

Village of Mokena, Illinois

Annual Financial Report

For the Year Ended June 30, 2020



WIPFLI

Village of Mokena, Illinois

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Independent Auditor's Report

To the Honorable Mayor and
Members of the Board of Trustees
Village of Mokena, Illinois

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Mokena (the "Village"), as of and for the year ended June 30, 2020, 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 conduct our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 entity'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 modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Mokena, as of June 30, 2020, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof, for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis of Accounting

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

Other Matters*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Village of Mokena'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 any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2020, on our consideration of the Village's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Wipfli LLP

Aurora, Illinois
October 16, 2020

Management's Discussion and Analysis

Village of Mokena, Illinois

Management's Discussion and Analysis

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, 2020. 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, 2020 by \$166,865,723 (net position). Of this amount, \$34,461,446 is unrestricted, however, \$18,095,577 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 \$4,445,499 due primarily to an increase in collected state sales taxes, amusement taxes, grants, and charges for services and a decrease in the long-term debt in comparison to the prior year.
- At June 30, 2020, the Village's governmental funds reported combined ending fund balances of \$19,109,261, an increase of \$3,405,020 in comparison with the prior year. The total represents three figures: \$6,289,794 which is unassigned and reflected in the General Fund; \$2,828,649 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 \$9,990,818 which is assigned for purposes of capital projects.
- At June 30, 2020, the unassigned fund balance for the General Fund was \$6,289,794, or 58% of total General Fund expenditures.
- At June 30, 2020, the business-type activities (proprietary funds) reported combined unrestricted fund net position of \$18,095,577 an increase of \$502,213 in comparison with the prior year. Of the unrestricted balance, \$17,647,640 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), \$192,806 is for the Refuse Fund and \$255,131 is for the Municipal Parking Fund.
- The Village's long-term debt had a net decrease of (\$1,074,116) due to the scheduled debt principal retirements of (\$1,055,000) and a net decrease of (\$19,116) associated with the amortization of bond premiums.

Village of Mokena, Illinois

Management's Discussion and Analysis

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

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 (79%) 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

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, 2020 and 2019:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Current and other	\$ 19,109,261	15,704,241	\$ 18,095,577	17,591,476	\$ 37,204,838	33,295,717
Capital and						
noncurrent	<u>110,734,622</u>	<u>111,127,194</u>	<u>22,056,111</u>	<u>22,177,662</u>	<u>132,790,733</u>	<u>133,304,856</u>
Total Assets	<u>129,843,883</u>	<u>126,831,435</u>	<u>40,151,688</u>	<u>39,769,138</u>	<u>169,995,571</u>	<u>166,600,573</u>
Deferred outflows	<u>85,257</u>	<u>106,984</u>	<u>0</u>	<u>1,888</u>	<u>85,257</u>	<u>108,872</u>
of resources						
Current liabilities	0	0	0	0	0	0
Noncurrent liabilities	<u>3,215,105</u>	<u>3,926,130</u>	<u>0</u>	<u>363,091</u>	<u>3,215,105</u>	<u>4,289,221</u>
Total Liabilities	<u>3,215,105</u>	<u>3,926,130</u>	<u>(0)</u>	<u>363,091</u>	<u>3,215,105</u>	<u>4,289,221</u>
Net investment in						
capital assets	107,519,517	107,201,064	22,056,111	21,814,571	129,575,628	129,015,635
Restricted	2,828,649	2,389,935	0	0	2,828,649	2,389,935
Unrestricted	<u>16,365,869</u>	<u>13,421,290</u>	<u>18,095,577</u>	<u>17,593,364</u>	<u>34,461,446</u>	<u>31,014,654</u>
Total Net Position	<u>\$ 126,714,035</u>	<u>123,012,289</u>	<u>\$ 40,151,688</u>	<u>39,407,935</u>	<u>\$ 166,865,723</u>	<u>162,420,224</u>

A portion of the Village's net position (2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$34,461,446) may be used to meet the Village's ongoing obligations to citizens and creditors. At June 30, 2020, 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

The following table shows the revenues and expenses of the Village for the fiscal years ended June 30, 2020 and 2019:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
REVENUES						
Program Revenues:						
Charges for services	\$ 737,840	\$ 469,588	\$ 9,283,111	\$ 9,465,115	\$ 10,020,951	\$ 9,934,703
Operating grants	0	73,747	0	0	0	73,747
Capital grants	85,138	60,000	0	0	85,138	60,000
Total program revenues	<u>822,978</u>	<u>603,335</u>	<u>9,283,111</u>	<u>9,465,115</u>	<u>10,106,089</u>	<u>10,068,450</u>
General revenues:						
Property taxes	2,683,192	2,684,546	0	0	2,683,192	2,684,546
State shared taxes	13,041,023	12,177,539	0	0	13,041,023	12,177,539
Other taxes	31,790	50,193	0	0	31,790	50,193
Other general revenues	<u>2,026,810</u>	<u>1,930,597</u>	<u>322,975</u>	<u>352,517</u>	<u>2,349,785</u>	<u>2,283,114</u>
Total general revenues	<u>17,782,815</u>	<u>16,842,875</u>	<u>322,975</u>	<u>352,517</u>	<u>18,105,790</u>	<u>17,195,392</u>
TOTAL REVENUES	<u>\$ 18,605,793</u>	<u>\$ 17,446,210</u>	<u>\$ 9,606,086</u>	<u>\$ 9,817,632</u>	<u>\$ 28,211,879</u>	<u>\$ 27,263,842</u>
PROGRAM EXPENSES						
General government	\$ 2,359,725	\$ 2,214,221	\$ 0	\$ 0	\$ 2,359,725	\$ 2,214,221
Police and emergency services	5,672,451	5,438,397	0	0	5,672,451	5,438,397
Public works	5,419,958	4,998,626	0	0	5,419,958	4,998,626
Professional services	5,699	5,616	0	0	5,699	5,616
Community development	715,627	687,888	0	0	715,627	687,888
Employee retirement	721,810	687,460	0	0	721,810	687,460
Interest and fees	93,777	108,977	0	0	93,777	108,977
Water and sewer	0	0	6,992,126	7,536,545	6,992,126	7,536,545
Refuse	0	0	1,515,503	1,467,798	1,515,503	1,467,798
Municipal parking lot	0	0	269,704	265,796	269,704	265,796
TOTAL EXPENSES	<u>14,989,047</u>	<u>14,141,185</u>	<u>8,777,333</u>	<u>9,270,139</u>	<u>23,766,380</u>	<u>23,411,324</u>
Excess of revenues	<u>3,616,746</u>	<u>3,505,025</u>	<u>828,753</u>	<u>547,493</u>	<u>4,445,499</u>	<u>3,852,518</u>
Transfers	85,000	(4,210,000)	(85,000)	4,210,000	0	0
Changes in net position	<u>3,701,746</u>	<u>(904,975)</u>	<u>743,753</u>	<u>4,757,493</u>	<u>4,445,499</u>	<u>3,852,518</u>
Net Position - Beginning of year	<u>123,012,289</u>	<u>123,917,264</u>	<u>39,407,935</u>	<u>34,650,442</u>	<u>162,420,224</u>	<u>158,567,706</u>
Net Position - End of year	<u>\$ 126,714,035</u>	<u>\$ 123,012,289</u>	<u>\$ 40,151,688</u>	<u>\$ 39,407,935</u>	<u>\$ 166,865,723</u>	<u>\$ 162,420,224</u>

Governmental Activities – Governmental activities increased the Village's net position by \$3,701,746.

Business-type Activities – Business-type activities increased the Village's net position by \$743,753.

Village of Mokena, Illinois

Management's Discussion and Analysis

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 \$19,109,261, an increase of \$3,405,020 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 \$6,289,794. The entire 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, 2020, unassigned fund balance of the General Fund was \$6,289,794, an increase of \$3,102,062 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 58% of total General Fund expenditures, including transfers out.

Capital Improvement, Repair and Replacement Fund – The net change in the fund balance was (\$279,518) leaving a fund balance of \$10,106,428.

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, 2020 amounted to \$17,647,640. The total increase in net position for the Water and Sewerage Fund was \$642,702. Other factors concerning the finances of these enterprise funds have been addressed in the discussion of the Village's business-type activities.

Refuse Fund – Unrestricted net position of the Refuse Fund at June 30, 2020 amounted to \$192,806. The total increase in net position for the Refuse Fund was \$16,852. Other factors concerning the finances of this fund have been addressed in the discussion of the Village's business-type activities.

Village of Mokena, Illinois

Management's Discussion and Analysis

Municipal Parking Lot Fund - Unrestricted net position of the Municipal Parking Lot Fund at June 30, 2020 amounted to \$255,131. The total increase in net position for the Municipal Parking Lot Fund was \$84,199 primarily due a transfer in from other funds. 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, 2020 amounted to \$24,647,337.

Performance Bond Agency Fund - At June 30, 2020 the Performance Bond Agency Fund had liabilities of \$930,260.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Village approved one amendment to its budget for the fiscal year ended June 30, 2020; 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 \$2,574,247 favorable primarily due to increases in collected state shared sales and income taxes and building permits.

The difference between the estimated and actual expenditures was \$266,895.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – The Village's investment in capital assets for its governmental and business-type activities amounts to \$132,790,733 (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, storm drainage systems, water towers and sewer facilities. More detailed information about the Village's capital assets is presented in Note 4 to the financial statements.

Major capital asset activity during the year ended June 30, 2020 included the following:

Governmental Activities:

- Vehicle Purchases - \$323,219
- Infrastructure Improvements - \$2,017,215

Village of Mokena, Illinois

Management's Discussion and Analysis

Business-Type Activities:

- Water distribution, storm and sanitary - \$331,142
- Waste Water Treatment Plant construction in progress - \$205,322

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

	Governmental Activities		Business-Type Activities	
	2020	2019	2020	2019
Land	\$ 47,479,781	\$ 47,479,781	\$ 1,934,830	\$ 1,934,830
Construction in progress	0	0	634,018	428,696
Buildings and improvements	3,684,824	3,650,884	14,221,341	14,213,561
Transportation equipment	3,418,850	3,095,631	847,492	793,042
Machinery and equipment	2,040,018	1,904,043	3,482,516	3,429,268
Infrastructure	107,918,938	105,901,723	19,069,434	18,738,291
Less: Accumulated Depreciation	(53,807,789)	(50,904,868)	(18,133,520)	(17,360,026)
Total	<u>\$ 110,734,622</u>	<u>\$ 111,127,194</u>	<u>\$ 22,056,111</u>	<u>\$ 22,177,662</u>

Long-Term Debt – At June 30, 2020, the Village had \$3,216,252 in long-term debt.

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
G.O. Bonds	\$ 3,020,000	\$ 3,595,000	\$ 0	\$ 360,000	\$ 3,020,000	\$ 3,955,000
G.O. Tax Certificates	125,000	245,000	0	0	125,000	245,000
Unamortized bond premium	70,105	86,130	0	3,091	70,105	89,221
Total	<u>\$ 3,215,105</u>	<u>\$ 3,926,130</u>	<u>\$ 0</u>	<u>\$ 363,091</u>	<u>\$ 3,215,105</u>	<u>\$ 4,289,221</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 2021 Budget in June 2020

The budget serves as a tool to guide the community, as represented by the Mayor and Village Board, and fully embodies sound principles of accounting and financial management. This budget was 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

COVID-19

This was an especially challenging budget cycle as COVID-19 created a difficult environment to create a successful budget, both from an impact and timing perspective. Unlike past economic downturns, this pandemic came on very quickly, which presented the following uncertainties to consider:

- How long will COVID- 19 last?
- What will the economic (Village revenues) impact be?
- What are the long-term effects?
- How will the State and Federal Government react?
- What budget reductions will be necessary?

The elected officials and staff carefully contemplated these questions as the FY 21 Budget was prepared.

Building a Budget

This year's budget process was initiated by staff during the fall of 2019 and in January of 2020 by the Village Board when they began evaluating various categories of budget revenues and expenditures. Listed below are the budget work sessions that were conducted to produce the final version of the FY 21 budget

- Pre-COVID-19 Budget Work Sessions
 - January 27, 2020
 - FY 20 - Program Recap
 - MFT Program
 - Infrastructure Programs
 - Road Maintenance
 - Financial Overview of General Infrastructure Fund
 - February 17, 2020
 - Fleet Replacement Program
- Post-COVID-19 Budget Work Sessions
 - April 20, 2020
 - Post COVID-19 Discussion
 - Budget Process Overview
 - Traditional Budget Principles
 - FY 21 Budget – Uncertainties
 - General Fund Revenues
 - Sales Tax
 - Local Use Tax
 - Income Tax
 - Property Tax
 - Amusement Tax
 - Video Gaming
 - OTB
 - Interest
 - Enterprise Funds Revenue
 - Utility Fees
 - Refuse Fees
 - Parking Fees

Village of Mokena, Illinois

Management's Discussion and Analysis

- April 27, 2020
 - Wastewater Treatment Plant Upgrades
 - Bid Results
 - Loan/Grant Opportunities
- May 11, 2020
 - Electronics Recycling
 - Refuse Fund
 - Special Tax Allocation Fund (TIF)
 - Water Operating Fund
 - Rate
 - Lake Michigan Water
 - Sewer Operating Fund
 - Miscellaneous Topics
 - Fireworks
 - Parkway Trees
- May 18, 2020
 - Water System Capital Fund
 - Lake Water Debt
 - Sewer System Capital Fund
 - Wastewater Treatment Plant Repair & Replacement Fund
 - Wastewater Treatment Plant Funding Update
 - Revised Roads/General Infrastructure
 - Fleet Update
- June 8, 2020
 - Review General Fund
 - FY 20 - Status
 - Proposed FY 21 Budget
 - Overall Financial Health
 - Review FY 20 Surplus Transfers
 - Wastewater Treatment Plant Update
 - Overview of Capital Improvement Fund Balances
 - Proposed FY 20 Budget Amendments
 - Preliminary Draft
 - Overall Budget
 - Status
 - Budget Categories
 - Operating and Capital Fund Balances
 - Annual Transfers
 - Automated License Plate Recognition (ALPR) Cameras Update

Village of Mokena, Illinois

Management's Discussion and Analysis

The Mokena Village Board has reviewed a significant volume of budget and program information over the past five months and has been provided appropriate time to consider staff's recommendations. Consistent with the Village's financial practices, the FY 21 budget has been prepared with a conservative approach. Unfortunately, we are facing many uncertainties as the nation tries to recover from the first pandemic since 1918. Further, the State of Illinois recently passed a budget that relies on a \$5B federal loan (of which the current status is unclear), and Governor Pritzker's proposed progressive tax is on the November 2020 ballot for voter consideration. All of these referenced circumstances create a significant number of financial unknowns for FY21. These uncertain scenarios raise the question of whether the General Assembly will modify or decrease any of the local municipalities' traditional revenue streams or impose unfunded mandates in an effort to manage their financial restraints. We recently learned as part of the State's FY 21 budget adoption that the Governor and General Assembly will not continue the 5% reduction in the Local Government Distributive Fund (LGDF), but will maintain the 1.5% "administrative fee" on the Village's ½% non-home rule sales tax. This is a step in the right direction; however, the question remains as to what future negative financial impacts municipalities will face as the state continues to wrestle with financial stability issues.

FY 21 FROM A MACRO PERSPECTIVE:

Revenues:

The following table shows some of the reductions that were made to revenues mid-budget process due to COVID-19.

Revenue Type	Proposed FY 21	COVID-19 Estimated FY 21	Difference	
Sales Tax	\$6,670,939	\$4,556,455	(\$2,114,484)	Sales Tax 50% for 3 months and 75% for 9 months
Local Use Tax	\$720,828	\$540,621	(\$180,207)	Local Use Tax 75%
State Income Tax	\$1,066,012	\$1,066,012	\$0	State Income Tax kept at 50%
Property Tax (Corporate)	\$364,590	\$364,590	\$0	
Building Permits	\$63,200	\$96,500	\$33,300	Altorfer permit included in estimated FY 21
Amusement Tax	\$301,000	\$75,250	(\$225,750)	Amusement Tax 25%
Video Gaming	\$300,000	\$100,000	(\$200,000)	Video Gaming 33.33%
OTB	<u>\$80,000</u>	<u>\$20,000</u>	<u>(\$60,000)</u>	OTB 25%
Total Difference	\$9,566,569	\$6,819,428	(\$2,747,141)	

Village of Mokena, Illinois

Management's Discussion and Analysis

Below is an aggregate comparison of all categorical revenues for the Village of Mokena. It is anticipated that overall revenues will decrease by \$3.28M or 11.73% below FY 20 budgeted amounts.

	FY 20 Budget	FY 21 Budget	\$ Inc/(Dec).	% Change
REVENUES				
Taxes	\$13,807,411	\$11,674,210	(\$2,133,201)	(15.45%)
Fines	\$127,500	\$83,000	(\$44,500)	(34.90%)
License/Permits	\$859,105	\$812,075	(\$47,030)	(5.47%)
Service Charge	\$9,539,908	\$9,095,740	(\$444,168)	(4.66%)
Grants/Trans.	\$280,983	\$280,983	\$0	0%
Development	\$337,785	\$695,400	\$357,615	105.87%
Other	\$2,985,217	\$2,020,810	(\$964,407)	(32.31%)
TOTAL	\$27,937,909	\$24,662,218	(\$3,275,691)	(11.73%)

Tax revenue for FY 21 is forecasted to decrease by (\$2.13M). The main decreases in tax revenues are associated with sales tax (\$1.64M), the ½% non-home rule sales (\$641K), and amusement tax (\$108K). Service Charges are also expected to decrease due to a reduction in water sales (\$205K) and parking fees (\$243K). Notable declines in other revenues include a reduction in interest earnings (\$704K) and a reduction in video gaming (\$200K). Also, the proposed budget has been prepared with a 50% (or \$1M) reduction in the LGDF in order to be prepared for any possible negative financial consequences outside our control. This has been a prudent Village practice over the past five years that will continue in FY 21.

Expenditures:

Below is an aggregate comparison of all categorical expenditures for the Village of Mokena. As illustrated, overall expenditures are anticipated to increase by \$3.82M or 12.88% over FY 20 levels.

	FY 20 Budget	FY 21 Budget	\$ Inc/(Dec).	% Change
EXPENSES				
Personal Serv.	\$10,189,829	\$10,327,385	\$137,556	1.35%
Commodities	\$1,670,017	\$1,648,171	(\$21,846)	(1.31%)
Contract Serv.	\$10,949,594	\$10,191,908	(\$757,686)	(6.92%)
Capital Outlay	\$6,000,025	\$10,039,728	\$4,039,703	67.33%
Other/Trans	\$799,900	\$1,217,150	\$417,250	52.16%
TOTAL	\$29,609,365	\$33,424,342	\$3,814,977	12.88%

Personal services are budgeted to increase by \$138K. This increase is mainly attributable to the hiring of an additional police officer. Contractual services are budgeted to decrease by (\$463K) primarily due to retirement of the Village's lake water bonds in FY 20 (\$366K), retirement of the IEPA low interest loan in FY 21 (\$113K), and a reduction in rebates due to lower sales tax numbers (\$282K). Capital outlay will see a significant increase of \$4.04M associated with construction of wastewater treatment plant upgrades.

Village of Mokena, Illinois

Management's Discussion and Analysis

As we begin the FY 21 Budget, the following table lists purchases and costs that will be delayed until the impacts from COVID-19 are better known.

General Fund Delayed Costs	\$ Amount
Vehicles	\$323,000
LPR Cameras	\$208,000
PW Director Position	\$47,890
Maintenance Worker I Position	\$51,452
Total	\$630,342

The following is a table representing the Village's aggregate fiscal status in all funds for the past two budget cycles, as well as for FY 21:

OVERALL FISCAL STATUS			
	Actual FY '19	Anticipated FY '20	Proposed FY '21
Beginning Balance	\$52,430,574	\$56,670,509	\$61,209,737
Revenues	37,176,998	29,720,489	24,662,218
Expenditures	32,937,063	25,181,261	33,424,342
Ending Balance	\$56,670,509	\$61,209,737	\$52,447,613 -\$8.762M

The proposed FY 21 Budget should see aggregate fund balances decrease by approximately (\$8.762M) to a total of \$52.45M.

FINANCIAL AND OPERATING STATUS OF THE VILLAGE OF MOKENA:

In addition to providing a basic overview of the proposed FY 21 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 the following: (1) major operating fund balances, (2) capital reserves, (3) per capita debt, and (4) staffing levels.

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

The Mokena Village Board of Trustees has developed a traditional practice of maintaining approximately 25% (or 3 months) of an operating fund's anticipated annual expenditures (including capital outlay) as a reserved balance within the water, sewer, and parking lot funds. However, in light of the State of Illinois' ongoing fiscal dilemma, along with our traditional conservative budgeting practices, We will continue to recommend that higher than traditional General Fund balance levels of 25% be maintained moving forward. This practice has been in place for the past seven years. These fund balance practices have historically been 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 to allow time for the Board and staff 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 lengthy and severe recessionary influences the Village has faced in the past.

Village of Mokena, Illinois

Management's Discussion and Analysis

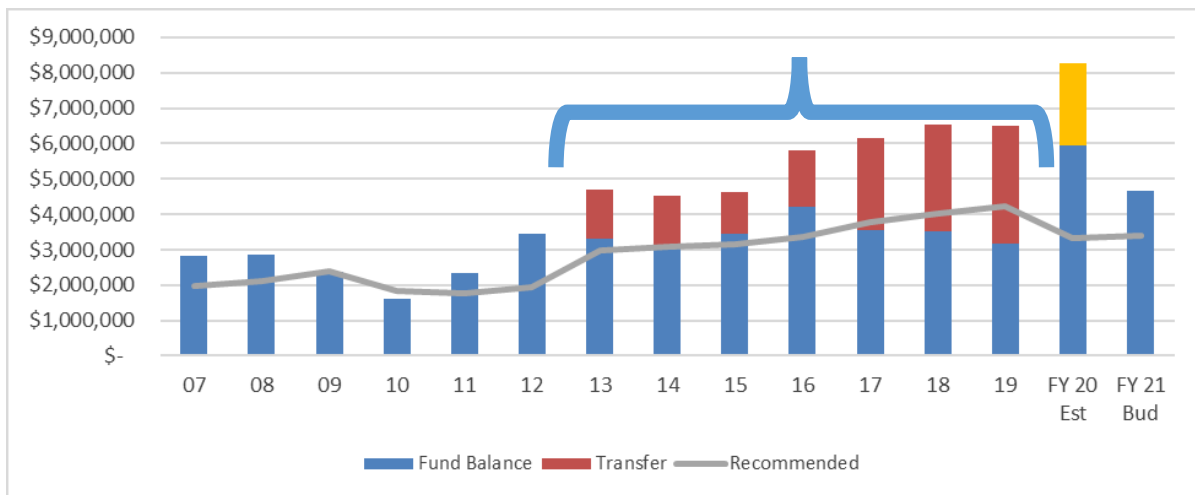
GENERAL FUND:

The current year is the eighth consecutive year in which fund balance levels have been strong. Due to a combination of significant cost cutting, managing expenses, and increasing various revenue sources over the previous eleven years, the General Fund ("GF") produced 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, \$2.6M in FY 17, \$3M in FY 18, \$3.325M in FY 19, and \$2.32M in FY 20. These prior seven consecutive positive operating performances allowed a cumulative transfer over the years of \$14.46M from the General Fund into reserved capital accounts earmarked for public improvement projects, the Police Pension Fund, the Water Operating Fund, and in FY 20 the anticipated surplus of \$2.32M will remain in the General Fund until the impacts of COVID-19 are known.

The FY 21 Budget has been prepared with a proposed ending fund balance of 45% of overall GF expenditures. This will provide a necessary buffering effect from the unknown impacts of COVID-19.

The following is a graph illustrating these balances over the past decade:

\$14.46M



While fund balance levels dropped to a historic low in FY 10, significant recovery has taken place since that time. The Village's success can be attributed to our conservative revenue forecasts, controlling expenses and record-setting sales tax revenues, which have led to an estimated FY 20 year end GF balance of \$5.96M. This fund balance was attained by retaining the FY 20 surplus in the General Fund balance at the conclusion of this fiscal year. Based on the proposed FY 21 budget, the GF balance is projected to be over \$4.68M or 45% of total appropriations.

Village of Mokena, Illinois

Management's Discussion and Analysis

WATER/SEWER FUNDS:

The Village's Water/Sewer funds represent over \$34M in capital investment by our customers. The water distribution system annually pumps 600 +/- million gallons of water and the sewer system treats a similar volume of wastewater. Personnel in both of these departments maintain 90 +/- miles of water mains, 5 water storage facilities and 3 pumping stations. They also operate a wastewater treatment plant and 12 lift stations. Overall, the Village serves approximately 7,250 customer accounts on a 24/7 basis.

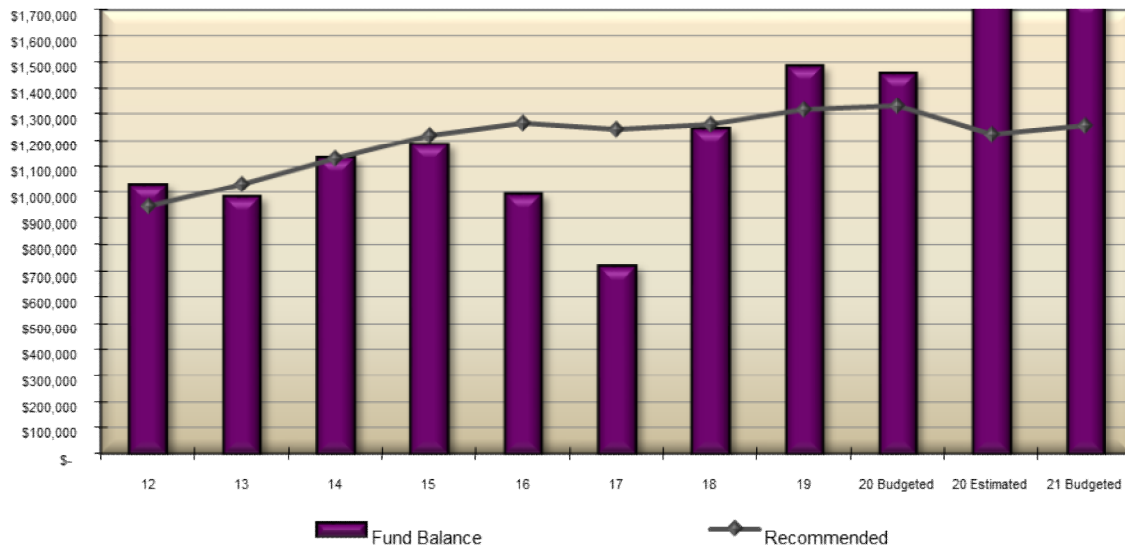
WATER FUND:

Mokena's valued water customers currently enjoy one of the best constructed and most efficient Lake Michigan water systems in the south suburbs. We continue to coordinate long-term planning efforts with our upstream water suppliers and neighboring Lake Michigan water customers. These efforts are focused on long-term system improvements designed to serve our regional growth for the next 50-75 years. Planned upstream system enhancements include additional water mains, upgraded pumping facilities and other improvements. In 2013, the Village completed a long-term water supply agreement with Oak Lawn. This agreement was simultaneously negotiated by a five community collective (i.e. "customer communities": 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 communities 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. In 2020, the customer communities started the process with Oak Lawn to discuss the status of amending the Regional Water System Agreement. The major point of discussion with the amendment to the agreement is related to debt funding through bonds. That discussion was initiated for two reasons: 1) the timelines set out for the agreement were expiring rendering bond issuance impossible; and 2) the total estimated cost of construction was projected to exceed the amount authorized for debt financing as stated in the initial agreement. The entire process for creating the amendment to the master agreement has been delayed due to COVID-19. The current engineer's estimate is \$274 +/- . Consistent with the discussion and Board direction during the May 18, 2020 budget work session, a funding mechanism (transportation bond funding beginning in FY 26) has been identified to pay the Village's share of the improvements without adding payment to the water rate!

For historical reference, 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 its rates will be linked to an inflation index. There was no rate increase in 2016, but on June 1, 2017, the City of Chicago imposed a 1.83% increase, followed by a 1.54% increase June 1, 2018, an .82% increase June 1, 2019, and then a 2.45% increase went into effect June 1, 2020. Future rate increases will be necessary to keep up with the expense of purchasing water and to generate adequate revenue to operate the system and maintain satisfactory cash reserves to protect against unforeseeable events or circumstances. The graph below shows the budgeted and recommended amounts for FY12-FY21. The FY 20 year-end balance is anticipated to be above 25%, mainly due to a year-end transfer from the General Fund of \$325K in FY 19 to help stabilize rates and the expenditures for FY 20 coming in under budget.

Village of Mokena, Illinois

Management's Discussion and Analysis



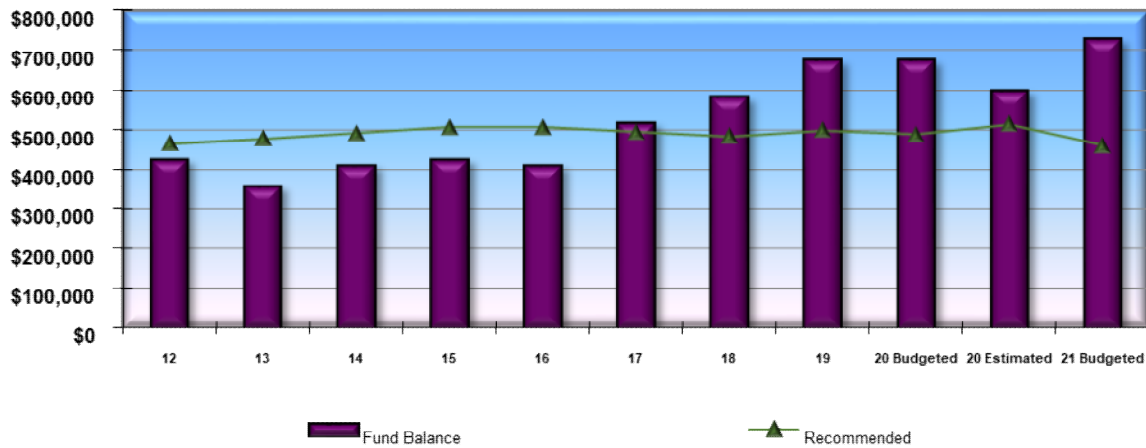
The FY 21 Budget includes a water rate increase of \$.11/1,000 gallons budgeted. The fund balance is anticipated to decrease by approximately \$36K in FY 21 and is expected to be above its target level of 25% at the conclusion of the fiscal year.

SEWER FUND:

The sewer enterprise fund, 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. Approximately 38% of our customers utilize deduct meters, which 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 and FY 18 saw a modest increase in billables, with FY 19 and FY 20 seeing a decrease in billables due to wet weather conditions in the spring. The Village has been able to make some headway offsetting flat revenues through effectively managing our expenses. Also, 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 proposed FY 20 fund balance is \$599K or 29%, which is \$83K higher than the Board's operating guideline of maintaining 25% of annual expenditures in each major fund. There is no proposed rate adjustment for FY 21.

Village of Mokena, Illinois

Management's Discussion and Analysis



Moving forward we will continue to monitor this fund's performance and hope to balance the fine line between financial health and controlling costs for our residents and businesses.

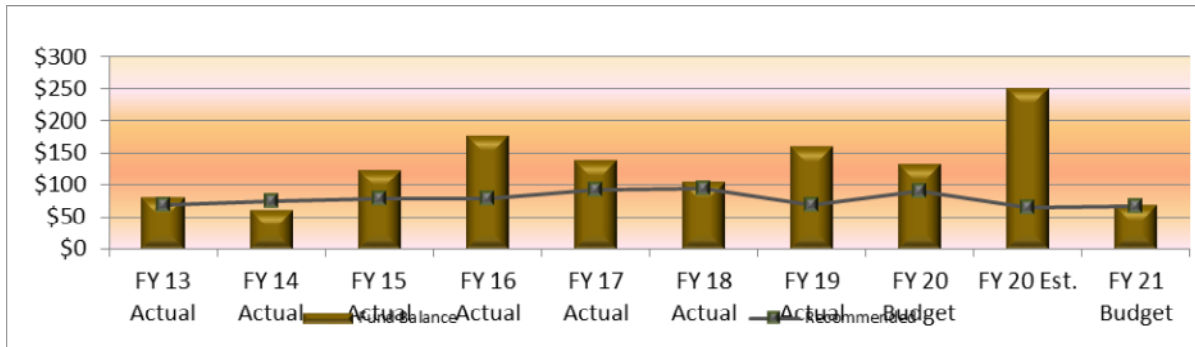
PARKING LOT FUND:

Mokena operates four separate commuter parking lots encompassing over 1,600 spaces. In a typical year, this fund generates revenue from roughly 251,360 customers utilizing the parking lots, with the vast majority of customers paying a \$1.25 daily fee. In addition, the Village has made some modifications to parking in the Front Street area. In August 2017, 15 daily parking spaces in the Front Street area were authorized for purchase from Metra to support redevelopment in the downtown area. These spaces were converted to business parking in May 2018. At the same time in May of 2018, the number of reserved monthly parking spaces available for parking in the McGovney Street gravel lot was expanded with 49 spaces being initially added to the original 51, and another 31 more installed later in response to commuter demand. Leases for spaces in this area currently extend to June 30, 2021, with any vacant/open spaces made available to interested commuters on a first-come, first-served basis.

Revenue forecasts in FY 21 have been reduced to approximately 25% of budgeted FY 20 revenues due to the impact of COVID-19. A FY 20 year-end transfer from the Capital Improvement, Repair and Replacement Fund to the Parking Lot Fund of \$100K will maintain the FY 21 fund balance at the preferred 25% level as seen in the following chart.

Village of Mokena, Illinois

Management's Discussion and Analysis



OPERATING FUND BALANCE SUMMARY:

When necessary, fund balances are a key component providing adequate time for policy makers and staff to fully analyze various financial situations. The following table provides an overview of fund balance levels for our four most significant operating funds (both FY 20 along with proposed FY 21).

OPERATING FUND BALANCES						
Fund	Begin FY '20	Begin FY '21	Ending FY '21	Recommended Amount	Variance	Actual %
General	\$3,187,732	\$5,959,320	\$4,677,260	\$3,413,573	\$1,263,687	45%
Water	1,633,264	1,776,704	1,741,151	1,257,435	483,716	35%
Sewer	640,791	598,839	727,484	460,822	266,662	39%
Parking Lot	160,388	250,400	68,777	67,174	1,603	25%

The data compares anticipated ending FY 21 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 45% balance at the end of FY 21. The water and sewer funds are above the recommended fund balance of 25% and the parking lot fund is in a positive position as well. We always try to balance the objective components of budgeting with the practical aspects of customer rate adjustments for those enterprise funds intended to operate as an independent utility. The water fund will require rate adjustments in the future to generate adequate revenue to cover costs and discontinue utilizing cash reserves as a revenue offset. As we proceed forward, careful policy consideration will no doubt be necessary as we evaluate the competing pressures of maintaining strong cash positions with the negative impact of rate increases on the pocketbooks of our residents and businesses. This may result in fund balance levels in the water and sewer funds being compromised below that of traditionally maintained levels moving forward.

Village of Mokena, Illinois

Management's Discussion and Analysis

(2) CAPITAL RESERVES:

As part of the Village's financial foundation, 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 expended as 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 and 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 ten years, this revenue source has also been utilized for road and other infrastructure maintenance. The following table represents the status of Mokena's Capital Reserve Funds for FY 20 and FY 21.

CAPITAL RESERVE FUND BALANCE			
Fund	Begin FY '20	Begin FY '21	Ending FY '21
Water System Capital	\$3,186,735	\$3,108,205	\$2,808,308
Sewer System Capital	1,210,507	1,493,845	1,400,308
Sewer Plant Replacement	1,234,686	1,374,866	1,281,216
Sewer Plant Expansion	9,349,534	9,321,817	1,902,817
Capital Imp., Repair, Replacement	10,385,947	10,057,508	9,495,408
Totals	\$25,367,409	\$25,356,241	\$16,888,057
			-\$8.468M

The previously referenced table shows that at the conclusion of FY 21, the Village should possess \$16.89M for future capital projects. In aggregate, these funds are expected to decline by (-\$8.468M). The Village anticipates to begin the upgrades to the wastewater treatment plant and continue its progressive road rehabilitation program in FY 21.

(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, which 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. Ten 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

Village of Mokena, Illinois

Management's Discussion and Analysis

approximately \$129K in overall costs over the balance of the bonds repayment schedule through 2021. These bonds will be retired on February 1, 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 infrastructure necessary 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 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. These bonds were retired in FY 20.

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 has been retired. 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 translates into approximately \$3.44M in capital costs with a 2.6% rate. Annual payments are in the range of \$226K for the Village's share of this amount through 2020. The IEPA low interest loan will be retired on November 1, 2020.

½% Non-Home Rule Sales Tax:

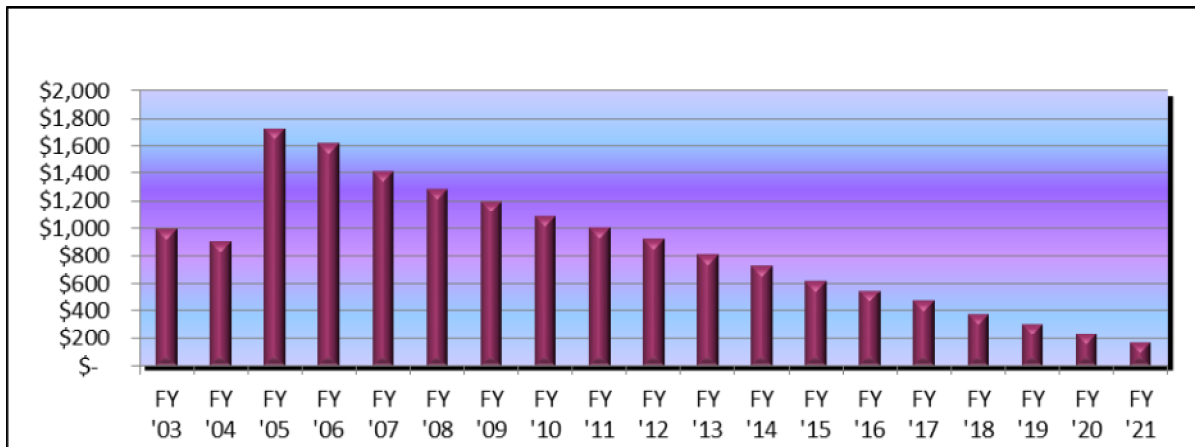
In April 2001, Mokena voters approved a referendum authorizing a ½% non-home rule sales tax with categorical exclusions for certain foods, medicines, and titled property. The Village began collecting the revenue in April of 2002. The Village Board spent approximately 2 years prior to the successful referendum 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 191st Street improvements, the Board determined that borrowing \$10M would be the most prudent mechanism to fund 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 \$643K+/- over the balance of this debt issue.

Village of Mokena, Illinois

Management's Discussion and Analysis

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

The following historical chart depicts Mokena's per capita debt position over the past eighteen years as well as projections for FY 21.



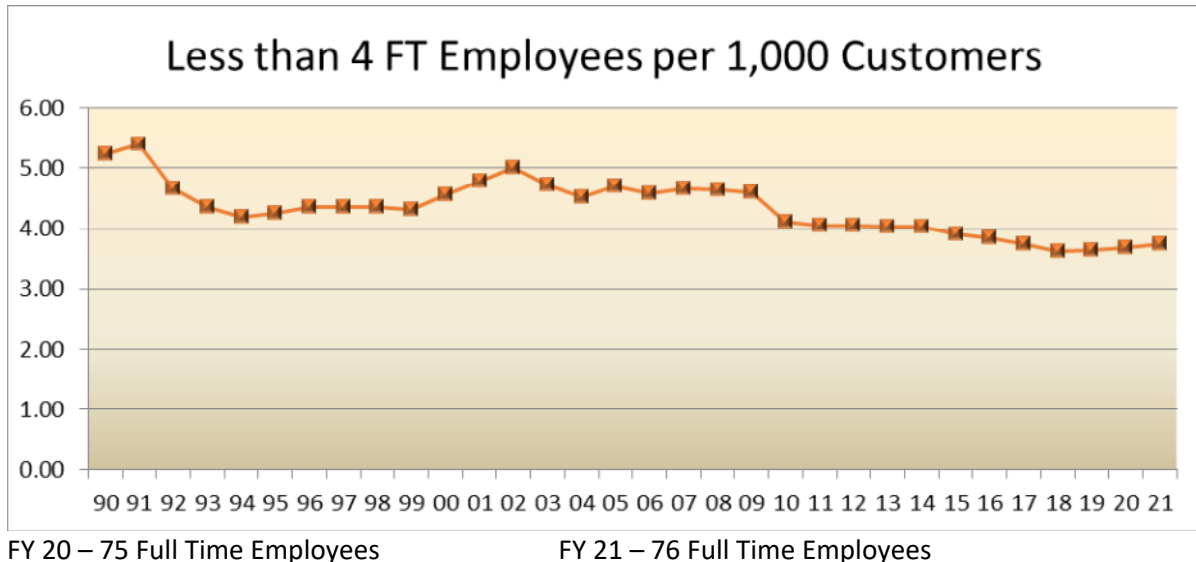
While reaching a high of over \$1.7K per capita in FY 05, the Village's per capita debt levels began to decline and are currently \$170+/- per resident (or less than 90% of levels sixteen years ago). Moving into FY 21, the Village is in a strong position from a debt management perspective. Current debt 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 bond 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 FY 21 budget contains one additional employee in the Police Department compared to the FY 20 budget as the Board authorized staff to hire one additional officer (that was not budgeted for) in FY 20. The following chart represents the Village's staffing levels/1,000 residents since 1990.

Village of Mokena, Illinois

Management's Discussion and Analysis



BUDGET SUMMARY:

In summary, the Village's total revenues are projected to decrease by approximately (\$3.28M) or (11.73%) in FY 21. At the same time, overall expenditures are expected to rise by \$3.82M or 12.88%, with the considerable upturn attributable to the anticipated outflow of cash reserves for capital improvements and upgrades to the Village's wastewater treatment plant. The wastewater treatment plant project has been in the planning stages for years, with reserves set aside on a regular basis so engineering and construction could commence at the appropriate time. That time has arrived, and thanks to the prudent planning of Boards past and present, we are now able to move ahead and fund this essential infrastructure improvement on a cash basis.

Mokena's fiscal health remains solid, which is noteworthy as we brace for the full impact of COVID-19 in FY 21. The conservative budgeting and financial management of the Board and staff over the years has significantly increased the Village's ability to survive this economic downturn while still providing quality services to our customers, which has consistently been the Village's top priority.

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 \$0.11/1,000 gallon adjustment for water rates resulting in a \$.88 per month increase for an average residential customer. Over the course of the entire fiscal year, this adjustment will result in a \$10.56 cost increase to the average 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 to the average household budget. Combined with the water rate adjustment to taking effect in July, the average household will see an approximate \$17 +/- increase in fees.

The proposed budget has again been prepared to continue providing senior citizen households with refuse discounts of approximately \$27 +/- on an annual basis.

Village of Mokena, Illinois

Management's Discussion and Analysis

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.

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 a strong financial culture that has prioritized delivering exceptional Village services.
2. We have positioned ourselves to have the ability to maintain control of our financial future and be prepared for any negative consequences.
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 carefully analyzed and consistently adhere to the goal of providing an outstanding quality of life for our businesses and residents.

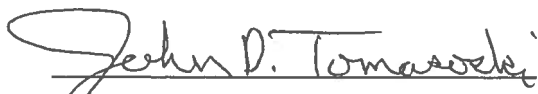
This budget philosophy has served the Village well and although we weren't predicting a pandemic to take place, this philosophy and approach illustrate the importance of always being prepared for the unknown.

Final Thoughts:

The FY 2020-2021 budget presents a solid financial plan to weather the economic impact of COVID-19 and other indirect budgetary issues resulting from it. Throughout the FY 21 budget process, we recommended financial trends and adjusting the Village finances accordingly, a recommendation with which the Board concurred. As always, the top priority of our elected officials and staff is to provide the highest possible service to our customers while being fiscally responsible to our taxpayers.

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. Question 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



John D. Tomasoski
Village Administrator/Chief Budget Officer
Village of Mokena



Barbara A. Damron
Finance Director
Village of Mokena

Basic Financial Statements

Village of Mokena, Illinois

Statement of Net Position

Modified Cash Basis

June 30, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 7,414,139	\$ 8,569,785	\$ 15,983,924
Investments	11,424,228	9,525,792	20,950,020
Restricted cash	270,894	0	270,894
Capital assets:			
Land	47,479,781	1,934,830	49,414,611
Construction in progress	0	634,018	634,018
Buildings, infrastructure, and equipment	117,062,630	37,620,783	154,683,413
Less accumulated depreciation	(53,807,789)	(18,133,520)	(71,941,309)
Total Capital assets, net of accumulated depreciation	110,734,622	22,056,111	132,790,733
TOTAL ASSETS	129,843,883	40,151,688	169,995,571
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding bonds	85,257	0	85,257
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 129,929,140	\$ 40,151,688	\$ 170,080,828
LIABILITIES			
Noncurrent liabilities			
Due within one year	\$ 690,000	\$ 0	\$ 690,000
Due in more than one year	2,525,105	0	2,525,105
TOTAL LIABILITIES	3,215,105	0	3,215,105
NET POSITION			
Net investment in capital assets	107,519,517	22,056,111	129,575,628
Restricted			
Economic development	262,031	0	262,031
Streets	1,708,315	0	1,708,315
Capital improvements	270,894	0	270,894
Public safety	56,527	0	56,527
Professional services	22,472	0	22,472
Employee retirement	508,410	0	508,410
Unrestricted	16,365,869	18,095,577	34,461,446
TOTAL NET POSITION	126,714,035	40,151,688	166,865,723
TOTAL LIABILITIES AND NET POSITION	\$ 129,929,140	\$ 40,151,688	\$ 170,080,828

See Accompanying Notes

Village of Mokena, Illinois

Statement of Activities

Modified Cash Basis

Year Ended June 30, 2020

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 2,359,725	\$ 0	\$ 0	\$ 0	\$ (2,359,725)	\$ 0	\$ (2,359,725)
Police and emergency services	5,672,451	96,109	0	0	(5,576,342)	0	(5,576,342)
Public works	5,419,958	0	0	85,138	(5,334,820)	0	(5,334,820)
Professional services	5,699	0	0	0	(5,699)	0	(5,699)
Community development	715,627	641,731	0	0	(73,896)	0	(73,896)
Employee retirement	721,810	0	0	0	(721,810)	0	(721,810)
Interest and fees	93,777	0	0	0	(93,777)	0	(93,777)
Total governmental activities	14,989,047	737,840	0	85,138	(14,166,069)	0	(14,166,069)
Business-type activities:							
Waterworks and sewerage	6,992,126	7,502,080	0	0	0	509,954	509,954
Refuse	1,515,503	1,529,702	0	0	0	14,199	14,199
Municipal parking lot	269,704	251,329	0	0	0	(18,375)	(18,375)
Total business-type activities	8,777,333	9,283,111	0	0	0	505,778	505,778
Total primary government	\$ 23,766,380	\$ 10,020,951	\$ 0	\$ 85,138	\$ (14,166,069)	\$ 505,778	\$ (13,660,291)
General revenues:							
Taxes:							
Property taxes					2,683,192	0	2,683,192
State shared					13,041,023	0	13,041,023
Hotel/motel					31,790	0	31,790
Licenses and permits					514,942	0	514,942
Investment income					252,484	322,975	575,459
Rental income					323,934	0	323,934
Donations and reimbursements					11,120	0	11,120
Interfund charges for services					292,617	0	292,617
Miscellaneous					631,713	0	631,713
Transfers					85,000	(85,000)	0
Total general revenues and transfers					17,867,815	237,975	18,105,790
Change in net position					3,701,746	743,753	4,445,499
Net position, beginning of year					123,012,289	39,407,935	162,420,224
Net position, end of year					\$ 126,714,035	\$ 40,151,688	\$ 166,865,723

See Accompanying Notes

Village of Mokena, Illinois

Balance Sheet Governmental Funds Modified Cash Basis June 30, 2020

	Major Funds			
		Capital Improvement, Repair and Replacement Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS	General Fund			
Cash and cash equivalents	\$ 3,916,402	\$ 2,588,623	\$ 909,114	\$ 7,414,139
Investments	2,373,392	7,246,911	1,803,925	11,424,228
Restricted cash	0	270,894	0	270,894
Total assets	<u>\$ 6,289,794</u>	<u>\$ 10,106,428</u>	<u>\$ 2,713,039</u>	<u>\$ 19,109,261</u>
LIABILITIES AND FUND BALANCES				
Fund balances:				
Restricted:				
Economic development	\$ 0	\$ 0	\$ 262,031	\$ 262,031
Streets	0	0	1,708,315	1,708,315
Capital improvements	0	270,894	0	270,894
Public safety	0	0	56,527	56,527
Professional services	0	0	22,472	22,472
Employee retirement	0	0	508,410	508,410
Assigned				
Streets/Capital Improvements	0	9,835,534	0	9,835,534
Economic development	0	0	155,284	155,284
Unassigned	<u>6,289,794</u>	<u>0</u>	<u>0</u>	<u>6,289,794</u>
Total fund balances	<u>6,289,794</u>	<u>10,106,428</u>	<u>2,713,039</u>	<u>19,109,261</u>
Total liabilities and fund balances	<u>\$ 6,289,794</u>	<u>\$ 10,106,428</u>	<u>\$ 2,713,039</u>	<u>\$ 19,109,261</u>

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, 2020

Total Fund Balance - Governmental Funds	\$ 19,109,261
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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	164,542,411	
Accumulated depreciation	<u>(53,807,789)</u>	
Net capital assets		110,734,622

Unamortized balance of deferred amount of refunding bonds are not reported in the funds.	85,257
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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	(3,145,000)	
Unamortized bond premium	<u>(70,105)</u>	
Total		<u>(3,215,105)</u>

Net Position of Governmental Activities	<u>\$ 126,714,035</u>
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See Accompanying Notes

Village of Mokena, Illinois

Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds Modified Cash Basis Year Ended June 30, 2020

	Major Funds			
		Capital		
	General Fund	Improvement, Repair and Replacement Fund	Non-major Governmental Funds	Total Governmental Funds
REVENUES				
Taxes:				
Property	\$ 1,905,921	\$ 0	\$ 777,271	\$ 2,683,192
State shared	9,649,761	2,608,125	783,137	13,041,023
Hotel/motel	0	0	31,790	31,790
Licenses and permits	1,156,673	0	0	1,156,673
Fines and forfeitures	96,109	0	0	96,109
Investment income	62,377	155,174	34,933	252,484
Rental income	323,934	0	0	323,934
Contributions, donations and reimbursements	11,120	85,138	0	96,258
Interfund charges for services	292,617	0	0	292,617
Miscellaneous	369,033	39,650	223,030	631,713
Total revenues	\$ 13,867,545	\$ 2,888,087	\$ 1,850,161	\$ 18,605,793
EXPENDITURES				
Current:				
General government	\$ 2,297,005	\$ 0	\$ 0	\$ 2,297,005
Police and emergency services	5,451,445	0	19,821	5,471,266
Public works	1,696,538	581,815	502,588	2,780,941
Professional services	0	0	5,699	5,699
Economic development	697,860	0	17,767	715,627
Employee retirement	0	0	721,810	721,810
Debt service:				
Principal	120,000	575,000	0	695,000
Interest	9,500	78,575	0	88,075
Capital outlay	493,135	2,017,215	0	2,510,350
Total expenditures	\$ 10,765,483	\$ 3,252,605	\$ 1,267,685	\$ 15,285,773
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,102,062	(364,518)	582,476	3,320,020
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 0	\$ 185,000	\$ 0	\$ 185,000
Transfers out	0	(100,000)	0	(100,000)
Total other financing sources (uses)	\$ 0	\$ 85,000	\$ 0	\$ 85,000
NET CHANGE IN FUND BALANCES	3,102,062	(279,518)	582,476	3,405,020
FUND BALANCE, Beginning of year	3,187,732	10,385,946	2,130,563	15,704,241
FUND BALANCE, End of year	\$ 6,289,794	\$ 10,106,428	\$ 2,713,039	\$ 19,109,261

See Accompanying Notes

Village of Mokena, Illinois

Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds - Modified Cash Basis to the Statement of Activities - Modified Cash Basis Year Ended June 30, 2020

Net Change in Fund Balances - Total Governmental Funds	\$ 3,405,020
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	2,510,350
Depreciation	(2,902,921)
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	695,000
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 bonds	(21,727)
Amortization of bond premium	16,025
Change in Net Position of Governmental Activities	<u>\$ 3,701,747</u>

See Accompanying Notes

Village of Mokena, Illinois

Statement of Revenues, Expenditures, and Change in Fund Balance

Budget and Actual

General Fund

Modified Cash Basis

Year Ended June 30, 2020

	Budget Original and Final	Actual	(Over) Under Budget
REVENUES			
Taxes:			
Property	\$ 1,158,932	\$ 1,905,921	\$ (746,989)
State shared	7,773,278	9,649,761	(1,876,483)
Licenses and permits	877,605	1,156,673	(279,068)
Fines and forfeitures	127,500	96,109	31,391
Investment income	110,000	62,377	47,623
Rental income	305,345	323,934	(18,589)
Contributions, donations, and reimbursements	22,935	11,120	11,815
Interfund charges for services	295,883	292,617	3,266
Miscellaneous	621,820	369,033	252,787
Total revenues	<u>11,293,298</u>	<u>13,867,545</u>	<u>(2,574,247)</u>
EXPENDITURES			
Current:			
General government	2,496,643	2,297,005	199,638
Police and emergency services	4,762,734	5,451,445	(686,711)
Public works	1,819,976	1,696,538	123,438
Community development	767,390	697,860	69,530
Debt service:			
Principal	120,000	120,000	0
Interest	9,500	9,500	0
Capital outlay	522,345	493,135	27,210
Total expenditures	<u>10,498,588</u>	<u>10,765,483</u>	<u>(266,895)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 794,710</u>	<u>\$ 3,102,062</u>	<u>\$ (2,307,352)</u>
FUND BALANCE, Beginning of year		<u>3,187,732</u>	
FUND BALANCE, End of year		<u>\$ 6,289,794</u>	

See Accompanying Notes

Village of Mokena, Illinois

Statement of Net Position Proprietary Funds Modified Cash Basis June 30, 2020

	Major		Non-Major	
	Water and Sewerage Fund	Refuse Fund	Municipal Parking Lot	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 8,121,848	\$ 192,806	\$ 255,131	\$ 8,569,785
Investments	9,525,792	0	0	9,525,792
Total Current Assets	17,647,640	192,806	255,131	18,095,577
Noncurrent assets:				
Capital assets:				
Land	1,409,606	0	525,224	1,934,830
Construction in progress	634,018	0	0	634,018
Buildings and Equipment	37,257,261	8,657	354,865	37,620,783
Less Accumulated Depreciation	(17,893,454)	(7,414)	(232,652)	(18,133,520)
Total Capital Assets, Net of Accumulated Depreciation	21,407,431	1,243	647,437	22,056,111
TOTAL ASSETS	\$ 39,055,071	\$ 194,049	\$ 902,568	\$ 40,151,688
NET POSITION				
Net investment in capital assets	21,407,431	1,243	647,437	22,056,111
Unrestricted	17,647,640	192,806	255,131	18,095,577
TOTAL NET POSITION	\$ 39,055,071	\$ 194,049	\$ 902,568	\$ 40,151,688

See Accompanying Notes

Village of Mokena, Illinois

Statement of Revenues, Expenses, and Changes in Fund Net Position Proprietary Funds Modified Cash Basis Year Ended June 30, 2020

	Business-type Activities - Enterprise Funds			
	Major		Non-Major	
	Water and Sewerage Fund	Refuse Fund	Municipal Parking Lot	Total
Operating revenues				
Charges for services	\$ 7,385,944	\$ 1,525,376	\$ 250,301	\$ 9,161,621
Water meter installation	34,388	0	0	34,388
Inspection fees	10,012	0	0	10,012
Other	71,736	4,326	1,028	77,090
Total operating revenues	7,502,080	1,529,702	251,329	9,283,111
Operating expenses				
Water and sewerage operations	\$ 6,232,242	\$ 0	\$ 0	\$ 6,232,242
Refuse operations	0	1,515,120	0	1,515,120
Municipal parking lot operations	0	0	251,380	251,380
Depreciation	754,787	383	18,324	773,494
Total operating expenses	6,987,029	1,515,503	269,704	8,772,236
Operating income	515,051	14,199	(18,375)	510,875
Non-operating revenues (expenses)				
Investment income	317,748	2,653	2,574	322,975
Interest expense	(5,097)	0	0	(5,097)
Total non-operating revenues (expenses)	312,651	2,653	2,574	317,878
Income before transfers	827,702	16,852	(15,801)	828,753
Transfers to (from) other funds				
Transfers in	0	0	100,000	100,000
Transfers out	(185,000)	0	-	(185,000)
Total transfers to (from) other funds	(185,000)	0	100,000	(85,000)
Change in net position	642,702	16,852	84,199	743,753
Net position, beginning of year	38,412,369	177,197	818,369	39,407,935
Net position, end of year	\$ 39,055,071	\$ 194,049	\$ 902,568	\$ 40,151,688

See Accompanying Notes

Village of Mokena, Illinois

Statement of Cash Flows Proprietary Funds Modified Cash Basis Year Ended June 30, 2020

	Major		Non-Major	
	Water and Sewerage Fund	Refuse Fund	Municipal Parking Lot	Total
Cash flows from operating activities				
Cash received for services	\$ 7,502,080	\$ 1,529,702	\$ 251,329	\$ 9,283,111
Payments to suppliers	(4,293,879)	(1,515,120)	(125,364)	(5,934,363)
Payments to employees	(1,938,363)	0	(126,016)	(2,064,379)
Net cash from operating activities	1,269,838	14,582	(51)	1,284,369
Cash flows from noncapital financing activities				
Payments from (to) other funds	(185,000)	0	100,000	(85,000)
Cash flows from (used in) capital and related financing activities				
Principal paid on capital debt	(360,000)	0	0	(360,000)
Interest paid	(6,300)	0	0	(6,300)
Purchase of capital assets	(644,163)	0	(7,780)	(651,943)
Net cash from capital and related financing activities	(1,010,463)	0	(7,780)	(1,018,243)
Cash flows from (used in) investing activities				
Purchase of investments	(150,917)	0	0	(150,917)
Interest received	317,748	2,653	2,574	322,975
Net cash flows from investing activities	166,831	2,653	2,574	172,058
Net increase (decrease) in cash and cash equivalents	241,206	17,235	94,743	353,184
Cash and cash equivalents, beginning of year	7,880,642	175,571	160,388	8,216,601
Cash and cash equivalents, end of year	<u>\$ 8,121,848</u>	<u>\$ 192,806</u>	<u>\$ 255,131</u>	<u>\$ 8,569,785</u>
Reconciliation of operating income to net cash from operating activities				
Operating income	\$ 515,051	\$ 14,199	\$ (18,375)	\$ 510,875
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	754,787	383	18,324	773,494
Net cash from operating activities	<u>\$ 1,269,838</u>	<u>\$ 14,582</u>	<u>\$ (51)</u>	<u>\$ 1,284,369</u>

See Accompanying Notes

Village of Mokena, Illinois

Statement of Fiduciary Net Position

Modified Cash Basis

June 30, 2020

	Pension Trust Fund	Agency Fund
	Police Pension	Performance Bond
ASSETS		
Cash and cash equivalents	\$ 183,056	\$ 693,312
Investments, at fair value:		
U.S. treasury securities	1,472,002	0
U.S. agency securities	8,327,027	0
Municipal and corporate bonds	3,249,278	0
Money market mutual funds	0	236,948
Equity mutual funds	11,415,974	0
Total assets	\$ 24,647,337	\$ 930,260
LIABILITIES		
Due to property owners	\$ 0	\$ 930,260
PLAN NET POSITION HELD IN TRUST FOR PENSION BENEFITS	\$ 24,647,337	

See Accompanying Notes

Village of Mokena, Illinois

Statement of Changes in Fiduciary Net Position

Modified Cash Basis

Year Ended June 30, 2020

	Police Pension Fund
ADDITIONS	
Contributions:	
Employer	\$ 764,027
Plan members	291,617
Total contributions	<u>1,055,644</u>
Investment income (expense):	
Net increase in fair value of investments	1,064,111
Interest and dividends	652,333
Less investment expenses	<u>(68,930)</u>
Total investment income (expense)	<u>1,647,514</u>
Total additions	<u>2,703,158</u>
DEDUCTIONS	
Benefits	703,384
Administrative expenses	<u>28,926</u>
Total deductions	732,310
CHANGE IN NET POSITION	1,970,848
PLAN NET POSITION HELD IN TRUST FOR PENSION BENEFITS	
Beginning of year	<u>22,676,489</u>
End of year	<u>\$ 24,647,337</u>

See Accompanying Notes

Village of Mokena

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

The Village of Mokena's (the "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.

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.

Village of Mokena

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Government-Wide Financial Statements (Continued)

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.

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.

Village of Mokena

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Fund Financial Statements (Continued)

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.

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 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 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.

Village of Mokena

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Basis of Accounting (Continued)

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.

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.

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.

Village of Mokena

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

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:

<i>Capital Asset Category</i>	Estimated Useful Life
Buildings and improvements	7-50
Machinery and equipment	5-25
Transportation equipment	5-10
Infrastructure - other	5-50

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 modified 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.

Village of Mokena

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Long-Term Obligations (Continued)

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.

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.

Village of Mokena

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Governmental Fund Balances (Continued)

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.

The Village categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Investments - As of June 30, 2020, the Village had the following investments and maturities:

Investment Maturities (in Years)						
Investment	Fair Value Level	Fair Value	Less than 1	1 - 5	5 - 10	More than 10
State investment pools	N/A	\$ 21,337,058	\$ 21,337,058	\$ 0	\$ 0	\$ 0
U.S. treasury	Level 2	1,472,002	125,268	790,414	556,320	0
U.S. agency securities	Level 2	8,176,937	271,788	2,195,610	5,423,246	286,293
Equity mutual funds	Level 1	11,415,974	N/A	N/A	N/A	N/A
Municipal and corporate bonds	Level 2	3,249,278	299,239	954,895	1,943,181	51,963
Total investments		\$ 45,651,249	\$ 22,033,353	\$ 3,940,919	\$ 7,922,747	\$ 338,256

The Illinois Public Treasurers' Investment Pool, known as The Illinois Funds, operates as a qualified external investment pool in accordance with the criteria established in GASB Statement No. 79, Certain External Investment Pools and Pool Participants, and thus, reports all investments at amortized cost rather than market value. The investment in The Illinois Funds by participants is also reported at amortized cost. The Illinois Funds does not have any limitations or restrictions on participant withdrawals. The Illinois Treasurer's Office issues a separate financial report for The Illinois Funds which may be obtained by contacting the Administrative Office at Illinois Business Center, 400 West Monroe Street, Suite 401, Springfield, Illinois 62704.

Village of Mokena

Notes to Financial Statements

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 and U.S. agency securities. As of June 30, 2020, 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 2019 and 2018 levies were passed by the Board on November 25, 2019 and December 10, 2018. 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.

Note 4: Capital Assets

The following is a summary of capital asset activity for the Village for the year ended June 30, 2020:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 47,479,781	\$ 0	\$ 0	\$ 47,479,781
Capital assets being depreciated:				
Buildings and improvements	3,650,884	33,940	0	3,684,824
Transportation equipment	3,095,631	323,219	0	3,418,850
Machinery and equipment	1,904,043	135,975	0	2,040,018
Infrastructure	105,901,723	2,017,215	0	107,918,938
Subtotal	114,552,281	2,510,349	0	117,062,630
Accumulated depreciation	(50,904,868)	(2,902,921)	0	(53,807,789)
Capital assets being depreciated, net	63,647,413	(392,572)	0	63,254,841
Total governmental activities capital assets, net	\$ 111,127,194	\$ (392,572)	\$ 0	\$ 110,734,622

Village of Mokena

Notes to Financial Statements

Note 4: Capital Assets (Continued)

Business-type activities:	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Capital assets not being depreciated:				
Land	\$ 1,934,830	\$ 0	\$ 0	\$ 1,934,830
Construction in progress	428,696	205,322	0	634,018
Capital assets not being depreciated	2,363,526	205,322	0	2,568,848
Capital assets being depreciated:				
Buildings and improvements	14,213,561	7,780	0	14,221,341
Transportation equipment	793,042	54,450	0	847,492
Machinery and equipment	3,429,267	53,249	0	3,482,516
Infrastructure	18,738,292	331,142	0	19,069,434
Subtotal	37,174,162	446,621	0	37,620,783
Accumulated depreciation	(17,360,026)	(773,494)	0	(18,133,520)
Capital assets being depreciated, net	19,814,136	(326,873)	0	19,487,263
Total business-type activities capital assets, net	\$ 22,177,662	\$ (121,551)	\$ 0	\$ 22,056,111

Depreciation expense was charged to the governmental functions as follows for the year ended June 30, 2020:

Governmental activities:	
General government	\$ 62,719
Public works	2,639,017
Police and emergency services	201,185
Total	\$ 2,902,921

Depreciation expense was charged to the business-type functions as follows for the year ended June 30, 2020:

Business-type activities:	
Water and sewerage operations	\$ 754,787
Refuse operations	383
Municipal parking lot operations	18,324
Total	\$ 773,494

Village of Mokena

Notes to Financial Statements

Note 5: Long-Term Obligations

Long-term obligation activity for the year ended June 30, 2020 was as follows:

	Balance July 1, 2019	Issued	Retired	Balance June 30, 2020	Due Within One Year
Governmental activities					
G.O. Tax Certificates	\$ 245,000	\$ 0	\$ (120,000)	\$ 125,000	\$ 125,000
G.O. Bonds	3,595,000	0	(575,000)	3,020,000	565,000
Unamortized bond premium	86,130	0	(16,025)	70,105	0
Total governmental	\$ 3,926,130	\$ 0	\$ (711,025)	\$ 3,215,105	\$ 690,000
Business-type activities					
G.O. Bonds	\$ 360,000	\$ 0	\$ (360,000)	0	0
Unamortized bond premium	3,091	0	(3,091)	0	0
Total business-type	\$ 363,091	\$ 0	\$ (363,091)	0	0

Long-term obligations consisted of the following at June 30, 2020:

	Date of issuance	Maturity date	Interest rate	Face amount	-
Governmental activities					
G.O. Tax Certificates	3/26/2009	2/1/2021	2.0% - 4.0%	\$ 1,265,000	125,000
G.O. Bonds	5/17/2012	12/15/2024	1.0% - 2.75%	6,890,000	3,020,000
Business-type activities					
G.O. Bonds	3/10/2009	12/1/2019	2.0% - 3.5%	\$ 3,160,000	0

At June 30, 2020, 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, 2020		\$ 2,500	\$ 2,500
February 1, 2021	125,000	2,500	127,500
Total	\$ 125,000	\$ 5,000	\$ 130,000

Village of Mokena

Notes to Financial Statements

Note 5: Long-Term Obligations (Continued)

Series 2012:

Payment Date	Principal	Interest	Total Payment
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	\$ 3,020,000	\$ 197,018	\$ 3,217,018

Pledged Revenues – The Village has pledged the future 1/2% 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 1/2% non-home rule sales tax revenue and debt service for the 2012 bonds for the year ended June 30, 2020 totaled \$2,608,124 and \$653,575, 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, 2020, \$3,285,000 of defeased bonds remain outstanding.

Village of Mokena

Notes to Financial Statements

Note 5: Long-Term Obligations (Continued)

Legal Debt Margin – The legal debt margin for the Village at June 30, 2020 is as follows:

Assessed valuation - 2019 tax year	<u>\$ 827,815,720</u>
Statutory debt limitation (8.625% of assessed valuation)	\$ 71,399,106
Debt:	
G.O. Bonds	3,020,000
G.O. Tax Certificates	<u>125,000</u>
Total Debt	<u>3,145,000</u>
Legal debt margin	<u>\$ 68,254,106</u>

Note 6: Contingent Liabilities

At June 30, 2020, the Village was holding security agreement letters of credit of \$1,248,000. 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, 2020 consisted of the following:

	Transfer In	Transfer Out
Capital Projects Fund	185,000	100,000
Sewer Plant Construction Fund	150,000	0
Water System Capital Improvement Fund	0	150,000
Sewer System Capital Improvement Fund	150,000	0
Water and Sewerage Fund	0	335,000
Municipal Parking Lot Fund	100,000	0
Total	<u>\$ 585,000</u>	<u>\$ 585,000</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.

Village of Mokena

Notes to Financial Statements

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, 2020 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, 2020, the Village also participated in the Southwest Agency for Health Management (SWAHM) which provided health, dental and life insurance to Village employees.

Note 9: Retirement Fund Commitments

The Village contributes to a multiple employer public employee defined benefit pension plan (referred to as the Pension Plan), the Illinois Municipal Retirement Fund (IMRF), which is administered by IMRF. The benefits, benefit levels, employee contributions and employer contributions for the plan is governed by ILCS and can only be amended by the Illinois General Assembly. 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.

Plan	Regular Tier 1	Regular Tier 2
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 \$115,929 in 2020, increasing annually by 3% or 1/2 of the increase in CPI, whichever is less

Village of Mokena

Notes to Financial Statements

Note 9: Retirement Fund Commitments (Continued)

Plan	Regular Tier 1	Regular Tier 2
Vesting	8 years	10 years
Minimum age for unreduced benefits	35+ years of services; 55, otherwise 60	35+ years of service; 62, otherwise 67
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 ½ of the increase in CPI, whichever is less, of original amount; increases begin the January following the member's 67th 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 calendar year ended December 31, 2019 was 14.16% of covered payroll.

Plan Membership – At December 31, 2019, the measurement date, membership in the Plan was as follows:

	Members
Inactive employees or beneficiaries currently receiving benefits	51
Inactive employees entitled to but not yet receiving benefits	17
Active employees	44
Total	112

Village of Mokena

Notes to Financial Statements

Note 9: Retirement Fund Commitments (Continued)

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 2019 was 12.67% 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, 2019 using the following actuarial methods and assumptions:

Actuarial methods

Actuarial cost method	Entry Age Normal
Asset valuation method	Market Value

Actuarial assumptions

Investment rate of return	7.25%
Price inflation	2.50%
Salary increases	3.35% to 14.25%, including inflation

Mortality – For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). 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-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). 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

Notes to Financial Statements

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/Risks	
		One Year Arithmetic	Ten Year Geometric
Equities	37.0 %	7.05 %	5.75 %
International equities	18.0	8.10	6.50
Fixed income	28.0	3.70	3.25
Real estate	9.0	6.35	5.20
Alternatives	7.0		
Private equity	0.0	11.30	7.60
Commodities	0.0	4.65	3.60
Cash	1.0	1.85	1.85
Total	100.0 %		

Discount Rate – A Single Discount Rate of 7.25% 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 7.25% 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 (6.25%) or 1 percentage point higher (8.25%) than the current rate:

	1% lower (6.25%)	Current Discount Rate (7.25%)	1% higher (8.25%)
Net pension liability (asset)	\$ 5,650,196	\$ 2,734,356	\$ 319,290

Village of Mokena

Notes to Financial Statements

Note 9: Retirement Fund Commitments (Continued)

Changes in Net Pension Liability - The components of the net pension liability of the Plan as of December 31, 2019 alculated in accordance with GASB Statement No. 67, were as follows:

	Total Pension Liability (A)	Plan Net Position (B)	Net Pension Liability (Asset) (A)-(B)
Balances at December 31, 2018	\$ 20,586,089	\$ 16,241,435	\$ 4,344,654
Changes for the year:			
Service cost	379,139	0	379,139
Interest on the total pension liability	1,477,116	0	1,477,116
Changes of benefit terms	0	0	0
Differences between expected and actual experience of the total pension liability	236,702	0	236,702
Contributions - employer	0	506,829	(506,829)
Contributions - employees	0	161,670	(161,670)
Net investment income	0	2,871,553	(2,871,553)
Benefit payments, including refunds of employee contributions	(803,302)	(803,302)	0
Other (net transfer)	0	163,203	(163,203)
Net changes	1,289,655	2,899,953	(1,610,298)
Balances at December 31, 2018	\$ 21,875,744	\$ 19,141,388	\$ 2,734,356

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.

Note 10: Police Pension Plan

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

Village of Mokena

Notes to Financial Statements

Note 10: Police Pension Plan (Continued)

Plan Membership – Membership in the Plan consisted of the following at June 30, 2020, the date of the latest actuarial valuation:

Inactive employees or beneficiaries currently receiving benefits	9
Inactive employees entitled to but not yet receiving benefits	0
Active employees	31
<hr/>	
Total	40

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 officers' salary for pension purposes is initially capped at \$115,928.92 (as of January 1, 2020), plus the lesser of one-half of the annual change in the Consumer Price Index or 3% compounded. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least 10 years of service may retire at or after age 50 and receive a reduced benefit (i.e., 1/2% for each month under 55).

The monthly benefit of a Tier 2 police officer shall be increased 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, 2020, the Village's contribution was 25.99% of covered payroll.

Village of Mokena

Notes to Financial Statements

Note 10: Police Pension Plan (Continued)

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 %	6.20 %
Small cap domestic equities	9.0	8.00
International equities	4.5	6.70
Fixed Income	55.0	1.20
Total	100.0 %	

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

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 of arithmetic real rates of return excluding inflation for each major asset class included in the Plan's target asset allocation as of June 30, 2020 are shown above.

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, 2020, the annual money-weighted rate of return on pension plan investments (excluding CD's), net of pension plan investment expense, was 6.2%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Village of Mokena

Notes to Financial Statements

Note 10: Police Pension Plan (Continued)

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.

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 6.50% 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 (5.50%) or 1 percentage point higher (7.50%) than the current rate:

	1% lower 5.50%	Current Discount Rate 6.50%	1% higher 7.50%
Net pension liability (asset)	\$ 11,896,512	\$ 6,118,163	\$ 1,572,230

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, 2020
Actuarial cost methods	Entry age normal (level % of pay)
Asset valuation method	Market value
Amortization method	Straight line
Long-term expected rate of return on plan assets	6.50%
Consumer price index (urban)	2.25%
Projected salary increases	3.00% - 8.48%
Inflation rate included	2.25%
Projected increases in total payroll	3.00%
Mortality rates	Pub-2019 adjusted for plan status, demographics, and Illinois public pension data
Retirement rates	100% of L&A 2020 Illinois police retirement rates capped at age 65
Termination rates	100% of L&A 2020 Illinois police termination rates
Disability rates	100% of L&A 2020 Illinois police disability rates
Marital assumptions	Active members: 80.0% Retiree & disabled members: based on actual spousal data

Village of Mokena

Notes to Financial Statements

Note 10: Police Pension Plan (Continued)

Net Pension Liability - The components of the net pension liability of the Plan as of June 30, 2020, calculated in accordance with GASB Statement No. 67, were as follows:

	Total Pension Liability (A)	Plan Net Position (B)	Net Pension Liability (A)-(B)
Balances at July 1, 2019	\$ 27,982,258	\$ 22,676,488	\$ 5,305,770
Changes for the year:			
Service Cost	778,502	0	778,502
Interest on the total pension liability	1,765,593	0	1,765,593
Changes of benefit terms	73,345	0	73,345
Difference between expected and actual experience of the total pension liability	261,602	0	261,602
Changes in assumptions	607,584	0	607,584
Contributions - employer	0	764,027	(764,027)
Contributions - employees	0	291,617	(291,617)
Net investment income	0	1,647,514	(1,647,514)
Benefit payments, including refunds	(703,384)	(703,384)	0
Administrative expense	0	(28,925)	28,925
Net Changes	2,783,242	1,970,849	812,393
Balances at June 30, 2020	\$ 30,765,500	\$ 24,647,337	\$ 6,118,163

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 Postemployment Benefits

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.

Employees covered by benefit terms - At June 30, 2020, the following employees were covered by the benefit terms:

Total Active employees	72
Inactive Employees Currently Receiving Benefit Payments	6
Total	78

Village of Mokena

Notes to Financial Statements

Note 11: Other Postemployment Benefits (Continued)

Contributions – The contribution requirements are based on projected pay-as-you-go financing. For fiscal year 2020, the Village contributed \$91,356 to the plan.

Net OPEB Liability – The Village's total OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry Age Normal
Asset valuation method	Market Value
Investment Rate of Return	2.21%, net of OPEB plan investment expense, including inflation
Salary increases	2.75%, including inflation
Healthcare cost trend rates	1.1% – 10.6% initially, reduced by decrements to an ultimate inflation rate of 5.0%

Mortality rates for IMRF were based on the RP2014 study with Blue Collar Adjustment and MP-2016 Improvement, weighted per IMRF Experience Study dated November 8, 2017. Police follows the Sex Distinct Raw Rates as developed in the PubS-2010(A) Study improved to 2017 using MP-2019 Improvement Rates. These rates are improved generationally using MP-2019 Improvement Rates. Spouse Mortality follows the Sex Distinct Raw Rates as developed in the PubS-2010(A) Study. These rates are improved generationally using MP-2019 Improvement Rates.

Changes in Net OPEB Liability:

	Total OPEB Liability (A)	Plan Net Position (B)	Net OPEB Liability (A)-(B)
Balances at July 1, 2019	\$ 2,199,904	\$ 0	\$ 2,199,904
Changes for the year:			
Service cost	18,273	0	18,273
Interest	75,398	0	75,398
Actuarial experience	75,986	0	75,986
Change of assumptions	514,460	0	514,460
Contributions - employer	0	91,356	(91,356)
Benefit payments	(91,356)	(91,356)	0
Net changes	592,761	0	592,761
Balances at June 30, 2020	\$ 2,792,665	\$ 0	\$ 2,792,665

Village of Mokena

Notes to Financial Statements

Note 11: Other Postemployment Benefits (Continued)

Discount rate – The discount rate used to measure the total OPEB liability was 2.21 percent. The projection of cash flows used to determine the discount rate assumed that contributions from Villages will be made at contractually required rates, actuarially determined. Based on this assumption, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Villages's net OPEB liability to changes in the discount rate – The following presents the Village's net OPEB liability, as well as what the Village's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current discount rate:

	1% lower 1.21%	Current Discount Rate 2.21%	1% higher 3.21%
Net OPEB Liability	\$ 3,255,415	\$ 2,792,665	\$ 2,426,229

Sensitivity of the Village's net OPEB liability to changes in the healthcare cost trend rates – The following presents the Village's net OPEB liability, as well as what the Village's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (Varies)	Healthcare Cost Trend Rates (Varies)	1% Increase (Varies)
Net OPEB Liability	\$ 2,410,310	\$ 2,792,665	\$ 3,269,919

As the Village reports using the modified cash basis of accounting, no liability has been recognized with regards to this other postemployment benefit plan for the year ended June 30, 2020.

Village of Mokena

Notes to Financial Statements

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 22, 2020.

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: New Governmental Accounting Standards

GASB Statement No. 83, Certain Asset Retirement Obligations, will be effective for the Village beginning with its year ending June 30, 2021. This statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations.

GASB Statement No. 84, Fiduciary Activities, will be effective for the Village beginning with its year ended June 30, 2021. This statement provides guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

GASB Statement No. 87, Leases, improves accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. The Village has not determined the effect of this Statement.

GASB Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements, will be effective for the Village beginning with its year ended June 30, 2021. This statement provides guidance to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

Village of Mokena

Notes to Financial Statements

Note 13: New Governmental Accounting Standards (Continued)

GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of Construction Period, will be effective for the Village beginning with its year ending June 30, 2021. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period and requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset on the Statement of Net Position.

GASB Statement No. 90, Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61, will be effective for the Village beginning with its year ending June 30, 2021. This Statement clarifies the accounting and financial reporting requirements for a state or local government's majority equity interest in an organization that remains legally separate after acquisition. Under this statement, a government entity should report its majority equity interest in a legally separate organization as an investment if the equity interest meets the GASB's definition of an investment.

Management of the Village is still in the process of determining what effect, if any, the above statements will have on the basic financial statements and related disclosures.

Note 14: Subsequent Events

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

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate the spread of it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, and all States of the United States of America. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted to amongst other provisions, provide emergency assistance for individuals, families and businesses affected by the coronavirus pandemic.

It is unknown how long the adverse conditions associated with the coronavirus will last and what the complete financial effect will be to the Village. To date, the Village, as with most local municipalities in the State and Country, is experiencing declining revenue, and significant changes in the fair value of assets. Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions, including expected credit losses on receivables and investments; Net Pension and OPEB liabilities and related deferred assets and liabilities; and contingent obligations.

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 Year Ended June 30, 2020

	Budget Original and Final	Actual	(Over) Under Budget
REVENUES			
Taxes:			
State shared	\$ 2,480,965	\$ 2,608,125	\$ (127,160)
Interest	195,650	155,174	40,476
Contributions, donations and reimbursements	133,850	85,138	48,712
Miscellaneous	40,000	39,650	350
Total revenues	<u>2,850,465</u>	<u>2,888,087</u>	<u>(37,622)</u>
EXPENDITURES			
Current:			
Public works	595,248	581,815	13,433
Debt service:			
Principal	575,000	575,000	0
Interest	78,575	78,575	0
Capital outlay	2,213,600	2,017,215	196,385
Total expenditures	<u>3,462,423</u>	<u>3,252,605</u>	<u>209,818</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(611,958)	(364,518)	(247,440)
OTHER FINANCING SOURCES (USES)			
Transfers in	185,000	185,000	0
Transfers out	0	(100,000)	100,000
Total other financing sources (uses)	<u>185,000</u>	<u>85,000</u>	<u>100,000</u>
NET CHANGE IN FUND BALANCE	<u>\$ (426,958)</u>	<u>\$ (279,518)</u>	<u>\$ (147,440)</u>
FUND BALANCE, Beginning of year		<u>10,385,946</u>	
FUND BALANCE, End of year		<u>\$ 10,106,428</u>	

Village of Mokena, Illinois

Combining Balance Sheet
Nonmajor Governmental Funds
Modified Cash Basis
June 30, 2020

	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	
ASSETS							
Cash and cash equivalents	\$ 22,472	\$ 56,527	\$ 0	\$ 412,800	\$ 262,031	\$ 155,284	\$ 909,114
Investments	0	0	1,708,315	95,610	0	0	1,803,925
Total assets	<u>\$ 22,472</u>	<u>\$ 56,527</u>	<u>\$ 1,708,315</u>	<u>\$ 508,410</u>	<u>\$ 262,031</u>	<u>\$ 155,284</u>	<u>\$ 2,713,039</u>
FUND BALANCES							
Fund balance:							
Restricted:							
Economic development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 262,031	\$ 0	\$ 262,031
Streets	0	0	1,708,315	0	0	0	1,708,315
Public safety	0	56,527	0	0	0	0	56,527
Professional services	22,472	0	0	0	0	0	22,472
Employee retirement	0	0	0	508,410	0	0	508,410
Assigned							
Economic development	0	0	0	0	0	155,284	155,284
Total fund balances	<u>\$ 22,472</u>	<u>\$ 56,527</u>	<u>\$ 1,708,315</u>	<u>\$ 508,410</u>	<u>\$ 262,031</u>	<u>\$ 155,284</u>	<u>\$ 2,713,039</u>

Village of Mokena, Illinois

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Modified Cash Basis
Year Ended June 30, 2020

	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	\$ 5,924	\$ 29,663	\$ 0	\$ 694,682	\$ 47,002	\$ 0	\$ 777,271
State shared	0	0	762,782	20,355	0	0	783,137
Hotel/motel	0	0	0	0	0	31,790	31,790
Interest	304	687	21,482	7,179	3,225	2,056	34,933
Miscellaneous	0	0	223,030	0	0	0	223,030
Total revenues	<u>\$ 6,228</u>	<u>\$ 30,350</u>	<u>\$ 1,007,294</u>	<u>\$ 722,216</u>	<u>\$ 50,227</u>	<u>\$ 33,846</u>	<u>\$ 1,850,161</u>
EXPENDITURES							
Current:							
Public safety	\$ 0	\$ 19,821	\$ 0	\$ 0	\$ 0	\$ 0	\$ 19,821
Public works	0	0	502,588	0	0	0	502,588
Professional services	5,699	0	0	0	0	0	5,699
Economic development	0	0	0	0	6,096	11,671	17,767
Employee retirement	0	0	0	721,810	0	0	721,810
Total expenditures	<u>\$ 5,699</u>	<u>\$ 19,821</u>	<u>\$ 502,588</u>	<u>\$ 721,810</u>	<u>\$ 6,096</u>	<u>\$ 11,671</u>	<u>\$ 1,267,685</u>
NET CHANGE IN FUND BALANCES	529	10,529	504,706	406	44,131	22,175	582,476
FUND BALANCE, Beginning of year	<u>21,943</u>	<u>45,998</u>	<u>1,203,609</u>	<u>508,004</u>	<u>217,900</u>	<u>133,109</u>	<u>2,130,563</u>
FUND BALANCE, End of year	<u>\$ 22,472</u>	<u>\$ 56,527</u>	<u>\$ 1,708,315</u>	<u>\$ 508,410</u>	<u>\$ 262,031</u>	<u>\$ 155,284</u>	<u>\$ 2,713,039</u>

Village of Mokena, Illinois

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

Municipal Audit Fund

Modified Cash Basis

Year Ended June 30, 2020

	Budget Original and Final	Actual	(Over) Under Budget
REVENUES			
Taxes:			
Property	\$ 5,891	\$ 5,924	\$ (33)
Interest	525	304	221
Total revenues	<u>6,416</u>	<u>6,228</u>	<u>188</u>
EXPENDITURES			
Current:			
Professional services	<u>5,781</u>	<u>5,699</u>	<u>82</u>
NET CHANGE IN FUND BALANCE	<u>\$ 635</u>	529	<u>\$ 106</u>
FUND BALANCE, Beginning of year		<u>21,943</u>	
FUND BALANCE, End of year		<u>\$ 22,472</u>	

Village of Mokena, Illinois

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

School Crossing Guard Fund

Modified Cash Basis

Year Ended June 30, 2020

	<u>Budget</u>		
	<u>Original and</u>		<u>(Over) Under</u>
	<u>Final</u>	<u>Actual</u>	<u>Budget</u>
REVENUES			
Taxes:			
Property	\$ 30,148	\$ 29,663	\$ 485
Interest	1,100	687	413
Total revenues	<u>31,248</u>	<u>30,350</u>	<u>898</u>
EXPENDITURES			
Current:			
Public safety	<u>30,295</u>	<u>19,821</u>	<u>10,474</u>
NET CHANGE IN FUND BALANCE	<u>\$ 953</u>	10,529	<u>\$ (9,576)</u>
FUND BALANCE, Beginning of year		<u>45,998</u>	
FUND BALANCE, End of year		<u>\$ 56,527</u>	

Village of Mokena, Illinois

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

Motor Fuel Tax Fund

Modified Cash Basis

Year Ended June 30, 2020

	<u>Budget</u>		
	<u>Original and</u>		<u>(Over) Under</u>
	<u>Final</u>	<u>Actual</u>	<u>Budget</u>
REVENUES			
Taxes:			
State shared	\$ 524,732	\$ 762,782	\$ (238,050)
Interest	28,700	21,482	7,218
Miscellaneous	0	223,030	(223,030)
Total revenues	<u>553,432</u>	<u>1,007,294</u>	<u>(453,862)</u>
EXPENDITURES			
Current:			
Public works	<u>582,761</u>	<u>502,588</u>	<u>80,173</u>
Total expenditures	<u>582,761</u>	<u>502,588</u>	<u>80,173</u>
NET CHANGE IN FUND BALANCE	<u>\$ (29,329)</u>	\$ 504,706	<u>\$ (534,035)</u>
FUND BALANCE, Beginning of year		<u>1,203,609</u>	
FUND BALANCE, End of year		<u>\$ 1,708,315</u>	

Village of Mokena, Illinois

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

IMRF/FICA Fund

Modified Cash Basis

Year Ended June 30, 2020

	Budget		Actual	(Over) Under Budget
	Original	Final		
REVENUES				
Taxes:				
Property	\$ 716,373	\$ 716,373	\$ 694,682	\$ 21,691
State shared	16,100	16,100	20,355	(4,255)
Interest	11,500	11,500	7,179	4,321
Total revenues	<u>743,973</u>	<u>743,973</u>	<u>722,216</u>	<u>21,757</u>
EXPENDITURES				
Current:				
Employee retirement	722,399	729,347	721,810	589
Total expenditures	<u>\$ 722,399</u>	<u>\$ 729,347</u>	<u>\$ 721,810</u>	<u>\$ 589</u>
NET CHANGE IN FUND BALANCES	<u>\$ 21,574</u>	<u>\$ 14,626</u>	406	<u>\$ 21,168</u>
FUND BALANCE, Beginning of year			<u>508,004</u>	
FUND BALANCE, End of year			<u>\$ 508,410</u>	

Village of Mokena, Illinois

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

Special Tax Allocation Fund

Modified Cash Basis

Year Ended June 30, 2020

	Budget Original and Final	Actual	(Over) Under Budget
REVENUES			
Taxes:			
Property	\$ 46,655	\$ 47,002	\$ (347)
Interest	5,500	3,225	\$ 2,275
Total revenues	<u>52,155</u>	<u>50,227</u>	<u>1,928</u>
EXPENDITURES			
Current:			
Economic development	<u>19,219</u>	<u>6,096</u>	<u>\$ 13,123</u>
Total expenditures	<u>19,219</u>	<u>6,096</u>	<u>13,123</u>
NET CHANGE IN FUND BALANCE	<u>\$ 32,936</u>	44,131	<u>\$ (11,195)</u>
FUND BALANCE, Beginning of year		<u>217,900</u>	
FUND BALANCE, End of year		<u>\$ 262,031</u>	

Village of Mokena, Illinois

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

Tourism Fund

Modified Cash Basis

Year Ended June 30, 2020

	Budget Original and Final	Actual	(Over) Under Budget
REVENUES			
Taxes:			
Hotel/motel	\$ 72,500	\$ 31,790	\$ 40,710
Interest	3,450	2,056	1,394
Total revenues	<u>75,950</u>	<u>33,846</u>	<u>42,104</u>
EXPENDITURES			
Current:			
Economic development	<u>\$ 34,640</u>	<u>11,671</u>	<u>22,969</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ 41,310</u></u>	<u>22,175</u>	<u><u>\$ 19,135</u></u>
FUND BALANCE, Beginning of year		<u>133,109</u>	
FUND BALANCE, End of year		<u><u>\$ 155,284</u></u>	

Village of Mokena, Illinois

Combining Schedule of Net Position

Water and Sewerage Funds

Modified Cash Basis

June 30, 2020

	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	\$ 1,575,092	\$ 277,409	\$ 1,943,352	\$ 2,859,011	\$ 1,466,984	\$ 8,121,848
Investments	830,225	1,097,632	7,379,725	218,210	0	9,525,792
Total Current Assets	\$ 2,405,317	\$ 1,375,041	\$ 9,323,077	\$ 3,077,221	\$ 1,466,984	\$ 17,647,640
Noncurrent assets:						
Capital assets:						
Land	\$ 1,409,606	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,409,606
Construction in progress	0	0	634,018	0	0	634,018
Buildings and equipment	32,541,069	262,153	1,335,427	1,616,567	1,502,045	37,257,261
Less Accumulated Depreciation	(17,327,893)	(97,646)	(198,738)	(175,013)	(94,164)	(17,893,454)
Total Capital Assets, Net of Accumulated Depreciation	16,622,782	164,507	1,770,707	1,441,554	1,407,881	21,407,431
TOTAL ASSETS	\$ 19,028,099	\$ 1,539,548	\$ 11,093,784	\$ 4,518,775	\$ 2,874,865	\$ 39,055,071
NET POSITION						
Net investment in capital assets	\$ 16,622,782	\$ 164,507	1,770,707	\$ 1,441,554	\$ 1,407,881	\$ 21,407,431
Unrestricted	2,405,317	1,375,041	9,323,077	3,077,221	1,466,984	17,647,640
TOTAL NET POSITION	\$ 19,028,099	\$ 1,539,548	\$ 11,093,784	\$ 4,518,775	\$ 2,874,865	\$ 39,055,071

Village of Mokena, Illinois

Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position Water and Sewerage Funds Modified Cash Basis Year Ended June 30, 2020

	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	\$ 6,908,236	\$ 0	\$ 0	\$ 250,667	\$ 227,041	\$ 7,385,944
Water meter installation	34,388	0	0	0	0	34,388
Inspection fees	10,012	0	0	0	0	10,012
Other	71,736	0	0	0	0	71,736
Total operating revenues	<u>7,024,372</u>	<u>0</u>	<u>0</u>	<u>250,667</u>	<u>227,041</u>	<u>7,502,080</u>
Operating expenses						
Financial administration	0	0	815	0	0	815
Personnel services	1,938,363	0	0	0	0	1,938,363
Commodities	316,820	16,201	0	2,625	0	335,646
Contractual services	3,757,919	0	0	22,526	16,303	3,796,748
Interfund charges for services	160,670	0	0	0	0	160,670
Depreciation	631,553	18,693	33,386	53,257	17,898	754,787
Total operating expenses	<u>6,805,325</u>	<u>34,894</u>	<u>34,201</u>	<u>78,408</u>	<u>34,201</u>	<u>6,987,029</u>
Operating income (loss)	<u>219,047</u>	<u>(34,894)</u>	<u>(34,201)</u>	<u>172,259</u>	<u>192,840</u>	<u>515,051</u>
Non-operating revenues (expenses)						
Investment income	43,636	29,293	179,680	47,353	17,786	317,748
Interest expense	(5,097)	0	0	0	0	(5,097)
Total non-operating revenues (expenses)	<u>38,539</u>	<u>29,293</u>	<u>179,680</u>	<u>47,353</u>	<u>17,786</u>	<u>312,651</u>
Income (loss) before transfers	257,586	(5,601)	145,479	219,612	210,626	827,702
Transfer from (to) other funds:						
Transfers in (out)	(335,000)	150,000	0	(150,000)	150,000	(185,000)
Total transfers from (to) other funds	<u>(335,000)</u>	<u>150,000</u>	<u>0</u>	<u>(150,000)</u>	<u>150,000</u>	<u>(185,000)</u>
Change in net position	(77,414)	144,399	145,479	69,612	360,626	642,702
Net position, beginning of year	19,105,513	1,395,149	10,948,305	4,449,163	2,514,239	38,412,369
Net position, end of year	<u>\$ 19,028,099</u>	<u>\$ 1,539,548</u>	<u>\$ 11,093,784</u>	<u>\$ 4,518,775</u>	<u>\$ 2,874,865</u>	<u>\$ 39,055,071</u>

Village of Mokena, Illinois

Schedule of Revenues, Expenses, and Changes in Fund Net Position Budget and Actual Water and Sewer Fund Modified Cash Basis Year Ended June 30, 2020

	Budget Original and Final	Actual	(Over) Under Budget
Operating revenues			
Charges for services	\$ 7,141,739	\$ 6,908,236	\$ 233,503
Water meter installation	22,048	34,388	\$ (12,340)
Inspection fees	14,868	10,012	\$ 4,856
Other	15,624	71,736	\$ (56,112)
Total operating revenues	7,194,279	7,024,372	169,907
Operating expenses			
Personnel services	1,962,916	1,938,363	24,553
Commodities	387,418	316,820	70,598
Contractual services	4,088,321	3,757,919	330,402
Interfund charges for services	160,670	160,670	0
Capital outlay	82,200	0	82,200
Debt service	360,000	0	360,000
Contingency	200,000	0	200,000
Depreciation	0	631,553	(631,553)
Total operating expenses	7,241,525	6,805,325	436,200
Operating income (loss)	(47,246)	219,047	(266,293)
Non-operating revenues (expenses)			
Investment income	47,950	43,636	4,314
Interest expense	(6,300)	(5,097)	(1,203)
Total non-operating revenues (expenses)	41,650	38,539	3,111
Income (loss) before transfers	(5,596)	257,586	(263,182)
Transfer from (to) other funds:			
Transfers out	(35,000)	(335,000)	300,000
Change in net position	\$ (40,596)	(77,414)	\$ 36,818
Net position, beginning of year		19,105,513	
Net position, end of year		\$ 19,028,099	

Village of Mokena, Illinois

Schedule of Revenues, Expenses, and Changes in Fund Net Position
Budget and Actual
Sewer Plant Expansion Fund
Modified Cash Basis
Year Ended June 30, 2020

	Budget Original and Final	Actual	(Over) Under Budget
Operating revenues			
Charges for services	\$ 0	\$ 0	\$ 0
Operating expenses			
Financial Administration	-	815	(815)
Contractual services	363,450	0	363,450
Contingency	50,000	0	50,000
Capital outlay	2,601,000	0	2,601,000
Depreciation	0	33,386	(33,386)
Total operating expenses	3,014,450	34,201	2,980,249
Operating income (loss)	(3,014,450)	(34,201)	(2,980,249)
Non-operating revenues (expenses)			
Investment income	189,000	179,680	9,320
Change in net position	\$ (2,825,450)	145,479	\$ (2,970,929)
Net position, beginning of year		10,948,305	
Net position, end of year		\$ 11,093,784	

Village of Mokena, Illinois

Schedule of Revenues, Expenses, and Changes in Fund Net Position Budget and Actual Sewer Replacement Fund Modified Cash Basis Year Ended June 30, 2020

	Budget Original and Final	Actual	(Over) Under Budget
Operating revenues			
Charges for services	\$ 0	\$ 0	\$ 0
Operating expenses			
Commodities	0	16,201	(16,201)
Contingency	50,000	0	50,000
Capital outlay	30,000	0	30,000
Depreciation	0	18,693	(18,693)
Total operating expenses	80,000	34,894	45,106
Operating income (loss)	(80,000)	(34,894)	(45,106)
Non-operating revenues (expenses)			
Investment income	30,000	29,293	707
Income (loss) before transfers	(50,000)	(5,601)	(44,399)
Transfer from (to) other funds:			
Transfers in	0	150,000	(150,000)
Change in net position	\$ (50,000)	144,399	\$ (194,399)
Net position, beginning of year		1,395,149	
Net position, end of year		\$ 1,539,548	

Village of Mokena, Illinois

Schedule of Revenues, Expenses, and Changes in Fund Net Position Budget and Actual Water System Capital Improvement Fund Modified Cash Basis Year Ended June 30, 2020

	Budget Original and Final	Actual	(Over) Under Budget
Operating revenues			
Charges for services	\$ 258,282	\$ 250,667	7,615
Operating expenses			
Commodities	-	2,625	(2,625)
Contractual services	100	22,526	(22,426)
Contingency	50,000	0	50,000
Capital outlay	310,750	0	310,750
Depreciation	0	53,257	(53,257)
Total operating expenses	360,850	78,408	282,442
Operating income (loss)	(102,568)	172,259	(274,827)
Non-operating revenues (expenses)			
Investment income	73,150	47,353	25,797
Income (loss) before transfers	(29,418)	219,612	(249,030)
Transfer from (to) other funds:			
Transfers out	(150,000)	(150,000)	0
Change in net position	\$ (179,418)	69,612	\$ (249,030)
Net position, beginning of year		4,449,163	
Net position, end of year		\$ 4,518,775	

Village of Mokena, Illinois

Schedule of Revenues, Expenses, and Changes in Fund Net Position
Budget and Actual
Sewer System Capital Improvement Fund
Modified Cash Basis
Year Ended June 30, 2020

	Budget Original and Final	Actual	(Over) Under Budget
Operating revenues			
Charges for services	\$ 258,282	\$ 227,041	\$ 31,241
Operating expenses			
Contractual services	51,700	16,303	35,397
Contingency	50,000	0	50,000
Capital outlay	179,000	0	179,000
Depreciation	0	17,898	(17,898)
Total operating expenses	280,700	34,201	246,499
Operating income (loss)	(22,418)	192,840	(215,258)
Non-operating revenues (expenses)			
Investment income	26,921	17,786	9,135
Income (loss) before transfers	4,503	210,626	(206,123)
Transfer from (to) other funds:			
Transfers in	0	150,000	(150,000)
Change in net position	\$ 4,503	360,626	\$ (356,123)
Net position, beginning of year		2,514,239	
Net position, end of year		\$ 2,874,865	

Village of Mokena, Illinois

Schedule of Revenues, Expenses, and Changes in Fund Net Position Budget and Actual Refuse Fund Modified Cash Basis Year Ended June 30, 2020

	Budget Original and Final	Actual	(Over) Under Budget
Operating revenues			
Charges for services	\$ 1,516,279	\$ 1,525,376	\$ (9,097)
Other	5,865	4,326	1,539
Total operating revenues	<u>1,522,144</u>	<u>1,529,702</u>	<u>(7,558)</u>
Operating expenses			
Contractual services	1,521,945	1,515,120	6,825
Depreciation	<u>0</u>	<u>383</u>	<u>(383)</u>
Total operating expenses	<u>1,521,945</u>	<u>1,515,503</u>	<u>6,442</u>
Operating income (loss)	<u>199</u>	<u>14,199</u>	<u>(14,000)</u>
Non-operating revenues (expenses)			
Investment income	<u>4,350</u>	<u>2,653</u>	<u>1,697</u>
Change in net position	<u>\$ 4,549</u>	<u>16,852</u>	<u>\$ (12,303)</u>
Net position, beginning of year		<u>177,197</u>	
Net position, end of year		<u>\$ 194,049</u>	

Village of Mokena, Illinois

Schedule of Revenues, Expenses, and Changes in Fund Net Position Budget and Actual Municipal Parking Lot Fund Modified Cash Basis Year Ended June 30, 2020

	Budget Original and Final	Actual	(Over) Under Budget
Operating revenues			
Charges for services	\$ 328,410	\$ 250,301	78,109
Other	1,030	1,028	2
Total operating revenues	329,440	251,329	78,111
Operating expenses			
Personnel services	133,120	126,016	7,104
Commodities	9,167	7,000	2,167
Contractual services	75,770	43,040	32,730
Interfund charges for services	75,324	75,324	-
Capital outlay	61,130	0	61,130
Depreciation	0	18,324	(18,324)
Total operating expenses	354,511	269,704	84,807
Operating income (loss)	(25,071)	(18,375)	(6,696)
Non-operating revenues (expenses)			
Investment income	3,100	2,574	526
Income before transfers	(21,971)	(15,801)	(6,170)
Transfers from (to) other funds			
Transfers in	0	100,000	(100,000)
Change in net position	\$ (21,971)	84,199	\$ (106,170)
Net position, beginning of year		818,369	
Net position, end of year		\$ 902,568	

Village of Mokena, Illinois

Schedule of Changes in Fiduciary Net Position

Budget and Actual

Police Pension Fund

Modified Cash Basis

Year Ended June 30, 2020

	Budget Original and Final	Actual	(Over) Under Budget
ADDITIONS			
Contributions			
Employer	\$ 788,337	\$ 764,027	24,310
Plan members	295,837	291,617	4,220
Total contributions	1,084,174	1,055,644	28,530
Investment income (expense):			
Investment income	960,000	1,716,444	(756,444)
Less investment expenses	0	(68,930)	68,930
Total investment income (expense)	960,000	1,647,514	(687,514)
Total additions	2,044,174	2,703,158	(658,984)
DEDUCTIONS			
Benefits	692,863	692,863	0
Administrative expenses	120,215	28,926	91,289
Refund of member contributions	30,000	10,521	19,479
Contingencies	50,000	0	50,000
Total deductions	893,078	732,310	160,768
CHANGE IN NET POSITION	<u>\$ 1,151,096</u>	<u>\$ 1,970,848</u>	<u>\$ (819,752)</u>
PLAN NET POSITION HELD IN TRUST FOR PENSION BENEFITS			
Beginning of year		22,676,489	
End of year		<u>\$ 24,647,337</u>	

Village of Mokena, Illinois

Schedule of Changes in Net Pension Liability and Related Ratios IMRF Regular Plan - Last 10 Calendar Years (schedule built prospectively from 2014)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Calendar year ending December 31,											
Total pension liability:											
Service cost	\$379,139	\$342,335	\$385,620	\$386,660	\$379,143	\$381,431					
Interest on the total pension liability	1,477,116	1,375,597	1,359,633	1,289,673	1,197,694	1,056,246					
Benefit changes	0	0	0	0	0	0					
Difference between expected and actual experience	236,702	407,558	(330,374)	(164,933)	150,291	365,301					
Assumption changes	-	622,482	(548,219)	(144,626)	69,618	534,510					
Benefit payments and refunds	(803,302)	(664,021)	(600,300)	(543,955)	(455,208)	(392,574)					
Net change in total pension liability	1,289,655	2,083,951	266,360	822,819	1,341,538	1,944,914					
Total pension liability - beginning	20,586,089	18,502,138	18,235,778	17,412,959	16,071,421	14,126,507					
Total pension liability - ending (a)	\$21,875,744	\$20,586,089	\$18,502,138	\$18,235,778	\$17,412,959	\$16,071,421					
Plan fiduciary net position:											
Employer contributions	\$506,829	\$513,323	\$496,619	\$482,308	\$512,911	\$430,972					
Employee contributions	161,670	157,662	163,094	154,905	153,060	148,725					
Pension plan net investment income	2,871,553	(784,081)	2,364,400	920,221	66,583	748,597					
Benefit payments and refunds	(803,302)	(664,021)	(600,300)	(543,955)	(455,208)	(392,574)					
Other	163,203	571,679	(221,235)	126,233	(384,026)	97,024					
Net change in plan fiduciary net position	2,899,953	(205,438)	2,202,578	1,139,712	(106,680)	1,032,744					
Plan fiduciary net position - beginning	16,241,435	16,446,873	14,244,295	13,104,583	13,211,263	12,178,519					
Plan fiduciary net position - ending (b)	\$19,141,388	\$16,241,435	\$16,446,873	\$14,244,295	\$13,104,583	\$13,211,263					
Net pension liability (asset) - Ending (a) - (b)	2,734,356	4,344,654	2,055,265	3,991,483	4,308,376	2,860,158					
Plan fiduciary net position as a percentage of total pension liability	87.50%	78.90%	88.89%	78.11%	75.26%	82.20%					
Covered valuation payroll	3,578,226	3,503,601	3,382,960	3,389,383	3,401,343	3,281,602					
Net pension liability as a percentage of covered valuation payroll	76.42%	124.01%	60.75%	117.76%	126.67%	87.16%					

Village of Mokena, Illinois

Illinois Municipal Retirement Fund (IMRF)

Schedule of Contributions

Calendar Year Ending December 31,	Actuarially Determined Contribution	Actual Contributions	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2019	\$ 453,361	\$ 506,829	\$ (53,468)	\$ 3,578,226	14.16%
2018	503,117	513,323	(10,206)	3,503,601	14.65%
2017	496,619	496,619	0	3,382,960	14.68%
2016	482,309	482,308	1	3,389,383	14.23%
2015	469,045	512,911	(43,866)	3,401,343	15.08%
2014	427,921	430,972	(3,051)	3,281,602	13.13%

Note to schedule:

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

Village of Mokena, Illinois

Schedule of Changes in Net Pension Liability and Related Ratios

Police Pension Fund - Last 10 Fiscal Years

(schedule built prospectively from 2015)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Total pension liability:											
Service cost	\$778,502	\$712,266	\$663,628	\$623,125	\$560,933	\$638,429					
Interest on the total pension liability	1,765,593	1,657,180	1,551,095	1,462,958	1,333,306	1,216,517					
Benefit changes	73,345	0	0	0	0	0					
Difference between expected and actual experience	261,602	(27,779)	112,741	300,834	(201,968)	0					
Assumption changes	607,584	493,241	0	(410,830)	822,982	0					
Benefit payments and refunds	(703,384)	(695,461)	(695,291)	(544,984)	(496,242)	(384,033)					
Net change in total pension liability	2,783,242	2,139,447	1,632,173	1,431,103	2,019,011	1,470,913					
Total pension liability - beginning	27,982,258	25,842,811	24,210,638	22,779,535	20,760,524	19,289,611					
Total pension liability - ending (a)	\$30,765,500	\$27,982,258	\$25,842,811	\$24,210,638	\$22,779,535	\$20,760,524					
Plan fiduciary net position:											
Employer contributions	\$764,027	\$749,901	\$787,258	\$739,392	\$1,345,930	\$731,602					
Employee contributions	291,617	272,824	253,116	252,205	253,539	248,267					
Other contributions	0	0	0	0	0	0					
Pension plan net investment income	1,647,514	1,308,689	1,158,218	1,380,115	542,245	636,119					
Benefit payments and refunds	(703,384)	(695,460)	(695,291)	(544,984)	(496,242)	(384,032)					
Administrative expenses	(28,926)	(33,044)	(30,197)	(30,130)	(78,955)	(24,244)					
Net change in plan fiduciary net position	1,970,848	1,602,910	1,473,104	1,796,598	1,566,517	1,207,712					
Plan fiduciary net position - beginning	22,676,489	21,073,579	19,600,475	17,803,877	16,237,360	15,029,648					
Plan fiduciary net position - ending (b)	\$24,647,337	\$22,676,489	\$21,073,579	\$19,600,475	\$17,803,877	\$16,237,360					
Net pension liability - Ending (a) - (b)	\$6,118,163	\$5,305,769	\$4,769,232	\$4,610,163	\$4,975,658	\$4,523,164					
Plan fiduciary net position as a percentage of total pension liability	80.11%	81.04%	81.55%	80.96%	78.16%	78.21%					
Covered valuation payroll	2,939,708	2,753,030	2,625,727	2,536,934	2,516,400	2,499,008					
Net pension liability as a percentage of covered valuation payroll	208.12%	192.72%	181.63%	181.72%	197.73%	181.00%					

Village of Mokena, Illinois

Schedule of Contributions

Police Pension Fund

Fiscal Year Ending June 30,	Actuarially Determined Contribution	Actual Contributions	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2020	\$ 815,171	\$ 764,492	\$ 50,679	\$ 2,939,708	26.01%
2019	761,502	750,164	11,338	2,753,030	27.25%
2018	717,491	787,552	(70,061)	2,625,727	29.99%
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%
2015	698,278	731,602	(33,324)	2,499,008	29.28%

Notes to schedule:

The actuarially determined contribution shown for the current year is from the July 1, 2019 actuary's report completed by Lauterbach & Amen, LLP for the tax levy year recommendation for the December 2019 tax levy.

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

Village of Mokena, Illinois

Schedule of Changes in the Net OPEB Liability and Related Ratios

Last 10 Fiscal Years

(schedule built prospectively from 2018)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total OPEB liability:										
Service cost	\$ 18,273	\$39,324	\$37,859							
Interest	75,398	78,964	77,596							
Benefit changes	0	0	0							
Difference between expected and actual experience	75,986	0	0							
Assumption changes	514,460	85,214	0							
Benefit payments	(91,356)	(88,164)	(71,873)							
Net change in total pension liability	592,761	115,338	43,582							
Total OPEB liability - beginning	2,199,904	2,084,566	2,040,984							
Total OPEB liability - ending (a)	\$ 2,792,665	\$2,199,904	\$2,084,566							
Plan fiduciary net position:										
Employer contributions	\$ 91,356	\$88,164	\$71,873							
Employee contributions	0	0	0							
Other contributions	0	0	0							
Net investment income	0	0	0							
Benefit payments and refunds	(91,356)	(88,164)	(71,873)							
Prior period audit adjustment	0	0	0							
Other contributions	0	0	0							
Net change in plan fiduciary net position	0	0	0							
Plan fiduciary net position - beginning	0	0	0							
Plan fiduciary net position - ending (b)	\$0	\$0	\$0							
Net OPEB liability - Ending (a) - (b)	\$2,792,665	\$2,199,904	\$2,084,566							
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%							
Covered valuation payroll	\$ 6,542,224	\$6,251,137	\$5,809,576							
Net OPEB liability as a percentage of covered valuation payroll	42.69%	35.19%	35.88%							

Village of Mokena, Illinois

Other Postemployment Benefit Plan

Schedule of Contributions

Last 10 Calendar Years

Fiscal Year Ending June 30,	Actuarially Determined Contribution		Actual Contributions	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2020	\$	0 *	\$ 0	\$ 0	\$6,542,224	0.00%
2019		0 *	0	0	\$6,251,137	0.00%
2018		0 *	0	0	\$5,809,576	0.00%

Notes to Schedule:

*There is no ADC or employer contribution in relation to the ADC, as there is no Trust that exists for funding the OPEB liabilities. However, the Village did make contributions from other Village resources in the current year in the amount of \$91,356.

Village of Mokena, Illinois

Schedule of Assessed Valuations, Rates, Extensions, and Collections June 30, 2020

Tax Levy Year	2019	2018	2017	2016	2015
Equalized assessed valuation	<u>\$ 827,815,720</u>	<u>\$ 806,636,322</u>	<u>\$ 778,461,163</u>	<u>\$ 751,253,179</u>	<u>\$ 714,080,367</u>
Tax rates (per \$100 of equalized assessed valuation):					
Corporate	0.0519	0.0579	0.0550	0.0521	0.0542
Police pension	0.0985	0.0945	0.0977	0.1012	0.1053
Municipal audit	0.0007	0.0008	0.0008	0.0008	0.0009
Police protection	0.0005	0.0005	0.0005	0.0005	0.0006
School crossing guard	0.0037	0.0038	0.0039	0.0040	0.0039
Illinois municipal retirement	0.0346	0.0360	0.0390	0.0406	0.0400
Medicare	0.0100	0.0099	0.0103	0.0107	0.0106
Social security	0.0428	0.0423	0.0424	0.0433	0.0442
Subtotal - Village	<u>0.2427</u>	<u>0.2457</u>	<u>0.2496</u>	<u>0.2532</u>	<u>0.2597</u>
Road and bridge (1)	<u>0.0870</u>	<u>0.0893</u>	<u>0.0925</u>	<u>0.0972</u>	<u>0.1009</u>
Total	<u>0.3297</u>	<u>0.3350</u>	<u>0.3421</u>	<u>0.3504</u>	<u>0.3606</u>
Tax Extensions					
Corporate	\$ 429,636	\$ 467,043	\$ 428,154	\$ 391,403	\$ 387,032
Police pension	815,398	762,271	760,557	760,268	751,927
Municipal audit	5,795	6,453	6,228	6,010	6,427
Police protection	4,139	4,033	3,892	3,756	4,284
School crossing guard	30,629	30,652	30,360	30,050	27,849
Illinois municipal retirement	286,424	290,389	303,600	305,009	285,632
Medicare	82,782	79,857	80,181	80,384	75,693
Social security	354,305	341,207	330,068	325,293	315,624
Subtotal	<u>2,009,108</u>	<u>1,981,905</u>	<u>1,943,040</u>	<u>1,902,173</u>	<u>1,854,468</u>
Road and bridge (1)	<u>734,168</u>	<u>719,397</u>	<u>720,343</u>	<u>730,012</u>	<u>720,175</u>
Total extensions	<u>\$ 2,743,276</u>	<u>\$ 2,701,302</u>	<u>\$ 2,663,383</u>	<u>\$ 2,632,185</u>	<u>\$ 2,574,643</u>
Tax collections	<u>\$ 1,374,301</u>	<u>\$ 2,688,230</u>	<u>\$ 2,675,759</u>	<u>\$ 2,627,936</u>	<u>\$ 2,571,637</u>
Percent collected	<u>50.10%</u>	<u>99.52%</u>	<u>100.46%</u>	<u>99.84%</u>	<u>99.88%</u>

(1) Levied through Frankfort and New Lenox Townships

Village of Mokena, Illinois

Schedule of Assessed Valuations, Rates, Extensions, and Collections (Continued) June 30, 2020

Tax Levy Year	2014	2013	2012	2011	2010
Equalized assessed valuation	<u>\$ 707,265,949</u>	<u>\$ 708,739,868</u>	<u>\$ 732,945,440</u>	<u>\$ 765,439,209</u>	<u>\$ 789,156,917</u>
Tax rates (per \$100 of equalized assessed valuation):					
Corporate	0.0587	0.0635	0.0615	0.0508	0.0582
Police pension	0.1047	0.1012	0.0886	0.0877	0.0775
Municipal audit	0.0008	0.0008	0.0008	0.0007	0.0009
Police protection	0.0006	0.0006	0.0005	0.0005	0.0005
School crossing guard	0.0039	0.0038	0.0035	0.0032	0.0031
Illinois municipal retirement	0.0389	0.0328	0.0330	0.0288	0.0216
Medicare	0.0099	0.0090	0.0088	0.0083	0.0078
Social security	0.0422	0.0381	0.0375	0.0355	0.0330
Subtotal - Village	<u>0.2597</u>	<u>0.2498</u>	<u>0.2342</u>	<u>0.2155</u>	<u>0.2026</u>
Road and bridge (1)	<u>0.1041</u>	<u>0.0989</u>	<u>0.0917</u>	<u>0.0875</u>	<u>0.0850</u>
Total	<u>0.3638</u>	<u>0.3487</u>	<u>0.3259</u>	<u>0.3030</u>	<u>0.2876</u>
Tax Extensions					
Corporate	\$ 415,165	\$ 450,050	\$ 450,761	\$ 388,843	\$ 459,289
Police pension	740,507	717,245	649,390	671,290	611,597
Municipal audit	5,658	5,670	5,864	5,358	7,102
Police protection	4,244	4,252	3,665	3,827	3,946
School crossing guard	27,583	26,932	25,653	24,494	24,464
Illinois municipal retirement	275,126	232,467	241,872	220,446	170,458
Medicare	70,019	63,787	64,499	63,531	61,554
Social security	298,466	270,030	274,855	271,731	260,422
Subtotal	<u>1,836,768</u>	<u>1,770,433</u>	<u>1,716,559</u>	<u>1,649,520</u>	<u>1,598,832</u>
Road and bridge (1)	<u>736,264</u>	<u>700,944</u>	<u>672,111</u>	<u>669,759</u>	<u>670,783</u>
Total extensions	<u>\$ 2,573,032</u>	<u>\$ 2,471,377</u>	<u>\$ 2,388,670</u>	<u>\$ 2,319,279</u>	<u>\$ 2,269,615</u>
Tax collections	<u>\$ 2,569,816</u>	<u>\$ 2,457,860</u>	<u>\$ 2,384,201</u>	<u>\$ 2,216,066</u>	<u>\$ 2,244,275</u>
Percent collected	<u>99.88%</u>	<u>99.45%</u>	<u>99.81%</u>	<u>95.55%</u>	<u>98.88%</u>

(1) Levied through Frankfort and New Lenox Townships

Village of Mokena, Illinois

Schedule of Information Relating to Waterworks and Sewerage Accounts

	2020	2019	2018	2017	2016
Customer data:					
Number of customers served by combined waterworks and sewerage system	7,291	7,274	7,202	7,143	7,040
Number of metered customers:					
Water service only	110	108	105	102	130
Water and sewer services	6,998	6,983	6,914	6,816	6,729
Number of unmetered customers:					
Sewer service only	103	103	103	102	102
Refuse service only	80	80	79	79	79
Gallons of water pumped	586,230,000	654,601,000	660,289,000	630,055,000	593,283,000
Gallons of water billed	548,397,000	575,287,000	613,084,000	591,896,000	548,742,000

Source: Village records

Village of Mokena, Illinois

Schedule of Information Relating to Waterworks and Sewerage Accounts (Continued)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Customer data:					
Number of customers served by combined waterworks and sewerage system	6,956	6,874	6,804	6,796	6,617
Number of metered customers:					
Water service only	130	126	125	116	116
Water and sewer services	6,645	6,567	6,496	6,497	6,349
Number of unmetered customers:					
Sewer service only	102	102	102	102	102
Refuse service only	79	79	81	81	79
Gallons of water pumped	590,727,000	648,775,000	650,088,000	618,122,000	608,505,000
Gallons of water billed	546,379,000	597,275,000	638,669,000	577,027,000	588,328,029

Source: Village records