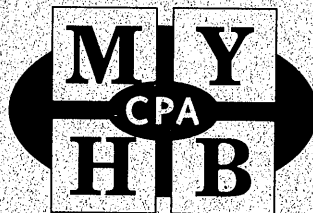


VILLAGE OF MT. ZION, ILLINOIS
ANNUAL FINANCIAL REPORT
DECEMBER 31, 2016



McGuire · Yuhas
Huffman · Buckley
Certified Public Accountants & Consultants

VILLAGE OF MT. ZION, ILLINOIS

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2016

VILLAGE OF MT. ZION, ILLINOIS

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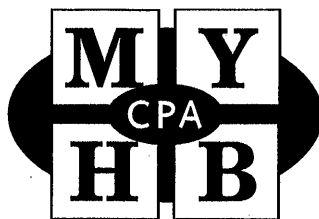
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INDEPENDENT AUDITOR'S REPORT

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, fiduciary fund and the aggregate remaining fund information of the Village of Mt. Zion, Illinois, as of and for the eight months ended December 31, 2016, 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 preparation, design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

Mayor and Village Board
Village of Mt. Zion
Page Two

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

Basis for Qualified Opinion on Governmental Activities

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

Qualified Opinion

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Governmental Activities" paragraph, the financial statements referred to above present fairly, in all material respects, the modified cash basis financial position of the governmental activities of the Village of Mt. Zion, Illinois, as of December 31, 2016, and the changes in modified cash basis financial position thereof for the eight months then ended in accordance with the modified cash basis of accounting described in Note 1A.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the business-type activities, each major fund and the aggregate remaining fund information of the Village of Mt. Zion, Illinois, as of December 31, 2016, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the eight months then ended in accordance with the modified cash basis of accounting described in Note 1A.

Basis of Accounting

We draw attention to Note 1A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is similar to the cash basis of accounting with which the Village prepares its budget in compliance with the budget laws of the State of Illinois, which is a 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.

Mayor and Village Board
Village of Mt. Zion
Page Three

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

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

Yours very truly,



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

Decatur, Illinois
September 15, 2017

VILLAGE OF MT. ZION, ILLINOIS

STATEMENT OF NET POSITION
MODIFIED CASH BASIS

December 31, 2016

	Primary Government		
	Governmental Activities	Business- type Activities	Total
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 1,551,243	\$ 472,073	\$ 2,023,316
Certificates of Deposit	613,504	200,000	813,504
Municipal Bonds	248,514	179,907	428,421
IMET Liquidated Trust Receivable	19,673	11,164	30,837
Prepaid Payroll Taxes	218	-	218
Accounts Receivable (net of allowance for doubtful accounts)	-	174,342	174,342
Restricted Cash in Escrow	2,093,757	-	2,093,757
Total Current Assets	4,526,909	1,037,486	5,564,395
Non-Current Assets			
Land, Property, Plant and Equipment	21,537,326	7,878,036	29,415,362
Less: Accumulated Depreciation	(6,767,563)	(4,002,969)	(10,770,532)
Net Land, Property, Plant and Equipment	14,769,763	3,875,067	18,644,830
Intangible Asset			
Sewer System Annexation Cost (Net of Accumulated Amortization of \$914,260)	-	255,993	255,993
Total Non-Current Assets	14,769,763	4,131,060	18,900,823
Total Assets	19,296,672	5,168,546	24,465,218
LIABILITIES			
Current Liabilities			
Notes Payable - current	13,025	-	13,025
Bonds Payable - current	499,200	-	499,200
Total Current Liabilities	512,225	-	512,225
Non-Current Liabilities			
Notes Payable - non-current	42,496	-	42,496
Bonds Payable - non-current	6,461,358	-	6,461,358
Total Non-Current Liabilities	6,503,854	-	6,503,854
Total Liabilities	7,016,079	-	7,016,079
NET POSITION			
Net Investment in Capital Assets	7,753,684	3,875,067	11,628,751
Restricted for: Police	23,893	-	23,893
Street and Alley Maintenance	102,840	-	102,840
Audit	39,755	-	39,755
Social Security Tax	107,001	-	107,001
Liability Insurance	21,449	-	21,449
IMRF	90,191	-	90,191
School Crossing Guard	25,238	-	25,238
Unemployment Compensation	55,423	-	55,423
Capital Projects	488,848	-	488,848
Special Tax Capital Projects	38,152	-	38,152
Debt Service	2,111,839	-	2,111,839
Unrestricted	1,422,280	1,293,479	2,715,759
Total Net Position	\$ 12,280,593	\$ 5,168,546	\$ 17,449,139

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

VILLAGE OF MT. ZION, ILLINOIS

STATEMENT OF ACTIVITIES
MODIFIED CASH BASIS

For the 8 Months Ended December 31, 2016

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Capital Grants and Contributions	Net (Expense) Revenue
Governmental Activities				
Current				
General Government				
Administration	\$ 396,487	\$ 139,156	\$ -	\$ (257,331)
Planning and Zoning	45,367	-	-	(45,367)
Public Safety	663,542	8,900	1,628	(653,014)
Streets & Alleys	671,630	-	-	(671,630)
Culture & Recreation				
Parks	268,757	60,052	1,014	(207,691)
Convention Center	109,674	89,217	-	(20,457)
Debt Service	214,805	-	-	(214,805)
Capital Outlay	314,947	-	-	(314,947)
Total Governmental Activities	2,685,209	297,325	2,642	(2,385,242)
Business-type Activities				
Water	836,261	1,117,097	-	280,836
Sanitary Sewer	352,535	334,748	-	(17,787)
Total Business-type Activities	1,188,796	1,451,845	-	263,049
Total Governmental and Business-type Activities	\$ 3,874,005	\$ 1,749,170	\$ 2,642	\$ (2,122,193)
Changes in Net Position				
Net (Expense) Revenue	\$ (2,385,242)	\$ 263,049	\$ (2,122,193)	
General Revenues				
Property Tax	1,220,694	-	1,220,694	
Utility Tax	99,819	-	99,819	
Telecommunications Tax	47,486	-	47,486	
Income Tax	381,946	-	381,946	
Replacement Tax	17,098	-	17,098	
Sales and Use Tax	307,741	-	307,741	
Games Tax	24,139	-	24,139	
Reimbursements	81,745	-	81,745	
Interest	13,815	7,187	21,002	
Bond Subsidies	15,702	-	15,702	
Motor Fuel Tax	104,517	-	104,517	
Gain on Disposal of Capital Assets	5,750	-	5,750	
Operating Transfers	61,300	(61,300)	-	
Total General Revenues, Losses and Transfers	2,381,752	(54,113)	2,327,639	
Change in Net Position	(3,490)	208,936	205,446	
Net Position, May 1	12,284,083	4,959,610	17,243,693	
Net Position, December 31	\$ 12,280,593	\$ 5,168,546	\$ 17,449,139	

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, 2016

	Capital Projects Funds			Motor Fuel Tax	Debt Service 2009 Bond Repayment Fund	Nonmajor Governmental Funds	Totals
	General Capital Projects	Special Tax Allocation	General				
ASSETS							
Current Assets							
Cash and Cash Equivalents	\$ 453,835	\$ 488,848	\$ 38,152	\$ 102,840	\$ 100,969	\$ 366,599	\$ 1,551,243
Certificates of Deposit	613,504	-	-	-	-	-	613,504
Municipal Bonds	248,514	-	-	-	-	-	248,514
IMET Liquidated Trust Receivable	12,101	-	-	-	-	7,572	19,673
Prepaid Payroll Taxes	218	-	-	-	-	-	218
Restricted Cash in Escrow	-	-	-	-	2,093,757	-	2,093,757
Total Assets	\$ 1,328,172	\$ 488,848	\$ 38,152	\$ 102,840	\$ 2,194,726	\$ 374,171	\$ 4,526,909
LIABILITIES AND FUND BALANCES							
Current Liabilities							
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	-	-	-	-	-	-	-
Fund Balances							
Restricted	23,893	488,848	38,152	102,840	2,093,757	357,139	3,104,629
Assigned	-	-	-	-	100,969	17,032	118,001
Unassigned	1,304,279	-	-	-	-	-	1,304,279
Total Fund Balances	1,328,172	488,848	38,152	102,840	2,194,726	374,171	4,526,909
Total Liabilities and Fund Balances	\$ 1,328,172	\$ 488,848	\$ 38,152	\$ 102,840	\$ 2,194,726	\$ 374,171	\$ 4,526,909

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, 2016

Total Fund Balances - Total Governmental Funds	\$ 4,526,909
--	--------------

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

Capital Assets of \$21,537,326 net of accumulated
 depreciation of (\$6,767,563), are not financial
 resources and therefore, are not reported in the
 funds.

	14,769,763
--	------------

Bonds and notes payable are not reported in the
 governmental funds

	<u>(7,016,079)</u>
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Net Position of Governmental Activities	\$ <u><u>12,280,593</u></u>
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Notes to Financial Statements are an integral part of this statement.

VILLAGE OF MT. ZION, ILLINOIS

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

For the 8 Months Ended December 31, 2016

	Capital Projects Funds				Debt Service		Totals
	General	Special Tax Allocation	Motor Fuel Tax	2009 Bond Repayment Fund	Normal	Governmental Funds	
Revenues Received							
Property Tax	\$ 488,800	\$ -	\$ -	\$ -	\$ -	\$ 410,858	\$ 1,220,694
Utility Tax	99,819	-	-	-	-	-	99,819
Telecommunications Tax	47,486	-	-	-	-	-	47,486
Licenses & Permits	58,200	-	-	-	-	-	58,200
Franchise Fees	61,042	-	-	-	-	-	61,042
Income Tax	381,946	-	-	-	-	-	381,946
Replacement Tax	17,098	-	-	-	-	-	17,098
Sales and Use Tax	307,741	-	-	-	-	-	307,741
Games Tax	24,139	-	-	-	-	-	24,139
Grants	1,628	-	-	-	-	-	1,628
Fines, Fees & Miscellaneous	56,012	-	-	-	-	-	56,012
Donations	1,014	-	-	-	-	-	1,014
Rentals	122,071	-	-	-	-	-	122,071
Reimbursements	78,696	-	3,049	-	-	-	81,745
Interest	9,776	45	72	3,178	-	744	13,815
Bond Subsidies	-	-	-	-	-	15,702	15,702
Motor Fuel Tax	-	-	104,517	-	-	-	104,517
Total Revenues Received	1,755,468	321,081	107,638	3,178	427,304	2,614,669	
Expenditures Disbursed							
Current							
General Government							
Administration	123,648	-	-	-	-	205,681	329,329
Planning & Zoning	45,367	-	-	-	-	-	45,367
Public Safety	641,993	-	-	-	-	3,232	645,225
Streets & Alleys	284,049	550	6,036	-	-	-	290,635
Culture & Recreation							
Parks	159,684	-	-	-	-	-	159,684
Convention Center	102,133	-	-	-	-	-	102,133
Debt Service							
Principal	-	-	-	210,000	-	246,800	456,800
Interest and Fees	-	-	-	143,179	-	77,951	221,130
Capital Outlay	184,713	174,482	335,250	-	-	-	694,445
Total Expenditures Disbursed	1,541,587	175,032	341,286	353,179	533,664	2,944,748	
Excess (Deficiency) of Revenues Received Over (Under) Expenditures Disbursed	213,881	146,049	(233,648)	(350,001)	(106,360)	(330,079)	
Other Financing Sources (Uses)							
Proceeds from Sale of Equipment	6,250	-	-	-	-	-	6,250
Proceeds from Bond Issuance	-	-	-	2,166,000	-	-	2,166,000
Operating Transfers In	66,850	-	-	314,250	-	157,553	538,653
Operating Transfers Out	(357,867)	(115,750)	-	-	(6,850)	(480,467)	
Net Change in Fund Balances	(70,886)	30,299	(233,648)	2,130,249	44,343	1,900,357	
Fund Balances, May 1	1,399,058	489,848	336,488	64,477	329,828	2,626,552	
Fund Balances, December 31	\$ 1,328,172	\$ 489,848	\$ 102,840	\$ 2,194,726	\$ 374,171	\$ 4,526,909	

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 8 Months Ended December 31, 2016

Net Change in Fund Balances - Total Governmental Funds \$ 1,900,357

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	379,498
Depreciation expense	(576,761)
Proceeds from Sale of Equipment	(6,250)
Gain on Disposal of Capital Assets	5,750

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 principal issuance	(2,166,000)
Bond and note principal repayments	456,800
Bond issue premium amortization	6,325

The Internal Service Fund is used by management to charge employee insurance costs to individual funds. Net change in fund balance of the Internal Service Fund is reported with Governmental Activities

(3,209)

Change in Net Position of Governmental Activities \$ (3,490)

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, 2016

	Business-type Activities			Governmental
	Water	Sanitary Sewer	Total	Internal Service Fund
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 470,346	\$ 1,727	\$ 472,073	\$ -
Certificates of Deposit	200,000	-	200,000	-
Municipal Bonds	179,907	-	179,907	-
IMET Liquidated Trust Receivable	11,082	82	11,164	-
Accounts Receivable (net of allowance for doubtful accounts)	134,175	40,167	174,342	-
Total Current Assets	995,510	41,976	1,037,486	-
Non-Current Assets				
Land, Property, Plant and Equipment	4,199,346	3,678,690	7,878,036	-
Less: Accumulated Depreciation	(1,841,584)	(2,161,385)	(4,002,969)	-
Net Land, Property Plant and Equipment	2,357,762	1,517,305	3,875,067	-
Intangible Asset				
Sewer System Annexation Cost (Net of Accumulated Amortization of \$914,260)	-	255,993	255,993	-
Total Non-current Assets	2,357,762	1,773,298	4,131,060	-
Total Assets	3,353,272	1,815,274	5,168,546	-
LIABILITIES				
Current Liabilities	-	-	-	-
NET POSITION				
Net Investment in Capital Assets	2,357,762	1,517,305	3,875,067	-
Restricted	-	-	-	-
Unrestricted	995,510	297,969	1,293,479	-
Total Net Position	\$ 3,353,272	\$ 1,815,274	\$ 5,168,546	\$ -

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 8 Months Ended December 31, 2016

	Business-type Activities			Governmental
	Water	Sanitary	Total	Internal
		Sewer		Service Fund
Operating Revenues				
Charges for Services	\$ 1,111,439	\$ 332,948	\$ 1,444,387	\$ -
Other Fees & Miscellaneous	5,658	1,800	7,458	-
Total Operating Revenues	1,117,097	334,748	1,451,845	-
Operating Expenses				
Personal Services				
Salaries	163,162	72,547	235,709	-
Benefits	32,763	23,705	56,468	6,323
Total Personal Services	195,925	96,252	292,177	6,323
Operations and Contractual Services				
Repairs & Maintenance	29,826	18,233	48,059	-
Engineering	2,500	-	2,500	-
Legal	-	-	-	-
Janitorial Services	4,050	4,050	8,100	-
Postage	3,130	2,739	5,869	-
Telephone	1,784	1,423	3,207	-
Printing & Publications	1,034	992	2,026	-
Fees	13,572	1,319	14,891	-
Travel & Training	3,573	-	3,573	-
Utilities	5,709	4,831	10,540	-
Water Purchases	502,052	-	502,052	-
Sewer Treatment Charges	-	141,987	141,987	-
Supplies & Equipment	2,458	2,002	4,460	-
Gasoline & Oil	6,040	6,102	12,142	-
System Repairs & Maintenance	-	750	750	-
Depreciation and Amortization	64,608	71,855	136,463	-
Total Operations and Contractual Services	640,336	256,283	896,619	-
Total Operating Expenses	836,261	352,535	1,188,796	6,323
Operating Income(Loss)	280,836	(17,787)	263,049	(6,323)
Non-Operating Revenues(Expenses)				
Interest Income	7,120	67	7,187	-
Operating Transfers In	-	-	-	3,114
Operating Transfers Out	(41,300)	(20,000)	(61,300)	-
Total Non-Operating Revenues(Expenses)	(34,180)	(19,933)	(54,113)	3,114
Change in Net Position	246,656	(37,720)	208,936	(3,209)
Total Net Position, May 1	3,106,616	1,852,994	4,959,610	3,209
Total Net Position, December 31	\$ 3,353,272	\$ 1,815,274	\$ 5,168,546	\$ -

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 8 Months Ended December 31, 2016

	Business-type Activities			Governmental Activities
	Water	Sanitary Sewer	Total	Internal Service Fund
Cash Flows from Operating Activities				
Cash Received from Customers	\$ 1,111,845	\$ 329,723	\$ 1,441,568	\$ -
Payments to Suppliers	(608,491)	(208,133)	(816,624)	(6,323)
Payments to Employees	(163,162)	(72,547)	(235,709)	-
Net Cash Provided(Used) by Operating Activities	<u>340,192</u>	<u>49,043</u>	<u>389,235</u>	<u>(6,323)</u>
Cash Flows from Non-capital Financing Activities				
Receipts (Payments) on Interfund Loans	27,383	(27,383)	-	-
Transfers from (to) the General Fund	(41,300)	(20,000)	(61,300)	3,114
Net Cash Provided(Used) by Non-Capital Financing Activities	<u>(13,917)</u>	<u>(47,383)</u>	<u>(61,300)</u>	<u>3,114</u>
Cash Flows from Capital and Related Financing Activities				
Purchase of Capital Assets	(282,462)	-	(282,462)	-
Net Cash Provided(Used) by Capital and Related Financing Activities	<u>(282,462)</u>	<u>-</u>	<u>(282,462)</u>	<u>-</u>
Cash Flows from Investing Activities				
Redemption of Municipal Bonds	29,455	-	29,455	-
Purchases of Certificates of Deposits	(200,000)	-	(200,000)	-
Interest Received	7,120	67	7,187	-
Net Cash Provided(Used) by Investing Activities	<u>(163,425)</u>	<u>67</u>	<u>(163,358)</u>	<u>-</u>
Net Increase(Decrease) in Cash in Bank	(119,612)	1,727	(117,885)	(3,209)
Cash in Bank and Register - May 1	589,958	-	589,958	3,209
Cash in Bank and Register - December 31	<u>\$ 470,346</u>	<u>\$ 1,727</u>	<u>\$ 472,073</u>	<u>\$ -</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income	\$ 280,836	\$ (17,787)	\$ 263,049	\$ (6,323)
Adjustments to Reconcile Operating Income(Loss) to Net Cash Provided(Used) by Operating Activities				
Depreciation and Amortization	64,608	71,855	136,463	-
Changes in Assets and Liabilities (Increase)Decrease in Accounts Receivable	(5,252)	(5,025)	(10,277)	-
Total Adjustments	<u>59,356</u>	<u>66,830</u>	<u>126,186</u>	<u>-</u>
Net Cash Provided(Used) by Operating Activities	<u>\$ 340,192</u>	<u>\$ 49,043</u>	<u>\$ 389,235</u>	<u>\$ (6,323)</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, 2016

	<u>Police Pension Fund</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 114,049
Mutual Funds	<u>98,813</u>
Total Current Assets	<u>212,862</u>
Non-Current Assets	
Certificates of Deposit	689,021
Municipal Bonds	<u>70,236</u>
Total Non-Current Assets	<u>759,257</u>
Total Assets	<u>972,119</u>
LIABILITIES	<u>-</u>
NET POSITION	
Restricted for Pension Benefits	<u>972,119</u>
Total Net Position	<u>\$ 972,119</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 8 Months Ended December 31, 2016

	<u>Police Pension Fund</u>
Additions	
Property Tax	\$ 296,358
Member Contributions	35,480
Investment Earnings	
Interest	7,733
Dividends	1,777
Realized and Unrealized Gains (Losses)	<u>(3,380)</u>
Total Additions	<u>337,968</u>
Deductions	
Benefit Payments	29,021
Administrative Expenditures	<u>13,773</u>
Total Deductions	<u>42,794</u>
Change in Net Position	<u>295,174</u>
Total Net Position, May 1	<u>676,945</u>
Total Net Position, December 31	<u>\$ <u>972,119</u></u>

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

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

Note 1 Significant accounting policies followed by the Village are as follows -**A) Measurement Focus and Basis of Accounting -**

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

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

Modified cash-basis financial statements omit recognition of receivables and payables and other accrued and deferred items that do not arise from previous cash transactions with the exception that the Village capitalizes assets and depreciates them over their useful 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, 2016

(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, 2016

(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, 2016

(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, 2016

(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, 2016

(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, 2016

(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, 2013 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 April 19, 2016 and amended on January 16, 2017.

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

(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 \$38,879 for the eight months ended December 31, 2016. 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, 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, 2016

(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, 2016:

2016 Assessed Valuation		\$109,164,213	
			=====
Statutory Debt Limitation			
8.625% of Assessed Valuation		9,415,413	
Outstanding Bonds			
Series 2009A	\$2,240,000		
Series 2010A	360,000		
Series 2010B	1,715,000		
Series 2016	420,800		
Series 2016A	336,000		
Series 2016B	1,830,000		
Outstanding Notes Payable	55,521		
Less:			
Alternate Revenue Bonds	\$4,406,000	\$ 2,551,321	

Legal Debt Margin		\$ 6,864,092	=====

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, 2016

(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, \$23,893 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, 2016.

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 \$118,001 of the Village's fund balances as follows as of December 31, 2016:

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

(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	100,969
Series 2010 Bond Payments	16,032

	\$ 118,001
	=====

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, 2016, no formal fund balance policy had been adopted by the Village.

0) 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, 2016, 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, 2016

(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. 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 2015 levy (collected in the period ending December 31, 2016) was adopted by the Village on December 7, 2015. The collection dates for the 2015 levy were June, 2016 and September, 2016. 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, 2016, the accumulated vacation time amounted to \$35,782.

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, 2016 amounted to \$240,479.

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, 2016

(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, 2016, the following employees were covered by the benefit terms:

	<u>Regular</u>	<u>SLEP</u>
Retirees and Beneficiaries currently receiving benefits	23	2
Inactive Plan Members entitled to but not yet receiving benefits	17	0
Active Plan Members	17	0
	--	--
Total	57	2
	==	==

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

(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 2016 was 13.30% for the Regular Plan and 0.00% for the SLEP Plan. For the fiscal year ended December 31, 2016, the Village contributed \$89,097 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, 2016. 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, 2016:

- 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 2.75%.
- **Salary Increases** were expected to be 3.75% to 14.50%, 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 2014 valuation according to an experience study from years 2011 to 2013.
- 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 adjustments 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.

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

(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	38%	6.85%
International Equity	17%	6.75%
Fixed Income	27%	3.00%
Real Estate	8%	5.75%
Alternative Investments	9%	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 3.78%, and the resulting single discount rate is 7.50%.

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

(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, 2015	\$6,911,685	\$6,303,192	\$ 608,493
Changes for the year:			
Service Cost	67,633		67,633
Interest on the Total Pension Liability	505,360		505,360
Changes of Benefit Terms			0
Differences Between Expected and Actual Experience of the Total Pension Liability	(262,663)		(262,663)
Changes of Assumptions	(7,823)		(7,823)
Contributions - Employer		89,097	(89,097)
Contributions - Employees		30,146	(30,146)
Net Investment Income		428,323	(428,323)
Benefit Payments, including Refunds of Employee Contributions	(396,754)	(396,754)	0
Other (Net Transfer)		(189,890)	189,890
Net Changes	(94,247)	(39,078)	(55,169)
Balances at December 31, 2016	\$6,817,438	\$6,264,114	\$ 553,324

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	\$1,399,058	\$553,324	\$(141,356)

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

(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, 2015	\$ 51,294	\$ 76,132	\$(24,838)
Changes for the year:			
Service Cost			0
Interest on the Total Pension Liability	3,683		3,683
Changes of Benefit Terms			0
Differences Between Expected and Actual Experience of the Total Pension Liability	1,159		1,159
Changes of Assumptions			0
Contributions - Employer			0
Contributions - Employees			0
Net Investment Income		5,229	(5,229)
Benefit Payments, including Refunds of Employee Contributions	(4,364)	(4,364)	0
Other (Net Transfer)		1,144	(1,144)
	-----	-----	-----
Net Changes	478	2,009	(1,531)
	-----	-----	-----
Balances at December 31, 2016	\$ 51,772	\$ 78,141	\$ (26,369)
	=====	=====	=====

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	\$(21,454)	\$(26,369)	\$(30,576)

Note 5 Post Employment Health Insurance -

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

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

(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, on the Statement of Fund Net Position - Proprietary Funds, or on the Statement of Fiduciary Net Position. 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, 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 \$34,863 at Prairie State Bank are fully insured. Time deposits of \$2,026,100 at Prairie State Bank are covered by federal insurance up to \$250,000. The remaining balance of \$1,776,100 is collateralized with securities held by the pledging financial institution's trust department or as agents in favor of the Village. Demand deposits of \$117,985 at Town and Country Bank are fully insured. Time deposits of \$480,396 at Scott State Bank are covered by federal insurance up to \$250,000. The remaining balance of \$230,396 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 \$334,241 with IMET are not insured, but are collateralized by pooled securities.

The Village's General and Water Fund have invested in municipal bonds totaling \$248,514 and \$179,907 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 \$947,480. Of the total, \$89,410 is invested in an FDIC insured money market fund, \$689,021 is invested in FDIC insured certificates of deposits, \$98,813 is invested in mutual funds and \$70,236 is invested in municipal bonds. The mutual funds and municipal bonds are unsecured.

The Village's Restricted Cash in Escrow is held by BOK Financial Corporation and is invested in U.S. Treasury SLGS Time Deposit Securities. See Note 10 for further details regarding the purpose and restrictions related to the escrow account.

As of December 31, 2016, the Village had the following balances of deposits, cash equivalents, and investments:

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

(Continued)

Note 6 Deposits and Investments - (Continued)

Types of Deposits/ Cash Equivalents/ Investments -----	Fair Value -----	Cost -----	Average Credit Quality Ratings (1) -----
Demand Deposits	\$ 152,873	\$ 152,873	N/A
N.O.W. and Money Markets	1,781,478	1,781,478	N/A
IMET Convenience Fund	334,241	334,241	N/A
Mutual Funds	98,813	88,185	N/A
Municipal Bonds	498,656	501,880	AA, A, Other
Certificates of Deposit	1,502,525	1,502,719	N/A
Restricted Cash in Escrow	2,093,757	2,093,757	N/A
Total	<u>\$6,462,343</u> =====	<u>\$6,455,133</u> =====	

(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 8 months ended December 31, 2016 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, 2016

(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 8 months ended December 31, 2016. 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, 2016, 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, 2016

(Continued)

Note 7 Risks - (Continued)

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

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

Note 8 Other Required Individual Fund Disclosures -

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

- A) Deficit fund balances of individual funds. No Village fund had a deficit fund balance at December 31, 2016.
- B) Individual fund interfund receivable and payable balances. No interfund balances exist as of December 31, 2016.
- C) Interfund transfers. The Water Fund and Sewer Fund transferred \$40,000 and \$20,000 respectively to the General Fund for reimbursement of expenses paid by the General Fund, as part of the budgeted activity for the year. The Water Fund transferred \$1,300 to the Risk Management Fund to cover the cost of risk management benefit payments. The General Fund transferred \$198,500, \$157,553 and \$1,814 to the 2009 Bond Repayment Fund, the 2010 Bond Repayment Fund and the Risk Management Fund, respectively, to cover the costs of bond principal and interest and risk management benefit payments. The Special Tax Allocation Fund transferred \$115,750 to the 2009 Bond Repayment Fund cover the costs of the bond principal and interest payments. The 2013 Bond Repayment Fund transferred \$6,850 to the General Fund due to close out the 2013 Bond Repayment Fund's fund balance. Due to the above mentioned transfers from the General Fund to the other Bond Repayment Funds, this \$6,850 is considered unrestricted.

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, 2016, the balance in the account was \$39,073.

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

(Continued)

Note 10 Long-Term Debt Obligations -

Changes in long-term debt for the eight months ended December 31, 2016 are as follows:

	Beginning Balance	Issued	(Retired)	Ending Balance
	-----	-----	-----	-----
Notes Payable	\$ 55,521			\$ 55,521
Bonds and Debt Certificates Payable	5,192,600	\$2,166,000	\$(456,800)	6,901,800
Unamortized Bond Issue Premium	65,083		(6,325)	58,758
Totals	\$ 5,313,204	\$2,166,000	\$(463,125)	\$ 7,016,079
	=====	=====	=====	=====

The total amount due within one year is \$512,225. This includes \$13,025 of notes payable and \$499,200 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, 2016 include the following:

2009 Alternate Revenue Bonds

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

\$2,240,000

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.

360,000

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, 2016

(Continued)

Note 10 Long-Term Debt Obligations - (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.

420,800

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.

336,000

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.

1,830,000

Total Bond and Debt Certificates at December 31, 2016 \$6,901,800

=====

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.

\$ 55,521

Total Notes Payable at December 31, 2016 \$ 55,521

=====

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

(Continued)

Note 10 Long-Term Debt Obligations - (Continued)

The annual requirements to amortize all debt outstanding as of December 31, 2016, are as follows:

Bonds and Debt Certificates Payable			
Year ending Dec. 31,	Principal	Interest	Total
	-----	-----	-----
2017	\$ 499,200	\$ 263,101	\$ 762,301
2018	743,700	241,542	985,242
2019	765,900	218,574	984,474
2020	643,000	194,347	837,347
2021	430,000	173,194	603,194
2022-2026	2,385,000	615,132	3,000,132
2027-2031	1,435,000	144,590	1,579,590
	-----	-----	-----
Total	6,901,800	1,850,480	8,752,280
	-----	-----	-----
Bond Premium	58,758	0	58,758
	-----	-----	-----
Total Bonds and Debt Service Requirement	\$6,960,558	\$1,850,480	\$8,811,038
	=====	=====	=====

Notes Payable			
Year ending Dec. 31,	Principal	Interest	Total
	-----	-----	-----
2017	\$ 13,025	\$ 2,360	\$ 15,385
2018	13,579	1,806	15,385
2019	14,156	1,229	15,385
2020	14,761	624	15,385
	-----	-----	-----
Total Notes Payable Service Requirement	\$ 55,521	\$ 6,019	\$ 61,540
	=====	=====	=====

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 will be fully redeemed.

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

(Continued)

Note 11 Capital Assets -

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

	Beginning	Additions	Deletions	Ending
	-----	-----	-----	-----
Capital Assets:				
Land and Easements	\$ 217,438	\$		\$ 217,438
Construction in Progress	86,710	282,462		369,172
Buildings and System	6,686,889			6,686,889
Equipment	604,537			604,537
	-----	-----	-----	-----
Total	\$ 7,595,574	\$ 282,462	\$ (0)	\$ 7,878,036
	=====	=====	=====	=====
	Beginning	Additions	Deletions	Ending
	-----	-----	-----	-----
Accumulated Depreciation:				
Buildings and System	\$ 3,540,451	\$ 99,576		\$ 3,640,027
Equipment	345,559	17,383		362,942
	-----	-----	-----	-----
Total	\$ 3,886,010	\$ 116,959	\$ (0)	4,002,969
	=====	=====	=====	-----
Ending Book Value				\$ 3,875,067
				=====

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	91,916	\$ 52,397		144,313
Buildings	3,498,095			3,498,095
Equipment	1,358,354	152,619	\$ (25,972)	1,485,001
Infrastructure	15,264,072	174,482		15,438,554
	-----	-----	-----	-----
Total	\$ 21,183,800	\$ 379,498	\$ (25,972)	\$21,537,326
	=====	=====	=====	-----
Accumulated Depreciation:				
Buildings	\$ 681,496	\$ 54,750		\$ 736,246
Equipment	970,528	60,310	\$ (25,472)	1,005,366
Infrastructure	4,564,250	461,701		5,025,951
	-----	-----	-----	-----
Total	\$ 6,216,274	\$ 576,761	\$ (25,472)	\$ 6,767,563
	=====	=====	=====	-----
Ending Book Value				\$14,769,763
				=====

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

(Continued)

Note 11 Capital Assets - (Continued)

Total depreciation for all governmental activities assets amounted to \$576,761, for the current period, of which \$60,835, \$18,317, \$380,995, \$109,073 and \$7,541 were charged to the Administration, Public Safety, Street and Alleys, Parks and Convention Center functions, respectively.

Land and Construction in Progress are non-depreciating assets.

Note 12 Tax Increment Allocation Redevelopment Agreement Note -

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

The Redevelopment Revenue Note dated May 16, 2012 had a total 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. Payments made from TIF revenue towards this obligation totaled \$174,482 (\$149,027 of principal and \$25,455 of interest). This resulted in a balance on this note of \$1,165,433 at December 31, 2016.

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

(Continued)

Note 13 Construction and Other Commitments -

A Developers Economic Incentive Agreement was entered into in October 2012, for the construction of a business within the Mt. Zion Village East addition. The agreement called for a \$58,120 payment for the property by the owners and for the Village to pay as incentive \$58,120 plus \$25,000 on the first day of operation of the business and up to an additional \$25,000 as a rebate of one half of the sales tax collected by the Village from sales at the business during the period of operation up to January 1, 2018, resulting in total payments not to exceed \$108,120. The fifty percent sales tax rebate to be paid by the Village is to terminate after the Village has paid \$25,000 of sales tax rebates or on January 1, 2018, whichever occurs first. In the year ended April 30, 2014, \$58,120 was paid per this agreement. The business owner decided to not take the additional two payments of \$25,000 and relieve the Village from all future obligations related to this agreement. Accordingly, nothing was paid on this agreement during the eight months ended December 31, 2016, and there will not be any future payments on this agreement.

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

During the year ended April 30, 2015, the Village committed to 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, the Village expended approximately \$282,000 for construction and related engineering services. During fiscal year 2017, bids have been accepted and awarded. Korte & Luitjohan has been awarded the pump house improvements for \$524,000. Caldwell Tanks has been awarded the tank portion for \$2,383,000. The project is expected to start in October 2017 and 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.

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

(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 Villages fiduciary fund financial statements. It does not issue a stand-alone financial report. The financial statements of the Plan are prepared using the economic resources measurement focus and the modified cash basis of accounting, which is a special purpose framework other than GAAP. Plan member contributions are recognized in the period they are withheld. The Village's contributions are recognized when they are received by the Plan. 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	0
Active Plan Members	<u>10</u>
Total members	<u>11</u>

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

(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 current tax levy requirement is \$384,386 as of December 31, 2016. The tax levy requirement as of April 30, 2016 was \$377,904.

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

(Continued)

Note 14 Mt. Zion Police Pension Fund - (Continued)

Village's Pension Liability.

Total Pension Liability	\$3,910,823
Pension Plan's Fiduciary Net Position	972,119
Village's Net Pension Liability	2,938,704
Pension Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	24.86%

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 April 30, 2016	\$3,721,896	\$ 676,945	\$3,044,951
Changes for the year:			
Service Cost	290,153		290,153
Interest on the Total Pension Liability	111,222		111,222
Changes of Benefit Terms			0
Differences Between Expected and Actual Experience of the Total Pension Liability	(26,017)		(26,017)
Changes of Assumptions	(157,410)		(157,410)
Contributions - Employer		296,358	(296,358)
Contributions - Employees		35,480	(35,480)
Net Investment Income		6,130	(6,130)
Benefit Payments, including Refunds of Employee Contributions	(29,021)	(29,021)	0
Administrative Expenses		(13,773)	13,773
	-----	-----	-----
Net Changes	188,927	295,174	(106,247)
	-----	-----	-----
Balances at December 31, 2016	\$3,910,823	\$ 972,119	\$2,938,704
	=====	=====	=====

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

(Continued)

Note 14 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	\$3,805,972	\$2,938,704	\$2,256,644

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, 2016, 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, 2016, 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 8 Months Ended December 31, 2016

General Government - Administration		
Salaries	\$ 37,826	
Benefits	5,728	
Repairs & Maintenance	5,994	
Legal Services	11,094	
Janitorial Services	4,050	
Postage	683	
Telephone	832	
Printing & Publications	2,651	
Fees	7,645	
Travel & Training	6,358	
Dues & Subscriptions	2,125	
Utilities	5,643	
Supplies & Equipment	2,739	
Miscellaneous	561	
Economic Development	23,071	
Special Projects	<u>6,648</u>	
Total General Government - Administration		\$ <u>123,648</u>
General Government - Planning & Zoning		
Salaries	38,126	
Benefits	5,067	
Engineering	1,455	
Printing & Publications	68	
Fees	486	
Travel & Training	<u>165</u>	
Total General Government - Planning & Zoning		<u>45,367</u>

(Continued on next page)

VILLAGE OF MT. ZION, ILLINOIS
GENERAL FUND

SCHEDULE OF EXPENDITURES DISBURSED - MODIFIED CASH BASIS

For the 8 Months Ended December 31, 2016

(Continued)

Public Safety		
Salaries	\$ 408,945	
Benefits	132,588	
Repairs & Maintenance	8,677	
Legal Services	3,905	
Janitorial Services	4,550	
Contractual Services	600	
Postage	450	
Telephone	3,773	
Radio Communications	5,760	
Printing & Publications	1,416	
Fees	7,640	
Travel & Training	5,744	
Dues & Subscriptions	934	
Utilities	9,083	
Supplies & Equipment	7,984	
Miscellaneous	637	
Gasoline & Oil	10,529	
K9 Grant	28,778	
Total Public Safety		\$ <u>641,993</u>
Streets and Alleys		
Salaries	97,504	
Benefits	22,132	
Repairs & Maintenance	37,579	
Engineering	75,422	
Telephone	848	
Fees	4,846	
Utilities	6,627	
Street Lighting	23,273	
Supplies & Equipment	7,852	
Miscellaneous	1,926	
Gasoline & Oil	6,040	
Total Streets and Alleys		<u>284,049</u>

(Continued on next page)

VILLAGE OF MT. ZION, ILLINOIS
GENERAL FUND

SCHEDULE OF EXPENDITURES DISBURSED - MODIFIED CASH BASIS
For the 8 Months Ended December 31, 2016
(Continued)

Culture & Recreation - Parks		
Salaries	\$ 76,406	
Benefits	10,585	
Repairs & Maintenance	11,623	
Engineering	3,224	
Janitorial Services	7,605	
Contractual Services	19,290	
Postage	576	
Telephone	1,054	
Printing & Publications	4,210	
Fees	5,438	
Travel & Training	308	
Utilities	9,410	
Supplies & Equipment	9,955	
Total Culture & Recreation - Parks		\$ <u>159,684</u>
Culture & Recreation - Convention Center		
Salaries	38,709	
Benefits	6,758	
Repairs & Maintenance	11,316	
Janitorial Services	13,307	
Contractual Services	7,816	
Postage	539	
Telephone	1,431	
Printing & Publications	14,196	
Fees	1,518	
Utilities	3,992	
Supplies & Equipment	2,505	
Miscellaneous	46	
Total Culture & Recreation - Convention Center		\$ <u>102,133</u>
Capital Outlay		
Public Safety	46,901	
Streets & Alleys	80,921	
Parks	56,891	
Total Capital Outlay		\$ <u>184,713</u>

VILLAGE OF MT. ZION, ILLINOIS

COMBINING SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS - MODIFIED CASH BASIS
 December 31, 2016

	Audit Fund	Social Security Fund	Liability Insurance Fund	IMRF Fund	School Crossing Guard Fund	Unemployment Compensation Fund	Total Nonmajor Special Revenue Funds
ASSETS							
Current Assets:							
Cash and Cash Equivalents	\$ 40,238	\$ 105,170	\$ 20,879	\$ 87,709	\$ 24,836	\$ 53,706	\$ 332,538
IMET Liquidated Trust Receivable	517	1,831	570	2,482	402	1,717	7,519
TOTAL ASSETS	\$ 40,755	\$ 107,001	\$ 21,449	\$ 90,191	\$ 25,238	\$ 55,423	\$ 340,057
LIABILITIES AND FUND BALANCES							
Current Liabilities:							
Fund Balance:							
Restricted	39,755	107,001	21,449	90,191	25,238	55,423	339,057
Assigned	1,000	-	-	-	-	-	1,000
Total Fund Balance	40,755	107,001	21,449	90,191	25,238	55,423	340,057
TOTAL LIABILITIES AND FUND BALANCES	\$ 40,755	\$ 107,001	\$ 21,449	\$ 90,191	\$ 25,238	\$ 55,423	\$ 340,057

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 8 Months Ended December 31, 2016

	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	\$ 18,457	\$ 64,054	\$ 72,734	\$ 84,685	\$ 3,044	\$ 1,086	\$ 244,060
Interest	66	232	73	132	50	184	737
Total Revenues Received	18,523	64,286	72,807	84,817	3,094	1,270	244,797
Expenditures Disbursed							
Current							
General Government Administration							
Audit Fees	18,250	-	-	-	-	-	18,250
Social Security Taxes	-	45,376	-	-	-	-	45,376
Liability Insurance	-	-	78,305	-	-	-	78,305
IMRF Expense	-	-	-	62,709	-	-	62,709
Unemployment Insurance	-	-	-	-	-	1,041	1,041
Public Safety							
Salaries	-	-	-	-	3,232	-	3,232
Capital Outlay	-	-	-	-	-	-	-
Total Expenditures Disbursed	18,250	45,376	78,305	62,709	3,232	1,041	208,913
Net Change in Fund Balance	273	18,910	(5,498)	22,108	(138)	229	35,884
Fund Balances - May 1	40,482	88,091	26,947	68,083	25,376	55,194	304,173
Fund Balances - December 31	\$ 40,755	\$ 107,001	\$ 21,449	\$ 90,191	\$ 25,238	\$ 55,423	\$ 340,057

VILLAGE OF MT. ZION, ILLINOIS

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

December 31, 2016

	Total Nonmajor Special Revenue Funds	Debt Service Funds			2016 Bond Repayment Fund	Total Nonmajor Governmental Funds
		Lease Purchase Fund	2010 Bond Repayment Fund	2013 Bond Repayment Fund		
Current Assets:						
Cash and Cash Equivalents	\$ 332,538	\$ 17,536	\$ 16,032	\$ -	\$ 493	\$ 366,599
IMET Liquidated Trust Receivable	7,519	53	-	-	-	7,572
Restricted Cash in Escrow	-	-	-	-	-	-
TOTAL ASSETS	\$ 340,057	\$ 17,589	\$ 16,032	\$ -	\$ 493	\$ 374,171
LIABILITIES AND FUND BALANCES						
Current Liabilities:						
Fund Balance:						
Restricted	339,057	17,589	-	-	493	357,139
Assigned	1,000	-	16,032	-	-	17,032
Total Fund Balance	340,057	17,589	16,032	-	493	374,171
TOTAL LIABILITIES AND FUND BALANCES	\$ 340,057	\$ 17,589	\$ 16,032	\$ -	\$ 493	\$ 374,171

ASSETS

Current Assets:

Cash and Cash Equivalents
IMET Liquidated Trust Receivable
Restricted Cash in Escrow

TOTAL ASSETS

LIABILITIES AND FUND BALANCES

Current Liabilities:

Fund Balance:

Restricted
Assigned

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 8 Months Ended December 31, 2016

	Debt Service Funds				Total
	Total Nonmajor Special Revenue Funds	2010 Bond Repayment Fund	2013 Bond Repayment Fund	2016 Bond Repayment Fund	
Revenues Received					
Property Tax	\$ 244,060	\$ -	\$ 66,463	\$ 85,029	\$ 410,858
Bond Subsidies	-	15,702	-	-	15,702
Interest	737	7	-	-	744
Total Revenues Received	244,797	15,702	66,463	85,029	427,304
Expenditures Disbursed					
Current					
General Government Administration					
Audit Fees	18,250	-	-	-	18,250
Social Security Taxes	45,376	-	-	-	45,376
Liability Insurance	78,305	-	-	-	78,305
IMRF Expense	62,709	-	-	-	62,709
Unemployment Insurance	1,041	-	-	-	1,041
Public Safety					
Salaries	3,232	-	-	-	3,232
Streets and Alleys					
Legal	-	-	-	-	-
Debt Service					
Principal	-	115,000	65,000	66,800	246,800
Interest and Fees	-	58,252	1,963	17,736	77,951
Capital Outlay	-	-	-	-	-
Total Expenditures Disbursed	208,913	173,252	66,963	84,536	533,664
Excess of Revenues Received Over (Under) Expenditures Disbursed	35,884	(157,550)	(500)	493	(106,360)
Other Financing Sources (Uses)					
Proceeds from Bond Issuance	-	-	-	-	-
Operating Transfers In	-	157,553	-	-	157,553
Operating Transfers Out	-	-	(6,850)	-	(6,850)
Net Change in Fund Balance	35,884	3	(7,350)	493	44,343
Fund Balances - May 1	304,173	2,276	7,350	-	329,828
Fund Balances - December 31	\$ 340,057	\$ 17,589	\$ 16,032	\$ 493	\$ 374,171

OTHER INFORMATION (UNAUDITED)

VILLAGE OF MT. ZION, ILLINOIS

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

For the 8 Months Ended December 31, 2016

	<u>Amended / Final Budget</u>	<u>Actual Expenditures</u>	<u>Unexpended Balance</u>
General Fund			
General Corporate Purposes	\$ 2,370,351	\$ 1,899,454	\$ 470,897
Special Revenue Funds			
Audit Fund	30,000	18,250	11,750
Social Security Fund	45,500	45,376	124
Liability Insurance Fund	80,500	78,305	2,195
IMRF Fund	63,000	62,709	291
School Crossing Guard Fund	4,300	3,232	1,068
Unemployment Compensation Fund	50,000	1,041	48,959
Capital Projects Funds			
General Capital Projects Fund	487,693	0	487,693
Motor Fuel Tax Fund	454,000	341,286	112,714
Special Tax Allocation Fund	324,750	290,782	33,968
Debt Service Funds			
Lease Purchase Fund	15,386	0	15,386
2009 Bond Repayment Fund	314,300	353,179	-38,879
2010 Bond Repayment Fund	173,255	173,252	3
2013 Bond Repayment Fund	66,963	66,963	0
2016 Bond Repayment Fund	84,537	84,536	1
Total Governmental Funds	\$ <u>4,564,535</u>	\$ <u>3,418,365</u>	\$ <u>1,146,170</u>

VILLAGE OF MT. ZION, ILLINOIS

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

For the 8 Months Ended December 31, 2016

	<u>Amended / Final Budget</u>	<u>Actual Expenditures</u>	<u>Unexpended Balance</u>
Proprietary Funds			
Water Fund	\$ 1,528,250	\$ 1,095,415	\$ 432,835
Sewer Fund	339,200	300,680	38,520
Internal Service Fund			
Risk Management Fund	6,350	6,323	27
Fiduciary Fund			
Police Pension Fund	<u>76,400</u>	<u>42,794</u>	<u>33,606</u>
Total Other Funds	<u>\$ 1,950,200</u>	<u>\$ 1,445,212</u>	<u>\$ 504,988</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)

	<u>2016</u>	<u>2015</u>
Total Pension Liability:		
Service Cost	\$ 67,633	\$ 57,627
Interest on the Total Pension Liability	505,360	485,610
Benefit Changes	-	-
Difference between Expected and Actual Experience	(262,663)	103,830
Assumption Changes	(7,823)	8,024
Benefit Payments and Refunds	<u>(396,754)</u>	<u>(378,794)</u>
 Net Change in Total Pension Liability	 (94,247)	 276,297
 Total Pension Liability at Beginning of Year	 <u>6,911,685</u>	 <u>6,635,388</u>
 Total Pension Liability at End of Year	 \$ <u>6,817,438</u>	 \$ <u>6,911,685</u>
 Plan Fiduciary Net Position:		
Employer Contributions	\$ 89,097	\$ 84,225
Employee Contributions	30,146	29,843
Pension Plan Net Investment Income	428,323	31,150
Benefit Payments and Refunds	(396,754)	(378,794)
Other	<u>(189,890)</u>	<u>174,362</u>
 Net Change in Plan Fiduciary Net Position	 (39,078)	 (59,214)
 Plan Fiduciary Net Position at Beginning of Year	 <u>6,303,192</u>	 <u>6,362,406</u>
 Plan Fiduciary Net Position at End of Year	 \$ <u>6,264,114</u>	 \$ <u>6,303,192</u>
 Net Pension Liability at End of Year	 \$ 553,324	 \$ 608,493
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	 91.88%	 91.20%
 Covered Valuation Payroll	 \$ 669,906	 \$ 663,181
 Net Pension Liability as a Percentage of Covered Valuation Payroll	 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
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 2016 Contribution Rates*:

Actuarial Cost Method: Aggregate entry age normal
Amortization Method: Level percentage of payroll, closed
Remaining Amortization Period: 27-year closed period until remaining period reaches 15 years (then 15-year rolling period)
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, 2014, 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)

	<u>2016</u>	<u>2015</u>
Total Pension Liability:		
Service Cost	\$ -	\$ -
Interest on the Total Pension Liability	3,683	4,104
Benefit Changes	-	-
Difference between Expected and Actual Experience	1,159	(5,412)
Assumption Changes	-	-
Benefit Payments and Refunds	<u>(4,364)</u>	<u>(4,246)</u>
 Net Change in Total Pension Liability	 478	 (5,554)
 Total Pension Liability at Beginning of Year	 <u>51,294</u>	 <u>56,848</u>
 Total Pension Liability at End of Year	 \$ <u>51,772</u>	 \$ <u>51,294</u>
 Plan Fiduciary Net Position:		
Employer Contributions	\$ -	\$ -
Employee Contributions	-	-
Pension Plan Net Investment Income	5,229	424
Benefit Payments and Refunds	(4,364)	(4,246)
Other	<u>1,144</u>	<u>(6,875)</u>
 Net Change in Plan Fiduciary Net Position	 2,009	 (10,697)
 Plan Fiduciary Net Position at Beginning of Year	 <u>76,132</u>	 <u>86,829</u>
 Plan Fiduciary Net Position at End of Year	 \$ <u>78,141</u>	 \$ <u>76,132</u>
 Net Pension Liability at End of Year	 \$ (26,369)	 \$ (24,838)
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	 150.93%	 148.42%
 Covered Valuation Payroll	 \$ -	 \$ -
 Net Pension Liability as a Percentage of Covered Valuation Payroll	 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
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 2016 Contribution Rates*:

Actuarial Cost Method: Aggregate entry age normal
Amortization Method: Level percentage of payroll, closed
Remaining Amortization Period: 27-year closed period until remaining period reaches 15 years (then 15-year rolling period)
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, 2014, 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)

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

Fiscal Period Ended	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a Percentage of Covered Valuation Payroll
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 the first day, May 1, of the respective fiscal year ended April 30. The fiscal year has been changed from May to April 30 to the calendar year, beginning with May 1, 2016.

Methods and Assumptions Used to Determine 2015 Contribution Rates*:

Actuarial Cost Method: Aggregate entry age normal
Amortization Method: Level percentage of payroll, closed
Remaining Amortization Period: 25 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 2017 using improvement scale MP-2016.

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

* The other non-economic actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012.

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)

	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	1.61%	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.

