CITY OF ZION, ILLINOIS

FINANCIAL STATEMENTS
For the Year Ended April 30, 2017

CITY OF ZION, ILLINOIS

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and
Members of the City Council
City of Zion, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Zion, Illinois (the "City"), as of and for the year ended April 30, 2017, and the respective budgetary comparison for the General Fund, Development TIF Area #1, the Development TIF Area #3, and the related notes to the financial statements, which collectively comprise the City's basic 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 accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City of Zion, Illinois Police Pension Fund, whose statements reflect total assets of $28,459,544 as of April 30, 2017. We did not audit the financial statements of the City of Zion, Illinois Firefighters' Pension Fund, whose statements reflect total assets of $16,325,915 as of April 30, 2017. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Zion, Illinois Police Pension Fund and the City of Zion, Illinois Firefighters' Pension Fund is based solely on the report of other auditors. The financial statements of the City of Zion, Illinois Police Pension Fund and the City of Zion, Illinois, Firefighters' Pension Fund were not audited in accordance with *Government Auditing Standards.* We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditors' 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 City'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 City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Zion, Illinois as of April 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, and the respective budgetary comparison for the General Fund, the Development TIF Area #1, and the Development TIF Area #3 for the year ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the City's 2016 financial statements and we expressed an unmodified opinion, the summarized comparative information is presented for the General Fund, Development TIF Area #1, and Development TIF Area #3 presented herein as of and for the year ended April 30, 2016 is consistent, in all material respects, with the audited financial statements from which it was derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information as presented in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Milwaukee, Wisconsin
October 29, 2018

BASIC FINANCIAL STATEMENTS

CITY OF ZION, ILLINOIS
STATEMENT OF NET POSITION
April 30, 2017

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and equivalents	$ 3,363,721	$ 2,372,160	$ 5,735,881
Investments	201,836	790,343	992,179
Taxes receivable, net of allowance for uncollectables	9,333,905	-	9,333,905
Net trade accounts receivable	275,738	1,409,892	1,685,630
Other receivables and current assets	1,170,689	12,145	1,182,834
Due from other governmental agencies	1,305,767	-	1,305,767
Inventory	-	46,000	46,000
Prepaid insurance	152,270	6,278	158,548
Capital assets, net of accumulated depreciation	33,646,089	4,447,878	38,093,967
TOTAL ASSETS	49,450,015	9,084,696	58,534,711
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	24,923,520	329,506	25,253,026
Deferred charge on refunding	28,105	-	28,105
TOTAL DEFERRED OUTFLOWS OF RESOURCES	24,951,625	329,506	25,281,131

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts payable	647,547	174,801	822,348
Due to other governmental agencies	85,401	-	85,401
Due to fiduciary funds	61,572	-	61,572
Accrued payroll	379,121	83,216	462,337
Unearned revenue	119,899	321,432	441,331
Customer deposits	-	300,571	300,571
Accrued interest	125,726	60,992	186,718
Current portion of long-term obligations	2,730,746	248,953	2,979,699
Long-term obligations - net of current portion	74,126,074	1,462,611	75,588,685
TOTAL LIABILITIES	78,276,086	2,652,576	80,928,662
DEFERRED INFLOWS OF RESOURCES			
Pension related	8,394,219	9,107	8,403,326
Subsequent year tax levy	9,333,905	-	9,333,905
TOTAL DEFERRED INFLOWS OF RESOURCES	17,728,124	9,107	17,737,231
NET POSITION			
Net investment in capital assets	25,153,812	3,258,925	28,412,737
Restricted for:			
Debt service	-	285,992	285,992
Other purposes	4,006,643	-	4,006,643
Unrestricted (deficit)	(50,763,025)	3,207,602	(47,555,423)
TOTAL NET POSITION	$ (21,602,570)	$ 6,752,519	$ (14,850,051)

The accompanying notes are an integral part of the basic financial statements.

CITY OF ZION, ILLINOIS
STATEMENT OF ACTIVITIES
April 30, 2017

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
FUNCTIONS/PROGRAMS							
Governmental activities:							
General government	$ 1,790,982	$ 4,927,199	$ -	$ -	$ 3,136,217	$ -	$ 3,136,217
Public health and safety	20,326,642	1,183,991	37,832	59,968	(19,044,851)	-	(19,044,851)
Public works and engineering	4,640,728	99,611	637,853	-	(3,903,264)	-	(3,903,264)
Economic development and promotion	1,898,747	56,786	82,025	-	(1,759,936)	-	(1,759,936)
Debt service	445,110	-	-	-	(445,110)	-	(445,110)
Total governmental activities	29,102,209	6,267,587	757,710	59,968	(22,016,944)	-	(22,016,944)
Business-type activities:							
Water and sewer	3,744,475	4,706,143	-	-	-	961,668	961,668
Waste collection	1,723,486	1,923,612	-	-	-	200,126	200,126
Total business-type activities	5,467,961	6,629,755	-	-	-	1,161,794	1,161,794
Total primary government	$ 34,570,170	$ 12,897,342	$ 757,710	$ 59,968	(22,016,944)	1,161,794	(20,855,150)
		General revenues:					
		Property taxes			9,616,177	-	9,616,177
		Other taxes			7,444,694	-	7,444,694
		Interest			22,340	12,790	35,130
		Miscellaneous			109,457	-	109,457
		Total general revenues			17,192,668	12,790	17,096,001
		Change in net position			(4,824,276)	1,174,584	(3,649,692)
		Net position - beginning			(16,778,294)	5,577,935	(11,200,359)
		Net position - ending			$ (21,602,570)	$ 6,752,519	$ (14,850,051)

The accompanying notes are an integral part of the basic financial statements.

CITY OF ZION, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
April 30, 2017

	General	Special Revenue Funds: Development TIF Area #1	Special Revenue Funds: Development TIF Area #3	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and equivalents	$ -	$ 235,592	$ 1,941,805	$ 1,186,324	$ 3,363,721
Investments	201,836	-	-	-	201,836
Taxes receivable, net of allowance	3,346,533	2,391,761	729,424	2,866,187	9,333,905
Utility taxes and franchise fees	275,738	-	-	-	275,738
Other receivables	1,133,733	-	-	36,956	1,170,689
Due from other governmental agencies	1,251,974	-	-	53,793	1,305,767
Due from other funds	988,603	1,125,289	-	-	2,113,892
Prepaid expenses	151,711	-	-	-	151,711
TOTAL ASSETS	$ 7,350,128	$ 3,752,642	$ 2,671,229	$ 4,143,260	$ 17,917,259
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE (DEFICIT)					
LIABILITIES					
Accounts payable	$ 175,136	$ 70,747	$ 902	$ 75,160	$ 321,945
Due to other governmental agencies	35,618	-	-	49,783	85,401
Due to other funds	1,125,289	-	-	776,113	1,901,402
Advance due to fiduciary funds	61,572	-	-	-	61,572
Accrued payroll	351,505	-	-	27,616	379,121
Unearned revenue	119,899	-	-	-	119,899
Other liabilities	-	-	-	-	-
TOTAL LIABILITIES	1,869,019	70,747	902	928,672	2,869,340
DEFERRED INFLOWS OF RESOURCES					
Subsequent year tax levy	3,346,533	2,391,761	729,424	2,866,187	9,333,905
Unavailable revenue	421,956	-	-	-	421,956
TOTAL DEFERRED INFLOWS OF RESOURCES	3,768,489	2,391,761	729,424	2,866,187	9,755,861
FUND BALANCE (DEFICIT)					
Nonspendable	151,711	-	-	-	151,711
Restricted	-	1,290,134	1,940,903	775,607	4,006,644
Committed	-	-	-	400,791	400,791
Unassigned	1,560,909	-	-	(827,997)	732,912
TOTAL FUND BALANCE (DEFICIT)	1,712,620	1,290,134	1,940,903	348,401	5,292,058
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE (DEFICIT)	$ 7,350,128	$ 3,752,642	$ 2,671,229	$ 4,143,260	$ 17,917,259

The accompanying notes are an integral part of the basic financial statements.

CITY OF ZION, ILLINOIS
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
April 30, 2017

Amounts reported for governmental activities in the net position are different because:

Total fund balance - governmental funds		$ 5,292,058
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:		
Capital assets	$ 55,743,691	
Accumulated depreciation	(22,097,602)	
Net capital assets		33,646,089
Some receivables that are not currently available are reported as deferred inflows in the fund financial statements but are recognized as revenue when earned in the government-wide statements.		421,956
Internal service funds are used by management to charge the cost the City of Zion's self insurance. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		(537,533)
Deferred outflows and inflows of resources are not recorded on the fund statements, but are recognized on the government-wide statement of net position as follows:		
Loss on refunding		28,105
Pension activity		16,529,301
Some liabilities reported in the statement of net position do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds. These liabilities are as follows:		
General Obligation Bonds payable	$ 8,560,620	
Capital lease obligations	313,360	
Accrued vacation	867,245	
Other post employment benefits	708,410	
Net pension liability	66,450,163	
Accrued interest	125,726	
Discount on general obligation bonds payable	(42,978)	
Total long-term liabilities		(76,982,546)
Net position of governmental activities		$ (21,602,570)

The accompanying notes are an integral part of the basic financial statements.

CITY OF ZION, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS
For the Year Ended April 30, 2017

	General	Special Revenue Funds: Development TIF Area #1	Special Revenue Funds: Development TIF Area #3	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	$ 2,996,421	$ 2,446,905	$ 780,854	$ 3,391,997	$ 9,616,177
Other taxes	7,193,946	-	-	304,078	7,498,024
Charges for services	905,674	-	-	-	905,674
Permits and other fees	4,820,272	-	-	419,061	5,239,333
Intergovernmental	77,897	-	-	637,853	715,750
Grants and donations	57,244	-	-	-	57,244
Interest	5,490	50	50	16,768	22,358
Sale of easement and other city property	62,479	-	-	-	62,479
Miscellaneous	72,961	-	-	141,263	214,224
TOTAL REVENUES	16,192,384	2,446,955	780,904	4,911,020	24,331,263
EXPENDITURES					
Current:					
General government	1,483,947	-	-	187,991	1,671,938
Public health and safety	13,854,372	-	-	442,585	14,296,957
Public works and engineering	2,781,966	-	-	887,197	3,669,163
Economic development and promotion	707,095	856,847	4,988	108,801	1,677,731
Debt Service:					
Principal retirement	-	-	-	2,282,028	2,282,028
Interest and fiscal charges	16,335	-	-	407,575	423,910
Bond issuance costs	-	-	-	1,700	1,700
Capital Outlay	54,880	74,145	-	336,117	465,142
TOTAL EXPENDITURES	18,898,595	930,992	4,988	4,653,994	24,488,569
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,706,211)	1,515,963	775,916	257,026	(157,306)
OTHER FINANCING SOURCES (USES)					
Issuance of capital lease	-	-	-	82,000	82,000
Issuance of long-term debt	310,620	-	-	-	310,620
Transfers in	2,443,294	-	-	2,821,210	5,264,504
Transfers (out)	(1,305,014)	(609,253)	(193,683)	(3,156,554)	(5,264,504)
TOTAL OTHER FINANCING SOURCES (USES)	1,448,900	(609,253)	(193,683)	(253,344)	392,620
NET CHANGE IN FUND BALANCE	(1,257,311)	906,710	582,233	3,682	235,314
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	2,969,931	383,424	1,358,670	344,719	5,056,744
FUND BALANCE (DEFICIT) - END OF YEAR	$ 1,712,620	$ 1,290,134	$ 1,940,903	$ 348,401	$ 5,292,058

The accompanying notes are an integral part of the basic financial statements.

CITY OF ZION, ILLINOIS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

April 30, 2017

Net change in fund balance - total governmental funds		$ 235,314
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed depreciation in the current period.		
Capital outlay	$ 359,058	
Depreciation	(1,256,235)	
Capital outlay in excess of depreciation and dispositions		(897,177)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported in the governmental funds:		
Increase in other post employment benefits	$ (67,425)	
Increase in compensated absences	(180,448)	
Pension expense	(5,656,701)	
Total expenses of non-current resources		(5,904,574)
Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.		(53,330)
The issuance of long-term debt (e.g., bonds, leases, etc.) provides current financial resources to government funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds.		
Principal issued	$ (310,620)	
Principal retirement	2,282,028	
Accrued interest	14,506	
Amortization of discounts and deferred amounts	(34,006)	
Net effect of bond activity		1,951,908
The internal service fund is used by management to charge the costs of self insurance to individual funds. The net expenditures of certain activities of internal service funds is reported with governmental activities.		(74,417)
Change in net position of governmental activities		$ (4,824,276)

The accompanying notes are an integral part of the basic financial statements.

CITY OF ZION, ILLINOIS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended April 30, 2017
(With Comparative Information for the Year Ended April 30, 2016

	2017				2016
	Budgeted Amounts			Variance with Final Budget Positive	
	Original	Final	Actual	(Negative)	Actual
REVENUES					
Taxes	$ 8,345,408	$ 8,345,408	$ 10,190,367	$ 1,844,959	$ 10,476,795
Licenses, permits, and fees	4,505,000	4,505,000	4,197,100	(307,900)	4,450,155
Fines and forfeitures	419,500	419,500	623,172	203,672	305,663
Rental revenue	24,000	24,000	26,265	2,265	22,400
Charges for services	696,906	696,906	905,674	208,768	783,946
Intergovernmental	69,287	69,287	77,897	8,610	86,984
Donations and grants	76,500	76,500	57,244	(19,256)	54,528
Interest	1,250	1,250	5,490	4,240	4,328
Sale of easement and other city property	-	-	62,479	62,479	-
Miscellaneous	30,000	30,000	46,696	16,696	23,712
TOTAL REVENUES	14,167,851	14,167,851	16,192,384	2,024,533	16,208,511
EXPENDITURES					
General government	1,350,237	1,350,237	1,500,282	(150,045)	1,499,973
Public health and safety	10,944,534	10,944,534	13,909,252	(2,964,718)	13,378,644
Public works and engineering	2,608,148	2,608,148	2,781,966	(173,818)	2,600,097
Economic development and promotion	724,643	724,643	707,650	16,993	753,547
TOTAL EXPENDITURES	15,627,562	15,627,562	18,899,150	(3,271,588)	18,232,261
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,459,711)	(1,459,711)	(2,706,766)	(1,247,055)	(2,023,750)
OTHER FINANCING SOURCES (USES)					
Issuance of capital lease	-	-	-	-	-
Issuance of long-term debt	-	-	310,620	310,620	-
Transfers in	2,490,063	2,490,063	2,443,294	(46,769)	2,528,473
Transfers (out)	(1,314,756)	(1,314,756)	(1,305,014)	9,742	(1,526,312)
TOTAL OTHER FINANCING SOURCES (USES)	1,175,307	1,175,307	1,448,900	273,593	1,002,161
NET CHANGE IN FUND BALANCE	(284,404)	(284,404)	(1,257,866)	(973,462)	(1,021,589)
FUND BALANCE - BEGINNING OF YEAR	2,969,931	2,969,931	2,969,931	-	3,991,520
FUND BALANCE - END OF YEAR	$ 2,685,527	$ 2,685,527	$ 1,712,065	$ (973,462)	$ 2,969,931

The accompanying notes are an integral part of the basic financial statements.

CITY OF ZION, ILLINOIS

DEVELOPMENT TIF AREA #1

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

For the Year Ended April 30, 2017

(With Comparative Information for the Year Ended April 30, 2016

	2017				2016
	Budgeted Amounts			Variance with Final Budget Positive	
	Original	Final	Actual	(Negative)	Actual
REVENUES					
Property taxes	$ 2,433,750	$ 2,433,750	$ 2,446,905	$ 13,155	$ 2,426,546
Interest	75	75	50	(25)	50
TOTAL REVENUES	2,433,825	2,433,825	2,446,955	13,130	2,426,596
EXPENDITURES					
Contractual Services:					
Promotional	777,041	777,041	777,159	(118)	761,137
Surplus distributions	70,000	70,000	70,000	-	70,000
Legal and professional	21,350	21,350	4,447	16,903	27,335
Consultants	-	-	4,593	(4,593)	1,960
Miscellaneous	1,000	1,000	648	352	650
Total Contractual Services	869,391	869,391	856,847	12,544	861,082
Capital Outlay:					
Future projects	950,000	950,000	74,145	875,855	782,373
Total Capital Outlay	950,000	950,000	74,145	875,855	782,373
TOTAL EXPENDITURES	1,819,391	1,819,391	930,992	888,399	1,643,455
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	614,434	614,434	1,515,963	901,529	783,141
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers (out)	(610,850)	(610,850)	(609,253)	1,597	(597,870)
TOTAL OTHER FINANCING SOURCES (USES)	(610,850)	(610,850)	(609,253)	1,597	(597,870)
NET CHANGE IN FUND BALANCE	3,584	3,584	906,710	903,126	185,271
FUND BALANCE - BEGINNING OF YEAR	383,424	383,424	383,424	-	198,153
FUND BALANCE - END OF YEAR	$ 387,008	$ 387,008	$ 1,290,134	$ 903,126	$ 383,424

The accompanying notes are an integral part of the basic financial statements.

CITY OF ZION, ILLINOIS
DEVELOPMENT TIF AREA #3
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended April 30, 2017
(With Comparative Information for the Year Ended April 30, 2016

	2017				2016
	Budgeted Amounts			Variance with Final Budget Positive	
	Original	Final	Actual	(Negative)	Actual
REVENUES					
Property taxes	$ 777,199	$ 777,199	$ 780,854	$ 3,655	$ 785,761
Interest	75	75	50	(25)	50
TOTAL REVENUES	777,274	777,274	780,904	3,630	785,811
EXPENDITURES					
Contractual Services:					
Legal	10,000	10,000	903	9,097	5,114
Consultants	-	-	2,735	(2,735)	1,101
Contracted services	-	-	-	-	-
Professional	1,350	1,350	1,350	-	1,250
Appraisal	2,000	2,000	-	2,000	1,600
Total Contractual Services	13,350	13,350	4,988	8,362	9,065
Capital Outlay:					
Future projects	570,000	570,000	-	570,000	689,259
Total Capital Outlay	570,000	570,000	-	570,000	689,259
TOTAL EXPENDITURES	583,350	583,350	4,988	578,362	698,324
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	193,924	193,924	775,916	581,992	87,487
OTHER FINANCING SOURCES (USES)					
Transfers out	(193,982)	(193,982)	(193,683)	299	(196,741)
TOTAL OTHER FINANCING SOURCES (USES)	(193,982)	(193,982)	(193,683)	299	(196,741)
NET CHANGE IN FUND BALANCE	(58)	(58)	582,233	582,291	(109,254)
FUND BALANCE - BEGINNING OF YEAR	1,358,670	1,358,670	1,358,670	-	1,467,924
FUND BALANCE - END OF YEAR	$ 1,358,612	$ 1,358,612	$ 1,940,903	$ 582,291	$ 1,358,670

The accompanying notes are an integral part of the basic financial statements.

CITY OF ZION, ILLINOIS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
April 30, 2017

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer	Waste Collection	Totals	Internal Service Fund
ASSETS				
Current assets:				
Cash and equivalents	$ 2,166,395	$ 205,765	$ 2,372,160	$ -
Trade accounts receivable	484,035	226,603	710,638	-
Unbilled trade accounts	699,254	-	699,254	-
Other receivables	12,145	-	12,145	-
Inventory	46,000	-	46,000	-
Prepaid expenses	6,278	-	6,278	559
TOTAL CURRENT ASSETS	3,414,107	432,368	3,846,475	559
Noncurrent assets:				
Investments	790,343	-	790,343	-
Advance due from other funds	580,089	-	580,089	-
Capital assets:				
Land	352,575	79,256	431,831	-
Buildings and improvements	-	45,496	45,496	-
Water mains and related infrastructure	12,199,366	-	12,199,366	-
Equipment	1,225,450	171,889	1,397,339	-
Accumulated depreciation	(9,408,769)	(217,385)	(9,626,154)	-
Total capital assets, net of accumulated depreciation	4,368,622	79,256	4,447,878	-
TOTAL NONCURRENT ASSETS	5,739,054	79,256	5,818,310	-
TOTAL ASSETS	9,153,161	511,624	9,664,785	559
DEFERRED OUTFLOWS OF RESOURCES				
Pension activity	329,506	-	329,506	-
Deferred charge on refunding	-	-	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	329,506	-	329,506	-
LIABILITIES				
Current liabilities:				
Accounts payable	169,175	5,626	174,801	325,602
Unearned revenue - unearned collection fees	-	321,432	321,432	-
Accrued payroll and related expenses	83,216	-	83,216	-
Due to other funds	-	-	-	212,490
Current portion of capital lease	23,953	-	23,953	-
Customer deposits - restricted assets	300,571	-	300,571	-
Current portion of General Obligation Bonds - restricted assets	225,000	-	225,000	-
Accrued interest - restricted assets	60,992	-	60,992	-
TOTAL CURRENT LIABILITIES	862,907	327,058	1,189,965	538,092
Noncurrent liabilities:				
Advance due to other funds	-	580,089	580,089	-
General Obligation Bonds	940,000	-	940,000	-
Pension liability	522,611	-	522,611	-
Capital lease	-	-	-	-
TOTAL NONCURRENT LIABILITIES	1,462,611	580,089	2,042,700	-
TOTAL LIABILITIES	2,325,518	907,147	3,232,665	538,092
DEFERRED INFLOWS OF RESOURCES				
Pension activity	9,107	-	9,107	-
TOTAL DEFERRED INFLOWS OF RESOURCES	9,107	-	9,107	-
NET POSITION				
Net investment in capital assets	3,179,669	79,256	3,258,925	-
Restricted for:				
Bond retirement	285,992	-	285,992	-
Unrestricted net position	3,682,381	(474,779)	3,207,602	(537,533)
TOTAL NET POSITION	$ 7,148,042	$ (395,523)	$ 6,752,519	$ (537,533)

The accompanying notes are an integral part of the basic financial statements.

CITY OF ZION, ILLINOIS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended April 30, 2017

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer	Waste Collection	Totals	Internal Service Fund
OPERATING REVENUES				
Charges for services	$ 4,706,143	$ 1,923,612	$ 6,629,755	$ 2,299,256
TOTAL OPERATING REVENUES	4,706,143	1,923,612	6,629,755	2,299,256
OPERATING EXPENSES				
Personal services	813,266	-	813,266	-
Contractual services	1,673,881	1,712,193	3,386,074	-
Materials and supplies	93,477	11,293	104,770	-
Repairs and maintenance	898,772	-	898,772	-
Claims	-	-	-	2,373,906
Capital outlay	26,517	-	26,517	-
Depreciation	183,421	-	183,421	-
TOTAL OPERATING EXPENSES	3,689,334	1,723,486	5,412,820	2,373,906
(LOSS) FROM OPERATIONS	1,016,809	200,126	1,216,935	(74,650)
NONOPERATING REVENUES (EXPENSES)				
Interest income	12,790	-	12,790	233
Interest and fiscal charges	(55,141)	-	(55,141)	-
TOTAL NONOPERATING REVENUES (EXPENSES)	(42,351)	-	(42,351)	233
INCOME BEFORE CAPITAL CONTRIBUTIONS	974,458	200,126	1,174,584	(74,417)
Transfers out	-	-	-	-
CHANGE IN NET POSITION	974,458	200,126	1,174,584	(74,417)
NET POSITION (DEFICIT) - BEGINNING OF YEAR	6,173,584	(595,649)	5,577,935	(463,116)
NET POSITION (DEFICIT) - END OF YEAR	$ 7,148,042	$ (395,523)	$ 6,752,519	$ (537,533)

The accompanying notes are an integral part of the basic financial statements.

CITY OF ZION, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended April 30, 2017

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer	Waste Collection	Totals	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	$ 4,787,074	$ 1,842,226	$ 6,629,300	$ -
Cash received from interfund charges for health insurance	-	-	-	2,299,256
Cash payments to suppliers for goods and services	(2,604,132)	(1,718,960)	(4,323,092)	(2,431,964)
Cash payments to employees for services	(772,367)	-	(772,367)	-
Cash payments from (to) other funds for services	(82,500)	82,499	(1)	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,328,075	205,765	1,533,840	(132,708)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Collections on advances to other funds	-	-	-	132,475
Payment on advances from other funds	-	-	-	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	-	-	-	132,475
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(179,286)	-	(179,286)	-
Principal paid on capital lease	(23,260)	-	(23,260)	-
Debt issued	-	-	-	-
Principal paid on bonds	(10,000)	-	(10,000)	-
Interest paid on bonds	(50,753)	-	(50,753)	-
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(263,299)	-	(263,299)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Net investment activity	6,175	-	6,175	-
Interest on cash and equivalents	12,790	-	12,790	233
NET CASH PROVIDED BY INVESTING ACTIVITIES	18,965	-	18,965	233
NET (DECREASE) IN CASH AND EQUIVALENTS	1,083,741	205,765	1,289,506	-
CASH AND EQUIVALENTS - BEGINNING OF YEAR	1,082,654	-	1,082,654	-
CASH AND EQUIVALENTS - END OF YEAR	$ 2,166,395	$ 205,765	$ 2,372,160	$ -
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
INCOME (LOSS) FROM OPERATIONS	$ 1,016,809	$ 200,126	$ 1,216,935	$ (74,650)
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:				
Depreciation	183,421	-	183,421	-
Prior period adjustment			-	-
Amortization of bond discount	-	-	-	-
Changes in assets and liabilities:				-
Decrease (increase) in accounts receivable	23,311	(2,311)	21,000	-
Decrease in unbilled water usage	17,583	-	17,583	-
Increase in other receivables	18,024	-	18,024	-
Increase in inventory	(27,856)	-	(27,856)	(559)
Decrease in prepaid expenses	(1,972)	-	(1,972)	-
Increase in accounts payable	10,364	4,526	14,890	(57,499)
Increase in accrued payroll and related expenses	40,899	-	40,899	-
Increase in deferred revenue	-	3,424	3,424	-
Increase deferred outflows	25,479	-	25,479	-
Increase in customer deposits	22,013	-	22,013	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 1,328,075	$ 205,765	$ 1,533,840	$ (132,708)

The accompanying notes are an integral part of the basic financial statements.

CITY OF ZION, ILLINOIS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
April 30, 2017

	Police Pension	Firefighters' Pension	Total
ASSETS			
Cash and equivalents	$ 1,915,855	$ 1,621,917	$ 3,537,772
Investments:			
Fixed income	7,962,466	4,649,567	12,612,033
Insurance contracts	-	3,273,274	3,273,274
Mutual funds	10,688,916	4,769,159	15,458,075
Common stock	7,788,945	1,986,865	9,775,810
Receivables:			
Prepaid assets	-	4,220	4,220
Due from City	41,039	20,557	61,596
Accrued interest	62,323	356	62,679
TOTAL ASSETS	$ 28,459,544	$ 16,325,915	$ 44,785,459

LIABILITIES AND NET POSITION

	Police Pension	Firefighters' Pension	Total
LIABILITIES			
Accounts payable	$ 2,344	$ 9,597	$ 11,941
NET POSITION			
Held in trust for pension benefits	28,457,200	16,316,318	44,773,518
TOTAL NET POSITION	$ 28,459,544	$ 16,325,915	$ 44,785,459

The accompanying notes are an integral part of the basic financial statements.

CITY OF ZION, ILLINOIS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended April 30, 2017

	Police Pension	Firefighters' Pension	Total
ADDITIONS			
Contributions:			
Contributions - Employer	$ 1,241,303	$ 999,271	$ 2,240,574
Other	-	-	-
Contributions - Plan members	466,547	239,272	705,819
Total contributions	1,707,850	1,238,543	2,946,393
Investment earnings:			
Interest and dividends earned	591,758	177,385	769,143
Change in fair market value	2,027,921	1,575,169	3,603,090
Total investment earnings	2,619,679	1,752,554	4,372,233
Less investment expenses	67,354	72,906	140,260
Net investment earnings	2,552,325	1,679,648	4,231,973
TOTAL ADDITIONS	4,260,175	2,918,191	7,178,366
DEDUCTIONS			
Administration	90,475	50,716	141,191
Benefit payments	2,473,280	1,501,946	3,975,226
TOTAL DEDUCTIONS	2,563,755	1,552,662	4,116,417
CHANGE IN NET POSITION	1,696,420	1,365,529	3,061,949
Net position, beginning of year	26,760,780	14,950,789	41,711,569
Net position, end of year	$ 28,457,200	$ 16,316,318	$ 44,773,518

The accompanying notes are an integral part of the basic financial statements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Zion, Illinois (the "City"), was incorporated in 1902 and is located in the northeast part of the state in the County of Lake. The City operates under a commission form of government made up of five elected officials (four commissioners, and the mayor). The City's major operations include public health and safety (police and fire), public works and engineering, economic development and promotion, and other general administrative governmental services. In addition, the City owns and operates a water and sewer system as well as provides waste collection services.

The financial statements of the City of Zion are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below.

Reporting Entity

As required by accounting principles generally accepted in the United States of America, these financial statements present the City and any component units: entities for which the City is considered to be financially accountable. The City has determined that no such entities are required to be included in the City's financial statements.

Government-Wide Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's public health and safety, public works and engineering, economic development and promotion, and other general administrative governmental services are classified as governmental activities. The City's water and sewer, and waste collection services are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are reported on a full accrual, economic resource basis, which recognizes all long-term assets, receivables and deferred outflows of resources as well as long-term debt, obligations and deferred inflows of resources. The City's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-Wide Statements (continued)

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities (public health and safety, public works and engineering, etc.) The functions are also supported by general governmental revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and fees, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (public health and safety, public works and engineering, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs by function are normally covered by general revenue (property, sales or use taxes, intergovernmental revenues, interest, etc.).

Fund Financial Statements

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures/expenses. 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 the primary operating fund of the City or meets the following criteria:

a. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
b. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
c. Any other governmental or enterprise fund that the City believes is important to financial statement users may be reported as a major fund.

The following fund types are used by the City:

Governmental Fund Types:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of fund balance and changes in fund balance (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental fund types of the City:

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements (continued)

- **General Fund** – The general fund is the general operating fund of the City. It 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 the proceeds of specific revenue sources that are legally restricted by enacted legislation to expenditures for specified purposes, or that require separate accounting because of regulatory or administrative action.

- **Debt Service Funds** – Debt service funds are used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.

- **Capital Projects Funds** – Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type funds).

Proprietary Fund Types:

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, net position, and cash flows. Accounting principles generally accepted in the United Statements of America applicable are those similar to businesses in the private sector.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The following is a description of the proprietary fund types of the City:

- **Enterprise Funds** – Enterprise funds (Water and Sewer Fund, and Waste Collection Fund) are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges, or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements (continued)

- **Internal Service Fund** – The Internal Service Fund is used to account for the payment by the City for active employees of group health charges for services and stop loss insurance charges and the billing of departments or agencies of the City on a cost-reimbursement basis for the services received.

Fiduciary Funds:

Fiduciary funds (Police Pension and Firefighters' Pension funds) are used to report assets held in a trustee or agency capacity for others and therefore are not available to support City programs. The reporting focus is on net position and changes in net position and are reported using accounting principles similar to proprietary funds.

The City's fiduciary funds are presented in the fiduciary fund financial statement by type (pension). Since by definition these assets are being held for the benefit of a third party (pension participants) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Major and Nonmajor Funds:

The funds are further classified as major or nonmajor as follows:

Fund	Brief Description
Major:	
General	See above for description.
Special Revenue Funds:	
Development TIF Area #1	Accounts for revenues and expenditures for encouraging private and commercial redevelopment and investing through incremental property tax revenues.
Development TIF Area #3	Accounts for revenues and expenditures restricted for encouraging private and commercial redevelopment and investing through incremental property tax revenues.
Enterprise Funds:	
Water and Sewer	Accounts for financial resources collected and used for water and sewer activities.
Waste Collection	Accounts for financial resources collected and used for waste collection activities.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements (continued)

Major and Nonmajor Funds (continued)

Nonmajor
Special Revenues Funds:

911 Emergency Surcharge	Accounts for revenues and expenditures of the E-911 service that is legally restricted for public safety use.
Zion-Newport Fire Station	Accounts for revenues and expenditures directly related to the operation of the Zion-Newport fire station.
Emergency Service Rescue	Accounts for revenues and expenditures of City rescue efforts and is restricted for public safety use.
Street and Bridge	Accounts for revenues and expenditures of upkeep and maintenance of City infrastructure and is restricted for that purpose.
Illinois Municipal Retirement	Accounts for employer contributions to the Illinois Municipal Retirement Fund and is restricted for that use.
FICA	Accounts for employer contributions to the Social Security Administration and is restricted for that use.
Motor Fuel Tax	Accounts for revenues and expenditures relating to the funds received from the State of Illinois for the City's share of motor fuel taxes.
Development TIF Area #4	Accounts for revenues and expenditures restricted for encouraging private and commercial redevelopment and investing through incremental property tax revenues.
Police Protection	Accounts for revenues and expenditures of City law enforcement efforts and is restricted for public safety use.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements (continued)

Major and Nonmajor Funds (continued)

Nonmajor (continued)
Special Revenues Funds (continued):

Fire Protection	Accounts for restricted revenues and expenditures relating to insurance funding requirements of the City.
Liability Insurance	Accounts for restricted revenues and expenditures relating to insurance funding requirements of the City.
Audit	Accounts for restricted revenues and expenditures relating to financial reporting requirements of the City.
Drug Traffic Prevention	Accounts for revenues and expenditures relating to funds received as forfeitures from the Lake County courts and is restricted for that use.
Industrial Development	Accounts for restricted revenues and expenditures of promotion City development and growth.
Cable Commission	Accounts for revenues and expenditures restricted for City promotional activities.
Hotel/Motel Tax	Accounts for revenues and expenditures of hotel/motel tax restricted by local ordinance for the promotion of convention and tourism.

Capital Project Funds:

Capital Projects	Accounts for financial resources collected and restricted for the capital additions to the City.

Debt Service Funds:

Bond Debt Service	Accounts for the accumulation of funds for the periodic payment of principal and interest on outstanding bonds.
TIF #1 Bond Series 2002A	Accounts restricted for the accumulation of resources for the periodic payment of principal and interest on Bond Series 2002A.
Bond Series 2002B Road Bond	Accounts restricted for the accumulation of resources for the periodic payment of principal and interest on Bond Series 2002B.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements (continued)

Major and Nonmajor Funds (continued)

Nonmajor (continued)

Debt Service Funds (continued):

Bond Series 2003 Road Bond	Accounts restricted for the accumulation of resources for the periodic payment of principal and interest on Bond Series 2003.
Area 3 South Sheridan Rd. Project	Accounts restricted for the accumulation of resources for the periodic payment of principal and interest on Bond Series 2004A.
Internal Service Fund	Accounts for the payment by the City for active employees of group health charges for services and stop loss insurance charges and the billing of departments or agencies of the City on a cost-reimbursement basis for the services received.

Measurement Focus and Basis of Accounting

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the "current financial resources" measurement focus, or the "economic resources" measurement focus is used as appropriate:

a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets, deferred inflows of resources, liabilities, and deferred outflows of resources are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets, deferred inflows of resources, liabilities, and deferred outflows of resources (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

Accrual:

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred or when the economic asset is used. Revenues, expenses, gains, losses, assets, deferred inflows of resources, liabilities, and deferred outflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. “Measurable” means knowing or being able to reasonably estimate the amount. “Available” means collectible within the current period or within 60 days after year-end.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, other postemployment benefits and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Sales taxes are considered “measurable” when in the hands of the State Comptroller. Other major revenues that are determined to not be susceptible to accrual because they are either not available soon enough to pay liabilities of the current period, or are not objectively measurable, include delinquent property taxes, licenses, permits, fines, forfeitures, franchise fees and hotel/motel occupancy taxes. See Note E for property tax accrual policy.

Financial Statement Amounts

Cash and Equivalents:

For purposes of the Statement of Net Position, the City has defined cash and equivalents to include cash on hand, demand deposits, and cash with brokers and fiscal agents. For purposes of the statement of cash flows, the City considers all highly liquid investments purchased that will mature within 90 days or less to be cash equivalents.

Investments:

Investments are stated at fair value (quoted market price or the best available estimate).

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Statement Amounts (continued)

Interfund Receivables and Payables:

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. See Note J for details of interfund transactions, including receivables and payables at year-end.

Receivables:

GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions,* requires the recognition of receivables associated with nonexchange transactions as follows:

- Derived tax receivables (such as sales and use taxes, motor fuel taxes, and hotel/motel taxes) are recognized when the underlying exchange transaction has occurred.

- Imposed nonexchange receivables (such as property taxes, fines, and penalties) are recognized when an enforceable legal claim on the resources has arisen.

- Government-mandated and voluntary nonexchange receivables (such as state mandated road improvements, grants, and donations) are recognized when all eligibility requirements have been met.

Prepaid Expenses:

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in the government-wide financial statements.

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.

Government-wide Statements:

In the government-wide financial statements, capital assets having a useful life greater than one year are reported at historical cost or estimated historical cost and capitalized using the following dollar thresholds: $10,000 for small equipment, $25,000 for land, $25,000 for machinery and equipment, $100,000 for buildings and improvements, and $200,000 for roads and bridges.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Statement Amounts (continued)

Government-wide Statements (continued):

Business-type activity capital assets are reported at historical cost or estimated historical cost and capitalized using the following dollar thresholds: $10,000 for small equipment, $25,000 for machinery and equipment, $100,000 for buildings and improvements, and $200,000 for infrastructure and other assets related to the network of infrastructure.

Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on assets is provided on the straight-line basis over the following estimated useful lives:

Vehicles	3 years
Equipment	3 years
Machinery and equipment	5 years
Buildings and improvements	20 – 40 years
Water and sewer infrastructure	50 years
Roads and bridges	50 years

Fund Financial Statements:

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Compensated Absences:

The City, as outlined in the Employee Policy Handbook, provides sick pay and vacation benefits as follows:

Sick pay benefits accrue at the rate of 96 hours (144 for firemen) per year and can be accumulated up to a maximum of 1,120 hours (1,680 for firemen). These benefits are not paid out upon separation from employment.

Vacation benefits accrue based on completed years of service, and are allowed to be carried over annually. Accrued vacation is paid out upon termination, death, and retirement. A liability for these amounts is reported in the government-wide statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. As of April 30, 2017, the total accrued vacation recorded as a liability is $54,648 for enterprise funds and $812,596 for governmental activities.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Statement Amounts (continued)

Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The City reports a deferred charge on refunding reported in the government-wide statement of net position in the deferred outflows category. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City reports deferred inflows from two sources: property taxes and unavailable revenues. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Long-Term Debt:

The accounting treatment of long-term debt depends on whether the proceeds are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements, net of any premium or discount. The long-term debt consists primarily of bonds and notes payable. See Note I for details of long-term debt.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payment of the principal and interest is reported as an expenditure. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Statement Amounts (continued)

Equity Classifications:

Government-wide Statements

Equity is classified as net position and displayed in three components:

a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or any other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

c. Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance:

Within the governmental fund types, the City’s fund balance is reported in the following classifications:

Nonspendable – includes amounts that cannot be spent because they are either; (1) not in spendable form; or (2) legally or contractually required to be maintained intact.

Restricted – includes amounts that are restricted to specific purposes, that is, when constraints placed on the use of resources are either; (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislation.

Committed – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City’s highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the City uses the same action it originally took to commit the amounts to remove the commitment. The specified highest level of decision-making authority rests with the City Council. The City passes ordinances and resolutions to commit their fund balances.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Statement Amounts (continued)

Fund Balance (continued):

Assigned – includes amounts that are constrained by the City's *intent* to be used for specific purposes, but that are neither restricted nor committed. Intent is expressed by: (1) the City Council itself; or (2) a body of officials to which the Council has delegated the authority to assign amounts to be used for specific purposes. The City's Council has not delegated authority to any other body or official to assign amounts for a specific purpose within the General Fund.

Unassigned – includes the residual fund balance that has not been restricted, committed, or assigned within the General Fund and deficit fund balances of other governmental funds.

The City considers restricted amounts to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, followed by committed amounts, and then assigned amounts. Unassigned amounts are used only after the other categories of fund balance have been fully utilized.

Use of Estimates:

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE B – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Control

The City prepares an appropriation ordinance annually and makes it available for public inspection prior to council approval of the ordinance in the middle of July. The level of budgetary control, on which expenditures may not legally exceed appropriations, is in accordance with Illinois Compiled Statutes. The City also adopts an annual budget, reflected in the fund financial statements, which sets forth estimated revenues and expenditures. The budget is used for management control only as the appropriation ordinance is what sets the legal restrictions on expenditures/expenses. All appropriations lapse at year-end.

Deficit Fund Equity of Individual Funds

The following funds had deficit fund equity as of April 30, 2017:

Special Revenue Funds		
Street and Bridge	$	29,182
Illinois Municipal Retirement		58,799
FICA		145,828
TIF Area No. 4		1
Police Protection		22,929
Fire Protection		571,258
Enterprise Funds		
Waste Collection		395,523
Internal Service Fund		537,533

NOTE B – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

Excess of Actual Expenditures/Expenses Over Budget in Individual Funds

The following is detail of the appropriation ordinance, amended budget, and actual expenditures/expenses (including transfers out and other finance uses) by individual fund. The surplus/(deficit) column is determined by comparing actual expenditures/expenses with the approved appropriations.

	Budgeted	Appropriation	Actual	Surplus/(Deficit)
General Fund	$ 16,942,318	$ 23,192,238	$ 20,204,164	$ 2,988,074
Special Revenue Funds				
911 Emergency Surcharge	$ 169,105	$ 219,105	$ 116,851	$ 102,254
Zion-Newport Fire Station	32,445	64,890	31,122	33,768
Emergency Service Rescue	566,899	566,899	558,754	8,145
Fire Protection	782,578	782,578	771,286	11,292
Street and Bridge	329,325	829,325	365,728	463,597
Illinois Municipal Retirement Fund	431,841	431,841	388,470	43,371
FICA	411,751	411,751	390,075	21,676
Development TIF Area #1	2,430,241	2,430,241	1,540,245	889,996
Development TIF Area #3	777,332	777,332	198,671	578,661
Motor Fuel Tax	1,282,456	1,327,456	813,686	513,770
Liability Insurance	-	955,512	941,730	13,782
Drug Traffic Prevention	9,900	9,900	25,156	(15,256)
Industrial Development	424,729	424,729	419,061	5,668
Hotel/Motel Tax	171,400	171,400	119,456	51,944
	$ 7,820,002	$ 9,402,959	$ 6,680,291	$ 2,722,668
Capital Projects Funds				
Capital Projects Fund	$ 381,723	$ 381,723	$ 383,378	$ (1,655)
Debt Service Funds				
TIF #1 Bond Series 2002A	$ 601,870	$ 601,870	$ 600,722	$ 1,148
Area 3 South Sheridan Road Project (Debt Service)	189,483	189,483	189,459	24
Bond Debt Service	982,033	982,033	982,533	(500)
Series 2002B Road Bond	397,805	397,805	397,780	25
Series 2003 Road Bond	269,110	269,110	269,085	25
	$ 2,440,301	$ 2,440,301	$ 2,439,579	$ 722
Enterprise Funds				
Water and Sewer	$ 4,347,700	$ 4,794,457	$ 3,745,089	$ 1,049,368
Waste Collection	1,718,000	1,718,000	1,723,485	(5,485)
	$ 6,065,700	$ 6,512,457	$ 5,468,574	$ 1,043,883

NOTE B – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

Revenue Restrictions

The City has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

Foreign Fire Tax – To be used for fire protection services
Emergency Surcharge Tax – To be used for E-911 emergency services
Water, Sewer and Waste – To be used for utility operations, improvements, and debt service
Motor Fuel Tax – To be used for infrastructure improvements and maintenance
Hotel/Motel Tax – To be used for convention and tourism
Impact Fees – To be used to improve infrastructure for the impact of new developments
Forfeiture Revenue – To be used to aid in the deterrence of drug related offenses

For the year ended April 30, 2017, management asserts the City complied, in all material respects, with these revenue restrictions.

NOTE C – DEPOSITS AND INVESTMENTS

Deposits

As of April 30, 2017, a reconciliation of cash and investments as shown on the Statement of Net Position is as follows:

	Carrying Value	Bank Balance
Checking accounts	$ 1,943,001	$ 2,568,051
Money market and savings accounts	589,481	578,241
Money market mutual funds - restricted	1,346,160	1,285,810
Certificates of deposit	992,179	992,179
Illinois Funds	1,856,187	1,856,187
Cash on hand	1,052	-
Total	$ 6,728,060	$ 7,280,468

A reconciliation to the financial statements is shown below:

Statement of Net Position - governmental activities:	
Cash and equivalents	$ 3,363,721
Investments	201,836
Statement of Net Position - business-type activities:	
Cash and equivalents	2,372,160
Investments	790,343
	$ 6,728,060

NOTE C – DEPOSITS AND INVESTMENTS (continued)

Deposits (continued)

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. Pledged collateral will be held in safekeeping by an independent third party depository or by the Federal Reserve Bank. At year-end the carrying amount of the City's deposits totaled $2,532,482 and the bank balances totaled $3,146,292. Of the bank balances, $2,088,553 was covered by federal depository insurance, $1,057,739 was uninsured and collateralized by U.S. Government securities or Municipal Government securities held by the pledging institution's trust department in the City's name or through specific pledging of the third party plan administrator. The City does not have a custodial credit risk policy for deposits.

Investments

Operating Funds

Authorized investments: The City's investment policy allows for deposits/investments in local government investment pools or trust funds organized by either the State of Illinois or by intergovernmental legislation, the State of Illinois Public Treasurer's Investment Pool, the Illinois Municipal League Local Government Investment Trust, Illinois Metropolitan Investment Fund (IMET), funds managed, operated and administered by a bank, subsidiary of a bank or subsidiary of a bankholding company, U.S. government obligations, U.S. government agency obligations and U.S. government instrumentality obligations which have a liquid market with a readily determinable market value, certificates of deposit and other evidences of deposit at financial institutions, bankers' acceptances and commercial paper rated in the highest tier by a nationally recognized rating agency, investment-grade obligations of state and local governments and public authorities, money market mutual funds regulated by the Securities and Exchange Commission and whose portfolio consist only of dollar-denominated securities, interest-bearing demand checking accounts, passbook savings account of banks and savings and loan associations insured by FDIC, insured demand accounts and investment instruments of credit unions whose principal office is located in Illinois.

Interest rate risk: In accordance with its investment policy, the City limits its exposure to interest rate risk by structuring the portfolio so that securities mature to meet cash requirements for ongoing operations thereby avoiding the open market prior to maturity and investing operating funds primarily in shorter-term securities, money market funds or similar investment pools.

As of April 30, 2017, the City had the following investments subject to interest rate risk, including maturities:

		Investment Maturities (in Years)			
	Fair Value	Less Than 1	1-5	6-10	Greater than 10
Money market mutual funds	$ 1,346,160	$ 1,346,160	$ -	$ -	$ -
Illinois Funds	1,856,187	1,856,187	-	-	-
Certificates of deposit	992,179	100,401	891,778	-	-
Total	$ 4,194,526	$ 3,302,748	$ 891,778	$ -	$ -

NOTE C – DEPOSITS AND INVESTMENTS (continued)

Investments (continued)

Credit risk: Credit risk is the risk that the issuer of a debt security will not pay its par value upon maturity. The City's investment policy limits its exposure to credit risk primarily by limiting investments to the safest type of securities, pre-qualify the financial institutions, brokers/dealers, intermediaries and advisors with which the City does business. The mutual funds held by the City are rated AAAm by Standard & Poor's.

Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the Securities and Exchange Commission as an investment company, but does comply with the Public Funds Investment Act, 30 ILCS 235. Investments in Illinois Funds are valued at Illinois Fund's share price, the price for which the investment could be sold. The Illinois Funds are rated AAAm by Standards & Poor's. At April 30, 2017 the Illinois Funds weighted average maturity is the dollar weighted maturity of all of the holding of the fund. This number represents the theoretical number of days before all of the investments would mature and thus be re-invested.

The certificates of deposit held by the City are not rated.

Concentration of credit risk: To limit the exposure to concentration credit risk, the City's investment policy diversifies its investment portfolio so that potential losses on individual securities will be minimized.

Custodial credit risk: The City limits its exposure to custodial credit risk by utilizing a third party custodian for all investments. For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party.

The City is authorized by state statutes and its own local ordinances to invest in obligations of the U.S. Treasury, agencies and instrumentalities, commercial paper noted within the three highest classifications by at least two standard rating services, obligations of states and their political subdivisions, savings accounts, credit union shares and the Illinois Public Treasurers Investment Pool.

Both the Police and Firefighters' Pension Funds invest in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the next term and that such changes could materially affect participants' account balances and the amounts reported in the statement of plan net position. Investments and daily activities of the funds are managed by the fund's respective boards.

NOTE C – DEPOSITS AND INVESTMENTS (continued)

Investments (continued)

Police Pension Fund

Interest rate risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the Fund's investment policy, the Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity while at the same time matching investment maturities to projected fund liabilities.

As of April 30, 2017, the Police Pension Fund had the following investments subject to interest rate risk, including maturities:

		Investment Maturities (in Years)			
	Fair Value	Less Than 1	1-5	6-10	Greater than 10
U.S. Treasuries	$ 5,874,131	$ 401,688	$ 3,976,770	$ 1,495,673	$ -
U.S. Agencies	925,099	521,135	218,055	36,802	149,107
Corporate Bonds	1,163,236	298,285	864,951	-	-
Total	$ 7,962,466	$ 1,221,108	$ 5,059,776	$ 1,532,475	$ 149,107

Credit risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Fund helps limit its exposure to credit risk by primarily investing in securities issued by the United States Government and/or its agencies that are implicitly guaranteed by the United States Government. The Pension Fund's investment policy establishes criteria for allowable investments; those criteria follow the requirements of the Illinois Pension Code. The investments in the securities of U.S. government agencies were all rated AA+ by Standard & Poor's or by Moody's Investors Services. The Pension Fund's investment policy prescribes to the "prudent person" rule, which states, "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the primary objective of safety as well as the secondary objective of the attainment of market rates of return."

Custodial credit risk – deposits: In the case of deposits, this is the risk that, in the event of a bank failure, the Fund's deposits may not be returned to it. At April 30, 2017, all of the Pension Fund's deposits were covered by federal depository or equivalent insurance.

NOTE C – DEPOSITS AND INVESTMENTS (continued)

Investments (continued)

Police Pension Fund (continued)

Custodial credit risk – investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Money market mutual funds and equity mutual funds are not subject to custodial credit risk disclosures. In accordance with the Pension Fund's investment policy the Pension Fund limits its exposure to custodial credit risk by utilizing an independent third party institution, selected by the Pension Fund, to act as custodian for its securities and collateral.

Concentration of credit risk: This is the risk of loss attributed to the magnitude of the Fund's investment in a single issuer. In accordance with the Fund's investment policy, investments are diversified to ensure that adverse or unexpected results will not have an excessively detrimental impact on the entire portfolio.

Firefighters' Pension Fund

Interest rate risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the Fund's investment policy, the Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity while at the same time matching investment maturities to projected fund liabilities.

As of April 30, 2017, the Firefighters' Pension Fund had the following investments subject to interest rate risk, including maturities:

		Investment Maturities (in Years)			
	Fair Value	Less Than 1	1-5	6-10	Greater than 10
Money Market Mutual Funds	$ 312,156	$ 312,156	$ -	$ -	$ -
Governmental National Mortgage Association	264,433	-	-	15,005	249,428
Corporate Bonds	4,385,134	-	4,385,134	-	-
Total	$ 4,961,723	$ 312,156	$ 4,385,134	$ 15,005	$ 249,428

Custodial credit risk – investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Money market mutual funds and equity mutual funds are not subject to custodial credit risk disclosures. In accordance with the Pension Fund's investment policy the Pension Fund limits its exposure to custodial credit risk by utilizing an independent third party institution, selected by the Pension Fund, to act as custodian for its securities and collateral.

NOTE C – DEPOSITS AND INVESTMENTS (continued)

Investments (continued)

Firefighters' Pension Fund (continued)

Credit risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Fund helps limit its exposure to credit risk by primarily investing in securities issued by the United States Government and/or its agencies that are implicitly guaranteed by the United States Government. US Treasury and government agency security are rated by Standard & Poor's rating agency as AA+. The Pension Fund's investment policy prescribes to the "prudent person" rule, which states, "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the primary objective of safety as well as the secondary objective of the attainment of market return."

Custodial credit risk – deposits: In the case of deposits, this is the risk that, in the event of a bank failure, the Fund's deposits may not be returned to it. At April 30, 2017, all bank balances were covered by federal depository insurance or equivalent insurance or collateral. The Pension Fund's investment policy requires pledging of collateral with a fair value of 100% of all bank balances in excess of federal depository insurance.

Concentration of credit risk: This is the risk of loss attributed to the magnitude of the Fund's investment in a single issuer. In accordance with the Fund's investment policy, investments are diversified to ensure that adverse or unexpected results will not have an excessively detrimental impact on the entire portfolio.

NOTE D – ACCOUNTS RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES

Accounts Receivable

Receivables details at April 30, 2017, are as follows:

	Governmental Activities	Business-type Activities	Total
Trade accounts receivable	$ 275,738	$ 1,419,048	$ 1,694,786
Other receivables/current assets	2,309,177	12,145	2,321,322
Allowance for doubtful accounts	(1,138,488)	(9,156)	(1,147,644)
	$ 1,446,427	$ 1,422,037	$ 2,868,464

NOTE D – ACCOUNTS RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES (continued)

Deferred Inflows of Resources

Governmental funds report deferred inflows in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current periods. Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the fiscal year 2017, various components of deferred inflows reported in the governmental funds were as follows:

	Unavailable	Subsequent Year Tax Levy	Total
Property taxes	$ -	$ 9,333,905	$ 9,333,905
Income taxes	-	-	-
Veolia host fees	148,450	-	148,450
Other	273,506	-	273,506
	$ 421,956	$ 9,333,905	$ 9,755,861

NOTE E – PROPERTY TAXES

General Property Taxes

The Lake County Property Assessor assesses real and personal property values on a countywide basis, each year as of January 1. The City levies a property tax millage rate upon the taxable value, which provides revenue required for the fiscal year beginning May 1. The tax levy must be filed with the County Clerk no later than the last Tuesday in December.

Property taxes levied by the City and all other tax authorities within the county are centrally billed and collected by Lake County with monthly remittance to the City of the proportional share of collected taxes. Taxes are billed on May 1, at which time the property owner can elect to pay the bill in full or in two installments due around June 1 and September 1. Full payment is due no later than the September date.

After the September date, unpaid amounts become delinquent with interest and penalties added thereafter.

Beginning December 1, tax certificates representing delinquent amounts are sold by Lake County, with remittance to the City for its share of those receipts. Liens are attached on January 1 of each tax year. 2016 taxes became an enforceable lien on January 1, 2017.

At April 30, uncollected current year amounts are classified as delinquent taxes receivable and offset by an allowance for uncollectibles in a like amount. Generally, the City collects more than 99% of current year property taxes during the year in which they are due. Delinquent taxes collected in subsequent periods are recognized as revenues for the fiscal year in which they are received.

NOTE E – PROPERTY TAXES (continued)

General Property Taxes (continued)

Tax Increment Financing Districts

The City has established several Tax Increment Financing Districts. At the time each District was formed, the County Clerk certified the assessed valuation of the property in the District. Each year the City receives property taxes equal to the increase in the assessed valuation over the initial certified valuation multiplied by the tax rate of all taxing bodies, including the City. The monies received have been placed in Special Revenue Funds called Development TIF Areas #1, #3, and #4, respectively. Eligible expenditures are as stated in approved project and plan documents, which involve redevelopment projects within each TIF District. During the year ended April 30, 2011, TIF #4 was rolled into the TIF Area #3 district. The incremental increase of assessed valuation as assessed and equalized by the State Department of Revenue and extension for the year 2017 was as follows:

TIF #1 assessed valuation was $12,039,425 and the tax extension was $2,403,780.
TIF #3 assessed valuation was $4,147,180 and the tax extension was $733,089.
TIF #4 assessed valuation was $236,850 and the tax extension was $39,858.

Assessed Valuations, Rates, Extensions, and Collections

TAX LEVY YEAR	2016	2015
ASSESSED VALUATIONS	$ 255,998,558	$ 227,123,714
TAX RATE/$100 EAV		
General Fund	0.390	0.335
Fire Fund	0.301	0.345
Street and Bridge Fund	0.087	0.100
IMRF	0.190	0.217
Social Security	0.177	0.178
Police Pension	0.530	0.550
Firemen's Pension	0.394	0.440
Emergency Rescue Squad	0.218	0.250
Liability Insurance Fund	0.353	0.421
TOTALS	2.642	2.836

TAX EXTENSIONS

TAX LEVY YEAR	2016	2015
Fiscal Year Collected	4/30/2017	4/30/2016
Purpose of Levy:		
General Fund	$ 999,598	$ 761,725
Fire Fund	771,814	782,580
Street and Bridge Fund	223,997	227,124
IMRF	486,476	493,283
Social Security	453,742	403,876
Police Pension	1,355,680	1,249,628
Firemen's Pension	1,008,120	1,000,291
Emergency Rescue Squad	559,112	566,901
Liability Insurance Fund	904,643	955,514
TOTAL	$ 6,763,182	$ 6,440,922
Collections		$ 6,347,815
% of Collections		98.55%

NOTE F – CAPITAL ASSETS – GOVERNMENTAL ACTIVITIES

Capital asset activity for governmental activities for the year ended April 30, 2017 was as follows:

	Balance 5/1/16	Additions	Deletions	Reclassification	Balance 4/30/17
Capital assets not being depreciated:					
Land	$ 5,725,285	$ -	$ -	$ 674,673	$ 6,399,958
Construction in progress	-	216,975	-	-	216,975
Total capital assets not being depreciated	5,725,285	216,975	-	674,673	6,616,933
Capital assets being depreciated:					
Building and improvements	12,760,340	-	-	(674,673)	12,085,667
Machinery and equipment	6,376,736	128,369	20,692	-	6,484,413
Roads and bridges	30,542,964	13,714	-	-	30,556,678
Total capital assets being depreciated	49,680,040	142,083	20,692	(674,673)	49,126,758
Less accumulated depreciation for:					
Buildings and improvements	6,376,843	348,658	-	-	6,725,501
Machinery and equipment	5,559,729	296,443	20,692	-	5,835,480
Road and bridges	8,925,487	611,134	-	-	9,536,621
Total accumulated depreciation	20,862,059	1,256,235	20,692	-	22,097,602
Total capital assets being depreciated, net	28,817,981	(1,114,152)	-	(674,673)	27,029,156
Governmental activities capital assets, net	$ 34,543,266	$ (897,177)	$ -	$ -	$ 33,646,089

Depreciation expense was charged to the functions of the City as follows:

General government	$ 47,317
Public health and safety	240,738
Public works and engineering	754,146
Economic development and promotion	214,034
Total depreciation expense - governmental activities	$ 1,256,235

NOTE G – CAPITAL ASSETS – BUSINESS-TYPE ACTIVITIES

Capital asset activity for business-type activities for the year ended April 30, 2017 was as follows:

	Balance 5/1/16	Additions	Deletions	Balance 4/30/17
Capital assets not being depreciated:				
Land	$ 431,831	$ -	$ -	$ 431,831
Capital assets being depreciated:				
Water mains and plant	12,065,576	179,286	-	12,244,862
Machinery and equipment	1,397,339	-	-	1,397,339
Total capital assets being depreciated	13,462,915	179,286	-	13,642,201
Less accumulated depreciation for:				
Water mains and plant	8,125,618	155,806	-	8,281,424
Machinery and equipment	1,317,115	27,615	-	1,344,730
Total accumulated depreciation	9,442,733	183,421	-	9,626,154
Total capital assets being depreciated, net	4,020,182	(4,135)	-	4,016,047
Business-type activities capital assets, net	$ 4,452,013	$ (4,135)	$ -	$ 4,447,878

NOTE H – RETIREMENT FUND COMMITMENTS

Defined Benefit Pension Plan - Illinois Municipal Retirement Fund

Plan Description

The City of Zion'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 City of Zion's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. 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 at www.imrf.org.

NOTE H – RETIREMENT FUND COMMITMENTS (continued)

Defined Benefit Pension Plan - Illinois Municipal Retirement Fund (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 lessor of:

- 3% of the original pension amount, or
- ½ of the increase in the Consumer Price Index of the original pension amount.

Employees Covered by Benefit Terms

As of April 30, 2017, the following employees were covered by the benefit terms:

	IMRF
Retirees and Beneficiaries currently receiving benefits	80
Inactive Plan Members entitled to by not yet receiving benefits	33
Active plan members	60
Total	173

NOTE H – RETIREMENT FUND COMMITMENTS (continued)

Defined Benefit Pension Plan - Illinois Municipal Retirement Fund (continued)

Contributions

As set by statute, the City of Zion'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 City of Zion's annual contribution rate for calendar year 2016 was 10.95%. For the fiscal year ended April 30, 2016, the City of Zion contributed $418,762 to the plan. The City of Zion also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The City of Zion's net position liability was measured as of December 31, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2016:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 3.5%.
- **Salary Increases** were expected to be 3.75% to 14.50%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.50%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- The IMRF-specific rates for **Mortality** (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

NOTE H – RETIREMENT FUND COMMITMENTS (continued)

Defined Benefit Pension Plan - Illinois Municipal Retirement Fund (continued)

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

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	38.00%	6.85%
International Equity	17.00%	6.75%
Fixed Income	27.00%	3.00%
Real Estate	8.00%	5.75%
Alternative Investments	9.00%	2.65-7.35%
Cash Equivalents	1.00%	2.25%
Total	100.00%	

Single Discount Rate

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

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.78%, and the resulting single discount rate is 7.50%.

NOTE H – RETIREMENT FUND COMMITMENTS (continued)

Defined Benefit Pension Plan - Illinois Municipal Retirement Fund (continued)

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2015	$ 23,307,961	$ 21,103,968	$ 2,203,993
Changes for the year:			
Service Cost	400,712	-	400,712
Interest on the Total Pension Liability	1,718,507	-	1,718,507
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	755,076	-	755,076
Changes of Assumptions	(31,512)	-	(31,512)
Contributions - Employer	-	418,762	(418,762)
Contributions - Employees	-	172,083	(172,083)
Net Investment Income	-	1,420,627	(1,420,627)
Benefit Payments, including Refunds of Employee Contributions	(1,128,585)	(1,128,585)	-
Other (Net Transfer)	-	340,042	(340,042)
Balances at December 31, 2016	$ 25,022,159	$ 22,326,897	$ 2,695,262

Sensitivity of the Net Position Liability to Changes in the Discount Rate

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

	1% Lower (6.50%)	Current Discount (7.50%)	1% Higher (8.50%)
Net Pension Liability	$ 6,116,565	$ 2,695,262	$ (88,787)

NOTE H – RETIREMENT FUND COMMITMENTS (continued)

Defined Benefit Pension Plan - Illinois Municipal Retirement Fund (continued)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pension

For the year ended April 30, 2017, the City of Zion, recognized pension expense of $545,500. At April 30, 2017, the City of Zion reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Differences between expected and actual experience	$ 556,147	$ 23,762
Changes in assumptions	14,222	23,210
Net difference between projected and actual earnings on pension plan investments	1,016,129	-
Pension Contributions made subsequent to the Measurement Date	112,865	-
Total Deferred Amounts Related to Pensions	$ 1,699,363	$ 46,972

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year Ending April 30	**Amortization of Deferred Items**
2017	$ 513,790
2018	514,708
2019	480,075
2020	30,953
2021	-
Thereafter	-
Total	$ 1,539,526

NOTE H – RETIREMENT FUND COMMITMENTS (continued)

Defined Benefit Pension Plan – Police Pension Fund

Plan Description
Police sworn personnel of the City of Zion are covered by the Zion Police Pension Plan of the City of Zion which is a defined benefit single-employer pension plan administered by the Zion Police Pension Fund. The Zion Police Pension Fund issues a separate financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Zion Police Pension Fund, 2101 Salem Blvd., Zion, Illinois 60099.

Benefits Provided
Although this is a single-employer pension plan, the defined benefits and employee and employer contributions levels are governed by Illinois Compiled Statutes (Chapter 40 5/ Article 3) and may be amended only by the Illinois legislature. The Zion Police Pension Fund provides retirement benefits as well as survivor and disability benefits.

Covered employees hired before January 1, 2011 attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The pension shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Covered employees hired on or after January 1, 2011, attaining the age of 55 with at least 10 years creditable service are entitled to receive an annual retirement benefit of 2.5% of final average salary for each year of service, with a maximum salary cap of $106,800 as of January 1, 2011. The maximum salary cap increases each year thereafter. The monthly benefit of a police officer hired before January 1, 2011, 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% of the original pension and 3% compounded annually thereafter. The monthly pension of a police officer hired on or after January 1, 2011 (Tier 2), shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 60, but the lesser of 3% or one half of the consumer price index. Employees with at least 10 years but less than 20 years of creditable service may retire at or after age 60 and receive a reduced benefit.

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan, including administrative costs, as actuarially determined by an enrolled actuary. By the year 2040, the City's contributions must accumulate to the point where the past service cost for the Police Pension Plan is 90% funded. For the year ended April 30, 2017, the City’s contribution was 32.14% of covered payroll.

NOTE H – RETIREMENT FUND COMMITMENTS (continued)

Defined Benefit Pension Plan – Police Pension Fund (continued)

Employees Covered by Benefit Terms

As of April 30, 2017, the following employees were covered by the benefit terms:

	Police Pension
Retirees and Beneficiaries currently receiving benefits	45
Inactive Plan Members entitled to by not yet receiving benefits	-
Active plan members	46
Total	91

Contributions

The Actuarially Determined Contributions (ADC) includes the determination of the Normal Cost contribution for active plan members, as well as provision for the payment of unfunded liability.

The actuarial funding method used in the determination of the normal cost and the actuarial liability is the Entry Age Normal Cost method (level percent of pay). The method allocates normal cost contributions by employee over the working career of the employee as a level percent of their pay.

Unfunded liability is the excess of the actuarial liability over the actuarial value of assets. The actuarially determined contribution includes a payment towards unfunded liability existing at the actuarial valuation date. The payment towards unfunded liability is set up as a level percent of payroll payment that is expected to increase during the payment period. The period of repayment as of the Actuarial Valuation Date is 17 years.

The Actuarial Value of Assets smooths gains and losses on the market value of assets over a 5-year period.

Under no circumstances will the ADC be less than the amount determined as the Statutory Minimum Contribution under Illinois statutes.

There is no Formal Funding Policy that exists between the Pension Board and the City at this time. The following factors are considered and described herein:

1. The five-year contribution history of the Employer (with a focus on the average contributions from those sources);
2. All other known events and conditions; and
3. Consideration of subsequent events.

When reviewing contribution history, although contributions as a level percent of payroll are least volatile, they are similar in volatility to the average of contributions as a percent of the actuarially determined contribution, therefore, the informal funding policy that has been determined for future contributions is 75.05% of the actuarially determined contribution. This represents the full future contributions expected to be made.

NOTE H – RETIREMENT FUND COMMITMENTS (continued)

Defined Benefit Pension Plan – Police Pension Fund (continued)

Actuarial Assumptions

Actuarial Assumptions (Economic)

Discount Rate used for the Total Pension Liability	5.29%
Long-Term Expected Rate of Return on Plan Assets	7.00%
High Quality 20 Year Tax-Exempt GO Bond Rate	3.82%
Projected Individual Salary Increases	4.00% - 20.40%
Projected Increase in Total Payroll	3.25%
Consumer Price Index (Urban)	2.50%
Inflation Rate Included	2.50%

Actuarial Assumptions (Demographic)

Mortality Table	L&A 2016 Illinois Police Mortality Rates
Retirement Rates	L&A 2016 Illinoi Police Retirement Rates Capped at age 65
Disability Rates	L&A 2016 Illinois Police Disability Rates
Termination Rates	L&A 2016 Illinois Police Termination Rates
Percent Married	80.0%

All rates shown in the economic assumptions are assumed to be annual rates, compounded on an annual basis.

Assumption Changes

The assumed rate on High Quality 20 Year Tax-Exempt GO Bonds was changed from 3.32% to 3.82% for the current year. The underlying index used in the Bond Buyer 20-Bond GO Index. The choice of the index is unchanged from the prior year. The rate has been updated to the current fiscal year end based on changes in market conditions as reflected in the index.

The discount rate used in the determination of the Total Pension Liability was changed from 4.85% to 5.29%. The discount rate is impacted by a couple of metrics. Any change in the underlying High Quality 20 Year Tax Exempt G.O. Bond Rate will impact the blended discount rate.

In addition, there are changes that can be made that impact the projection of the Net Position of the fund. For example, changes in the formal or informal funding policy can impact the discount rate. Actual changes in the net position from one year to the next can impact the projections as well.

In the current valuation, we have updated the mortality assumption to include mortality improvements as stated in the most recently released MP-2016 table. In addition, the rates are being applied on a fully generational basis. These changes were made to better reflect the future anticipated experience in the fund.

NOTE H – RETIREMENT FUND COMMITMENTS (continued)

Defined Benefit Pension Plan – Police Pension Fund (continued)

Individual Pay Increases

Individual pay increases include provisions for annual cost of living increases, plus any additional increases in pensionable pay provided (e.g. step increases, longevity increases, promotions, educations, etc.). Sample rates are as follows:

Service	Rate	Service	Rate
0	11.47%	8	4.00%
1	10.17%	9	9.00%
2	8.50%	10	4.00%
3	8.16%	15	4.00%
4	4.00%	20	4.00%
5	4.00%	25	4.00%
6	20.40%	30	4.00%
7	4.00%		

Demographic Assumptions

Active Mortality follows the Sex Distinct Raw Rates as Developed in the RP-2014 Study, with Blue Collar Adjustment. These Rates are Improved Generationally using MP-2016 Improvement Rates.

Retiree Mortality follows the L&A Assumption Study for Police 2016. These Rates are Experience Weighted with the Raw Rates as Developed in the RP-2014 Study, with Blue Collar Adjustment and Improved Generationally using MP-2016 Improvement Rates.

Disabled Mortality follows the Sex Distinct Raw Rates as Developed in the RP-2014 Study for Disabled Participants, with Blue Collar Adjustment. These Rates are Improved Generationally using MP-2016 Improvement Rates.

Spouse Mortality follows the Sex Distinct Raw Rates as Developed in the RP-2014 Study. These Rates are Improved Generationally using MP-2016 Improvement Rates.

Other demographic assumption rates are based on a review of assumptions in the L&A 2016 study for Illinois Police Officers.

Postemployment Benefit Changes

Eligibility for postemployment benefit increases is determined based on the Illinois Pension code. Tier 1 Police retirees are provided with an annual 3.0% increase in retirement benefits by statute when eligible. Tier 2 Police retirees are provided postemployment benefit increases based on one-half of the Consumer Price Index (Urban) for the prior September.

NOTE H – RETIREMENT FUND COMMITMENTS (continued)

Defined Benefit Pension Plan – Police Pension Fund (continued)

Postemployment Benefit Changes (continued)

The CPI-U for September, 1985 was 108.3. The CPI-U for September, 2015 was 237.9. The average increase in the CPI-U for September, 1985 through September, 2015 was 2.66% (on a compounded basis).

Expected Return on Pension Plan Investments

The long-term expected rate of return on assets is intended to represent the best estimate of future real rates of return and is shown for each of the major asset classes in the investment policy. The expected rates of return shown below have been provided by the professionals that work with the Pension Fund. Long-term Real Rates of Return are shown as the Expected Rate of Return, net of the assumed inflation rate.

There are multiple approaches seen to providing these rates. Typically, the information is either based on capital market projections, or historical rates seen for the asset classes. We do not provide an opinion on the reasonableness of the returns provided nor the reasonableness of the approach used in the determination of the rates provided. The information provided is shown below for convenience.

The rates provided in the table below are based on an arithmetic average. The Investment Policy Statement will provide more detail regarding the Fund's policies on asset allocation targets and acceptable ranges.

Asset Class	Portfolio Target Percentage	Long-Term Expected Rate of Return	Long-Term Inflation Expectations	Long-Term Expected Real Rate of Return
Domestic Equity	15.00%	9.60%	3.00%	6.60%
International Equity	7.00%	9.30%	3.00%	6.30%
Fixed Income	36.00%	9.00%	3.00%	6.00%
Fixed Income - Corporate	42.00%	4.00%	3.00%	1.00%
Cash Equivalents	0.00%	3.00%	3.00%	0.00%
Total	100.00%			

Long-term expected real returns under GASB are expected to reflect the period of time that begins when a plan member begins to provide service to the employer and ends at the point when all benefits to the plan member have been paid. The rates provided above are intended to estimate those figures.

The expected inflation rate is 3.00% and is included in the total long-term rate of return on investments. The inflation rate is from the same source as the long-term real rates of return, and is not necessarily reflective of the inflation measures used for other purposes in the report.

NOTE H – RETIREMENT FUND COMMITMENTS (continued)

Defined Benefit Pension Plan – Police Pension Fund (continued)

Geometric rates of return are equal to arithmetic rates of return when the annual returns exhibit no volatility over time. When arithmetic returns are volatile on a year-to-year basis, the actual realized geometric returns over time will be lower. The higher the volatility, the greater the difference.

The municipal bond rate assumption is based on The Bond Buyer 20-Bond GO Index. The rate shown earlier in the Actuarial Assumption section is the April 27, 2017 rate. The 20-Bond GO Index is based on an average of certain general obligation municipal bonds maturing in 20 years and having an average rating equivalent of Moody's Aa2 and Standard & Poor's AA.

The 20-Bond Index consists of 20 general obligation bonds that mature in 20 years. The average rating of the 20 bonds is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA.

The indexes represent theoretical yields rather than actual price or yield quotations. Municipal bond traders are asked to estimate what a current-coupon bond for each issuer in the indexes would yield if the bond was sold at par value. The indexes are simple averages of the average estimated yields of the bonds.

<u>Discount Rate</u>

The discount rate of 5.29% used in the determination of the Total Pension Liability is based on a combination of the expected long-term rate of return on plan investments and the municipal bond rate.

Cash flow projections were used to determine the extent which the plan’s future net position will be able to cover future benefit payments. To the extent future benefit payments are covered by the plan’s projected net position, the expected rate of return on plan investments is used to determine the portion of the net pension liability associated with those payments. To the extent future benefit payments are not covered by the plan’s projected net position, the municipal bond rate is used to determine the portion of the net pension liability associated with those payments.

Projected benefit payments are determined during the actuarial process based on the assumptions. More details on the assumptions are in the prior section. The expected contributions are based on the funding policy of the plan. The funding policy is discussed in more detail in a later section.

NOTE H – RETIREMENT FUND COMMITMENTS (continued)

Defined Benefit Pension Plan – Police Pension Fund (continued)

Statement of Changes in Net Pension Liability

The following table illustrates the change in the Net Pension Liability (NPL) from May 1, 2016 to April 30, 2017:

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at May 1, 2016	$ 70,585,728	$ 26,760,780	$ 43,824,948
Changes for the year:			
Service Cost	1,487,348	-	1,487,348
Interest on the Total Pension Liability	3,668,567	-	3,668,567
Actuarial Experience	2,718,796	-	2,718,796
Changes of Assumptions	(6,470,509)	-	(6,470,509)
Contributions - Employer	-	1,241,303	(1,241,303)
Contributions - Employees	-	466,547	(466,547)
Net Investment Income	-	2,551,741	(2,551,741)
Benefit Payments, including Refunds of Employee Contributions	(2,473,281)	(2,473,281)	-
Administrative Expenses	-	(89,890)	89,890
Balances at April 30, 2017	$ 69,516,649	$ 28,457,200	$ 41,059,449

Deferred Outflows and Inflows of Resources

The following table illustrates the cumulative amounts to be shown as deferred outflows and inflows of resources. Changes in total pension liability related to the difference in actual and expected experience, or changes in assumptions regarding future events, are recognized in pension expense over the expected remaining service life of all employees (active and retired) in the pension fund. Differences in projected and actual earnings over the measurement period are recognized over a 5-year period. Amounts not yet recognized as of April 30, 2017 are as follows:

NOTE H – RETIREMENT FUND COMMITMENTS (continued)

Defined Benefit Pension Plan – Police Pension Fund (continued)

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Differences between expected and actual experience	$ 2,343,789	$ 2,287,336
Changes in assumptions	16,638,406	5,578,024
Net difference between projected and actual earnings on pension plan investments	821,943	-
Total Deferred Amounts Related to Pensions	$ 19,804,138	$ 7,865,360

Subsequent to the measurement date, the following amounts will be recognized in pension expense in the upcoming years:

Year Ending April 30	Amortization of Deferred Items
2018	$ 2,466,269
2019	2,466,269
2020	2,466,268
2021	2,003,377
2022	2,145,060
Thereafter	391,535
Total	$ 11,938,778

NOTE H – RETIREMENT FUND COMMITMENTS (continued)

Defined Benefit Pension Plan – Police Pension Fund (continued)

Sensitivity to the Discount Rate

The Net Pension Liability has been determined using the discount rate listed in the assumption section. Below is a table illustrating the sensitivity of the Net Pension Liability to the discount rate assumption.

	1% Lower (4.29%)	Current Discount (5.29%)	1% Higher (6.29%)
Net Pension Liability	$ 53,226,404	$ 41,059,449	$ 31,475,181

The sensitivity of the Net Pension Liability to the discount rate is based primarily on two factors:

1. The duration of the plan's expected benefit payments. Younger plans with benefit payments further in the future will be more sensitive to changes in the discount rate.
2. The funded percentage of the plan (ratio of the net position to the total pension liability). The higher the funded percentage, the higher the sensitivity to the discount rate.

Defined Benefit Pension Plan – Firefighters' Pension Fund

Firefighters' Pension Fund
Firemen sworn personnel of the City of Zion are covered by the Zion Firefighters' Pension Fund, which is a defined benefit single-employer pension plan administered by the Zion Firefighters' Pension Fund. The Zion Firefighters' Pension Fund issues a separate financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Zion Firefighters' Pension Fund, 2828 Sheridan Road, Zion, Illinois 60099.

Benefit Provisions
Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (Chapter 40 5/ Article 4) and may be amended only by the Illinois legislature. The Firefighters' Pension Fund provides retirement benefits as well as death and disability benefits.

The Firefighters' Pension Plan provides retirement benefits through two tiers as well as death and disability benefits. Covered employees hired before January 1, 2011 (Tier 1), attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of ½ of the salary attached to the rank held on the last day of service, or for one year prior to the las day, whichever is greater. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75% of such salary. Employees with at least eight years but less than 20 years of credited services may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a firefighter 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% of the original pension and 3% compounded annually thereafter.

NOTE H – RETIREMENT FUND COMMITMENTS (continued)

Defined Benefit Pension Plan – Firefighters' Pension Fund (continued)

Covered employees hired on or after January 1, 2011 (Tier 2), attaining the age of 55 or older with ten 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 firefighter during the 96 consecutive months of service with the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Firefighters' salary for the pension purposes is capped at $106,800 for the calendar year of 2011, plus the lesser of ½ of the annual change in the Consumer Price Index or 3% compounded. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e. ½% for each month under 55). The monthly benefit for a Tier 2 firefighter shall be increased annually at age 60 on the January 1st after the firefighter retires, or the first anniversary of the pension starting date, whichever is later. Non-compounding increases occur annually, effective each January 1st thereafter. The increase is the lesser of 3% or ½ of the change in the Consumer Price Index for the proceeding calendar year.

Covered employees are required to contribute 9.455% of their base salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. Effective January 1, 2011, the City's contributions must accumulate to the point where the past service cost for the Firefighters' Pension Plan is 90% funded, by the year 2040.

<u>Employees Covered by Benefit Terms</u>

As of April 30, 2017, the following employees were covered by the benefit terms:

	Firefighters' Pension
Retirees and Beneficiaries currently receiving benefits	27
Inactive Plan Members entitled to by not yet receiving benefits	-
Active plan members	27
Total	54

NOTE H – RETIREMENT FUND COMMITMENTS (continued)

Defined Benefit Pension Plan – Firefighters' Pension Fund (continued)

Contributions

The Actuarially Determined Contribution (ADC) includes the determination of the Normal Cost Contribution for active plan members, as well as provision for the payment of unfunded liability.

The actuarial funding method used in the determination of the normal cost and the actuarial liability is the Entry Age Normal Cost method (level percent of pay). The method allocates normal cost contributions by employee over the working career of the employee as a level percent of their pay.

Unfunded liability is the excess of the actuarial liability over the actuarial value of assets. The actuarially determined contribution includes a payment towards unfunded liability existing at the actuarial valuation date. The payment towards unfunded liability is set up as a level percent of payroll payment that is expected to increase during the payment period. The period of repayment as of the Actuarial Valuation Date is 24 years.

The Actuarial Value of Assets smooths gains and losses on the market value of assets over a 5 year period.

Under no circumstances will the Actuarially Determined Contribution be less than the amount determined as the Statutory Minimum Contribution under Illinois statutes.

There is no Formal Funding Policy that exists between the Pension Board and the City at this time. The following factors are considered and described herein:

1. The five-year contribution history of the Employer (with a focus on the average contributions from those sources);
2. All other known events and conditions; and
3. Consideration of subsequent events.

When reviewing contribution history, although contributions as a percent of payroll are least volatile, the average of contributions as a percent of the Actuarially Determined Contribution is near 90%, therefore, the informal funding policy that has been determined for future contributions is 87.15% of the Actuarially Determined Contribution. This represents the full future contributions expected to be made.

NOTE H – RETIREMENT FUND COMMITMENTS (continued)

Defined Benefit Pension Plan – Firefighters' Pension Fund (continued)

Actuarial Assumptions

Actuarial Assumptions (Economic)

Discount Rate used for the Total Pension Liability	5.70%
Long-Term Expected Rate of Return on Plan Assets	7.00%
High Quality 20 Year Tax-Exempt GO Bond Rate	3.82%
Projected Individual Salary Increases	3.75% - 14.25%
Projected Increase in Total Payroll	3.25%
Consumer Price Index (Utilities)	2.50%
Inflation Rate Included	2.50%

Actuarial Assumptions (Demographic)

Mortality Table	L&A 2016 Illinois Firefighters Mortality Rates
Retirement Rates	90% L&A 2016 Illinois Firefighters Retirement Rates Capped at age 65
Disability Rates	120% L&A 2016 Illinois Firefighters Disability Rates
Termination Rates	90% L&A 2016 Illinois Firefighters Termination Rates
Percent Married	80%

All rates shown in the economic assumptions are assumed to be annual rates, compounded on an annual basis.

Assumption Changes

The assumptions were changed from the prior year.

The assumed rate on High Quality 20 Year Tax-Exempt G.O. Bonds was changed from 3.32% to 3.82% for the current year. The underlying index used is The Bond Buyer 20-Bond GO Index as discussed in more detail later in this section. The choice of index is unchanged from the prior year. The rate has been updated to the current fiscal year end based on changes in market conditions as reflected in the Index. The change was made to reflect our understanding of the requirements of GASB under Statement 67 and Statement 68.

The discount rate used in the determination of the Total Pension Liability was changed from 5.72% to 5.70%. The discount rate is impacted by a couple of metrics. Any change in the underlying High Quality 20 Year Tax Exempt G.O. Bond Rate will impact the blended discount rate.

In addition, there are changes that can be made that impact the projection of the Net Position of the fund. For example, changes in the formal or informal funding policy can impact the discount rate. Actual changes in the net position from one year to the next can impact the projections as well.

NOTE H – RETIREMENT FUND COMMITMENTS (continued)

Defined Benefit Pension Plan – Firefighters' Pension Fund (continued)

In the current valuation, we have updated the mortality assumption to include mortality improvements as stated in the most recently released MP-2016 table. In addition, the rates are being applied on a fully-generational basis. These changes were made to better reflect the future anticipated experience in the fund.

The demographic assumptions were changed to the tables shown on the prior page. The changes were made based on a study of Firefighters and firefighters' pension funds in Illinois. The changes were made to better reflect the future anticipated experience of the fund. The assumptions impacted include:

- Mortality Rates
- Mortality Improvement Rates
- Retirement Rates
- Disability Rates
- Termination Rates

Individual Pay Increases

Individual pay increases include provisions for annual cost of living increases, plus any additional increases in pensionable pay provided (step increases, longevity increases, promotions, educations, etc.). Sample rates are as follows:

Service	Rate	Service	Rate
0	7.01%	8	4.00%
1	8.70%	9	7.50%
2	8.44%	10	4.00%
3	7.72%	15	4.00%
4	4.00%	20	4.00%
5	4.00%	25	3.75%
6	14.25%	30	3.75%
7	4.00%		

Demographic Assumptions

Active Mortality follows the Sex Distinct Raw Rates as Developed in the RP-2014 Study, with Blue Collar Adjustment. These Rates are Improved Generationally using MP-2016 Improvement Rates.

Retiree Mortality follows the L&A Assumption Study for Firefighters 2016. These Rates are Experience Weighted with the Raw Rates as Developed in the RP-2014 Study, with Blue Collar Adjustment and Improved Generationally using MP-2016 Improvement Rates.

Disabled Mortality follows the Sex Distinct Raw Rates as Developed in the RP-2014 Study for Disabled Participants, with Blue Collar Adjustment. These Rates are Improved Generationally using MP-2016 Improvement Rates.

NOTE H – RETIREMENT FUND COMMITMENTS (continued)

Defined Benefit Pension Plan – Firefighters' Pension Fund (continued)

Spouse Mortality follows the Sex Distinct Raw Rates as Developed in the RP-2014 Study. These Rates are Improved Generationally using MP-2016 Improvement Rates.

Other demographic assumption rates are based on a review of assumptions in the L&A 2016 study for Illinois Firefighters.

Postemployment Benefit Changes

Eligibility for postemployment benefit increases is determined based on the Illinois Pension code. Tier 1 Firefighter retirees are provided with an annual 3.0% increase in retirement benefits by statute when eligible. Tier 2 Firefighter retirees are provided postemployment benefit increases based on one-half of the Consumer Price Index (Urban) for the prior September.

The CPI-U for September, 1985 was 108.3. The CPI-U for September, 2015 was 237.9. The average increase in the CPI-U for September, 1985 through September, 2015 was 2.66% (on a compounded basis).

Expected Return on Pension Plan Investments

The long-term expected rate of return on assets is intended to represent the best estimate of future real rates of return and is shown for each of the major asset classes in the investment policy. The expected rates of return on assets shown below are from the State of Illinois Department of Insurance Actuarial Experience Study dated September 26, 2012. The best estimate of future real rates of return are developed for each of the major asset classes. Expected inflation is added back in. Adjustment is made to reflect geometric returns.

The rates provided below are based on an arithmetic average. The Investment Policy Statement will provide more detail regarding the Fund's policies on asset allocation targets and acceptable ranges.

Asset Class	Long-Term Expected Rate of Return	Long-Term Inflation Expectations	Long-Term Expected Real Rate of Return
US Large Cap Equity	8.30%	2.50%	5.80%
US Mid Cap Equity	9.30%	2.50%	6.80%
US Small Cap Equity	9.30%	2.50%	6.80%
Non-US Developed Large Cap Equity Unhedged	8.40%	2.50%	5.90%
Emerging Markets Equity Unhedged	10.50%	2.50%	8.00%
US Corporate Bonds	4.20%	2.50%	1.70%
US Government Fixed Income	3.20%	2.50%	0.70%
US Cash	3.00%	2.50%	0.50%
Local Real Estate - REITS	8.30%	2.50%	5.80%
Commodities - Long Only	4.90%	2.50%	2.40%

NOTE H – RETIREMENT FUND COMMITMENTS (continued)

Defined Benefit Pension Plan – Firefighters' Pension Fund (continued)

Long-term expected real returns under GASB are expected to reflect the period of time that begins when a plan member begins to provide service to the employer and ends at the point when all benefits to the plan member have been paid. The rates provided above are intended to estimate those figures.

The expected inflation rate is 2.50% and is included in the total long-term rate of return on investments. The inflation rate is from the same source as the long-term real rates of return, and is not necessarily reflective of the inflation measures used for other purposes in the report.

Geometric rates of return are equal to arithmetic rates of return when the annual returns exhibit no volatility over time. When arithmetic returns are volatile on a year-to-year basis, the actual realized geometric returns over time will be lower. The higher the volatility, the greater the difference.

Discount Rate

The discount rate of 5.70% used in the determination of the Total Pension Liability is based on a combination of the expected long-term rate of return on plan investments and the municipal bond rate.

Cash flow projections were used to determine the extent which the plan's future net position will be able to cover future benefit payments. To the extent future benefit payments are covered by the plan's projected net position, the expected rate of return on plan investments is used to determine the portion of the net pension liability associated with those payments. To the extent future benefit payments are not covered by the plan's projected net position, the municipal bond rate is used to determine the portion of the net pension liability associated with those payments.

Projected benefit payments are determined during the actuarial process based on the assumptions. More details on the assumptions are in the prior section. The expected contributions are based on the funding policy of the plan. The funding policy is discussed in more detail in a later section.

NOTE H – RETIREMENT FUND COMMITMENTS (continued)

Defined Benefit Pension Plan – Firefighters' Pension Fund (continued)

Statement of Changes in Net Pension Liability

The following table illustrates the change in the Net Pension Liability (NPL) from May 1, 2016 to April 30, 2017:

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at May 1, 2016	$ 37,858,566	$ 14,950,789	$ 22,907,777
Changes for the year:			
Service Cost	854,071	-	854,071
Interest on the Total Pension Liability	2,115,133	-	2,115,133
Changes of Benefit Terms	-	-	-
Actuarial Experience	107,261	-	107,261
Changes of Assumptions	101,296	-	101,296
Contributions - Employer	-	999,271	(999,271)
Contributions - Employees	-	239,272	(239,272)
Contributions - Other	-	-	-
Net Investment Income	-	1,679,648	(1,679,648)
Benefit Payments, including Refunds of Employee Contributions	(1,501,946)	(1,501,946)	-
Administrative Expenses	-	(50,716)	50,716
Balances at April 30, 2017	$ 39,534,381	$ 16,316,318	$ 23,218,063

Deferred Outflows and Inflows of Resources

The following table illustrates the cumulative amounts to be shown as deferred outflows and inflows of resources. Changes in total pension liability related to the difference in actual and expected experience, or changes in assumptions regarding future events, are recognized in pension expense over the expected remaining service life of all employees (active and retired) in the pension fund. Differences in projected and actual earnings over the measurement period are recognized over a 5-year period. Amounts not yet recognized as of April 30, 2017 are as follows:

NOTE H – RETIREMENT FUND COMMITMENTS (continued)

Defined Benefit Pension Plan – Firefighters' Pension Fund (continued)

Deferred Amounts Related to Pensions	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Differences between expected and actual experience	$ 94,067	$ 490,994
Changes in assumptions	3,325,753	-
Net difference between projected and actual earnings on pension plan investments	329,705	-
Total Deferred Amounts Related to Pensions	$ 3,749,525	$ 490,994

Subsequent to the measurement date, the following amounts will be recognized in pension expense in the upcoming years:

Year Ending April 30	**Amortization of Deferred Items**
2018	$ 673,512
2019	673,512
2020	673,512
2021	405,197
2022	524,007
Thereafter	308,791
Total	$ 3,258,531

NOTE H – RETIREMENT FUND COMMITMENTS (continued)

Defined Benefit Pension Plan – Firefighters' Pension Fund (continued)

Sensitivity of the Discount Rate

The Net Pension Liability has been determined using the discount rate listed in the assumption section. Below is a table illustrating the sensitivity of the Net Pension Liability to the discount rate assumption.

	1% Lower (4.70%)	Current Discount (5.70%)	1% Higher (6.70%)
Net Pension Liability	$ 29,068,574	$ 23,218,063	$ 17,944,620

The sensitivity of the Net Pension Liability to the discount rate is based primarily on two factors:

1. The duration of the plan's expected benefit payments. Younger plans with benefit payments further in the future will be more sensitive to changes in the discount rate.
2. The funded percentage of the plan (ratio of the net position to the total pension liability). The higher the funded percentage, the higher the sensitivity to the discount rate.

Other Post Employment Benefits

The City provides certain healthcare insurance benefits for retired employees. In accordance with the personnel policy, substantially all of the City's employees may become eligible for those benefits if they reach normal retirement age while working for the City. A separate, audited GAAP-basis post employment benefit plan report is not available.

The City's annual other post employment benefit (OPEB) cost is calculated on the annual required contribution (ARC). Actuarial calculations reflect a long-term perspective. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. For fiscal year 2017, the City's annual OPEB cost was $292,742. The calculations are based on the OPEB benefits provided under the substantive plan in effect at the time of each evaluation of the pattern of sharing costs between the employer and plan members to this point.

NOTE H – RETIREMENT FUND COMMITMENTS (continued)

Other Post Employment Benefits (continued)

Annual Required Contribution	$ 303,970
Interest on Net OPEB Obligation	22,435
Adjustment to ARC	(33,673)
Annual OPEB Cost	292,732
Estimated Employer Contributions	(225,307)
Change in Net OPEB Obligation	67,425
Net OPEB Obligation - May 1, 2014	640,985
Net OPEB Obligation - April 30, 2015	$ 708,410

	Actuarial Valuation Date 5/1/2016
Actuarial Accrued Liability (AAL)	$ 4,724,360
Actuarial Value of Assets	-
Unfunded AAL	$ 4,724,360
Funded Ratio	0.00%
Covered Payroll	N/A
AAL as % of Covered Payroll	N/A

Actuarial calculations are performed by the City triennially. In the actuarial valuation for the fiscal year ended April 30, 2017, the projected unit credit method was used. The actuarial assumptions included an annual healthcare cost trend rate of 7.00% initially, reduced by decrements to an ultimate of 5.00% by the fiscal year 2026. The Unfunded Accrued Actuarial Liability (equal to AAL) is being amortized as a level dollar of projected payrolls over 30 years. A discount rate of 3.50% was used. Probabilities of death for participants were according to the RP-2000 Combined Mortality Table for males and females with mortality improvement projected to 2016 using Scale AA. It was estimated that 10% of future retirees will elect medical coverage at retirement (100% of future retirees eligible for coverage under the Public Safety Employees Benefits Act (PSEBA) will elect it). Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

NOTE I – LONG-TERM LIABILITIES

The following is a summary of governmental activities long-term liabilities for the year ended April 30, 2017:

	5/1/2016	Increases	Retirements	4/30/2017	Current Portion
Other Liabilities:					
Accrued Vacation Liability	$ 686,797	$ 867,245	$ 686,797	$ 867,245	$ 867,245
Capital Lease	468,388	82,000	237,028	313,360	246,676
Net OPEB Obligation	640,985	292,732	225,307	708,410	-
Net Pension Liability - IMRF	1,776,639	2,316,970	1,920,958	2,172,651	-
Net Pension Liability - Police	43,824,948	7,965,186	10,730,685	41,059,449	-
Net Pension Liability - Fire	22,907,777	3,228,477	2,918,191	23,218,063	-
Long-Term Obligations:					
General Obligation Limited Tax Debt Certificates, Series 2007	1,325,000	-	200,000	1,125,000	205,000
General Obligation Bonds, Series 2012 (Special Tax Allocation Fund Alternate Revenue Source)	2,215,000	-	305,000	1,910,000	325,000
General Obligation Refunding Bonds, Series 2012A (Special Tax Allocation Fund Alternate Revenue Source)	590,000	-	590,000	-	-
General Obligation Refunding Bonds, Series 2012B (Combined Zion Energy LLC Agreement Fees and Motor Fuel Tax) Receipts Alternate Revenue Bonds	1,130,000	-	370,000	760,000	375,000
General Obligation Refunding Bonds, Series 2012C (Combined Zion Energy LLC Agreement Fees and Motor Fuel Tax) Receipts Alternate Revenue Bonds	760,000	-	250,000	510,000	250,000
General Obligation Refunding Bonds, Series 2013 (Area 3 South Sheridan Road Special Tax Allocation Fund Alternate Revenue Bonds)	715,000	-	170,000	545,000	175,000
General Obligation Taxable Debt Certificates, Series 2014	3,560,000	-	160,000	3,400,000	200,000
General Obligation Limited Tax Debt Certificates, Series 2016	-	310,620	-	310,620	100,080
Discount on Long-Term Liabilities	(58,356)	-	(15,378)	(42,978)	(13,255)
Governmental Long-Term Liability Totals	$ 80,542,178	$ 15,063,230	$ 18,748,588	$ 76,856,820	$ 2,730,746

The following is a summary of business-type activities long-term liabilities for the year ended April 30, 2017

	5/1/2016	Increases	Retirements	4/30/2017	Current Portion
Capital Lease	$ 47,213	$ -	$ 23,260	$ 23,953	$ 23,953
Net Pension Liability	427,354	557,325	462,068	522,611	-
General Obligation Refunding Bonds (Waterworks and Sewerage System Alternate Revenue Source), Series 2015	1,175,000	-	10,000	1,165,000	225,000
Premium on Bonds Issued	-	-	-	-	-
Business-Type Long-Term Liability Totals	$ 1,649,567	$ 557,325	$ 495,328	$ 1,711,564	$ 248,953

NOTE I – LONG-TERM DEBT (continued)

Capital Lease Obligations - Governmental

On April 30, 2015 the City acquired police and ambulance vehicles through a lease/purchase agreement. The gross amount of the assets is $446,991, which is included in capital assets in the governmental activities on the Statement of Net Position. There are three payments due annually with the first payment being made May 2, 2015. The future minimum lease obligations on the agreement are as follows:

Year Ending April 30,	Principal	Interest	Total
2018	$ 144,405	$ 4,592	$ 148,997
	$ 144,405	$ 4,592	$ 148,997

On May 15, 2013 the City acquired dump and sweeper trucks through a lease/purchase agreement. The gross amount of the assets is $335,555, which is included in capital assets in the governmental activities on the Statement of Net Position. There are five payments due annually with the first payment being made May 15, 2013. The future minimum lease obligations on the agreement are as follows:

Year Ending April 30,	Principal	Interest	Total
2018	$ 86,955	$ 2,611	$ 89,566
	$ 86,955	$ 2,611	$ 89,566

On November 15, 2016 the City acquired a backhoe through a lease/purchase agreement. The gross amount of the assets is $82,000, which is included in capital assets in the governmental activities on the Statement of Net Position. There are five payments due annually with the first payment being made November 15, 2017. The future minimum lease obligations on the agreement are as follows:

Year Ending April 30,	Principal	Interest	Total
2018	$ 15,316	$ 2,804	$ 18,120
2019	15,840	2,280	18,120
2020	16,381	1,739	18,120
2021	16,942	1,178	18,120
2022	17,521	599	18,120
	$ 82,000	$ 8,600	$ 90,600

NOTE I – LONG-TERM DEBT (continued)

Capital Lease Obligations – Business-Type

On May 15, 2013 the City acquired a truck through a lease/purchase agreement. The gross amount of the assets is $116,403, which is included in capital assets in the business-type activities on the Statement of Net Position. There are five payments due annually with the first payment being made May 15, 2013. The future minimum lease obligations on the agreement are as follows:

Year Ending April 30,	Principal	Interest	Total
2018	$ 23,953	$ 716	$ 24,669
	$ 23,953	$ 716	$ 24,669

General Obligation Debt

General Obligation Limited Tax Debt Certificates, Series 2007

General Obligation Limited Tax Debt Certificates, Series 2007 were issued on October 3, 2007 in the amount of $2,500,000 with an interest rate of 4.40%, payable January 1 and July 1 each year, commencing July 1, 2008. Proceeds are being used to provide for the payment and reimbursement of certain capital project costs. Debt service requirements to maturity are as follows:

Year Ending April 30,	Principal	Interest	Total
2018	$ 205,000	$ 48,053	$ 253,053
2019	215,000	39,340	254,340
2020	225,000	30,203	255,203
2021	235,000	20,640	255,640
2022	245,000	10,535	255,535
	$ 1,125,000	$ 148,771	$ 1,273,771

NOTE I – LONG-TERM DEBT (continued)

General Obligation Debt (continued)

General Obligation Bonds (Special Tax Allocation Fund Alternate Revenue Source), Series 2012

General Obligation Bonds, Series 2012 were issued on March 23, 2012 in the amount of $2,500,000 with an interest rate of 6.00%, payable December 30 each year. Proceeds will be used to finance various expenditures incurred for ordinary and necessary municipal purposes of the City. These bonds are secured by (a) collections distributed to the City from those taxes imposed pursuant to the Income Tax Act, and (b) from distributions to the City by the State of Illinois of collections of sales taxes. Debt service requirements to maturity are as follows:

Year Ending April 30,	Principal	Interest	Total
2018	$ 325,000	$ 114,600	$ 439,600
2019	365,000	95,100	460,100
2020	385,000	73,200	458,200
2021	405,000	50,100	455,100
2022	430,000	25,800	455,800
	$ 1,910,000	$ 358,800	$ 2,268,800

General Obligation Refunding Bonds (Combined Zion Energy LLC Agreement Fees and Motor Fuel Tax Receipts Alternate Revenue Source), Series 2012-B

General Obligation Bonds, Series 2012-B were issued on December 17, 2012 in the amount of $2,160,000 with an interest rate of 2.35%, payable June 30 and December 30 each year. Proceeds were used to refund the General Obligation Bonds (Motor Fuel Tax Road Bonds), Series 2002-B and to pay the related costs of issuance. These bonds are secured by (a) revenues from fees received by the City under the host agreement with Zion Energy LLC, (b) collections distributed to the City from taxes imposed by the State of Illinois pursuant to the Motor Fuel Tax Law, and (c) from taxes to be levied upon all of the taxable property in the City. Debt service requirements to maturity are as follows:

Year Ending April 30,	Principal	Interest	Total
2018	$ 375,000	$ 17,860	$ 392,860
2019	385,000	9,048	394,048
	$ 760,000	$ 26,908	$ 786,908

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $47,669. This difference, reported in the accompanying financial statements as a reduction to bonds payable, is being charged to operations through the year 2018 using the straight-line method. The advance refunding was completed to reduce its total debt service payments over the next 6 years by $129,381 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $72,654.

NOTE I – LONG-TERM DEBT (continued)

General Obligation Debt (continued)

General Obligation Refunding Bonds (Combined Zion Energy LLC Agreement Fees and Motor Fuel Tax Receipts Alternate Revenue Source), Series 2012-C

General Obligation Bonds, Series 2012-C were issued on December 17, 2012 in the amount of $1,460,000 with an interest rate of 2.35%, payable June 30 and December 30 each year. Proceeds were used to refund the General Obligation Bonds (Motor Fuel Tax Road Bonds), Series 2003 and to pay the related costs of issuance. These bonds are secured by (a) revenues from fees received by the City under the host agreement with Zion Energy LLC, (b) collections distributed to the City from taxes imposed by the State of Illinois pursuant to the Motor Fuel Tax Law, and (c) from taxes to be levied upon all of the taxable property in the City. Debt service requirements to maturity are as follows:

Year Ending April 30,	Principal	Interest	Total
2018	$ 250,000	$ 11,985	$ 261,985
2019	260,000	6,110	266,110
	$ 510,000	$ 18,095	$ 528,095

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $35,668. This difference, reported in the accompanying financial statements as a reduction to bonds payable, is being charged to operations through the year 2018 using the straight-line method. The advance refunding was completed to reduce its total debt service payments over the next 6 years by $28,771 and resulted in an economic gain (difference between the present values of the old and new debt service payments) of $3,919.

NOTE I – LONG-TERM DEBT (continued)

General Obligation Debt (continued)

Taxable General Obligation Refunding Bonds (Area 3 South Sheridan Road Special Tax Allocation Fund Alternate Revenue Source), Series 2013

Taxable General Obligation Bonds (Area 3 South Sheridan Road Special Tax Allocation Fund Alternate Revenue Source), Series 2013 were issued on June 25, 2013 in the amount of $1,230,000 with an interest rate of 2.55%, payable June 30 and December 30 each year. Proceeds were used to refund the General Obligation Bonds (Area 3 South Sheridan Road Special Tax Allocation Fund Alternate Revenue Source), Series 2004 and to pay the related costs of issuance. These bonds are secured by (a) incremental taxes received from the Area 3 South Sheridan Road Redevelopment Project Area, as deposited into the Area 3 South Sheridan Road Redevelopment Project Area Special Tax Allocation Fund, and (b) taxes to be levied upon all of the taxable property in said City, without limitation as to rate or amount. Debt service requirements to maturity are as follows:

Year Ending April 30,	Principal	Interest	Total
2018	$ 175,000	$ 13,898	$ 188,898
2019	180,000	9,435	189,435
2020	190,000	4,845	194,845
	$ 545,000	$ 28,178	$ 573,178

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $33,168. This difference, reported in the accompanying financial statements as a reduction to bonds payable, is being charged to operations through the year 2022 using the straight-line method. The advance refunding was completed to reduce its total debt service payments over the next 8 years by $44,932 and resulted in an economic gain (difference between the present values of the old and new debt service payments) of ($38,475).

NOTE I – LONG-TERM DEBT (continued)

General Obligation Debt (continued)

General Obligation Limited Tax Debt Certificates, Series 2014

General Obligation Limited Tax Debt Certificates, Series 2014 were issued on November 5, 2014 in the amount of $3,700,000 with an interest rate of 3.55%, payable June 1 and December 1 each year, commencing June 1, 2015. Proceeds are being used to provide for the payment and reimbursement of certain capital project costs. Debt service requirements to maturity are as follows:

Year Ending April 30,	Principal	Interest	Total
2018	$ 200,000	$ 120,700	$ 320,700
2019	200,000	113,600	313,600
2020	3,000,000	106,500	3,106,500
	$ 3,400,000	$ 340,800	$ 3,740,800

General Obligation Limited Tax Debt Certificates, Series 2016

General Obligation Limited Tax Debt Certificates, Series 2014 were issued on September 13, 2016 in the amount of $310,620 with an interest rate of 3.42%, payable September 13 each year, commencing September 13, 2017. Proceeds are being used to provide for the payment and reimbursement of certain capital project costs. Debt service requirements to maturity are as follows:

Year Ending April 30,	Principal	Interest	Total
2018	$ 100,080	$ 10,617	$ 110,697
2019	103,501	7,196	110,697
2020	107,039	3,659	110,698
	$ 310,620	$ 21,472	$ 332,092

NOTE I – LONG-TERM DEBT (continued)

General Obligation Debt (continued)

General Obligation Refunding Bonds (Waterworks and Sewerage System Alternate Revenue Source), Series 2015

General Obligation Refunding Bonds were issued on December 29, 2015 in the amount of $1,175,000 with a fixed interest rate of 1.73% payable May 1 and November 1 each year. Proceeds have been used to reduce remaining principal of the Series 2006 issue.

Debt service requirements to maturity are as follows:

Year Ending April 30,	Principal	Interest	Total
2018	$ 225,000	$ 18,208	$ 243,208
2019	230,000	14,273	244,273
2020	235,000	10,250	245,250
2021	235,000	6,185	241,185
2022	240,000	2,076	242,076
	$ 1,165,000	$ 50,992	$ 1,215,992

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $25,479. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2022 using the straight-line method. The advance refunding was completed to reduce its total debt service payments over the next 5 years by $58,773 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $58,762.

NOTE J – INTERFUND TRANSACTIONS AND BALANCES

Interfund transfers among funds reported within the same activities column are eliminated from that column in the government-wide statement of activities.

Due From/Due To Other Funds:

At April 30, 2017, interfund receivables, payables, and advances consisted of the following:

Fund	Due from/ Advance to Other Funds	Due to/ Advance from Other Funds
General Fund:		
Development TIF #1	$ -	$ 1,125,289
Internal Service Fund	212,490	-
Nonmajor Governmental Funds	776,113	-
	988,603	1,125,289
Development TIF #1:		
General Fund	1,125,289	-
Water and Sewer Fund:		
Waste Collection	580,089	-
Internal Service Fund:		
General fund	-	212,490
Waste Collection:		
Water and Sewer Fund	-	580,089
Nonmajor Governmental:		
General Fund	-	776,113
Total	$ 2,693,981	$ 2,693,981

The principal reason for the above interfund amounts is to fund cash overdrafts. For the statement of net position, interfund balances which are owed within the governmental activities or business-type activities are netted and eliminated.

NOTE J – INTERFUND TRANSACTIONS AND BALANCES (continued)

Transfers:

The following transfers were made during the year ended April 30, 2017:

Fund	Transfer In	Transfer Out
General Fund:		
TIF Area #1 Fund	$ 9,000	$ -
TIF Area #3 Fund	4,500	-
Nonmajor Governmental Funds	2,429,794	1,305,014
	2,443,294	1,305,014
TIF Area #1 Fund:		
General Fund	-	9,000
Nonmajor Governmental Funds	-	600,253
	-	609,253
TIF Area #3 Fund:		
General Fund	-	4,500
Nonmajor Governmental Funds	-	189,183
	-	193,683
Nonmajor Governmental:		
General Fund	1,305,014	2,429,794
TIF Area #1 Fund	600,253	-
TIF Area #3 Fund	189,183	-
Nonmajor Governmental	726,760	726,760
	2,821,210	3,156,554
Total	$5,264,504	$5,264,504

Transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, or (2) move receipts restricted to capital projects from funds collecting the receipts to the capital projects fund.

For the statement of net position, interfund transfers within the governmental or business-type activities are netted and eliminated.

NOTE K – NET POSITION

The following table shows the City's net position restricted for other purposes as shown on the Statement of Net Position:

Activity	Restricted by	Amount
Liability Insurance	Law	$ 15,791
Emergency Service Rescue	Law	167,334
Zion-Newport Fire Station	Law	11,118
Development TIF Area #1	Law	1,290,134
Development TIF Area #3	Law	1,940,903
Development TIF Area #4	Law	-
Drug Traffic Prevention	Law	161,210
Motor Fuel Tax	Law	170,037
Audit	Law	13,935
Cable Commission	Law	21,571
Hotel/Motel Tax	Law	214,610
Total Restricted Net Position for Other Purposes		$ 4,006,643

The following table shows the City's net investment in capital assets:

Description	Governmental Activities Amount	Business-Type Activities Amount
Capital assets, net of accumulated depreciation	$ 33,646,089	$ 4,447,878
Net of related debt:		
Capital leases	(313,360)	(23,953)
Bonds payable	(8,250,000)	(1,165,000)
(Premium) discount on long-term bonds	42,978	-
Deferred charge on refunding	28,105	-
Net investment in capital assets	$ 25,153,812	$ 3,258,925

NOTE L – FUND BALANCES

Categories

At April 30, 2017, the City's fund balance was classified as follows:

	General	Development TIF Area #1	Development TIF Area #3	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Prepaids	$ 151,711	$ -	$ -	$ -	$ 151,711
Total Nonspendable	151,711	-	-	-	151,711
Restricted for:					
Debt service	-	-	-	-	-
Zion-Newport Fire Station	-	-	-	11,118	11,118
Emergency Service Rescue	-	-	-	167,334	167,334
Motor Fuel Tax	-	-	-	170,037	170,037
Development TIF Area # 1	-	1,290,134	-	-	1,290,134
Development TIF Area # 3	-	-	1,940,903	-	1,940,903
Development TIF Area # 4	-	-	-	-	-
Liability Insurance	-	-	-	15,791	15,791
Audit	-	-	-	13,935	13,935
Drug Traffic Prevention	-	-	-	161,210	161,210
Cable Commission	-	-	-	21,571	21,571
Hotel/Motel Tax	-	-	-	214,610	214,610
Total Restricted	-	1,290,134	1,940,903	775,606	4,006,643
Committed for:					
911 Emergency Surcharge	-	-	-	89,289	89,289
Capital Projects	-	-	-	311,502	311,502
Other	-	-	-	-	-
Total Committed	-	-	-	400,791	400,791
Total Unassigned	1,560,909	-	-	(827,997)	732,912
Total Fund Balance	$ 1,712,620	$ 1,290,134	$ 1,940,903	$ 348,400	$ 5,292,057

NOTE M – COMMITMENTS AND CONTINGENCIES

Federal and State Grants

The City has received Federal and State grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits can lead to questioned costs and potential requests for reimbursement to grantor agencies for expenditures disallowed under the terms of the grant. The amount of questioned costs, if any, which may be disallowed by the granting agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

Contractual Agreements

The City maintained a note in relation to the Sheridan Road Development Project Area No. 1 TIF. The agreement is such that beginning on January 31 of the year following the tax year in which the equalized assessed valuation (EAV) of the property first exceeds the EAV of the property as of the date of the note, and each January 31 thereafter, payments will be due as detailed below with the final payment due and payable on November 1, 2017. Total payments from the City hereunder shall never exceed (i) the principal amount of the note or (ii) the total certified project costs of the developer, whichever amount is less. Payments to date total $4,121,625 and total remaining payments (upon presentation of supporting documentation referred to within the agreement) to be paid from TIF are scheduled as follows:

Year Ending April 30,		
2018	$	542,342

NOTE N – RISK MANAGEMENT AND LITIGATION

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and employees' health and life.

The City is covered by commercial insurers for losses relating to liability (law, public officials, general liability, and auto liability) and workers' compensation up to the following limits through April 30, 2017:

Liability (non-law occurrences)	$ 25,000 retained, up to $10,000,000
Liability (law occurrences)	$ 50,000 retained, up to $10,000,000
Worker's compensation	Up to statutory limits

The City is self-insured for employee health insurance. The City is insured with commercial insurers for stop-loss ($75,000 per claimant, unless otherwise contractually stated) and aggregate loss claims ($1,893,383 in the aggregate).

The City Attorney estimates that the amount of actual or potential claims against the City as of April 30, 2017, will be within the covered limits of the City's insurance policies and will not materially affect the financial condition of the City. Therefore, there is no provision for significant estimated claims.

Management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

NOTE O – SUBSEQUENT EVENTS

On October 10, 2017, the City issued $3,140,000 of Taxable General Obligation Refunding Bonds (Alternative Revenue Source), Series 2017. The bonds will bear interest at interest rates ranging from 2.70% to 4.82% payable June 1st and December 1st, commencing December 1, 2017. Principal payments are due December 1st commencing December 1, 2020 through 2027 and 2034. The bonds are being issued to refund a portion of the City's outstanding Taxable Debt Certificates, Series 2014, dated November 19, 2014 and to pay the costs of issuing the bonds.

On June 26, 2017, the City entered into a long-term capital lease agreement for dump trucks, service trucks, salt spreaders, squad cars, an ambulance, a fire vehicle, inspector vehicles, and network infrastructure. Payments will be made in five (5) installments of $238,444, totaling $1,072,633, commencing July 20, 2018 through July 20, 2022.

On September 29, 2017, the City entered into a long-term lease agreement for an E-One Pumper with assorted accessories. Payments will be made in five (10) installments of $56,397, totaling $465,623, commencing September 29, 2018 through September 29, 2027.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ZION, ILLINOIS
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND
For the Year Ended April 30, 2017

	2017	2016
Total Pension Liability:		
Service Cost	$ 400,712	$ 400,246
Interest	1,718,507	1,647,031
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	755,076	(49,812)
Changes in Assumptions	(31,512)	29,814
Benefit Payments and Refunds	(1,128,585)	(959,228)
Net Change in Total Pension Liability	1,714,198	1,068,051
Total Pension Liability - Beginning	23,307,961	22,239,910
Total Pension Liability - Ending	$ 25,022,159	$ 23,307,961
Plan Fiduciary Net Position:		
Contributions - Employer	$ 418,762	$ 423,590
Contributions - Member	172,083	166,767
Net Investment Income	1,420,627	106,598
Benefit Payments and Refunds	(1,128,585)	(959,228)
Administrative Expense	-	-
Other	340,042	(137,792)
Net Change in Plan Fiduciary Net Position	1,222,929	(400,065)
Plan Fiduciary Net Position - Beginning	21,103,968	21,504,033
Plan Fiduciary Net Position - Ending	$ 22,326,897	$ 21,103,968
Employer Net Pension Liability - Ending	$ 2,695,262	$ 2,203,993
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	89.23%	90.54%
Covered-Employee Payroll	$ 3,824,059	$ 3,705,950
Employer Net Pension Liability as a Percentage of Covered Employee-Payroll	70.48%	59.47%

Notes to the Required Supplementary Information

Note 1. Changes in assumptions related to mortality rates, mortality improvement rates, retirement rates, disability rates, and termination rates were made since the prior measurement date.

Note 2. GASB Statement No. 68 requires the presentation of 10 fiscal years of data; however the fiscal years completed prior to enactment of this pronouncement are not required to be presented in this schedule. The pronouncement was adopted in fiscal year 2016.

CITY OF ZION, ILLINOIS
SCHEDULE OF CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND
For the Year Ended April 30, 2017

	2017	2016
Actuarially Determined Contribution	$ 411,851	$ 423,590
Contributions in Relation to the Actuarially Determined Contribution	418,762	423,590
Contribution Deficiency (Excess)	$ (6,911)	$ -
Covered-Employee Payroll	$ 3,824,059	$ 3,705,950
Contribution as a Percentage of Covered-Employee Payroll	10.95%	11.43%

Notes to the Required Supplementary Information

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

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Non-Taxing bodies: 10-year rolling period. Taxing bodies (Regular, SLEP, and ECO groups): 27-year closed period until remaining period reaches 15 years (the 15-year rolling period). Early Retirement Incentive Plan liabilities: a period up to 10-years selected by the Employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 22 years for most employers (two employers were financed over 31 years).
Asset Valuation Method	5-Year smoothed market; 20% corridor
Wage Growth	3.50%
Price Inflation	2.75% -- approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases	3.75% to 14.50% including inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011 - 2013.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information

Notes	There were no benefit changes during the year.

CITY OF ZION, ILLINOIS
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
POLICE PENSION FUND
For the Year Ended April 30, 2017
(Unaudited)

	2017	2016	2015
Total Pension Liability:			
Service Cost	$ 1,487,348	$ 1,685,418	$ 1,065,992
Interest	3,668,567	2,331,132	3,218,200
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	2,718,796	(3,136,070)	-
Changes in Assumptions	(6,470,509)	22,812,214	-
Benefit Payments and Refunds	(2,473,281)	(2,343,098)	(2,044,692)
Net Change in Total Pension Liability	(1,069,079)	21,349,596	2,239,500
Total Pension Liability - Beginning	70,585,728	49,236,132	46,996,632
Total Pension Liability - Ending	$ 69,516,649	$ 70,585,728	$ 49,236,132
Plan Fiduciary Net Position:			
Contributions - Employer	$ 1,241,303	$ 1,149,486	$ 995,843
Contributions - Member	466,547	409,829	414,277
Net Investment Income	2,552,325	(384,359)	2,127,421
Benefit Payments and Refunds	(2,473,280)	(2,343,098)	(2,044,692)
Administrative Expense	(90,475)	(71,945)	(45,356)
Other	-	-	-
Net Change in Plan Fiduciary Net Position	1,696,420	(1,240,087)	1,447,493
Plan Fiduciary Net Position - Beginning	26,760,780	28,000,867	26,553,374
Plan Fiduciary Net Position - Ending	$ 28,457,200	$ 26,760,780	$ 28,000,867
Employer Net Pension Liability - Ending	$ 41,059,449	$ 43,824,948	$ 21,235,265
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.94%	37.91%	56.87%
Covered Payroll	$ 3,959,880	$ 3,862,772	$ 4,086,319
Employer Net Pension Liability as a Percentage of Covered Payroll	1036.89%	1134.55%	519.67%

Notes to the Required Supplementary Information

Note 1. Changes in assumptions related to mortality rates, mortality improvement rates, retirement rates, disability rates, and termination rates were made since the prior measurement date.

Note 2. GASB Statement No. 68 requires the presentation of 10 fiscal years of data; however the fiscal years completed prior to enactment of this pronouncement are not required to be presented in this schedule. The pronouncement was adopted in fiscal year 2016.

CITY OF ZION, ILLINOIS
SCHEDULE OF CONTRIBUTIONS
POLICE PENSION FUND
For the Year Ended April 30, 2017
(Unaudited)

	2017	2016	2015
Actuarially Determined Contribution	$ 1,964,929	$ 1,690,153	$ 1,312,035
Contributions in Relation to the Actuarially Determined Contribution	1,241,303	1,149,486	995,843
Contribution Deficiency (Excess)	$ 723,626	$ 540,667	$ 316,192
Covered Payroll	$ 3,959,880	$ 3,862,772	$ 4,086,319
Contribution as a Percentage of Covered Payroll	31.35%	29.76%	24.37%

Notes to the Required Supplementary Information

Fiscal Year End for Reporting	April 30, 2017
Measurement Date	April 30, 2017
Actuarial Valuation Date	May 1, 2017
Actuarial Valuation Date - Data Date	April 30, 2017
Asset Valuation Method	Market Value
Actuarial Cost Method	Entry Age Normal (Level % Pay)
Amortization Method	Level % Pay (Closed)
Inflation	2.50%
Salary Increases	5.50%
Investment Rate of Return	7.00%
Mortality	ndependent actuary assumption study for police 2016

CITY OF ZION, ILLINOIS
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
FIREFIGHTERS' PENSION FUND
For the Year Ended April 30, 2017
(Unaudited)

	2017	2016	2015
Total Pension Liability:			
Service Cost	$ 854,071	$ 798,240	$ 728,226
Interest	2,115,133	1,838,024	2,014,664
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	107,261	(669,214)	-
Changes in Assumptions	101,296	4,411,843	-
Benefit Payments and Refunds	(1,501,946)	(1,307,211)	(1,241,213)
Net Change in Total Pension Liability	1,675,815	5,071,682	1,501,677
Total Pension Liability - Beginning	37,858,566	32,786,884	31,285,207
Total Pension Liability - Ending	$ 39,534,381	$ 37,858,566	$ 32,786,884
Plan Fiduciary Net Position:			
Contributions - Employer	$ 999,271	$ 932,135	$ 789,443
Contributions - Member	239,272	236,114	229,193
Net Investment Income	1,679,648	(269,523)	949,599
Benefit Payments and Refunds	(1,501,946)	(1,307,211)	(1,241,213)
Administrative Expense	(50,716)	(51,006)	(31,266)
Net Change in Plan Fiduciary Net Position	1,365,529	(459,491)	695,756
Plan Fiduciary Net Position - Beginning	14,950,789	15,410,280	14,714,524
Plan Fiduciary Net Position - Ending	$ 16,316,318	$ 14,950,789	$ 15,410,280
Employer Net Pension Liability - Ending	$ 23,218,063	$ 22,907,777	$ 17,376,604
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	41.27%	39.49%	47.00%
Covered Payroll	$ 2,342,653	$ 2,379,756	$ 2,325,644
Employer Net Pension Liability as a Percentage of Covered Payroll	991.10%	962.61%	747.17%

Notes to the Required Supplementary Information

Note 1. Changes in assumptions related to mortality rates, mortality improvement rates, retirement rates, disability rates, and termination rates were made since the prior measurement date.

Note 2. GASB Statement No. 68 requires the presentation of 10 fiscal years of data; however the fiscal years completed prior to enactment of this pronouncement are not required to be presented in this schedule. The pronouncement was adopted in fiscal year 2016.

CITY OF ZION, ILLINOIS
SCHEDULE OF CONTRIBUTIONS
FIREFIGHTERS' PENSION FUND
For the Year Ended April 30, 2017
(Unaudited)

	2017	2016	2015
Actuarially Determined Contribution	$ 1,328,578	$ 1,188,404	$ 1,047,048
Contributions in Relation to the Actuarially Determined Contribution	999,271	932,135	789,443
Contribution Deficiency (Excess)	$ 329,307	$ 256,269	$ 257,605
Covered Payroll	$ 2,342,653	$ 2,379,756	$ 2,325,644
Contribution as a Percentage of Covered Payroll	42.66%	39.17%	33.95%

Notes to the Required Supplementary Information

Fiscal Year End for Reporting	April 30, 2017
Measurement Date	April 30, 2017
Actuarial Valuation Date	May 1, 2017
Actuarial Valuation Date - Data Date	April 30, 2017
Asset Valuation Method	5-year Smoothed Market Value
Actuarial Cost Method	Entry Age Normal (Level % Pay)
Amortization Method	Level % Pay (Closed)
Inflation	2.50%
Salary Increases	3.25%
Investment Rate of Return	7.00%
Mortality	L&A, LLP 2016 Mortality Table for Illinois Firefighters

CITY OF ZION, ILLINOIS
SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFITS
For the Year Ended April 30, 2017
(Unaudited)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
4/30/2015	$ -	$ 4,724,360	$ 4,724,360	0.00%	N/A	N/A
4/30/2012	-	3,782,638	3,782,638	0.00%	N/A	N/A
4/30/2010	-	3,582,705	3,582,705	0.00%	N/A	N/A

SUPPLEMENTARY INFORMATION
(Unaudited)

CITY OF ZION, ILLINOIS

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
April 30, 2017
(Unaudited)

	SPECIAL REVENUE FUNDS							
	911 Emergency Surcharge	Zion - Newport Fire Station	Emergency Service Rescue	Street and Bridge	Illinois Municipal Retirement	FICA	Motor Fuel Tax	Development TIF Area #4
ASSETS								
Cash and equivalents	$ 63,721	$ 10,777	$ 167,335	$ -	$ -	$ -	$ 145,590	$ 15,094
Taxes receivable, net of allowance for uncollectables of $46,580	-	-	-	222,879	484,065	451,478	-	39,659
Utility taxes and franchise fees	-	-	-	-	-	-	-	-
Other receivables and current assets	25,628	-	-	-	-	-	-	-
Due from other governmental agencies	-	341	-	-	-	-	53,452	-
TOTAL ASSETS	$ 89,349	$ 11,118	$ 167,335	$ 222,879	$ 484,065	$ 451,478	$ 199,042	$ 54,753
LIABILITIES								
Accounts payable	$ 60	$ -	$ -	$ 24,267	$ -	$ -	$ 29,005	$ 15,095
Due to other governmental agencies	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	4,915	45,188	131,823	-	-
Accrued payroll	-	-	-	-	13,611	14,005	-	-
TOTAL LIABILITIES	60	-	-	29,182	58,799	145,828	29,005	15,095
DEFERRED INFLOWS OF RESOURCES								
Subsequent year tax levy	-	-	-	222,879	484,065	451,478	-	39,659
Unavailable revenue	-	-	-	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	222,879	484,065	451,478	-	39,659
FUND BALANCES (DEFICITS)								
Restricted	-	11,118	167,335	-	-	-	170,037	-
Committed	89,289	-	-	-	-	-	-	-
Unassigned	-	-	-	(29,182)	(58,799)	(145,828)	-	(1)
TOTAL FUND BALANCES (DEFICITS)	89,289	11,118	167,335	(29,182)	(58,799)	(145,828)	170,037	(1)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)	$ 89,349	$ 11,118	$ 167,335	$ 222,879	$ 484,065	$ 451,478	$ 199,042	$ 54,753

CITY OF ZION, ILLINOIS

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
April 30, 2017
(Unaudited)

	SPECIAL REVENUE FUNDS								
	Police Protection	Fire Protection	Liability Insurance	Audit	Drug Traffic Prevention	Industrial Development	Cable Commission	Hotel/Motel Tax	Total Special Revenue Funds
ASSETS									
Cash and equivalents	$ -	$ -	$ 15,791	$ 13,935	$ 212,486	$ -	$ 21,571	$ 208,522	$ 874,822
Taxes receivable, net of allowance for uncollectables of $46,580	-	767,956	900,150	-	-	-	-	-	2,866,187
Utility taxes and franchise fees	-	-	-	-	-	-	-	-	-
Other receivables and current assets	-	-	-	-	-	-	-	11,328	36,956
Due from other governmental agencies	-	-	-	-	-	-	-	-	53,793
TOTAL ASSETS	$ -	$ 767,956	$ 915,941	$ 13,935	$ 212,486	$ -	$ 21,571	$ 219,850	$ 3,831,758
LIABILITIES									
Accounts payable	$ -	$ -	$ -	$ -	$ 1,493	$ -	$ -	$ 5,240	$ 75,160
Due to other governmental agencies	-	-	-	-	49,783	-	-	-	49,783
Due to other funds	22,929	571,258	-	-	-	-	-	-	776,113
Accrued payroll	-	-	-	-	-	-	-	-	27,616
TOTAL LIABILITIES	22,929	571,258	-	-	51,276	-	-	5,240	928,672
DEFERRED INFLOWS OF RESOURCES									
Subsequent year tax levy	-	767,956	900,150	-	-	-	-	-	2,866,187
Unavailable revenue	-	-	-	-	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	767,956	900,150	-	-	-	-	-	2,866,187
FUND BALANCES (DEFICITS)									
Restricted	-	-	15,791	13,935	161,210	-	21,571	214,610	775,607
Committed	-	-	-	-	-	-	-	-	89,289
Unassigned	(22,929)	(571,258)	-	-	-	-	-	-	(827,997)
TOTAL FUND BALANCES (DEFICITS)	(22,929)	(571,258)	15,791	13,935	161,210	-	21,571	214,610	36,899
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)	$ -	$ 767,956	$ 915,941	$ 13,935	$ 212,486	$ -	$ 21,571	$ 219,850	$ 3,831,758

CITY OF ZION, ILLINOIS

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
April 30, 2017
(Unaudited)

		DEBT SERVICE FUNDS						
	Capital Projects	Bond Debt Service	TIF #1 Bond Series 2002A	Bond Series 2002B Road Bond	Bond Series 2003 Road Bond	Area 3 South Sheridan Rd. Project	Total Debt Service Funds	Total Nonmajor Governmental Funds
ASSETS								
Cash and equivalents	$ 311,502	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,186,324
Taxes receivable, net of allowance for uncollectables of $46,580	-	-	-	-	-	-	-	2,866,187
Utility taxes and franchise fees	-	-	-	-	-	-	-	-
Other receivables and current assets	-	-	-	-	-	-	-	36,956
Due from other governmental agencies	-	-	-	-	-	-	-	53,793
TOTAL ASSETS	$ 311,502	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,143,260
LIABILITIES								
Accounts payable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 75,160
Due to other governmental agencies	-	-	-	-	-	-	-	49,783
Due to other funds	-	-	-	-	-	-	-	776,113
Accrued payroll	-	-	-	-	-	-	-	27,616
TOTAL LIABILITIES	-	-	-	-	-	-	-	928,672
DEFERRED INFLOWS OF RESOURCES								
Subsequent year tax levy	-	-	-	-	-	-	-	2,866,187
Unavailable revenue	-	-	-	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-	-	-	2,866,187
FUND BALANCES (DEFICITS)								
Restricted	-	-	-	-	-	-	-	775,607
Committed	311,502	-	-	-	-	-	-	400,791
Unassigned	-	-	-	-	-	-	-	(827,997)
TOTAL FUND BALANCES (DEFICITS)	311,502	-	-	-	-	-	-	348,401
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)	$ 311,502	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,143,260

CITY OF ZION, ILLINOIS

NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Year Ended April 30, 2017
(Unaudited)

	SPECIAL REVENUE FUNDS							
	911 Emergency Surcharge	Zion - Newport Fire Station	Emergency Service Rescue	Street and Bridge	Illinois Municipal Retirement	FICA	Motor Fuel Tax	Development TIF Area #4
REVENUES								
Property taxes	$ -	$ -	$ 558,754	$ 223,832	$ 486,195	$ 398,022	$ -	$ 12,178
Other taxes	160,337	-	-	-	-	-	-	-
Permits and other fees	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	637,853	-
Interest	9,179	-	-	-	-	-	5,239	-
Miscellaneous	-	-	-	81,000	-	-	-	-
TOTAL REVENUES	169,516	-	558,754	304,832	486,195	398,022	643,092	12,178
EXPENDITURES								
Current:								
General government	-	-	-	-	103,724	84,267	-	-
Public health and safety	116,851	31,122	-	-	99,099	170,357	-	-
Public works and engineering	-	-	-	365,728	178,821	130,627	212,021	-
Economic development and promotion	-	-	-	-	6,826	4,824	-	15,094
Debt Service:								
Principal retirement	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	204,463	-
TOTAL EXPENDITURES	116,851	31,122	-	365,728	388,470	390,075	416,484	15,094
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	52,665	(31,122)	558,754	(60,896)	97,725	7,947	226,608	(2,916)
OTHER FINANCING SOURCES (USES)								
Inception of capital lease	-	-	-	-	-	-	-	-
Transfers in	-	62,242	-	-	-	-	-	-
Transfers (out)	-	(31,121)	(558,754)	-	-	-	(397,202)	-
TOTAL OTHER FINANCING SOURCES (USES)	-	31,121	(558,754)	-	-	-	(397,202)	-
NET CHANGE IN FUND BALANCE	52,665	(1)	-	(60,896)	97,725	7,947	(170,594)	(2,916)
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	36,624	11,119	167,335	31,714	(156,524)	(153,775)	340,631	2,915
FUND BALANCE (DEFICIT) - END OF YEAR	$ 89,289	$ 11,118	$ 167,335	$ (29,182)	$ (58,799)	$ (145,828)	$ 170,037	$ (1)

CITY OF ZION, ILLINOIS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Year Ended April 30, 2017
(Unaudited)

	SPECIAL REVENUE FUNDS								
	Police Protection	Fire Protection	Liability Insurance	Audit	Drug Traffic Prevention	Industrial Development	Cable Commission	Hotel/Motel Tax	Total Special Revenue Funds
REVENUES									
Property taxes	$ -	$ 771,286	$ 941,730	$ -	$ -	$ -	$ -	$ -	$ 3,391,997
Other taxes	-	-	-	-	-	-	-	143,741	304,078
Permits and other fees	-	-	-	-	-	419,061	-	-	419,061
Intergovernmental	-	-	-	-	-	-	-	-	637,853
Interest	-	-	-	-	18	-	-	-	14,436
Miscellaneous	-	-	-	-	60,263	-	-	-	141,263
TOTAL REVENUES	-	771,286	941,730	-	60,281	419,061	-	143,741	4,908,688
EXPENDITURES									
Current:									
General government	-	-	-	-	-	-	-	-	187,991
Public health and safety	-	-	-	-	25,156	-	-	-	442,585
Public works and engineering	-	-	-	-	-	-	-	-	887,197
Economic development and promotion	-	-	-	1	-	-	-	82,056	108,801
Debt Service:									
Principal retirement	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	204,463
TOTAL EXPENDITURES	-	-	-	1	25,156	-	-	82,056	1,831,037
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	771,286	941,730	(1)	35,125	419,061	-	61,685	3,077,651
OTHER FINANCING SOURCES (USES)									
Inception of capital lease	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	62,242
Transfers (out)	-	(771,286)	(941,730)	-	-	(419,061)	-	(37,400)	(3,156,554)
TOTAL OTHER FINANCING SOURCES (USES)	-	(771,286)	(941,730)	-	-	(419,061)	-	(37,400)	(3,094,312)
NET CHANGE IN FUND BALANCE	-	-	-	(1)	35,125	-	-	24,285	(16,661)
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	(22,929)	(571,258)	15,791	13,936	126,085	-	21,571	190,325	53,560
FUND BALANCE (DEFICIT) - END OF YEAR	$ (22,929)	$ (571,258)	$ 15,791	$ 13,935	$ 161,210	$ -	$ 21,571	$ 214,610	$ 36,899

CITY OF ZION, ILLINOIS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Year Ended April 30, 2017
(Unaudited)

		DEBT SERVICE FUNDS						
	Capital Projects	Bond Debt Service	TIF #1 Bond Series 2002A	Bond Series 2002B Road Bond	Bond Series 2003 Road Bond	Area 3 South Sheridan Rd. Project	Total Debt Service Funds	Total Nonmajor Governmental Funds
REVENUES								
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,391,997
Other taxes	-	-	-	-	-	-	-	304,078
Permits and other fees	-	-	-	-	-	-	-	419,061
Intergovernmental	-	-	-	-	-	-	-	637,853
Interest	-	622	469	578	388	275	2,332	16,768
Miscellaneous	-	-	-	-	-	-	-	141,263
TOTAL REVENUES	-	622	469	578	388	275	2,332	4,911,020
EXPENDITURES								
Current:								
General government	-	-	-	-	-	-	-	187,991
Public health and safety	-	-	-	-	-	-	-	442,585
Public works and engineering	-	-	-	-	-	-	-	887,197
Economic development and promotion	-	-	-	-	-	-	-	108,801
Debt Service:								
Principal retirement	237,028	665,000	590,000	370,000	250,000	170,000	2,045,000	2,282,028
Interest and fiscal charges	14,696	315,833	10,722	27,780	19,085	19,459	392,879	407,575
Bond issuance costs	-	1,700	-	-	-	-	1,700	1,700
Capital Outlay	131,654	-	-	-	-	-	-	336,117
TOTAL EXPENDITURES	383,378	982,533	600,722	397,780	269,085	189,459	2,439,579	4,653,994
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(383,378)	(981,911)	(600,253)	(397,202)	(268,697)	(189,184)	(2,437,247)	257,026
OTHER FINANCING SOURCES (USES)								
Inception of capital lease	82,000	-	-	-	-	-	-	82,000
Transfers in	321,723	981,910	600,253	397,202	268,697	189,183	2,437,245	2,821,210
Transfers (out)	-	-	-	-	-	-	-	(3,156,554)
TOTAL OTHER FINANCING SOURCES (USES)	403,723	981,910	600,253	397,202	268,697	189,183	2,437,245	(253,344)
NET CHANGE IN FUND BALANCE	20,345	(1)	-	-	-	(1)	(2)	3,682
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	291,157	1	-	-	-	1	2	344,719
FUND BALANCE (DEFICIT) - END OF YEAR	$ 311,502	$ -	$ -	$ -	$ -	$ -	$ -	$ 348,401