

VILLAGE OF MOKENA, ILLINOIS  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2016

VILLAGE OF MOKENA, ILLINOIS

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## INDEPENDENT AUDITORS' REPORT

To the Village President and the Board of Trustees  
**Village of Mokena, Illinois**

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 Village of Mokena, Illinois, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Village'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 the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village'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 Village of Mokena, Illinois, as of June 30, 2016, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

## Basis of Accounting

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

## Other Matters

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Village of Mokena, Illinois's basic financial statements. The management's discussion and analysis and other information, which are the responsibility of management, are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

The image shows a handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP  
Tinley Park, IL  
November 3, 2016

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**VILLAGE OF MOKENA, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended June 30, 2016

As management of the Village of Mokena, Illinois, (the "Village") we offer this discussion and analysis of the financial activities of the Village for the fiscal year ended June 30, 2016. This discussion and analysis is designed to 1) assist the reader in focusing on significant financial issues; 2) provide an overview of the Village's financial activities; 3) identify changes in the Village's financial position; 4) identify any material deviations from the approved annual budget; and 5) identify individual fund issues and concerns.

**Financial Highlights**

- The assets of the Village exceeded its liabilities at June 30, 2016 by \$150,704,410 (net position). Of this amount, \$21,658,872 is unrestricted, however, \$12,545,975 is for the business-type activities and is earmarked for the activities and projects associated with those funds.
- The Village's total net position increased by \$1,175,650, due primarily to an increase in state shared taxes and decreases in current year capital outlays in comparison to the prior year.
- At June 30, 2016, the Village's governmental funds reported combined ending fund balances of \$10,631,333, an increase of \$1,360,738 in comparison with the prior year. The total represents three figures: \$4,197,649 which is unassigned and reflected in the General Fund; \$1,472,176 which is restricted for purposes associated with the nonmajor governmental funds (which include: municipal audit, school crossing guards, motor fuel tax, IMRF/FICA contributions, special tax allocation, and tourism); and \$4,961,508 which is assigned for purposes of capital projects.
- At June 30, 2016, the unassigned fund balance for the General Fund was \$4,197,649, or 42% of total General Fund expenditures.
- At June 30, 2016, the business-type activities (proprietary funds) reported combined unrestricted fund balances of \$12,545,975, an increase of \$571,995 in comparison with the prior year. Of the unrestricted balance, \$12,212,736 is for the Water and Sewer Fund activities (which also includes: Sewer Plant Expansion, Sewer Plant Replacement, Water System Capital Improvements, and Sewer System Capital Improvements), \$156,128 is for the Refuse Fund and \$177,111 is for the Municipal Parking Fund.
- The Village's long-term debt had a net decrease of (\$961,779) due to the scheduled debt principal retirements of (\$945,000) and a net decrease of (\$16,779) associated with the deferred amounts related to long-term debt.

**VILLAGE OF MOKENA, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended June 30, 2016

**Overview of the Financial Statements**

This management discussion and analysis serves as an introduction to the Village's basic financial statements. The Village's financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

**Government-Wide Financial Statements**

The government-wide financial statements are designed to provide a broad overview of the Village's finances, in a manner similar to private businesses.

The *Statement of Net Position – Modified Cash Basis* presents information on all the Village's assets and liabilities, with the difference between the two being reported as net position. Over time, increases and decreases in net position may serve as useful indicators of whether the financial position of the Village is improving or deteriorating.

The *Statement of Activities – Modified Cash Basis* presents information showing how the Village's net position changed over the most recent fiscal year. All changes in net position are reported on the cash basis as soon as cash is received or disbursed, regardless of when the underlying event giving rise to the change occurs.

The activities of the Village are presented in two columns on these statements – governmental activities and business-type activities. A total column for the Village is also provided.

- The governmental activities include the Village's basic services including general government, public safety, community development, and public works. Taxes and general revenues generally support these activities.
- The business-type activities include private sector type activities such as the water/sewer system, refuse collection, and municipal parking. These activities are primarily supported by user charges and fees.

**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements as well as for managerial control to demonstrate fiduciary responsibility over the assets of the Village. Traditional fund financial statements are presented for governmental funds, proprietary funds, and fiduciary funds.

**VILLAGE OF MOKENA, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended June 30, 2016

***Governmental funds*** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, government fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information is useful in evaluating the Village's near-term financing requirements. Since the governmental fund financial statements focus on near-term spendable resources, while governmental activities on the government-wide financial statements have a longer-term focus, a reconciliation of the differences between the two is provided with the fund financial statements.

***Proprietary funds*** – Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The proprietary fund financial statements are prepared on the same long-term focus as the government-wide financial statements. The proprietary funds provide the same information as the government-wide financial statements, only with more detail.

***Fiduciary funds*** – Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs.

**Notes to Financial Statements** – The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements and should be read with the financial statements.

***Supplementary Information*** – The Village adopts an annual budget for all of its funds. Budgetary comparison information has been provided to demonstrate compliance with this budget. In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the Village's progress in meeting its obligation to provide benefits to its employees and a schedule of assessed valuations, rates, extensions, and collections for the last ten years of property tax levies.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The largest portion of the Village's net position (85%) reflects its investment in capital assets (e.g. land, construction in progress, buildings and equipment); less any related debt used to acquire those assets that are still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves

**VILLAGE OF MOKENA, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended June 30, 2016

cannot be used to liquidate these liabilities. The following table reflects the condensed Statement of Net Position – Modified Cash Basis of the Village for June 30, 2016 and 2015:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Current and other	\$ 10,632,182	9,276,114	\$ 12,532,777	11,973,980	\$ 23,164,959	21,250,094
Capital and noncurrent	112,647,611	114,319,164	22,020,439	22,029,055	134,668,050	136,348,219
<b>Total Assets</b>	<b>123,279,793</b>	<b>123,595,278</b>	<b>34,553,216</b>	<b>34,003,035</b>	<b>157,833,009</b>	<b>157,598,313</b>
Deferred outflows of resources	172,165	193,892	13,198	16,968	185,363	210,860
Current liabilities	849	5,519	0	0	849	5,519
Noncurrent liabilities	5,934,205	6,580,230	1,378,908	1,694,662	7,313,113	8,274,892
<b>Total Liabilities</b>	<b>5,935,054</b>	<b>6,585,749</b>	<b>1,378,908</b>	<b>1,694,662</b>	<b>7,313,962</b>	<b>8,280,411</b>
Net investment in capital assets	106,713,406	107,932,826	20,641,531	20,351,361	127,354,937	128,284,187
Restricted	1,690,601	1,307,260	0	0	1,690,601	1,307,260
Unrestricted	9,112,897	7,963,335	12,545,975	11,973,980	21,658,872	19,937,315
<b>Total Net Position</b>	<b>\$ 117,516,904</b>	<b>117,203,421</b>	<b>\$ 33,187,506</b>	<b>32,325,341</b>	<b>\$ 150,704,410</b>	<b>149,528,762</b>

An additional portion of the Village's net position (1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$21,658,872) may be used to meet the Village's ongoing obligations to citizens and creditors. At June 30, 2016, the Village is able to report positive balances in all categories of net positions. The same situation held true for the prior fiscal year.

**VILLAGE OF MOKENA, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended June 30, 2016

The following table shows the revenues and expenses of the Village for the fiscal years ended June 30, 2016 and 2015:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
<b>REVENUES</b>						
Program Revenues:						
Charges for services	\$ 189,855	\$ 1,207,412	\$ 9,529,281	\$ 8,608,646	\$ 9,719,136	\$ 9,816,058
Operating grants	13,843	44,342	0	0	13,843	44,342
Capital grants	<u>136,270</u>	<u>676,629</u>	<u>0</u>	<u>0</u>	<u>136,270</u>	<u>676,629</u>
Total program revenues	<u>339,968</u>	<u>1,928,383</u>	<u>9,529,281</u>	<u>8,608,646</u>	<u>9,869,249</u>	<u>10,537,029</u>
General revenues:						
Property taxes	2,606,871	1,845,881	0	0	2,606,871	1,845,881
State shared taxes	10,175,167	8,342,348	0	0	10,175,167	8,342,348
Other taxes	47,593	781,918	0	0	47,593	781,918
Other general revenues	<u>1,855,394</u>	<u>1,204,042</u>	<u>20,632</u>	<u>80,976</u>	<u>1,876,026</u>	<u>1,285,018</u>
Total general revenues	<u>14,685,025</u>	<u>12,174,189</u>	<u>20,632</u>	<u>80,976</u>	<u>14,705,657</u>	<u>12,255,165</u>
<b>TOTAL REVENUES</b>	<b><u>\$ 15,024,993</u></b>	<b><u>\$ 14,102,572</u></b>	<b><u>\$ 9,549,913</u></b>	<b><u>\$ 8,689,622</u></b>	<b><u>\$ 24,574,906</u></b>	<b><u>\$ 22,792,194</u></b>
<b>PROGRAM EXPENSES</b>						
General government	\$ 2,588,379	\$ 2,014,814	\$ 0	\$ 0	\$ 2,588,379	\$ 2,014,814
Police and emergency services	5,739,319	5,039,207	0	0	5,739,319	5,039,207
Public works	5,786,288	7,317,041	0	0	5,786,288	7,317,041
Community development	580,677	543,374	0	0	580,677	543,374
Interest and fees	151,847	162,749	0	0	151,847	162,749
Water and sewer	0	0	7,019,725	6,984,307	7,019,725	6,984,307
Refuse	0	0	1,264,769	1,253,993	1,264,769	1,253,993
Municipal parking lot	<u>0</u>	<u>0</u>	<u>268,252</u>	<u>273,494</u>	<u>268,252</u>	<u>273,494</u>
TOTAL EXPENSES	14,846,510	15,077,185	8,552,746	8,511,794	23,399,256	23,588,979
Excess of revenues	<u>178,483</u>	<u>(974,613)</u>	<u>997,167</u>	<u>177,828</u>	<u>1,175,650</u>	<u>(796,785)</u>
Transfers	135,000	85,000	(135,000)	(85,000)	0	0
Changes in net position	<u>313,483</u>	<u>(889,613)</u>	<u>862,167</u>	<u>92,828</u>	<u>1,175,650</u>	<u>(796,785)</u>
Net Position - Beginning of year	<u>117,203,421</u>	<u>118,093,034</u>	<u>32,325,339</u>	<u>32,232,511</u>	<u>149,528,760</u>	<u>150,325,545</u>
Net Position - End of year	<u>\$ 117,516,904</u>	<u>\$ 117,203,421</u>	<u>\$ 33,187,506</u>	<u>\$ 32,325,339</u>	<u>\$ 150,704,410</u>	<u>\$ 149,528,760</u>

**Governmental Activities** – Governmental activities increased the Village's net position by \$313,483.

**Business-type Activities** – Business-type activities increased the Village's net position by \$862,167.

VILLAGE OF MOKENA, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2016

**FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS**

As previously mentioned, the Village uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The following is a brief discussion of the financial highlights from the fund financial statements.

**Governmental funds** – The focus of the Village's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Village's financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The Village's governmental funds reported a combined ending fund balance of \$10,631,333, an increase of \$1,360,738 from the previous year. The General Fund is the chief operating fund of the Village and accounts for many of the major functions of the government including general government, public safety, and planning. At the end of the fiscal year, the total fund balance of the General Fund was \$4,197,649. The total fund balance was unassigned.

*General Fund* – The General Fund is the chief operating fund of the Village. The focus of the Village's General Fund is to provide information on the revenues and expenditures of the funds that the Village receives from its state shared taxes and from other unrestricted sources such as property tax, licenses, permits, grants, interest on bank deposits, and associated expenditures.

At June 30, 2016, unassigned fund balance of the General Fund was \$4,197,649, an increase of \$751,932 from the prior year. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 42% of total General Fund expenditures.

*Capital Improvement, Repair and Replacement Fund* – The net change in the fund balance was \$430,665 leaving a fund balance of \$4,961,508.

**Proprietary funds** – The Village's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

*Water and Sewerage Fund* – Unrestricted net position of the Water and Sewerage Fund at June 30, 2016 amounted to \$12,212,736. The total increase in net position for the Water and Sewerage Fund was \$790,225. Other factors concerning the finances of these enterprise funds have been addressed in the discussion of the Village's business-type activities.

**VILLAGE OF MOKENA, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended June 30, 2016

*Refuse Fund* – Unrestricted net position of the Refuse Fund at June 30, 2016 amounted to \$156,128. The total increase in net position for the Refuse Fund was \$1,863. Other factors concerning the finances of this fund have been addressed in the discussion of the Village's business-type activities.

*Municipal Parking Lot Fund* - Unrestricted net position of the Municipal Parking Lot Fund at June 30, 2016 amounted to \$177,111. The total increase in net position for the Municipal Parking Lot Fund was \$70,079. Other factors concerning the finances of this fund have been addressed in the discussion of the Village's business-type activities.

**Fiduciary funds** - The Village's fiduciary funds are used to account for assets held by the Village in a trustee capacity or as an agent on behalf of others. Fiduciary funds are not reflected in the government-wide financial statements due to the assets of those funds not being available to support the Village's programs. The accounting used for fiduciary funds is similar to that used for proprietary funds.

*Police Pension Trust Fund* - The net position of the Police Pension Trust Fund at June 30, 2016 amounted to \$17,803,877.

*Performance Bond Agency Fund* - At June 30, 2016 the Performance Bond Agency Fund had liabilities of \$644,308.

#### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The Village approved one amendment to its budget for the fiscal year ended June 30, 2016; therefore, the amounts shown as original and final budget are different

Significant differences between the budget and actual revenues and expenditures are summarized as follows:

- The difference between the estimated and actual revenues was \$2,687,542 (favorable) primarily due to increases in collected state sales and income taxes.
- The difference between the estimated and actual expenditures was \$352,778 favorable.

#### **CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets** – The Village's investment in capital assets for its governmental and business-type activities amounts to \$134,668,050 (net of accumulated depreciation). This investment in capital assets includes land, other improvements, machinery and equipment, and infrastructure. Infrastructure assets are items that are normally immovable and have value only to the Village, such as streets, street

**VILLAGE OF MOKENA, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended June 30, 2016

lighting systems, and storm drainage systems. More detailed information about the Village's capital assets is presented in Note 4 to the financial statements.

Major capital asset activity during the year ended June 30, 2016 included the following:

Governmental Activities:

- Vehicle Purchases - \$297,127
- Tree Replacement - \$372,394

Business-Type Activities:

- Wolf Road Water main - \$281,304
- Manhole improvements - \$60,188
- Vehicle Purchases - \$127,924

The following table provides a breakdown of the Village's capital asset activity:

	Governmental Activities		Business-Type Activities	
	2016	2015	2016	2015
Land	\$ 47,283,091	\$ 46,910,697	\$ 1,934,830	\$ 1,934,830
Construction in progress	0	0	186,321	0
Buildings and improvements	3,494,688	3,494,688	14,151,497	14,118,797
Transportation equipment	2,606,319	2,427,343	676,435	561,794
Machinery and equipment	1,315,400	1,233,388	2,836,246	2,801,302
Infrastructure	101,308,420	101,249,346	17,370,621	17,029,127
Less: Accumulated Depreciation	<u>(43,360,307)</u>	<u>(40,996,298)</u>	<u>(15,135,511)</u>	<u>(14,416,979)</u>
Total	<u>\$ 112,647,611</u>	<u>\$ 114,319,164</u>	<u>\$ 22,020,439</u>	<u>\$ 22,028,871</u>

**Long-Term Debt** – At June 30, 2016, the Village had \$7,313,113 in long-term debt.

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
G.O. Bonds	\$5,225,000	\$5,755,000	\$1,370,000	\$1,685,000	\$6,595,000	\$7,440,000
G.O. Tax Certificates	575,000	675,000	0	0	575,000	675,000
Unamortized bond premium	<u>134,205</u>	<u>150,230</u>	<u>8,908</u>	<u>9,662</u>	<u>143,113</u>	<u>159,892</u>
Total	<u>\$5,934,205</u>	<u>\$6,580,230</u>	<u>\$1,378,908</u>	<u>\$1,694,662</u>	<u>\$7,313,113</u>	<u>\$8,274,892</u>

Additional information on the Village's long-term debt can be found in note 5 of this report.

VILLAGE OF MOKENA, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2016

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

Adoption of Fiscal 2016 Budget in June 2016

Regardless of specific economic conditions, there are four elements that should be utilized for a successful public budget process. You must: (1) Be able to collect and present information in an accurate, comprehensive and meaningful manner; (2) Provide adequate time to absorb, digest and interpret the information; (3) Facilitate a balanced environment to deliberate fiscal policy; and (4) Maintain a cognitive awareness regarding the past, present and future of budgeting and program delivery in your community. A fifth element has developed over the last couple of years for Illinois communities, which is to always be prepared for elements that are not within our control by using a conservative thought process and approach. This element focuses on the inability of the Illinois General Assembly to adopt a measured approach to deal with their ongoing financial problems. These problems have become so severe they have garnered national attention and put Illinois in the bottom of the heap when it comes to credit worthiness. This situation creates an increasing level of financial uncertainty for all Illinois Municipalities and created a fifth element which is essential in our budget process. This additional budgetary element now accounts for unknown conditions which could negatively impact our ability to provide core services for our customers.

As such, the Mokena Village Board has reviewed a significant amount of budget and program information over the past 6 months and taken adequate time to consider the recommendations from your Staff. This year's budget process was initiated in January when the Village Board began evaluating various categories of budget revenues/expenditures. Even though our local economy has improved significantly over the past several years, the FY 17 budget has been prepared with a prudent approach. While our local economy has rebounded from the recession, we are still subject to many uncertainties relating to national and regional economic issues. In addition, the Illinois General Assembly continues to struggle with a complex financial crisis without any pending solutions on the horizon. This unfortunate situation always raises the question of whether the General Assembly will modify or decrease the Local Government Distribution Fund ("LGDF") as a partial solution to the State's dismal condition and they have discussed the possibility of freezing property taxes as well. As we prepare to adopt this budget, financial realities concerning the State are unresolved and require us to continue approaching the General Fund with a conservative mindset.

**VILLAGE OF MOKENA, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended June 30, 2016

**FY 17 FROM A MACRO PERSPECTIVE:**

**Revenues:**

Below is an aggregate comparison of all categorical revenues for the Village of Mokena. It is anticipated that overall revenues will increase by \$835K or 3.6% above that of the FY 16 budget amounts.

	FY 16 Budget	FY 17 Budget	\$ Inc/(Dec).	% Change
<b>REVENUES</b>				
Taxes	\$10,807,181	\$11,570,113	\$762,932	7.06%
Fines	\$202,000	\$170,300	(\$31,700)	(15.69)
License/Permits	\$860,430	\$868,426	\$7,966	.93%
Service Charge	\$8,935,390	\$8,824,308	(\$111,082)	(1.24%)
Grants/Trans.	\$294,826	\$280,983	(\$13,843)	(4.70%)
Development	\$180,000	\$532,418	\$352,418	195.79%
Other	\$1,654,457	\$1,522,696	(\$131,761)	(7.96%)
<b>TOTAL</b>	<b>\$22,934,284</b>	<b>\$23,769,244</b>	<b>\$834,960</b>	<b>3.64%</b>

Tax revenue for FY 17 is forecasted to increase by \$835K. While sales tax revenues are anticipated to increase by \$671K, the proposed budget has been prepared by assuming a 50% (or \$955K) reduction in the LGDF as being discussed by the General Assembly. Other notable declines in revenue include a reduction in fines of (\$32K). Service charges are budgeted to decrease by (\$111K) largely due to the City of Chicago not adjusting their water rates since January 1, 2015. Other revenues are anticipated to be down by (\$132K) mainly due to market fluctuations concerning the police pension fund investments.

**Expenditures:**

Below is an aggregate comparison of all categorical expenditures for the Village of Mokena. As can be seen, overall expenditures are anticipated to decrease by (\$404K) or (1.6%) under that of FY 16 levels.

	FY 16 Budget	FY 17 Budget	\$ Inc/(Dec).	% Change
<b>EXPENSES</b>				
Personal Serv.	\$9,232,813	\$9,516,365	\$283,552	3.07%
Commodities	\$1,716,813	\$1,514,607	(\$175,206)	(10.21%)
Contract Serv.	\$8,935,090	\$9,021,359	\$86,269	.97%
Capital Outlay	\$4,302,040	\$3,407,353	(\$894,687)	(20.80%)
Other/Trans	\$685,150	\$981,200	\$296,050	43.21%
<b>TOTAL</b>	<b>\$24,871,906</b>	<b>\$24,467,884</b>	<b>(\$404,022)</b>	<b>(1.62%)</b>

**VILLAGE OF MOKENA, ILLINOIS**  
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Personal services are budgeted to increase by only \$284K while commodities will actually decrease by (\$175K) mainly due to a reduction in the quantity and cost of road salt. Contractual services are budgeted to increase by \$86K. Capital outlay will see a significant decrease of (\$895K) which is associated with the completion of the Wolf Road (193rd to 194th) water main, a lower cost for the road maintenance program, entering the final phase of the EAB program, and a reduction in vehicle replacement costs.

Below you will find a table representing the Village's aggregate fiscal status in all funds for the past two budget cycles as well as FY 17.

<b>OVERALL FISCAL STATUS</b>			
	<b>Actual FY '15</b>	<b>Anticipated FY '16</b>	<b>Proposed FY '17</b>
Beginning Balance	\$36,984,320	\$38,162,264	\$40,624,922
Revenues	25,500,695	26,637,376	23,769,244
Expenditures	24,322,751	24,174,718	24,467,884
Ending Balance	\$38,162,264	\$40,624,922	\$39,926,282 -\$699K

The proposed FY 17 Budget should see aggregate fund balances decrease by approximately (\$699K) to a total of \$39.9M.

**THE FINANCIAL AND OPERATING STATUS OF THE VILLAGE OF MOKENA:**

In addition to providing a basic overview of the proposed FY 17 budget, we will also discuss some of the key financial and budgetary issues associated with the proposed budget. Although there are several important components affiliated with a public budgeting process, Mokena has traditionally concentrated on some basic issues to measure budget performance. These components include: (1) major operating fund balances, (2) capital reserves, (3) per capita debt, (4) staffing levels and (5) goal completion rates.

**(1) MAJOR OPERATING FUND BALANCES (General, Water, Sewer & Parking Lot):**

The Mokena Village Board of Trustees has developed a traditional practice of maintaining approximately 25% (or 3 months) of an operating fund's anticipated annual expenditures (including capital outlay) as a reserved balance within each of the four major operating funds. These fund balance practices have been historically maintained to ensure that if any unforeseen or catastrophic events occur, we are in a position to meet basic operational expenditures for a reasonable amount of time. During the economic downturn of several years ago, the Village utilized portions of these balances as "revenue offsets" allowing time for the Policy Makers to reduce spending or raise revenues in a logical and rational manner. When needed, these fund balances have proven to be a very valuable budgetary tool in dealing with the lengthy and severe recessionary influences that the Village has faced. While our local economy is healthy, we are still subject to influences outside of our control. Most threatening is the deteriorated condition of our State and the uncertainty of how and when corrective measures will be taken.

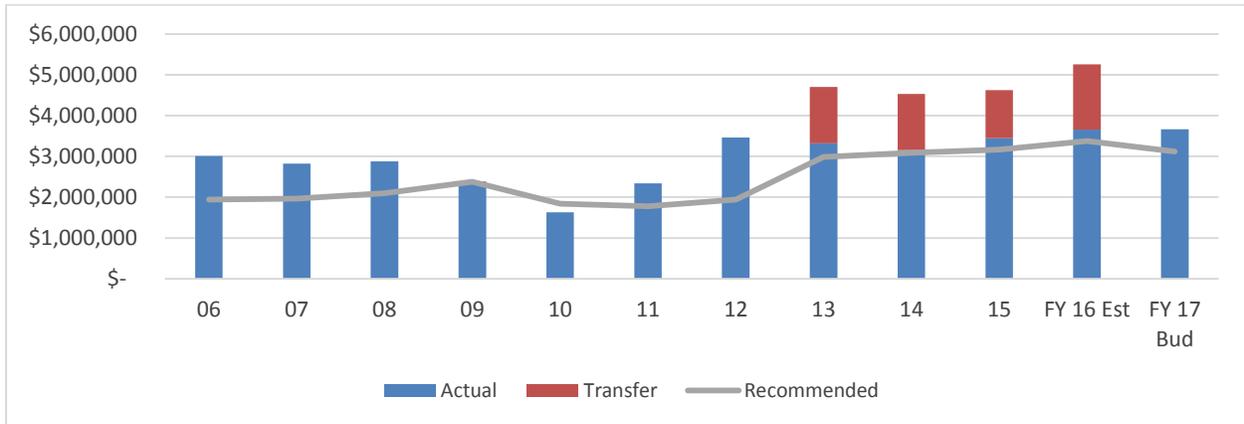
**VILLAGE OF MOKENA, ILLINOIS**  
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**GENERAL FUND:**

The current year will prove to be the fourth consecutive year in which fund balance levels have been strong. Due to the significant cost cutting and budget reduction measures implemented over the previous seven years, the General Fund ("GF") produced very substantial "net positive operating" performances of \$1.375M in both FY 13 and FY 14 along with \$1.18M in FY 15 and \$1.6M in FY 16. These four consecutive positive operating performances allowed transfers of this \$5.53M from the General Fund into reserved capital accounts earmarked for public improvement projects and in FY 16 funding was transferred to the Police Pension Fund as well.

This multi-year positive performance has been made possible (in part) by record setting retail sales tax, continued cost cutting and ongoing budget discipline. In light of the State of Illinois' ongoing fiscal dilemma, staff is continuing to recommend that higher than the traditional General Fund balance levels of 25% are maintained moving forward. The FY 17 Budget has been prepared with a proposed ending fund balance of 39% of overall GF expenditures. This will provide more of a buffering effect should unknown circumstances develop that would impact GF revenues.

Below is a graph which exhibits these balances over the past decade.



While fund balance levels dropped to a historic low in FY 10, a significant recovery has taken place since that time. Cost cutting combined with record setting retail sales tax increases have helped stabilize the GF. The State of Illinois was also successful at cutting the backlog of LGDF payments and combined with our conservative revenue forecasts along with continued cost containment led to an estimated FY 16 year end GF balance of \$3.659M. This fund balance was attained even with the \$1.6M transfer that was executed at the conclusion of this year. Based on the proposed FY 17 budget, the GF balance is projected to remain over \$3.6M or 39% of total appropriations.

On a cautionary note, while the State of Illinois has reduced their backlog of LGDF payments to municipalities over these past few years, the General Assembly continues to face a severe financial crisis. The General Assembly has yet to put a budget together at the time we are preparing our budget for adoption. These

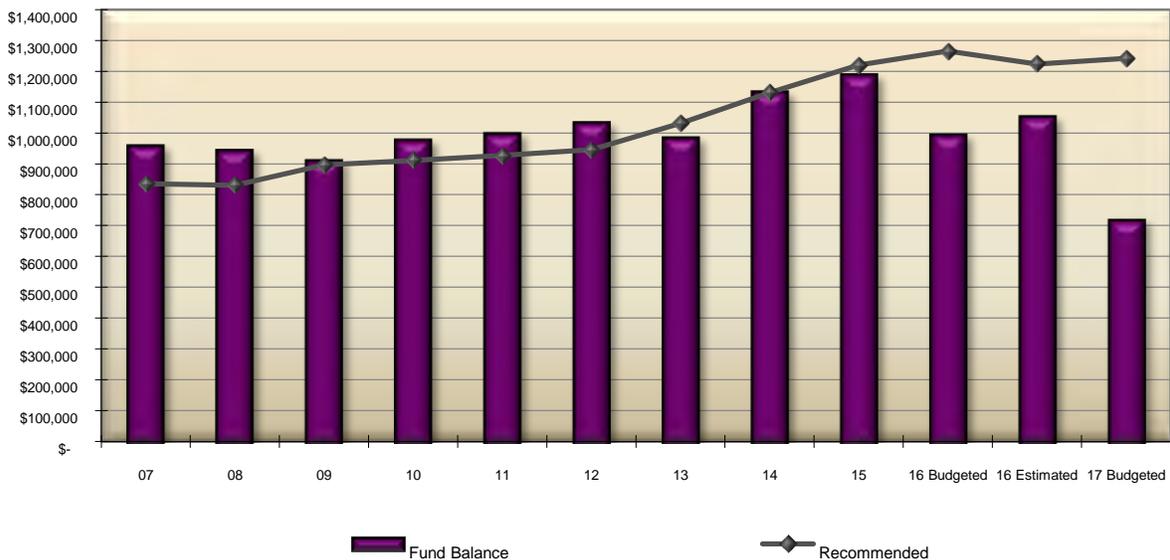
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uncertainties have left us with no choice but to assume the worst and budget conservatively with regard to revenues which are subject to the Illinois General Assembly.

**WATER FUND:**

Mokena's water enterprise fund is now a \$5M public business. When combined with the sewer fund, these two operations represent over \$6.9M in annual expenditures to operate and maintain \$30M+ in public assets owned by our customers. In 2013, the Village completed a long-term water supply agreement with Oak Lawn. This agreement was simultaneously negotiated by a five community collective (Mokena, New Lenox, Tinley Park, Orland Park and Oak Forest) with Chicago Ridge, Palos Hills and Palos Park agreeing to the same terms. The focus of these efforts was to secure a long-term water supply through a greatly improved regional delivery system. In addition, the collective strived to develop an operating agreement that would facilitate "best management practices" along with a rate making methodology that is equitable and fair to all customers on Oak Lawn's system.

Several years ago, the City of Chicago announced an unanticipated four year accelerated water rate program which has (and will) greatly impact water rates not only for Mokena customers, but all metered customers that obtain water from the City of Chicago. This four year rate increase caused Lake Michigan water consumers to pay an additional \$1.80/1000 gallons in aggregate for the water (only) component of a customer's bill. Moving forward, Chicago has published that their rates will be linked to inflation indices. Since the cost of water will need to be absorbed by all customers, annual rate adjustments are anticipated to be an annual reality. These rate increases will be necessary to keep up with the expense of purchasing water and generate adequate revenue to operate the system and maintain satisfactory cash reserves to protect against unforeseeable events or circumstances. The graph on the following page identifies that Mokena's water operating fund has produced adequate revenues to maintain fund balances at or near policy levels of 25% of annual expenditures through FY 15 with FY 16 and FY 17 projected to be lower than traditional levels.

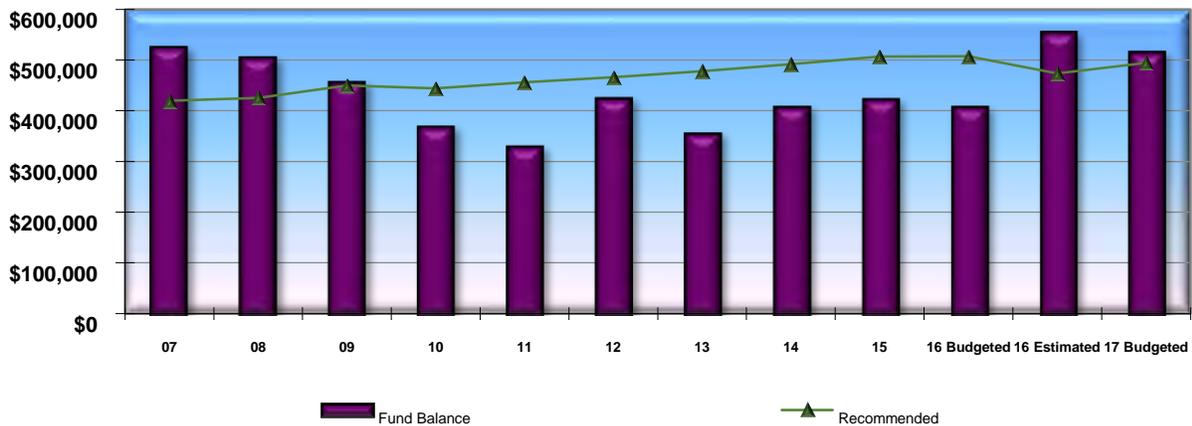


**VILLAGE OF MOKENA, ILLINOIS**  
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The water fund outperformed budget expectations in FY 16 and produced \$59K in net positive operating results but was still below the recommended amount. The fund balance is anticipated to decrease by approximately \$333K in FY 17 and expected to be under the target level of 25% at the conclusion of the fiscal year. Prior to the FY 17 budget being presented for adoption, we became aware the City of Chicago will not be raising their water rates this year. We originally anticipated that the Chicago water rates would increase \$.12-\$.15/1000 gallons in June of 2016. Since the fund is showing signs of structural weakness, we will now need to evaluate our operating cost components for potential rate adjustments prior to the next City of Chicago water rate increase.

**SEWER FUND:**

The sewer enterprise fund is a \$1.9M annual business and like the water fund requires an adequate revenue stream to properly maintain the system. The sewer operating fund has been impacted by Mokena's slowing residential growth trends along with the effects of continued deduct meter installations and seasonal weather conditions. Sewer billable volume has actually decreased over the past several years resulting in revenue strain on this important operating fund. Deduct meters, which now make up 38%+/- of our accounts, have annually resulted in a loss in sewer billables ranging from 13-23%. In addition, the increasing cost of water, environmental initiatives and other factors are all contributing to the decline in sewer billables and resulted in flat revenue trends to support this important operation. Although the Village has been able to make some headway offsetting flat revenues with reasonable cost containment measures, this fund will continue to be under financial stress moving forward. During the FY 12 budget, a one-time \$171K interfund transfer was incorporated into the sewer operating fund to maintain the fund balance at or near policy levels. This transfer offset the need to increase rates by approximately \$0.37/1000 and provided our sewer customers with a one time savings of \$32+/- . While the one-time transfer did provide some rate relief and propped the FY 12 year end fund balance close to recommended levels, it was estimated at that time that future rate increases of \$0.35/1000 would be necessary in both FY 13 and FY 14. Due to solid cost containment, the Village has outperformed its budgets and been able to maintain rates at FY 13 levels in both the FY 14 and the FY 15 budgets.

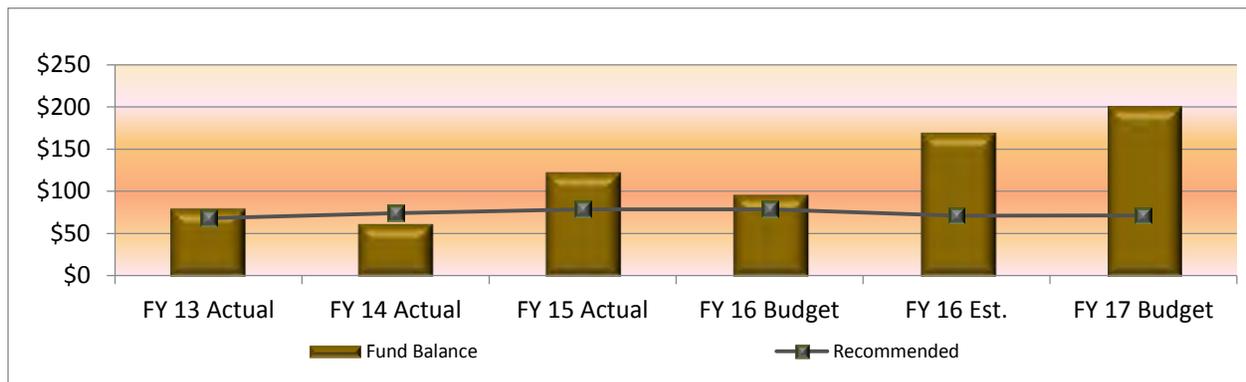


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The FY 16 budget again produced significant net positive operating results of \$146K and the fund balance ended above anticipated levels. This was a result of a multi-tier rate adjustment being implemented in FY 16 of \$.15/1000. The FY 17 budget has been prepared with the last of the multi-tier rate adjustments of \$.15/1000 which will produce approximately \$31K in additional revenue. As previously stated, this fund will continue to see pressure on the revenue side of the budgetary ledger with the balance anticipated to decrease by \$38K in FY 17. Moving forward we will continue to monitor this fund's performance and hope to balance the fine line between fiscal stability and rate relief for our customers. This is a balance we always seek to attain and are very aware of the household budget outcomes of any rate increases associated with our water and sewer operations.

**PARKING LOT FUND:**

Mokena operates four separate commuter parking lots with over 1,400 spaces. This fund generates revenue from 250,000+/- customers who annually utilize the parking lots with the vast majority of customers paying a \$1.25 daily fee. Due to a very solid operating year, this fund is anticipated to end FY 16 with a balance well above the preferred 25% level. The FY 17 balance is anticipated to still be above the optimal level as indicated in the chart below.



**OPERATING FUND BALANCE SUMMARY:**

Fund balances have proven to be a crucial component of providing adequate time for policy makers and staff to fully analyze various financial situations. Over the past several years, the Village has relied on these fund balances to offset declining revenues and provide time for policy makers to truly analyze and problem solve. Without question, FY 16 proved to be a year where “net positive operating results” were attained in all four major operating funds. The following table exhibits an overview of fund balance levels of our four most significant operating funds for both FY 16 along with proposed FY 17.

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OPERATING FUND BALANCES						
Fund	Begin FY '16	Begin FY '17	Ending FY '17	Recommended Amount	Variance	Actual %
General	\$3,445,717	\$3,659,486	\$3,664,388	\$3,121,513	\$542,875	39%
Water	1,206,329	1,053,236	720,078	1,242,453	(522,375)	14.5%
Sewer	523,182	554,454	516,504	494,711	21,793	26%
Parking Lot	122,905	169,413	200,750	71,433	129,317	70%

The data compares the anticipated ending FY 17 fund balances to the recommended 33% in the GF and 25% for the 3 enterprise funds. The GF is in a solid position with an anticipated 39% balance at the end of FY 17. The water fund will continue to operate with a thinner fund balance margin. The sewer fund is slightly above the recommended fund balance, while the parking lot fund is in a positive position. We always try to balance the theoretical aspects of budgeting compared to the practical aspects of customer rate adjustments for those enterprise funds intended to operate as "stand alone" businesses. Both the water and sewer funds will require rate adjustments in the future to generate adequate revenue to cover costs and not continue utilizing cash reserves as a revenue offset. In light of the uncertain economic times we continue to face, careful policy deliberations will no doubt take place in an effort to balance the competing pressure on maintaining stable cash positions with the negative impact of rate increases on the household budgets of our customers. This might result in fund balance levels in the water and sewer funds being compromised below that of traditionally expected levels moving ahead.

**(2) CAPITAL RESERVES:**

The Village has developed a structured system to accumulate and earmark capital reserve funds over the years. These funds have been collected over a period of years and then are expended when projects become necessary. This approach can result in large sums of money being collected and/or spent in a given year and result in balances fluctuating accordingly. This system includes utilization of specific policies for the financial management of water and sewer connection fees, formula driven developer contributions, as well as transfers of any potential "net positive operating results" into capital reserve accounts. In April 2001, Mokena voters approved a 1/2% non-home rule sales tax that has been utilized to plan, design and fund local road improvements. This revenue source has been dedicated to pay the principal and interest costs affiliated with a \$10 million Alternate Sales Tax Bond and provide cash funds for road system improvements. Over the past six years, this revenue source has also been utilized for road and other infrastructure maintenance. On the next page you will find a table, representing the status of Mokena's Capital Reserve Funds for FY 16 & FY 17.

**VILLAGE OF MOKENA, ILLINOIS**  
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CAPITAL RESERVE FUND BALANCE			
Fund	Begin FY '16	Begin FY '17	Ending FY '17
Water Capital	\$2,247,683	\$2,654,206	\$2,629,833
Sewer Capital	1,559,290	1,560,676	688,452
Sewer Plant Replacement	826,680	794,906	651,906
Sewer Plant Expansion	5,334,996	5,315,170	5,243,370
Capital Imp., Repair, Replacement	4,536,362	4,876,841	4,960,723
Totals	\$14,505,011	\$15,201,799	\$14,174,284
			-\$1.03M

The previously referenced table depicts that at the conclusion of FY 17 the Village should possess \$14M for future capital projects. In aggregate, these funds are expected to decline by (-\$1.03M) due to the installation of a centrifuge filter at the WWTP, our ongoing EAB program and continuation of another year of our progressive road rehabilitation program.

**(3) PER CAPITA DEBT:**

**Downtown Bonds:**

In FY 01 the Village of Mokena issued \$1.685M in General Obligation Limited Tax Debt Certificates to fund the balance of the Downtown Renovation Project that augmented the \$1M cash on hand to replace the aging sanitary and water mains. This debt was issued in September 2000 with a twenty year term and a 5.4% interest rate. These conditions equated to an average of \$138K+/- annual principal and interest payments. This debt is not secured through any form of property tax or other revenue source and must be funded through the normal General Fund revenue stream. Five years ago the Village refinanced this debt by taking advantage of the "callable" provisions in the bond ordinance. The public debt market was good at the time and the Village received a more favorable credit rating from Standard and Poor's which equated to a three step credit rating increase on this debt issue. The overall outcome of these efforts resulted in a reduced interest rate being paid on the balance of the debt along with a lower annual principal and interest payment schedule. The average annual interest rate has been reduced from 5.4% to 3.7% and will result in an average (\$9K) decrease in annual debt service payments. In aggregate, this refinancing effort will save approximately \$129K in overall costs over the balance of the bonds repayment schedule through 2021.

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**Lake Water Bonds:**

In November 2000, residents authorized the Village to issue up to \$7.4M in General Obligation ("GO") Bonds to construct the balance of the necessary infrastructure to deliver Lake Michigan water to the community. Five million dollars of these bonds were issued in February 2001. This debt issue received an investment grade of A1 from Moody's. This rating was based on the fact that the payments of principal and interest (4.8%) on these bonds were guaranteed by the Village's property taxation powers, although our water customers will continue to fund this debt through water related fees. Similar to the Downtown Debt issue previously discussed, refinancing efforts were undertaken for this obligation several years ago. The outcome was similar as Standard and Poor's increased the Village's creditworthiness three steps to that of a AA+ for this GO obligation. This effort resulted in an annual average interest rate decline from 4.8% to 3.15% reducing annual debt service payments by an average of (\$29K) annually and almost (\$325K) over the balance of the debt issue through 2019. Annual payments will be in the range of \$367K +/- over the balance of this debt issue.

**Other Contractual Obligations for Water:**

In addition to the Lake Water Bonds, the Village had two other notable water-related (intergovernmental) contractual obligations. During FY 14, the Village chose to retire an existing debt obligation by "calling" the balance on an initial \$1M obligation to Tinley Park which funded the initial oversizing of a 30" water main from the pump station in Tinley Park through Mokena to New Lenox. The balance on this bond was \$504K at the time it was retired and saved Mokena water customers \$77K in interest payments. This debt obligation is now "off the books". The Villages of Mokena and New Lenox entered into an intergovernmental agreement which provides for the two communities to proportionately share the IEPA low interest loan for the portions of the joint water system (serving both communities), but within Mokena's limits. This low interest loan equates to approximately \$3.44M in capital costs with a 2.6% rate. The annual payments are in the range of \$226K for the Village's share of this amount through 2021.

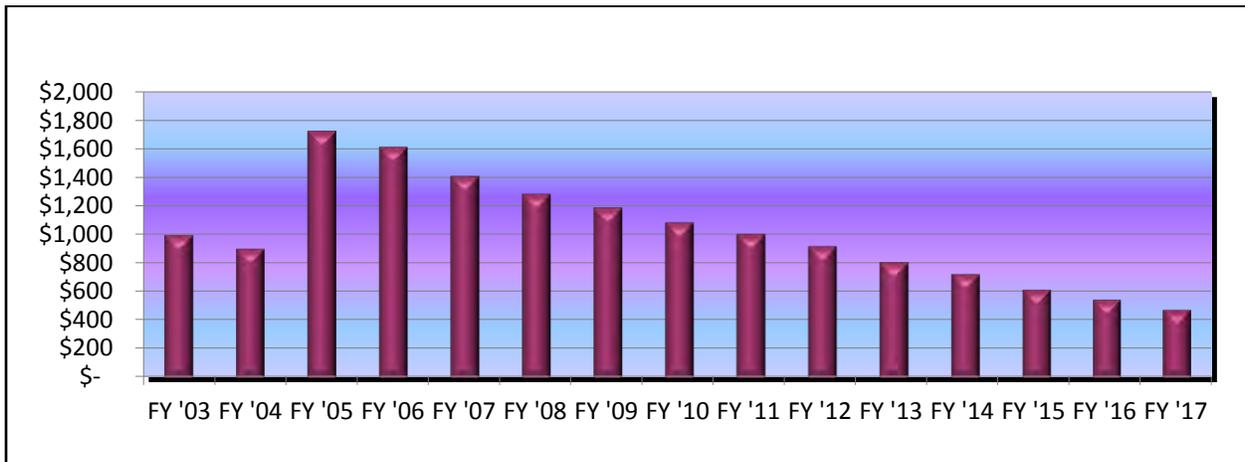
**1% Non-Home Rule Sales Tax:**

In April 2001, Mokena voters approved a referendum authorizing a 1% non-home rule sales tax with categorical exclusions for certain foods, medicines and titled property. The Village did not begin collecting this revenue until April 2002. The Village Board spent approximately 2 years prior to the successful referendum determining how to utilize the funds from a long term perspective and made use of this timeframe to educate Mokena residents on the topic as well. While utilizing the first two years of proceeds to fund local costs for such projects as the 191st Street improvements, the Board determined that borrowing \$10M would be the most prudent means to fund the immediate transportation projects. The bonds were issued in April 2004 and carried an annual interest rate of 3.66% or \$720K in average principal and interest payments through 2024. Recently, these bonds were also refinanced with an average interest rate of 2.2% saving on average (\$55K) per year and (\$686K) over the balance of the bonds (through 2024). We were able to maintain our AA+ bond rating as assigned by Standard and Poor's, enhancing the savings possible on the refinancing effort. Annual payments will be in the range of \$645K +/- over the balance of this debt issue.

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Together, these three refinancing efforts along with the retirement of the Tinley Park obligation will save Village residents approximately \$1.2M over the term of the combined repayment schedules. During FY 15, Standard and Poor's conducted an updated credit rating assessment on the Village of Mokena. This assessment utilized an upgraded framework to determine the credit worthiness of local governments. Upon the conclusion of a detailed review of the Village's credit worthiness by Standard and Poor's, we maintained our AA+ rating.

The following historical chart depicts Mokena's per capita debt position over the past decade.

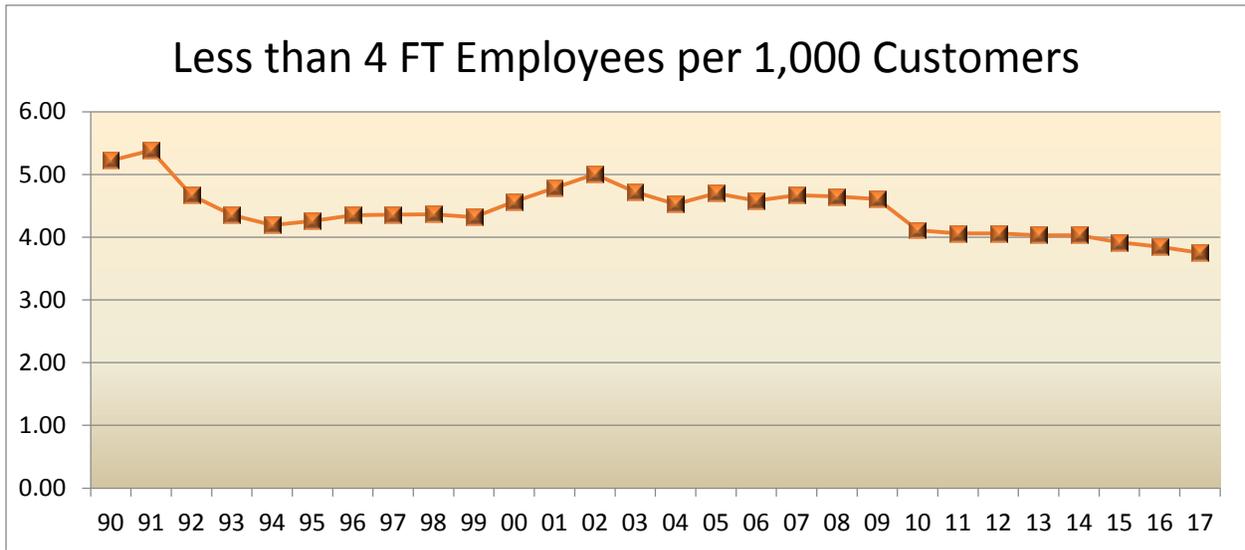


While reaching a high of over \$1.7K per capita in FY 05, the Village's per capita debt levels began to decline and are currently \$476+/- per resident (or less than 2/3s of just a decade ago). Moving into FY 17, the Village is in good order from a debt management perspective. Current debt levels are incrementally decreasing and manageable. The Board has carefully worked to meet the balance of improving the Village's infrastructure while assuming debt and related principal and interest payments that can be met through earmarked sources. Recent bond refinancing and early retirement efforts have saved our valued customers \$1.2M in interest payments.

**(4) Staffing Levels**

Staffing levels per 1,000 residents are at historical lows and clearly represent our efforts to decrease operating costs. The proposed FY17 budget has one less full time employee, which is a police officer, than the FY16 budget. Following is a chart which represents the Village's staffing levels/1,000 residents since 1990.

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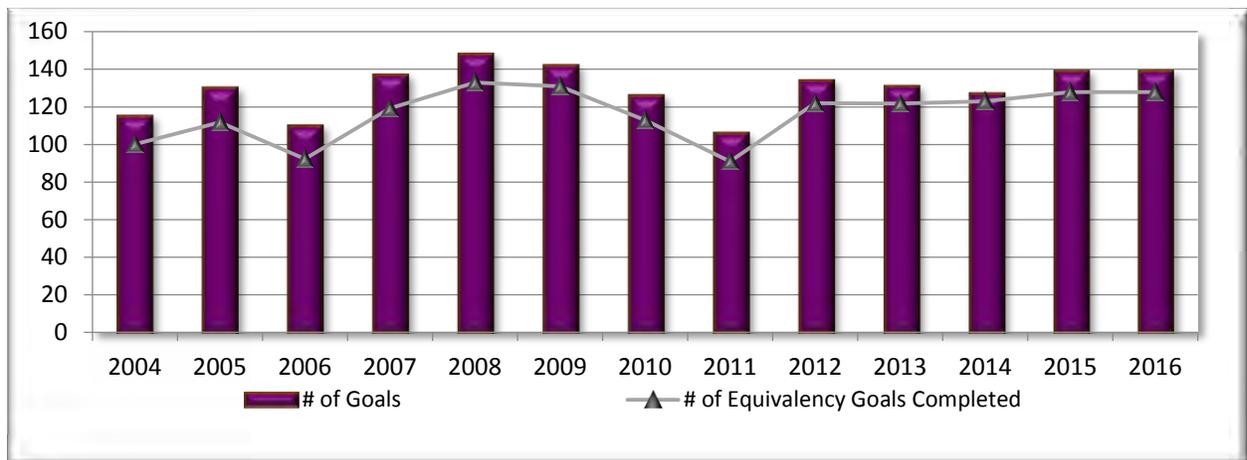


FY 16 – 75 Full Time Employees

FY17 – 74 Full Time Employees

**(5) GOAL COMPLETION PERFORMANCE:**

Annually, the Village of Mokena publishes various goal statements and objectives as an integral part of the budget process. Since 2004, these goals have been tracked throughout the course of any given year with an aggregate percent of completion being calculated at the end of each fiscal year. This exercise provides an overview of whether the Village’s Staff was successful at completing these stated goals and objectives. Goal completion rates during this time have ranged consistently from 84-94%.



**BUDGET SUMMARY:**

The Village’s overall revenues are anticipated to increase by approximately +3.6% or +\$835K. The Village’s overall expenditures are anticipated to decrease by (-1.6%) or (\$404K). The overall fiscal health of our Village Government is solid. Debt levels are being reduced and the local economy has proven to be resilient with our diverse mix of businesses. The Village has contained costs while spending levels have remained in check.

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**FISCAL IMPACTS ON CUSTOMERS:**

The proposed budget takes into consideration the cost of providing services to Mokena's residents and businesses with necessary adjustments for sewer and refuse service this year. The proposed budget includes a \$0.15/1000 adjustment for sewer rates resulting in a \$1.20 per month increase on an average residential customer. Over the course of the entire fiscal year, this adjustment will result in a \$14.40 increase in a household budget. The refuse rate will increase \$.98 per month for townhomes/condos and \$1.05 for single family homes (3% plus \$.50 for electronics recycling). Over the course of the entire fiscal year, this adjustment will result in a \$12+/- increase in a household budget. Combined with the sewer rate adjustment to take effect in July, the average household will see an approximate \$27 increase in fees.

The proposed budget has again been prepared to continue providing senior citizen households with refuse discounts of approximately \$27.

We are also proud to continue our Military Fee Waiver Program for the families of men and women protecting our freedom and the freedoms of others throughout the world today. Since the fee waiver was implemented several years ago, approximately one dozen families have taken advantage of this program.

**THE GREAT UNKNOWN.....THE STATE OF ILLINOIS BUDGET IMPASSE:**

Like any budget, there are always certain assumptions which drive the preparation of a yearly spending plan. The proposed FY 17 Budget is no exception as we continue to encounter some unknown conditions moving forward. The proposed budget assumes the Illinois General Assembly will change the structural components of the LGDF and revenue estimates have been adjusted accordingly. We will continue to monitor for any legislation affecting property taxes.

Given the financial problems being faced by the General Assembly and their history of making decisions in a vacuum that impact others, the status of the LGDF will always be an uncertainty for all local governments. While our local economy has proven to be strong and very resilient over the past few years, we have learned from the recent past that the national economy also plays a significant role in our overall financial health. Only time will provide answers to the future conditions that we face.

**BUDGET PHILOSOPHY:**

Staff strongly encourages the continued usage of the Village's unofficial long term budget philosophy:

1. We have worked hard to curb costs while focusing on the most important traditional services!
2. We are fortunate to have control over our financial destiny and able to survive changes we have no control over.
3. We should maintain a strong cash position and resist the urge to spend money because it is available.
4. Utilization of available cash should be....
  - a. Well thought
  - b. Serve established objectives
  - c. Not create any long term obligations

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This budget philosophy has served as a successful formula for long term financial health and staff would strongly recommend we continue to follow these principles as we make decisions and financial policy moving forward.

**Request for information:**

This financial report is designed to provide a general overview of the Village of Mokena's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director or Village Administrator, 11004 Carpenter Street, Mokena, IL, 60448.

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Village Administrator

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Finance Director

## BASIC FINANCIAL STATEMENTS

VILLAGE OF MOKENA, ILLINOIS  
STATEMENT OF NET POSITION  
MODIFIED CASH BASIS  
June 30, 2016

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 5,647,364	\$ 8,031,932	\$ 13,679,296
Investments	4,683,684	4,500,845	9,184,529
Restricted cash	301,134	0	301,134
Capital assets:			
Land	47,283,091	1,934,830	49,217,921
Construction in progress	0	186,321	186,321
Buildings, infrastructure, and equipment	108,724,827	35,034,799	143,759,626
Less accumulated depreciation	(43,360,307)	(15,135,511)	(58,495,818)
Total Capital assets, net of accumulated depreciation	<u>112,647,611</u>	<u>22,020,439</u>	<u>134,668,050</u>
<b>TOTAL ASSETS</b>	<u>\$ 123,279,793</u>	<u>\$ 34,553,216</u>	<u>\$ 157,833,009</u>
<b>DEFERRED OUTLOWS OF RESOURCES</b>			
Deferred loss on refunding	<u>172,165</u>	<u>13,198</u>	<u>185,363</u>
<b>LIABILITIES</b>			
Deposits	\$ 849	\$ 0	\$ 849
Noncurrent liabilities			
Due within one year	635,000	325,000	960,000
Due in more than one year	5,299,205	1,053,908	6,353,113
<b>TOTAL LIABILITIES</b>	<u>\$ 5,935,054</u>	<u>\$ 1,378,908</u>	<u>\$ 7,313,962</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 106,713,406	\$ 20,641,531	127,354,937
Restricted			
Economic development	150,037	0	150,037
Streets	1,145,780	0	1,145,780
Public safety	31,216	0	31,216
Professional services	19,045	0	19,045
Employee retirement	344,523	0	344,523
Unrestricted	<u>9,112,897</u>	<u>12,545,975</u>	<u>21,658,872</u>
<b>TOTAL NET POSITION</b>	<u>\$ 117,516,904</u>	<u>\$ 33,187,506</u>	<u>\$ 150,704,410</u>

See Accompanying Notes



VILLAGE OF MOKENA, ILLINOIS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
MODIFIED CASH BASIS  
June 30, 2016

	Major Funds			
	General Fund	Capital Improvement, Repair and Replacement Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,586,628	\$ 1,460,205	\$ 600,531	\$ 5,647,364
Investments	611,021	3,201,018	871,645	4,683,684
Restricted cash	0	301,134	0	301,134
<b>Total assets</b>	<b>\$ 4,197,649</b>	<b>\$ 4,962,357</b>	<b>\$ 1,472,176</b>	<b>\$ 10,632,182</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Deposits	\$ 0	\$ 849	\$ 0	\$ 849
Fund balances:				
Restricted:				
Economic development	\$ 0	\$ 0	\$ 150,037	\$ 150,037
Streets	0	301,134	844,646	1,145,780
Public safety	0	0	31,216	31,216
Professional services	0	0	19,045	19,045
Employee retirement	0	0	344,523	344,523
Assigned				
Streets	0	4,660,374	0	4,660,374
General government	0	0	82,709	82,709
Unassigned	4,197,649	0	0	4,197,649
<b>Total fund balances</b>	<b>4,197,649</b>	<b>4,961,508</b>	<b>1,472,176</b>	<b>10,631,333</b>
<b>Total liabilities and fund balances</b>	<b>\$ 4,197,649</b>	<b>\$ 4,962,357</b>	<b>\$ 1,472,176</b>	<b>\$ 10,632,182</b>

See Accompanying Notes

**VILLAGE OF MOKENA, ILLINOIS**  
 RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS  
 TO STATEMENT OF NET POSITION - MODIFIED CASH BASIS  
 June 30, 2016

Total Fund Balance - Governmental Funds \$ 10,631,333

Amounts reported for governmental activities are different because:

Capital assets used in governmental activities are not financial  
resources and, therefore, not reported in the funds:

Capital assets	156,007,918	
Accumulated depreciation	<u>(43,360,307)</u>	
Net capital assets		112,647,611

Unamortized balance of deferred amount of refunding bonds are not reported in the funds.	<u>172,165</u>
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Long-term liabilities are not due and payable in the current period  
and, therefore, are not reported in the funds.

Bonds payable	(5,800,000)	
Unamortized bond premium	<u>(134,205)</u>	
Total		(5,934,205)

Net Position of Governmental Activities \$ 117,516,904

See Accompanying Notes

**VILLAGE OF MOKENA, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**MODIFIED CASH BASIS**  
For the Year Ended June 30, 2016

	<u>Major Funds</u>			
	<u>General Fund</u>	<u>Capital Improvement, Repair and Replacement Fund</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Taxes:				
Property	\$ 1,877,958	\$ 0	\$ 728,913	\$ 2,606,871
State shared	7,705,889	1,946,543	522,735	10,175,167
Hotel/motel	0	0	47,593	47,593
Licenses and permits	983,613	0	0	983,613
Fines and forfeitures	189,855	0	0	189,855
Interest	6,023	7,085	1,843	14,951
Rental income	325,167	0	0	325,167
Contribution, donations and reimbursements	33,894	136,270	0	170,164
Grants	13,843	0	0	13,843
Interfund charges for services	282,062	0	0	282,062
Miscellaneous	214,163	13,649	295	228,107
Total revenues	<u>\$ 11,632,467</u>	<u>\$ 2,103,547</u>	<u>\$ 1,301,379</u>	<u>\$ 15,037,393</u>
<b>EXPENDITURES</b>				
Current:				
General government	\$ 1,788,238	\$ 0	\$ 731,670	\$ 2,519,908
Police and emergency services	5,575,997	0	0	5,575,997
Public works	1,449,251	1,724,189	391,568	3,565,008
Community development	580,677	0	0	580,677
Debt service:				
Principal	100,000	530,000	0	630,000
Interest	23,920	122,225	0	146,145
Capital outlay	379,139	431,468	0	810,607
Total expenditures	<u>\$ 9,897,222</u>	<u>\$ 2,807,882</u>	<u>\$ 1,123,238</u>	<u>\$ 13,828,342</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>1,735,245</u>	<u>(704,335)</u>	<u>178,141</u>	<u>1,209,051</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Gain on disposal of assets	\$ 16,687	\$ 0	\$ 0	\$ 16,687
Transfers in	0	1,135,000	0	1,135,000
Transfers out	(1,000,000)	0	0	(1,000,000)
Total other financing sources (uses)	<u>\$ (983,313)</u>	<u>\$ 1,135,000</u>	<u>\$ 0</u>	<u>\$ 151,687</u>
<b>NET CHANGE IN FUND BALANCES</b>	751,932	430,665	178,141	1,360,738
<b>FUND BALANCE, Beginning of year</b>	<u>3,445,717</u>	<u>4,530,843</u>	<u>1,294,035</u>	<u>9,270,595</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 4,197,649</u>	<u>\$ 4,961,508</u>	<u>\$ 1,472,176</u>	<u>\$ 10,631,333</u>

See Accompanying Notes

**VILLAGE OF MOKENA, ILLINOIS**  
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS  
TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
For the Year Ended June 30, 2016

Net Change in Fund Balances - Total Governmental Funds \$ 1,360,738

Amounts reported for governmental activities in the  
Statement of Activities - Modified Cash Basis are different because:

Governmental funds report capital outlays as expenditures while  
governmental activities report depreciation expense to allocate  
those expenditures over the life of the assets.

Capital outlay	810,607
Depreciation	(2,453,073)

Governmental funds report disposal of assets to the extent proceeds  
are received, while in the Statement of Activities - Modified Cash Basis,  
a gain or loss is reported by comparing the net book value of the assets  
sold to the sales proceeds received. This amount represents the net book  
value of the assets sold.

(29,087)

Repayment of principal on long-term debt is expenditure in  
governmental funds, but repayment reduces long-term liabilities  
in the statement of net position.

Principal retirement	630,000
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Some items reported in the Statement of Net Position - Modified Cash Basis  
do not require financial resources and, therefore, are not reported as  
liabilities in government funds.

These activities consist of:

Amortization of deferred loss on refunding	16,025
Amortization of bond premium	(21,727)

Change in Net Position of Governmental Activities	\$ 313,483
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**VILLAGE OF MOKENA, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**MODIFIED CASH BASIS**  
For the Year Ended June 30, 2016

	Budget		Actual	(Over) Under Budget
	Original	Final		
<b>Revenues</b>				
Taxes:				
Property	\$ 1,119,761	\$ 1,119,761	\$ 1,877,958	\$ (758,197)
State shared	5,802,086	5,802,086	7,705,889	(1,903,803)
Licenses and permits	880,530	880,530	983,613	(103,083)
Fines and forfeitures	202,000	202,000	189,855	12,145
Interest	1,800	1,800	6,023	(4,223)
Rental income	348,942	348,942	325,167	23,775
Contributions, donations, and reimbursements	0	0	33,894	(33,894)
Grants	13,843	13,843	13,843	0
Interfund charges for services	281,133	281,133	282,062	(929)
Miscellaneous	294,830	294,830	214,163	80,667
Total revenues	<u>8,944,925</u>	<u>8,944,925</u>	<u>11,632,467</u>	<u>(2,687,542)</u>
<b>Expenditures</b>				
Current:				
General government	1,877,760	1,877,760	1,788,238	89,522
Police and emergency services	4,286,997	4,841,697	5,575,997	(734,300)
Public works	1,534,417	2,366,469	1,449,251	917,218
Community development	627,510	627,510	580,677	46,833
Debt service:				
Principal	100,000	100,000	100,000	0
Interest	23,920	23,920	23,920	0
Capital outlay	412,644	412,644	379,139	33,505
Total expenditures	<u>8,863,248</u>	<u>10,250,000</u>	<u>9,897,222</u>	<u>352,778</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	81,677	(1,305,075)	1,735,245	(3,040,320)
<b>Other financing sources (uses)</b>				
Gain on disposal of assets	0	0	16,687	(16,687)
Transfers in	0	0	0	0
Transfers out	0	0	(1,000,000)	1,000,000
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>(983,313)</u>	<u>983,313</u>
<b>Net Change in Fund Balance</b>	<u>\$ 81,677</u>	<u>\$ (1,305,075)</u>	\$ 751,932	<u>\$ (2,057,007)</u>
<b>Fund Balance, Beginning of year</b>			<u>3,445,717</u>	
<b>Fund Balance, End of year</b>			<u>\$ 4,197,649</u>	

See Accompanying Notes

VILLAGE OF MOKENA, ILLINOIS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
MODIFIED CASH BASIS  
June 30, 2016

ASSETS	Water and Sewerage Fund	Refuse Fund	Municipal Parking Lot	Total
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 7,698,693	\$ 156,128	\$ 177,111	\$ 8,031,932
Investments	4,500,845	0	0	4,500,845
Total Current Assets	<u>12,199,538</u>	<u>156,128</u>	<u>177,111</u>	<u>12,532,777</u>
<b>NON-CURRENT ASSETS</b>				
Capital assets:				
Land	1,409,606	0	525,224	1,934,830
Construction in progress	186,321	0	0	186,321
Buildings and Equipment	34,713,958	8,657	312,184	35,034,799
Less Accumulated Depreciation	<u>(14,975,662)</u>	<u>(3,789)</u>	<u>(156,060)</u>	<u>(15,135,511)</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>21,334,223</u>	<u>4,868</u>	<u>681,348</u>	<u>22,020,439</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 33,533,761</u></u>	<u><u>\$ 160,996</u></u>	<u><u>\$ 858,459</u></u>	<u><u>\$ 34,553,216</u></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred loss on refunding	<u>\$ 13,198</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 13,198</u>
<b>LIABILITIES</b>				
<b>NON-CURRENT LIABILITIES</b>				
Due within one year	\$ 325,000	\$ 0	\$ 0	\$ 325,000
Due in more than one year	<u>1,053,908</u>	<u>0</u>	<u>0</u>	<u>1,053,908</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$ 1,378,908</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 1,378,908</u></u>
<b>NET POSITION</b>				
Net investment in capital assets	19,955,315	4,868	681,348	20,641,531
Unrestricted	<u>12,212,736</u>	<u>156,128</u>	<u>177,111</u>	<u>12,545,975</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 32,168,051</u></u>	<u><u>\$ 160,996</u></u>	<u><u>\$ 858,459</u></u>	<u><u>\$ 33,187,506</u></u>

See Accompanying Notes

**VILLAGE OF MOKENA, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**MODIFIED CASH BASIS**  
For the Year Ended June 30, 2016

	Business-type Activities - Enterprise Funds			
	Water and Sewerage Fund	Refuse Fund	Municipal Parking Lot	Total
<b>Operating revenues</b>				
Charges for services	\$ 7,775,748	\$ 1,261,050	\$ 337,099	\$ 9,373,897
Water meter installation	64,950	0	0	64,950
Inspection fees	33,839	0	0	33,839
Other	50,216	5,379	1,000	56,595
Total operating revenues	<u>7,924,753</u>	<u>1,266,429</u>	<u>338,099</u>	<u>9,529,281</u>
<b>Operating expenses</b>				
Water and sewerage operations	\$ 6,251,787	\$ 0	\$ 0	\$ 6,251,787
Refuse operations	0	1,263,421	0	1,263,421
Municipal parking lot operations	0		252,494	252,494
Depreciation	714,709	1,348	15,758	731,815
Total operating expenses	<u>6,966,496</u>	<u>1,264,769</u>	<u>268,252</u>	<u>8,499,517</u>
Operating income (loss)	<u>958,257</u>	<u>1,660</u>	<u>69,847</u>	<u>1,029,764</u>
<b>Non-operating revenues (expenses)</b>				
Investment income	16,800	203	232	17,235
Gain on disposal of assets	3,397	0	0	3,397
Interest expense	(53,229)	0	0	(53,229)
Total non-operating revenues (expenses)	<u>(33,032)</u>	<u>203</u>	<u>232</u>	<u>(32,597)</u>
Income before transfers	925,225	1,863	70,079	997,167
Transfers out	<u>(135,000)</u>	<u>0</u>	<u>0</u>	<u>(135,000)</u>
Change in net position	790,225	1,863	70,079	862,167
Net position, beginning of year	<u>31,377,826</u>	<u>159,133</u>	<u>788,380</u>	<u>32,325,339</u>
Net position, end of year	<u>\$ 32,168,051</u>	<u>\$ 160,996</u>	<u>\$ 858,459</u>	<u>\$ 33,187,506</u>

See Accompanying Notes

VILLAGE OF MOKENA, ILLINOIS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
MODIFIED CASH BASIS  
For the Year Ended June 30, 2016

	Major		Non-Major	Total
	Water and Sewerage Fund	Refuse Fund	Municipal Parking Lot	
<b>Cash flows from operating activities</b>				
Cash received for services	\$ 7,924,753	\$ 1,266,429	\$ 338,099	\$ 9,529,281
Payments to suppliers	(4,067,078)	(1,263,421)	(143,159)	(5,473,658)
Payments to employees	(2,184,709)	0	(109,335)	(2,294,044)
Net cash provided by operating activities	<u>1,672,966</u>	<u>3,008</u>	<u>85,605</u>	<u>1,761,579</u>
<b>Cash flows from noncapital financing activities</b>				
Payments to other funds	<u>(135,000)</u>	<u>0</u>	<u>0</u>	<u>(135,000)</u>
<b>Cash flows from capital and related financing activities</b>				
Principal paid on capital debt	(315,000)	0	0	(315,000)
Interest paid	(50,213)	0	0	(50,213)
Proceeds from sale of capital assets	3,397	0	0	3,397
Purchase of capital assets	<u>(691,571)</u>	<u>0</u>	<u>(31,631)</u>	<u>(723,202)</u>
Net cash used in capital and related financing activities	<u>(1,053,387)</u>	<u>0</u>	<u>(31,631)</u>	<u>(1,085,018)</u>
<b>Cash flows from investing activities</b>				
Purchase of investments	16,591	0	0	16,591
Interest received	<u>16,800</u>	<u>203</u>	<u>232</u>	<u>17,235</u>
Net cash flows provided by investing activities	<u>33,391</u>	<u>203</u>	<u>232</u>	<u>33,826</u>
<b>Net increase in cash and cash equivalents</b>	517,970	3,211	54,206	575,387
<b>Cash and cash equivalents, beginning of year</b>	<u>7,180,723</u>	<u>152,917</u>	<u>122,905</u>	<u>7,456,545</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 7,698,693</u></u>	<u><u>\$ 156,128</u></u>	<u><u>\$ 177,111</u></u>	<u><u>\$ 8,031,932</u></u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>				
Operating income	\$ 958,257	\$ 1,660	\$ 69,847	\$ 1,029,764
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	<u>714,709</u>	<u>1,348</u>	<u>15,758</u>	<u>731,815</u>
Net cash provided by operating activities	<u><u>\$ 1,672,966</u></u>	<u><u>\$ 3,008</u></u>	<u><u>\$ 85,605</u></u>	<u><u>\$ 1,761,579</u></u>

See Accompanying Notes

VILLAGE OF MOKENA, ILLINOIS  
STATEMENT OF FIDUCIARY NET POSITION  
MODIFIED CASH BASIS  
June 30, 2016

	Pension Trust Fund	Agency Fund
	Police Pension	Performance Bond
<b>ASSETS</b>		
Cash and cash equivalents	\$ 763,669	\$ 644,308
Investments, at fair value:		
U.S. treasury securities	1,138,868	0
U.S. agency securities	6,732,891	0
Municipal and corporate bonds	1,432,443	0
Money market mutual funds	0	234,574
Equity mutual funds	7,736,006	0
	\$ 17,803,877	\$ 878,882
<b>LIABILITIES</b>		
Due to property owners	\$ 0	\$ 878,882
	\$ 17,803,877	\$ 878,882
<b>PLAN NET POSITION HELD IN TRUST FOR PENSION BENEFITS</b>	<b>\$ 17,803,877</b>	

See Accompanying Notes

VILLAGE OF MOKENA, ILLINOIS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
MODIFIED CASH BASIS  
For the Year Ended June 30, 2016

	<u>Police Pension Fund</u>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 1,345,930
Plan members	253,539
Total contributions	<u>1,599,469</u>
Investment income (expense):	
Net increase in fair value of investments	25,695
Interest and dividends	565,570
Less investment expenses	(49,020)
Total investment income (expense)	<u>542,245</u>
Total additions	<u>2,141,714</u>
<b>DEDUCTIONS</b>	
Benefits	496,242
Administrative expenses	78,955
Total deductions	<u>575,197</u>
<b>CHANGE IN NET POSITION</b>	1,566,517
<b>PLAN NET POSITION HELD IN TRUST FOR PENSION BENEFITS</b>	
Beginning of year	<u>16,237,360</u>
End of year	<u><u>\$ 17,803,877</u></u>

See Accompanying Notes

VILLAGE OF MOKENA, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Village of Mokena's (Village) financial statements are prepared in accordance with the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant accounting policies used by the Village are discussed below.

**Financial Reporting Entity:** The Village of Mokena, Illinois, a non-home rule village, was established in 1852 and incorporated in 1880. The Village Board is composed of the Village President and six trustees. These financial statements include all operations of the Village. The Village provides a wide range of general municipal services, including police protection and crime prevention, community planning and zoning, building inspection and safety, street and building maintenance, traffic control, street lighting, and storm water control. In addition, water and sewer, refuse, and municipal parking lot services are provided under a proprietary fund concept, with user charges set by the Village Board to ensure adequate coverage of operating expenses and payments on outstanding debt.

The accompanying financial statements comply with the provisions of current GASB standards, in that the financial statements include all organizations, activities, and functions that comprise the Village. Component units are legally separate entities for which the Village (the primary entity) is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and either (1) the Village's ability to exercise control over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the Village. Using these criteria, the Village has determined that the Police Pension Plan meets the above criteria. The Police Pension Plan is blended into the Village's primary government financial statements as a fiduciary fund although it remains a separate legal entity. In addition, the Village is not included as a component unit in any other governmental reporting entity as defined by GASB pronouncements.

**Government-wide financial statements:** The Village's basic financial statements include both government-wide (reporting the Village as a whole) and fund (reporting the Village's major funds) financial statements. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Village's general government, police, streets, building and grounds are classified as governmental activities. The Village's water and sewer services refuse services and municipal parking lot services are classified as business-type activities.

VILLAGE OF MOKENA, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

<b>NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)</b>
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In the government-wide Statement of Net Position – Modified Cash Basis, the governmental and business-type activities column (a) are presented on a consolidated basis, and (b) are reported on a modified cash, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Village’s net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. The Village first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities – Modified Cash Basis reports both the gross and net cost of each of the Village’s functions and business-type activities. The functions are also supported by general government revenues (property taxes, sales taxes, grants and contributions not restricted to specific activities, unrestricted investment earnings, etc.).

The Statement of Activities – Modified Cash Basis reduces gross expenses (including depreciation) by related program revenues, operating, and capital grants. Program revenues must be directly associated with the function (general government, police, streets, and building and grounds). 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 or business-type activity) are normally covered by general revenues (property taxes, sales taxes, grants and contributions not restricted to specific activities, unrestricted investment earnings, etc.). The Village does not allocate indirect costs.

This government-wide focus is more on the sustainability of the Village as an entity and the change in the Village’s net position resulting from the current year’s activities.

**Fund Financial Statements:** The financial transactions of the Village 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 comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures of all governmental funds) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

VILLAGE OF MOKENA, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The following fund types are used by the Village:

1. Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income.

*General Fund* – The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

*Capital Improvement, Repair and Replacement Fund* – The Capital Improvement, Repair and Replacement Fund is used to account for financial resources that are restricted, committed, or assigned to expenditures for the acquisition or construction of major capital facilities and retirement of debt.

2. Proprietary Funds

The proprietary funds utilize an "economic resource" measurement focus. The object is determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The Village reports the following major proprietary funds:

*Water and Sewerage Fund* – The Water and Sewerage Fund accounts for the provision of water and wastewater services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund.

*Refuse Fund* – The Refuse Fund accounts for waste pick-up service in the Village.

*Municipal Parking Lot Fund* – The Municipal Parking Lot Fund accounts for the operation of four commuter parking lots.

VILLAGE OF MOKENA, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

3. Fiduciary Funds

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

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

**Basis of Accounting:** Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

In the government-wide Statement of Net Position - Modified Cash Basis and Statement of Activities - Modified Cash Basis and the fund financial statements, governmental activities and business-type activities are presented using the modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund equity, revenues, and expenditures/expenses when they result from cash transactions with a provision for depreciation in the government wide statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States.

As a result of the use of the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

If the Village utilized accounting principles generally accepted in the United States, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

VILLAGE OF MOKENA, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Cash and Investments:** Separate bank accounts are not maintained for all Village funds. Instead, the funds maintain their cash balances in common bank accounts, with accounting records being maintained to show the portion of the common bank account balance attributable to each participating fund. Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value. Fair value is determined by quoted market prices. Gains and losses on the sale of investments are recognized as they are incurred.

**Restricted Cash:** Certain enterprise fund resources are classified as restricted cash and cash equivalents on the Balance Sheet because their use is limited by applicable bond covenants.

**Interfund Transactions:** Interfund activity is reported either as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses.

Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

**Capital Assets:** Capital assets purchased or acquired with an original cost of \$5,000 and an estimated useful life in excess of one year are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date of donation. 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 all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	20-50	Years
Machinery and equipment	5-20	Years
Transportation equipment	5-10	Years
Infrastructure – other	23-50	Years

VILLAGE OF MOKENA, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

<b>NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)</b>
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The Village reports and depreciates new infrastructure assets acquired on or after May 1, 2004. Infrastructure assets include roads, sidewalks, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Village. Neither their historical cost nor related depreciation has historically been reported in the financial statements.

**Deferred Outflows of Resources:** In addition to assets and liabilities, the Balance Sheets and Statements of Net Position will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resource until then.

**Compensated Absences:** Under the cash basis of accounting, the Village does not accrue accumulated unpaid vacation and associated employee-related costs when earned (or estimated to be earned) by the employee. Vacations and the associated employee-related costs are recorded when paid.

**Long-Term Obligations:** In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities and proprietary fund Statement of Net Position – Modified Cash Basis. In the Government-wide Financial Statements, Bond premiums and discounts are deferred and amortized over the life of the bonds on a straight-line basis.

Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as debt service expenditures. In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums and discounts received on debt issuances are reported as other financing sources/uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Government-wide Net Position:** Government-wide net position is divided into three components:

1. *Net Investment in Capital Assets* – consists of capital assets (net of accumulated depreciation) reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. *Restricted Net Position* – consists of net position that is restricted by the Village's creditors, by the state enabling legislation, by grantors, and by other contributors.
3. *Unrestricted Net Position* – all other net positions are reported in this category.

VILLAGE OF MOKENA, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Governmental Fund Balances:** Governmental fund balances are divided between nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. The spendable fund balances are arranged in a hierarchy based on spending constraints:

1. *Restricted* – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions or by enabling legislation.
2. *Committed* – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority. The Village Board is the highest level of decision-making authority for the Village that can, by adoption of ordinance prior to the end of the year, commit fund balance. Once adopted, the limitation remains in place until a similar action is taken (adoption of another ordinance) to remove or revise the limitation.
3. *Assigned* – amounts the Village intends to use for specific purposes as determined by the Village Board. It is assumed that creation of a fund automatically assigns fund balance.
4. *Unassigned* – amounts that are available for any purpose. These amounts are only reported in the General Fund.

The Village permits funds to be expended in the following order: Restricted, Committed, Assigned, and Unassigned.

**Operating Revenues and Expenses:** The Village's proprietary funds distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses of the Village's proprietary funds consist of charges for services and the costs of providing those services, administrative expenses, and depreciation on capital assets. All other revenue and expenses are reported as nonoperating.

**NOTE 2: DEPOSITS AND INVESTMENTS**

Deposits with financial institutions are fully insured or collateralized by securities held in the Village's name. The Village is allowed to invest in securities as authorized by the Illinois Compiled Statutes, Chapter 30, Act 235/Articles 2 and 6.

VILLAGE OF MOKENA, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

**NOTE 2: DEPOSITS AND INVESTMENTS (continued)**

*Investments* – As of June 30, 2016, the Village had the following investments and maturities:

Investment	Investment Maturities (in Years)				
	Fair Value	Less than 1	1 - 5	5 - 10	More than 10
State investment pools	\$ 9,419,103	\$ 9,419,103	\$ 0	\$ 0	\$ 0
U.S. Treasury	1,138,868	271,977	519,832	347,059	0
U.S. agency securities	6,732,891	50,027	1,633,042	4,644,912	404,910
Equity mutual funds	7,736,006	N/A	N/A	N/A	N/A
Municipal and corporate bonds	1,432,443	100,539	637,438	553,588	140,878
<b>Total investments</b>	<b>\$ 26,459,311</b>	<b>\$ 9,841,646</b>	<b>\$ 2,790,312</b>	<b>\$ 5,545,559</b>	<b>\$ 545,788</b>

The fair value of investments in the State Investment Pool is the same as the value of pool shares. The State Investment Pool is not SEC-registered, but does have regulatory oversight through the State of Illinois.

*Credit Risk* – The Village limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in Illinois Funds, the U.S. Treasury, and U.S. agency securities. As of June 30, 2016, the Village’s investments in debt securities were rated as follows:

Investment	Credit Rating	Rating Source
State investment pool	AAAm	Standard and Poor's
U.S. Treasury	AAA	Standard and Poor's
U.S. agency securities	AA+	Standard and Poor's
Municipal bonds	AA-AAA	Standard and Poor's

Concentration of credit risk is the risk that the Village has too high a percentage of the investments invested in one type of investment. The Village’s investment policy requires diversification of investment to avoid unreasonable risk.

**NOTE 3: PROPERTY TAXES**

The Village’s property tax is levied each calendar year on all taxable real property located in the Village’s district. The 2015 levy was passed by the Board on December 14, 2015. Property taxes attach as an enforceable lien on property as of January 1 of the calendar year they are for and are payable in two installments early in June and early in September of the following calendar year, during which the Village receives significant distributions of property tax receipts.

VILLAGE OF MOKENA, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

<b>NOTE 4: CAPITAL ASSETS</b>
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The following is a summary of capital asset activity for the Village for the year ended June 30, 2016:

	Beginning	Additions	Deletions	Ending Balance
<i>Governmental activities:</i>				
<i>Capital assets not depreciable:</i>				
Land	\$ 46,910,697	\$ 372,394	\$ 0	\$ 47,283,091
<i>Capital assets depreciable:</i>				
Buildings and improvements	3,494,688	0	0	3,494,688
Transportation equipment	2,427,343	297,127	(118,151)	2,606,319
Machinery and equipment	1,233,388	82,012	0	1,315,400
Infrastructure	101,249,346	59,074	0	101,308,420
Subtotal	108,404,765	438,213	(118,151)	108,724,827
Accumulated depreciation	(40,996,298)	(2,453,073)	89,064	(43,360,307)
Total capital assets, depreciable	67,408,467	(2,014,860)	(29,087)	65,364,520
Total capital assets, net - governmental-type activities	\$ 114,319,164	\$ (1,642,466)	\$ (29,087)	\$ 112,647,611
<i>Business-type activities:</i>				
<i>Capital assets not depreciable:</i>				
Land	\$ 1,934,830	\$ 0	\$ 0	\$ 1,934,830
Construction in progress	0	186,321	0	186,321
Subtotal	1,934,830	186,321	0	2,121,151
<i>Capital assets depreciable</i>				
Buildings and improvements	\$ 14,118,797	\$ 32,700	\$ 0	\$ 14,151,497
Transportation equipment	561,794	127,924	(13,283)	676,435
Machinery and equipment	2,801,302	34,944	0	2,836,246
Infrastructure	17,029,127	341,494	0	17,370,621
Subtotal	34,511,020	537,062	(13,283)	35,034,799
Accumulated depreciation	(14,416,979)	(731,815)	13,283	(15,135,511)
Total capital assets, net business-type activities	\$ 22,028,871	\$ (8,432)	\$ 0	\$ 22,020,439

Depreciation expense was charged to functions/programs as follows:

<i>Governmental Activities:</i>		<i>Business-Type Activities:</i>	
General government	\$ 68,471	Water and Sewerage Operations	\$ 714,709
Public works	2,221,280	Refuse Operations	1,348
Police and emergency services	163,322	Municipal Parking Lot Operations	15,758
Total	\$2,453,073	Total	\$ 731,815

VILLAGE OF MOKENA, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

<b>NOTE 5: LONG-TERM OBLIGATIONS</b>
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Long-term obligation activity for the year ended June 30, 2016 was as follows:

	Balance July 1, 2015	Additions	Retirements	Balance June 30, 2016	Due Within One Year
<i>Governmental activities:</i>					
G.O. Tax Certificates	\$ 675,000	\$ 0	\$ (100,000)	\$ 575,000	\$ 110,000
G.O. Bonds	5,755,000	0	(530,000)	5,225,000	525,000
Unamortized bond premium	150,230	0	(16,025)	134,205	0
Total governmental	<u>\$ 6,580,230</u>	<u>\$ 0</u>	<u>\$ (646,025)</u>	<u>\$ 5,934,205</u>	<u>\$ 635,000</u>
<i>Business-type activities:</i>					
G.O. Bonds	\$ 1,685,000	\$ 0	\$ (315,000)	\$ 1,370,000	\$ 325,000
Unamortized bond premium	9,662	0	(754)	8,908	0
Total business-type	<u>\$ 1,694,662</u>	<u>\$ 0</u>	<u>\$ (315,754)</u>	<u>\$ 1,378,908</u>	<u>\$ 325,000</u>

Long-term obligations consisted of the following at June 30, 2016:

	Date of Issuance	Maturity Date	Interest Rate	Face Amount	Carrying Amount
<i>Governmental activities:</i>					
G.O. Tax Certificates	3/26/2009	2/1/2021	2.0% - 4.0%	\$ 1,265,000	\$ 575,000
G.O. Bonds	5/17/2012	12/15/2024	1.0% - 2.75%	6,890,000	5,225,000
<i>Business-type activities:</i>					
G.O. Bonds	3/10/2009	12/1/2019	2.0% - 3.5%	\$ 3,160,000	\$ 1,370,000

VILLAGE OF MOKENA, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

**NOTE 5: LONG-TERM OBLIGATIONS (continued)**

At June 30, 2016, the annual debt service requirements to service long-term debt (Series 2009B and Series 2012) attributable to governmental activities are:

Series 2009B

Payment Date	Principal	Interest	Total Payment
August 1, 2016		\$ 10,360	\$ 10,360
February 1, 2017	\$ 110,000	10,360	120,360
August 1, 2017		8,545	8,545
February 1, 2018	110,000	8,545	118,545
August 1, 2018		6,675	6,675
February 1, 2019	110,000	6,675	116,675
August 1, 2019		4,750	4,750
February 1, 2020	120,000	4,750	124,750
August 1, 2020		2,500	2,500
February 1, 2021	125,000	2,500	127,500
Total	\$ 575,000	\$ 65,660	\$ 640,660

Series 2012

Payment Date	Principal	Interest	Total Payment
December 15, 2016	\$ 525,000	\$ 58,463	\$ 583,463
June 15, 2017		53,213	53,213
December 15, 2017	545,000	53,213	598,213
June 15, 2018		47,762	47,762
December 15, 2018	560,000	47,762	607,762
June 15, 2019		42,162	42,162
December 15, 2019	575,000	\$ 42,162	\$ 617,162
June 15, 2020		36,412	36,412
December 15, 2020	565,000	36,412	601,412
June 15, 2021		30,409	30,409
December 15, 2021	585,000	30,409	615,409
June 15, 2022		24,194	24,194
December 15, 2022	600,000	24,194	624,194
June 15, 2023		16,694	16,694
December 15, 2023	615,000	16,694	631,694
June 15, 2024		9,006	9,006
December 15, 2024	655,000	9,006	664,006
Total	\$ 5,225,000	\$ 578,167	\$ 5,803,167

VILLAGE OF MOKENA, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

**NOTE 5: LONG-TERM OBLIGATIONS (continued)**

At June 30, 2016, the annual debt service requirements to service long-term debt (Series 2009) attributable to business-type activities are:

Series 2009

Payment Date	Principal	Interest	Total Payment
December 1, 2016	\$ 325,000	\$ 22,744	\$ 347,744
June 1, 2017		17,868	17,868
December 1, 2017	335,000	17,868	352,868
June 1, 2018		12,425	12,425
December 1, 2018	350,000	12,425	362,425
June 1, 2019		6,300	6,300
December 1, 2019	360,000	6,300	366,300
Total	<u>\$ 1,370,000</u>	<u>\$ 95,930</u>	<u>\$ 1,465,930</u>

*Pledged Revenues* – The Village has pledged the future ½% non-home rule sales tax revenue to pay the debt service on the 2012 bond issuance. The pledge will remain until the bonds are retired. Total ½ % non-home rule sales tax revenue and debt service for the 2012 bonds for the year ended June 30, 2016 totaled \$1,946,543 and \$652,225, respectively.

*Prior Year Defeasance of Debt* – In prior years, the Village defeased various bond issues by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the Village’s financial statements. At June 30, 2016, \$7,315,000 of defeased bonds remain outstanding.

*Legal Debt Margin* – The legal debt margin for the Village at June 30, 2016 is as follows:

Assessed valuton - 2015 tax year	<u>\$ 714,080,367</u>
Statutory debt limitation (8.625% of assessed valuation)	\$ 61,589,432
Debt:	
G.O. Bonds	\$ 6,595,000
G.O. Tax Certificates	575,000
Unamortized bond premium	<u>143,113</u>
Total Debt	<u>\$ 7,313,113</u>
Legal debt margin	<u>54,276,319</u>

VILLAGE OF MOKENA, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

**NOTE 6: CONTINGENT LIABILITIES**

At June 30, 2016, the Village was holding security agreement letters of credit of \$3,430,382. These letters of credit represent security for the Village for the completion of public improvements by various developers. No amounts are recorded on the books of the Village until the contractor defaults on the construction of the improvements.

**NOTE 7: INTERFUND ACTIVITY**

Interfund transfers for the year ended June 30, 2016 consisted of the following:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 0	\$ 1,000,000
Capital Projects Fund	1,135,000	0
Water and Sewerage Fund	0	135,000
Total	\$ 1,135,000	\$ 1,135,000

Transfers are to move revenues to the fund that statute or budget requires to collect them to a fund that statute or budget requires to expend them. Transfers are also used to move unrestricted revenues to other funds in accordance with budgetary authorization.

**NOTE 8: RISK MANAGEMENT**

The Village has joined with selected other municipalities to form an externally administered insurance program, Southwest Agency for Risk Management (SWARM). This association provides workers' compensation, liability, and property insurance. Each individual member is self-insured for \$50,000 and \$100,000, respectively, for property and general liability claims per occurrence. The Village's estimated unfunded obligation to SWARM at June 30, 2016 was \$0. The amount of coverage has not decreased nor have the amount of settlements exceeded coverage in the current year or any of the past three years.

During the year ended June 30, 2016, the Village also participated in the Southwest Agency for Health Management which provided health, dental and life insurance to Village employees.

VILLAGE OF MOKENA, ILLINOIS  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2016

<b>NOTE 9: RETIREMENT FUND COMMITMENTS</b>
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The Village contributes to two agent multiple employer public employee defined benefit pension plans (collectively referred to as the Pension Plans), the Illinois Municipal Retirement Fund (IMRF) and the Sheriff's Law Enforcement Personnel Fund (SLEP), which are administered by IMRF. The benefits, benefit levels, employee contributions and employer contributions for both plans are governed by ILCS and can only be amended by the Illinois General Assembly. The Pension Plans do not issue separate reports on the plans. However, IMRF issues a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. Those reports can be obtained from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

**Illinois Municipal Retirement Fund**

*Plan Description* – All employees (other than those covered by the Police Pension plan) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011, are eligible for Tier 1 benefits.

Benefits Provided

<u>Plan</u>	<u>Regular Tier 1</u>	<u>Regular Tier 2</u>
Retirement benefit amount	1-2/3 percent of the final rate of earnings for each of the first 15 years plus 2 percent for each year of service credit in excess of 15 years, limited to 75 percent of the final rate of earnings	1-2/3 percent of the final rate of earnings for each of the first 15 years plus 2 percent for each year of service credit in excess of 15 years, limited to 75 percent of the final rate of earnings
Final rate of Earnings	Highest consecutive 48 months in the last 10 years	Highest consecutive 96 months in the last 10 years, pensionable earnings capped at \$111,572 in 2016, increasing annually by 3% or 1/2 of the increase in CPI, whichever is less
Vesting	8 years	10 years
Minimum age for unreduced benefits	35+ years of service; 55, otherwise 60	35+ years of service; 62, otherwise 67

VILLAGE OF MOKENA, ILLINOIS  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2016

<b>NOTE 9: RETIREMENT FUND COMMITMENTS (continued)</b>
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<u>Plan</u>	<u>Regular Tier 1</u>	<u>Regular Tier 2</u>
Early retirement	At age 55, discount based on age and service	At age 62, discount based on age and service
Survivor benefits	Annuity for eligible spouse	Annuity for eligible spouse
Post-retirement increase	3% of original amount	3% or 1/2 of the increase in CPI, whichever is less, of original amount; increases begin the January following the member's 67 <sup>th</sup> birthday or the January after the member has received one year of benefit payments, whichever is later

IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute. Participating members are required to contribute 4.5% of their annual salary to IMRF. The Village is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contribution for the year ended December 31, 2014 was 10.92% of covered payroll.

**Sheriff's Law Enforcement Personnel**

Certain police chiefs may choose to participate as SLEP members or in their local police pension plan. This option is available only to appointed police chiefs of cities, towns and villages that have: already established a police pension fund or just formed a new police pension plan.

<u>Plan</u>	<u>SLEP Tier 1</u>	<u>SLEP Tier 2</u>
Retirement benefit amount	2.5 percent of the final rate of earnings for each of SLEP service credit, limited to 80 percent of the final rate of earnings	2.5 percent of the final rate of earnings for each of SLEP service credit, limited to 75 percent of the final rate of earnings
Final rate of Earnings	Highest consecutive 48 months in the last 10 years	Highest consecutive 96 months in the last 10 years, pensionable earnings capped at \$111,572 in 2016, increasing annually by 3% or 1/2 of the increase in CPI, whichever is less

VILLAGE OF MOKENA, ILLINOIS  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2016

<b>NOTE 9: RETIREMENT FUND COMMITMENTS (continued)</b>
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<u>Plan</u>	<u>Regular Tier 1</u>	<u>Regular Tier 2</u>
Vesting	20 years	10 years
Minimum age for unreduced benefits	20+ years of service; 50	10+ years of service; 55
Early retirement	None	At age 50, discount based on age and service
Survivor benefits	Annuity for eligible spouse	Annuity for eligible spouse
Post-retirement increase	3% of original amount	3% or 1/2 of the increase in CPI, whichever is less, of original amount; increases begin the January following the member's 60 <sup>th</sup> birthday or the January after the member has received one year of benefit payments, whichever is later

SLEP also provides death and disability benefits. These benefit provisions and all other requirements are established by ILCS. Participating members are required to contribute 7.5% of their annual salary to SLEP. The Village is required to contribute the remaining amounts necessary to fund SLEP as specified by statute. The employer required annual contribution rate for the calendar year 2014 was 0% of covered payroll as the Village had no participants in SLEP.

*Plan Membership* – At December 31, 2015, the measurement date, membership in the IMRF and SLEP plans was as follows:

	Regular Members	SLEP Members
Inactive employees or beneficiaries currently receiving benefits	43	1
Inactive employees entitled to but not yet receiving benefits	15	0
Active employees	48	0
Total	106	1

VILLAGE OF MOKENA, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

<b>NOTE 9:</b>	<b>RETIREMENT FUND COMMITMENTS (continued)</b>
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*Contributions* – As set by statute, Village employees participating in IMRF are required to contribute 4.50% of their annual covered salary. The statute requires the Village to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Village's actuarially determined contribution rate for calendar year 2015 was 13.79% percent of annual covered payroll. The Village also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

*Actuarial Assumptions* – The total pension liability for the plan was determined by an actuarial valuation performed as of December 31, 2015 using the following actuarial methods and assumptions:

Actuarial cost method   Entry Age Normal  
Asset valuation method   Market Value

**Actuarial assumptions**

Investment Rate of Return	7.50%
Price inflation	2.75%
Salary increases	3.75% to 14.50%, including inflation

*Mortality* – For non-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 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 adjustment that was 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.

*Long-Term Expected Real Rate of Return* – The long-term expected rate of return on pension plan investments was determined using an asset allocation study in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce long-term expected rate of return by the target asset allocation percentage and by adding expected inflation.

VILLAGE OF MOKENA, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

**NOTE 9: RETIREMENT FUND COMMITMENTS (continued)**

The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Projected Returns/Risk	
		One Year Arithmetic	Ten Year Geometric
Equities	38.0%	8.85%	7.39%
International equities	17.0%	9.55%	7.59%
Fixed income	27.0%	3.02%	3.00%
Real estate	8.0%	7.20%	6.00%
Alternatives	9.0%		
Private equity		13.15%	8.15%
Hedge funds		5.55%	5.25%
Commodities		4.40%	2.75%
Cash	1.0%	2.25%	2.25%
	100.0%		

*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).

*Discount Rate Sensitivity* – The following is a sensitivity analysis of the net pension liability/ (asset) to changes in the discount rate. The table below presents the pension liability of the Village calculated using the discount rate of 7.50% as well as what the net pension liability/(asset) would be if it were to be calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability (asset)	\$ 6,860,180	\$ 4,308,352	\$ 2,210,877

VILLAGE OF MOKENA, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

**NOTE 9: RETIREMENT FUND COMMITMENTS (continued)**

*Changes in Net Pension Liability* – The Village’s changes in net pension liability for Regular and SLEP Members for the calendar year ended December 31, 2015 were as follows:

	Pension Liability (A)	Plan Net Position (B)	Net Pension Liability (Asset) (A)-(B)
<b>Balances at December 31, 2014</b>	\$ 16,251,284	\$ 13,384,279	\$ 2,867,005
<b>Changes for the year:</b>			
Service cost	379,143	0	379,143
Interest on the total pension liability	1,211,184	0	1,211,184
Changes of benefit terms	0	0	0
Differences between expected and actual experience of the total pension liability	103,884	0	103,884
Changes of assumptions	69,618	0	69,618
Contributions – employer	0	512,911	(512,911)
Contributions – employees	0	153,060	(153,060)
Net investment income	0	67,448	(67,448)
Benefit payments, including refunds of employee contributions	(455,208)	(455,208)	0
Other (net transfer)	0	(410,937)	410,937
Net changes	1,308,621	(132,726)	1,441,347
<b>Balances at December 31, 2015</b>	\$ 17,559,905	\$ 13,251,553	\$ 4,308,352

*Social Security* – Employees not qualifying for coverage under IMRF are considered “nonparticipating employees.” These employees and those qualifying for coverage under the IMRF and Police Pension Fund are covered under Social Security. The Village paid the total required contribution for the current fiscal year.

**NOTE 10: POLICE PENSION PLAN**

*Plan Description* – The Police Pension Plan (Plan) is a single-employer, defined benefit pension plan which covers the qualified police sworn employees of the Village of Mokena, Illinois. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois compiled statute and may be amended only by the Illinois legislature. The Village accounts for the plan as a Pension Trust Fund and does not issue a stand-alone financial report.

VILLAGE OF MOKENA, ILLINOIS  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2016

<b>NOTE 10:</b>	<b>POLICE PENSION PLAN (continued)</b>
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*Plan Membership* – Membership in the Plan consisted of the following at June 30, 2016, the date of the latest actuarial valuation:

Inactive employees or beneficiaries currently receiving benefits	8
Inactive employees entitled to but not yet receiving benefits	1
Active employees	29
Total	38

*Benefits Provided* – The Plan provides retirement, disability, and death benefits to Plan members and their beneficiaries. Chapter 40-Pensions-Act 5/Article 3 of the Illinois Compiled Statutes assigns the authority to establish and amend the benefit provisions of the Plan to the Illinois legislature.

Tier 1 employees (those hired as a police officer prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last 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 service may retire at or after age 60 and receive a reduced benefit. The monthly pension of a police officer 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.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officer' salary for pension purposes is capped at \$111,572 (as of January 1, 2015), plus the lesser of one-half 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 10 years of service may retire at or after age 50 and receive a reduced benefit (i.e., 1/2% for each month under 55).

The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3% or 1/2 of the change in the Consumer Price Index for the preceding calendar year.

VILLAGE OF MOKENA, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

<b>NOTE 10:</b>	<b>POLICE PENSION PLAN (continued)</b>
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*Contributions* – Employees are required by Illinois Compiled Statutes (ILCS) to contribute 9.91% of their base salary to the Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the Plan and the administrative costs as actuarially determined by an enrolled actuary. For the year ended June 30, 2016, the Village’s contribution was 53.49% of covered payroll.

*Investment Policy* – ILCS limit the Plan’s investments to those allowable by ILCS and require the Plan’s Board of Trustees to adopt an investment policy which can be amended by a majority vote of the Board of Trustees. The Plan’s investment policy authorizes the Plan to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, investment grade corporate bonds and Illinois Funds. The Plan may also invest in certain non-U.S. obligations, Illinois municipal corporations tax anticipation warrants, veteran’s loans, obligations of the State of Illinois and its political subdivisions, Illinois insurance company general and separate accounts, mutual funds and corporate equity securities. The Plan’s investment policy in accordance with ILCS establishes the following target allocation across asset classes:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Fixed income	44.0%	0.55%
Corporate investment grade	11.0%	0.17%
Equities	31.5%	2.05%
International equities	11.3%	0.68%
Real estate	2.3%	0.16%
Cash	0.0%	0.00%
	100.0%	

ILCS limit the Plan’s investments in equities and mutual funds to 45%. Securities in any one company should not exceed 5% of the total fund.

VILLAGE OF MOKENA, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

**NOTE 10: POLICE PENSION PLAN (continued)**

The blended asset class is comprised of all other asset classes to allow for rebalancing the portfolio. The long-term expected rate of return on the Plan's investments was determined using an asset allocation study conducted by the Plan's investment management consultant in which best estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major assets class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates or arithmetic real rates of return excluding inflation for each major asset class included in the Plan's target asset allocation as of June 30, 2016 are listed on the previous page.

*Investment Valuations, Concentrations, and Rate of Return* – All investments in the Plan are stated at fair value and are recorded as of the trade date. Fair value is based on quoted market prices for debt securities, equity securities, and mutual funds. There are no significant investments (other than U.S. Government guaranteed obligations) in any one organization that represent 5% or more of the Plan's investments. For the year ended April 30, 2015, the annual money-weighted rate of return on pension plan investments (excluding CD's), net of pension plan investment expense, was 3.31%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*Deposits with Financial Institutions* – Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Plan's deposits may not be returned to it. The Plan's investment policy requires all bank balances to be covered by federal depository insurance.

*Discount Rate* – The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and the Village contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

VILLAGE OF MOKENA, ILLINOIS  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2016

**NOTE 10: POLICE PENSION PLAN (continued)**

*Discount Rate Sensitivity* – The following is a sensitivity analysis of the net pension liability/ (asset) to changes in the discount rate. The table below presents the pension liability of the Village calculated using the discount rate of 7.50% as well as what the net pension liability/(asset) would be if it were to be calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability (asset)	\$ 9,254,395	\$ 4,924,359	\$ 1,490,754

*Actuarial Assumptions* – The total pension liability for the plan was determined by an actuarial valuation using the following actuarial methods and assumptions:

Actuarial valuation date	June 30, 2016
Actuarial cost methods	Entry age normal (level % of pay)
Asset valuation method	Market value
Amortization method	Straight line
Amortization period	
Actual experience (TPL)	9.38 years
Changes in assumptions	9.38 years
Asset experience	5 years
Rate of returns on present and future assets	6.5%
Projected salary increases	3.00% - 9.23%
*Includes inflation at	2.5%
Projected salary increases	3.5%

VILLAGE OF MOKENA, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

**NOTE 10: POLICE PENSION PLAN (continued)**

*Net Pension Liability* – The components of the net pension liability of the Plan as of June 30, 2016, calculated in accordance with GASB Statement No. 67, were as follows:

	Pension Liability (A)	Plan Net Position (B)	Net Pension Liability (Asset) (A)-(B)
<b>Balances at July 1, 2015</b>	\$ 20,760,524	\$ 16,273,371	\$ 4,487,153
<b>Changes for the year:</b>			
Service cost	560,933	0	560,933
Interest on the total pension liability	1,333,306	0	1,333,306
Changes of benefit terms	0	0	0
Differences between expected and actual experience of the total pension liability	(201,968)	0	(201,968)
Changes of assumptions	822,982	0	822,982
Contributions – employer	0	1,345,938	(1,345,938)
Contributions – employees	0	253,539	(253,539)
Net investment income	0	544,516	(544,516)
Benefit payments, including refunds of employee contributions	(496,242)	(496,242)	0
Other (net transfer)	0	(65,946)	65,946
Net changes	2,019,011	1,581,805	437,206
<b>Balances at June 30, 2016</b>	\$ 22,779,535	\$ 17,855,176	\$ 4,924,359

**NOTE 11: OTHER POST EMPLOYMENT BENEFIT PLAN**

*Plan Description* – The Retiree Healthcare Benefit Program is a single-employer defined benefit healthcare plan administered by the Village. The Village provides post-retirement benefits to all retirees who worked for the Village, were enrolled in one of the Village's healthcare plans at the time of employment, and receive a pension from the Village through the Illinois Municipal Retirement Fund (IMRF) or the Police Pension Fund. Such coverage is provided for retired employees until they reach age 65. The retired employees are required to pay 100% of the blended premiums. The Retiree Healthcare Benefit Plan does not issue a publicly available financial report.

*Funding Policy* – The contribution requirements are based on projected pay-as-you-go financing. For fiscal year 2016, the Village contributed \$79,159 to the plan.

VILLAGE OF MOKENA, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

<b>NOTE 11: OTHER POST EMPLOYMENT BENEFIT PLAN (continued)</b>
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*Annual OPEB Cost and Net OPEB Obligation* – The following table shows the components of the Village’s annual OPEB cost for the year ended June 30, 2016, the amount actually contributed to the plan, and changes in the Village’s net OPEB obligation to the plan:

Annual required contribution	\$ 132,453
Interest on Net OPEB Obligation	16,780
Adjustment to annual requirement contribution	<u>(24,261)</u>
Annual OPEB cost (expense)	124,972
Contributions made	<u>(79,159)</u>
Change in net OPEB obligation	45,813
Net OPEB liability, beginning of year	<u>419,512</u>
Net OPEB liability, end of year	<u>\$ 465,325</u>

*Actuarial Methods and Assumptions* – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2014 actuarial valuation (the most recent available), the entry age actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer’s own investments calculated based on the funded level of the plan at the valuation date, 4.0% projected salary increases, inflation rate of 3%, and an annual healthcare inflation cost trend rate of 7.2 – 7.9% initially, reduced by decrements to an ultimate inflation rate of 5.0%. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2016 was 30 years.

As the Village reports using the modified cash basis of accounting no liability has been recognized with regards to this other post-employment benefit plan for the year ended June 30, 2016.

VILLAGE OF MOKENA, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

**NOTE 12: BUDGETARY INFORMATION**

Annual budgets are adopted on the modified cash basis of accounting, which is consistent with the basis of accounting utilized by the Village's funds. The original budget was amended on June 27, 2016.

The Village follows the following procedures in establishing the budgetary data reflected in the financial statements:

1. The Village Board adopts a Budget Ordinance which includes a budget for all funds utilized by the Village. This ordinance serves as an appropriation authorization.
2. Public budget hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of an ordinance.
4. The Village Administrator is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved through an ordinance by the Village Board.
5. The level of control, or level at which expenditures may not exceed budgeted appropriations, is at the fund level. Appropriations lapse at the end of the fiscal year.

**NOTE 13: SUBSEQUENT EVENTS**

The Village has evaluated subsequent events through the date of this report, the date on which the financial statements were available to be issued.

**NOTE 14: RECENTLY ISSUED ACCOUNTING GUIDANCE**

*GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets that are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement Nos. 67 and 68* addresses accounting and financial reporting for pensions that were not covered by GASB Statement No. 68, because the plan assets are not held in trust. The provisions in Statement 73 are effective for fiscal years beginning after June 15, 2015. It has been determined there is no impact from this Statement.

*GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* addresses the accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. The Village has not determined the effect of this statement.

VILLAGE OF MOKENA, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

<b>NOTE 14:</b>	<b>RECENTLY ISSUED ACCOUNTING GUIDANCE (continued)</b>
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GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* identifies – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). Authoritative sources of GAAP now include (1) GASB pronouncements, (2) GASB implementation guides, and (3) AICPA literature specifically cleared by the GASB. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. It has been determined there is no impact from this Statement.

GASB Statement No. 77, *Tax Abatement Disclosures* requires governments that enter into tax abatement agreements to disclose the certain information about the agreements to allow readers of the financial statements to better access the revenue-generating capacity of the government. The provisions in Statement No. 77 are effective for reporting periods beginning after December 15, 2015. It has been determined there is no impact from this Statement.

GASB Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14* amends the blending requirements by requiring the blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. The Village has not determined the effect of this Statement.

GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73* amends the required presentation to include the covered payroll, defined as the payroll on which contributions to a pension plan are based, and ratios that use that measure. The requirements of this Statement are effective for reporting period in which the measurement date of the pension liability is after June 15, 2017. The Village has not determined the effect of this Statement.

SUPPLEMENTARY INFORMATION

**VILLAGE OF MOKENA, ILLINOIS**  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL  
 CAPITAL IMPROVEMENT, REPAIR AND REPLACEMENT FUND  
 MODIFIED CASH BASIS  
 For the Year Ended June 30, 2016

	Budget		(Over) Under
	Original and	Actual	Budget
	Final		
<b>Revenues</b>			
Taxes:			
State shared	\$ 1,849,469	\$ 1,946,543	\$ (97,074)
Interest	2,930	7,085	(4,155)
Contributions, donations and reimbursements	45,000	136,270	(91,270)
Miscellaneous	0	13,649	(13,649)
Total revenues	1,897,399	2,103,547	(206,148)
<b>Expenditures</b>			
Current:			
Public works	220,291	1,724,189	(1,503,898)
Debt service:			
Principal	530,000	530,000	0
Interest	122,225	122,225	0
Capital outlay	2,224,330	431,468	1,792,862
Total expenditures	3,096,846	2,807,882	288,964
<b>Excess (Deficiency) of Revenues</b>			
<b>Over (Under) Expenditures</b>	(1,199,447)	(704,335)	(495,112)
<b>Other financing sources (uses)</b>			
Transfers in	135,000	1,135,000	(1,000,000)
<b>Net Change in Fund Balance</b>	\$ (1,064,447)	\$ 430,665	\$ (1,495,112)
<b>Fund Balance, Beginning of year</b>		4,530,843	
<b>Fund Balance, End of year</b>		\$ 4,961,508	

VILLAGE OF MOKENA, ILLINOIS  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 MODIFIED CASH BASIS  
 June 30, 2016

	Special Revenue						Total Nonmajor Funds
	Municipal Audit Fund	School Crossing Guard Fund	Motor Fuel Tax Fund	IMRF/FICA Fund	Special Tax Allocation Fund	Tourism Fund	
<b>ASSETS</b>							
Cash and cash equivalents	\$ 19,045	\$ 31,216	\$ 0	\$ 317,524	\$ 150,037	\$ 82,709	\$ 600,531
Investments	0	0	844,646	26,999	0	0	871,645
<b>Total assets</b>	<b>\$ 19,045</b>	<b>\$ 31,216</b>	<b>\$ 844,646</b>	<b>\$ 344,523</b>	<b>\$ 150,037</b>	<b>\$ 82,709</b>	<b>\$ 1,472,176</b>
<b>FUND BALANCES</b>							
Fund balance:							
Restricted:							
Economic development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 150,037	\$ 0	\$ 150,037
Streets	0	0	844,646	0	0	0	844,646
Public safety	0	31,216	0	0	0	0	31,216
Professional services	19,045	0	0	0	0	0	19,045
Employee retirement	0	0	0	344,523	0	0	344,523
Assigned							
General government	0	0	0	0	0	82,709	82,709
<b>Total fund balances</b>	<b>\$ 19,045</b>	<b>\$ 31,216</b>	<b>\$ 844,646</b>	<b>\$ 344,523</b>	<b>\$ 150,037</b>	<b>\$ 82,709</b>	<b>\$ 1,472,176</b>

**VILLAGE OF MOKENA, ILLINOIS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**MODIFIED CASH BASIS**  
**For the Year Ended April 30, 2016**

	Special Revenue						Total Nonmajor Funds
	Municipal	School	Motor Fuel	IMRF/FICA	Special Tax	Tourism	
	Audit Fund	Crossing Guard Fund	Tax Fund	Fund	Allocation Fund	Fund	
<b>REVENUES</b>							
Taxes:							
Property	\$ 6,052	\$ 27,703	\$ 0	\$ 660,443	\$ 34,715	\$ 0	\$ 728,913
State shared	0	0	504,220	18,515	0	0	522,735
Hotel/motel	0	0	0	0	0	47,593	47,593
Licenses and permits	0	0	0	0	0	0	0
Fines and forfeitures	0	0	0	0	0	0	0
Charges for services	0	0	0	0	0	0	0
Interest	21	33	1,281	260	163	85	1,843
Rental income	0	0	0	0	0	0	0
Donations and reimbursements	0	0	0	0	0	0	0
Grants	0	0	0	0	0	0	0
Interfund charges for services	0	0	0	0	0	0	0
Miscellaneous	0	0	0	0	0	295	295
Total revenues	<u>\$ 6,073</u>	<u>\$ 27,736</u>	<u>\$ 505,501</u>	<u>\$ 679,218</u>	<u>\$ 34,878</u>	<u>\$ 47,973</u>	<u>\$ 1,301,379</u>
<b>EXPENDITURES</b>							
Current:							
General government	\$ 5,758	\$ 27,003	\$ 0	\$ 671,964	\$ 2,407	\$ 24,538	\$ 731,670
Public safety	0	0	0	0	0	0	0
Public works	0	0	391,568	0	0	0	391,568
Community development	0	0	0	0	0	0	0
Debt service:							
Principal	0	0	0	0	0	0	0
Interest	0	0	0	0	0	0	0
Capital outlay	0	0	0	0	0	0	0
Total expenditures	<u>\$ 5,758</u>	<u>\$ 27,003</u>	<u>\$ 391,568</u>	<u>\$ 671,964</u>	<u>\$ 2,407</u>	<u>\$ 24,538</u>	<u>\$ 1,123,238</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>315</u>	<u>733</u>	<u>113,933</u>	<u>7,254</u>	<u>32,471</u>	<u>23,435</u>	<u>178,141</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Issuance of long-term debt	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Gain on sale of capital assets	0	0	0	0	0	0	0
Transfers in	0	0	0	0	0	0	0
Transfers out	0	0	0	0	0	0	0
Total other financing sources (uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>NET CHANGE IN FUND BALANCES</b>	315	733	113,933	7,254	32,471	23,435	178,141
<b>FUND BALANCE, Beginning of year,</b>	<u>18,730</u>	<u>30,483</u>	<u>730,713</u>	<u>337,269</u>	<u>117,566</u>	<u>59,274</u>	<u>1,294,035</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 19,045</u>	<u>\$ 31,216</u>	<u>\$ 844,646</u>	<u>\$ 344,523</u>	<u>\$ 150,037</u>	<u>\$ 82,709</u>	<u>\$ 1,472,176</u>

**VILLAGE OF MOKENA, ILLINOIS**  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL  
 MUNICIPAL AUDIT FUND  
 MODIFIED CASH BASIS  
 For the Year Ended June 30, 2016

	Budget		(Over) Under
	Original and	Actual	Budget
	Final		
<b>REVENUES</b>			
Taxes:			
Property	\$ 5,829	\$ 6,052	\$ (223)
Interest	25	21	4
Total revenues	\$ 5,854	\$ 6,073	\$ (219)
<b>EXPENDITURES</b>			
Current:			
General government	\$ 5,758	\$ 5,758	\$ 0
<b>NET CHANGE IN FUND BALANCES</b>	\$ 96	315	\$ (219)
<b>FUND BALANCE, Beginning of year</b>		18,730	
<b>FUND BALANCE, End of year</b>		\$ 19,045	

**VILLAGE OF MOKENA, ILLINOIS**  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL  
 SCHOOL GUARD CROSSING FUND  
 MODIFIED CASH BASIS  
 For the Year Ended June 30, 2016

	Budget		(Over) Under
	Original and	Actual	Budget
	Final		
<b>REVENUES</b>			
Taxes:			
Property	\$ 27,633	\$ 27,703	\$ (70)
Interest	15	33	(18)
Total revenues	\$ 27,648	\$ 27,736	\$ (88)
 <b>EXPENDITURES</b>			
Current:			
General government	\$ 27,683	\$ 27,003	\$ 680
 <b>NET CHANGE IN FUND BALANCES</b>	\$ (35)	733	\$ (768)
 <b>FUND BALANCE, Beginning of year</b>		30,483	
 <b>FUND BALANCE, End of year</b>		\$ 31,216	

**VILLAGE OF MOKENA, ILLINOIS**  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL  
 MOTOR FUEL TAX FUND  
 MODIFIED CASH BASIS  
 For the Year Ended June 30, 2016

	Budget		(Over) Under
	Original and Final	Actual	Budget
<b>REVENUES</b>			
Taxes:			
State shared	\$ 475,382	\$ 504,220	\$ (28,838)
Interest	125	1,281	(1,156)
Total revenues	\$ 475,507	\$ 505,501	\$ (29,994)
<b>EXPENDITURES</b>			
Current:			
Public works	\$ 588,328	\$ 391,568	\$ 196,760
Capital outlay	24,776	0	24,776
Total expenditures	\$ 613,104	\$ 391,568	\$ 221,536
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ (137,597)</b>	<b>\$ 113,933</b>	<b>\$ (251,530)</b>
<b>FUND BALANCE, Beginning of year</b>		<b>730,713</b>	
<b>FUND BALANCE, End of year</b>		<b>\$ 844,646</b>	

**VILLAGE OF MOKENA, ILLINOIS**  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL  
 IMRF/FICA FUND  
 MODIFIED CASH BASIS  
 For the Year Ended June 30, 2016

	Budget		Actual	(Over) Under Budget
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Property	\$ 648,016	\$ 648,016	\$ 660,443	\$ (12,427)
State shared	18,300	18,300	18,515	(215)
Interest	200	200	260	(60)
Total revenues	\$ 666,516	\$ 666,516	\$ 679,218	\$ (12,702)
 <b>EXPENDITURES</b>				
Current:				
General government	\$ 652,420	\$ 690,000	\$ 671,964	18,036
 <b>NET CHANGE IN FUND BALANCES</b>	\$ 14,096	\$ (23,484)	7,254	\$ (30,738)
 <b>FUND BALANCE, Beginning of year</b>			337,269	
 <b>FUND BALANCE, End of year</b>			\$ 344,523	

**VILLAGE OF MOKENA, ILLINOIS**  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL  
 SPECIAL TAX ALLOCATION FUND  
 MODIFIED CASH BASIS  
 For the Year Ended June 30, 2016

	Budget		Actual	(Over) Under Budget
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Property	\$ 35,352	\$ 35,352	\$ 34,715	\$ 637
Interest	30	30	163	(133)
Total revenues	<u>\$ 35,382</u>	<u>\$ 35,382</u>	<u>\$ 34,878</u>	<u>\$ 504</u>
 <b>EXPENDITURES</b>				
Current:				
General government	<u>\$ 1,937</u>	<u>\$ 2,407</u>	<u>\$ 2,407</u>	<u>0</u>
 <b>NET CHANGE IN FUND BALANCES</b>	<u>\$ 33,445</u>	<u>\$ 32,975</u>	32,471	<u>\$ 504</u>
 <b>FUND BALANCE, Beginning of year</b>			<u>117,566</u>	
 <b>FUND BALANCE, End of year</b>			<u>\$ 150,037</u>	

**VILLAGE OF MOKENA, ILLINOIS**  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL  
 TOURISM FUND  
 MODIFIED CASH BASIS  
 For the Year Ended June 30, 2016

	Budget		(Over) Under
	Original and	Actual	Budget
	Final		
<b>REVENUES</b>			
Taxes:			
Hotel/motel	\$ 40,000	\$ 47,593	\$ (7,593)
Interest	20	85	(65)
Total revenues	\$ 40,020	\$ 47,973	\$ (7,953)
 <b>EXPENDITURES</b>			
Current:			
General government	\$ 33,084	\$ 24,538	8,546
 <b>NET CHANGE IN FUND BALANCES</b>	\$ 6,936	23,435	\$ (16,499)
 <b>FUND BALANCE, Beginning of year</b>		59,274	
 <b>FUND BALANCE, End of year</b>		\$ 82,709	

VILLAGE OF MOKENA, ILLINOIS  
 COMBINING BALANCE SHEETS  
 WATER AND SEWERAGE FUNDS  
 MODIFIED CASH BASIS  
 June 30, 2016

	Water and Sewer Fund	Sewer Plant Replacement Fund	Sewer Plant Expansion Fund	Water System Capital Improvement Fund	Sewer System Capital Improvement Fund	Total
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	\$ 1,029,559	\$ 987	\$ 2,454,694	\$ 2,590,356	\$ 1,623,097	\$ 7,698,693
Investments	631,051	803,056	2,860,823	205,915	0	4,500,845
Total Current Assets	<u>\$ 1,660,610</u>	<u>\$ 804,043</u>	<u>\$ 5,315,517</u>	<u>\$ 2,796,271</u>	<u>\$ 1,623,097</u>	<u>\$ 12,199,538</u>
<b>NON-CURRENT ASSETS</b>						
Capital assets:						
Land	\$ 1,409,606	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,409,606
Construction in progress	0	0	0	0	186,321	186,321
Buildings and Equipment	32,271,846	132,431	1,335,427	830,066	144,188	34,713,958
Less Accumulated Depreciation	(14,800,186)	(34,770)	(65,194)	(32,538)	(42,974)	(14,975,662)
Total Capital Assets, Net of Accumulated Depreciation	<u>18,881,266</u>	<u>97,661</u>	<u>1,270,233</u>	<u>797,528</u>	<u>287,535</u>	<u>21,334,223</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 20,541,876</u></u>	<u><u>\$ 901,704</u></u>	<u><u>\$ 6,585,750</u></u>	<u><u>\$ 3,593,799</u></u>	<u><u>\$ 1,910,632</u></u>	<u><u>\$ 33,533,761</u></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred loss on refunding	\$ 13,198	\$ 0	\$ 0	\$ 0	\$ 0	\$ 13,198
<b>LIABILITIES</b>						
<b>NON-CURRENT LIABILITIES</b>						
Due within one year	\$ 325,000	\$ 0	0	0	0	\$ 325,000
Due in more than one year	1,053,908	0	0	0	0	1,053,908
<b>TOTAL LIABILITIES</b>	<u><u>\$ 1,378,908</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 1,378,908</u></u>
<b>NET POSITION</b>						
Net investment in capital assets	\$ 17,502,358	\$ 97,661	1,270,233	\$ 797,528	\$ 287,535	\$ 19,955,315
Unrestricted	1,673,808	804,043	5,315,517	2,796,271	1,623,097	12,212,736
<b>TOTAL NET POSITION</b>	<u><u>\$ 19,176,166</u></u>	<u><u>\$ 901,704</u></u>	<u><u>\$ 6,585,750</u></u>	<u><u>\$ 3,593,799</u></u>	<u><u>\$ 1,910,632</u></u>	<u><u>\$ 32,168,051</u></u>

**VILLAGE OF MOKENA, ILLINOIS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**WATER AND SEWERAGE FUNDS**  
**MODIFIED CASH BASIS**  
For the Year Ended June 30, 2016

	Water and Sewer Fund	Sewer Plant Replacement Fund	Sewer Plant Expansion Fund	Water System Capital Improvement Fund	Sewer System Capital Improvement Fund	Total
<b>Operating revenues</b>						
Charges for services	\$ 6,539,955	\$ 0	\$ 0	\$ 926,648	\$ 309,145	\$ 7,775,748
Water meter installation	64,950	0	0	0	0	64,950
Inspection fees	33,839	0	0	0	0	33,839
Other	50,216	0	0	0	0	50,216
Total operating revenues	<u>6,688,960</u>	<u>0</u>	<u>0</u>	<u>926,648</u>	<u>309,145</u>	<u>7,924,753</u>
<b>Operating expenses</b>						
Personnel services	2,188,719	0	0	0	0	2,188,719
Commodities	346,003	0	0	0	0	346,003
Contractual services	3,595,963	12,586	27,276	0	905	3,636,730
Interfund charges for services	80,335	0	0	0	0	80,335
Capital outlay	0	0	0	0	0	0
Depreciation	643,117	12,674	33,384	16,532	9,002	714,709
Total operating expenses	<u>6,854,137</u>	<u>25,260</u>	<u>60,660</u>	<u>16,532</u>	<u>9,907</u>	<u>6,966,496</u>
Operating income (loss)	<u>(165,177)</u>	<u>(25,260)</u>	<u>(60,660)</u>	<u>910,116</u>	<u>299,238</u>	<u>958,257</u>
<b>Non-operating revenues (expenses)</b>						
Investment income (loss)	2,345	1,337	7,797	3,245	2,076	16,800
Gain on disposal of assets	3,397	0	0	0	0	3,397
Interest expense	(53,229)	0	0	0	0	(53,229)
Total non-operating revenues (expenses)	<u>(47,487)</u>	<u>1,337</u>	<u>7,797</u>	<u>3,245</u>	<u>2,076</u>	<u>(33,032)</u>
Income (loss) before transfers	(212,664)	(23,923)	(52,863)	913,361	301,314	925,225
Transfers out	(35,000)	0	0	(100,000)	0	(135,000)
Change in net position	(247,664)	(23,923)	(52,863)	813,361	301,314	790,225
Net position, beginning of year	19,423,830	925,627	6,638,613	2,780,438	1,609,318	31,377,826
Net position, end of year	<u>\$ 19,176,166</u>	<u>\$ 901,704</u>	<u>\$ 6,585,750</u>	<u>\$ 3,593,799</u>	<u>\$ 1,910,632</u>	<u>\$ 32,168,051</u>

**VILLAGE OF MOKENA, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**BUDGET AND ACTUAL**  
**WATER AND SEWER FUND**  
**MODIFIED CASH BASIS**  
For the Year Ended June 30, 2016

	<u>Budget</u> Original and Final	<u>Actual</u>	<u>(Over) Under Budget</u>
<b>Operating revenues</b>			
Charges for services	\$ 6,647,358	\$ 6,539,955	\$ 107,403
Water meter installation	48,064	64,950	(16,886)
Inspection fees	18,762	33,839	(15,077)
Other	24,986	50,216	(25,230)
Total operating revenues	<u>6,739,170</u>	<u>6,688,960</u>	<u>50,210</u>
<b>Operating expenses</b>			
Personnel services	2,095,206	2,108,384	(13,178)
Commodities	418,856	346,003	72,853
Contractual services	3,695,603	3,595,963	99,640
Interfund charges for services	160,670	160,670	0
Capital outlay	171,190	0	171,190
Debt service	315,000	0	315,000
Depreciation	0	643,117	(643,117)
Contingencies	150,000	0	150,000
Total operating expenses	<u>7,006,525</u>	<u>6,854,137</u>	<u>152,388</u>
Operating income (loss)	<u>(267,355)</u>	<u>(165,177)</u>	<u>(102,178)</u>
<b>Non-operating revenues (expenses)</b>			
Investment income (loss)	3,300	2,345	955
Gain on disposal of assets	0	3,397	(3,397)
Interest expense	(50,213)	(53,229)	3,016
Total non-operating revenues (expenses)	<u>(46,913)</u>	<u>(47,487)</u>	<u>574</u>
Income (loss) before transfers	(314,268)	(212,664)	(101,604)
Transfers out	<u>(35,000)</u>	<u>(35,000)</u>	<u>0</u>
Change in net position	<u>\$ (349,268)</u>	<u>(247,664)</u>	<u>\$ (101,604)</u>
Net position, beginning of year		<u>19,423,830</u>	
Net position, end of year		<u>\$ 19,176,166</u>	

**VILLAGE OF MOKENA, ILLINOIS**  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
 BUDGET AND ACTUAL  
 SEWER PLANT EXPANSION FUND  
 MODIFIED CASH BASIS  
 For the Year Ended June 30, 2016

	Budget Original and Final	Actual	(Over) Under Budget
<b>Operating revenues</b>			
Charges for services	\$ 0	\$ 0	\$ 0
<b>Operating expenses</b>			
Contractual services	0	27,276	(27,276)
Contingency	50,000	0	50,000
Depreciation	0	33,384	(33,384)
Total operating expenses	<u>50,000</u>	<u>60,660</u>	<u>(10,660)</u>
Operating income (loss)	<u>(50,000)</u>	<u>(60,660)</u>	<u>10,660</u>
<b>Non-operating revenues (expenses)</b>			
Investment income (loss)	<u>8,000</u>	<u>7,797</u>	<u>203</u>
Change in net position	<u>\$ (42,000)</u>	<u>(52,863)</u>	<u>\$ 10,863</u>
Net position, beginning of year		<u>6,638,613</u>	
Net position, end of year		<u>\$ 6,585,750</u>	

**VILLAGE OF MOKENA, ILLINOIS**  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
 BUDGET AND ACTUAL  
 SEWER PLANT REPLACEMENT FUND  
 MODIFIED CASH BASIS  
 For the Year Ended June 30, 2016

	Budget		(Over) Under
	Original and	Actual	Budget
	Final		
<b>Operating revenues</b>			
Charges for services	\$ 0	\$ 0	\$ 0
<b>Operating expenses</b>			
Contingency	50,000	12,586	37,414
Capital outlay	80,500	0	80,500
Depreciation	0	12,674	(12,674)
Total operating expenses	130,500	25,260	105,240
Operating income (loss)	(130,500)	(25,260)	(105,240)
<b>Non-operating revenues (expenses)</b>			
Investment income (loss)	200	1,337	(1,137)
Change in net position	\$ (130,300)	(23,923)	\$ (106,377)
Net position, beginning of year		925,627	
Net position, end of year		\$ 901,704	

**VILLAGE OF MOKENA, ILLINOIS**  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
 BUDGET AND ACTUAL  
 WATER SYSTEM CAPITAL IMPROVEMENT FUND  
 MODIFIED CASH BASIS  
 For the Year Ended June 30, 2016

	Budget		(Over) Under
	Original and Final	Actual	Budget
<b>Operating revenues</b>			
Charges for services	\$ 500,876	\$ 926,648	(425,772)
<b>Operating expenses</b>			
Contractual services	19,350	0	19,350
Capital outlay	308,300	0	308,300
Depreciation	0	16,532	(16,532)
Total operating expenses	327,650	16,532	311,118
Operating income (loss)	173,226	910,116	(736,890)
<b>Non-operating revenues (expenses)</b>			
Investment income (loss)	3,100	3,245	(145)
Income (loss) before transfers	176,326	913,361	(737,035)
Transfers out	(100,000)	(100,000)	0
Change in net position	\$ 76,326	813,361	\$ (737,035)
Net position, beginning of year		2,780,438	
Net position, end of year		\$ 3,593,799	

**VILLAGE OF MOKENA, ILLINOIS**  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
 BUDGET AND ACTUAL  
 SEWER SYSTEM CAPITAL IMPROVEMENT FUND  
 MODIFIED CASH BASIS  
 For the Year Ended June 30, 2016

	Budget		(Over) Under
	Original and Final	Actual	Budget
<b>Operating revenues</b>			
Charges for services	\$ 166,959	\$ 309,145	\$ (142,186)
<b>Operating expenses</b>			
Contractual services	285,000	905	284,095
Capital outlay	1,085,000	0	1,085,000
Depreciation	0	9,002	(9,002)
Total operating expenses	1,370,000	9,907	1,360,093
Operating income (loss)	(1,203,041)	299,238	(1,502,279)
<b>Non-operating revenues (expenses)</b>			
Investment income	2,100	2,076	24
Change in net position	\$ (1,200,941)	301,314	\$ (1,502,255)
Net position, beginning of year		1,609,318	
Net position, end of year		\$ 1,910,632	

**VILLAGE OF MOKENA, ILLINOIS**  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
 BUDGET AND ACTUAL  
 REFUSE FUND  
 MODIFIED CASH BASIS  
 For the Year Ended June 30, 2016

	Budget <u>Original and Final</u>	Actual	(Over) Under Budget
<b>Operating revenues</b>			
Charges for services	\$ 1,249,221	\$ 1,261,050	\$ (11,829)
Other	5,940	5,379	561
Total operating revenues	<u>1,255,161</u>	<u>1,266,429</u>	<u>(11,268)</u>
<b>Operating expenses</b>			
Contractual services	1,264,833	1,263,421	1,412
Depreciation	<u>0</u>	<u>1,348</u>	<u>(1,348)</u>
Total operating expenses	<u>1,264,833</u>	<u>1,264,769</u>	<u>64</u>
Operating income (loss)	<u>(9,672)</u>	<u>1,660</u>	<u>(11,332)</u>
<b>Non-operating revenues (expenses)</b>			
Investment income (loss)	<u>50</u>	<u>203</u>	<u>(153)</u>
Change in net position	<u>\$ (9,622)</u>	<u>1,863</u>	<u>\$ (11,485)</u>
Net position, beginning of year		<u>159,133</u>	
Net position, end of year		<u>\$ 160,996</u>	

**VILLAGE OF MOKENA, ILLINOIS**  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
 BUDGET AND ACTUAL  
 MUNICIPAL PARKING LOT  
 MODIFIED CASH BASIS  
 For the Year Ended June 30, 2016

	Budget Original and Final	Actual	(Over) Under Budget
<b>Operating revenues</b>			
Charges for services	\$ 304,150	\$ 337,099	(32,949)
Other	1,000	1,000	0
Total operating revenues	<u>305,150</u>	<u>338,099</u>	<u>(32,949)</u>
<b>Operating expenses</b>			
Personnel services	115,122	109,335	5,787
Commodities	14,000	26,780	(12,780)
Contractual services	64,645	41,030	23,615
Interfund charges for services	120,624	75,349	45,275
Depreciation	0	15,758	(15,758)
Total operating expenses	<u>314,391</u>	<u>268,252</u>	<u>46,139</u>
Operating income (loss)	<u>(9,241)</u>	<u>69,847</u>	<u>(79,088)</u>
<b>Non-operating revenues (expenses)</b>			
Investment income (loss)	<u>40</u>	<u>232</u>	<u>(192)</u>
Change in net position	<u>\$ (9,201)</u>	70,079	<u>\$ (79,280)</u>
Net position, beginning of year		<u>788,380</u>	
Net position, end of year		<u>\$ 858,459</u>	

**VILLAGE OF MOKENA, ILLINOIS**  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
 BUDGET AND ACTUAL  
 POLICE PENSION FUND  
 MODIFIED CASH BASIS  
 For the Year Ended June 30, 2016

	Budget		(Over) Under
	Original and Final	Actual	Budget
<b>ADDITIONS</b>			
Contributions			
Employer	\$ 740,253	\$ 1,345,930	(605,677)
Plan members	256,524	253,539	2,985
Total contributions	996,777	1,599,469	(602,692)
Investment income (expense):			
Investment income	550,000	542,245	7,755
Less investment expenses	(50,000)	(49,020)	(980)
Total investment income (expense)	500,000	493,225	6,775
Total additions	1,496,777	2,092,694	(595,917)
<b>DEDUCTIONS</b>			
Benefits	474,344	496,242	(21,898)
Administrative expenses	44,220	29,935	14,285
Refund of member contributions	60,000	0	60,000
Contingencies	50,000	0	50,000
Total deductions	628,564	526,177	102,387
<b>CHANGE IN NET POSITION</b>	<b>\$ 868,213</b>	<b>\$ 1,566,517</b>	<b>\$ (698,304)</b>
<b>PLAN NET POSITION HELD IN TRUST FOR PENSION BENEFITS</b>			
Beginning of year		16,237,360	
End of year		<b>\$ 17,803,877</b>	

**VILLAGE OF MOKENA, ILLINOIS**  
**SCHEDULES OF CHANGES IN NET PENSION LIABILITY, RELATED RATIOS, AND CONTRIBUTIONS**  
**ILLINOIS MUNICIPAL RETIREMENT FUND**

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**

Calendar year ending December 31	Regular Members		SLEP Members	
	2015	2014	2015	2014
<b>Total Pension Liability</b>				
Service cost	\$ 379,143	\$ 381,431	\$ 0	\$ 0
Interest on the total pension liability	1,197,694	1,056,246	13,490	13,051
Benefit changes	0	0	0	0
Difference between expected and actual experience	150,291	365,301	(46,407)	(12,754)
Assumption changes	69,618	534,510	0	5,559
Benefit payments and refunds	(455,208)	(392,574)	0	0
<b>Net Change in Total Pension Liability</b>	<u>1,341,538</u>	<u>1,944,914</u>	<u>(32,917)</u>	<u>5,856</u>
<b>Total Pension Liability - Beginning</b>	16,071,421	14,126,507	179,863	174,007
<b>Total Pension Liability - Ending (a)</b>	<u><u>\$ 17,412,959</u></u>	<u><u>\$ 16,071,421</u></u>	<u><u>\$ 146,946</u></u>	<u><u>\$ 179,863</u></u>
<b>Plan Fiduciary Net Position</b>				
Employer contributions	\$ 512,911	\$ 430,972	\$ 0	\$ 0
Employee contributions	153,060	148,725	0	0
Pension plan net investment income	66,583	748,597	865	10,614
Benefit payments and refunds	(455,208)	(392,574)	0	0
Other	(384,026)	97,024	(26,911)	(11,605)
<b>Net Change in Plan Fiduciary Net Position</b>	<u>(106,680)</u>	<u>1,032,744</u>	<u>(26,046)</u>	<u>(991)</u>
<b>Plan Fiduciary Net Position - Beginning</b>	13,211,263	12,178,519	173,016	174,007
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u><u>\$ 13,104,583</u></u>	<u><u>\$ 13,211,263</u></u>	<u><u>\$ 146,970</u></u>	<u><u>\$ 173,016</u></u>
<b>Net Pension Liability - Ending (a) - (b)</b>	<u>4,308,376</u>	<u>2,860,158</u>	<u>(24)</u>	<u>6,847</u>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	75.26%	82.20%	100.02%	96.19%
<b>Covered Valuation Payroll</b>	\$ 3,401,343	\$ 3,281,602	0	0
<b>Net Pension Liability as a Percentage of Covered Valuation Payroll</b>	126.67%	87.16%	0.00%	0.00%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS - REGULAR MEMBERS**

Calendar Year Ending December 31,	Actuarially Determined Contribution	Actual Contribution (AC)	Contribution Deficiency (Excess)	Covered Employee Payroll (CEP)	AC as a Percentage of CEP
2015	\$ 469,045	\$ 512,911	\$ (43,866)	\$ 3,401,343	15.08%
2014	427,921	430,972	(3,051)	3,304,995	13.04%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS - SLEP MEMBERS**

Calendar Year Ending December 31,	Actuarially Determined Contribution	Actual Contribution (AC)	Contribution Deficiency (Excess)	Covered Employee Payroll (CEP)	AC as a Percentage of CEP
2015	\$ 0	\$ 0	\$ 0	\$ 0	0.00%
2014	0	0	0	0	0.00%

**VILLAGE OF MOKENA, ILLINOIS**  
**SCHEDULES OF CHANGES IN NET PENSION LIABILITY, RELATED RATIOS, AND CONTRIBUTIONS**  
**POLICE PENSION FUND**

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**

Fiscal year ending June 30	2016	2015
<b>Total Pension Liability</b>		
Service cost	\$ 560,933	\$ 638,429
Interest on the total pension liability	1,333,306	1,216,517
Benefit changes	0	0
Difference between expected and actual experience	(201,968)	0
Assumption changes	822,982	0
Benefit payments and refunds	(496,242)	(384,032)
<b>Net Change in Total Pension Liability</b>	2,019,011	1,470,914
<b>Total Pension Liability - Beginning</b>	20,760,525	19,289,611
<b>Total Pension Liability - Ending (a)</b>	\$ 22,779,536	\$ 20,760,525
 <b>Plan Fiduciary Net Position</b>		
Employer contributions	\$ 1,345,938	\$ 731,602
Employee contributions	253,539	248,267
Pension plan net investment income	544,516	636,119
Benefit payments and refunds	(496,242)	(384,032)
Prior period audit adjustment	(29,934)	0
Other	(36,011)	(24,244)
<b>Net Change in Plan Fiduciary Net Position</b>	1,581,806	1,207,712
<b>Plan Fiduciary Net Position - Beginning</b>	16,273,371	15,065,659
<b>Plan Fiduciary Net Position - Ending (b)</b>	\$ 17,855,177	\$ 16,273,371
<b>Net Pension Liability - Ending (a) - (b)</b>	4,924,359	4,487,154
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	78.38%	78.39%
<b>Covered Valuation Payroll</b>	\$ 2,516,400	\$ 2,499,008
<b>Net Pension Liability as a Percentage of Covered Valuation Payroll</b>	195.69%	179.56%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Fiscal Year Ending June 30,	Actuarially Determined Contribution	Actual Contribution (AC)	Contribution Deficiency (Excess)	Covered Employee Payroll (CEP)	AC as a Percentage of CEP
2016	\$ 736,553	\$ 1,345,938	\$ (609,385)	\$ 2,516,400	53.49%
2015	698,278	731,596	(33,318)	2,499,008	29.28%

**VILLAGE OF MOKENA, ILLINOIS**  
**SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS**  
**OTHER POSTEMPLOYMENT BENEFIT PLAN**  
For the Year Ended June 30, 2016

**SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
6/30/2013	\$ 0	\$ 648,478	\$ 648,478	0.00%	*	*
6/30/2014	0	1,372,996	1,372,996	0.00%	5,533,459	24.81%
6/30/2015	*	*	*	0.00%	*	*

\* - Information is not available

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

For the Year Ended June 30,	Required Contribution	Percentage Contributed
2016	\$ 132,453	63.0%
2015	127,359	61.0%
2014	43,608	99.2%
2013	114,330	37.8%
2012	114,330	37.8%

**VILLAGE OF MOKENA, ILLINOIS**  
**SCHEDULE OF ASSESSED VALUATIONS, RATES, EXTENSIONS AND COLLECTIONS**  
 June 30, 2016

Tax Levy Year	2015	2014	2013	2012	2011
Equalized assessed valuation	<u>\$ 714,080,367</u>	<u>\$ 707,265,949</u>	<u>\$ 708,739,868</u>	<u>\$ 732,945,440</u>	<u>\$ 765,439,209</u>
Tax rates (per \$100 of equalized assessed valuation):					
Corporate	0.0542	0.0587	0.0635	0.0615	0.0508
Police pension	0.1053	0.1047	0.1012	0.0886	0.0877
Municipal audit	0.0009	0.0008	0.0008	0.0008	0.0007
Police protection	0.0006	0.0006	0.0006	0.0005	0.0005
School crossing guard	0.0039	0.0039	0.0038	0.0035	0.0032
Illinois municipal retirement	0.0400	0.0389	0.0328	0.0330	0.0288
Medicare	0.0106	0.0099	0.0090	0.0088	0.0083
Social security	0.0442	0.0422	0.0381	0.0375	0.0355
Subtotal - Village	<u>0.2597</u>	<u>0.2597</u>	<u>0.2498</u>	<u>0.2342</u>	<u>0.2155</u>
Road and bridge (1)	<u>0.1009</u>	<u>0.1041</u>	<u>0.0989</u>	<u>0.0917</u>	<u>0.0875</u>
Total	<u>0.3606</u>	<u>0.3638</u>	<u>0.3487</u>	<u>0.3259</u>	<u>0.3030</u>
Tax Extensions					
Corporate	\$ 387,032	\$ 415,165	\$ 450,050	\$ 450,761	\$ 388,843
Police pension	751,927	740,507	717,245	649,390	671,290
Municipal audit	6,427	5,658	5,670	5,864	5,358
Police protection	4,284	4,244	4,252	3,665	3,827
School crossing guard	27,849	27,583	26,932	25,653	24,494
Illinois municipal retirement	285,632	275,126	232,467	241,872	220,446
Medicare	75,693	70,019	63,787	64,499	63,531
Social security	315,624	298,466	270,030	274,855	271,731
Subtotal	<u>1,854,468</u>	<u>1,836,768</u>	<u>1,770,433</u>	<u>1,716,559</u>	<u>1,649,520</u>
Road and bridge (1)	<u>720,175</u>	<u>736,264</u>	<u>700,944</u>	<u>672,111</u>	<u>669,759</u>
Total extensions	<u>\$ 2,574,643</u>	<u>\$ 2,573,032</u>	<u>\$ 2,471,377</u>	<u>\$ 2,388,670</u>	<u>\$ 2,319,279</u>
Tax collections	<u>\$ 1,332,633</u>	<u>\$ 2,569,816</u>	<u>\$ 2,457,860</u>	<u>\$ 2,384,201</u>	<u>\$ 2,216,066</u>
Percent collected	<u>51.76%</u>	<u>99.88%</u>	<u>99.45%</u>	<u>99.81%</u>	<u>95.55%</u>

(1) Levied through Frankfort and New Lenox Townships

2010	2009	2008	2007	2006
<u>\$ 789,156,917</u>	<u>\$ 798,299,124</u>	<u>\$ 793,593,346</u>	<u>\$ 735,016,358</u>	<u>\$ 649,822,299</u>
0.0582	0.0319	0.0395	0.0422	0.0476
0.0775	0.0811	0.0705	0.0675	0.0705
0.0009	0.0009	0.0008	0.0009	0.0010
0.0005	0.0005	0.0005	0.0005	0.0006
0.0031	0.0031	0.0030	0.0031	0.0033
0.0216	0.0281	0.0301	0.0291	0.0290
0.0078	0.0086	0.0084	0.0086	0.0089
0.0330	0.0366	0.0358	0.0366	0.0379
0.2026	0.1908	0.1886	0.1885	0.1988
0.0850	0.0834	0.0770	0.0644	0.0887
<u>0.2876</u>	<u>0.2742</u>	<u>0.2656</u>	<u>0.2529</u>	<u>0.2875</u>
\$ 459,289	\$ 254,657	\$ 313,469	\$ 310,177	\$ 309,315
611,597	647,421	559,483	496,136	458,125
7,102	7,185	6,349	6,615	6,498
3,946	3,991	3,968	3,675	3,899
24,464	24,747	23,808	22,786	21,444
170,458	224,322	238,872	213,890	188,448
61,554	68,654	66,662	63,211	57,834
260,422	292,177	284,106	269,016	246,283
1,598,832	1,523,154	1,496,717	1,385,506	1,291,846
670,783	665,781	611,067	473,351	576,392
<u>\$ 2,269,615</u>	<u>\$ 2,188,935</u>	<u>\$ 2,107,784</u>	<u>\$ 1,858,857</u>	<u>\$ 1,868,238</u>
<u>\$ 2,244,275</u>	<u>\$ 2,171,264</u>	<u>\$ 2,079,674</u>	<u>\$ 1,851,956</u>	<u>\$ 1,863,363</u>
<u>98.88%</u>	<u>99.19%</u>	<u>98.67%</u>	<u>99.63%</u>	<u>99.74%</u>

**VILLAGE OF MOKENA, ILLINOIS**  
**SCHEDULE OF INFORMATION RELATING TO**  
**WATERWORKS AND SEWARAGE ACCOUNTS**

	2016	2015	2014	2013	2012
Customer data:					
Number of customers served by combined waterworks and sewerage system	7,040	6,956	6,874	6,804	6,796
Number of metered customers:					
Water service only	130	130	126	125	116
Water and sewer services	6,729	6,645	6,567	6,496	6,497
Number of unmetered customers:					
Sewer service only	102	102	102	102	102
Refuse service only	79	79	79	81	81
Gallons of water pumped	593,283,000	590,727,000	648,775,000	650,088,000	618,122,000
Gallons of water billed	548,742,000	546,379,000	597,275,000	638,669,000	577,027,000

Source: Village records

2011	2010	2009	2008	2007
6,617	6,528	6,482	6,390	6,235
116	111	103	89	81
6,349	6,240	6,207	6,129	5,982
102	102	101	101	101
79	75	71	71	71
608,505,000	611,329,000	644,860,000	691,766,000	646,698,000
588,328,029	585,209,400	592,513,100	660,496,100	576,027,700