

VILLAGE OF MT. ZION, ILLINOIS
ANNUAL FINANCIAL REPORT
DECEMBER 31, 2019

VILLAGE OF MT. ZION, ILLINOIS

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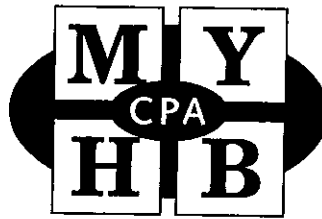
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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the Village of Mt. Zion, Illinois, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Village's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Village of Mt. Zion, Illinois, as of December 31, 2019, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1A.

Basis of Accounting

We draw attention to Note 1A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a special purpose framework other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Other Information

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

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

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

Yours very truly,

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

McGUIRE, YUHAS, HUFFMAN & BUCKLEY, P.C.

Certified Public Accountants

Decatur, Illinois

June 11, 2020

VILLAGE OF MT. ZION, ILLINOIS

STATEMENT OF NET POSITION
MODIFIED CASH BASIS

December 31, 2019

	Primary Government		Total
	Governmental Activities	Business- type Activities	
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 1,958,015	\$ 456,769	\$ 2,414,784
Certificates of Deposit	626,573	208,384	834,957
Municipal Bonds	230,500	346,000	576,500
IMET Liquidated Trust Receivable	9,192	5,216	14,408
Prepaid Payroll Taxes	12	-	12
Accounts Receivable (Net of Allowance for Uncollectible Accounts)	-	171,912	171,912
Internal Balances	(5,657)	5,657	-
Total Current Assets	2,818,635	1,193,938	4,012,573
Non-Current Assets			
Land and Easements	972,023	217,438	1,189,461
Property, Plant and Equipment	21,939,556	11,056,284	32,995,840
Less: Accumulated Depreciation	(9,333,221)	(4,571,455)	(13,904,676)
Net Land, Property, Plant and Equipment	13,578,358	6,702,267	20,280,625
Intangible Asset			
Sewer System Annexation Cost (Net of Accumulated Amortization of \$1,002,029)	-	168,224	168,224
Total Non-Current Assets	13,578,358	6,870,491	20,448,849
Total Assets	16,396,993	8,064,429	24,461,422
LIABILITIES			
Current Liabilities			
Notes Payable - current	17,545	104,607	122,152
Bonds Payable - current	536,361	-	536,361
Total Current Liabilities	553,906	104,607	658,513
Non-Current Liabilities			
Notes Payable - non-current	11,280	2,206,877	2,218,157
Bonds Payable - non-current	3,411,492	-	3,411,492
Total Non-Current Liabilities	3,422,772	2,206,877	5,629,649
Total Liabilities	3,976,678	2,311,484	6,288,162
NET POSITION			
Net Investment in Capital Assets	9,601,680	4,559,007	14,160,687
Restricted for:			
Police	47,292	-	47,292
Street and Alley Maintenance	386,565	-	386,565
Audit	29,466	-	29,466
Social Security Tax	59,492	-	59,492
Liability Insurance	26,932	-	26,932
IMRF	101,845	-	101,845
School Crossing Guard	19,189	-	19,189
Unemployment Compensation	42,862	-	42,862
Capital Projects	555,400	-	555,400
Special Tax Capital Projects	42,610	-	42,610
Debt Service	15,779	-	15,779
Unrestricted	1,491,203	1,193,938	2,685,141
Total Net Position	\$ 12,420,315	\$ 5,752,945	\$ 18,173,260

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, 2019

	Capital Projects Funds					Totals
	General	General Capital Projects	Special Tax Allocation	Motor Fuel Tax	Nonmajor Governmental Funds	
ASSETS						
Current Assets						
Cash and Cash Equivalents	\$ 590,478	\$ 555,400	\$ 42,610	\$ 394,963	\$ 374,564	\$ 1,958,015
Certificates of Deposit	626,573	-	-	-	-	626,573
Municipal Bonds	230,500	-	-	-	-	230,500
IMET Liquidated Trust Receivable	5,653	-	-	-	3,539	9,192
Prepaid Payroll Taxes	12	-	-	-	-	12
Due from Other Funds	16,211	-	-	-	-	16,211
Total Assets	\$ 1,469,427	\$ 555,400	\$ 42,610	\$ 394,963	\$ 378,103	\$ 2,840,503

LIABILITIES AND FUND BALANCES

Current Liabilities						
Due to Other Funds	\$ -	\$ -	\$ -	\$ 8,398	\$ 13,470	\$ 21,868
Total Liabilities	-	-	-	8,398	13,470	21,868
Fund Balances						
Restricted	47,292	555,400	42,610	386,565	295,565	1,327,432
Assigned	-	-	-	-	82,538	82,538
Unassigned	1,422,135	-	-	-	(13,470)	1,408,665
Total Fund Balances	1,469,427	555,400	42,610	386,565	364,633	2,818,635
Total Liabilities and Fund Balances	\$ 1,469,427	\$ 555,400	\$ 42,610	\$ 394,963	\$ 378,103	\$ 2,840,503

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, 2019

Total Fund Balances - Total Governmental Funds	\$ 2,818,635
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Amounts reported for governmental activities in the
 Statement of Net Position are different because:

Capital Assets of \$22,911,579 net of accumulated
 depreciation of (\$9,333,221), are not financial
 resources and therefore, are not reported in the
 funds.

13,578,358

Bonds and notes payable are not reported in the
 governmental funds

<u>(3,976,678)</u>

Net Position of Governmental Activities	\$ <u>12,420,315</u>
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Notes to Financial Statements are an integral part of this statement.

VILLAGE OF MT. ZION, ILLINOIS

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

For the Year Ended December 31, 2019

	Capital Projects Funds					Totals
	General	Capital Projects	Special Tax Allocation	Motor Fuel Tax	Nonmajor Governmental Funds	
Revenues Received						
Property Tax	\$ 473,092	-	\$ 378,969	-	\$ 315,552	\$ 1,167,613
Utility Tax	172,806	-	-	-	-	172,806
Telecommunications Tax	52,111	-	-	-	-	52,111
Licenses & Permits	68,475	-	-	-	-	68,475
Franchise Fees	118,059	-	-	-	-	118,059
Police Services	49,758	-	-	-	-	49,758
Income Tax	620,860	-	-	-	-	620,860
Replacement Tax	34,839	-	-	-	-	34,839
Sales and Use Tax	609,107	-	-	-	-	609,107
Games Tax	42,368	-	-	-	-	42,368
Grants	187,794	-	-	-	-	187,794
Fines, Fees & Miscellaneous	83,022	-	-	-	-	83,022
Donations	665	-	-	-	-	665
Rentals	153,713	-	-	-	-	153,713
Reimbursements	68,436	-	-	6,579	-	75,015
Interest	18,483	-	58	182	4,133	22,856
Bond Subsidies	-	-	-	-	31,776	31,776
Motor Fuel Tax	-	-	-	179,970	-	179,970
Total Revenues Received	2,753,588	-	379,027	186,731	351,461	3,670,807
Expenditures Disbursed						
Current						
General Government						
Administration	175,854	-	-	-	196,370	372,224
Planning & Zoning	67,979	-	-	-	-	67,979
Public Safety	1,012,052	-	-	-	2,831	1,014,883
Streets & Alleys	350,420	-	4,930	1,786	-	357,136
Culture & Recreation						
Parks	197,182	-	-	-	-	197,182
Convention Center	128,610	-	-	-	-	128,610
Debt Service						
Principal	1,911	-	-	-	545,055	546,966
Interest and Fees	1,158	21,100	-	-	142,551	164,809
Capital Outlay	388,739	1,155	300,022	70,475	-	760,391
Total Expenditures Disbursed	2,323,905	22,255	304,952	72,261	886,807	3,610,180
Excess (Deficiency) of Revenues Received Over (Under) Expenditures Disbursed	429,683	(22,255)	74,075	114,470	(535,346)	60,627
Other Financing Sources (Uses)						
Proceeds from Sale of Equipment	15,500	-	-	-	-	15,500
Proceeds from Debt Issuance	15,975	576,500	-	-	-	592,475
Operating Transfers In	61,228	-	-	-	481,752	542,980
Operating Transfers Out	(369,152)	-	(113,600)	-	-	(482,752)
Net Change in Fund Balances	154,234	554,245	(39,525)	114,470	(53,594)	729,830
Fund Balances, January 1	1,315,193	1,155	82,135	272,095	418,227	2,088,805
Fund Balances, December 31	2,469,427	555,400	42,610	386,565	364,633	2,818,635

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

VILLAGE OF MT. ZION, ILLINOIS

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

For the Year Ended December 31, 2019

Net Change in Fund Balances - Total Governmental Funds	\$ 729,830
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	681,971
Depreciation expense	(916,855)
Proceeds from Sale of Equipment	(15,500)
Gain/(Loss) on Disposal of Capital Assets	3,672
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.	
Debt principal issuance	(592,475)
Bond and note principal repayments	546,966
Bond issue premium amortization	6,657
Change in Net Position of Governmental Activities	\$ <u>444,266</u>

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, 2019

	<u>Business-type Activities</u>		
	<u>Water</u>	<u>Sanitary Sewer</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 359,083	\$ 97,686	\$ 456,769
Certificates of Deposit	208,384	-	208,384
Municipal Bonds	346,000	-	346,000
IMET Liquidated Trust Receivable	5,178	38	5,216
Due from Other Funds	5,657	-	5,657
Accounts Receivable (Net of Allowance for Uncollectible Accounts)	<u>131,847</u>	<u>40,065</u>	<u>171,912</u>
Total Current Assets	<u>1,056,149</u>	<u>137,789</u>	<u>1,193,938</u>
Non-Current Assets			
Land and Easements	152,816	64,622	217,438
Property, Plant and Equipment	7,416,249	3,640,035	11,056,284
Less: Accumulated Depreciation	<u>(2,178,420)</u>	<u>(2,393,035)</u>	<u>(4,571,455)</u>
Net Land, Property Plant and Equipment	<u>5,390,645</u>	<u>1,311,622</u>	<u>6,702,267</u>
Intangible Asset			
Sewer System Annexation Cost (Net of Accumulated Amortization of \$1,002,029)	-	168,224	168,224
Total Non-current Assets	<u>5,390,645</u>	<u>1,479,846</u>	<u>6,870,491</u>
Total Assets	<u>6,446,794</u>	<u>1,617,635</u>	<u>8,064,429</u>
LIABILITIES			
Current Liabilities			
Water Plant Loan, current	104,607	-	104,607
Non-Current Liabilities			
Water Plant Loan, non-current	<u>2,206,877</u>	-	<u>2,206,877</u>
Total Liabilities	<u>2,311,484</u>	-	<u>2,311,484</u>
NET POSITION			
Net Investment in Capital Assets	3,079,161	1,479,846	4,559,007
Restricted	-	-	-
Unrestricted	<u>1,056,149</u>	<u>137,789</u>	<u>1,193,938</u>
Total Net Position	<u>\$ 4,135,310</u>	<u>\$ 1,617,635</u>	<u>\$ 5,752,945</u>

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

VILLAGE OF MT. ZION, ILLINOIS

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

For the Year Ended December 31, 2019

	Business-type Activities		
	Water	Sanitary Sewer	Total
Operating Revenues			
Charges for Services	\$ 1,599,637	\$ 498,179	\$ 2,097,816
Other Fees & Miscellaneous	11,337	3,330	14,667
Total Operating Revenues	1,610,974	501,509	2,112,483
Operating Expenses			
Personal Services			
Salaries	265,602	112,473	378,075
Benefits	72,747	37,638	110,385
Total Personal Services	338,349	150,111	488,460
Operations and Contractual Services			
Repairs & Maintenance	68,710	30,695	99,405
Engineering	6,361	-	6,361
Legal	140	-	140
Janitorial Services	6,325	6,325	12,650
Postage	10,266	6,654	16,920
Telephone	2,291	1,946	4,237
Printing & Publications	1,344	651	1,995
Fees	19,857	7,442	27,299
Travel & Training	5,276	782	6,058
Dues & Subscriptions	853	-	853
Utilities	13,868	6,749	20,617
Water Purchases	728,963	-	728,963
Sewer Treatment Charges	-	212,726	212,726
Supplies & Equipment	9,133	2,003	11,136
Meters	10,729	10,558	21,287
Gasoline & Oil	7,598	7,598	15,196
Depreciation and Amortization	171,430	105,925	277,355
Total Operations and Contractual Services	1,063,144	400,054	1,463,198
Total Operating Expenses	1,401,493	550,165	1,951,658
Operating Income (Loss)	209,481	(48,656)	160,825
Non-Operating Revenues (Expenses)			
Interest Income	6,833	1,443	8,276
Interest Expense	(39,176)	-	(39,176)
Operating Transfers Out	(40,614)	(20,614)	(61,228)
Total Non-Operating Revenues (Expenses)	(72,957)	(19,171)	(92,128)
Change in Net Position	136,524	(67,827)	68,697
Total Net Position, January 1	3,998,786	1,685,462	5,684,248
Total Net Position, December 31	\$ 4,135,310	\$ 1,617,635	\$ 5,752,945

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

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

For the Year Ended December 31, 2019

	Business-type Activities		
	Water	Sanitary Sewer	Total
Cash Flows from Operating Activities			
Cash Received from Customers	\$ 1,615,007	\$ 501,625	\$ 2,116,632
Payments to Suppliers	(964,461)	(331,767)	(1,296,228)
Payments to Employees	(265,602)	(112,473)	(378,075)
Net Cash Provided/(Used) by Operating Activities	384,944	57,385	442,329
Cash Flows from Non-capital Financing Activities			
Receipts/(Payments) on Interfund Loans	(5,657)	-	(5,657)
Transfers from/(to) the General Fund	(40,614)	(20,614)	(61,228)
Net Cash Provided/(Used) by Non-Capital Financing Activities	(46,271)	(20,614)	(66,885)
Cash Flows from Capital and Related Financing Activities			
Purchase of Capital Assets	(378,206)	(14,176)	(392,382)
Payments on Water Plant IEPA Loan	(102,912)	-	(102,912)
Interest Paid on Water Plant IEPA Loan	(39,176)	-	(39,176)
Net Cash Provided/(Used) by Capital and Related Financing Activities	(520,294)	(14,176)	(534,470)
Cash Flows from Investing Activities			
Net (Purchases)/Redemptions of Municipal Bonds	(283,746)	-	(283,746)
Increase of Certificates of Deposits	(4,559)	-	(4,559)
Decrease in IMET Liquidated Trust Receivable	4,864	36	4,900
Interest Received	6,833	1,443	8,276
Net Cash Provided/(Used) by Investing Activities	(276,608)	1,479	(275,129)
Net Increase/(Decrease) in Cash in Bank	(458,229)	24,074	(434,155)
Cash and Cash Equivalents - January 1	817,312	73,612	890,924
Cash and Cash Equivalents - December 31	<u>\$ 359,083</u>	<u>\$ 97,686</u>	<u>\$ 456,769</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities			
Operating Income	\$ 209,481	\$ (48,656)	\$ 160,825
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities			
Depreciation and Amortization	171,430	105,925	277,355
Changes in Assets and Liabilities (Increase)/Decrease in Accounts Receivable	4,033	116	4,149
Total Adjustments	175,463	106,041	281,504
Net Cash Provided/(Used) by Operating Activities	\$ 384,944	\$ 57,385	\$ 442,329

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, 2019

	<u>Police Pension Fund</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 332,770
Mutual Funds	<u>221,567</u>
Total Current Assets	<u>554,337</u>
Non-Current Assets	
Certificates of Deposit	25,326
Municipal Bonds	<u>1,579,190</u>
Total Non-Current Assets	<u>1,604,516</u>
Total Assets	<u>2,158,853</u>
LIABILITIES	<u>-</u>
NET POSITION	
Restricted for Pension Benefits	<u>2,158,853</u>
Total Net Position	<u>\$ 2,158,853</u>

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

VILLAGE OF MT. ZION, ILLINOIS

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

For the Year Ended December 31, 2019

	<u>Police Pension Fund</u>
Additions	
Property Tax	\$ 311,891
Member Contributions	53,835
Employer Contributions	-
Investment Earnings	
Interest	43,460
Dividends	4,465
Realized and Unrealized Gains (Losses)	<u>112,206</u>
Total Additions	<u>525,857</u>
Deductions	
Benefit Payments	44,032
Administrative Expenditures	<u>21,515</u>
Total Deductions	<u>65,547</u>
Change in Net Position	<u>460,310</u>
Total Net Position, January 1	<u>1,698,543</u>
Total Net Position, December 31	<u>\$ <u>2,158,853</u></u>

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

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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

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

Modified cash-basis financial statements omit recognition of receivables and payables and other accrued and deferred items that do not arise from previous cash transactions with the exception that the Village capitalizes assets and depreciates them over their useful lives, records revenue and receivables and related allowances for uncollectible accounts 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, 2019

(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 - Modified Cash Basis. 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 - Modified Cash Basis 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 capital 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 capital assets is recorded as an expense in the Statement of Activities - Modified Cash Basis, with accumulated depreciation reflected in the Statement of Net Position - Modified Cash Basis. 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 expenditures 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, 2019

(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 - Modified Cash Basis and Statement of Activities - Modified Cash Basis 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, 2019

(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, 2019

(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>
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).
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.
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, 2019

(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.

<u>Fund</u>	<u>Brief Description</u>
Water & Sanitary Sewer Funds	Account for the activities of providing water and sanitation sewer services to the public.

Fiduciary Funds - (Not included in government wide statements)

Pension Trust Funds

Pension Trust Funds are used to account for resources legally held in trust for use for payment of pension benefits and cannot be used at the Village's discretion or to support general operations.

<u>Fund</u>	<u>Brief Description</u>
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:

<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
Water Fund	School Crossing Guard Fund
Sanitary Sewer Fund	Unemployment Compensation Fund
	Lease Purchase Fund
	2009, 2010 and 2016 Bond Repayment Funds

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

(Continued)

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

E) Use of Estimates -

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

F) Priority for Use of Restricted and Unrestricted Assets -

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

G) Budgets and Appropriations -

The budget and appropriation ordinance for all fund types is prepared on the cash basis of accounting which is similar to the modified cash basis that is used in financial reporting. This allows for comparability between budgeted and actual amounts. The Village's budget and appropriation ordinance was passed on December 3, 2018 and amended January 20, 2020.

For each fund, total fund expenditures disbursed may not legally exceed budgeted amounts. The appropriations lapse at the end of each fiscal year. Expenditures did not exceed budgeted amounts in any fund for the fiscal year ended December 31, 2019.

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 - Modified Cash Basis and the Statement of Fund Net Position - Proprietary Funds - Modified Cash Basis are broken down between current and non-current liabilities.

I) Program Revenues -

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

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.

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

(Continued)

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

J) Operating and Nonoperating Revenues and Expenditures - (Continued)

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 - Modified Cash Basis and Statement of Activities - Modified Cash Basis.

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.

M) Legal Debt Margin -

The following outlines the legal debt margin of the Village of Mt. Zion as of December 31, 2019:

2019 Assessed Valuation		\$117,548,428
		=====
Statutory Debt Limitation		
8.625% of Assessed Valuation		10,138,552
Outstanding Bonds		
Series 2010B	1,715,000	
Series 2016A	113,000	
Series 2016B	1,505,000	
Series 2019	576,500	
Outstanding Notes Payable	2,340,309	
Less:		
Alternate Revenue Bonds	(1,618,000)	4,631,809

Legal Debt Margin		\$ 5,506,743
		=====

N) Fund Balance Reporting -

According to Government Accounting Standards, fund balances are to be classified into five major classifications; nonspendable, restricted,

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

(Continued)

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

N) Fund Balance Reporting - (Continued)

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 expended at the time of purchase, so there is nothing to report for this classification.

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, \$47,292 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, 2019.

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 \$82,538 of the Village's fund balances as follows as of December 31, 2019:

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

(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	64,901
Series 2010 Bond Payments	16,637

	\$ 82,538
	=====

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, 2019, no formal fund balance policy had been adopted by the Village.

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

The Village follows GASB Statement No. 63 Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position which was effective for audits of periods beginning after November 15, 2011. A deferred outflow of resources represents the consumption of a government's net assets that is applicable to a future period. A deferred inflow of resources represents the acquisition of net assets that is applicable to a future reporting period. Deferred outflows of resources are reported in a separate section of the Statement of Net Position - Modified Cash Basis following assets. Deferred inflows of resources are reported in a separate section of the Statement of Net Position - Modified Cash Basis following liabilities. As of December 31, 2019, due to the Village reporting on the modified cash basis of accounting, 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, 2019

(Continued)

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

Customer receivables related to water and sewer billings are recorded as receivables and revenues at their original invoice amount, after services have been rendered and corresponding bills have been prepared. Management periodically reviews the customer receivable accounts and accounts are written off as they become uncollectible or deemed uncollectible. Therefore, accounts receivable is recorded net of allowance for uncollectible accounts.

Note 2 Property Tax Calendar -

Property taxes attach as an enforceable lien on property as of January 1 of each year. The 2018 levy (collected in the period ending December 31, 2019) was adopted by the Village on December 3, 2018. The collection dates, by the county, for the 2018 levy were June 2019 and September 2019. 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, 2019, the accumulated vacation time amounted to \$40,128.

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, 2019 amounted to \$290,480.

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, 2019

(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.

Contributions

As set by statute, the Village's Regular Plan members are required to contribute 4.5% 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 2019 was 5.81%. For the fiscal year ended December 31, 2019, the Village contributed \$42,763 to the 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.

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

(Continued)

Note 4 Defined Benefit Pension Plan - IMRF - (Continued)**Net Pension Liability/Pension Expenditure**

The Village's net pension liability was measured as of December 31, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. No amount has been recorded on these financial statements due to the modified cash basis of accounting. Pension expenditures for the year reported in these modified cash basis financial statements totaled \$42,763.

Note 5 Post Employment Health Insurance -

Currently, retired employees of the Village can participate in the Village's health insurance plan. The retirees are responsible for 100% of the cost of their coverage. Due to the Village reporting on the modified cash basis, no accruals or adjustments have been made in relation to this other post-employment benefit.

Note 6 Deposits and Investments -

The Village maintains multiple checking and other accounts to account for funds. Each Fund's portion of these accounts is displayed on the appropriate Statement of Assets, Liabilities and Fund Balances - Governmental Funds - Modified Cash Basis, on the Statement of Fund Net Position - Proprietary Funds - Modified Cash Basis, or on the Statement of Fiduciary Net Position - Modified Cash Basis. Investments are maintained separately for each fund. The Village is allowed to invest in securities authorized by State statute, section 2 and 6 of the Public Funds Investment Act (30 ILCS 235/2 and 6). The Village currently invests in money markets, certificates of deposits, CDARS, municipal bonds, and mutual funds.

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 \$4,014 at Prairie State Bank are fully insured. Time deposits of \$356,358 at Prairie State Bank are covered by federal insurance up to \$250,000. The remaining balance of \$106,358 is collateralized with securities held by the pledging financial institution's trust department or as agents in favor of the Village. Time deposits of \$1,089,025 at First National Bank of Decatur are covered by federal insurance up to \$250,000. The remaining balance of \$839,025 is collateralized with securities held by the pledging financial institution's trust department or as agents in favor of the Village. Demand deposits of

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

(Continued)

Note 6 Deposits and Investments - (Continued)

\$182,628 at Town and Country Bank are fully insured. Time deposits of \$395,650 at Scott State Bank are covered by federal insurance up to \$250,000. The remaining balance of \$145,650 is collateralized with securities held by the pledging financial institution's trust department or as agents in favor of the Village. Demand and time deposits of \$395,527 at Staley Credit Union are fully insured through American Share Insurance (ASI) and Excess Share Insurance (ESI). Investments totaling \$216,847 with IMET are not insured, but are collateralized by pooled securities. Time deposits of \$1 at Hickory Point Bank are fully insured. Time deposits of \$626,573 invested in various banks through T&C and HPB&T certificate of deposit account registry (CDAR) accounts are fully insured.

The Village's General and Water Fund have invested in municipal bonds totaling \$230,500 and \$346,000 respectively. These bonds were issued by the Village of Mt. Zion, Illinois, and were repurchased by the Village itself, during the year ended December 31, 2019. 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 \$2,143,929. Of the total, \$317,846 is invested in a money market fund insured by FDIC up to \$250,000, \$25,326 is invested in FDIC insured certificates of deposits, \$221,567 is invested in mutual funds, and \$1,579,190 is invested in municipal bonds. The mutual funds and municipal bonds are unsecured.

As of December 31, 2019, the Village had the following balances of deposits, cash equivalents, and investments:

Types of Deposits/ Cash Equivalents/ Investments -----	Fair Value -----	Cost -----	Average Credit Quality Ratings (1) -----
Demand Deposits	\$ 373,785	\$ 373,785	N/A
N.O.W. and Money Markets	2,158,881	2,158,881	N/A
IMET Convenience Fund	216,847	216,847	N/A
Mutual Funds	221,567	183,685	N/A
Municipal Bonds	2,155,690	2,118,568	AA, A, Other
Certificates of Deposit	233,710	233,308	N/A
CDARS	626,573	626,573	N/A
Total	\$5,987,053 =====	\$5,911,647 =====	

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

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

(Continued)

Note 6 Deposits and Investments - (Continued)

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

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

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

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

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

There have been no significant changes in the valuation techniques during the fiscal year ended December 31, 2019. 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

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

(Continued)

Note 6 Deposits and Investments - (Continued)

cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. At December 31, 2019, 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.

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

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

Note 8 Other Required Individual Fund Disclosures -

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

- A) Deficit fund balances of individual funds. No funds had deficit balances at December 31, 2019.
- B) Individual fund interfund receivable and payable balances. The 2016 Bond Repayment Fund owed the General Fund and Water Fund \$7,813 and \$5,657 at December 31, 2019. This interfund loan was made so the 2016 Bond Repayment Fund could pay the bond payments due December 1, 2019. The Motor Fuel Tax Fund owed the General Fund \$8,398 at December 31, 2019. This was due to a transfer in error. All interfund loans are expected to be repaid within one year.
- C) Interfund transfers. The Water Fund and Sewer Fund transferred \$40,614 and \$20,614 respectively to the General Fund for reimbursement of expenses paid by the General Fund, as part of the budgeted activity for the year. The General Fund transferred \$171,928 and \$196,224 to the 2009 Bond Repayment Fund and the 2010 Bond Repayment Fund, respectively, to cover the costs of bond principal and interest payments. The Special Tax Allocation Fund transferred \$113,600 to the 2009 Bond Repayment Fund to cover the costs of the bond principal and interest payments.

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

(Continued)

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, 2019, the balance in the account was \$70,909.

Note 10 Long-Term Debt Obligations - Governmental Activities -

Changes in long-term debt for the year ended December 31, 2019 are as follows:

	Beginning Balance	Issued	(Retired)	Ending Balance
	-----	-----	-----	-----
Notes Payable	\$ 28,916	\$ 15,975	\$ (16,066)	\$ 28,825
Bonds and Debt Certificates Payable	3,863,900	576,500	(530,900)	3,909,500
Unamortized Bond Issue Premium	45,010	0	(6,657)	38,353
	-----	-----	-----	-----
Totals	\$ 3,937,826	\$ 592,475	\$ (553,623)	\$ 3,976,678
	=====	=====	=====	=====

The total amount due within one year is \$549,645, not including current bond premium amortization. This includes \$17,545 of notes payable and \$532,100 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, 2019 include the following:

2010A General Obligation Debt Certificates (Limited Tax)

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

These certificates were paid off in fiscal year 2019.

\$ 0

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

(Continued)

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

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

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. These certificates were paid off in fiscal year 2019.

0

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.

113,000

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.

1,505,000

2019 General Obligation Bonds

\$576,500 general obligation bonds issued on December 23, 2019, due in various annual installments ranging from \$134,100 to \$158,800 through December 1, 2023, plus interest at 3.25%. The bonds are to be repaid with property taxes received by the Village.

576,500

Total Bond and Debt Certificates at December 31, 2019

\$3,909,500
=====

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

(Continued)

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

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.

\$ 14,761

The Village entered into a 60 month agreement with Toshiba Financial Services to acquire a new office copier. The agreement calls for 60 payments of \$341 and a final payment of \$1. The agreement began in March 2019 and will end in March 2024. The effective interest rate is 10.2%. The payments are being made by the General Fund. However, since the Water and Sanitary Sewer Funds make use of the copier, they are reimbursing the General Fund for their portion of the cost, and these transfers are included in the disclosure in Note 8C.

14,064

Total Notes Payable at December 31, 2019

\$ 28,825

=====

The annual requirements to amortize all debt outstanding as of December 31, 2019, are as follows:

Bonds and Debt Certificates Payable

Year ending Dec. 31,	Principal	Interest	Total
	-----	-----	-----
2020	\$ 532,100	\$ 144,070	\$ 676,170
2021	428,800	129,503	558,303
2022	444,800	115,541	560,341
2023	468,800	100,557	569,357
2024	315,000	84,764	399,764
2025-2029	1,535,000	242,912	1,777,912
2030	185,000	11,378	196,378
	-----	-----	-----
Total	3,909,500	828,725	4,738,225
	-----	-----	-----
Bond Premium	38,353	0	38,353
	-----	-----	-----
Total Bonds and Debt Service Requirement	\$3,947,853	\$ 828,725	\$4,776,578
	=====	=====	=====

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

(Continued)

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

Year ending Dec. 31,	Notes Payable		Total
	Principal	Interest	
2020	\$ 17,545	\$ 1,932	\$ 19,477
2021	3,083	1,009	4,092
2022	3,412	680	4,092
2023	3,777	315	4,092
2024	1,007	17	1,024
Total Notes Payable			
Service Requirement	\$ 28,824	\$ 3,953	\$ 32,777
	=====	=====	=====

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.

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

Changes in long-term debt for the year ended December 31, 2019 are as follows:

	Beginning Balance	Issued	(Retired)	Ending Balance
Notes Payable	\$2,414,396	\$ 0	\$ (102,912)	\$2,311,484
Totals	\$2,414,396	\$ 0	\$ (102,912)	\$2,311,484
	=====	=====	=====	=====

In June 2017, the IL EPA approved a loan to the Village in the amount of \$2,794,210 for the construction of an elevated water storage tank and a booster pump station. The preliminary loan agreement called for semi-annual payments of principal and interest at 1.64% for 20 years beginning November 1, 2019. The Village made draws on the loan as construction continued on the plant. Construction was completed and the loan was finalized in December 2018. The finalized loan agreement after all draws and accrued interest was for \$2,414,396, with semi-annual loan payments of \$71,044 scheduled for May 15 and November 15 of each year at 1.64% interest for 20 years beginning May 15, 2019 and maturing November 15, 2038. As of December 31, 2019, the balance on the loan was \$2,311,484.

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

(Continued)

Note 11 Long-Term Debt Obligations - Business-Type Activities - (Continued)

The annual requirements to amortize outstanding notes payable of \$2,311,484 as of December 31, 2019, are as follows:

Year ending Dec. 31,	Notes Payable		
	Principal	Interest	Total
2020	\$ 104,607	\$ 37,481	\$ 142,088
2021	106,329	35,759	142,088
2022	108,080	34,008	142,088
2023	109,860	32,228	142,088
2024	111,669	30,419	142,088
2024-2028	586,543	123,898	710,441
2029-2033	636,454	73,987	710,441
2034-2038	547,942	20,412	568,354
	-----	-----	-----
Total Notes Payable			
Service Requirement	\$2,311,484	\$ 388,192	\$2,699,676
	=====	=====	=====

Note 12 Capital and Intangible 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 and Intangible Assets:	-----	-----	-----	-----
Land and Easements	\$ 217,438	\$	\$	\$ 217,438
Buildings and System	10,051,687	392,382		10,444,069
Equipment	612,215			612,215
Sewer Annexation	1,170,253			1,170,253
	-----	-----	-----	-----
Total	\$12,051,593	\$ 392,382	\$ 0	12,443,975
	=====	=====	=====	-----
Accumulated Depreciation and Amortization:				
Buildings and System	\$ 3,914,722	\$ 228,530	\$	4,143,252
Equipment	408,634	19,569		428,203
Annexation	972,773	29,256		1,002,029
	-----	-----	-----	-----
Total	\$ 5,296,129	\$ 277,355	\$ (0)	5,573,484
	=====	=====	=====	-----
Ending Book Value				\$ 6,870,491
				=====

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

Total depreciation and amortization for all Business-Type Activities assets amounted to \$277,355, for the current period, of which \$171,430 and \$105,925 were charged to the Water and Sanitary Sewer functions, respectively.

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

(Continued)

Note 12 Capital and Intangible Assets - (Continued)

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	\$ 972,023	\$	\$	\$ 972,023
Construction in Progress	280,083	6,467		286,550
Buildings	3,524,377			3,524,377
Equipment	1,504,965	49,960	(15,100)	1,539,825
Infrastructure	15,963,260	625,544		16,588,804
	-----	-----	-----	-----
Total	\$22,244,708	\$ 681,971	\$ (15,100)	22,911,579
	=====	=====	=====	-----
Accumulated Depreciation:				
Buildings	\$ 901,676	\$ 83,221	\$	984,897
Equipment	1,061,667	93,503	(3,272)	1,151,898
Infrastructure	6,456,295	740,131		7,196,426
	-----	-----	-----	-----
Total	\$ 8,419,638	\$ 916,855	\$ (3,272)	9,333,221
	=====	=====	=====	-----
Ending Book Value				\$13,578,358
				=====

Total depreciation for all Governmental Activities assets amounted to \$916,855, for the current period, of which \$41,942, \$36,356, \$647,644, \$153,914 and \$36,999 were charged to the Administration, Public Safety, Street and Alleys, Parks and Convention Center functions, respectively.

Land and Construction in Progress are non-depreciating assets.

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

(Continued)

Note 13 Tax Increment Allocation Redevelopment Agreement Note -

This note is an obligation issued pursuant to the Tax Increment Allocation Redevelopment Act (Section 5/11-74.4-1 et seq. of Chapter 65 of the Illinois Compiled Statutes, the "TIF Act"), as supplemented and amended (the "Act"), and under the redevelopment agreement and the principal of and interest on this note are payable, if at all, and not otherwise, solely and only from available revenues in connection with a specified part (the part/phase of the development property) of the redevelopment project area, established under the act, and as provided in and subject to the limitations provided in the redevelopment agreement pursuant to which the Village of Mt. Zion has issued this note. The term "available revenues" means incremental property taxes under Section 11-74.4-8 of the TIF Act in the percentage (90%) specified in the redevelopment agreement, derived solely and only from the part/phase of the development property, less certain surplus and not otherwise.

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

During the eight months ended December 31, 2016, additional eligible expenses subject to reimbursement as part of this note were identified. Expenditures of \$541,364 were identified from a requisition report dated December 18, 2012. Accumulated interest since December 18, 2012 of \$79,491 has been calculated and added on to the December 31, 2016 balance. Additionally, expenses of \$265,220 were submitted by the developer on September 22, 2016.

During the fiscal year ended December 31, 2019, payments made from TIF revenue towards this obligation totaled \$277,692 (\$245,335 of principal and \$32,357 of interest). This resulted in a balance on this note of \$504,518 at December 31, 2019.

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

(Continued)

Note 14 Mt. Zion Police Pension Fund -

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

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

Plan Description: Membership.

Membership in the plan consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	1
Inactive Plan Member Entitled to but not yet Receiving Benefits	1
Active Plan Members	<u>10</u>
Total members	<u>12</u>

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

(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 2019 Village contribution to the plan was \$311,891 and was entirely met by the current tax levy.

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

(Continued)

Note 15 Illinois Metropolitan Investment Fund (IMET) Convenience Fund Contingency -

On September 29, 2014 IMET was notified that a Repurchase Agreement it had purchased had been fraudulently represented as being secured by guarantees from the United States Department of Agriculture (USDA). IMET later learned that documentation related to the USDA had been falsified and the proceeds from the transaction had been misappropriated. As a result, on September 30, 2014, IMET placed the Village's share (2.8% of its total account or \$32,429) of the underlying fraudulent investment into a liquidating trust which is not available to the Village until recoveries can be achieved. As of December 31, 2019, IMET has estimated recoveries from seized assets and other sources to be \$18,193 (56.1% of the \$32,429 original value of its share in the liquidating trust). Therefore, the Village estimates it will realize a loss on its liquidating trust assets of \$14,236. Due to reporting on the modified cash basis, the Village has not accrued this loss in its financial statements. IMET continues to pursue all matters of recovery of the investment; however, there can be no assurance that the loss will be the estimated amount of \$14,236. As of December 31, 2019, recoveries totaling \$18,042 (55.6% of the original value) had been distributed to the Village from the Liquidating Trust.

Note 16 Construction, Other Commitments and Subsequent Events -

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

The Village has entered into various agreements to abate future taxes to encourage development within the Village. These agreements range from 3 to 20 years. The majority of such abatements apply to construction projects that have not yet begun. As of December 31, 2019, future property tax abatements on actual existing real estate are estimated at \$11,500, all of which will be paid in fiscal year 2020.

In October 2019, the Village agreed to purchase a new dump-truck and plow for \$88,000. This purchase was finalized in fiscal year 2020.

The Village has a lease agreement for cellular equipment on its old water tower that it plans to demolish. However, the lease agreement is binding, and the Village must either continue to maintain the old water tower through the end of the lease (fiscal year 2038) or move this equipment to the new water tower. The cost to move the equipment is estimated to exceed \$200,000. The cost to maintain the water tower through the end of the lease is unknown, but the Village estimates it would exceed the cost to move the equipment. As of the date of these financial statements, a resolution had not been reached.

The Village is planning a reconstruction project for Broadway Street. The total cost to the Village of the project with engineering is estimated at \$1,784,740 and is expected to begin in the summer of 2020 and be completed by the summer of 2021.

VILLAGE OF MT. ZION, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

(Continued)

Note 16 Construction, Other Commitments and Subsequent Events - (Continued)

The worldwide COVID-19 pandemic has affected the Village's fiscal year 2020 activities. The pandemic has resulted in many changes, including lost revenue, remote workers, postponed projects, and additional expenses. To date, management estimates the Village has expended \$15,000 in COVID-19 related expenses. Rental fees, class fees, and gambling tax revenues for the three-month period of March through May 2020 were down approximately \$36,000 compared to 2019. The complete effect of the pandemic on the Village's financial and other activities is still unknown as of the date of these financial statements.

SUPPLEMENTARY INFORMATION

VILLAGE OF MT. ZION, ILLINOIS
GENERAL FUND

SCHEDULE OF EXPENDITURES DISBURSED - MODIFIED CASH BASIS
For the Year Ended December 31, 2019

General Government - Administration

Salaries	\$	61,102	
Benefits		10,503	
Repairs & Maintenance		4,340	
Legal Services		21,365	
Janitorial Services		6,325	
Postage		1,149	
Telephone		1,794	
Printing & Publications		3,007	
Fees		17,411	
Travel & Training		4,408	
Dues & Subscriptions		2,683	
Utilities		7,457	
Supplies & Equipment		2,297	
Miscellaneous		48	
Economic Development		19,757	
Special Projects		12,208	
Total General Government - Administration		175,854	\$ <u>175,854</u>

General Government - Planning & Zoning

Salaries	\$	54,930	
Benefits		9,610	
Engineering		2,842	
Printing & Publications		309	
Fees		288	
Dues & Subscriptions		0	
Total General Government - Planning & Zoning		67,979	\$ <u>67,979</u>

(Continued on next page)

VILLAGE OF MT. ZION, ILLINOIS
GENERAL FUND

SCHEDULE OF EXPENDITURES DISBURSED - MODIFIED CASH BASIS
For the Year Ended December 31, 2019
(Continued)

Public Safety		
Salaries	\$ 619,378	
Benefits	243,804	
Repairs & Maintenance	16,992	
Legal Services	13,775	
Janitorial Services	7,410	
Contractual Services	644	
Postage	971	
Telephone	6,510	
Radio Communications	7,794	
Printing & Publications	1,660	
Fees	45,279	
Travel & Training	11,800	
Dues & Subscriptions	1,464	
Utilities	10,278	
Supplies & Equipment	8,870	
Miscellaneous	685	
Gasoline & Oil	<u>14,738</u>	
Total Public Safety		<u>\$ 1,012,052</u>
Streets and Alleys		
Salaries	\$ 130,791	
Benefits	49,806	
Repairs & Maintenance	48,248	
Engineering	52,685	
Telephone	4,102	
Printing & Publications	237	
Fees	6,491	
Travel & Training	175	
Utilities	7,213	
Street Lighting	33,177	
Supplies & Equipment	9,859	
Miscellaneous	38	
Gasoline & Oil	<u>7,598</u>	
Total Streets and Alleys		<u>\$ 350,420</u>

(Continued on next page)

VILLAGE OF MT. ZION, ILLINOIS
GENERAL FUND

SCHEDULE OF EXPENDITURES DISBURSED - MODIFIED CASH BASIS
For the Year Ended December 31, 2019
(Continued)

Culture & Recreation - Parks	
Salaries	\$ 84,799
Benefits	25,264
Repairs & Maintenance	9,044
Engineering	6,351
Janitorial Services	13,464
Contractual Services	13,128
Fletcher Park Events	0
Postage	862
Telephone	3,092
Printing & Publications	3,947
Fees	7,444
Travel & Training	1,049
Dues & Subscriptions	280
Utilities	19,477
Supplies & Equipment	8,981
Miscellaneous	0
Total Culture & Recreation - Parks	\$ <u>197,182</u>
Culture & Recreation - Convention Center	
Salaries	\$ 56,210
Benefits	15,036
Repairs & Maintenance	9,181
Janitorial Services	15,755
Contractual Services	4,567
Postage	613
Telephone	2,416
Printing & Publications	11,211
Fees	5,386
Utilities	5,350
Supplies & Equipment	2,885
Miscellaneous	0
Total Culture & Recreation - Convention Center	\$ <u>128,610</u>
Debt Service	
Principal	\$ 1,911
Interest	1,158
Total Debt Service	\$ <u>3,069</u>
Capital Outlay	
Administration	\$ 15,975
Public Safety	59,510
Streets & Alleys	259,737
Parks	42,952
Convention Center	10,565
Total Capital Outlay	\$ <u>388,739</u>

VILLAGE OF MT. ZION, ILLINOIS

COMBINING SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS - MODIFIED CASH BASIS
 December 31, 2019

	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	\$ 30,224	\$ 58,636	\$ 26,666	\$ 100,685	\$ 19,001	\$ 42,060	\$ 277,272
IMET Liquidated Trust Receivable	242	856	266	1,160	188	802	3,514
TOTAL ASSETS	\$ 30,466	\$ 59,492	\$ 26,932	\$ 101,845	\$ 19,189	\$ 42,862	\$ 280,786
LIABILITIES AND FUND BALANCES							
Current Liabilities:							
Fund Balance:							
Restricted	29,466	59,492	26,932	101,845	19,189	42,862	279,786
Assigned	1,000	-	-	-	-	-	1,000
Total Fund Balance	30,466	59,492	26,932	101,845	19,189	42,862	280,786
TOTAL LIABILITIES AND FUND BALANCES	\$ 30,466	\$ 59,492	\$ 26,932	\$ 101,845	\$ 19,189	\$ 42,862	\$ 280,786

VILLAGE OF MT. ZION, ILLINOIS

COMBINING SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS - MODIFIED CASH BASIS
 For the Year Ended December 31, 2019

	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	\$ 15,389	\$ 41,201	\$ 62,781	\$ 41,493	\$ 2,031	\$ 2,031	\$ 164,926
Interest	426	1,414	402	588	330	751	3,911
Reimbursements	-	-	-	-	-	-	-
Total Revenues Received	15,815	42,615	63,183	42,081	2,361	2,782	168,837
Expenditures Disbursed							
Current							
General Government Administration							
Audit Fees	19,785	-	-	-	-	-	19,785
Social Security Taxes	-	65,413	-	-	-	-	65,413
Liability Insurance	-	-	68,409	-	-	-	68,409
IMRF Expense	-	-	-	42,763	-	-	42,763
Unemployment Insurance	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-
Salaries	-	-	-	-	2,831	-	2,831
Capital Outlay	-	-	-	-	-	-	-
Total Expenditures Disbursed	19,785	65,413	68,409	42,763	2,831	-	199,201
Excess of Revenues Received Over (Under) Expenditures Disbursed	(3,970)	(22,798)	(5,226)	(682)	(470)	2,782	(30,364)
Other Financing Sources (Uses)							
Operating Transfers In	-	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-	-
Net Change in Fund Balance	(3,970)	(22,798)	(5,226)	(682)	(470)	2,782	(30,364)
Fund Balances - January 1	34,436	82,290	32,158	102,527	19,659	40,080	311,150
Fund Balances - December 31	\$ 30,466	\$ 59,492	\$ 26,932	\$ 101,845	\$ 19,189	\$ 42,862	\$ 280,786

VILLAGE OF MT. ZION, ILLINOIS

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

December 31, 2019

	Total Nonmajor Special Revenue Funds	Debt Service Funds			2016 Bond Repayment Fund	Total Nonmajor Governmental Funds
		Lease Purchase Fund	2009 Bond Repayment Fund	2010 Bond Repayment Fund		
Cash and Cash Equivalents	\$ 277,272	\$ 15,754	\$ 64,901	\$ 16,637	\$ -	\$ 374,564
IMET Liquidated Trust Receivable	3,514	25	-	-	-	3,539
Due from Other Funds	-	-	-	-	-	-
TOTAL ASSETS	\$ 280,786	\$ 15,779	\$ 64,901	\$ 16,637	\$ -	\$ 378,103
LIABILITIES AND FUND BALANCES						
Current Liabilities:						
Due to Other Funds	\$ -	\$ -	\$ -	\$ -	\$ 13,470	\$ 13,470
Total Current Liabilities:						
Fund Balance:						
Restricted	279,786	15,779	-	-	-	295,565
Assigned	1,000	-	64,901	16,637	-	82,538
Unassigned	-	-	-	-	(13,470)	(13,470)
Total Fund Balance	280,786	15,779	64,901	16,637	(13,470)	364,633
TOTAL LIABILITIES AND FUND BALANCES	\$ 280,786	\$ 15,779	\$ 64,901	\$ 16,637	\$ -	\$ 378,103

ASSETS

Current Assets:

Cash and Cash Equivalents
IMET Liquidated Trust Receivable
Due from Other Funds

TOTAL ASSETS

LIABILITIES AND FUND BALANCES

Current Liabilities:

Due to Other Funds

Total Current Liabilities:

Fund Balance:

Restricted
Assigned
Unassigned

Total Fund Balance

TOTAL LIABILITIES AND FUND BALANCES

VILLAGE OF MT. ZION, ILLINOIS

COMBINING SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
 For the Year Ended December 31, 2019

	Total Nonmajor Special Revenue Funds	Debt Service Funds			2016 Bond Repayment Fund	Total Nonmajor Governmental Funds
		Lease Purchase Fund	2009 Bond Repayment Fund	2010 Bond Repayment Fund		
Revenues Received						
Property Tax	\$ 164,926	\$ 13,876	\$ -	\$ 136,750	\$ 315,552	
Bond Subsidies	-	-	31,776	-	31,776	
Interest	3,911	45	177	-	4,133	
Reimbursements	-	-	-	-	-	
Total Revenues Received	168,837	13,921	177	136,750	351,461	
Expenditures Disbursed						
Current						
General Government						
Administration						
Audit Fees	19,785	-	-	-	19,785	
Social Security Taxes	65,413	-	-	-	65,413	
Liability Insurance	68,409	-	-	-	68,409	
IMRF Expense	42,763	-	-	-	42,763	
Unemployment Insurance	-	-	-	-	-	
Public Safety						
Salaries	2,831	-	-	-	2,831	
Debt Service						
Principal	-	260,000	125,000	145,900	545,055	
Interest and Fees	-	34,524	102,477	4,320	142,551	
Capital Outlay	-	-	-	-	-	
Total Expenditures Disbursed	199,201	15,385	227,477	150,220	886,807	
Excess of Revenues Received Over (Under) Expenditures Disbursed	(30,364)	(1,464)	(294,347)	(13,470)	(535,346)	
Other Financing Sources (Uses)						
Operating Transfers In	-	-	285,528	-	481,752	
Net Change in Fund Balance	(30,364)	(1,464)	(8,819)	(13,470)	(53,594)	
Fund Balances - January 1	311,150	17,243	73,720	-	418,227	
Fund Balances - December 31	\$ 280,786	\$ 15,779	\$ 64,901	\$ (13,470)	\$ 364,633	

OTHER INFORMATION (UNAUDITED)

VILLAGE OF MT. ZION, ILLINOIS

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

For the Year Ended December 31, 2019

	<u>Amended / Final Budget</u>	<u>Actual Expenditures (Incl. Budgeted Transfers)</u>	<u>Unexpended Balance</u>
General Fund			
General Corporate Purposes	\$ 3,146,400	\$ 2,692,057	\$ 454,343
Special Revenue Funds			
Audit Fund	27,000	19,785	7,215
Social Security Fund	74,000	65,413	8,587
Liability Insurance Fund	77,000	68,409	8,591
IMRF Fund	90,000	42,763	47,237
School Crossing Guard Fund	3,500	2,831	669
Unemployment Compensation Fund	25,000	0	25,000
Capital Projects Funds			
General Capital Projects Fund	61,160	22,255	38,905
Motor Fuel Tax Fund	421,000	72,261	348,739
Special Tax Allocation Fund	475,237	418,552	56,685
Debt Service Funds			
Lease Purchase Fund	15,390	15,385	5
2009 Bond Repayment Fund	294,525	294,524	1
2010 Bond Repayment Fund	228,000	227,477	523
2016 Bond Repayment Fund	<u>150,300</u>	<u>150,220</u>	<u>80</u>
Total Governmental Funds	<u>\$ 5,088,512</u>	<u>\$ 4,091,932</u>	<u>\$ 996,580</u>

VILLAGE OF MT. ZION, ILLINOIS

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

For the Year Ended December 31, 2019

	<u>Amended / Final Budget</u>	<u>Actual Expenditures (Incl. Capital Acquisitions)</u>	<u>Unexpended Balance</u>
Proprietary Funds			
Water Fund	\$ 2,002,200	\$ 1,688,059	\$ 314,141
Sewer Fund	500,350	479,030	21,320
Fiduciary Fund			
Police Pension Fund	<u>85,400</u>	<u>65,547</u>	<u>19,853</u>
Total Other Funds	\$ <u>2,587,950</u>	\$ <u>2,232,636</u>	\$ <u>355,314</u>

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

	Year Ended December 31, 2019	Year Ended December 31, 2018	Year Ended December 31, 2017	8 Months Ended December 31, 2016	Year Ended April 30, 2016	Year Ended April 30, 2015
Annual Money-Weighted Rate of Return, Net of Investment Expense	2.68%	2.72%	1.84%	1.61%	1.47%	1.33%

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