

VILLAGE OF MOKENA, ILLINOIS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2017

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, 2017, 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, 2017, 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 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's basic financial statements. The management's discussion and analysis and other information, which are the responsibility of management, are presented for 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 an assurance on it.

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, slightly slanted style.

Wipfli LLP
Tinley Park, IL
October 9, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

VILLAGE OF MOKENA, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2017

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, 2017. 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, 2017 by \$154,089,294 (net position). Of this amount, \$21,687,970 is unrestricted, however, \$12,673,215 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 \$3,384,884, due primarily to an increase in capital assets and a decrease in the long-term debt in comparison to the prior year.
- At June 30, 2017, the Village's governmental funds reported combined ending fund balances of \$13,159,282, an increase of \$2,527,949 in comparison with the prior year. The total represents three figures: \$3,567,365 which is unassigned and reflected in the General Fund; \$1,786,799 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 \$7,805,118 which is assigned for purposes of capital projects.
- At June 30, 2017, the unassigned fund balance for the General Fund was \$3,567,365, or 31% of total General Fund expenditures (37% excluding the \$2,600,000 transfer out at year-end).
- At June 30, 2017, the business-type activities (proprietary funds) reported combined unrestricted fund net position of \$12,673,215, an increase of \$127,420 in comparison with the prior year. Of the unrestricted balance, \$12,379,327 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), \$154,833 is for the Refuse Fund and \$139,055 is for the Municipal Parking Fund.
- The Village's long-term debt had a net decrease of (\$977,964) due to the scheduled debt principal retirements of (\$960,000) and a net decrease of (\$17,964) 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, 2017

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, 2017

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 (83%) 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.

VILLAGE OF MOKENA, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2017

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 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, 2017 and 2016:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current and other	\$ 13,159,282	10,632,182	\$ 12,663,787	12,532,777	\$ 25,823,069	23,164,959
Capital and noncurrent	<u>112,219,710</u>	<u>112,647,611</u>	<u>22,221,798</u>	<u>22,020,439</u>	<u>134,441,508</u>	<u>134,668,050</u>
Total Assets	<u>125,378,992</u>	<u>123,279,793</u>	<u>34,885,585</u>	<u>34,553,216</u>	<u>160,264,577</u>	<u>157,833,009</u>
Deferred outflows of resources	150,438	172,165	9,428	13,198	159,866	185,363
Current liabilities	0	849	0	0	0	849
Noncurrent liabilities	<u>5,283,180</u>	<u>5,934,205</u>	<u>1,051,969</u>	<u>1,378,908</u>	<u>6,335,149</u>	<u>7,313,113</u>
Total Liabilities	<u>5,283,180</u>	<u>5,935,054</u>	<u>1,051,969</u>	<u>1,378,908</u>	<u>6,335,149</u>	<u>7,313,962</u>
Net investment in capital assets	106,936,530	106,713,406	21,169,829	20,641,531	128,106,359	127,354,937
Restricted	4,294,965	1,690,601	0	0	4,294,965	1,690,601
Unrestricted	<u>9,014,755</u>	<u>9,112,897</u>	<u>12,673,215</u>	<u>12,545,975</u>	<u>21,687,970</u>	<u>21,658,872</u>
Total Net Position	<u>\$ 120,246,250</u>	<u>117,516,904</u>	<u>\$ 33,843,044</u>	<u>33,187,506</u>	<u>\$ 154,089,294</u>	<u>150,704,410</u>

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 (\$21,687,970) may be used to meet the Village's ongoing obligations to citizens and creditors. At June 30, 2017, 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, 2017

The following table shows the revenues and expenses of the Village for the fiscal years ended June 30, 2017 and 2016:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
REVENUES						
Program Revenues:						
Charges for services	\$ 559,554	\$ 590,369	\$ 9,755,212	\$ 9,529,281	\$ 10,314,766	\$ 10,119,650
Operating grants	11,074	13,843	0	0	11,074	13,843
Capital grants	<u>80,838</u>	<u>136,270</u>	<u>0</u>	<u>0</u>	<u>80,838</u>	<u>136,270</u>
Total program revenues	<u>651,466</u>	<u>740,482</u>	<u>9,755,212</u>	<u>9,529,281</u>	<u>10,406,678</u>	<u>10,269,763</u>
General revenues:						
Property taxes	2,591,222	2,606,871	0	0	2,591,222	2,606,871
State shared taxes	10,423,642	10,175,167	0	0	10,423,642	10,175,167
Other taxes	46,574	47,593	0	0	46,574	47,593
Other general revenues	<u>1,437,636</u>	<u>1,454,880</u>	<u>57,337</u>	<u>20,632</u>	<u>1,494,973</u>	<u>1,475,512</u>
Total general revenues	<u>14,499,074</u>	<u>14,284,511</u>	<u>57,337</u>	<u>20,632</u>	<u>14,556,411</u>	<u>14,305,143</u>
TOTAL REVENUES	<u>\$ 15,150,540</u>	<u>\$ 15,024,993</u>	<u>\$ 9,812,549</u>	<u>\$ 9,549,913</u>	<u>\$ 24,963,089</u>	<u>\$ 24,574,906</u>
PROGRAM EXPENSES						
General government	\$ 2,044,863	\$ 1,910,657	\$ 0	\$ 0	\$ 2,044,863	\$ 1,910,657
Police and emergency services	5,076,911	5,739,319	0	0	5,076,911	5,739,319
Public works	4,043,291	5,786,288	0	0	4,043,291	5,786,288
Professional services	5,331	5,758	0	0	5,331	5,758
Community development	629,528	580,677	0	0	629,528	580,677
Employee retirement	638,173	671,964	0	0	638,173	671,964
Interest and fees	138,097	151,847	0	0	138,097	151,847
Water and sewer	0	0	7,386,282	7,019,725	7,386,282	7,019,725
Refuse	0	0	1,356,804	1,264,769	1,356,804	1,264,769
Municipal parking lot	<u>0</u>	<u>0</u>	<u>258,925</u>	<u>268,252</u>	<u>258,925</u>	<u>268,252</u>
TOTAL EXPENSES	<u>12,576,194</u>	<u>14,846,510</u>	<u>9,002,011</u>	<u>8,552,746</u>	<u>21,578,205</u>	<u>23,399,256</u>
Excess of revenues	<u>2,574,346</u>	<u>178,483</u>	<u>810,538</u>	<u>997,167</u>	<u>3,384,884</u>	<u>1,175,650</u>
Transfers	155,000	135,000	(155,000)	(135,000)	0	0
Changes in net position	<u>2,729,346</u>	<u>313,483</u>	<u>655,538</u>	<u>862,167</u>	<u>3,384,884</u>	<u>1,175,650</u>
Net Position - Beginning 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>
Net Position - End of year	<u>\$ 120,246,250</u>	<u>\$ 117,516,904</u>	<u>\$ 33,843,044</u>	<u>\$ 33,187,506</u>	<u>\$ 154,089,294</u>	<u>\$ 150,704,410</u>

Governmental Activities – Governmental activities increased the Village’s net position by \$2,729,346.

Business-type Activities – Business-type activities increased the Village’s net position by \$655,538.

VILLAGE OF MOKENA, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2017

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 \$13,159,282, an increase of \$2,527,949 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 \$3,567,365. 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, 2017, unassigned fund balance of the General Fund was \$3,567,365, a decrease of \$630,284 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 31% of total General Fund expenditures.

Capital Improvement, Repair and Replacement Fund – The net change in the fund balance was \$2,843,610 primarily due to a transfer in of \$2,755,000 leaving a fund balance of \$7,805,118.

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, 2017 amounted to \$12,379,327. The total increase in net position for the Water and Sewerage Fund was \$713,317. 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, 2017

Refuse Fund – Unrestricted net position of the Refuse Fund at June 30, 2017 amounted to \$154,833. The total decrease in net position for the Refuse Fund was \$2,644. 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, 2017 amounted to \$139,055. The total decrease in net position for the Municipal Parking Lot Fund was \$55,145 primarily due to a transfer out of \$125,000. 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, 2017 amounted to \$19,600,475.
- *Performance Bond Agency Fund* - At June 30, 2017 the Performance Bond Agency Fund had liabilities of \$1,022,387.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Village approved one amendment to its budget for the fiscal year ended June 30, 2017; 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 \$2,027,987 favorable primarily due to increases in collected state sales and income taxes and property taxes due to less public works outlay.
- The difference between the estimated and actual expenditures was \$2,025,051 favorable.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – The Village's investment in capital assets for its governmental and business-type activities amounts to \$134,441,508 (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 lighting systems, and storm drainage systems. More detailed information about the Village's capital assets is presented in Note 4 to the financial statements.

VILLAGE OF MOKENA, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2017

Major capital asset activity during the year ended June 30, 2017 included the following:

Governmental Activities:

- Vehicle Purchases - \$422,148
- Street and Sidewalks - \$1,421,773

Business-Type Activities:

- Centrifuge Filter Project - \$756,976
- Wolf Road Lift Station - \$74,251

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

	Governmental Activities		Business-Type Activities	
	2017	2016	2017	2016
Land	\$ 47,439,360	\$ 47,283,091	\$ 1,934,830	\$ 1,934,830
Construction in progress	0	0	0	186,321
Buildings and improvements	3,573,231	3,494,688	14,151,497	14,151,497
Transportation equipmer	2,573,778	2,606,319	676,435	676,435
Machinery and equipmer	1,721,695	1,315,400	2,847,032	2,836,246
Infrastructure	102,613,663	101,308,420	18,465,376	17,370,621
Less: Accumulated Depreciation	<u>(45,702,017)</u>	<u>(43,360,307)</u>	<u>(15,853,372)</u>	<u>(15,135,511)</u>
Total	<u>\$ 112,219,710</u>	<u>\$ 112,647,611</u>	<u>\$ 22,221,798</u>	<u>\$ 22,020,439</u>

Long-Term Debt – At June 30, 2017, the Village had \$6,335,149 in long-term debt.

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
G.O. Bonds	\$ 4,700,000	\$ 5,225,000	\$ 1,045,000	\$ 1,370,000	\$ 5,745,000	\$ 6,595,000
G.O. Tax Certificates Unamortized bond premium	465,000	575,000	0	0	465,000	575,000
	<u>118,180</u>	<u>134,205</u>	<u>6,969</u>	<u>8,908</u>	<u>125,149</u>	<u>143,113</u>
Total	<u>\$ 5,283,180</u>	<u>\$ 5,934,205</u>	<u>\$ 1,051,969</u>	<u>\$ 1,378,908</u>	<u>\$ 6,335,149</u>	<u>\$ 7,313,113</u>

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Adoption of Fiscal 2018 Budget in June 2017

The budget is the ultimate tool to guide the community, as represented by the Mayor and Village Board, which fully embodies the sound principles of accounting and financial management. The budget is prepared in accordance with Village Code and the Illinois Compiled Statutes and represents a balanced budget wherein proposed expenses do not exceed anticipated revenues and carried forward cash reserves.

VILLAGE OF MOKENA, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2017

Plan, Prepare, and Perform:

The Process:

The FY 2017 - 2018 budget was prepared in a format which provided comprehensive and summary financial information resulting in complete transparency beyond what is required by state statute. In order for this to be achieved, the five components necessary for a productive public budget process were utilized as they have been consistently in the past. They are: (1) Information – Present in an accurate, comprehensive and meaningful manner; (2) Time – Provide time to absorb, digest and interpret the information; (3) Environment – Balanced to deliberate good fiscal policy; (4) Awareness – Of past, present and the future; (5) Prepare – Utilize a conservative thought process and approach.

This year's budget process was initiated by staff during the fall of 2016 and in February of 2017 by the Village Board when they began evaluating various categories of budget revenues/expenditures. As such, the Mokena Village Board reviewed a significant amount of budget and program information over a five month period, giving them adequate time to consider the recommendations from Village Staff. Even though the local and regional economy has improved significantly over the past several years, the FY 18 budget was prepared with a prudent approach. We are still subject to many uncertainties as the Illinois General Assembly and Governor Rauner continue to struggle with the complex financial crisis (i.e. State Budget) without any pending solutions on the horizon.

This unfortunate situation always raises the question of whether the General Assembly will modify or decrease any of the local municipalities' traditional revenue streams or impose unfunded mandates. As we prepared to adopt the budget, financial realities concerning the State were unresolved and required us to continue approaching the General Fund with a conservative mindset.

18 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 \$1.70M or 7.16% above that of the FY 17 budget amounts.

	FY 17 Budget	FY 18 Budget	\$ Inc/(Dec).	% Change
<u>REVENUES</u>				
Taxes	\$11,570,113	\$12,535,324	\$965,211	8.34%
Fines	\$170,300	\$138,925	(\$31,375)	(18.42%)
License/Permits	\$868,426	\$855,061	(\$13,365)	(1.54%)
Service Charge	\$8,824,308	\$9,209,435	\$385,127	4.36%
Grants/Trans.	\$280,983	\$292,043	\$11,060	3.94%
Development	\$532,418	\$389,000	(\$143,418)	(26.94%)
Other	\$1,522,696	\$2,051,338	\$528,642	34.72%
TOTAL	\$23,769,244	\$25,471,126	\$1,701,882	7.16%

VILLAGE OF MOKENA, ILLINOIS
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Tax revenue for FY 18 is forecasted to increase by \$965K. While sales tax revenues are anticipated to increase by \$626K, the proposed budget was prepared assuming a 50% (or \$961K) reduction in the LGDF due to the previously referenced unpredictable outcomes of the State's budget impasse. The Village will be conducting a special census in 2018 and projects growth in population of approximately 1,400 residents. As a result, we anticipate receiving an increased per capita amount beginning in February 2018, which will result in higher revenue over the last 5 months of the fiscal year. This additional per capita revenue includes income tax of \$29K (assumption of 50% reduction), local use tax of \$14K and motor fuel tax of \$14K. Service charges are budgeted to increase by \$385K largely due to additional consumption and a water rate adjustment of \$.28/1,000 gallons, which includes an increase for the City of Chicago and Oak Lawn. Other revenues are anticipated to increase by \$528K mainly due to interest earnings and market fluctuations tied to police pension fund investments. Other notable declines in revenue include a reduction in fines of (\$31K) and development fees of (\$143K).

Expenditures:

Below is an aggregate comparison of all categorical expenditures for the Village of Mokena. As can be seen, overall expenditures are anticipated to increase by \$288K or 1.18% over FY 17 levels.

	FY 17 Budget	FY 18 Budget	\$ Inc/(Dec).	% Change
<u>EXPENSES</u>				
Personal Serv.	\$9,516,365	\$9,732,381	\$216,016	2.27%
Commodities	\$1,541,607	\$1,533,958	(\$7,649)	(.50%)
Contract Serv.	\$9,021,359	\$9,860,348	\$838,989	9.30%
Capital Outlay	\$3,407,353	\$2,735,890	(\$671,463)	(19.71%)
Other/Trans	\$981,200	\$893,000	(\$88,200)	(8.99%)
TOTAL	\$24,467,884	\$24,755,577	\$287,693	1.18%

Personal services are budgeted to increase by only \$216K while commodities will actually decrease by (\$7.6K), mainly due to reductions in the price of gasoline and the cost of liability insurance. Contractual services are budgeted to increase by \$839K primarily due to costs associated with lake water, contractual debt payments and to one-time projects which include a Village survey, a partial special census, an increased number/amount of downtown façade renovation/signage grants and an updated comprehensive plan. Capital outlay will see a significant decrease of (\$671K) which is associated with the completion of the centrifuge filter at the Wastewater Treatment facility.

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 for FY 18.

VILLAGE OF MOKENA, ILLINOIS
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OVERALL FISCAL STATUS			
	Actual FY '16	Anticipated FY '17	Proposed FY '18
Beginning Balance	\$38,162,264	\$41,847,716	\$45,419,625
Revenues	27,545,282	29,829,897	25,471,126
Expenditures	23,859,830	26,257,988	24,755,577
Ending Balance	\$41,847,716	\$45,419,625	\$46,135,174
			\$716K

The proposed FY 18 Budget should see aggregate fund balances increase by approximately \$716K to a total of \$46M.

THE FINANCIAL AND OPERATING STATUS OF THE VILLAGE OF MOKENA:

In addition to providing a basic overview of the proposed FY 18 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, we have 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 have 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 that began in 2009, 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 in the past. While our local economy is healthy, we are still subject to influences outside of our control. Most threatening is the worsening condition of our State and the uncertainty of **how and when** corrective measures will be taken.

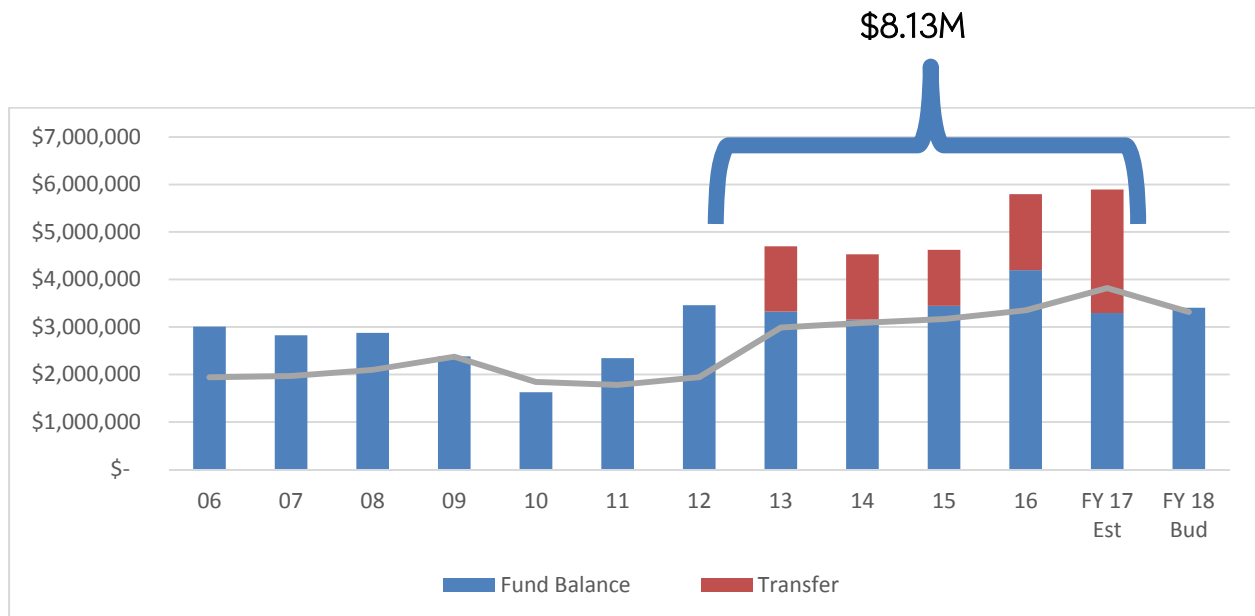
GENERAL FUND:

The current year will prove to be the fifth consecutive year in which fund balance levels have been strong. Due to the combination of significant cost cutting and budget reduction measures implemented over the previous eight years, the General Fund ("GF") produced very substantial "net positive operating" performances of \$1.375M in both FY 13 and FY 14, \$1.18M in FY 15, \$1.6M in FY 16, and \$2.6M in FY 17. These five consecutive positive operating performances allowed transfers of \$8.13M from the General Fund into reserved capital accounts earmarked for public improvement projects, the Police Pension Fund, and the Water Operating Fund.

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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, we are continuing to recommend that higher than traditional General Fund balance levels of 25% are maintained moving forward. This practice has been in place for the last four years. The FY 18 Budget has been prepared with a proposed ending fund balance of 34% of overall GF expenditures. This will provide a necessary buffering effect should unknown circumstances develop that would impact GF revenues.

Below is a graph which illustrates 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. The Village's success can be attributed to our conservative revenue forecasts, cost containment, and record setting sales tax revenues, which have led to an estimated FY 17 year end GF balance of \$3.295M. This fund balance was attained even with the \$2.6M transfer that was executed at the conclusion of this year. Based on the proposed FY 18 budget, the GF balance is projected to remain over \$3.4M, or 34% of total appropriations.

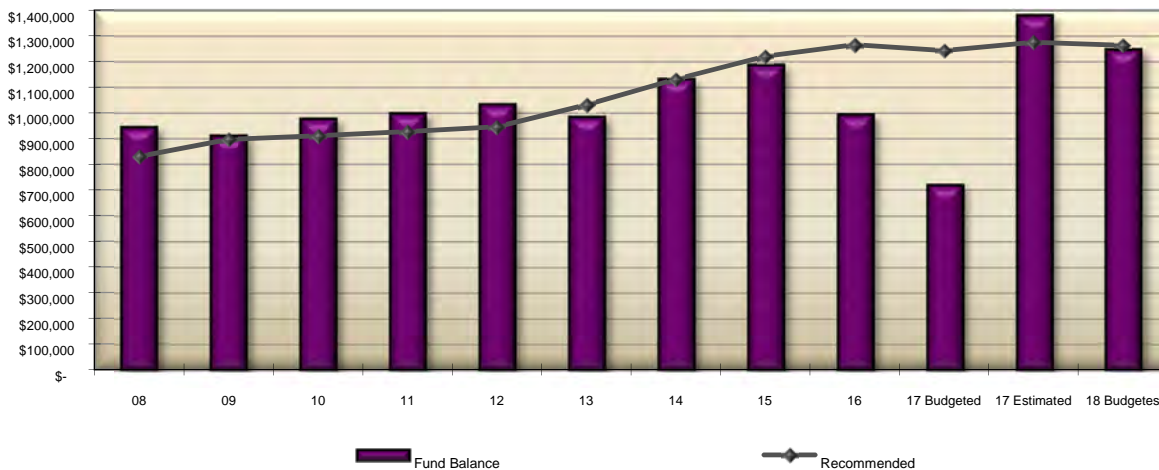
On a cautionary note, the State of Illinois continues to face a severe financial crisis. The General Assembly and Governor had yet to collectively approve a budget at the time we were preparing our budget for adoption. Since July 1, 2015 Illinois has been without a complete State Budget. This has adversely affected Illinois' economy, its credit rating, and public confidence in state government. These uncertainties have left us with no choice but to continue to assume the worst and budget conservatively with regard to revenues which are subject to actions of the Illinois General Assembly.

VILLAGE OF MOKENA, ILLINOIS
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 For the Year Ended June 30, 2017

WATER FUND:

Mokena's water enterprise fund is now a \$5M public business. When combined with the sewer fund, these two operations require over \$6.99M in annual expenditures to operate and consist of \$34M+ 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.

From a historical perspective, the City of Chicago passed a four year (2012-2015) accelerated water rate program which severely impacted water rates not only for Mokena customers, but for 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 their bill. Moving forward, Chicago has published that their rates will be linked to an inflation index. There was no proposed rate increase in 2016 and a 1.83% increase was imposed by the City of Chicago that began on June 1, 2017. Future 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 below shows 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. The FY 17 year end balance was anticipated to be above 25%, mainly due to a \$400K transfer from the General Fund. The FY 18 fund balance is projected to be at the 25% level in connection with a water rate increase of \$.28/1,000 gallons.

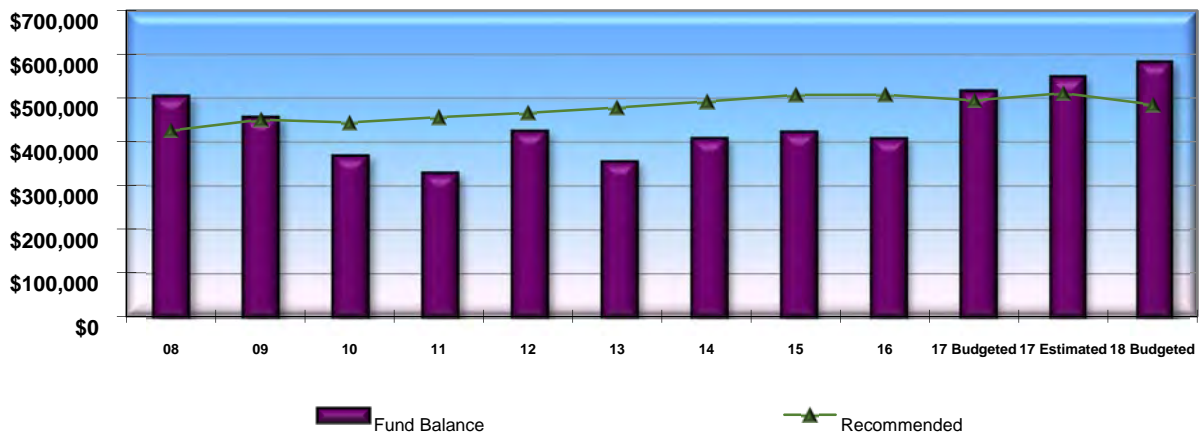


VILLAGE OF MOKENA, ILLINOIS
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The water fund outperformed budget expectations in FY 17 and produced \$661K in net positive operating results due to an increase in consumption and a \$400K transfer from the General Fund. The fund balance is anticipated to decrease by approximately \$133K in FY 18 and is expected to be at its target level of 25% at the conclusion of the fiscal year.

SEWER FUND:

The sewer enterprise fund is a \$1.94M annual business and like the water fund requires an adequate revenue stream to properly maintain the system. This fund has been impacted by Mokena's slowing residential growth trends along with the effects of continued deduct meter installations and seasonal weather conditions. 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 have all contributed to a stagnation in sewer billables and resulted in flat revenue trends in prior years. However, FY 17 saw a modest increase in billables. The Village has been able to make some headway offsetting flat revenues with reasonable cost containment measures. In addition, a rate adjustment of \$0.15/1,000 gallons was implemented in both FY 16 and FY 17 to help soften these flattening consumption trends. The adopted FY 18 fund balance is \$582K or 30% which is \$97K higher than the Board's operating guideline of maintaining 25% of annual expenditures in each major fund. There is no rate adjustment being proposed for FY 18.



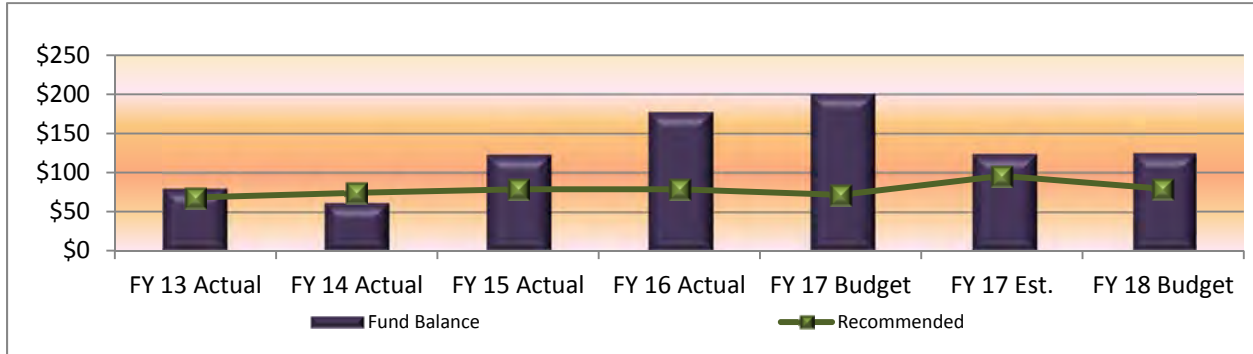
Moving forward we will continue to monitor this fund's performance and hope to balance the fine line between fiscal stability and rate relief for our customers. This is a balance we always seek to attain and we are very aware of the financial impacts on household budgets of any rate increases associated 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 238,500+/- 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 was anticipated to end FY 17 with a balance well

VILLAGE OF MOKENA, ILLINOIS
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For the Year Ended June 30, 2017

above the preferred 25% level. The FY 18 balance is anticipated to still be above this optimal level as indicated in the chart below.



OPERATING FUND BALANCE SUMMARY:

When necessary, fund balances can be a crucial component of providing adequate time for policy makers and staff to fully analyze various financial situations. The following table exhibits an overview of fund balance levels of our four most significant operating funds for both FY 17 along with proposed FY 18.

OPERATING FUND BALANCES						
Fund	Begin FY '17	Begin FY '18	Ending FY '18	Recommended Amount	Variance	Actual %
General	\$4,197,649	\$3,294,833	\$3,403,527	\$3,316,700	\$86,827	34%
Water	1,072,357	1,380,336	1,247,539	1,263,398	(15,859)	25%
Sewer	588,254	548,885	582,185	485,014	97,171	30%
Parking Lot	177,111	123,735	124,901	79,160	45,741	39%

The data compares the anticipated ending FY 18 fund balances to the recommended 33% in the GF and 25% for the three enterprise funds. The GF is in a solid position with an anticipated 34% balance at the end of FY 18. The water fund is slightly below the 25% (i.e. 24.7%) recommended fund balance. The sewer fund is above the recommended fund balance, while the parking lot fund is in a positive position as well. 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. The water fund 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.

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(2) CAPITAL RESERVES:

As part of the Village's financial history, a structured system was developed 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 ½% 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 seven years, this revenue source has also been utilized for road and other infrastructure maintenance. Below you will find a table, representing the status of Mokena's Capital Reserve Funds for FY 17 & FY 18.

CAPITAL RESERVE FUND BALANCE			
Fund	Begin FY '17	Begin FY '18	Ending FY '18
Water System Capital	\$2,796,270	\$3,077,180	\$2,812,682
Sewer System Capital	1,623,097	888,601	865,702
Sewer Plant Replacement	804,042	964,056	876,756
Sewer Plant Expansion	5,315,517	5,313,417	5,308,417
Capital Imp., Repair, Replacement	4,962,356	7,688,421	7,891,632
Totals	\$15,501,282	\$17,931,675	\$17,755,189
			-\$176K

The previously referenced table shows that at the conclusion of FY 18, the Village should possess \$17.7M for future capital projects. In aggregate, these funds are expected to decline by (-\$176K). The Village is still continuing its progressive road rehabilitation program, but the projected fund balance for FY 18 includes a \$2.2M transfer from the General Fund which is earmarked for future use.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2017

(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 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. Eight 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% resulting 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.

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 in 2009. The outcome was similar as Standard and Poor's increased the Village's creditworthiness three steps to that of a AA+ for this GO bond. 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.

VILLAGE OF MOKENA, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2017

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 in 1999 which provides for the two communities to proportionately share in the costs of an IEPA low interest loan for portions of the joint water system (serving both communities), but within Mokena's corporate 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.

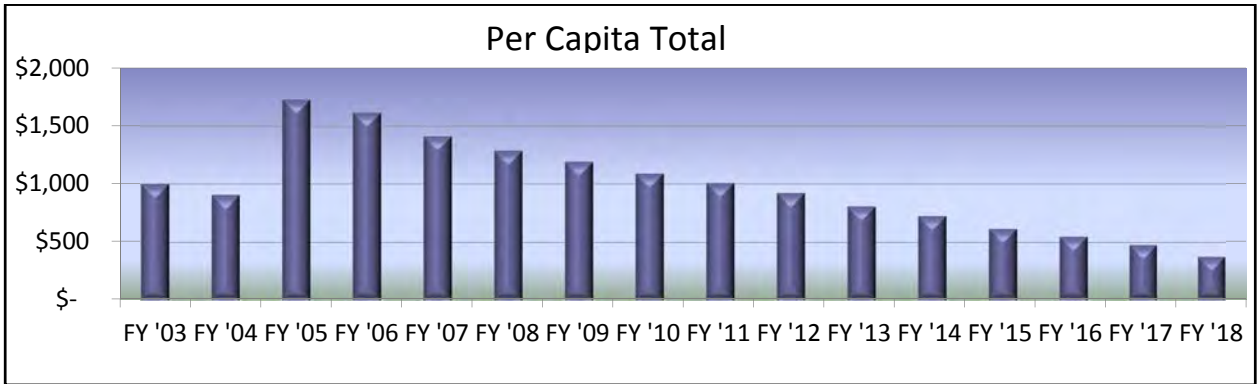
½% Non-Home Rule Sales Tax:

In April 2001, Mokena voters approved a referendum authorizing a ½% non-home rule sales tax with categorical exclusions for certain foods, medicines and titled property. The Village began collecting this revenue in April of 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. In 2012, 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 this refinancing effort. Annual payments will be in the range of \$645K+/- over the balance of this debt issue.

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.

VILLAGE OF MOKENA, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
 For the Year Ended June 30, 2017

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

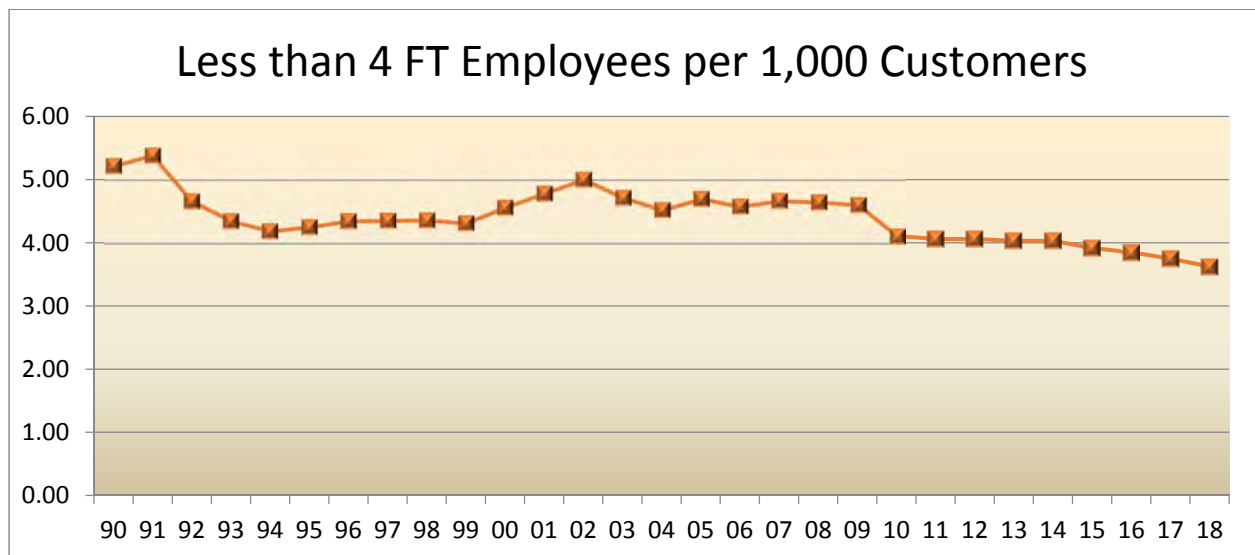


While reaching a high of over \$1.7K per capita in FY 05, the Village's per capita debt levels began to decline and are currently \$376+/- per resident (or less than 2/3s of just twelve years ago). Moving into FY 18, the Village is in good order from a debt management perspective.

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 FY18 budget has one less full time employee (meter reader) than the FY17 budget. Below is a chart which represents the Village's staffing levels/1,000 residents since 1990.



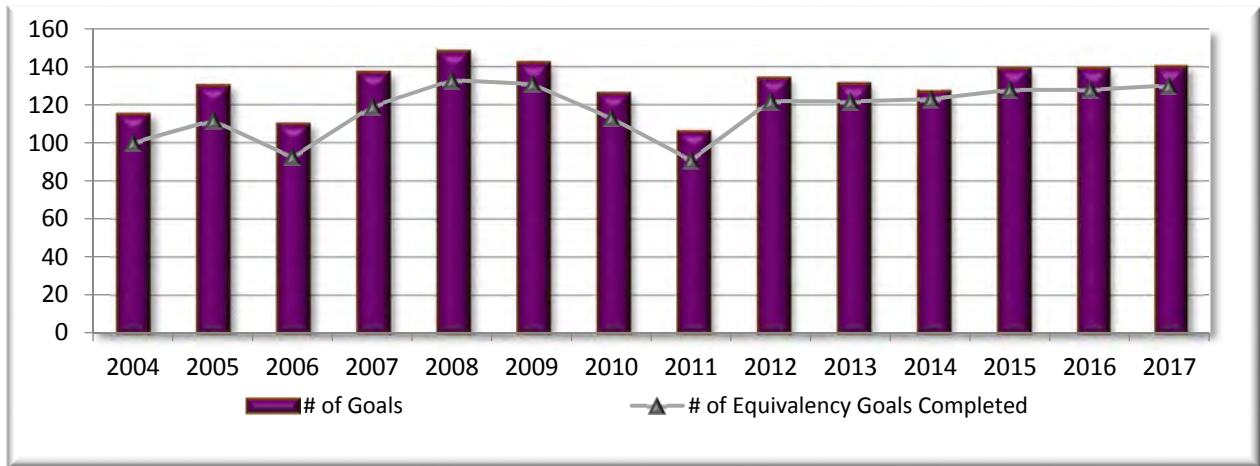
FY 17 – 74 Full Time Employees

FY 18 – 73 Full Time Employees

VILLAGE OF MOKENA, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
 For the Year Ended June 30, 2017

(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 \$1.7M or 7.16%. The Village's overall expenditures are anticipated to increase by \$288K or 1.18%. 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.

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 water and refuse service this year. The proposed budget includes a \$0.28/1,000 gallon adjustment for water rates resulting in a \$2.24 per month increase on an average residential customer. Over the course of the entire fiscal year, this adjustment will result in a \$26.88 increase in a household budget. The refuse rate will increase \$0.50 per month for townhomes/condos and \$0.56 for single family homes. Over the course of the entire fiscal year, this adjustment will result in a \$6+/- increase in a household budget. Combined with the water rate adjustment to take effect in July, the average household will see an approximate \$33+/- increase in fees.

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For the Year Ended June 30, 2017

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 STATE OF ILLINOIS BUDGET IMPASSE.....WHEN WILL IT END?:

Like any budget, there are always certain assumptions which drive the preparation of a yearly spending plan. The proposed FY 18 Budget is no exception as we continue to encounter unknown conditions moving forward. This proposed budget assumes the Illinois General Assembly will change the structural components of the LGDF and revenue estimates have been adjusted accordingly. During the General Assembly's spring session, we reviewed and researched proposed bills that would reduce our LGDF, local use tax, sales tax and potentially freeze property taxes. We need to continue monitoring any legislation affecting our revenue sources and maintain discussions with our State Legislators on the importance of these funds to our community and the service we are expected to provide.

Given the financial problems being faced by the Illinois 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 very resilient since the recovery from the economic downturn that began in 2009, we have learned that not only the State's monetary struggles but the national economy also plays a significant role in our overall financial health. Only time will provide answers to the future conditions we might face.

BUDGET PHILOSOPHY....HOW WE GOT HERE.....HOW WE STAY HERE:

Throughout the years, the Village has successfully incorporated the following financial 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 policies moving forward.

The FY 2017-2018 budget presents a solid financial plan embodying the Village's disciplined approach to spending, dedication to its vision, and the Village's approach of the "customer comes first". We recognize that our customers are the essence of our existence and remain our top priority.

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.

Village Administrator

Finance Director

BASIC FINANCIAL STATEMENTS

VILLAGE OF MOKENA, ILLINOIS
STATEMENT OF NET POSITION
MODIFIED CASH BASIS
June 30, 2017

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 4,281,532	\$ 7,749,134	\$ 12,030,666
Investments	8,542,631	4,914,653	13,457,284
Restricted cash	335,119	0	335,119
Capital assets:			
Land	47,439,360	1,934,830	49,374,190
Buildings, infrastructure, and equipment	110,482,367	36,140,340	146,622,707
Less accumulated depreciation	(45,702,017)	(15,853,372)	(61,555,389)
Total Capital assets, net of accumulated depreciation	<u>112,219,710</u>	<u>22,221,798</u>	<u>134,441,508</u>
TOTAL ASSETS	<u><u>\$ 125,378,992</u></u>	<u><u>\$ 34,885,585</u></u>	<u><u>\$ 160,264,577</u></u>
DEFERRED OUTLOWS OF RESOURCES			
Deferred loss on refunding	<u>150,438</u>	<u>9,428</u>	<u>159,866</u>
LIABILITIES			
Noncurrent liabilities			
Due within one year	\$ 655,000	\$ 335,000	\$ 990,000
Due in more than one year	<u>4,628,180</u>	<u>716,969</u>	<u>5,345,149</u>
TOTAL LIABILITIES	<u><u>\$ 5,283,180</u></u>	<u><u>\$ 1,051,969</u></u>	<u><u>\$ 6,335,149</u></u>
NET POSITION			
Net investment in capital assets	\$ 106,936,530	\$ 21,169,829	128,106,359
Restricted			
Economic development	181,652	0	181,652
Streets	1,045,146	0	1,045,146
Capital improvements	2,609,903	0	2,609,903
Public safety	32,097	0	32,097
Professional services	19,860	0	19,860
Employee retirement	406,307	0	406,307
Unrestricted	<u>9,014,755</u>	<u>12,673,215</u>	<u>21,687,970</u>
TOTAL NET POSITION	<u><u>\$ 120,246,250</u></u>	<u><u>\$ 33,843,044</u></u>	<u><u>\$ 154,089,294</u></u>

See Accompanying Notes

VILLAGE OF MOKENA, ILLINOIS
STATEMENT OF ACTIVITIES
MODIFIED CASH BASIS
For the Year Ended June 30, 2017

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 2,044,863	\$ 0	\$ 0	\$ 0	\$ (2,044,863)	\$ 0	\$ (2,044,863)
Police and emergency services	5,076,911	123,278	11,074	0	(4,942,559)	0	(4,942,559)
Public works	4,043,291	0	0	80,838	(3,962,453)	0	(3,962,453)
Professional services	5,331	0	0	0	(5,331)	0	(5,331)
Community development	629,528	436,276	0	0	(193,252)	0	(193,252)
Employee retirement	638,173	0	0	0	(638,173)	0	(638,173)
Interest and fees	138,097	0	0	0	(138,097)	0	(138,097)
Total governmental activities	<u>12,576,194</u>	<u>559,554</u>	<u>11,074</u>	<u>80,838</u>	<u>(11,924,728)</u>	<u>0</u>	<u>(11,924,728)</u>
Business-type activities:							
Waterworks and sewerage	7,386,282	8,073,778	0	0	0	687,496	687,496
Refuse	1,356,804	1,353,539	0	0	0	(3,265)	(3,265)
Municipal parking lot	258,925	327,895	0	0	0	68,970	68,970
Total business-type activities	<u>9,002,011</u>	<u>9,755,212</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>753,201</u>	<u>753,201</u>
Total primary government	<u>\$ 21,578,205</u>	<u>\$ 10,314,766</u>	<u>\$ 11,074</u>	<u>\$ 80,838</u>	<u>\$ (11,924,728)</u>	<u>\$ 753,201</u>	<u>\$ (11,171,527)</u>
			General revenues:				
			Taxes:				
					2,591,222	0	2,591,222
					10,423,642	0	10,423,642
					46,574	0	46,574
					490,962	0	490,962
					59,217	57,337	116,554
					336,639	0	336,639
					10,531	0	10,531
					284,865	0	284,865
					233,576	0	233,576
					21,846	0	21,846
					155,000	(155,000)	0
					<u>14,654,074</u>	<u>(97,663)</u>	<u>14,556,411</u>
					2,729,346	655,538	3,384,884
					<u>117,516,904</u>	<u>33,187,506</u>	<u>150,704,410</u>
					<u>\$ 120,246,250</u>	<u>\$ 33,843,044</u>	<u>\$ 154,089,294</u>

Net position, end of year
See Accompanying Notes

VILLAGE OF MOKENA, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
MODIFIED CASH BASIS
June 30, 2017

	Major Funds			
	General Fund	Capital Improvement, Repair and Replacement Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 947,773	\$ 2,636,686	\$ 697,073	\$ 4,281,532
Investments	2,619,592	4,833,313	1,089,726	8,542,631
Restricted cash	0	335,119	0	335,119
Total assets	\$ 3,567,365	\$ 7,805,118	\$ 1,786,799	\$ 13,159,282
LIABILITIES AND FUND BALANCES				
Liabilities:				
Deposits	\$ 0	\$ 0	\$ 0	\$ 0
Fund balances:				
Restricted:				
Economic development	\$ 0	\$ 0	\$ 181,652	\$ 181,652
Streets	0	0	1,045,146	1,045,146
Capital improvements	0	2,609,903	0	2,609,903
Public safety	0	0	32,097	32,097
Professional services	0	0	19,860	19,860
Employee retirement	0	0	406,307	406,307
Assigned				
Streets	0	5,195,215	0	5,195,215
Economic development	0	0	101,737	101,737
Unassigned	3,567,365	0	0	3,567,365
Total fund balances	3,567,365	7,805,118	1,786,799	13,159,282
Total liabilities and fund balances	\$ 3,567,365	\$ 7,805,118	\$ 1,786,799	\$ 13,159,282

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, 2017

Total Fund Balance - Governmental Funds \$ 13,159,282

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	157,921,727	
Accumulated depreciation	<u>(45,702,017)</u>	
Net capital assets		112,219,710

Unamortized balance of deferred amount of refunding bonds are not reported in the funds.	150,438
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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	(5,165,000)	
Unamortized bond premium	<u>(118,180)</u>	
Total		<u>(5,283,180)</u>

Net Position of Governmental Activities \$ 120,246,250

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, 2017

	<u>Major Funds</u>			<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Capital Improvement, Repair and Replacement Fund</u>	<u>Non-major Governmental Funds</u>	
REVENUES				
Taxes:				
Property	\$ 1,833,168	\$ 0	\$ 758,054	\$ 2,591,222
State shared	7,723,460	2,182,405	517,777	10,423,642
Hotel/motel	0	0	46,574	46,574
Licenses and permits	927,238	0	0	927,238
Fines and forfeitures	123,278	0	0	123,278
Interest	25,625	25,547	8,045	59,217
Rental income	336,639	0	0	336,639
Contribution, donations and reimbursements	10,531	80,838	0	91,369
Grants	11,074	0	0	11,074
Interfund charges for services	284,865	0	0	284,865
Miscellaneous	216,142	17,434	0	233,576
Total revenues	<u>\$ 11,492,020</u>	<u>\$ 2,306,224</u>	<u>\$ 1,330,450</u>	<u>\$ 15,128,694</u>
EXPENDITURES				
Current:				
General government	\$ 1,975,955	\$ 0	\$ 0	\$ 1,975,955
Police and emergency services	4,873,942	0	27,557	4,901,499
Public works	1,430,528	75,402	302,931	1,808,861
Professional services	0	0	5,331	5,331
Community development	587,693	0	41,835	629,528
Employee retirement	0	0	638,173	638,173
Debt service:				
Principal	110,000	525,000	0	635,000
Interest	20,720	111,675	0	132,395
Capital outlay	545,312	1,505,537	0	2,050,849
Total expenditures	<u>\$ 9,544,150</u>	<u>\$ 2,217,614</u>	<u>\$ 1,015,827</u>	<u>\$ 12,777,591</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,947,870</u>	<u>88,610</u>	<u>314,623</u>	<u>2,351,103</u>
OTHER FINANCING SOURCES (USES)				
Gain on disposal of assets	\$ 21,846	\$ 0	\$ 0	\$ 21,846
Transfers in	0	2,755,000	0	2,755,000
Transfers out	(2,600,000)	0	0	(2,600,000)
Total other financing sources (uses)	<u>\$ (2,578,154)</u>	<u>\$ 2,755,000</u>	<u>\$ 0</u>	<u>\$ 176,846</u>
NET CHANGE IN FUND BALANCES	(630,284)	2,843,610	314,623	2,527,949
FUND BALANCE, Beginning of year	<u>4,197,649</u>	<u>4,961,508</u>	<u>1,472,176</u>	<u>10,631,333</u>
FUND BALANCE, End of year	<u>\$ 3,567,365</u>	<u>\$ 7,805,118</u>	<u>\$ 1,786,799</u>	<u>\$ 13,159,282</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, 2017

Net Change in Fund Balances - Total Governmental Funds \$ 2,527,949

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	2,050,849
Depreciation	(2,478,750)

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	635,000
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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	(21,727)
Amortization of bond premium	16,025

Change in Net Position of Governmental Activities	\$ 2,729,346
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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, 2017

	Budget		Actual	(Over) Under Budget
	Original	Final		
Revenues				
Taxes:				
Property	\$ 1,102,254	\$ 1,102,254	\$ 1,833,168	\$ (730,914)
State shared	6,375,462	6,375,462	7,723,460	(1,347,998)
Licenses and permits	888,526	888,526	927,238	(38,712)
Fines and forfeitures	170,300	170,300	123,278	47,022
Interest	10,000	10,000	25,625	(15,625)
Rental income	307,000	307,000	336,639	(29,639)
Contributions, donations, and reimbursements	6,318	6,318	10,531	(4,213)
Grants	0	0	11,074	(11,074)
Interfund charges for services	282,183	282,183	284,865	(2,682)
Miscellaneous	321,990	321,990	216,142	105,848
Total revenues	<u>9,464,033</u>	<u>9,464,033</u>	<u>11,492,020</u>	<u>(2,027,987)</u>
Expenditures				
Current:				
General government	2,056,300	2,056,300	1,975,955	80,345
Police and emergency services	4,305,663	4,305,663	4,873,942	(568,279)
Public works	1,641,681	1,641,681	1,430,528	211,153
Community development	696,700	696,700	587,693	109,007
Debt service:				
Principal	110,000	110,000	110,000	0
Interest	20,720	20,720	20,720	0
Capital outlay	628,067	628,067	545,312	82,755
Total expenditures	<u>9,459,131</u>	<u>9,459,131</u>	<u>9,544,150</u>	<u>(85,019)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,902	4,902	1,947,870	(1,942,968)
Other financing sources (uses)				
Gain on disposal of assets	0	0	21,846	(21,846)
Transfers out	0	(2,110,070)	(2,600,000)	489,930
Total other financing sources (uses)	<u>0</u>	<u>(2,110,070)</u>	<u>(2,578,154)</u>	<u>468,084</u>
Net Change in Fund Balance	<u>\$ 4,902</u>	<u>\$ (2,105,168)</u>	<u>\$ (630,284)</u>	<u>\$ (1,474,884)</u>
Fund Balance, Beginning of year			<u>4,197,649</u>	
Fund Balance, End of year			<u>\$ 3,567,365</u>	

See Accompanying Notes

VILLAGE OF MOKENA, ILLINOIS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
MODIFIED CASH BASIS
June 30, 2017

	Water and Sewerage Fund	Refuse Fund	Municipal Parking Lot	Total
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 7,455,246	\$ 154,833	\$ 139,055	\$ 7,749,134
Investments	4,914,653	0	0	4,914,653
Total Current Assets	<u>12,369,899</u>	<u>154,833</u>	<u>139,055</u>	<u>12,663,787</u>
NON-CURRENT ASSETS				
Capital assets:				
Land	1,409,606	0	525,224	1,934,830
Buildings and Equipment	35,819,499	8,657	312,184	36,140,340
Less Accumulated Depreciation	<u>(15,675,095)</u>	<u>(5,138)</u>	<u>(173,139)</u>	<u>(15,853,372)</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>21,554,010</u>	<u>3,519</u>	<u>664,269</u>	<u>22,221,798</u>
TOTAL ASSETS	<u><u>\$ 33,923,909</u></u>	<u><u>\$ 158,352</u></u>	<u><u>\$ 803,324</u></u>	<u><u>\$ 34,885,585</u></u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on refunding	<u>\$ 9,428</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 9,428</u>
LIABILITIES				
NON-CURRENT LIABILITIES				
Due within one year	\$ 335,000	\$ 0	\$ 0	\$ 335,000
Due in more than one year	<u>716,969</u>	<u>0</u>	<u>0</u>	<u>716,969</u>
TOTAL LIABILITIES	<u><u>\$ 1,051,969</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 1,051,969</u></u>
NET POSITION				
Net investment in capital assets	20,502,041	3,519	664,269	21,169,829
Unrestricted	<u>12,379,327</u>	<u>154,833</u>	<u>139,055</u>	<u>12,673,215</u>
TOTAL NET POSITION	<u><u>\$ 32,881,368</u></u>	<u><u>\$ 158,352</u></u>	<u><u>\$ 803,324</u></u>	<u><u>\$ 33,843,044</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, 2017

	Business-type Activities - Enterprise Funds			
	Water and Sewerage Fund	Refuse Fund	Municipal Parking Lot	Total
Operating revenues				
Charges for services	\$ 7,961,786	\$ 1,348,578	\$ 326,894	\$ 9,637,258
Water meter installation	64,354	0	0	64,354
Inspection fees	30,555	0	0	30,555
Other	17,083	4,961	1,001	23,045
Total operating revenues	<u>8,073,778</u>	<u>1,353,539</u>	<u>327,895</u>	<u>9,755,212</u>
Operating expenses				
Water and sewerage operations	\$ 6,644,405	\$ 0	\$ 0	\$ 6,644,405
Refuse operations	0	1,355,455	0	1,355,455
Municipal parking lot operations	0		241,846	241,846
Depreciation	699,433	1,349	17,079	717,861
Total operating expenses	<u>7,343,838</u>	<u>1,356,804</u>	<u>258,925</u>	<u>8,959,567</u>
Operating income (loss)	<u>729,940</u>	<u>(3,265)</u>	<u>68,970</u>	<u>795,645</u>
Non-operating revenues (expenses)				
Investment income	55,821	621	895	57,337
Interest expense	(42,444)	0	0	(42,444)
Total non-operating revenues (expenses)	<u>13,377</u>	<u>621</u>	<u>895</u>	<u>14,893</u>
Income (loss) before transfers	743,317	(2,644)	69,865	810,538
Transfers in	575,000	0	0	575,000
Transfers out	(605,000)	0	(125,000)	(730,000)
Change in net position	713,317	(2,644)	(55,135)	655,538
Net position, beginning of year	<u>32,168,051</u>	<u>160,996</u>	<u>858,459</u>	<u>33,187,506</u>
Net position, end of year	<u>\$ 32,881,368</u>	<u>\$ 158,352</u>	<u>\$ 803,324</u>	<u>\$ 33,843,044</u>

See Accompanying Notes

VILLAGE OF MOKENA, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
MODIFIED CASH BASIS
For the Year Ended June 30, 2017

	Major		Non-Major	Total
	Water and Sewerage Fund	Refuse Fund	Municipal Parking Lot	
Cash flows from (used in) operating activities				
Cash received for services	\$ 8,073,778	\$ 1,353,539	\$ 327,895	\$ 9,755,212
Payments to suppliers	(4,481,211)	(1,355,455)	(135,841)	(5,972,507)
Payments to employees	(2,163,194)	0	(106,005)	(2,269,199)
Net cash provided by (used in) operating activities	<u>1,429,373</u>	<u>(1,916)</u>	<u>86,049</u>	<u>1,513,506</u>
Cash flows from (used in) noncapital financing activities				
Payments to other funds	<u>(30,000)</u>	<u>0</u>	<u>(125,000)</u>	<u>(155,000)</u>
Cash flows from (used in) capital and related financing activities				
Principal paid on capital debt	(325,000)	0	0	(325,000)
Interest paid	(40,613)	0	0	(40,613)
Purchase of capital assets	<u>(919,219)</u>	<u>0</u>	<u>0</u>	<u>(919,219)</u>
Net cash used in capital and related financing activities	<u>(1,284,832)</u>	<u>0</u>	<u>0</u>	<u>(1,284,832)</u>
Cash flows from (used in) investing activities				
Purchase of investments	(413,809)	0	0	(413,809)
Interest received	<u>55,821</u>	<u>621</u>	<u>895</u>	<u>57,337</u>
Net cash flows provided by (used in) investing activities	<u>(357,988)</u>	<u>621</u>	<u>895</u>	<u>(356,472)</u>
Net increase (decrease) in cash and cash equivalents	<u>(243,447)</u>	<u>(1,295)</u>	<u>(38,056)</u>	<u>(282,798)</u>
Cash and cash equivalents, beginning of year	<u>7,698,693</u>	<u>156,128</u>	<u>177,111</u>	<u>8,031,932</u>
Cash and cash equivalents, end of year	<u><u>\$ 7,455,246</u></u>	<u><u>\$ 154,833</u></u>	<u><u>\$ 139,055</u></u>	<u><u>\$ 7,749,134</u></u>
Reconciliation of operating income to net cash provided by (used in) operating activities				
Operating income (loss)	\$ 729,940	\$ (3,265)	\$ 68,970	\$ 795,645
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	<u>699,433</u>	<u>1,349</u>	<u>17,079</u>	<u>717,861</u>
Net cash provided by (used in) operating activities	<u><u>\$ 1,429,373</u></u>	<u><u>\$ (1,916)</u></u>	<u><u>\$ 86,049</u></u>	<u><u>\$ 1,513,506</u></u>

See Accompanying Notes

VILLAGE OF MOKENA, ILLINOIS
STATEMENT OF FIDUCIARY NET POSITION
MODIFIED CASH BASIS
June 30, 2017

	Pension Trust Fund	Agency Fund
	Police Pension	Performance Bond
ASSETS		
Cash and cash equivalents	\$ 200,427	\$ 786,435
Investments, at fair value:		
U.S. treasury securities	1,260,930	0
U.S. agency securities	7,364,658	0
Municipal and corporate bonds	1,580,745	0
Money market mutual funds	0	235,952
Equity mutual funds	9,193,715	0
	\$ 19,600,475	\$ 1,022,387
LIABILITIES		
Due to property owners	\$ 0	\$ 1,022,387
	\$ 0	\$ 1,022,387
PLAN NET POSITION HELD IN TRUST FOR PENSION BENEFITS	\$ 19,600,475	

See Accompanying Notes

VILLAGE OF MOKENA, ILLINOIS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
MODIFIED CASH BASIS
For the Year Ended June 30, 2017

	<u>Police Pension Fund</u>
ADDITIONS	
Contributions:	
Employer	\$ 739,392
Plan members	252,205
Total contributions	<u>991,597</u>
Investment income (expense):	
Net increase in fair value of investments	884,331
Interest and dividends	550,902
Less investment expenses	(55,118)
Total investment income (expense)	<u>1,380,115</u>
Total additions	<u>2,371,712</u>
DEDUCTIONS	
Benefits	544,984
Administrative expenses	30,130
Total deductions	<u>575,114</u>
CHANGE IN NET POSITION	1,796,598
PLAN NET POSITION HELD IN TRUST FOR PENSION BENEFITS	
Beginning of year	<u>17,803,877</u>
End of year	<u><u>\$ 19,600,475</u></u>

See Accompanying Notes

VILLAGE OF MOKENA, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
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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, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2017

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, 2017

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, 2017

NOTE 1:	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)
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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 for the Police Pension Fund 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, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2017

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, 2017

NOTE 2: DEPOSITS AND INVESTMENTS (continued)

Current accounting standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of fair value hierarchy, as described under current accounting standards, are as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; or inputs other than the quoted prices that are observable for the asset or liability. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Investments – As of June 30, 2017, the Village had the following investments and maturities:

Investment	Fair Value Level	Fair Value	Investment Maturities (in Years)			
			Less than 1	1 - 5	5 - 10	More than 10
State investment pools	N/A	\$ 13,693,236	\$ 13,693,236	\$ 0	\$ 0	\$ 0
U.S. Treasury	Level 2	1,260,930	0	781,691	479,239	0
U.S. agency securities	Level 2	7,364,658	165,022	2,170,712	5,028,924	0
Equity mutual funds	Level 1	9,193,715	N/A	N/A	N/A	N/A
Municipal and corporate bonds	Level 2	1,580,745	50,544	657,526	820,784	51,891
Total investments		<u>\$ 33,093,284</u>	<u>\$ 13,908,802</u>	<u>\$ 3,609,929</u>	<u>\$ 6,328,947</u>	<u>\$ 51,891</u>

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.

VILLAGE OF MOKENA, ILLINOIS
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 2: DEPOSITS AND INVESTMENTS (continued)

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, 2017, 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 2016 and 2015 levies were passed by the Board on December 12, 2016 and 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, 2017

NOTE 4: CAPITAL ASSETS

The following is a summary of capital asset activity for the Village for the year ended June 30, 2017:

	Beginning Balance	Additions	Deletions	Ending Balance
<i>Governmental activities:</i>				
<i>Capital assets not depreciable:</i>				
Land	\$ 47,283,091	\$ 156,269	\$ 0	\$ 47,439,360
<i>Capital assets depreciable:</i>				
Buildings and improvements	3,494,688	78,543	0	3,573,231
Transportation equipment	2,606,319	104,499	(137,040)	2,573,778
Machinery and equipment	1,315,400	406,295	0	1,721,695
Infrastructure	<u>101,308,420</u>	<u>1,305,243</u>	<u>0</u>	<u>102,613,663</u>
Subtotal	<u>108,724,827</u>	<u>1,894,580</u>	<u>(137,040)</u>	<u>110,482,367</u>
Accumulated depreciation	<u>(43,360,307)</u>	<u>(2,478,750)</u>	<u>137,040</u>	<u>(45,702,017)</u>
Total capital assets, depreciable	<u>65,364,520</u>	<u>(584,170)</u>	<u>0</u>	<u>64,780,350</u>
Total capital assets, net - governmental-type activities	<u>\$ 112,647,611</u>	<u>\$ (427,901)</u>	<u>\$ 0</u>	<u>\$ 112,219,710</u>
<i>Business-type activities:</i>				
<i>Capital assets not depreciable:</i>				
Land	\$ 1,934,830	\$ 0	\$ 0	\$ 1,934,830
Construction in progress	<u>186,321</u>	<u>0</u>	<u>(186,321)</u>	<u>0</u>
Subtotal	<u>2,121,151</u>	<u>0</u>	<u>(186,321)</u>	<u>1,934,830</u>
<i>Capital assets depreciable</i>				
Buildings and improvements	\$ 14,151,497	\$ 0	\$ 0	\$ 14,151,497
Transportation equipment	676,435	0	0	676,435
Machinery and equipment	2,836,246	10,786	0	2,847,032
Infrastructure	<u>17,370,621</u>	<u>1,094,755</u>	<u>0</u>	<u>18,465,376</u>
Subtotal	<u>35,034,799</u>	<u>1,105,541</u>	<u>0</u>	<u>36,140,340</u>
Accumulated depreciation	<u>(15,135,511)</u>	<u>(717,861)</u>	<u>0</u>	<u>(15,853,372)</u>
Total capital assets, depreciable	<u>19,899,288</u>	<u>387,680</u>	<u>0</u>	<u>20,286,968</u>
Total capital assets, net business-type activities	<u>\$ 22,020,439</u>	<u>\$ 387,680</u>	<u>\$ (186,321)</u>	<u>\$ 22,221,798</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:		Business-Type Activities:	
General government	\$ 68,908	Water and Sewerage Operations	\$ 699,433
Public works	2,234,430	Refuse Operations	1,349
Police and emergency services	<u>175,412</u>	Municipal Parking Lot Operations	<u>17,079</u>
Total	<u>\$ 2,478,750</u>	Total	<u>\$ 717,861</u>

VILLAGE OF MOKENA, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5: LONG-TERM OBLIGATIONS

Long-term obligation activity for the year ended June 30, 2017 was as follows:

	Balance July 1, 2016	Additions	Retirements	Balance June 30, 2017	Due Within One Year
<i>Governmental activities:</i>					
G.O. Tax Certificates	\$ 575,000	\$ 0	\$ (110,000)	\$ 465,000	\$ 110,000
G.O. Bonds	5,225,000	0	(525,000)	4,700,000	545,000
Unamortized bond premium	134,205	0	(16,025)	118,180	0
Total governmental	<u>\$5,934,205</u>	<u>\$ 0</u>	<u>\$ (651,025)</u>	<u>\$5,283,180</u>	<u>\$ 655,000</u>
<i>Business-type activities:</i>					
G.O. Bonds	\$1,370,000	\$ 0	\$ (325,000)	\$1,045,000	\$ 335,000
Unamortized bond premium	8,908	0	(1,939)	6,969	0
Total business-type	<u>\$1,378,908</u>	<u>\$ 0</u>	<u>\$ (326,939)</u>	<u>\$1,051,969</u>	<u>\$ 335,000</u>

Long-term obligations consisted of the following at June 30, 2017:

	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	\$ 465,000
G.O. Bonds	5/17/2012	12/15/2024	1.0% - 2.75%	6,890,000	4,700,000
<i>Business-type activities:</i>					
G.O. Bonds	3/10/2009	12/1/2019	2.0% - 3.5%	\$ 3,160,000	\$ 1,045,000

VILLAGE OF MOKENA, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5: LONG-TERM OBLIGATIONS (continued)
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At June 30, 2017, 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, 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	\$ 465,000	\$ 44,940	\$ 509,940

Series 2012

Payment Date	Principal	Interest	Total Payment
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	\$ 4,700,000	\$ 466,491	\$ 5,166,491

VILLAGE OF MOKENA, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5: LONG-TERM OBLIGATIONS (continued)
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At June 30, 2017, 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, 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	\$ 1,045,000	\$ 55,318	\$ 1,100,318

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, 2017 totaled \$2,182,405 and \$636,676 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, 2017, \$6,380,000 of defeased bonds remain outstanding.

Legal Debt Margin – The legal debt margin for the Village at June 30, 2017 is as follows:

Assessed valuation - 2016 tax year		<u>\$ 751,253,179</u>
Statutory debt limitation (8.625% of assessed valuation)		\$ 64,795,587
Debt:		
G.O. Bonds	\$ 5,745,000	
G.O. Tax Certificates	465,000	
Unamortized bond premium	125,149	
Total Debt		<u>\$ 6,335,149</u>
Legal debt margin		<u>\$ 58,460,438</u>

VILLAGE OF MOKENA, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 6: CONTINGENT LIABILITIES

At June 30, 2017, the Village was holding security agreement letters of credit of \$3,173,930. 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, 2017 consisted of the following:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 0	\$ 2,600,000
Capital Projects Fund	2,755,000	0
Water and Sewerage Fund	575,000	605,000
Municipal Parking Lot Fund	0	125,000
Total	<u>\$ 3,330,000</u>	<u>\$ 3,330,000</u>

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, 2017 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, 2017, the Village also participated in the Southwest Agency for Health Management (SWAHM) which provided health, dental and life insurance to Village employees.

VILLAGE OF MOKENA, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 9: RETIREMENT FUND COMMITMENTS
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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 \$112,408 in 2017, 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, 2017

NOTE 9: RETIREMENT FUND COMMITMENTS (continued)
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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 th 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, 2016 was 14.23% 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 \$112,408 in 2017, 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, 2017

NOTE 9: RETIREMENT FUND COMMITMENTS (continued)
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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 th 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. At June 30, 2017, the Village has no future SLEP liabilities.

Plan Membership – At December 31, 2016, the measurement date, membership in the IMRF and SLEP plans was as follows:

	Regular Members	SLEP Members
Inactive employees or beneficiaries currently receiving benefits	42	0
Inactive employees entitled to but not yet receiving benefits	16	0
Active employees	49	0
Total	107	0

VILLAGE OF MOKENA, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 9:	RETIREMENT FUND COMMITMENTS (continued)
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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 2016 was 14.23% 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, 2016 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 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that 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 2012). 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, 2017

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%	8.30%	6.85%
International equities	17.0%	8.45%	6.75%
Fixed income	27.0%	3.05%	3.00%
Real estate	8.0%	6.90%	5.75%
Alternatives	9.0%		
Private equity		12.45%	7.35%
Hedge funds		5.35%	5.25%
Commodities		4.25%	2.65%
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)	\$ 6,591,151	\$ 3,991,483	\$ 1,849,036

VILLAGE OF MOKENA, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2016 were as follows:

	Pension Liability (A)	Plan Net Position (B)	Net Pension Liability (Asset) (A)-(B)
Balances at December 31, 2015	\$ 17,559,905	\$ 13,251,553	\$ 4,308,352
Changes for the year:			
Service cost	386,660	0	386,660
Interest on the total pension liability	1,300,694	0	1,300,694
Changes of benefit terms	0	0	0
Differences between expected and actual experience of the total pension liability	(322,900)	0	(322,900)
Changes of assumptions	(144,626)	0	(144,626)
Contributions – employer	0	482,308	(482,308)
Contributions – employees	0	154,905	(154,905)
Net investment income	0	931,242	(931,242)
Benefit payments, including refunds of employee contributions	(543,955)	(543,955)	0
Other (net transfer)	0	(31,758)	31,758
Net changes	675,873	992,742	(316,869)
Balances at December 31, 2016	\$ 18,235,778	\$ 14,244,295	\$ 3,991,483

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.

Due to the Village preparing its financial statements on the modified cash basis of the financial reporting, pension liabilities and deferred inflows and outflows referred to throughout the note disclosure are not recognized in the actual financial statements.

VILLAGE OF MOKENA, ILLINOIS
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 10:	POLICE PENSION PLAN
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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.

Plan Membership – Membership in the Plan consisted of the following at June 30, 2017, 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	28
Total	37

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 \$112,408 (as of January 1, 2017), 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).

VILLAGE OF MOKENA, ILLINOIS
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 10: POLICE PENSION PLAN (continued)

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.

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, 2017, the Village’s contribution was 29.1% 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
Large cap domestic equities	31.5%	6.40%
Small cap domestic equities	9.0%	8.40%
International equities	4.5%	6.70%
Fixed income	55.0%	1.20%
	<u>100.0%</u>	

ILCS limit the Plan’s investments in equities and mutual funds to 55%. Securities in any one company should not exceed 5% of the total fund.

VILLAGE OF MOKENA, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 10:	POLICE PENSION PLAN (continued)
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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, 2017 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 June 30, 2017, the annual money-weighted rate of return on pension plan investments (excluding CD's), net of pension plan investment expense, was 7.8%. 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 6.50%. 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, 2017

NOTE 10: POLICE PENSION PLAN (continued)
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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 (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Net pension liability (asset)	<u>\$ 8,988,161</u>	<u>\$ 4,552,154</u>	<u>\$ 1,037,196</u>

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, 2017
Actuarial cost methods	Entry age normal (level % of pay)
Asset valuation method	Market value
Amortization method	Straight line
Amortization period	
Actual experience (TPL)	8.68 years
Changes in assumptions	8.68 years
Asset experience	5 years
Rate of returns on present and future assets	6.5%
Projected salary increases	3.00% - 8.73%
*Includes inflation at	2.5%
Projected salary increases	3.5%

VILLAGE OF MOKENA, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 10: POLICE PENSION PLAN (continued)

Net Pension Liability – The components of the net pension liability of the Plan as of June 30, 2017, calculated in accordance with GASB Statement No. 67, were as follows:

	Liability (A)	Net Position (B)	(Asset) (A)-(B)
Balances at July 1, 2016	\$ 22,779,535	\$ 17,855,176	\$ 4,924,359
Changes for the year:			
Service cost	623,125	0	623,125
Interest on the total pension liability	1,462,958	0	1,462,958
Changes of benefit terms	0	0	0
Differences between expected and actual experience of the total pension liability	300,834	0	300,834
Changes of assumptions	(410,830)	0	(410,830)
Contributions – employer	0	739,438	(739,438)
Contributions – employees	0	252,203	(252,203)
Net investment income	0	1,438,079	(1,438,079)
Benefit payments, including refunds of employee contributions	(544,984)	(544,984)	0
Other (net transfer)	0	(81,428)	81,428
Net changes	1,431,103	1,803,308	(372,205)
Balances at June 30, 2017	\$ 24,210,638	\$ 19,658,484	\$ 4,552,154

Due to the Village preparing its financial statements on the modified cash basis of the financial reporting, pension liabilities and deferred inflows and outflows referred to throughout the note disclosure are not recognized in the actual financial statements.

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 offers 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 2017, the Village contributed \$84,902 to the plan.

VILLAGE OF MOKENA, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 11: OTHER POST EMPLOYMENT BENEFIT PLAN (continued)
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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, 2017, the amount actually contributed to the plan, and changes in the Village’s net OPEB obligation to the plan:

Total actuarial accrued liability	\$ 1,372,996
Annual required contribution	\$ 137,751
Interest on Net OPEB Obligation	18,613
Adjustment to annual requirement contribution	(26,910)
Annual OPEB cost (expense)	129,454
Contributions made	(84,902)
Change in net OPEB obligation	44,552
Net OPEB liability, beginning of year	465,325
Net OPEB liability, end of year	\$ 509,877

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, 2017 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, 2017.

VILLAGE OF MOKENA, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017

NOTE 14:	RECENTLY ISSUED ACCOUNTING GUIDANCE (continued)
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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. It has been determined there is no impact from 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. It has been determined there is no impact from 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, 2017

	Budget		(Over) Under
	Original and	Actual	Budget
	Final		
Revenues			
Taxes:			
State shared	\$ 2,004,722	\$ 2,182,405	\$ (177,683)
Interest	14,125	25,547	(11,422)
Contributions, donations and reimbursements	96,100	80,838	15,262
Miscellaneous	0	17,434	(17,434)
Total revenues	2,114,947	2,306,224	(191,277)
Expenditures			
Current:			
Public works	124,970	75,402	49,568
Debt service:			
Principal	525,000	525,000	0
Interest	111,675	111,675	0
Capital outlay	1,699,420	1,505,537	193,883
Total expenditures	2,461,065	2,217,614	243,451
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	(346,118)	88,610	(434,728)
Other financing sources (uses)			
Transfers in	430,000	2,755,000	(2,325,000)
Net Change in Fund Balance	\$ 83,882	\$ 2,843,610	\$ (2,759,728)
Fund Balance, Beginning of year		4,961,508	
Fund Balance, End of year		\$ 7,805,118	

VILLAGE OF MOKENA, ILLINOIS
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 MODIFIED CASH BASIS
 June 30, 2017

	Special Revenue						
	Municipal Audit Fund	School Crossing Guard Fund	Motor Fuel Tax Fund	IMRF/FICA Fund	Special Tax Allocation Fund	Tourism Fund	Total Nonmajor Funds
ASSETS							
Cash and cash equivalents	\$ 19,860	\$ 32,097	\$ 0	\$ 361,727	\$ 181,652	\$ 101,737	\$ 697,073
Investments	0	0	1,045,146	44,580	0	0	1,089,726
Total assets	\$ 19,860	\$ 32,097	\$ 1,045,146	\$ 406,307	\$ 181,652	\$ 101,737	\$ 1,786,799
FUND BALANCES							
Fund balance:							
Restricted:							
Economic development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 181,652	\$ 0	\$ 181,652
Streets	0	0	1,045,146	0	0	0	1,045,146
Public safety	0	32,097	0	0	0	0	32,097
Professional services	19,860	0	0	0	0	0	19,860
Employee retirement	0	0	0	406,307	0	0	406,307
Assigned							
Economic development	0	0	0	0	0	101,737	101,737
Total fund balances	\$ 19,860	\$ 32,097	\$ 1,045,146	\$ 406,307	\$ 181,652	\$ 101,737	\$ 1,786,799

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, 2017

	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	
REVENUES							
Taxes:							
Property	\$ 6,077	\$ 28,325	\$ 0	\$ 678,689	\$ 44,963	\$ 0	\$ 758,054
State shared	0	0	497,702	20,075	0	0	517,777
Hotel/motel	0	0	0	0	0	46,574	46,574
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	69	113	5,729	1,193	627	314	8,045
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	0	0
Total revenues	<u>\$ 6,146</u>	<u>\$ 28,438</u>	<u>\$ 503,431</u>	<u>\$ 699,957</u>	<u>\$ 45,590</u>	<u>\$ 46,888</u>	<u>\$ 1,330,450</u>
EXPENDITURES							
Current:							
General government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Public safety	0	27,557	0	0	0	0	27,557
Public works	0	0	302,931	0	0	0	302,931
Professional services	5,331	0	0	0	0	0	5,331
Community development	0	0	0	0	13,975	27,860	41,835
Employee retirement	0	0	0	638,173	0	0	638,173
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>\$ 5,331</u>	<u>\$ 27,557</u>	<u>\$ 302,931</u>	<u>\$ 638,173</u>	<u>\$ 13,975</u>	<u>\$ 27,860</u>	<u>\$ 1,015,827</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>815</u>	<u>881</u>	<u>200,500</u>	<u>61,784</u>	<u>31,615</u>	<u>19,028</u>	<u>314,623</u>
OTHER FINANCING SOURCES (USES)							
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>
NET CHANGE IN FUND BALANCES	<u>815</u>	<u>881</u>	<u>200,500</u>	<u>61,784</u>	<u>31,615</u>	<u>19,028</u>	<u>314,623</u>
FUND BALANCE, Beginning of year,	<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>
FUND BALANCE, End of year	<u>\$ 19,860</u>	<u>\$ 32,097</u>	<u>\$ 1,045,146</u>	<u>\$ 406,307</u>	<u>\$ 181,652</u>	<u>\$ 101,737</u>	<u>\$ 1,786,799</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, 2017

	Budget		(Over) Under
	Original and	Actual	Budget
	Final		
REVENUES			
Taxes:			
Property	\$ 6,213	\$ 6,077	\$ 136
Interest	50	69	(19)
Total revenues	\$ 6,263	\$ 6,146	\$ 117
 EXPENDITURES			
Current:			
Professional services	\$ 6,200	\$ 5,331	\$ 869
 NET CHANGE IN FUND BALANCES	\$ 63	815	\$ (752)
 FUND BALANCE, Beginning of year		19,045	
 FUND BALANCE, End of year		\$ 19,860	

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, 2017

	Budget		
	Original and	Actual	(Over) Under
	Final		Budget
REVENUES			
Taxes:			
Property	\$ 28,201	\$ 28,325	\$ (124)
Interest	75	113	(38)
Total revenues	\$ 28,276	\$ 28,438	\$ (162)
 EXPENDITURES			
Current:			
Public safety	\$ 350	\$ 0	\$ 350
 NET CHANGE IN FUND BALANCES	\$ (140)	881	\$ (1,021)
 FUND BALANCE, Beginning of year		31,216	
 FUND BALANCE, End of year		\$ 32,097	

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, 2017

	Budget		(Over) Under
	Original and	Actual	Budget
	Final		
REVENUES			
Taxes:			
State shared	\$ 505,366	\$ 497,702	\$ 7,664
Interest	2,050	5,729	(3,679)
Total revenues	\$ 507,416	\$ 503,431	\$ 3,985
EXPENDITURES			
Current:			
Public works	\$ 430,455	\$ 302,931	\$ 127,524
Capital outlay	24,776	0	24,776
Total expenditures	\$ 455,231	\$ 302,931	\$ 152,300
NET CHANGE IN FUND BALANCES	\$ 52,185	\$ 200,500	\$ (148,315)
FUND BALANCE, Beginning of year		844,646	
FUND BALANCE, End of year		\$ 1,045,146	

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, 2017

	Budget Original and Final	Actual	(Over) Under Budget
REVENUES			
Taxes:			
Property	\$ 676,962	\$ 678,689	\$ (1,727)
State shared	16,900	20,075	(3,175)
Interest	850	1,193	(343)
Total revenues	\$ 694,712	\$ 699,957	\$ (5,245)
EXPENDITURES			
Current:			
Employee retirement	\$ 676,976	\$ 638,173	38,803
NET CHANGE IN FUND BALANCES	\$ 17,736	61,784	\$ (44,048)
FUND BALANCE, Beginning of year		344,523	
FUND BALANCE, End of year		\$ 406,307	

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, 2017

	Budget		Actual	(Over) Under Budget
	Original	Final		
REVENUES				
Taxes:				
Property	\$ 37,620	\$ 37,620	\$ 44,963	\$ (7,343)
Interest	350	350	627	(277)
Total revenues	<u>\$ 37,970</u>	<u>\$ 37,970</u>	<u>\$ 45,590</u>	<u>\$ (7,620)</u>
EXPENDITURES				
Current:				
Community development	<u>\$ 2,706</u>	<u>\$ 15,005</u>	<u>\$ 13,975</u>	<u>1,030</u>
NET CHANGE IN FUND BALANCES	<u>\$ 35,264</u>	<u>\$ 22,965</u>	31,615	<u>\$ (8,650)</u>
FUND BALANCE, Beginning of year			<u>150,037</u>	
FUND BALANCE, End of year			<u>\$ 181,652</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, 2017

	Budget		(Over) Under
	Original and	Actual	Budget
	Final		
REVENUES			
Taxes:			
Hotel/motel	\$ 40,000	\$ 46,574	\$ (6,574)
Interest	150	314	(164)
Total revenues	\$ 40,150	\$ 46,888	\$ (6,738)
 EXPENDITURES			
Current:			
Community development	\$ 50,260	\$ 27,860	22,400
 NET CHANGE IN FUND BALANCES	\$ (10,110)	19,028	\$ (29,138)
 FUND BALANCE, Beginning of year		82,709	
 FUND BALANCE, End of year		\$ 101,737	

VILLAGE OF MOKENA, ILLINOIS
COMBINING STATEMENT OF NET POSITION
WATER AND SEWERAGE FUNDS
MODIFIED CASH BASIS
June 30, 2017

	Water and Sewer Fund	Sewer Plant Replacement Fund	Sewer Plant Expansion Fund	Water System Capital Improvement Fund	Sewer System Capital Improvement Fund	Total
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	\$ 971,096	\$ 175,991	\$ 2,437,050	\$ 2,948,046	\$ 923,063	\$ 7,455,246
Investments	1,034,758	795,148	2,877,623	207,124	0	4,914,653
Total Current Assets	<u>\$ 2,005,854</u>	<u>\$ 971,139</u>	<u>\$ 5,314,673</u>	<u>\$ 3,155,170</u>	<u>\$ 923,063</u>	<u>\$ 12,369,899</u>
NON-CURRENT ASSETS						
Capital assets:						
Land	\$ 1,409,606	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,409,606
Construction in progress	0	0	0	0	0	0
Buildings and Equipment	32,277,061	138,002	1,335,427	850,066	1,218,943	35,819,499
Less Accumulated Depreciation	(15,423,122)	(48,013)	(98,580)	(52,802)	(52,578)	(15,675,095)
Total Capital Assets, Net of Accumulated Depreciation	<u>18,263,545</u>	<u>89,989</u>	<u>1,236,847</u>	<u>797,264</u>	<u>1,166,365</u>	<u>21,554,010</u>
TOTAL ASSETS	<u><u>\$ 20,269,399</u></u>	<u><u>\$ 1,061,128</u></u>	<u><u>\$ 6,551,520</u></u>	<u><u>\$ 3,952,434</u></u>	<u><u>\$ 2,089,428</u></u>	<u><u>\$ 33,923,909</u></u>
DEFERRED INFLOWS OF RESOURCES						
Deferred loss on refunding	\$ 9,428	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,428
LIABILITIES						
NON-CURRENT LIABILITIES						
Due within one year	\$ 335,000	\$ 0	0	0	0	\$ 335,000
Due in more than one year	716,969	0	0	0	0	716,969
TOTAL LIABILITIES	<u><u>\$ 1,051,969</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 1,051,969</u></u>
NET POSITION						
Net investment in capital assets	\$ 17,211,576	\$ 89,989	1,236,847	\$ 797,264	\$ 1,166,365	\$ 20,502,041
Unrestricted	2,015,282	971,139	5,314,673	3,155,170	923,063	12,379,327
TOTAL NET POSITION	<u><u>\$ 19,226,858</u></u>	<u><u>\$ 1,061,128</u></u>	<u><u>\$ 6,551,520</u></u>	<u><u>\$ 3,952,434</u></u>	<u><u>\$ 2,089,428</u></u>	<u><u>\$ 32,881,368</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, 2017

	Water and Sewer Fund	Sewer Plant Replacement Fund	Sewer Plant Expansion Fund	Water System Capital Improvement Fund	Sewer System Capital Improvement Fund	Total
Operating revenues						
Charges for services	\$ 6,943,214	\$ 0	\$ 0	\$ 761,800	\$ 256,772	\$ 7,961,786
Water meter installation	64,354	0	0	0	0	64,354
Inspection fees	30,555	0	0	0	0	30,555
Other	17,083	0	0	0	0	17,083
Total operating revenues	<u>7,055,206</u>	<u>0</u>	<u>0</u>	<u>761,800</u>	<u>256,772</u>	<u>8,073,778</u>
Operating expenses						
Personnel services	2,163,194	0	0	0	0	2,163,194
Commodities	352,918	7,036	0	0	0	359,954
Contractual services	3,860,690	0	27,200	0	72,697	3,960,587
Interfund charges for services	160,670	0	0	0	0	160,670
Depreciation	622,936	13,243	33,386	20,264	9,604	699,433
Total operating expenses	<u>7,160,408</u>	<u>20,279</u>	<u>60,586</u>	<u>20,264</u>	<u>82,301</u>	<u>7,343,838</u>
Operating income (loss)	<u>(105,202)</u>	<u>(20,279)</u>	<u>(60,586)</u>	<u>741,536</u>	<u>174,471</u>	<u>729,940</u>
Non-operating revenues (expenses)						
Investment income	8,338	4,703	26,356	12,099	4,325	55,821
Interest expense	(42,444)	0	0	0	0	(42,444)
Total non-operating revenues (expenses)	<u>(34,106)</u>	<u>4,703</u>	<u>26,356</u>	<u>12,099</u>	<u>4,325</u>	<u>13,377</u>
Income (loss) before transfers	(139,308)	(15,576)	(34,230)	753,635	178,796	743,317
Transfers in	400,000	175,000	0	0	0	575,000
Transfers out	(210,000)	0	0	(395,000)	0	(605,000)
Change in net position	50,692	159,424	(34,230)	358,635	178,796	713,317
Net position, beginning of year	19,176,166	901,704	6,585,750	3,593,799	1,910,632	32,168,051
Net position, end of year	<u>\$ 19,226,858</u>	<u>\$ 1,061,128</u>	<u>\$ 6,551,520</u>	<u>\$ 3,952,434</u>	<u>\$ 2,089,428</u>	<u>\$ 32,881,368</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, 2017

	Budget		Actual	(Over) Under Budget
	Original	Final		
Operating revenues				
Charges for services	\$ 6,494,338	\$ 6,494,338	\$ 6,943,214	\$ (448,876)
Water meter installation	51,896	51,896	64,354	(12,458)
Inspection fees	18,408	18,408	30,555	(12,147)
Other	7,954	7,954	17,083	(9,129)
Total operating revenues	<u>6,572,596</u>	<u>6,572,596</u>	<u>7,055,206</u>	<u>(482,610)</u>
Operating expenses				
Personnel services	2,200,438	2,200,438	2,163,194	37,244
Commodities	392,195	392,195	352,918	39,277
Contractual services	3,623,648	3,819,573	3,860,690	(41,117)
Interfund charges for services	160,670	160,670	160,670	0
Capital outlay	21,090	21,090	0	21,090
Debt service	325,000	325,000	0	325,000
Contingency	150,000	150,000	0	150,000
Depreciation	0	0	622,936	(622,936)
Total operating expenses	<u>6,873,041</u>	<u>7,068,966</u>	<u>7,160,408</u>	<u>(91,442)</u>
Operating income (loss)	<u>(300,445)</u>	<u>(496,370)</u>	<u>(105,202)</u>	<u>(391,168)</u>
Non-operating revenues (expenses)				
Investment income	4,950	4,950	8,338	(3,388)
Gain on disposal of assets	0	0	0	(0)
Interest expense	(40,613)	(40,613)	(42,444)	1,831
Total non-operating revenues (expenses)	<u>(35,663)</u>	<u>(35,663)</u>	<u>(34,106)</u>	<u>(1,557)</u>
Income (loss) before transfers	(336,108)	(532,033)	(139,308)	(392,725)
Transfers in	0	0	400,000	(400,000)
Transfers out	(35,000)	(35,000)	(210,000)	175,000
Change in net position	<u>\$ (371,108)</u>	<u>\$ (567,033)</u>	50,692	<u>\$ (617,725)</u>
Net position, beginning of year			<u>19,176,166</u>	
Net position, end of year			<u>\$ 19,226,858</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, 2017

	Budget Original and Final	Actual	(Over) Under Budget
Operating revenues			
Charges for services	\$ 0	\$ 0	\$ 0
Operating expenses			
Contractual services	29,800	27,200	2,600
Contingency	50,000	0	50,000
Depreciation	0	33,386	(33,386)
Total operating expenses	<u>79,800</u>	<u>60,586</u>	<u>19,214</u>
Operating income (loss)	<u>(79,800)</u>	<u>(60,586)</u>	<u>(19,214)</u>
Non-operating revenues (expenses)			
Investment income	<u>8,000</u>	<u>26,356</u>	<u>(18,356)</u>
Change in net position	<u><u>\$ (71,800)</u></u>	<u>(34,230)</u>	<u><u>\$ (37,570)</u></u>
Net position, beginning of year		<u>6,585,750</u>	
Net position, end of year		<u><u>\$ 6,551,520</u></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, 2017

	Budget		(Over) Under
	Original and Final	Actual	Budget
Operating revenues			
Charges for services	\$ 0	\$ 0	\$ 0
Operating expenses			
Commodities	0	7,036	(7,036)
Contractual services	50,000	0	50,000
Capital outlay	94,200	0	94,200
Depreciation	0	13,243	(13,243)
Total operating expenses	144,200	20,279	123,921
Operating income (loss)	(144,200)	(20,279)	(123,921)
Non-operating revenues (expenses)			
Investment income	1,200	4,703	(3,503)
Income (loss) before transfers	(143,000)	(15,576)	(127,424)
Transfers out	0	175,000	(175,000)
Change in net position	\$ (143,000)	159,424	\$ (302,424)
Net position, beginning of year		901,704	
Net position, end of year		\$ 1,061,128	

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, 2017

	Budget		(Over) Under
	Original and Final	Actual	Budget
Operating revenues			
Charges for services	\$ 452,027	\$ 761,800	(309,773)
Operating expenses			
Contractual services	50,000	0	50,000
Capital outlay	34,800	0	34,800
Depreciation	0	20,264	(20,264)
Total operating expenses	84,800	20,264	64,536
Operating income (loss)	367,227	741,536	(374,309)
Non-operating revenues (expenses)			
Investment income	3,400	12,099	(8,699)
Income (loss) before transfers	370,627	753,635	(383,008)
Transfers out	(395,000)	(395,000)	0
Change in net position	\$ (24,373)	358,635	\$ (383,008)
Net position, beginning of year		3,593,799	
Net position, end of year		\$ 3,952,434	

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, 2017

	Budget		(Over) Under Budget
	Original and Final	Actual	
Operating revenues			
Charges for services	\$ 150,676	\$ 256,772	\$ (106,096)
Operating expenses			
Contractual services	131,400	72,697	58,703
Capital outlay	893,000	0	893,000
Depreciation	0	9,604	(9,604)
Total operating expenses	1,024,400	82,301	942,099
Operating income (loss)	(873,724)	174,471	(1,048,195)
Non-operating revenues (expenses)			
Investment income	1,500	4,325	(2,825)
Change in net position	\$ (872,224)	178,796	\$ (1,051,020)
Net position, beginning of year		1,910,632	
Net position, end of year		\$ 2,089,428	

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, 2017

	Budget <u>Original and Final</u>	Actual	(Over) Under Budget
Operating revenues			
Charges for services	\$ 1,341,368	\$ 1,348,578	\$ (7,210)
Other	6,126	4,961	1,165
Total operating revenues	<u>1,347,494</u>	<u>1,353,539</u>	<u>(6,045)</u>
Operating expenses			
Contractual services	1,356,641	1,355,455	1,186
Depreciation	<u>0</u>	<u>1,349</u>	<u>(1,349)</u>
Total operating expenses	<u>1,356,641</u>	<u>1,356,804</u>	<u>(163)</u>
Operating income (loss)	<u>(9,147)</u>	<u>(3,265)</u>	<u>(5,882)</u>
Non-operating revenues (expenses)			
Investment income	<u>420</u>	<u>621</u>	<u>(201)</u>
Change in net position	<u>\$ (8,727)</u>	<u>(2,644)</u>	<u>\$ (6,083)</u>
Net position, beginning of year		<u>160,996</u>	
Net position, end of year		<u>\$ 158,352</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, 2017

	Budget		Actual	(Over) Under Budget
	Original	Final		
Operating revenues				
Charges for services	\$ 315,595	\$ 315,595	\$ 326,894	(11,299)
Other	1,000	1,000	1,001	(1)
Total operating revenues	<u>316,595</u>	<u>316,595</u>	<u>327,895</u>	<u>(11,300)</u>
Operating expenses				
Personnel services	118,564	118,564	106,005	12,559
Commodities	14,000	14,000	3,797	10,203
Contractual services	65,845	65,845	44,720	21,125
Interfund charges for services	75,324	75,324	75,324	0
Capital improvements	12,000	12,000	12,000	0
Depreciation	0	0	17,079	(17,079)
Total operating expenses	<u>285,733</u>	<u>285,733</u>	<u>258,925</u>	<u>26,808</u>
Operating income (loss)	<u>30,862</u>	<u>30,862</u>	<u>68,970</u>	<u>(38,108)</u>
Non-operating revenues (expenses)				
Investment income	475	475	895	(420)
Income before transfers	31,337	31,337	69,865	(38,528)
Transfers out	0	(96,893)	(125,000)	125,000
Change in net position	<u>\$ 31,337</u>	<u>\$ (65,556)</u>	<u>(55,135)</u>	<u>\$ 86,472</u>
Net position, beginning of year			<u>858,459</u>	
Net position, end of year			<u>\$ 803,324</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, 2017

	Budget		(Over) Under
	Original and Final	Actual	Budget
ADDITIONS			
Contributions			
Employer	\$ 751,913	\$ 739,392	12,521
Plan members	258,031	252,205	5,826
Total contributions	1,009,944	991,597	18,347
Investment income (expense):			
Investment income	375,000	1,435,233	(1,060,233)
Less investment expenses	(61,000)	(55,118)	(5,882)
Total investment income (expense)	314,000	1,380,115	(1,066,115)
Total additions	1,323,944	2,371,712	(1,047,768)
DEDUCTIONS			
Benefits	544,986	544,984	2
Administrative expenses	41,485	30,130	11,355
Refund of member contributions	60,000	0	60,000
Contingencies	50,000	0	50,000
Total deductions	696,471	575,114	121,357
CHANGE IN NET POSITION	\$ 627,473	\$ 1,796,598	\$ (1,169,125)
PLAN NET POSITION HELD IN TRUST FOR PENSION BENEFITS			
Beginning of year		17,803,877	
End of year		\$ 19,600,475	

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	
	2016	2015	2016	2015
Total Pension Liability				
Service cost	\$ 386,660	\$ 379,143	\$ 0	\$ 0
Interest on the total pension liability	1,289,673	1,197,694	11,021	13,490
Benefit changes	0	0	0	0
Difference between expected and actual experience	(164,933)	150,291	(157,967)	(46,407)
Assumption changes	(144,626)	69,618	0	0
Benefit payments and refunds	(543,955)	(455,208)	0	0
Net Change in Total Pension Liability	822,819	1,341,538	(146,946)	(32,917)
Total Pension Liability - Beginning	17,412,959	16,071,421	146,946	179,863
Total Pension Liability - Ending (a)	\$ 18,235,778	\$ 17,412,959	\$ -	\$ 146,946
Plan Fiduciary Net Position				
Employer contributions	\$ 482,308	\$ 512,911	\$ 0	\$ 0
Employee contributions	154,905	153,060	0	0
Pension plan net investment income	920,221	66,583	11,021	865
Benefit payments and refunds	(543,955)	(455,208)	0	0
Other	126,233	(384,026)	(157,991)	(26,911)
Net Change in Plan Fiduciary Net Position	1,139,712	(106,680)	(146,970)	(26,046)
Plan Fiduciary Net Position - Beginning	13,104,583	13,211,263	146,970	173,016
Plan Fiduciary Net Position - Ending (b)	\$ 14,244,295	\$ 13,104,583	\$ -	\$ 146,970
Net Pension Liability - Ending (a) - (b)	3,991,483	4,308,376	-	(24)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	78.11%	75.26%	0.00%	100.02%
Covered Valuation Payroll	\$ 3,389,383	\$ 3,401,343	0	0
Net Pension Liability as a Percentage of Covered Valuation Payroll	117.76%	126.67%	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
2016	\$ 482,309	\$ 482,308	\$ 1	\$ 3,389,383	14.23%
2015	469,045	512,911	(43,866)	3,401,343	15.08%

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
2016	\$ 0	\$ 0	\$ 0	\$ 0	0.00%
2015	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	2017	2016
Total Pension Liability		
Service cost	\$ 623,125	\$ 560,933
Interest on the total pension liability	1,462,958	1,333,306
Benefit changes	0	0
Difference between expected and actual experience	300,834	(201,968)
Assumption changes	(410,830)	822,982
Benefit payments and refunds	(544,984)	(496,242)
Net Change in Total Pension Liability	1,431,103	2,019,011
Total Pension Liability - Beginning	22,779,536	20,760,525
Total Pension Liability - Ending (a)	\$ 24,210,639	\$ 22,779,536
 Plan Fiduciary Net Position		
Employer contributions	\$ 739,438	\$ 1,345,938
Employee contributions	252,203	253,539
Pension plan net investment income	1,438,079	544,516
Benefit payments and refunds	(544,984)	(496,242)
Prior period audit adjustment	(51,299)	(29,934)
Other	(30,129)	(36,011)
Net Change in Plan Fiduciary Net Position	1,803,308	1,581,806
Plan Fiduciary Net Position - Beginning	17,855,177	16,273,371
Plan Fiduciary Net Position - Ending (b)	\$ 19,658,485	\$ 17,855,177
Net Pension Liability - Ending (a) - (b)	4,552,154	4,924,359
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	81.20%	78.38%
Covered Valuation Payroll	\$ 2,536,934	2,516,400
Net Pension Liability as a Percentage of Covered Valuation Payroll	179.44%	195.69%

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
2017	\$ 741,301	\$ 739,438	\$ 1,863	\$ 2,536,934	29.15%
2016	736,553	1,345,938	(609,385)	2,516,400	53.49%

VILLAGE OF MOKENA, ILLINOIS
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN
For the Year Ended June 30, 2017

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
6/30/2014	\$ 0	\$ 1,372,996	\$ 1,372,996	0.00%	\$ 5,533,459	24.81%
6/30/2015	*	*	*	0.00%	*	*
6/30/2016	*	*	*	0.00%	*	*

* - Information is not available

SCHEDULE OF EMPLOYER CONTRIBUTIONS

For the Year Ended June 30,	Required Contribution	Percentage Contributed
2017	\$ 137,751	66.0%
2016	132,453	63.0%
2015	127,359	61.0%
2014	43,608	99.2%
2013	114,330	37.8%

VILLAGE OF MOKENA, ILLINOIS
SCHEDULE OF ASSESSED VALUATIONS, RATES, EXTENSIONS AND COLLECTIONS
 June 30, 2017

Tax Levy Year	2016	2015	2014	2013	2012
Equalized assessed valuation	<u>\$ 751,253,179</u>	<u>\$ 714,080,367</u>	<u>\$ 707,265,949</u>	<u>\$ 708,739,868</u>	<u>\$ 732,945,440</u>
Tax rates (per \$100 of equalized assessed valuation):					
Corporate	0.0521	0.0542	0.0587	0.0635	0.0615
Police pension	0.1012	0.1053	0.1047	0.1012	0.0886
Municipal audit	0.0008	0.0009	0.0008	0.0008	0.0008
Police protection	0.0005	0.0006	0.0006	0.0006	0.0005
School crossing guard	0.0040	0.0039	0.0039	0.0038	0.0035
Illinois municipal retirement	0.0406	0.0400	0.0389	0.0328	0.0330
Medicare	0.0107	0.0106	0.0099	0.0090	0.0088
Social security	0.0433	0.0442	0.0422	0.0381	0.0375
Subtotal - Village	<u>0.2532</u>	<u>0.2597</u>	<u>0.2597</u>	<u>0.2498</u>	<u>0.2342</u>
Road and bridge (1)	<u>0.0972</u>	<u>0.1009</u>	<u>0.1041</u>	<u>0.0989</u>	<u>0.0917</u>
Total	<u>0.3504</u>	<u>0.3606</u>	<u>0.3638</u>	<u>0.3487</u>	<u>0.3259</u>
Tax Extensions					
Corporate	\$ 391,403	\$ 387,032	\$ 415,165	\$ 450,050	\$ 450,761
Police pension	760,268	751,927	740,507	717,245	649,390
Municipal audit	6,010	6,427	5,658	5,670	5,864
Police protection	3,756	4,284	4,244	4,252	3,665
School crossing guard	30,050	27,849	27,583	26,932	25,653
Illinois municipal retirement	305,009	285,632	275,126	232,467	241,872
Medicare	80,384	75,693	70,019	63,787	64,499
Social security	325,293	315,624	298,466	270,030	274,855
Subtotal	<u>1,902,173</u>	<u>1,854,468</u>	<u>1,836,768</u>	<u>1,770,433</u>	<u>1,716,559</u>
Road and bridge (1)	<u>730,012</u>	<u>720,175</u>	<u>736,264</u>	<u>700,944</u>	<u>672,111</u>
Total extensions	<u>\$ 2,632,185</u>	<u>\$ 2,574,643</u>	<u>\$ 2,573,032</u>	<u>\$ 2,471,377</u>	<u>\$ 2,388,670</u>
Tax collections	<u>\$ 1,307,366</u>	<u>\$ 2,571,637</u>	<u>\$ 2,569,816</u>	<u>\$ 2,457,860</u>	<u>\$ 2,384,201</u>
Percent collected	<u>49.67%</u>	<u>99.88%</u>	<u>99.88%</u>	<u>99.45%</u>	<u>99.81%</u>

(1) Levied through Frankfort and New Lenox Townships

2011	2010	2009	2008	2007
<u>\$ 765,439,209</u>	<u>\$ 789,156,917</u>	<u>\$ 798,299,124</u>	<u>\$ 793,593,346</u>	<u>\$ 735,016,358</u>
0.0508	0.0582	0.0319	0.0395	0.0422
0.0877	0.0775	0.0811	0.0705	0.0675
0.0007	0.0009	0.0009	0.0008	0.0009
0.0005	0.0005	0.0005	0.0005	0.0005
0.0032	0.0031	0.0031	0.0030	0.0031
0.0288	0.0216	0.0281	0.0301	0.0291
0.0083	0.0078	0.0086	0.0084	0.0086
0.0355	0.0330	0.0366	0.0358	0.0366
0.2155	0.2026	0.1908	0.1886	0.1885
0.0875	0.0850	0.0834	0.0770	0.0644
0.3030	0.2876	0.2742	0.2656	0.2529
\$ 388,843	\$ 459,289	\$ 254,657	\$ 313,469	\$ 310,177
671,290	611,597	647,421	559,483	496,136
5,358	7,102	7,185	6,349	6,615
3,827	3,946	3,991	3,968	3,675
24,494	24,464	24,747	23,808	22,786
220,446	170,458	224,322	238,872	213,890
63,531	61,554	68,654	66,662	63,211
271,731	260,422	292,177	284,106	269,016
1,649,520	1,598,832	1,523,154	1,496,717	1,385,506
669,759	670,783	665,781	611,067	473,351
<u>\$ 2,319,279</u>	<u>\$ 2,269,615</u>	<u>\$ 2,188,935</u>	<u>\$ 2,107,784</u>	<u>\$ 1,858,857</u>
<u>\$ 2,216,066</u>	<u>\$ 2,244,275</u>	<u>\$ 2,171,264</u>	<u>\$ 2,079,674</u>	<u>\$ 1,851,956</u>
<u>95.55%</u>	<u>98.88%</u>	<u>99.19%</u>	<u>98.67%</u>	<u>99.63%</u>

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

	2017	2016	2015	2014	2013
Customer data:					
Number of customers served by combined waterworks and sewerage system	7,143	7,040	6,956	6,874	6,804
Number of metered customers:					
Water service only	102	130	130	126	125
Water and sewer services	6,816	6,729	6,645	6,567	6,496
Number of unmetered customers:					
Sewer service only	102	102	102	102	102
Refuse service only	79	79	79	79	81
Gallons of water pumped	630,055,000	593,283,000	590,727,000	648,775,000	650,088,000
Gallons of water billed	591,896,000	548,742,000	546,379,000	597,275,000	638,669,000

Source: Village records

2012	2011	2010	2009	2008
6,796	6,617	6,528	6,482	6,390
116	116	111	103	89
6,497	6,349	6,240	6,207	6,129
102	102	102	101	101
81	79	75	71	71
618,122,000	608,505,000	611,329,000	644,860,000	691,766,000
577,027,000	588,328,029	585,209,400	592,513,100	660,496,100