckley, P.C.

Certified Public Accountants & Consultants

INDEPENDENT AUDITORS' REPORT

Village Board of Trustees
 Village of Mt. Zion
 Mt. Zion, Illinois

Report on the Financial Statements

We have audited the accompanying cash basis financial statements of the Special Tax Allocation Fund of the Village of Mt. Zion, Illinois, as of and for the year ended April 30, 2016, and the related notes to the financial statements, which collectively comprise the Fund'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 cash basis of accounting described in Note 1E; this includes determining that the 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 an opinion 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 entity'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 opinion.

Village Board of Trustees
Village of Mt. Zion
Page Two

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis assets, liabilities and fund balance of the Special Tax Allocation Fund of the Village of Mt. Zion, Illinois, as of April 30, 2016, and the respective cash basis revenue collected, expenditures paid and changes in fund balance for the year then ended in accordance with the basis of accounting described in Note 1E.

Basis of Accounting

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

Emphasis of Matter

As discussed in Note 1A, the financial statements present only the Special Tax Allocation Fund and do not purport to, and do not present fairly the financial position of the Village of Mt. Zion, Illinois as of April 30, 2016, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is 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 Special Tax Allocation Fund's financial statements. The schedules listed as "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 "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
November 2, 2016

Daniel J. McGuire, CPA
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE

Village Board of Trustees
 Village of Mt. Zion
 Mt. Zion, Illinois

We have audited the financial statements of the Special Tax Allocation Fund of the Village of Mt. Zion, Illinois, as of April 30, 2016, and for the year then ended and have issued our report thereon dated November 2, 2016.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Village of Mt. Zion, Illinois, is the responsibility of the Village's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Village of Mt. Zion's compliance with Chapter 65 of the Illinois Compiled Statutes, Division 74.4, "Tax Increment Allocation Redevelopment Act." However, it should be noted that our objective was not to provide an opinion on overall compliance with such provisions.

The results of our tests indicate that, with respect to the items tested, the Village of Mt. Zion complied, in all material respects, with Subsection (q) of Section 5/11-74.4-3 of Chapter 65 of the Illinois Compiled Statutes. With respect to the items not tested, nothing came to our attention that caused us to believe that the Village of Mt. Zion had not complied, in all material respects, with Subsection (q) of Section 5/11-74.4-3 of Chapter 65 of the Illinois Compiled Statutes.

This report is intended for the information of the Village Board of Trustees, the Illinois Office of the Comptroller, and the affected taxing districts, and is not intended to be and should not be used by anyone other than these specified parties.

Yours very truly,

McGuire, Yuhas, Huffman & Buckley, P.C.

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

Decatur, Illinois
 November 2, 2016

VILLAGE OF MT. ZION, ILLINOIS
SPECIAL TAX ALLOCATION FUND

STATEMENT OF ASSETS, LIABILITIES AND FUND
BALANCES - CASH BASIS
April 30, 2016

ASSETS

Current Assets:

Cash and Cash Equivalents \$ 7,853

TOTAL ASSETS \$ 7,853

LIABILITIES AND FUND BALANCES

Current Liabilities:

\$ -

Total Liabilities -

Fund Balance:

Restricted \$ 7,853

Total Fund Balance 7,853

TOTAL LIABILITIES AND FUND BALANCES \$ 7,853

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

VILLAGE OF MT. ZION, ILLINOIS
SPECIAL TAX ALLOCATION FUND

STATEMENT OF REVENUE RECEIVED, EXPENDITURES DISBURSED
AND CHANGES IN FUND BALANCES - CASH BASIS
For the Year Ended April 30, 2016

Revenues Received		
Property Tax	\$	262,092
Interest		<u>31</u>
Total Revenues Received		<u>262,123</u>
Expenditures Disbursed		
General Government		
Streets and Alleys		
Legal		550
Capital Outlay		<u>139,862</u>
Total Expenditures Disbursed		<u>140,412</u>
Excess of Revenues Received Over (Under) Expenditures Disbursed		<u>121,711</u>
Other Financing Sources (Uses)		
Operating Transfers In/(Out)		<u>(115,250)</u>
Net Change in Fund Balance		<u>6,461</u>
Fund Balances - May 1		<u>1,392</u>
Fund Balances - April 30	\$	<u><u>7,853</u></u>

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

VILLAGE OF MT. ZION, ILLINOIS
SPECIAL TAX ALLOCATION FUND

NOTES TO FINANCIAL STATEMENTS
April 30, 2016

Note 1 Summary of Significant accounting policies -

A) Scope of Entity -

The accompanying financial statements include only the Special Tax Allocation Fund, a capital projects fund, of the Village of Mt. Zion, Illinois (Village). There are other governmental, proprietary, and fiduciary funds included in the Villages' financial statements that are not presented herein. Generally accepted accounting principles require the presentation of governmental activities, business-type activities, each major fund, and the aggregate remaining fund information which collectively comprise the Village's financial statements. Therefore, the accompanying financial statements are not intended to present the financial position and results of operations of the Village in conformity with generally accepted accounting principles.

B) Fund Accounting -

The operations of the Special Tax Allocation Fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues (or receipts), and cash disbursements. Government resources are allocated to and accounted for in the Special Tax Allocation Fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

C) Nature and Purpose of the Special Tax Allocation Fund (a Capital Projects Fund) -

The Special Tax Allocation Fund is used to account for receipts of incremental sales tax and incremental property tax revenues. This fund is restricted to obligations incurred for the purpose of business redevelopment in a redevelopment project area.

D) Fixed Assets, Intangible Assets, and Long-term Liabilities -

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with the Special Tax Allocation Fund is determined by its measurement focus. It is accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on its statement of assets, liabilities, and fund balance - cash basis. The reported fund balance (net current assets) is considered a measure of "available spendable resources." The fund's operating statement presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, it is said to present a summary of sources and uses of "available spendable resources" during a period.

VILLAGE OF MT. ZION, ILLINOIS
SPECIAL TAX ALLOCATION FUND

NOTES TO FINANCIAL STATEMENTS
April 30, 2016
(Continued)

Note 1 Summary of Significant accounting policies - (Continued)

D) Fixed Assets, Intangible Assets, and Long-term Liabilities -
(Continued)

Fixed assets used in the Special Tax Allocation Fund operations are reported in the applicable governmental activities column in the Village's government-wide financial statements (not reported herein) rather than in the Fund. Public domain ("infrastructure") fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems that have been completed as of April 30, 2016, are also reported in the Village's government-wide financial statements.

E) Basis of Accounting -

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The Village maintains its accounting records for the Special Tax Allocation Fund on the cash basis, recognizing revenue when cash is received and expenditures when checks are written. Only assets representing a right to receive cash arising from previous payment of cash are recorded as assets of the fund. In the same manner, only liabilities resulting from previous cash transactions are recorded as liabilities.

F) Budgets and Budgetary Accounting -

The expenditure budget for all funds is legally enacted through passage of the annual budget which is adopted by the Board of Trustees before the beginning of the fiscal year to which it applies. The budgeted expenditures, as stated in these financial statements, are based entirely upon the annual budget which is prepared on the cash basis. Expenditures may not exceed the budgeted amounts on a departmental basis without revision by the budget officer (budget amendment).

G) Cash and Cash Equivalents -

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired.

Illinois Statutes authorize the Village to invest in obligations of the U.S. Treasury, interest bearing deposits at federally insured financial institutions, certain types of commercial paper, repurchase agreements, and the State Treasurer's Investment Pool.

VILLAGE OF MT. ZION, ILLINOIS
SPECIAL TAX ALLOCATION FUND

NOTES TO FINANCIAL STATEMENTS
April 30, 2016
(Continued)

Note 2 Deposits -

At April 30, 2016, the Village's Special Tax Allocation Fund deposits totaled \$7,853, all of which was covered by Federal Depository insurance or collateral held by the Village's agent.

Note 3 Other Fund Disclosures -

At April 30, 2015, the Village's Special Tax Allocation Fund owed the Village's 2013 Bond Repayment Fund (not reported herein) \$3,658. This payable is an accumulation of prior year Special Tax Allocation Fund receipts to be used for bond repayment. This amount was fully repaid during the year, and the balance owed to the Village's 2013 Bond Repayment Fund as of April 30, 2016 was \$0.

Note 4 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 fiscal year ended April 30, 2016, payments made from TIF revenue towards this obligation totaled \$139,862 (\$109,958 of principal and \$29,904 of interest). This resulted in a balance on this note of \$428,384 at April 30, 2016.

OTHER INFORMATION (UNAUDITED)

VILLAGE OF MT. ZION, ILLINOIS
SPECIAL TAX ALLOCATION FUND

OTHER INFORMATION (UNAUDITED)
BUDGETARY COMPARISON SCHEDULE
- CASH BASIS

For the Year Ended April 30, 2016

	<u>Original Budget</u>	<u>Amended / Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues Received				
Property Tax	\$ 230,000	\$ 230,000	\$ 262,092	\$ 32,092
Interest	<u>50</u>	<u>50</u>	<u>31</u>	<u>(19)</u>
Total Revenues Received	230,050	230,050	262,123	32,073
Expenditures Disbursed				
General Government				
Streets and Alleys				
Legal	-	-	550	550
Capital Outlay	<u>114,750</u>	<u>141,250</u>	<u>139,862</u>	<u>(1,388)</u>
Total Expenditures Disbursed	114,750	141,250	140,412	(838)
Excess of Revenues Received Over (Under) Expenditures Disbursed	115,300	88,800	121,711	32,911
Other Financing Sources (Uses)				
Operating Transfers In/(Out)	<u>(115,250)</u>	<u>(115,250)</u>	<u>(115,250)</u>	<u>-</u>
Net Change in Fund Balance	\$ <u>50</u>	\$ <u>(26,450)</u>	6,461	\$ <u>95,381</u>
Fund Balances - May 1			<u>1,392</u>	
Fund Balances - April 30			\$ <u>7,853</u>	