

# VILLAGE OF MOKENA, ILLINOIS

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## ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED  
JUNE 30, 2022

# VILLAGE OF MOKENA, ILLINOIS

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## **INTRODUCTORY SECTION**

This section includes miscellaneous data regarding the Village of Mokena including:

List of Principal Officials

Organizational Chart

# **VILLAGE OF MOKENA, ILLINOIS**

## **List of Principal Officials**

**June 30, 2022**

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### **Village President**

Frank A. Fleischer

### **Village Clerk**

Melissa Martini

### **Trustees**

Joseph E. Budzyn

Rob Dauphinais

Debbie Engler

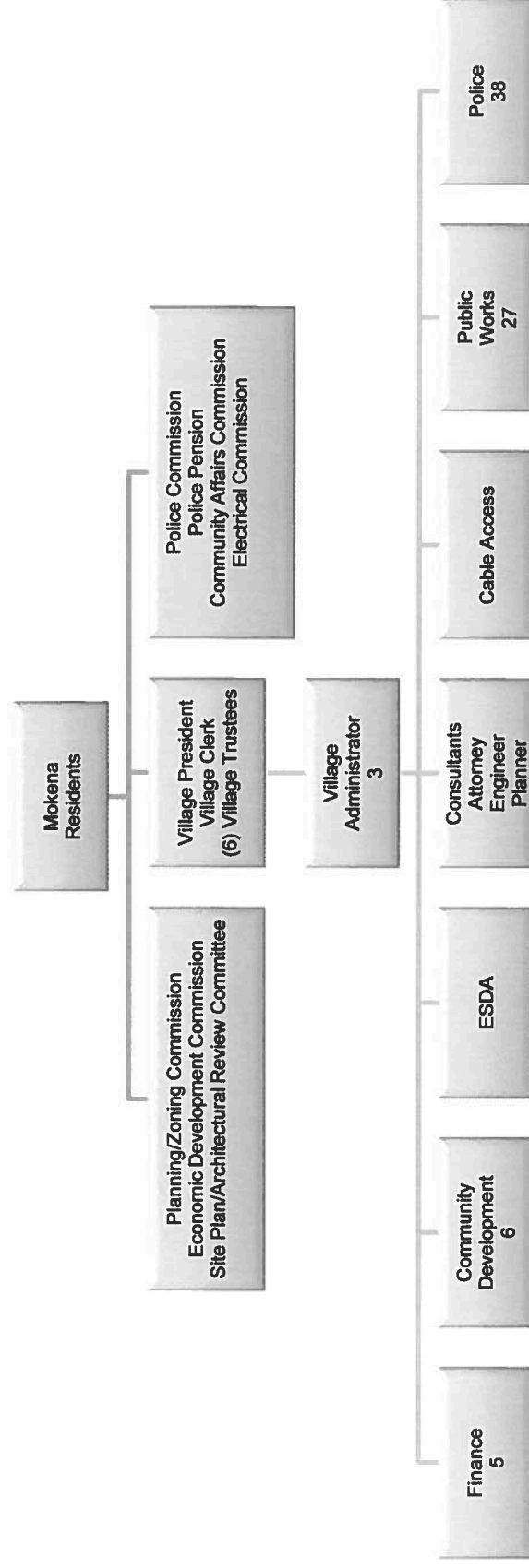
Melissa Fedora

George J. Metanias

James M. Richmond

# Village of Mokena

## Fiscal '22 Organizational Chart



79 Full Time Employees

\$37,591,814 FY '22 Appropriation

## **FINANCIAL SECTION**

This section includes:

Independent Auditors' Report

Management's Discussion and Analysis

Basic Financial Statements

Other Supplementary Information

Supplemental Schedules



## **INDEPENDENT AUDITORS' REPORT**

This section includes the opinion of the Village's independent auditing firm.



## **INDEPENDENT AUDITORS' REPORT**

November 27, 2022

The Honorable Village Mayor  
Members of the Board of Trustees  
Village of Mokena, Illinois

### **Opinions**

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, Illinois, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Mokena, Illinois, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the cash basis of accounting as described in Note 1.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **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 of America. Our opinion is not modified with respect to that matter.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 1, and for determining that the 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Mokena, Illinois' basic financial statements. The other supplementary information and supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, other supplementary information and supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

*Lauterbach & Amen, LLP*

LAUTERBACH & AMEN, LLP

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## **VILLAGE OF MOKENA, ILLINOIS**

### **Management's Discussion and Analysis**

**June 30, 2022**

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This Management's Discussion and Analysis (MD&A) provides the reader with a narrative overview and analysis of the overall financial position and results of operations for the year ended June 30, 2022, for the Village of Mokena. Please read it in conjunction with the Village's financial statements, which can be found in the basic financial statements section of this report.

#### **FINANCIAL HIGHLIGHTS**

- The Village's net position increased because of this year's operations. Net position of the governmental activities increased by \$5,910,393, or 4.5 percent, from a beginning balance of \$132,184,638. Net position of business-type activities increased by \$2,048,272, or 4.8 percent, from a beginning balance of \$42,306,061.
- During the year, government-wide revenues primary government totaled \$35,568,164, while expenses totaled \$27,609,499, resulting in an increase to net position of \$7,958,665 from a beginning balance of \$174,490,699.
- The Village's net position totaled \$182,449,364 on June 30, 2022, which includes \$134,354,705 net investment in capital assets, \$4,975,328 subject to external restrictions, and \$43,119,331 in unrestricted net position.
- At the end of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$32,623,314. The total Unassigned fund balance of \$5,366,955 or 16.5 percent of the total fund balance amount is available for spending at the Village's discretion.

#### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. Fund financial statements can be found in the financial section of this report. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Village's operations in more detail than the government-wide statements by providing information about the Village's most significant funds. The remaining statements provide financial information about activities for which the Village acts solely as a trustee or agent for the benefit of those outside of the government.

#### **Government-Wide Financial Statements**

The government-wide financial statements provide readers with a broad overview of the Village's finances, in a matter similar to a private-sector business. The government wide financial statements which can be found in the financial section of this report.

The Statement of Net Position reports information on all of the Village's assets/deferred outflows and liabilities/deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating. Consideration of other nonfinancial factors, such as changes in the Village's property tax base and the condition of the Village's infrastructure, is needed to assess the overall health of the Village.

## VILLAGE OF MOKENA, ILLINOIS

### Management's Discussion and Analysis

June 30, 2022

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## OVERVIEW OF THE FINANCIAL STATEMENTS - Continued

### Government-Wide Financial Statements - Continued

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village include general government, public safety, public works, economic development, and employee retirement. The business-type activities of the Village include water and sewerage, refuge, and municipal parking.

### 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, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

### Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental 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 may be useful in evaluating the Village's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The Village maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Capital Improvement, Repair, and Replacement Fund which are considered major funds. Data from the other seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Village adopts an annual appropriated budget for all of the governmental funds. A budgetary comparison statement for these funds has been provided to demonstrate compliance with this budget.

## **VILLAGE OF MOKENA, ILLINOIS**

### **Management's Discussion and Analysis**

**June 30, 2022**

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#### **OVERVIEW OF THE FINANCIAL STATEMENTS - Continued**

##### **Proprietary Funds**

The Village maintains one proprietary fund type: enterprise. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village utilizes enterprise funds to account for its water and sewerage, refuge, and municipal parking operations.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewerage Fund and the Refuge Fund, which are considered to be a major fund of the Village. Additionally, the Village maintains one nonmajor proprietary fund.

##### **Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. 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. The accounting use for fiduciary funds is much like that used for proprietary funds.

##### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

##### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain other supplementary information concerning the Village's I.M.R.F. and police employee pension obligations, other post-employment benefit obligations and budgetary comparison schedules.



# VILLAGE OF MOKENA, ILLINOIS

## Management's Discussion and Analysis

June 30, 2022

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table represents the net position as of June 30, 2022. Net position serves over time as a useful indicator of a government's financial position. The following tables show that assets/deferred outflows exceeded liabilities/deferred inflows by \$182,449,364.

	Net Position - Modified Cash Basis					
	Governmental		Business-Type		Totals	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
Current and Other Assets	\$ 32,623,314	25,116,177	15,471,345	20,661,865	48,094,659	45,778,042
Capital Assets	107,334,392	109,513,055	28,882,988	21,644,196	136,217,380	131,157,251
Total Assets	139,957,706	134,629,232	44,354,333	42,306,061	184,312,039	176,935,293
Deferred Outflows	45,379	64,486	—	—	45,379	64,486
Total Assets/Deferred Outflows	140,003,085	134,693,718	44,354,333	42,306,061	184,357,418	176,999,779
Long-Term Liabilities	1,292,029	1,924,080	—	—	1,292,029	1,924,080
Other Liabilities	616,025	585,000	—	—	616,025	585,000
Total Liabilities	1,908,054	2,509,080	—	—	1,908,054	2,509,080
Net Position						
Net Investment in Capital Assets	105,471,717	107,003,975	28,882,988	21,644,196	134,354,705	128,648,171
Restricted	4,975,328	3,949,003	—	—	4,975,328	3,949,003
Unrestricted	27,647,986	21,231,660	15,471,345	20,661,865	43,119,331	41,893,525
Total Net Position	138,095,031	132,184,638	44,354,333	42,306,061	182,449,364	174,490,699

A large portion of the Village's net position, \$134,354,705, reflects its investment in capital assets (for land, construction in progress, buildings and improvements, machinery and equipment, infrastructure, and transportation equipment), less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens. 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.

An additional portion, \$4,975,328 of the Village's net position represents resources that are subject to external restrictions on how they may be used. The remaining \$43,119,331, represents unrestricted net assets and may be used to meet the government's ongoing obligations to citizens and creditors.

# VILLAGE OF MOKENA, ILLINOIS

## Management's Discussion and Analysis

June 30, 2022

### GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

	Change in Net Position - Modified Cash Basis					
	Governmental		Business-Type			
	Activities		Activities		Totals	
	2022	2021	2022	2021	2022	2021
Revenues						
Program Revenues						
Charges for Services	\$ 1,276,918	969,620	9,912,183	10,078,124	11,189,101	11,047,744
Operating Grants/Contrib.	858,492	840,203	—	—	858,492	840,203
Capital Grants/Contrib.	228,267	726,090	495,080	—	723,347	726,090
General Revenues						
Property Tax	3,071,998	2,671,227	—	—	3,071,998	2,671,227
Intergovernmental	18,441,869	14,147,899	—	—	18,441,869	14,147,899
Other Taxes	732,021	92,196	—	—	732,021	92,196
Other General Revenues	449,689	1,409,894	101,647	45,133	551,336	1,455,027
Total Revenues	25,059,254	20,857,129	10,508,910	10,123,257	35,568,164	30,980,386
Expenses						
General Government	3,312,937	2,709,628	—	—	3,312,937	2,709,628
Public Safety	6,671,613	6,056,190	—	—	6,671,613	6,056,190
Public Works	7,123,430	5,357,604	—	—	7,123,430	5,357,604
Economic Development	794,391	709,742	—	—	794,391	709,742
Employee Retirement	801,229	728,437	—	—	801,229	728,437
Interest on Long-Term Debt	57,684	76,568	—	—	57,684	76,568
Water and Sewerage	—	—	7,152,458	6,948,098	7,152,458	6,948,098
Refuse	—	—	1,572,767	1,546,373	1,572,767	1,546,373
Municipal Parking Lot	—	—	122,990	153,030	122,990	153,030
Total Expenses	18,761,284	15,638,169	8,848,215	8,647,501	27,609,499	24,285,670
Change in Net Position						
Before Transfers	6,297,970	5,218,960	1,660,695	1,475,756	7,958,665	6,694,716
Transfers	(387,577)	(678,617)	387,577	678,617	—	—
Change in Net Position	5,910,393	4,540,343	2,048,272	2,154,373	7,958,665	6,694,716
Net Position - Beginning	132,184,638	127,644,295	42,306,061	40,151,688	174,490,699	167,795,983
Net Position - Ending	138,095,031	132,184,638	44,354,333	42,306,061	182,449,364	174,490,699

## VILLAGE OF MOKENA, ILLINOIS

### Management's Discussion and Analysis

June 30, 2022

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#### GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

Net position of the Village's governmental activities increased by 4.5 percent (\$138,095,031 in 2022 compared to \$132,184,638 in 2021).

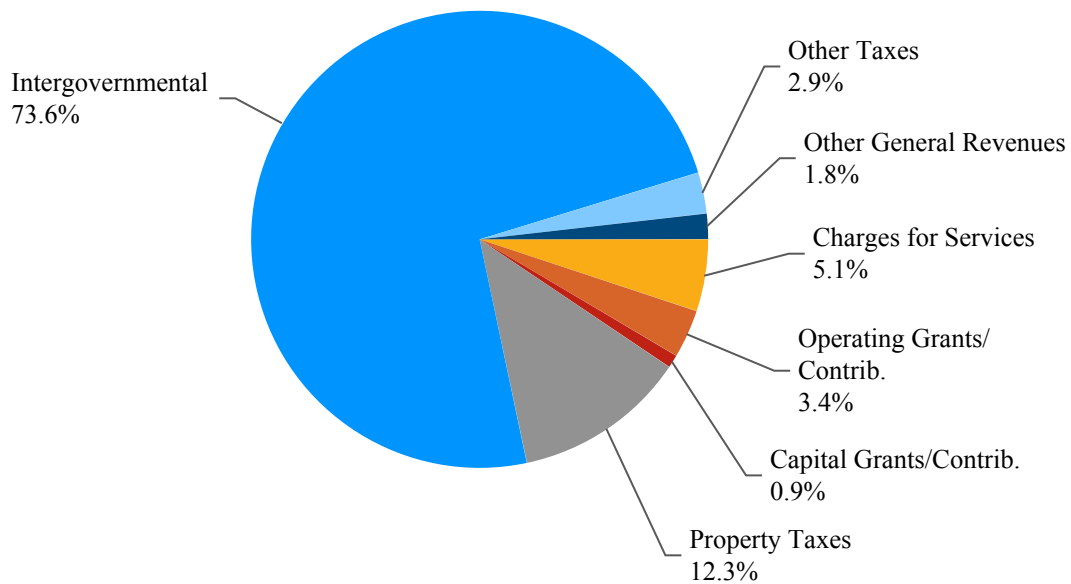
Net position of business-type activities increased by 4.8 percent (\$44,354,333 in 2022 compared to \$42,306,061 in 2021).

#### Governmental Activities

Revenues for governmental activities totaled \$25,059,254, while the cost of all governmental functions totaled \$18,761,284, which results in a surplus of \$6,297,970. This results in a surplus of \$6,297,970 prior to transfers out of \$387,577. In 2021, revenues of \$20,857,129 exceeded expenses of \$15,638,169, resulting in a surplus of \$5,218,960 prior to transfers out of \$678,617. \$3,543,896 of the surplus was due to a significant increase in sales tax, income tax, and local use tax revenue from 2021 to 2022.

The following table graphically depicts the major revenue sources of the Village. It depicts very clearly the reliance of intergovernmental revenues to fund governmental activities.

**Revenue by Source - Governmental Activities**



## VILLAGE OF MOKENA, ILLINOIS

### Management's Discussion and Analysis

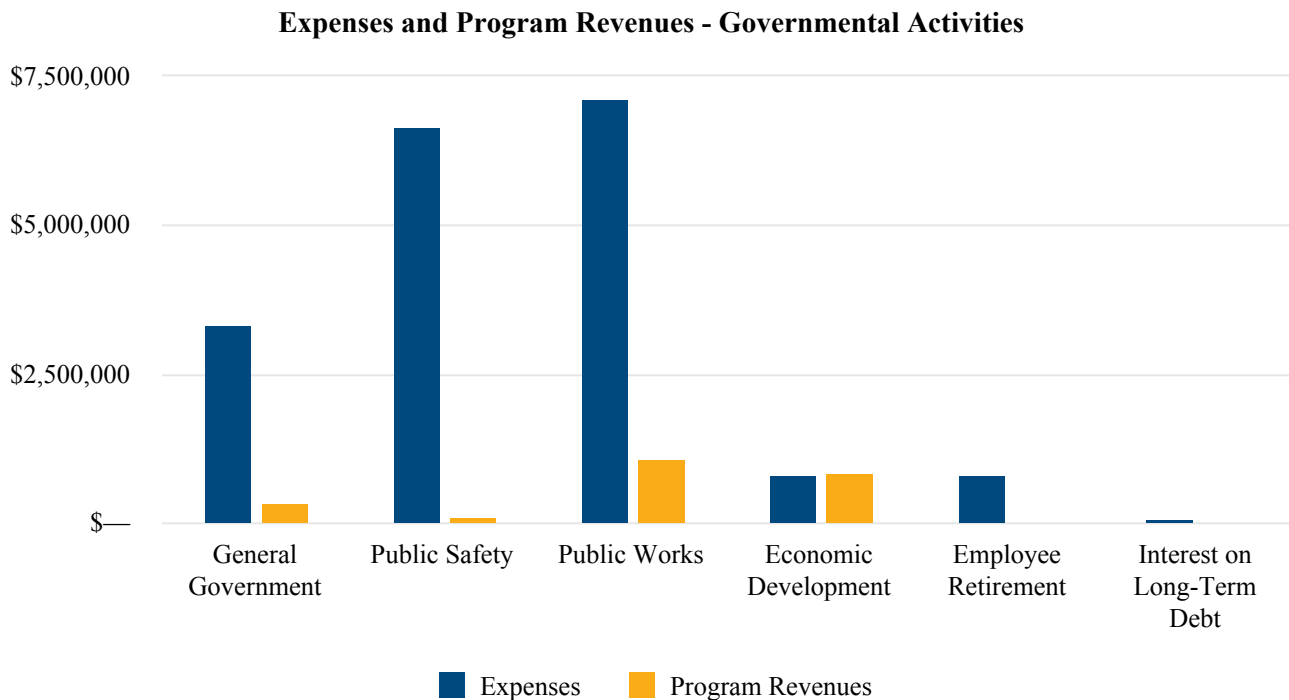
June 30, 2022

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#### GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

##### Governmental Activities - Continued

The 'Expenses and Program Revenues' Table identifies those governmental functions where program expenses greatly exceed revenues.



As depicted in the chart above, general government, public safety, and public works expenses far exceed any directly allocated revenues. Unlike the enterprise funds that are supported by user fees, these activities are substantially tax supported.

##### Business-Type Activities

Business-type activities posted total revenues of \$10,508,910, while the cost of all business-type activities totaled \$8,848,215. This results in a surplus of \$1,660,695, prior to transfers in of \$387,577. In 2021, revenues of \$10,123,257 exceeded expenses of \$8,647,501, resulting in a surplus of \$1,475,756, prior to transfers in of \$678,617. The surplus in the current year is due to receiving a \$495,080 grant from the State of Illinois and conservative spending practices.

## VILLAGE OF MOKENA, ILLINOIS

### Management's Discussion and Analysis

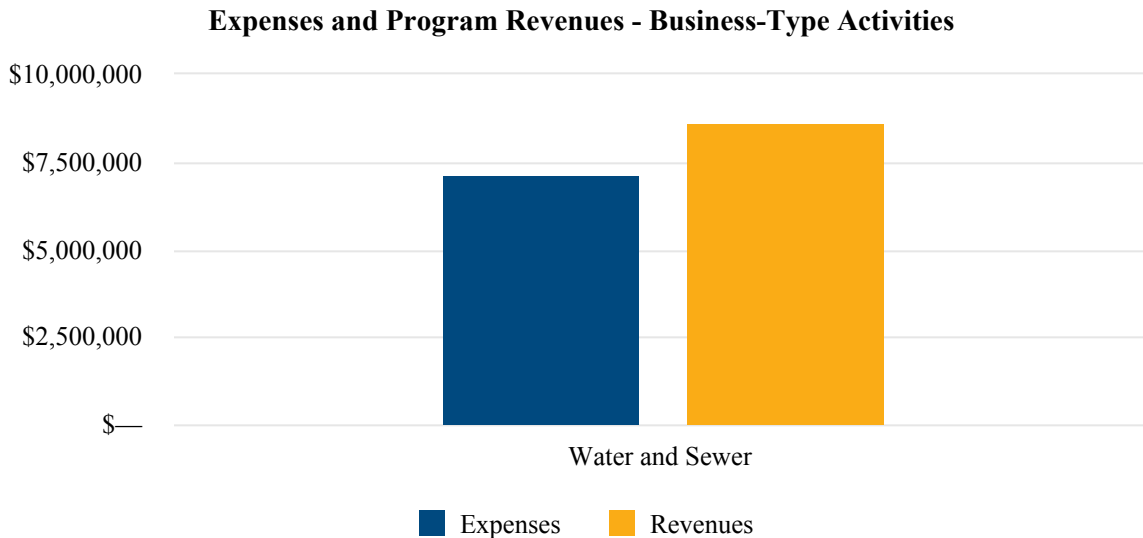
June 30, 2022

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#### GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

##### Business-Type Activities - Continued



The above graph compares program revenues to expenses for the water and sewer operations.

#### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

##### Governmental Funds

The focus of the Village's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, 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 combining ending fund balances of \$32,623,314, which is \$7,507,137, or 29.89 percent, higher than last year's total of \$25,116,177. Of the \$32,623,314 total, \$5,366,955, or 16.5 percent, constitutes unassigned fund balance.

The General Fund is the chief operating fund of the Village. As mentioned earlier, the General Fund reported an increase in fund balance for the year of \$497,848, which is an increase of 10.0 percent from a beginning balance of \$4,971,265. This increase is due to higher sales tax revenue received in 2022.

## VILLAGE OF MOKENA, ILLINOIS

### Management's Discussion and Analysis

June 30, 2022

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#### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS - Continued

##### Governmental Funds - Continued

Unassigned fund balance in the General Fund was \$5,366,955, which represents 98.1 percent of the total fund balance of the General Fund. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance in the General Fund represents approximately 44.5 percent of total General Fund expenditures.

The Capital Improvement, Repair, and Replacement Fund is used to account for the acquisition or construction of capital facilities and certain debt related to capital assets. At the end of the current fiscal year, the Capital Improvement, Repair, and Replacement Fund reported an increase in fund balance of \$6,170,506. This increase is due to transfers into the fund of \$5,838,429.

##### Proprietary Funds

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

The Village reports the Water and Sewerage Fund and Refuse Fund as a major proprietary funds. These funds account for all financial activities associated with the municipal water, sewer, and refuse services. Fees from consumption of water, tap on fees, sewer, and refuse services from building activities provide the primary source of revenue for these funds. Revenues are used to purchase water and to maintain the water, sewer, and refuse infrastructure.

The Village intends to run the funds at a breakeven rate. Periodically, there will be an annual surplus or draw down due to timing of capital projects.

The Water and Sewerage Fund reported an increase of \$2,014,169 from a beginning balance of \$41,364,559. Unrestricted net position in the Water and Sewerage Fund totaled \$15,106,935 at June 30, 2022 which was 34.83 percent of total net position.

The Refuse Fund reported an increase of \$23,818 from a beginning balance of \$190,893. Unrestricted net position in the Refuse Fund totaled \$214,234 at June 30, 2022 which was 99.78 percent of total net position.

## VILLAGE OF MOKENA, ILLINOIS

### Management's Discussion and Analysis

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#### GENERAL FUND BUDGETARY HIGHLIGHTS

The Village made one budget amendment to the General Fund during the year. General Fund actual revenues for the year totaled \$18,732,513, compared to budgeted revenues of \$11,757,113. Revenues for all functions except charges for services and miscellaneous were higher than budgeted.

General Fund actual expenditures for the year were \$51,524 lower than budgeted (\$12,061,840 actual compared to \$12,113,364 budgeted).

#### CAPITAL ASSETS

The Village's investment in capital assets for its governmental and business type activities as of June 30, 2022 was \$136,217,380 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, machinery and equipment, infrastructure, and transportation equipment.

	Capital Assets - Net of Depreciation					
	Governmental		Business-Type		Totals	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
Land	\$ 47,479,781	47,479,781	1,934,830	1,934,830	49,414,611	49,414,611
Construction in Progress	652,304	—	8,345,709	800,444	8,998,013	800,444
Buildings and Improvements	2,177,626	2,259,080	5,524,851	5,770,114	7,702,477	8,029,194
Machinery and Equipment	471,083	640,087	1,101,831	708,327	1,572,914	1,348,414
Infrastructure	55,426,479	58,108,800	11,826,184	12,217,486	67,252,663	70,326,286
Transportation Equipment	1,127,119	1,025,307	149,583	212,995	1,276,702	1,238,302
Totals	107,334,392	109,513,055	28,882,988	21,644,196	136,217,380	131,157,251

This year's major additions included:

Construction in Progress	\$ 8,197,569
Machinery and Equipment	468,896
Transportation Equipment	<u>377,319</u>
	<u>9,043,784</u>

Additional information on the Village's capital assets can be found in Note 3 of this report.

## VILLAGE OF MOKENA, ILLINOIS

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#### DEBT ADMINISTRATION

As of June 30, 2022, the Village had total outstanding debt of \$1,908,054 as compared to \$2,509,080 the previous year, a decrease of 24.0 percent. The following is a comparative statement of outstanding debt:

	Long-Term Debt Outstanding					
	Governmental		Business-Type		Totals	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
General Obligation Bonds	\$ 1,870,000	2,455,000	—	—	1,870,000	2,455,000
Plus: Unamortized Premium	38,054	54,080	—	—	38,054	54,080
	1,908,054	2,509,080	—	—	1,908,054	2,509,080

The Village maintains an AA+ rating from Standard and Poor's for general obligation debt. This rating has not changed in the past five years.

Additional information on the Village's long-term debt can be found in Note 3 of this report.

#### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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.

The Village of Mokena operates on a conservative platform. Fiscal and budgetary decision making is conducted in a cautiously optimistic fashion with conservative tendencies utilized to guide spending, borrowing, revenue forecasts and fund balance objectives. Collectively, these budgetary practices have allowed Mokena to maintain services, improve infrastructure and develop an effective work climate for employees. As we enter the post COVID-19 era, the Village has and will continue to deal with supply chain issues, rising inflation and the conflict in Ukraine. The Village's conservative practices coupled with its ability to analyze and solve problems will be essential to ensure our Village continues to thrive.

#### BUDGET PROCESS

Regardless of economic conditions, following four practical components are absolutely necessary for a public budget process to be successful: (1) The ability to collect and present information in an accurate, comprehensive and meaningful manner; (2) Adequate time to absorb, digest and interpret the information; (3) A balanced environment to deliberate fiscal policies; and (4) A cognitive awareness regarding the past, present and future of budgeting and program delivery in the community. The proposed FY 23 budget has included these necessary components as part of this year's budget process.

This year's budget process was initiated by staff during the fall of 2021 and the Village Board in January of 2022 as 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 23 budget:



## VILLAGE OF MOKENA, ILLINOIS

### Management's Discussion and Analysis

June 30, 2022

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#### BUDGET PROCESS - Continued

- January 17, 2022
  - MFT Program
  - Infrastructure Programs
  - Road Maintenance
  - Financial Overview of General Infrastructure Fund
- February 17, 2022
  - Fleet Replacement Program
- April 11, 2022
  - Refuse Fund
  - Water Operating Fund
    - Rate
    - Tap-on fee split
  - Sewer Operating Fund
  - Wastewater Treatment Plant Expansion Fund
  - Wastewater Treatment Plant Repair & Replacement Fund
  - Water System Capital Fund
  - Sewer System Capital Fund
- April 25, 2022
  - Capital Equipment
  - Facility Improvements
  - Miscellaneous Topics
    - Utility Billing Outsourcing
    - Comprehensive Plan
    - Video Gaming Terminal Fees
- May 23, 2022
  - Tourism Fund
  - Special Tax Allocation Fund (TIF)
  - Municipal Parking Lot Fund
  - Holiday Decorations
  - Review General Fund
    - FY 22 - Status
    - Proposed FY 23 Budget
    - Overall Financial Health
    - Review FY 22 Surplus
  - Overview of Capital Improvement Fund Balances
  - Proposed FY 22 Budget Amendments
  - Preliminary Draft
    - Overall Budget
    - Status
      - Budget Categories
      - Operating and Capital Fund Balances
      - Annual Transfers

The Mokena Village Board reviewed a significant volume of budget and program information during the budget process and was provided appropriate time to consider staff's recommendations. Consistent with the Village's financial practices, the FY 23 budget was prepared with a conservative approach.

## VILLAGE OF MOKENA, ILLINOIS

### Management's Discussion and Analysis

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

The Mokena Village Board of Trustees has adhered to 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 are continuing 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 eight 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.

#### ECONOMIC CONDITION AND OUTLOOK

1. Current Police legislation requires municipalities to have pension funds 90% funded by the year 2040. The Mokena Police Pension fund is 81.24% funded based on the actuarial valuation report as of July 1, 2021. Changes to downstate public safety pension plans may have an impact on the Village in the near future. Currently, the investments are managed by an investment firm selected by the Mokena Police Pension Board. With the consolidation statute and the Illinois Police Officers' Pension Investment Fund (IPOPIF) Transfer of Asset Rule AR-2021-02, final transfer tranches must be completed by June 24, 2022. Recently, the Kane County Circuit Court dismissed the lawsuit filed by Police and Firefighter pension funds challenging the statutory consolidation. The Mokena Police Pension Fund was a party to that suit. That decision may be appealed by the pension funds, but consolidation is likely to proceed. Currently, 46% of the police pension funds have been transferred into the consolidated fund. Once all transfers have been made, the consolidated pension funds are estimated to exceed \$4 billion.
2. The Village's revenue sources have the potential to be impacted by general economic conditions at the local, state, national or even international levels. The State of Illinois controls some of the Village's revenue sources and with the assistance of Illinois Municipal League they educate and take action if any of the municipality's revenue sources are negatively affected. The Local Government Distributive Fund (LGDF) has been a revenue source where the Governor has proposed to reduce it by 10% during the spring legislative session. Although this proposal was not approved by the Illinois General Assembly, we continue our conservative approach of budgeting a 50% reduction in this revenue source. Staff will continually monitor the general economic conditions locally and abroad to be prepared in implementing any strategies to address any impacts to Village revenues.
3. According to the Bureau of Labor Statistics, which covers the Midwest region, the Consumer Price Index (CPI) rose 7.0 percent for the 12 months ending December, the largest 12-month increase since the period ending June 1982. Most of the Village's expenses are predictable in nature, however, expenses may increase if the Village must provide additional services in response to unexpected emergencies. Staff continues to monitor the economic conditions with a focus on inflationary pressures and global supply chain issues.
4. The Village's two collective bargaining agreements (Metropolitan Alliance of Police and The International Union of Operating Engineers, Local 150) expired on June 30, 2022. The Village also is in the process of negotiating a first time agreement with the Village's Sergeants in the Police Department.

## VILLAGE OF MOKENA, ILLINOIS

### Management's Discussion and Analysis

June 30, 2022

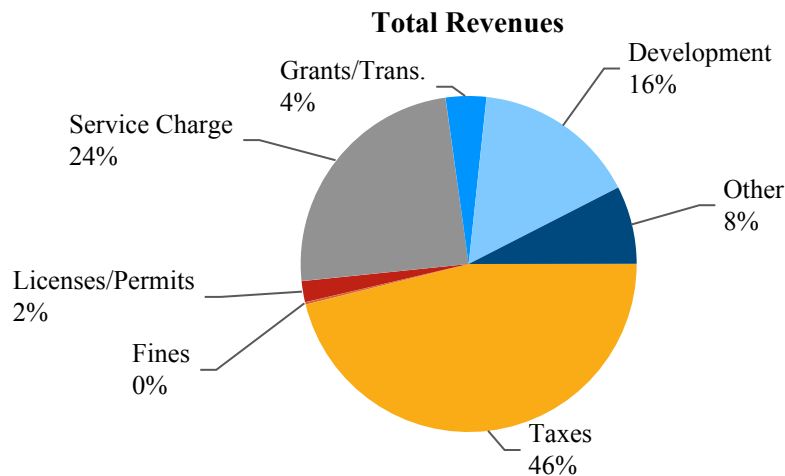
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#### ECONOMIC CONDITION AND OUTLOOK - Continued

5. The Board approved the contract with Henry Bros. Co. on May 9, 2022 to build the new police station. The project will cost approximately \$18.2MM in expenditures for architectural fees and construction of the project. The Village received \$4,750,000 promissory note on August 3, 2022 to help pay for the project. Due to the excellent financial health of the Village, it's expected to pay back the funds earlier than scheduled.

#### OVERVIEW OF REVENUES

Total revenues for FY 23 are estimated to be \$40,385,688. Illustrated by the pie chart found below, one will be able to see the breakdown of revenues for the entire budget as indicated by major category.



Below is an aggregate comparison of all categorical revenues for the Village of Mokena. It is anticipated that overall revenues will increase by \$9.65MM or 31.40% above FY 22 budgeted amounts.

Overview of Budgeted Revenues					
	FY 22	FY 23			
	Budget	Budget	\$ Inc/(Dec)	% Change	
Taxes	\$ 15,905,089	18,628,208	2,723,119	17.12%	
Fines	96,500	90,750	(5,750)	(5.96%)	
Licenses/Permits	784,950	823,725	38,775	4.94%	
Service Charge	9,604,034	9,858,649	254,615	2.65%	
Grants/Trans.	205,659	1,577,324	1,371,665	666.96%	
Development	938,276	6,368,550	5,430,274	578.75%	
Other	3,200,708	3,038,482	(162,226)	(5.07%)	
Total	30,735,216	40,385,688	9,650,472	31.40%	

## VILLAGE OF MOKENA, ILLINOIS

### Management's Discussion and Analysis

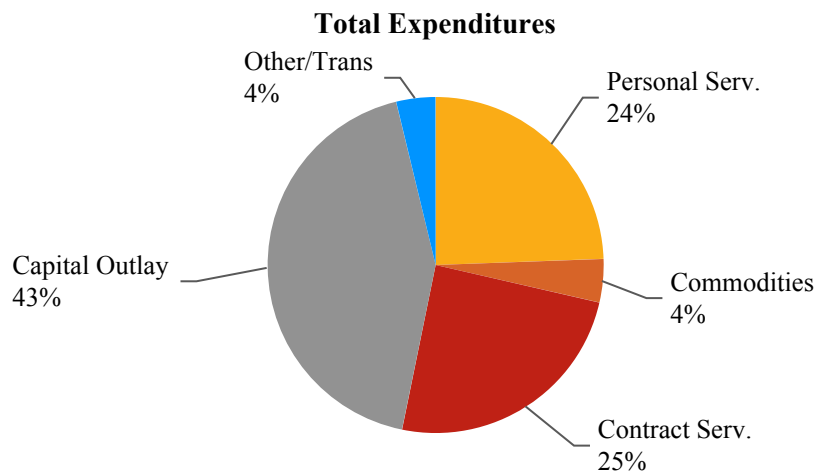
June 30, 2022

#### OVERVIEW OF REVENUES - Continued

Tax revenue for FY 23 is forecasted to increase by \$2.72MM. The main increases in tax revenues are associated with sales tax \$2.02MM, the ½% non-home rule sales \$758K, state income tax \$190K, amusement tax \$117K, and hotel/motel tax \$94K. Based on the Village Board approval to build the new police station, promissory note proceeds of \$4,750,000 were received on August 3, 2022. Intergovernmental Revenues includes a Capital Grant from the American Rescue Plan Act for \$1.371MM. Notable upswings in other revenues include increases in miscellaneous income (includes video gaming and OTB) of \$180K. Also, the proposed budget has been prepared with a 50% (or \$1.32MM) 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 seven years that will continue in FY 23.

#### OVERVIEW OF EXPENDITURES

Total estimated expenditures for FY 23 are \$49,824,504. Illustrated by the pie chart found below, one will be able to see the breakdown of expenditures for the entire budget as indicated by major category.



Below is an aggregate comparison of all categorical expenditures for the Village of Mokena. As illustrated, overall expenditures are anticipated to increase by \$12.23MM or 32.54% over FY 22 levels.

Overview of Budgeted Expenditures				
	FY 22	FY 23		
	Budget	Budget	\$ Inc/(Dec)	% Change
Personal Serv.	\$ 11,442,559	12,173,735	731,176	6.39%
Commodities	1,739,671	2,077,371	337,700	19.41%
Contract Serv.	11,492,047	12,266,269	774,222	6.74%
Capital Outlay	11,536,358	21,428,044	9,891,686	85.74%
Other/Trans	1,381,179	1,879,085	497,906	36.05%
Total	37,591,814	49,824,504	12,232,690	32.54%

## VILLAGE OF MOKENA, ILLINOIS

### Management's Discussion and Analysis

June 30, 2022

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#### OVERVIEW OF EXPENDITURES - Continued

Personal services are budgeted to increase by \$731K. This increase is mainly attributable to salary, overtime and benefit increases and hiring of an additional community service officer, reclassification of Maintenance 1 position to an Arborist/Forester, and a new Mechanic Assistant position. Contractual services are budgeted to increase by \$774K, primarily due to engineering services associated with capital projects \$187K, comprehensive master plan \$175K, water and sewer contracted maintenance \$82K, lake water costs \$149K and rebates due \$124K. Capital outlay will see an increase of \$9.90MM, associated with building of the new police station for \$12.5MM, vehicle acquisitions will also increase due to carryover from the prior fiscal year based on supply chain issues and replacement public works vehicles by \$705K, and resurfacing the Hickory Creek Metra Lot for \$425K. The wastewater treatment plant upgrades are in the final stages for FY 23 and reflects a reduction of (\$4.3MM) from the prior year.

The following table represents the Village's aggregate fiscal status in all funds for the past two budget cycles, as well as for FY 23:

	Overall Fiscal Status		
	Actual FY 21	Anticipated FY 22	Proposed FY 23
Beginning Balance	\$ 62,782,439	74,921,539	75,019,887
Revenues	45,693,625	41,311,430	40,385,688
Expenditures	33,554,525	41,213,082	49,824,504
Ending Balance	74,921,539	75,019,887	65,581,071

The proposed FY 23 Budget should see aggregate fund balances decrease by approximately (\$9.340MM) to a total of \$65.58MM. This is mainly attributable to saving money over a period of years for future capital projects and spending the monies in a given year when the project is needed. For FY 23, we begin to utilize the funds in Water System Capital Improvement, Plant Expansion and Capital Improvement, Repair, and Replacement Funds to construct the Police Station.

#### FINANCIAL AND OPERATING STATUS OF THE VILLAGE OF MOKENA

In addition to providing a basic overview of the proposed FY 23 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.

#### GENERAL FUND

FY 22 is the tenth consecutive year in which the General Fund has produced substantial "net positive operating" results. This has allowed for a total of \$26.78MM over the previous ten years to be transferred into the Police Pension Fund for additional funding (\$600K), Water Operating Fund (\$725K), Plant Expansion Fund (\$1.37MM), and the Capital Improvement, Repair and Replacement Fund for public improvement and municipal facility projects (\$24.08MM).

## VILLAGE OF MOKENA, ILLINOIS

### Management's Discussion and Analysis

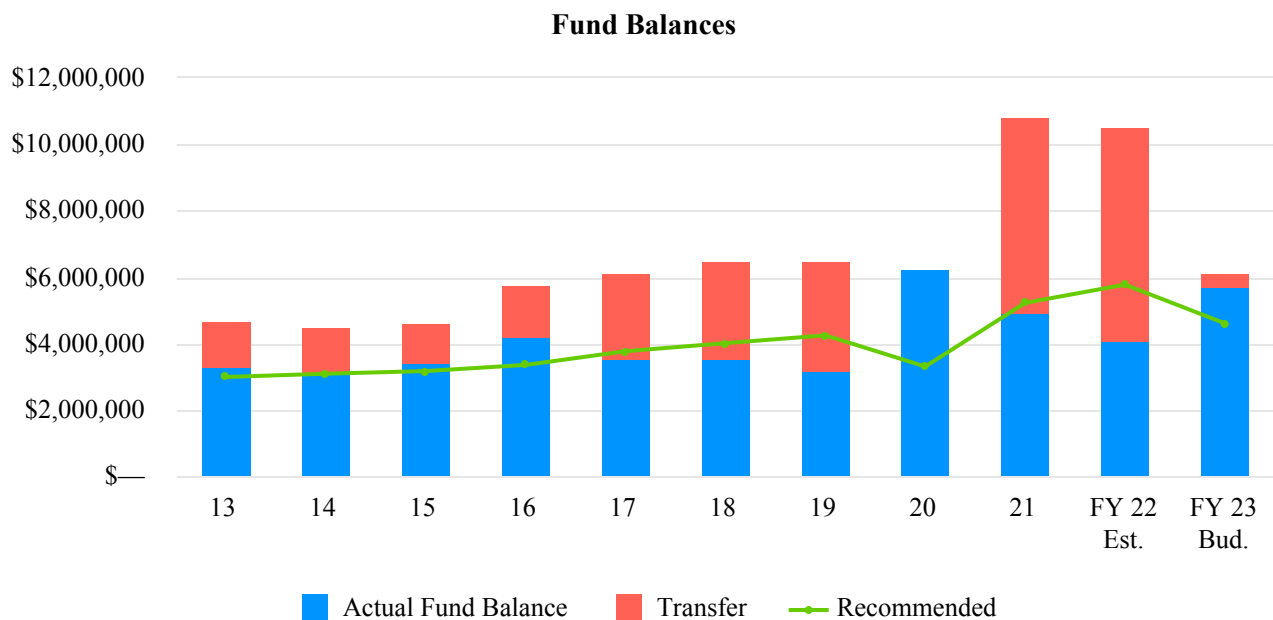
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#### GENERAL FUND - Continued

In FY 23, a transfer from the General Fund to Municipal Parking Lot is budgeted (\$425K) to repave half of the Hickory Creek Metra parking lot. The FY 23 Budget has been prepared with a proposed ending fund balance of 41% of overall General Fund expenditures. This will provide a buffering effect from any unforeseen or catastrophic events.

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



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 22 year end General Fund balance of \$4.10MM. Based on the proposed FY 23 Budget, the General Fund balance is projected to be over \$5.76MM or 41% of total appropriations.

#### WATER/SEWER FUNDS

The water distribution system annually pumps approximately 650 million gallons of water and the sewer system treats a similar approximate volume of wastewater. Personnel in these departments maintain approximately 110 miles of water mains, 5 water storage facilities and several water pumping stations. They also operate a wastewater treatment plant, approximately 100 miles of sanitary mains and 12 sanitary sewer lift stations. Overall, the Village serves approximately 7,359 customer accounts on a 24/7 basis.

## VILLAGE OF MOKENA, ILLINOIS

### Management's Discussion and Analysis

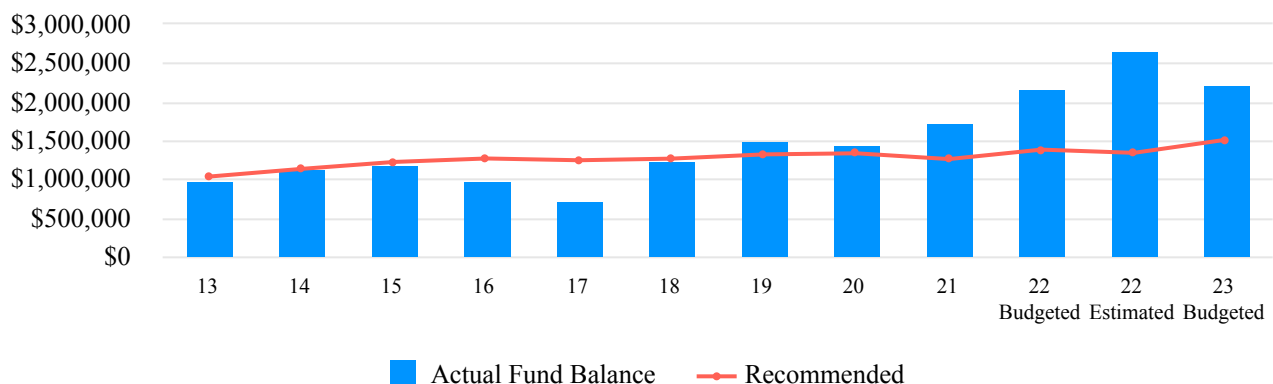
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#### WATER FUND

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 2014, 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. The original agreement contemplated that the construction improvements would be completed in 2018. However, at that time the project was ongoing and not completed. Consequently, an amendment to the agreement was legally needed to allow for the extension of certain financing terms, to address the current cost of the project and to incorporate the course of performance adjustments that have been made by the parties relative to certain control measures contained within the agreement, which the Board approved at the October 12, 2020 Board meeting. The current engineer's estimate is ±\$275MM. A funding mechanism (transportation bond funding beginning in FY 26) has been identified and approved by the Board during the FY 20 budget process to pay the Village's share of improvements without adding this cost 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, a 0.82% increase June 1, 2019, a 2.45% increase June 1, 2020, a 1.10% increase June 1, 2021, and then a 5.00% increase went into effect June 1, 2022. 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 FY 13-FY 23. The FY 22 year-end balance is anticipated to be at 50%, which is above the recommended 25% fund balance.

**Water Fund Balances**



## VILLAGE OF MOKENA, ILLINOIS

### Management's Discussion and Analysis

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#### WATER FUND - Continued

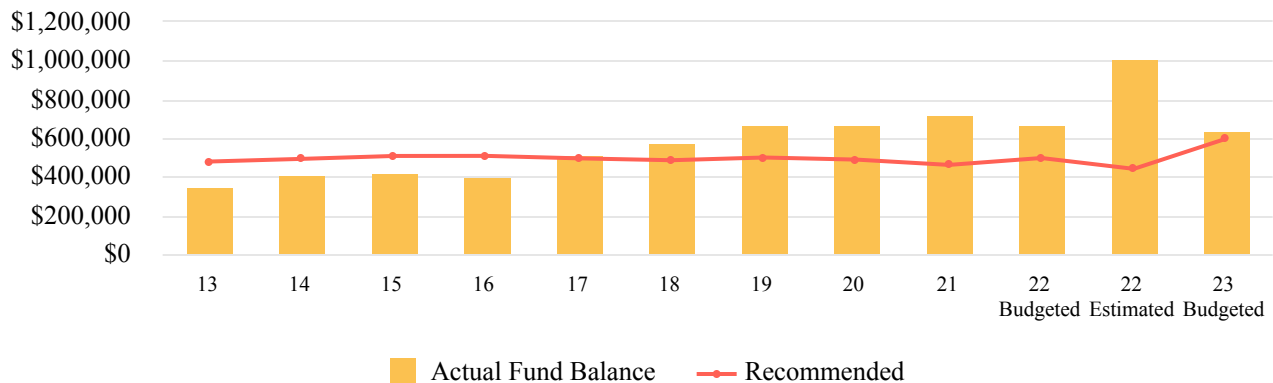
The FY 23 Budget includes a water rate increase of \$0.25/1,000 gallons. The fund balance is anticipated to increase by approximately \$50K in FY 23 and is expected to be above its target level of 25% at the conclusion of the fiscal year.

#### 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 13-30%. 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. Sewer billables are often impacted by extreme wet or dry weather conditions in the spring and summer. 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 23 fund balance is \$642K or 27%, which is \$45K 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 23.

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.

**Sewer Fund Balances**



#### PARKING LOT FUND

Mokena operates four separate commuter parking lots encompassing over 1,600 spaces. This fund is beginning to recover from the impacts of COVID-19. From a historical perspective, 15 daily parking spaces in the Front Street area were authorized for purchase from Metra to support redevelopment in the downtown area in August 2017. These spaces were converted to business parking in May 2018. At the same time in May 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. Any vacant/open lease spaces are made available to interested commuters on a first come, first-served basis. In August 2019, Ozinga Bros., Inc. reserved 41 spaces close to their business for a monthly fee. This agreement is still in use.



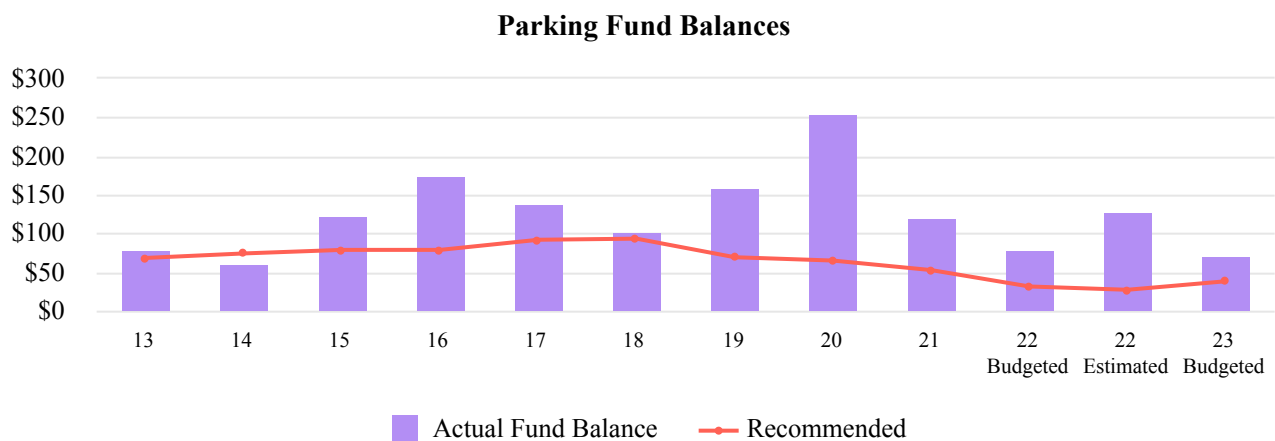
## VILLAGE OF MOKENA, ILLINOIS

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#### PARKING LOT FUND - Continued

In FY 22, it's estimated revenues will be \$30K more than budgeted as some of our past commuters have returned to taking the train downtown. An additional Community Service Officer was added to this fund while the personnel costs for the three Community Service Officers continue to be funded from the Police Department where they are providing support functions until it returns to normal operations. The FY 23 fund balance is above the 25% target level as seen in the chart below. As we move forward, this fund will need to be reviewed in a cautionary manner.



#### 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 22 along with proposed FY 23).

Fund	Operating Fund Balances					
	Beginning FY 22	Beginning FY 23	Ending FY 23	Recommended Amount	Variance	Actual %
General	\$ 4,971,265	4,101,005	5,755,184	4,604,616	1,150,568	41.00%
Water	2,312,111	2,652,694	2,229,592	1,508,789	720,803	37.00%
Sewer	683,475	1,010,026	642,303	596,944	45,359	27.00%
Parking Lot	121,496	128,187	73,620	38,039	35,581	48.00%

The data compares anticipated ending FY 23 fund balances to the recommended 33% in the General Fund and 25% for the three enterprise funds. The General Fund is in a solid position with an anticipated 41% balance at the end of FY 23. 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. 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

June 30, 2022

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#### 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 twelve 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 22 and FY 23.

Fund	Capital Reserve Fund Balance		
	Beginning FY 22	Beginning FY 23	Ending FY 23
Water System Capital	\$ 3,243,991	2,811,396	1,538,633
Sewer System Capital	1,820,885	1,696,996	1,701,667
Sewer Plant Replacement	1,493,591	1,429,437	1,208,037
Sewer Plant Expansion	10,796,285	5,380,339	1,714,009
Capital Imp., Repair, Replacement	14,897,996	20,415,972	13,656,837

The previously referenced table shows that at the conclusion of FY 23, the Village should possess \$19.82MM for future capital projects. In aggregate, these funds are expected to decline by (-\$11.915MM). The Village anticipates almost finalizing the upgrades to the wastewater treatment plant, starting the construction of the new police station, and continuing the road rehabilitation program in FY 23.

#### PER CAPITA DEBT

##### 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 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 projects such as 191<sup>st</sup> Street improvements, the Board determined that borrowing \$10MM 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 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 Poors, enhancing the savings possible on this refinancing effort. Annual payments will be in the range of \$643K+/- over the balance of this debt issue.

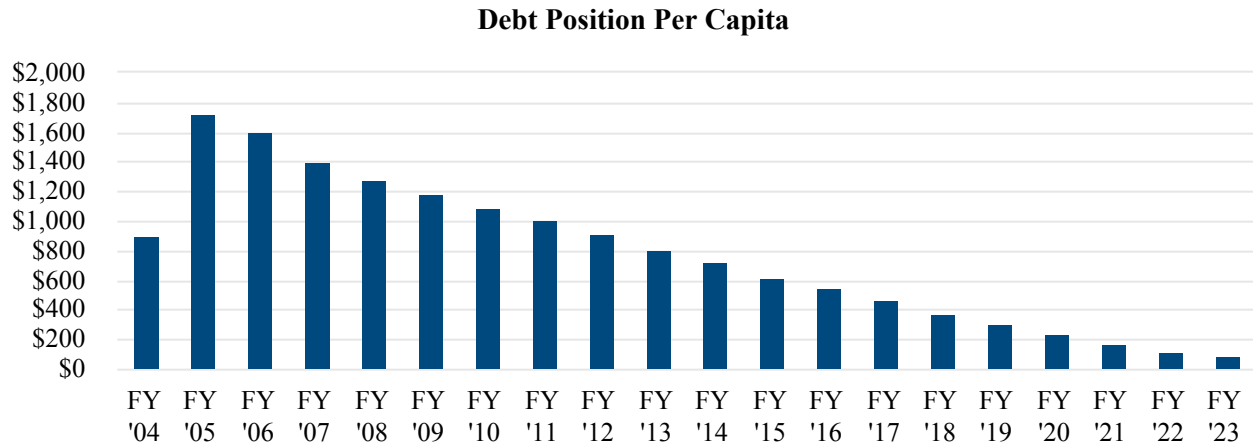
# VILLAGE OF MOKENA, ILLINOIS

## Management's Discussion and Analysis

June 30, 2022

### PER CAPITA DEBT - Continued

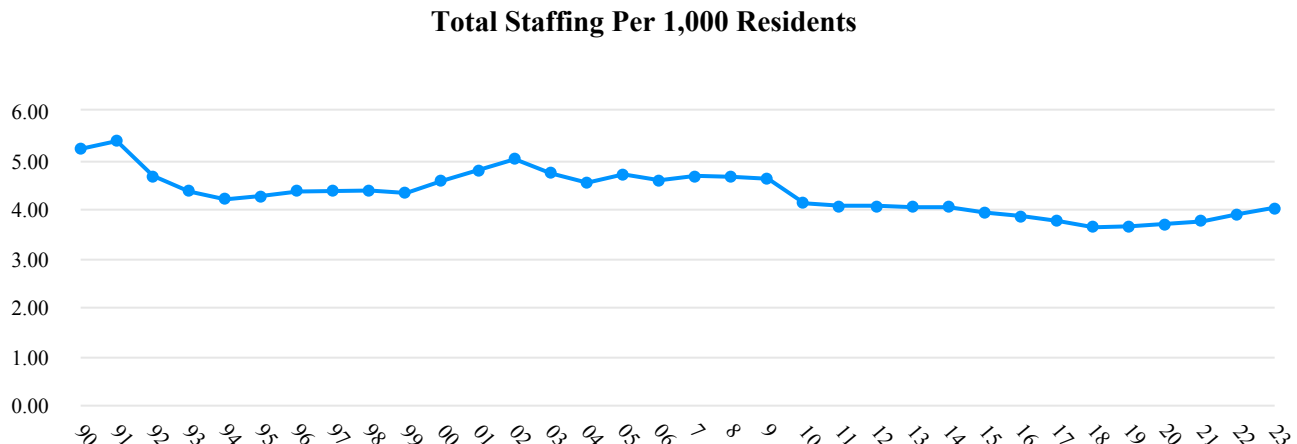
The following historical chart depicts Mokena's per capita debt position over the past nineteen years as well as projections for FY 23.



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 \$98+/- per resident. Moving into FY 23, 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.

### Staffing Levels

Staffing levels remain at historical lows of less than 4 full-time employees per 1,000 residents and clearly represents our efforts to maintain operating costs. The following chart represents the Village's staffing levels per 1,000 residents since 1990.



FY 22 – 79 Full Time Employees

FY 23 – 80 Full Time Employees

## VILLAGE OF MOKENA, ILLINOIS

### Management's Discussion and Analysis

June 30, 2022

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#### SIGNIFICANT PROJECT NEW POLICE STATION

As one outcome of a professional 40-year facilities space plan conducted by the Village in 2006, a recommendation was made to construct a new 33,000 sq. ft. public safety facility, and following due diligence, the Village Board purchased 3.5 acres at the northeast corner of 191<sup>st</sup> Street and 104<sup>th</sup> Avenue in early 2008 for that purpose. Strong recessionary forces took over the national, regional, and local economies shortly thereafter, and the project was ultimately shelved due to a lack of funding. With the economy having recovered and another key capital project (i.e., improvements to the Village's wastewater treatment plant) bid out and under construction, a Public Safety Facility Planning Committee was formed in early January 2021, which included Trustee Joseph Budzyn, Joseph Siwinski (Chairman), Past Interim Police Chief Tim McCarthy, Police Commander Randal Stumpf, and Assistant Village Administrator Kirk Zoellner. (Past Police Chief John Keating later succeeded Interim Chief McCarthy on the Committee, and current Police Chief Brian Benton succeeded him.) In February 2021, the Village Board approved reactivating a previously existing agreement for architectural services with Studio GC and the architects met 35 times over the following 14 months with the Committee, Police staff, and the Village Board to develop and refine plans for the new facility. Goals for the new facility included building and operational efficiency, environmental friendliness, safety and security, provision of work area/space for departmental growth, and cost effectiveness.

At its April 11, 2022 work session, the Village Board had an opportunity to review bids and different options for construction of the new facility. The Board provided direction to move forward with the base low bid for the project, along with installation of a gun range later by the Village, and at its regular meeting April 25, 2022, the Board awarded the bid to the lowest bidder, Henry Bros. of Hickory Hills, Illinois, in the amount of \$15,994,000. The Henry Bros. bid includes a \$580,000 construction contingency, and the Board additionally authorized an administrative contingency of \$150,000 to be authorized as needed by Village administration throughout the duration of the project. The Board officially approved the execution of a contract with Henry Bros. at its May 9, 2022 meeting. Construction on this project began in July 2022.

The Village has conservatively planned and prepared for this capital project. Money from available funding sources has been earmarked in the Capital Improvement, Repair and Replacement Fund for Municipal Facilities. The Board agreed to have Staff work with PMA Securities to issue a \$4,750,000 promissory note to be used for the police station project.

#### BUDGET SUMMARY

In summary, the Village's total revenues are projected to increase by approximately \$9.65MM or 31.40% in FY 23. At the same time, overall expenditures are expected to rise by \$12.23MM or 32.54%, with the considerable upturn attributable to the anticipated outflow of cash reserves for the Village's new police station, vehicle purchases, and other capital improvements.

#### 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 \$0.25/1,000 gallon adjustment for water rates, resulting in a \$2.00 per month increase for an average residential customer. Over the course of the entire fiscal year, this adjustment will result in a \$24.00 cost increase to the average household budget. The refuse rate will increase \$0.62 per month for townhomes/condos and \$0.70 for single family homes. Over the course of the entire fiscal year, this adjustment will result in a \$7-\$8 +/- increase to the average household budget. Combined with the water rate adjustment taking effect in July, the average household will see an approximate \$32 +/- increase in fees.

## VILLAGE OF MOKENA, ILLINOIS

### Management's Discussion and Analysis

June 30, 2022

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#### FISCAL IMPACTS ON CUSTOMERS - Continued

The proposed budget has again been prepared to continue providing senior citizen households with refuse discounts of approximately \$28-\$31 +/- on an annual basis.

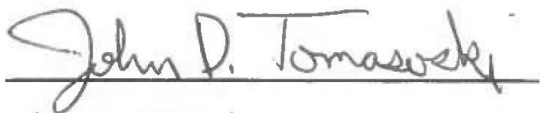
#### FINAL THOUGHTS

The FY 23 budget represents the collective fiscal philosophy historically employed by the Village because it is based on realistic economic goals. Having the financial strength to proceed with the construction of the new public safety building despite the increased cost demonstrates that fact. The FY 23 budget places the Village in a position to respond to unknown conditions in the future without losing current opportunities to improve the quality of life of its residents.

The creation of the FY 23 Budget did not happen in a vacuum – there were many stakeholders involved who used their knowledge and expertise to not only plan, but in a unique year such as this, predict what the needs of the Village would be. This arduous process allows the Village, on behalf of its residents, to aggressively and proactively sustain the high standard of living expected by our residents while simultaneously planning for long-term improvements.

The FY 23 Budget places the Village in a position to continue its commitment of providing outstanding core services to our residents in the most economical way. As a staff, we look forward to building on this historically solid foundation as Mokena continues to be a great community to live and work.

Respectfully submitted,



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

#### REQUESTS FOR INFORMATION

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

## **BASIC FINANCIAL STATEMENTS**

The basic financial Statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-Wide Financial Statements

- Fund Financial Statements

  - Governmental Funds

  - Proprietary Fund

  - Fiduciary Fund

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

# VILLAGE OF MOKENA, ILLINOIS

## Statement of Net Position - Modified Cash Basis

June 30, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
<b>ASSETS</b>			
Current Assets			
Cash and Investments	\$ 32,244,961	15,471,345	47,716,306
Restricted Cash	378,353	—	378,353
Total Current Assets	32,623,314	15,471,345	48,094,659
Noncurrent Assets			
Capital Assets			
Nondepreciable	48,132,085	10,280,539	58,412,624
Depreciable	118,892,948	37,877,171	156,770,119
Accumulated Depreciation	(59,690,641)	(19,274,722)	(78,965,363)
Total Capital Assets	107,334,392	28,882,988	136,217,380
Total Assets	139,957,706	44,354,333	184,312,039
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Unamortized Loss on Refunding	45,379	—	45,379
Total Assets and Deferred Outflows of Resources	140,003,085	44,354,333	184,357,418
<b>LIABILITIES</b>			
Current Liabilities			
General Obligation Bonds Payable - Net	616,025	—	616,025
Noncurrent Liabilities			
General Obligation Bonds Payable - Net	1,292,029	—	1,292,029
Total Liabilities	1,908,054	—	1,908,054
<b>NET POSITION</b>			
Net Investment in Capital Assets	105,471,717	28,882,988	134,354,705
Restricted			
Economic Development	368,431	—	368,431
Streets	3,481,449	—	3,481,449
Capital Improvements	276,195	—	276,195
Public Safety	169,501	—	169,501
Professional Services	18,038	—	18,038
Employee Retirement	661,714	—	661,714
Unrestricted	27,647,986	15,471,345	43,119,331
Total Net Position	138,095,031	44,354,333	182,449,364

The notes to the financial statements are an integral part of this statement.

# VILLAGE OF MOKENA, ILLINOIS

## Statement of Activities - Modified Cash Basis For the Fiscal Year Ended June 30, 2022

		Program Revenues		
		Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions
	Expenses			
Governmental Activities				
General Government	\$ 3,312,937	331,928	—	—
Public Safety	6,671,613	110,172	—	—
Public Works	7,123,430	—	858,492	228,267
Economic Development	794,391	834,818	—	—
Employee Retirement	801,229	—	—	—
Interest on Long-Term Debt	57,684	—	—	—
Total Governmental Activities	18,761,284	1,276,918	858,492	228,267
Business-Type Activities				
Water and Sewerage	7,152,458	8,145,045	—	495,080
Refuse	1,572,767	1,636,077	—	—
Municipal Parking Lot	122,990	131,061	—	—
Total Business-Type Activities	8,848,215	9,912,183	—	495,080
Total Primary Government	27,609,499	11,189,101	858,492	723,347

General Revenues  
Taxes  
Property Tax  
Road and Bridge Tax  
Amusement Tax  
Other Taxes  
Intergovernmental - Unrestricted  
Sales Tax  
State Income Tax  
Use Tax  
Gaming Tax  
Replacement Tax  
ARPA Grant  
Interest Income  
Miscellaneous  
Transfers - Internal Balances

Change in Net Position

Net Position - Beginning

Net Position - Ending

The notes to the financial statements are an integral part of this statement.



Net (Expenses), Revenues and Changes in Net Position		
Governmental Activities	Business-Type Activities	Totals
(2,981,009)	—	(2,981,009)
(6,561,441)	—	(6,561,441)
(6,036,671)	—	(6,036,671)
40,427	—	40,427
(801,229)	—	(801,229)
(57,684)	—	(57,684)
(16,397,607)	—	(16,397,607)
—	1,487,667	1,487,667
—	63,310	63,310
—	8,071	8,071
—	1,559,048	1,559,048
(16,397,607)	1,559,048	(14,838,559)
2,311,806	—	2,311,806
760,192	—	760,192
421,432	—	421,432
310,589	—	310,589
12,563,532	—	12,563,532
3,072,377	—	3,072,377
778,862	—	778,862
601,566	—	601,566
53,867	—	53,867
1,371,665	—	1,371,665
66,226	40,606	106,832
383,463	61,041	444,504
(387,577)	387,577	—
22,308,000	489,224	22,797,224
5,910,393	2,048,272	7,958,665
132,184,638	42,306,061	174,490,699
138,095,031	44,354,333	182,449,364

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF MOKENA, ILLINOIS****Balance Sheet - Governmental Funds - Modified Cash Basis****June 30, 2022**

	General	Capital Projects Capital Improvement, Repair, and Replacement	Nonmajor	Totals
<b>ASSETS</b>				
Cash and Investments	\$ 5,366,955	20,792,307	6,085,699	32,244,961
Restricted Cash	102,158	276,195	—	378,353
Total Assets	5,469,113	21,068,502	6,085,699	32,623,314
<b>LIABILITIES</b>				
None	—	—	—	—
<b>FUND BALANCES</b>				
Restricted	102,158	276,195	4,596,975	4,975,328
Assigned	—	20,792,307	1,488,724	22,281,031
Unassigned	5,366,955	—	—	5,366,955
Total Fund Balances	5,469,113	21,068,502	6,085,699	32,623,314
Total Liabilities and Fund Balances	5,469,113	21,068,502	6,085,699	32,623,314

The notes to the financial statements are an integral part of this statement.

## VILLAGE OF MOKENA, ILLINOIS

### Reconciliation of the Total Governmental Fund Balance to the Statement of Net Position - Governmental Activities - Modified Cash Basis

June 30, 2022

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<b>Total Governmental Fund Balances</b>	<b>\$ 32,623,314</b>
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in Governmental Activities are not financial resources and therefore, are not reported in the funds.	107,334,392
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
General Obligation Bonds Payable	(1,870,000)
Unamortized Bond Premium	(38,054)
Unamortized Loss on Refunding	45,379
	<hr/>
<b>Net Position of Governmental Activities</b>	<b><u>138,095,031</u></b>

The notes to the financial statements are an integral part of this statement.

# VILLAGE OF MOKENA, ILLINOIS

## Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Modified Cash Basis

For the Fiscal Year Ended June 30, 2022

	General	Capital Projects Capital Improvement, Repair, and Replacement	Nonmajor	Totals
Revenues				
Taxes	\$ 2,606,288	—	1,197,731	3,804,019
Intergovernmental	14,688,853	3,699,149	1,140,626	19,528,628
Licenses and Permits	834,818	—	—	834,818
Charges for Services	331,928	—	—	331,928
Fines and Forfeitures	110,172	—	—	110,172
Interest Income	11,227	41,925	13,074	66,226
Miscellaneous	149,227	88,832	145,404	383,463
Total Revenues	18,732,513	3,829,906	2,496,835	25,059,254
Expenditures				
General Government	2,907,193	—	379,470	3,286,663
Public Safety	6,403,299	—	24,206	6,427,505
Public Works	2,009,636	617,610	398,287	3,025,533
Economic Development	741,712	—	52,679	794,391
Employee Retirement	—	—	801,229	801,229
Capital Outlay	—	2,240,616	—	2,240,616
Debt Service				
Principal Retirement	—	585,000	—	585,000
Interest and Fiscal Charges	—	54,603	—	54,603
Total Expenditures	12,061,840	3,497,829	1,655,871	17,215,540
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,670,673	332,077	840,964	7,843,714
Other Financing Sources (Uses)				
Disposal of Capital Assets	51,000	—	—	51,000
Transfers In	207,840	5,838,429	—	6,046,269
Transfers Out	(6,431,665)	—	(2,181)	(6,433,846)
	(6,172,825)	5,838,429	(2,181)	(336,577)
Net Change in Fund Balances	497,848	6,170,506	838,783	7,507,137
Fund Balances - Beginning	4,971,265	14,897,996	5,246,916	25,116,177
Fund Balances - Ending	5,469,113	21,068,502	6,085,699	32,623,314

The notes to the financial statements are an integral part of this statement.

## VILLAGE OF MOKENA, ILLINOIS

### Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds to the Statement of Activities - Governmental Activities - Modified Cash Basis For the Fiscal Year Ended June 30, 2022

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 7,507,137</b>
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital Outlays	1,029,623
Depreciation Expense	(3,208,286)
Disposals - Cost	(372,432)
Disposals - Accumulated Depreciation	372,432

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes the current financial resources of the governmental funds.

Retirement of Debt	585,000
Amortization of Bond Premium	16,026
Amortization of Loss on Refunding	(19,107)

<b>Changes in Net Position of Governmental Activities</b>	<b><u>5,910,393</u></b>
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**VILLAGE OF MOKENA, ILLINOIS****Statement of Net Position - Proprietary Funds - Modified Cash Basis****June 30, 2022**

	Water and Sewerage	Refuse	Nonmajor Municipal Parking Lot	Totals
<b>ASSETS</b>				
Current Assets				
Cash and Investments	\$ 15,106,935	214,234	150,176	15,471,345
Noncurrent Assets				
Capital Assets				
Nondepreciable	9,755,315	—	525,224	10,280,539
Depreciable	37,518,478	3,828	354,865	37,877,171
Accumulated Depreciation	(19,002,000)	(3,351)	(269,371)	(19,274,722)
Total Capital Assets	28,271,793	477	610,718	28,882,988
Total Assets	43,378,728	214,711	760,894	44,354,333
<b>LIABILITIES</b>				
None	—	—	—	—
<b>NET POSITION</b>				
Investment in Capital Assets	28,271,793	477	610,718	28,882,988
Unrestricted	15,106,935	214,234	150,176	15,471,345
Total Net Position	43,378,728	214,711	760,894	44,354,333

The notes to the financial statements are an integral part of this statement.

# VILLAGE OF MOKENA, ILLINOIS

## Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds - Modified Cash Basis For the Fiscal Year Ended June 30, 2022

	Water and Sewerage	Refuse	Nonmajor Municipal Parking Lot	Totals
Operating Revenues				
Charges for Services	\$ 8,012,439	1,636,077	131,061	9,779,577
Water Meter Installation	23,860	—	—	23,860
Inspection Fees	10,620	—	—	10,620
Other	98,126	—	—	98,126
Total Operating Revenues	8,145,045	1,636,077	131,061	9,912,183
Operating Expenses				
Operations				
Personnel Services	1,814,274	—	60,210	1,874,484
Commodities	373,130	—	3,949	377,079
Contractual Services	4,136,308	1,572,384	40,436	5,749,128
Capital Outlay	78,000	—	—	78,000
Depreciation	750,746	383	18,395	769,524
Total Operating Expenses	7,152,458	1,572,767	122,990	8,848,215
Operating Income	992,587	63,310	8,071	1,063,968
Nonoperating Revenues				
Interest Income	40,055	337	214	40,606
Other Income	53,881	5,160	2,000	61,041
	93,936	5,497	2,214	101,647
Income Before Grants and Transfers	1,086,523	68,807	10,285	1,165,615
Capital Grants	495,080	—	—	495,080
Transfers In	1,371,665	—	—	1,371,665
Transfers Out	(939,099)	(44,989)	—	(984,088)
	927,646	(44,989)	—	882,657
Change in Net Position	2,014,169	23,818	10,285	2,048,272
Net Position - Beginning	41,364,559	190,893	750,609	42,306,061
Net Position - Ending	43,378,728	214,711	760,894	44,354,333

The notes to the financial statements are an integral part of this statement.

# VILLAGE OF MOKENA, ILLINOIS

## Statement of Cash Flows - Proprietary Funds - Modified Cash Basis For the Fiscal Year Ended June 30, 2022

	Water and Sewerage	Refuse	Nonmajor Municipal Parking Lot	Totals
Cash Flows from Operating Activities				
Receipts from Customers and Users	\$ 8,198,926	1,641,237	133,061	9,973,224
Payments to Employees	(1,814,274)	—	(60,210)	(1,874,484)
Payments to Suppliers	(4,587,438)	(1,572,384)	(44,385)	(6,204,207)
	1,797,214	68,853	28,466	1,894,533
Cash Flows from Capital and Related Financing Activities				
Purchase of Capital Assets	(8,014,161)	—	—	(8,014,161)
Disposal of Capital Assets	5,845	—	—	5,845
Capital Grant	495,080	—	—	495,080
	(7,513,236)	—	—	(7,513,236)
Cash Flows from Noncapital Financing Activities				
Transfers In	1,371,665	—	—	1,371,665
Transfers Out	(939,099)	(44,989)	—	(984,088)
	432,566	(44,989)	—	387,577
Cash Flows from Investing Activities				
Interest Income	40,055	337	214	40,606
Net Change in Cash and Cash Equivalents	(5,243,401)	24,201	28,680	(5,190,520)
Cash and Cash Equivalents - Beginning	20,350,336	190,033	121,496	20,661,865
Cash and Cash Equivalents - Ending	15,106,935	214,234	150,176	15,471,345
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating Income	992,587	63,310	8,071	1,063,968
Adjustments to Reconcile Operating Income to Net Income to Net Cash Provided by Operating Activities				
Depreciation Expense	750,746	383	18,395	769,524
Other Income	53,881	5,160	2,000	61,041
Net Cash Provided by Operating Activities	1,797,214	68,853	28,466	1,894,533

The notes to the financial statements are an integral part of this statement.



**VILLAGE OF MOKENA, ILLINOIS**

**Statement of Fiduciary Net Position - Modified Cash Basis**  
**June 30, 2022**

	<u>Pension Trust</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 910,682
Investments	
U.S. Treasury Securities	1,456,295
U.S Agency Securities	8,019,700
Corporate Bonds	2,114,495
Municipal Bonds	2,328,362
Mutual Funds	10,812,251
Exchange Traded Funds	<u>243,857</u>
Total Assets	25,885,642
<b>LIABILITIES</b>	
None	<u>—</u>
<b>NET POSITION</b>	
Net Position Restricted for Pensions	<u><u>25,885,642</u></u>

The notes to the financial statements are an integral part of this statement.

## VILLAGE OF MOKENA, ILLINOIS

### Statement of Changes in Fiduciary Net Position - Modified Cash Basis For the Fiscal Year Ended June 30, 2022

	Pension Trusts
Additions	
Contributions - Employer	\$ 1,091,060
Contributions - Plan Members	294,757
Total Contributions	<u>1,385,817</u>
Investment Income	
Interest Earned	479,153
Net Change in Fair Value	(4,084,833)
	<u>(3,605,680)</u>
Less Investment Expenses	(87,826)
Net Investment Income	<u>(3,693,506)</u>
Total Additions	<u>(2,307,689)</u>
Deductions	
Administration	30,773
Benefits and Refunds	919,388
Total Deductions	<u>950,161</u>
Change in Fiduciary Net Position	(3,257,850)
Net Position Restricted for Pensions	
Beginning	<u>29,143,492</u>
Ending	<u><u>25,885,642</u></u>

The notes to the financial statements are an integral part of this statement.

# **VILLAGE OF MOKENA, ILLINOIS**

## **Notes to the Financial Statements**

**June 30, 2022**

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Village of Mokena, Illinois (the Village), 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. The basic financial statements of the Village have been presented on a modified cash basis of accounting. The modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The more significant of the Village's accounting policies are described below.

#### **REPORTING ENTITY**

The Village's financial reporting entity comprises the following:

Primary Government:	Village of Mokena
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In determining the financial reporting entity, the Village complies with the provisions of GASB Statement No. 61, "The Financial Reporting Omnibus - an Amendment of GASB Statements No. 14 and No. 34," and includes all component units that have a significant operational or financial relationship with the Village. Based upon the criteria set forth in the GASB Statement No. 61, there are no component units included in the reporting entity.

#### **Police Pension Employees Retirement System**

The Village's sworn police employees participate in the Police Pension Employees Retirement System (PPERS). PPERS functions for the benefit of these employees and is governed by a five-member pension board. The pension board is comprised of two members elected from active participants of the fund, one elected pension beneficiary of the fund and two members appointed by the Village Mayor, with the advice and consent of the Board of Trustees. The participants are required to contribute a percentage of salary as established by Illinois statute and the Village is obligated to fund all remaining PPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the Village is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it is legally separate from the Village, the PPERS is reported as if it were part of the primary government because its sole purpose is to provide retirement benefits for the Village's police employees. The PPERS is reported as a fiduciary fund, and specifically a pension trust fund, due to the fiduciary responsibility exercised over the PPERS.

#### **BASIS OF PRESENTATION**

##### **Government-Wide Statements**

The Village's basic financial statements include both government-wide (reporting the Village as a whole) and fund financial statements (reporting the Village's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Village's general government, public safety, public works, economic development, and employee retirement are classified as governmental activities. The Village's water and sewerage, refuse, and municipal parking lot services are classified as business-type activities.

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

# VILLAGE OF MOKENA, ILLINOIS

## Notes to the Financial Statements

June 30, 2022

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### BASIS OF PRESENTATION - Continued

##### Government-Wide Statements - Continued

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

The net costs (by function or business-type activity) are normally covered by general revenue (property tax, home rule sales tax, intergovernmental revenues, interest income, etc.).

The Village does not allocate indirect costs. An administrative service fee is charged by the General Fund to the other operating funds that is eliminated like a reimbursement (reducing the revenue and expense in the General Fund) to recover the direct costs of General Fund services provided (finance, personnel, purchasing, legal, technology management, etc.).

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/deferred outflows, liabilities/deferred inflows, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories.

GASB Statement No. 34 sets forth minimum criteria (percentage of the assets/deferred outflows, liabilities/deferred inflows, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Village electively added funds, as major funds, which either had debt outstanding or specific community focus. The nonmajor funds are combined in a column in the fund financial statements. A fund is considered major if it is a primary operating fund of the Village or meets the following criteria:

Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and

Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

# VILLAGE OF MOKENA, ILLINOIS

## Notes to the Financial Statements

June 30, 2022

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### BASIS OF PRESENTATION - Continued

##### Fund Financial Statements - Continued

The various funds are reported by generic classification within the financial statements. The following fund types are used by the Village:

##### 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. The following is a description of the governmental funds of the Village:

*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. The General Fund is a major fund.

*Special Revenue Funds* are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Village maintains seven nonmajor special revenue funds.

*Capital Projects Funds* are used to account for all financial resources used for the acquisition or construction of major capital facilities, equipment, and capital asset replacement (other than those financed by business-type/proprietary funds). The Capital Improvement, Repair, and Replacement Fund, a major 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.

##### Proprietary Funds

The focus of proprietary fund measurement is upon 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 following is a description of the proprietary funds of the Village.

*Enterprise Funds* are required to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The Village maintains two major enterprise funds. The Water and Sewerage Fund is used to account for the provision of water and wastewater services to the residents of the Village. The Refuse Fund is used to account for waste pick-up service in the Village. Additionally, the Village maintains one nonmajor enterprise fund.

##### Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or custodial 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.

# VILLAGE OF MOKENA, ILLINOIS

## Notes to the Financial Statements

June 30, 2022

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### BASIS OF PRESENTATION - Continued

##### Fiduciary Funds - Continued

*Pension Trust Funds* are used to account for assets held in a trustee capacity for pension benefit payments. The Police Pension Fund accounts for the accumulation of resources to pay retirement and other related benefits for sworn members of the Village's police force.

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

#### MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

##### Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting as defined below. In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate.

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

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

# **VILLAGE OF MOKENA, ILLINOIS**

## **Notes to the Financial Statements**

**June 30, 2022**

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

#### **MEASUREMENT FOCUS AND BASIS OF ACCOUNTING - Continued**

##### **Basis of Accounting**

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the modified cash basis of accounting. This basis recognized revenue when cash is received and expenditures are recorded when payment is made. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. These financial statements are modified from the cash basis method because the Village records capital assets, depreciation, and long-term debt.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Village's enterprise funds are charges to customers for sales and services. The Village also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

#### **ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY**

##### **Cash and Investments**

Cash and cash equivalents on the Statement of Net Position are considered to be cash on hand, demand deposits, and cash with fiscal agent. For the purpose of the proprietary funds "Statement of Cash Flows," cash and cash equivalents are considered to be cash on hand, demand deposits, cash with fiscal agent, and all highly liquid investments with an original maturity of three months or less.

Investments are generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, 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.

##### **Restricted Cash and Investments**

Certain proceeds of bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by bond covenants.

##### **Deferred Outflows/Inflows of Resources**

Deferred outflow/inflow of resources represents a consumption/acquisition of net assets that applies to a future period and therefore will not be recognized as an outflow of resources (expense)/inflow of resources (revenue) until that future time.

# VILLAGE OF MOKENA, ILLINOIS

## Notes to the Financial Statements

June 30, 2022

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY - Continued

##### Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more, depending on asset class, are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. 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.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the Village as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. Infrastructure such as streets, traffic signals and signs are capitalized. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets are the same as those used for the general capital assets. Donated capital assets are capitalized at estimated acquisition value on the date donated.

Depreciation on all assets is computed and recorded using the straight-line method of depreciation over the following estimated useful lives:

Buildings and Improvements	7 - 50 Years
Machinery and Equipment	5 - 25 Years
Infrastructure	5 - 50 Years
Transportation Equipment	5 - 10 Years

##### Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses at the time of issuance.

In the fund financial statements, governmental fund types 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 received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.



## VILLAGE OF MOKENA, ILLINOIS

### Notes to the Financial Statements

June 30, 2022

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#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

##### ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY - Continued

###### Net Position

In the government-wide financial statements, equity is classified as net position and displayed in three components:

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

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

Unrestricted - All other net position balances that do not meet the definition of “restricted” or “net investment in capital assets.”

#### NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

##### BUDGETARY INFORMATION

Annual budgets are adopted on the modified cash basis of accounting, which is consistent with the basis of accounting utilized by the Village’s funds. The original budget was amended on June 27, 2022.

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

- The Village Administrator submits to the Village Board of Trustees a proposed operating budget for the fiscal year commencing the following July 1st.
- Public budget hearings are conducted to obtain taxpayer comments.
- 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.
- 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.
- 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.

## VILLAGE OF MOKENA, ILLINOIS

### Notes to the Financial Statements

June 30, 2022

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#### NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - Continued

##### EXCESS OF ACTUAL EXPENSES OVER BUDGET IN AN INDIVIDUAL FUND

The following fund had an excess of actual expenses over budget for the fiscal year:

Fund	Excess
Police Pension	\$ 52,339

#### NOTE 3 - DETAIL NOTES ON ALL FUNDS

##### DEPOSITS AND INVESTMENTS

The Village maintains a cash and investment pool that is available for use by all funds except the pension trust fund. Each fund type's portion of this pool is displayed on the financial statements as "cash and investments." In addition, investments are separately held by several of the Village's funds. The deposits and investments of the pension trust fund are held separately from those of other funds.

Permitted Deposits and Investments - Illinois Statutes authorizes the Village to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, obligations of States and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and Illinois Funds.

The deposits and investments of the Pension Fund are held separately from those of other Village funds. Illinois Statutes authorizes the Pension Fund to make deposits/invest in interest bearing direct obligations of the United States of America; obligations that are fully guaranteed or insured as to the payment of principal and interest by the United States of America; bonds, notes, debentures, or similar obligations of agencies of the United States of America; savings accounts or certificates of deposit issued by banks or savings and loan associations chartered by the United States of America or by the State of Illinois, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; credit unions, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; State of Illinois bonds; pooled accounts managed by the Illinois Funds Market Fund (Formerly known as IPTIP, Illinois Public Treasurer's Investment Pool), or by banks, their subsidiaries or holding companies, in accordance with the laws of the State of Illinois; bonds or tax anticipation warrants of any county, township, or municipal corporation of the State of Illinois; direct obligations of the State of Israel; money market mutual funds managed by investment companies that are registered under the Federal Investment Company Act of 1940 and the Illinois Securities Law of 1953 and are diversified, open-ended management investment companies, provided the portfolio is limited to specified restrictions; general accounts of life insurance companies; and separate accounts of life insurance companies and mutual funds, the mutual funds must meet specific restrictions, provided the investment in separate accounts and mutual funds does not exceed ten percent of the Pension Fund's plan net position; and corporate bonds managed through an investment advisor, rated as investment grade by one of the two largest rating services at the time of purchase.

Pension Funds with plan net position of \$2.5 million or more may invest up to forty-five percent of plan net position in separate accounts of life insurance companies and mutual funds. Pension Funds with plan net position of at least \$5 million that have appointed an investment advisor, may through that investment advisor invest up to forty-five percent of the plan net position in common and preferred stocks that meet specific restrictions. In addition, Pension Funds with plan net position of at least \$10 million that have appointed an investment advisor, may invest up to fifty percent of its net position in common and preferred stocks and mutual funds that meet specific restrictions effective July 1, 2011 and up to fifty-five percent effective July 1, 2012.

## VILLAGE OF MOKENA, ILLINOIS

### Notes to the Financial Statements

June 30, 2022

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#### NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

##### DEPOSITS AND INVESTMENTS - Continued

Illinois Funds is an investment pool managed by the Illinois Public Treasurer's Office which allows governments within the State to pool their funds for investment purposes. The Illinois Funds is not registered with the SEC as an investment company. Investments in Illinois Funds are in 2a7-like investment pools that are measured at the net asset value per share determined by the pool.

##### **Village - Interest Rate Risk, Credit Risk, Custodial Credit Risk, and Concentration of Credit Risk**

*Deposits.* At year-end, the carrying amount of the Village's deposits for governmental and business-type totaled \$19,566,141 and the bank balances totaled \$20,009,977. In addition, the Village has \$28,528,518 invested in the Illinois Funds, which have an average maturity of less than one year and are measured at net asset value per share as determined by the pool.

*Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Village's investment policy addresses interest rate risk by structuring the investment portfolio so that the securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. The policy also suggests investing operating funds primarily in shorter-term securities, money markets, or similar investment pools.

*Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Village's investment policy addresses credit risk by limiting investments to the safest types of securities and diversifying the investment portfolio so that potential losses on individual securities will be minimized. At year-end, the Village's investments in Illinois Funds were rated AAmmf by Fitch Ratings, Inc.

*Custodial Credit Risk.* In the case of deposits, this is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village's investment policy requires that funds on deposit in excess of FDIC limits be secured by some form of collateral and a depository collateral pledge must be executed between the Village and the financial institution. At year-end, the entire amount of the bank balance of deposits was covered by collateral, federal depository or equivalent insurance.

For an investment, this is the risk that in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Village does not have an investment policy which specifically addresses custodial credit risk for investments. As of June 30, 2022, the Village's investments were not subject to custodial credit risk.

*Concentration of Credit Risk.* This is the risk of loss attributed to the magnitude of the Village's investment in a single issuer. The Village's investment policy does not allow for an investment in any one issuer that is in excess of 5 percent of the Village's total investments. The Village's policy requires diversification of investments to avoid unreasonable risk. At year-end, the Village does not have any investments over 5 percent of cash and investments (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

# VILLAGE OF MOKENA, ILLINOIS

## Notes to the Financial Statements

June 30, 2022

### NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

#### DEPOSITS AND INVESTMENTS - Continued

#### Police Pension Fund - Interest Rate Risk, Credit Risk, Custodial Credit Risk, and Concentration of Credit Risk

*Deposits.* At year-end, the carrying amount of the Fund's deposits totaled \$910,682 and the bank balances totaled \$910,721.

*Investments.* The following table presents the investments and maturities of the Fund's debt securities as of June 30, 2022:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
U.S. Treasury Securities	\$ 1,456,295	74,852	1,053,288	328,155	—
U.S. Agency Securities	8,019,700	598,343	3,035,324	4,386,033	—
Corporate Bonds	2,114,495	—	1,206,592	907,903	—
Municipal Bonds	2,328,362	169,214	1,253,611	905,537	—
Totals	13,918,852	842,409	6,548,815	6,527,628	—

The Fund has the following recurring fair value measurements as of June 30, 2022:

Investments by Fair Value Level	Totals	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
U.S. Treasury Securities	\$ 1,456,295	1,456,295	—	—
U.S. Agency Securities	8,019,700	—	8,019,700	—
Corporate Bonds	2,114,495	—	2,114,495	—
Municipal Bonds	2,328,362	—	2,328,362	—
Equity Securities				
Mutual Funds	10,812,251	10,812,251	—	—
Exchange Traded Funds	243,857	243,857	—	—
Total Investments Measured at Fair Value	24,974,960	12,512,403	12,462,557	—

Debt Securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

## VILLAGE OF MOKENA, ILLINOIS

### Notes to the Financial Statements

June 30, 2022

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#### NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

##### DEPOSITS AND INVESTMENTS - Continued

##### Police Pension Fund - Interest Rate Risk, Credit Risk, Custodial Credit Risk, and Concentration of Credit Risk - Continued

*Interest Rate Risk.* In accordance with the Fund's investment policy, the Fund limits its exposure to interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.

*Credit Risk.* The Fund helps limit its exposure to credit risk by primarily investing in any types of securities permitted by Illinois law, as described in Chapter 40 of the Illinois Compiled Statutes, 40 ILCS 5/1-113.2 through 113.4a. At year-end, the Fund's investments in U.S. agency securities are rated AA+, corporate bonds are rated AAA to A, and municipal bonds are rated AA+ to AA. All of the listed investments are rated by Standard & Poor's.

*Custodial Credit Risk.* The Fund's investment policy does not specifically address custodial credit risk for deposits. At year-end, the entire amount of the bank balance of deposits was covered by collateral, federal depository or equivalent insurance.

For investments, the Fund's investment policy does not specifically address custodial credit risk for investments. As of June 30, 2022, the Fund's investments were not subject to custodial credit risk.

*Concentration of Credit Risk.* The Fund minimizes concentration risk by diversifying the investment portfolio and must disclose investments in any one issuer that represents 5% or more of total plan net position. In addition to the securities and fair values listed above, the Fund also has \$10,812,251 invested in mutual funds and \$243,857 in exchange traded funds. At year-end, the Fund does not have any investments over 5 percent of plan net position (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments). The Fund's investment policy in accordance with Illinois Compiled Statutes (ILCS) establishes the following target allocation across asset classes:

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	55.0%	0.9%
U.S. Large Cap Equity Funds	31.5%	6.3%
U.S. Small Cap Equity Funds	9.0%	7.9%
International Equity	4.5%	6.8%
Cash and Cash Equivalents	0.0%	0.0%

Illinois Compiled Statutes (ILCS) limit the Fund's investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund.

## VILLAGE OF MOKENA, ILLINOIS

### Notes to the Financial Statements

June 30, 2022

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#### NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

##### DEPOSITS AND INVESTMENTS - Continued

##### Police Pension Fund - Interest Rate Risk, Credit Risk, Custodial Credit Risk, and Concentration of Credit Risk - Continued

*Concentration of Credit Risk - Continued.* The long-term expected rate of return on the Fund's investments was determined using an asset allocation study conducted by the Fund's investment management consultant in June 2022 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 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 the expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of June 30, 2022 are listed in the table above.

##### Police Pension Fund - Rate of Return

For the year ended June 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (12.80%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

##### INTERFUND TRANSFERS

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. Interfund transfers for the year consisted of the following:

Transfer In	Transfer Out	Amount
General	Water and Sewerage	\$ 160,670
General	Refuse	44,989
General	Nonmajor Governmental	2,181
Capital Improvement, Repair, and Replacement	General	5,060,000
Capital Improvement, Repair, and Replacement	Water and Sewerage	778,429
Water and Sewerage	General	<u>1,371,665</u>
		<u><u>7,417,934</u></u>

##### PROPERTY TAXES

Property taxes for 2021 attach as an enforceable lien on January 1, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and are payable in two installments, on or about June 1, and September 1. The County collects such taxes and remits them periodically.

# VILLAGE OF MOKENA, ILLINOIS

## Notes to the Financial Statements

June 30, 2022

### NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

#### CAPITAL ASSETS

##### Governmental Activities

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 47,479,781	—	—	47,479,781
Construction in Progress	—	652,304	—	652,304
	<u>47,479,781</u>	<u>652,304</u>	<u>—</u>	<u>48,132,085</u>
Depreciable Capital Assets				
Buildings and Improvements	3,699,349	—	—	3,699,349
Machinery and Equipment	2,121,883	—	92,077	2,029,806
Infrastructure	109,596,707	—	—	109,596,707
Transportation Equipment	3,470,122	377,319	280,355	3,567,086
	<u>118,888,061</u>	<u>377,319</u>	<u>372,432</u>	<u>118,892,948</u>
Less Accumulated Depreciation				
Buildings and Improvements	1,440,269	81,454	—	1,521,723
Machinery and Equipment	1,481,796	169,004	92,077	1,558,723
Infrastructure	51,487,907	2,682,321	—	54,170,228
Transportation Equipment	2,444,815	275,507	280,355	2,439,967
	<u>56,854,787</u>	<u>3,208,286</u>	<u>372,432</u>	<u>59,690,641</u>
Total Net Depreciable Capital Assets	<u>62,033,274</u>	<u>(2,830,967)</u>	<u>—</u>	<u>59,202,307</u>
Total Net Capital Assets	<u>109,513,055</u>	<u>(2,178,663)</u>	<u>—</u>	<u>107,334,392</u>

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 77,274
Public Safety	244,108
Public Works	<u>2,886,904</u>
	<u>3,208,286</u>

# VILLAGE OF MOKENA, ILLINOIS

## Notes to the Financial Statements

June 30, 2022

### NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

#### CAPITAL ASSETS - Continued

##### Business-Type Activities

Business-type capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 1,934,830	—	—	1,934,830
Construction in Progress	800,444	7,545,265	—	8,345,709
	<u>2,735,274</u>	<u>7,545,265</u>	<u>—</u>	<u>10,280,539</u>
Depreciable Capital Assets				
Buildings and Improvements	14,221,341	—	—	14,221,341
Machinery and Equipment	3,581,555	468,896	129,082	3,921,369
Infrastructure	19,160,340	—	—	19,160,340
Transportation Equipment	746,744	—	172,623	574,121
	<u>37,709,980</u>	<u>468,896</u>	<u>301,705</u>	<u>37,877,171</u>
Less Accumulated Depreciation				
Buildings and Improvements	8,451,227	245,263	—	8,696,490
Machinery and Equipment	2,873,228	75,392	129,082	2,819,538
Infrastructure	6,942,854	391,302	—	7,334,156
Transportation Equipment	533,749	57,567	166,778	424,538
	<u>18,801,058</u>	<u>769,524</u>	<u>295,860</u>	<u>19,274,722</u>
Total Net Depreciable Capital Assets	<u>18,908,922</u>	<u>(300,628)</u>	<u>5,845</u>	<u>18,602,449</u>
Total Net Capital Assets	<u>21,644,196</u>	<u>7,244,637</u>	<u>5,845</u>	<u>28,882,988</u>

Depreciation expense was charged to business-type activities as follows:

Water and Sewerage	\$ 750,746
Refuse	383
Municipal Parking Lot	<u>18,395</u>
	<u>769,524</u>



# VILLAGE OF MOKENA, ILLINOIS

## Notes to the Financial Statements

June 30, 2022

### NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

#### LONG-TERM DEBT

##### General Obligation Bonds

The Village issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the Village. General obligation bonds currently outstanding are as follows:

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
General Obligation Refunding Bonds of 2012, due in annual installments of \$110,000 to \$655,000 plus interest at 1.00% to 2.75% through December 15, 2024.	Capital Improvement, Repair, and Replacement	\$ 2,455,000	—	585,000	1,870,000

##### Long-Term Liabilities Activity

Changes in long-term liabilities during the fiscal year were as follows:

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
Governmental Activities					
General Obligation Bonds	\$ 2,455,000	—	585,000	1,870,000	600,000
Plus: Unamortized Premium	54,080	—	16,026	38,054	16,025
	<u>2,509,080</u>	<u>—</u>	<u>601,026</u>	<u>1,908,054</u>	<u>616,025</u>

For the governmental activities, the general obligation bonds are liquidated by the Capital Improvement, Repair, and Replacement Fund.

# VILLAGE OF MOKENA, ILLINOIS

## Notes to the Financial Statements

June 30, 2022

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### NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

#### LONG-TERM DEBT - Continued

##### Debt Service Requirements to Maturity

The annual debt service requirements to maturity, including principal and interest, are as follows:

Fiscal Year	Governmental Activities	
	General Obligation	
	Bonds	
	Principal	Interest
2023	\$ 600,000	40,887
2024	615,000	25,700
2025	655,000	9,006
Totals	1,870,000	75,593

##### Legal Debt Margin

Chapter 65, Section 5/8-5-1 of the Illinois Compiled Statutes provides, "...no municipality having a population of less than 500,000 shall become indebted in any manner or for any purpose, to an amount, including existing indebtedness in the aggregate exceeding 8.625% on the value of the taxable property therein, to be ascertained by the last assessment for state and county purposes, previous to the incurring of the indebtedness or, until January 1, 1983, if greater, the sum that is produced by multiplying the municipality's 1978 equalized assessed valuation by the debt limitation percentage in effect on January 1, 1979."

Assessed Valuation - 2021	<u>\$ 890,596,891</u>
Legal Debt Limit - 8.625% of Assessed Value	76,813,982
Amount of Debt Applicable to Limit	<u>1,870,000</u>
Legal Debt Margin	<u>74,943,982</u>

### FUND BALANCE CLASSIFICATIONS

In the governmental funds financial statements, the Village considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The Village first utilizes committed, then assigned and then unassigned fund balance when an expenditure is incurred for purposes for which all three unrestricted fund balances are available.

# VILLAGE OF MOKENA, ILLINOIS

## Notes to the Financial Statements

June 30, 2022

### NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

#### FUND BALANCE CLASSIFICATIONS - Continued

The following is a schedule of fund balance classifications for the governmental funds as of June 30, 2022:

		Capital Improvements	Capital Improvement, Repair, and Replacement	Nonmajor	Totals
	General				
Fund Balances					
Restricted					
Economic Development	\$ —	—	368,431	368,431	
Streets	—	—	3,481,449	3,481,449	
Capital Improvements	—	276,195	—	276,195	
Public Safety	102,158	—	67,343	169,501	
Professional Services	—	—	18,038	18,038	
Employee Retirement	—	—	661,714	661,714	
	102,158	276,195	4,596,975	4,975,328	
Assigned					
Streets/Capital Improvements	—	20,792,307	—	20,792,307	
Economic Development	—	—	1,488,724	1,488,724	
	—	20,792,307	1,488,724	22,281,031	
Unassigned	5,366,955	—	—	5,366,955	
Total Fund Balances	5,469,113	21,068,502	6,085,699	32,623,314	

*Nonspendable Fund Balance.* Consists of resources that cannot be spent because they are either: a) not in a spendable form; or b) legally or contractually required to be maintained intact.

*Restricted Fund Balance.* Consists of resources that are restricted to specific purposes, that is, when constraints placed on the use of resources are either: a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

*Committed Fund Balance.* Consists of resources constrained (issuance of an ordinance) to specific purposes by the government itself, using its highest level of decision-making authority, the Board of Trustees; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.

## VILLAGE OF MOKENA, ILLINOIS

### Notes to the Financial Statements

June 30, 2022

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#### NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

##### FUND BALANCE CLASSIFICATIONS - Continued

*Assigned Fund Balance.* Consists of amounts that are constrained by the Board of Trustees' intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by a) the Board of Trustees itself or b) a body or official to which the Board of Trustees has delegated the authority to assign amounts to be used for specific purposes. The Village's highest level of decision-making authority is the Board of Trustees, who is authorized to assign amounts to a specific purpose.

*Unassigned Fund Balance.* Consists of residual net resources of a fund that has not been restricted, committed, or assigned within the General Fund and deficit fund balances of other governmental funds.

##### NET POSITION CLASSIFICATIONS

Net investment in capital assets was comprised of the following as of June 30, 2022:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 107,334,392
Plus: Unamortized Loss on Refunding	45,379
Less Capital Related Debt:	
General Obligation Bonds	(1,870,000)
Unamortized Premium	<u>(38,054)</u>
Net Investment in Capital Assets	<u>105,471,717</u>
Business-Type Activities	
Capital Assets - Net of Accumulated Depreciation	<u>28,882,988</u>

#### NOTE 4 - OTHER INFORMATION

##### CONTINGENT LIABILITIES

###### Litigation

The Village is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Village's attorneys, the resolution of these matters will not have a material adverse effect on the financial condition of the Village.

###### Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Village expects such amounts, if any, to be immaterial.

## **VILLAGE OF MOKENA, ILLINOIS**

### **Notes to the Financial Statements**

**June 30, 2022**

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#### **NOTE 4 - OTHER INFORMATION - Continued**

##### **RISK MANAGEMENT**

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and injuries to the Village's employees. The Village has purchased insurance from private insurance companies. Risks covered included certain types of liabilities and bonds. Premiums have been displayed as expenditures/expenses in appropriate funds. There were no significant changes in insurance coverages from the prior year and settlements did not exceed insurance coverage in any of the past three fiscal years.

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, 2022 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, 2022, the Village also participated in the Southwest Agency for Health Management (SWAHM) which provided health, dental and life insurance to Village employees.

##### **JOINT WATER SYSTEM INTERGOVERNMENTAL AGREEMENT**

On September 21, 1999, the Village entered into an agreement with Village of New Lenox (New Lenox), Illinois to jointly construct a water main extension ("Joint System"). The Village has a one-half interest in the Joint System. The Village and New Lenox operate, repair, and maintain the Joint System. The Village reimburses New Lenox for its proportionate share of the cost of water supplied by Tinley Park to the Joint System, the cost of any water loss of the Joint System, and the Joint System's operation and maintenance costs. The Village's proportionate share is calculated by dividing the Village's actual water use by the sum of the water metered for both New Lenox and the Village and multiplying that percentage by the cost of water supplied by the Village of Tinley Park to the Joint System and the preceding month's actual operations and maintenance costs for the Joint System. This agreement is effective for 40 years from the date of the agreement. During the year ended June 30, 2022, the Village paid New Lenox approximately \$3,188,000 from the Water and Sewerage Fund.

##### **COMMITMENTS**

The Village has entered into an agreement with an engineer and construction contractor for work relating to Phase 1 Wastewater Treatment Plant Improvements. The estimated cost for this project is approximately \$10,230,000 with costs being paid from the Water and Sewerage Fund. Total costs incurred by the Village on this project are approximately \$8,346,000 as of June 30, 2022. The estimated completion date for the project is February 28, 2023.

The Village entered into an agreement with Henry Bros. Construction to construct a new public safety facility. The estimated cost for this project is approximately \$15,994,000 with an estimated completion date of September 30, 2023.

## VILLAGE OF MOKENA, ILLINOIS

### Notes to the Financial Statements

June 30, 2022

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#### NOTE 4 - OTHER INFORMATION - Continued

##### EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS

The Village contributes to two defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system, and the Police Pension Plan, which is a single-employer pension plan. Publicly available financial reports that include financial statements and required supplementary information (RSI) for the Police Pension Plan may be obtained by writing to the Village at 11004 Carpenter Street, Mokena, IL 60448. IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained online at [www.imrf.org](http://www.imrf.org). The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly.

The aggregate amounts that would be recognized under the GAAP basis of accounting for the two pension plans are:

	Pension Expense/ (Revenue)	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
IMRF	\$ (168,131)	306,143	1,292,942	2,754,759
Police Pension	1,341,642	7,838,220	4,399,090	1,375,537
	1,173,511	8,144,363	5,692,032	4,130,296

##### Illinois Municipal Retirement Fund (IMRF)

###### Plan Descriptions

*Plan Administration.* All employees (other than those covered by the Police and Firefighters' Pension Plan) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

*Benefits Provided.* IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

IMRF provides two tiers of pension benefits. Employees hired *before* January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

# VILLAGE OF MOKENA, ILLINOIS

## Notes to the Financial Statements

June 30, 2022

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### NOTE 4 - OTHER INFORMATION - Continued

#### EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

##### Illinois Municipal Retirement Fund (IMRF) - Continued

##### Plan Descriptions - Continued

*Benefits Provided - Continued.* Employees hired **on or after** January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

*Plan Membership.* As of December 31, 2021, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	56
Inactive Plan Members Entitled to but not yet Receiving Benefits	43
Active Plan Members	<u>46</u>
Total	<u><u>145</u></u>

*Contributions.* As set by statute, the Village's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. For the year-ended June 30, 2022, the Village's contribution was 13.75% of covered payroll.

*Net Pension Liability.* The Village's net pension liability was measured as of December 31, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

## VILLAGE OF MOKENA, ILLINOIS

### Notes to the Financial Statements

June 30, 2022

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#### NOTE 4 - OTHER INFORMATION - Continued

##### EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

##### Illinois Municipal Retirement Fund (IMRF) - Continued

##### Plan Descriptions - Continued

*Actuarial Assumptions.* The total pension liability was determined by an actuarial valuation performed, as of December 31, 2021, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value
Actuarial Assumptions	
Interest Rate	7.25%
Salary Increases	2.85% to 13.75%
Cost of Living Adjustments	3.25%
Inflation	2.25%

For nondisabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

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



## VILLAGE OF MOKENA, ILLINOIS

### Notes to the Financial Statements

June 30, 2022

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#### NOTE 4 - OTHER INFORMATION - Continued

#### EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

#### Illinois Municipal Retirement Fund (IMRF) - Continued

#### Plan Descriptions - Continued

*Actuarial Assumptions - Continued.*

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	25.00%	(0.60%)
Domestic Equities	39.00%	1.90%
International Equities	15.00%	3.15%
Real Estate	10.00%	3.30%
Blended	10.00%	1.70% - 5.50%
Cash and Cash Equivalents	1.00%	(0.90%)

#### Discount Rate

The discount rate used to measure the total pension liability was 7.25%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that Village contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all project 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 net pension liability/(asset) of the Village calculated using the discount rate as well as what the Village's net pension liability/(asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.25%)	Current Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability/(Asset)	\$ 3,521,205	306,143	(2,316,529)

**VILLAGE OF MOKENA, ILLINOIS****Notes to the Financial Statements****June 30, 2022****NOTE 4 - OTHER INFORMATION - Continued****EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued****Illinois Municipal Retirement Fund (IMRF) - Continued****Changes in the Net Pension Liability**

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2020	\$ 23,238,788	21,734,004	1,504,784
Changes for the Year:			
Service Cost	333,149	—	333,149
Interest on the Total Pension Liability	1,657,928	—	1,657,928
Difference Between Expected and Actual Experience of the Total Pension Liability	1,118,610	—	1,118,610
Changes of Assumptions	—	—	—
Contributions - Employer	—	520,828	(520,828)
Contributions - Employees	—	161,698	(161,698)
Net Investment Income	—	3,609,910	(3,609,910)
Benefit Payments, Including Refunds of Employee Contributions	(1,074,791)	(1,074,791)	—
Other (Net Transfer)	—	15,892	(15,892)
Net Changes	2,034,896	3,233,537	(1,198,641)
Balances at December 31, 2021	25,273,684	24,967,541	306,143

# VILLAGE OF MOKENA, ILLINOIS

## Notes to the Financial Statements

June 30, 2022

### NOTE 4 - OTHER INFORMATION - Continued

#### EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

##### Illinois Municipal Retirement Fund (IMRF) - Continued

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

For the year ended June 30, 2022, the Village recognized pension expense of \$501,218 on a cash basis. At June 30, 2022 the Village would have reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources under the GAAP basis of accounting:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 1,066,991	—	1,066,991
Change in Assumptions	—	(66,885)	(66,885)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	—	(2,687,874)	(2,687,874)
	1,066,991	(2,754,759)	(1,687,768)
Pension Contributions Made Subsequent to the Measurement Date	225,951	—	225,951
Total Deferred Amounts Related to IMRF	1,292,942	(2,754,759)	(1,461,817)

\$225,951 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date and would be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2023, under the GAAP basis of accounting. Amounts that would be reported under the GAAP basis of accounting as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense in future periods as follows:

Calendar Year	Net Deferred (Inflows) of Resources
2022	\$ (118,594)
2023	(622,046)
2024	(537,562)
2025	(409,566)
2026	—
Thereafter	—
Totals	(1,687,768)

# VILLAGE OF MOKENA, ILLINOIS

## Notes to the Financial Statements

June 30, 2022

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### NOTE 4 - OTHER INFORMATION - Continued

#### EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

##### Police Pension Plan

###### Plan Descriptions

*Plan Administration.* The Police Pension Plan is a single-employer defined benefit pension plan that covers all sworn police personnel. The defined benefits and employee and minimum employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The Village accounts for the Fund as a pension trust fund. The Fund is governed by a five-member pension board. Two members of the Board are appointed by the Village Mayor, one member is elected by pension beneficiaries and two members are elected by active police employees.

*Plan Membership.* At June 30, 2022, the measurement date, membership consisted of the following:

Inactive Plan Members Currently Receiving Benefits	9
Inactive Plan Members Entitled to but not yet Receiving Benefits	2
Active Plan Members	<u>31</u>
Total	<u><u>42</u></u>

*Benefits Provided.* The following is a summary of the Police Pension Plan as provided for in Illinois State Statutes.

The Police Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Covered employees hired before January 1, 2011 (Tier 1), attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit of  $\frac{1}{2}$  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 percent of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75 percent of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a 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 percent of the original pension and 3 percent compounded annually thereafter.

## VILLAGE OF MOKENA, ILLINOIS

### Notes to the Financial Statements

June 30, 2022

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#### NOTE 4 - OTHER INFORMATION - Continued

##### EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

##### Police Pension Plan - Continued

##### Plan Descriptions - Continued

*Benefits Provided - Continued.* Covered employees hired on or after January 1, 2011 (Tier 2), 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 48 consecutive months of service within the last 60 months of service in which the total salary was the highest by the number of months of service in that period. Police officer salary for the pension purposes is capped at \$106,800, plus the lesser of  $\frac{1}{2}$  of the annual change in the Consumer Price Index or 3 percent compounded. The annual benefit shall be increased by 2.5 percent of such a salary for each additional year of service over 20 years up to 30 years to a maximum of 75 percent of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e.,  $\frac{1}{2}$  percent for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1<sup>st</sup> 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 percent of  $\frac{1}{2}$  of the change in the Consumer Price Index for the proceeding calendar year.

*Contributions.* Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the Village to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the year-ended June 30, 2022, the Village's contribution was 36.68% of covered payroll.

*Concentrations.* At year end, the Pension Plan does not have any investments over 5 percent of net plan position available for retirement benefits (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

## VILLAGE OF MOKENA, ILLINOIS

### Notes to the Financial Statements

June 30, 2022

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#### NOTE 4 - OTHER INFORMATION - Continued

##### EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

###### Police Pension Plan - Continued

###### Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of June 30, 2022, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value
Actuarial Assumptions	
Interest Rate	6.50%
Salary Increases	3.00%
Cost of Living Adjustments	2.25%
Inflation	2.25%

Mortality rates were based on the Sex Distinct Raw Rates as developed in the PubS-2010(A) Study. Mortality improvement uses MP-2019 Improvement Rates applied on a fully generational basis.

###### Discount Rate

The discount rate used to measure the total pension liability was 6.50%, compared to last year's discount rate of 6.50%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that Village contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

###### Discount Rate Sensitivity

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the Village calculated using the discount rate as well as what the Village's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Net Pension Liability	\$ 13,475,570	7,838,220	3,288,594

**VILLAGE OF MOKENA, ILLINOIS**

**Notes to the Financial Statements**

**June 30, 2022**

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**NOTE 4 - OTHER INFORMATION - Continued**

**EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued**

**Police Pension Plan - Continued**

**Changes in the Net Pension Liability**

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at June 30, 2021	\$ 33,145,905	29,143,492	4,002,413
Changes for the Year:			
Service Cost	789,144	—	789,144
Interest on the Total Pension Liability	2,036,604	—	2,036,604
Changes of Benefit Terms	—	—	—
Difference Between Expected and Actual Experience of the Total Pension Liability	(1,328,403)	—	(1,328,403)
Changes of Assumptions	—	—	—
Contributions - Employer	—	1,091,060	(1,091,060)
Contributions - Employees	—	294,757	(294,757)
Net Investment Income	—	(3,693,506)	3,693,506
Benefit Payments, Including Refunds of Employee Contributions	(919,388)	(919,388)	—
Other (Net Transfer)	—	(30,773)	30,773
Net Changes	577,957	(3,257,850)	3,835,807
Balances at June 30, 2022	33,723,862	25,885,642	7,838,220

# VILLAGE OF MOKENA, ILLINOIS

## Notes to the Financial Statements

June 30, 2022

### NOTE 4 - OTHER INFORMATION - Continued

#### EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

##### Police Pension Plan - Continued

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

For the year ended June 30, 2022, the Village recognized pension expense of \$1,091,060 on a cash basis. At June 30, 2022 the Village would have reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources under the GAAP basis of accounting:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 597,843	(1,248,693)	(650,850)
Change in Assumptions	934,704	(126,844)	807,860
Net Difference Between Projected and Actual			
Earnings on Pension Plan Investments	2,866,543	—	2,866,543
Total Deferred Amounts Related to Police Pension	4,399,090	(1,375,537)	3,023,553

Amounts that would be reported under the GAAP basis of accounting as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred Outflows/ (Inflows) of Resources
2023	\$ 662,722
2024	663,184
2025	657,837
2026	1,154,232
2027	25,007
Thereafter	(139,429)
Total	3,023,553



# VILLAGE OF MOKENA, ILLINOIS

## Notes to the Financial Statements

June 30, 2022

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### NOTE 4 - OTHER INFORMATION - Continued

#### OTHER POST-EMPLOYMENT BENEFITS

##### General Information about the OPEB Plan

*Plan Description.* The Village's defined benefit OPEB plan, Retiree Benefits Plan (RBP), provides OPEB for all permanent full-time general and public safety employees of the Village. RBP is a single-employer defined benefit OPEB plan administered by the Village. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the Village Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

*Benefits Provided.* The Village provides continued health and dental insurance coverage at the blended employee rate to all eligible retirees in accordance with ILCS, which creates an explicit and implicit subsidy of retiree health insurance. To be eligible for benefits, an employee must qualify for retirement under the Villages's retirement plan. Upon a retiree Medicare eligible, Medicare becomes the primary insurer and the retiree is no longer eligible to participate in the plan but can purchase a Medicare supplement plan from the Village's insurance provider.

*Plan Membership.* As of June 30, 2022, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	7
Inactive Plan Members Entitled to but not yet Receiving Benefits	—
Active Plan Members	<u>71</u>
Total	<u><u>78</u></u>

##### Total OPEB Liability

The Village's total OPEB liability was measured as of June 30, 2022, and was determined by an actuarial valuation as of June 30, 2022.

*Actuarial Assumptions and Other Inputs.* The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary Increases	2.75%
Discount Rate	3.54%
Healthcare Cost Trend Rates	Starting at 7.00% for HMO and 7.30% for PPO with an ultimate rates of 5.00% for 2032 and later.
Retirees' Share of Benefit-Related Costs	100% of the Blended Cost of Coverage

The discount rate was based on the Bond Buyer 20-Bond G.O. Index.

Mortality rates were based on PubG-2010(B) Improved Generationally using MP-2020 Improvement Rates, weighted per IMRF Experience Study dated December 14, 2020.

# VILLAGE OF MOKENA, ILLINOIS

## Notes to the Financial Statements

June 30, 2022

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### NOTE 4 - OTHER INFORMATION - Continued

#### OTHER POST-EMPLOYMENT BENEFITS - Continued

##### Change in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2021	<u>\$ 2,827,905</u>
Changes for the Year:	
Service Cost	53,060
Interest on the Total OPEB Liability	60,007
Difference Between Expected and Actual Experience	197,174
Changes of Assumptions or Other Inputs	(545,085)
Benefit Payments	<u>(99,639)</u>
Net Changes	<u>(334,483)</u>
Balance at June 30, 2022	<u><u>2,493,422</u></u>

##### Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The discount rate used to measure the total pension liability was 3.54%, while the prior valuation used 2.16%. The following presents the total OPEB liability, calculated using the discount rate, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher:

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB Liability	\$ 2,845,738	2,493,422	2,206,501

## VILLAGE OF MOKENA, ILLINOIS

### Notes to the Financial Statements

June 30, 2022

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#### NOTE 4 - OTHER INFORMATION - Continued

##### OTHER POST-EMPLOYMENT BENEFITS - Continued

##### Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability, calculated using a variable Healthcare Trend Rate, as well as what the total OPEB liability would be if it were calculated using a Healthcare Trend Rate that is one percentage point lower or one percentage point higher:

		1% Decrease (Varies)	Healthcare Cost Trend Rates (Varies)	1% Increase (Varies)
Total OPEB Liability	\$	2,191,332	2,493,422	1,861,540

##### OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2022, the Village recognized OPEB expense of \$99,639 on a cash basis. Per GASB Statement No. 75, under the Alternative Measurement Method, changes in Total OPEB Liability are immediately recognized as expense, resulting in no deferred outflows of resources or deferred inflows of resources related to OPEB.

##### SUBSEQUENT EVENTS

###### American Rescue Plan Act

On March 11, 2021, the American Rescue Plan Act of 2021 was signed into law. This act provides \$350 billion in funding for local governments. The Village has been allocated \$2,743,330 to be received in two installments. On October 6, 2021 the Village received their first installment of \$1,371,665. On September 21, 2022 the Village received their second installment.

###### Debt Issuance

On August 3, 2022, the Village issued a \$4,750,000 General Obligation Promissory Note due in annual installments of \$535,000 to \$660,000, plus interest at 2.71% to 3.33% through July 30, 2030.

###### Construction Contract

In August 2022, the Village approved a contract with Austin Tyler Construction for street improvements and maintenance. The total contract price is \$1,582,173 and the project is estimated to be completed in December 2022.

## **OTHER SUPPLEMENTARY INFORMATION**

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Schedule Employer Contributions  
    Illinois Municipal Retirement Fund  
    Police Pension Fund
- Schedule of Changes in the Employer's Net Pension Liability  
    Illinois Municipal Retirement Fund  
    Police Pension Fund
- Schedule of Investment Returns  
    Police Pension Fund
- Schedule of Changes in the Employer's Total OPEB Liability  
    Retiree Benefit Plan
- Budgetary Comparison Schedules - Major Governmental Funds
- Combining Statements - Nonmajor Governmental - Special Revenue Funds
- Budgetary Comparison Schedules - Nonmajor Governmental - Special Revenue Funds
- Budgetary Comparison Schedule - Water and Sewerage - Enterprise Fund
- Combining Statements - Water and Sewerage Sub-Funds
- Budgetary Comparison Schedules - Water and Sewerage Sub-Funds
- Budgetary Comparison Schedules - Enterprise Funds
- Budgetary Comparison Schedules - Pension Trust Funds
- Consolidated Year-End Financial Report

## **INDIVIDUAL FUND DESCRIPTIONS**

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### **GENERAL FUND**

The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

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### **SPECIAL REVENUE FUNDS**

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than fiduciary funds or capital projects funds) that are legally restricted to expenditure for specified purposes.

#### **Municipal Audit**

The Municipal Audit Fund is used to account for the expenses related to the Village's annual audit. Financing is provided by a specific annual tax levy.

#### **School Crossing Guard**

The School Crossing Guard Fund provides services for the critical task to safeguard the Village's children who walk to school while school is in session.

#### **Motor Fuel Tax**

The Motor Fuel Tax Fund is used to account for motor fuel tax allocations from the State of Illinois and expenditures related to the Village's annual road rehabilitation and construction program.

#### **IMRF/FICA**

The IMRF/FICA Fund is used to account for the Village's participation in the Illinois Municipal Retirement Fund and the Village's portion of Social Security and Medicare paid on behalf of its employees. Financing is provided by a specific annual property tax levy.

#### **Special Tax Allocation**

The Special Tax Allocation Fund is used to account for all TIF Development and financing activities for the Mokena Downtown area.

#### **Performance Bond**

The Performance Bond Fund ensures developers, ownerships, or business owners fulfill their performance objectives. Deposits are collected for specific types of projects (i.e. landscape, driveway, sidewalks, etc.). If the work isn't completed to the Village's standards, this deposit is used to complete the project. After the project has been completed to Village's standards, the deposit is returned to the contractor.

#### **Tourism**

The Tourism Fund is used to account for the promotion of tourism, beautification, and business enhancement activities within the Village.

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## **INDIVIDUAL FUND DESCRIPTIONS - Continued**

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### **CAPITAL PROJECTS FUND**

#### **Capital Improvement, Repair, and Replacement Fund**

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

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### **ENTERPRISE FUNDS**

The Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where it has been decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purpose.

#### **Water and Sewerage Fund**

The Water and Sewerage Fund is used to account 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 is used to account for waste pick-up service in the Village.

#### **Municipal Parking Lot Fund**

The Municipal Parking Lot Fund is used to account for the operations of four commuter parking lots.

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### **PENSION TRUST FUNDS**

#### **Police Pension Fund**

The Police Pension Fund is used to account for the resources necessary to provide retirement and disability pension benefits to full-time sworn police personnel. Although this is a single-employer pension plan, the defined benefits and employer and employee contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. Financing is provided by the Village contributions, employee payroll withholdings, and investment income.

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# VILLAGE OF MOKENA, ILLINOIS

## Illinois Municipal Retirement Fund Schedule of Employer Contributions June 30, 2022

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 427,921	\$ 430,972	\$ 3,051	\$ 3,281,602	13.13%
2016	469,045	512,911	43,866	3,401,343	15.08%
2017	482,308	482,308	—	3,389,383	14.23%
2018	496,619	496,619	—	3,382,960	14.68%
2019	503,117	513,323	10,206	3,503,601	14.65%
2020	453,361	506,829	53,468	3,578,226	14.16%
2021	505,485	505,606	121	3,636,583	13.90%
2022	501,218	501,218	—	3,644,812	13.75%

### Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	22 Years
Asset Valuation Method	5-Year Smoothed Fair Value
Inflation	2.50%
Salary Increases	3.35% - 14.25%
Investment Rate of Return	7.25%
Retirement Age	See the Notes to the Financial Statements
Mortality	IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015).

### Note:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

# VILLAGE OF MOKENA, ILLINOIS

## Police Pension Fund

### Schedule of Employer Contributions

June 30, 2022

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 716,960	\$ 731,602	\$ (14,642)	\$ 2,499,008	29.28%
2016	698,278	1,345,938	(647,660)	2,516,400	53.49%
2017	736,553	739,438	(2,885)	2,536,934	29.15%
2018	741,301	787,552	(46,251)	2,625,727	29.99%
2019	717,491	750,164	(32,673)	2,753,030	27.25%
2020	761,502	764,027	(2,525)	2,939,708	25.99%
2021	815,171	815,363	(192)	3,017,246	27.02%
2022	894,660	1,091,060	(196,400)	2,974,341	36.68%

#### Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar (Closed)
Remaining Amortization Period	20 Years
Asset Valuation Method	5-Year Smoothed Fair Value
Inflation	2.25%
Salary Increases	3.50%
Investment Rate of Return	6.50%
Retirement Age	Capped at 65
Mortality	RP-2010 Adjusted for Plan Status, Demographics, and Illinois Public Pension Data, as Described

#### Note:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.



**VILLAGE OF MOKENA, ILLINOIS**

**Illinois Municipal Retirement Fund**

**Schedule of Changes in the Employer's Net Pension Liability**

**June 30, 2022**

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**See Following Page**

# VILLAGE OF MOKENA, ILLINOIS

## Illinois Municipal Retirement Fund

### Schedule of Changes in the Employer's Net Pension Liability

June 30, 2022

	<u>12/31/2014</u>
Total Pension Liability	
Service Cost	\$ 381,431
Interest	1,056,246
Differences Between Expected and Actual Experience	365,301
Change of Assumptions	534,510
Benefit Payments, Including Refunds of Member Contributions	<u>(392,574)</u>
Net Change in Total Pension Liability	1,944,914
Total Pension Liability - Beginning	<u>14,126,507</u>
Total Pension Liability - Ending	<u>16,071,421</u>
Plan Fiduciary Net Position	
Contributions - Employer	430,972
Contributions - Members	148,725
Net Investment Income	748,597
Benefit Payments, Including Refunds of Member Contributions	<u>(392,574)</u>
Other (Net Transfer)	97,024
Net Change in Plan Fiduciary Net Position	1,032,744
Plan Net Position - Beginning	<u>12,178,519</u>
Plan Net Position - Ending	<u>13,211,263</u>
Employer's Net Pension Liability	<u>2,860,158</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.20%
Covered Payroll	3,281,602
Employer's Net Pension Liability as a Percentage of Covered Payroll	87.16%

*Changes of Assumptions.* Changes in assumptions related to the discount rate were made in 2014 through 2021. Changes in assumptions related to the demographics were made in 2014 and 2017.

Note: This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021
379,143	386,660	385,620	342,335	379,139	362,050	333,149
1,197,694	1,289,673	1,359,633	1,375,597	1,477,116	1,564,927	1,657,928
150,291	(164,933)	(330,374)	407,558	236,702	533,241	1,118,610
69,618	(144,626)	(548,219)	622,482	—	(154,045)	—
(455,208)	(543,955)	(600,300)	(664,021)	(803,302)	(943,129)	(1,074,791)
1,341,538	822,819	266,360	2,083,951	1,289,655	1,363,044	2,034,896
16,071,421	17,412,959	18,235,778	18,502,138	20,586,089	21,875,744	23,238,788
17,412,959	18,235,778	18,502,138	20,586,089	21,875,744	23,238,788	25,273,684
512,911	482,308	496,619	513,323	506,829	505,606	520,828
153,060	154,905	163,094	157,662	161,670	183,320	161,698
66,583	920,221	2,364,400	(784,081)	2,871,553	2,684,835	3,609,910
(455,208)	(543,955)	(600,300)	(664,021)	(803,302)	(943,129)	(1,074,791)
(384,026)	126,233	(221,235)	571,679	163,203	161,984	15,892
(106,680)	1,139,712	2,202,578	(205,438)	2,899,953	2,592,616	3,233,537
13,211,263	13,104,583	14,244,295	16,446,873	16,241,435	19,141,388	21,734,004
13,104,583	14,244,295	16,446,873	16,241,435	19,141,388	21,734,004	24,967,541
4,308,376	3,991,483	2,055,265	4,344,654	2,734,356	1,504,784	306,143
75.26%	78.11%	88.89%	78.90%	87.50%	93.52%	98.79%
3,401,343	3,389,383	3,382,960	3,503,601	3,578,226	3,636,583	3,576,898
126.67%	117.76%	60.75%	124.01%	76.42%	41.38%	8.56%

# VILLAGE OF MOKENA, ILLINOIS

## Police Pension Fund

### Schedule of Changes in the Employer's Net Pension Liability

June 30, 2022

	<u>6/30/2015</u>
Total Pension Liability	
Service Cost	\$ 638,429
Interest	1,216,517
Changes in Benefit Terms	—
Differences Between Expected and Actual Experience	—
Change of Assumptions	—
Benefit Payments, Including Refunds of Member Contributions	(384,033)
Net Change in Total Pension Liability	1,470,913
Total Pension Liability - Beginning	19,289,611
Total Pension Liability - Ending	<u>20,760,524</u>
Plan Fiduciary Net Position	
Contributions - Employer	731,602
Contributions - Members	248,267
Net Investment Income	636,119
Benefit Payments, Including Refunds of Member Contributions	(384,032)
Administrative Expenses	(24,244)
Net Change in Plan Fiduciary Net Position	1,207,712
Plan Net Position - Beginning	15,065,659
Plan Net Position - Ending	<u>16,273,371</u>
Employer's Net Pension Liability	<u>4,487,153</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.39%
Covered Payroll	2,499,008
Employer's Net Pension Liability as a Percentage of Covered Payroll	179.56%

Note: This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022
560,933	623,125	663,628	712,266	778,502	806,863	789,144
1,333,306	1,462,958	1,551,095	1,657,180	1,765,593	1,997,329	2,036,604
—	—	—	—	73,345	—	—
(201,968)	300,834	112,741	(27,779)	261,602	354,595	(1,328,403)
822,982	(410,830)	—	493,241	607,584	—	—
(496,242)	(544,984)	(695,291)	(695,461)	(703,384)	(778,382)	(919,388)
2,019,011	1,431,103	1,632,173	2,139,447	2,783,242	2,380,405	577,957
20,760,524	22,779,535	24,210,638	25,842,811	27,982,258	30,765,500	33,145,905
22,779,535	24,210,638	25,842,811	27,982,258	30,765,500	33,145,905	33,723,862
1,345,938	739,438	787,552	750,164	764,027	815,363	1,091,060
253,539	252,203	253,116	272,824	291,617	296,377	294,757
544,516	1,438,079	1,157,923	1,381,687	1,647,514	4,197,292	(3,693,506)
(496,242)	(544,984)	(695,291)	(695,461)	(703,384)	(778,382)	(919,388)
(65,946)	(81,428)	(88,205)	(32,372)	(102,858)	(34,495)	(30,773)
1,581,805	1,803,308	1,415,095	1,676,842	1,896,916	4,496,155	(3,257,850)
16,273,371	17,855,176	19,658,484	21,073,579	22,750,421	24,647,337	29,143,492
17,855,176	19,658,484	21,073,579	22,750,421	24,647,337	29,143,492	25,885,642
4,924,359	4,552,154	4,769,232	5,231,837	6,118,163	4,002,413	7,838,220
78.38%	81.20%	81.55%	81.30%	80.11%	87.92%	76.76%
2,516,400	2,536,934	2,625,727	2,753,030	2,939,708	3,017,246	2,974,341
195.69%	179.44%	181.63%	190.04%	208.12%	132.65%	263.53%

**VILLAGE OF MOKENA, ILLINOIS**

**Police Pension Fund**

**Schedule of Investment Returns**

**June 30, 2022**

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Fiscal Year	Annual Money- Weighted Rate of Return, Net of Investment Expense
2015	3.92%
2016	3.05%
2017	7.11%
2018	5.52%
2019	5.87%
2020	6.73%
2021	14.53%
2022	(12.80%)

Note: This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

**VILLAGE OF MOKENA, ILLINOIS**

**Retiree Benefit Plan**

**Schedule of Changes in the Employer's Total OPEB Liability**

**June 30, 2022**

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**See Following Page**

## VILLAGE OF MOKENA, ILLINOIS

### Retiree Benefit Plan

#### Schedule of Changes in the Employer's Total OPEB Liability

June 30, 2022

	<u>6/30/2018</u>
Total OPEB Liability	
Service Cost	\$ 37,859
Interest	77,596
Difference Between Expected and Actual Experience	—
Change of Assumptions or Other Inputs	—
Benefit Payments	<u>(71,873)</u>
Net Change in Total OPEB Liability	43,582
Total OPEB Liability - Beginning	<u>2,040,984</u>
Total OPEB Liability - Ending	<u>2,084,566</u>
Covered-Employee Payroll	\$ 5,809,576
Total OPEB Liability as a Percentage of Covered-Employee Payroll	35.88%

#### Notes:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

*Changes of Assumptions.* Change of assumption related to the discount rate were made in 2018 through 2022.



6/30/2019	6/30/2020	6/30/2021	6/30/2022
39,324	18,273	49,392	53,060
78,964	75,398	60,731	60,007
—	75,986	—	197,174
85,214	514,460	14,463	(545,085)
(88,164)	(91,356)	(89,346)	(99,639)
115,338	592,761	35,240	(334,483)
2,084,566	2,199,904	2,792,665	2,827,905
2,199,904	2,792,665	2,827,905	2,493,422
6,251,137	6,542,224	6,438,752	6,226,796
35.19%	42.69%	43.92%	40.04%

# VILLAGE OF MOKENA, ILLINOIS

## General Fund

### Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Modified Cash Basis

For the Fiscal Year Ended June 30, 2022

	Original Budget	Final Budget	Actual
Revenues			
Taxes	\$ 1,324,115	1,324,115	2,606,288
Intergovernmental	9,068,236	9,068,236	14,688,853
Licenses and Permits	784,950	784,950	834,818
Charges for Services	349,849	349,849	331,928
Fines and Forfeitures	96,500	96,500	110,172
Interest Income	10,500	10,500	11,227
Miscellaneous	122,963	122,963	149,227
Total Revenues	11,757,113	11,757,113	18,732,513
Expenditures			
General Government	3,227,245	3,227,245	2,907,193
Public Safety	5,668,343	5,668,343	6,403,299
Public Works	2,257,971	2,257,971	2,009,636
Community Development	959,805	959,805	741,712
Total Expenditures	12,113,364	12,113,364	12,061,840
Excess (Deficiency) of Revenues Over (Under) Expenditures	(356,251)	(356,251)	6,670,673
Other Financing Sources (Uses)			
Disposal of Capital Assets	—	—	51,000
Transfers In	208,409	208,409	207,840
Transfers Out	200,000	(5,401,636)	(6,431,665)
	408,409	(5,193,227)	(6,172,825)
Net Change in Fund Balance	52,158	(5,549,478)	497,848
Fund Balance - Beginning			4,971,265
Fund Balance - Ending			5,469,113

**VILLAGE OF MOKENA, ILLINOIS****General Fund****Schedule of Revenues - Budget and Actual - Modified Cash Basis****For the Fiscal Year Ended June 30, 2022**

	Original Budget	Final Budget	Actual
Taxes			
Property Taxes	\$ 245,990	245,990	1,312,147
Road and Bridge Taxes	826,275	826,275	760,192
Amusement Taxes	212,250	212,250	421,432
Other Taxes	39,600	39,600	112,517
	<u>1,324,115</u>	<u>1,324,115</u>	<u>2,606,288</u>
Intergovernmental			
Sales Taxes	6,713,752	6,713,752	8,864,383
State Income Taxes	1,125,912	1,125,912	3,072,377
Use Taxes	903,572	903,572	778,862
Gaming Taxes	325,000	325,000	601,566
Grants	—	—	1,371,665
	<u>9,068,236</u>	<u>9,068,236</u>	<u>14,688,853</u>
Licenses and Permits	<u>784,950</u>	<u>784,950</u>	<u>834,818</u>
Charges for Services	<u>349,849</u>	<u>349,849</u>	<u>331,928</u>
Fines and Forfeitures	<u>96,500</u>	<u>96,500</u>	<u>110,172</u>
Interest Income	<u>10,500</u>	<u>10,500</u>	<u>11,227</u>
Miscellaneous	<u>122,963</u>	<u>122,963</u>	<u>149,227</u>
Total Revenues	<u><u>11,757,113</u></u>	<u><u>11,757,113</u></u>	<u><u>18,732,513</u></u>

**VILLAGE OF MOKENA, ILLINOIS****Capital Improvement, Repair, and Replacement Fund - Capital Projects Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Modified Cash Basis****For the Fiscal Year Ended June 30, 2022**

	Original Budget	Final Budget	Actual
Revenues			
Intergovernmental			
Sales Tax	\$ 2,653,630	2,653,630	3,699,149
Interest Income	17,310	17,310	41,925
Miscellaneous	124,655	124,655	88,832
Total Revenues	2,795,595	2,795,595	3,829,906
Expenditures			
Public Works	675,915	675,915	617,610
Capital Outlay	1,934,000	2,444,482	2,240,616
Debt Service			
Principal Retirement	585,000	585,000	585,000
Interest and Fiscal Charges	54,603	54,603	54,603
Total Expenditures	3,249,518	3,760,000	3,497,829
Excess (Deficiency) of Revenues Over (Under) Expenditures	(453,923)	(964,405)	332,077
Other Financing Sources			
Transfers In	778,429	778,429	5,838,429
Net Change in Fund Balance	324,506	(185,976)	6,170,506
Fund Balance - Beginning			14,897,996
Fund Balance - Ending			21,068,502

**VILLAGE OF MOKENA, ILLINOIS**

**Nonmajor Governmental - Special Revenue Funds**

**Combining Balance Sheet - Modified Cash Basis**

**June 30, 2022**

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**See Following Page**

**VILLAGE OF MOKENA, ILLINOIS**

**Nonmajor Governmental - Special Revenue Funds**  
**Combining Balance Sheet - Modified Cash Basis**  
**June 30, 2022**

	Municipal Audit	School Crossing Guard
<b>ASSETS</b>		
Cash and Investments	\$ 18,038	67,343
<b>LIABILITIES</b>		
None	—	—
<b>FUND BALANCES</b>		
Restricted	18,038	67,343
Assigned	—	—
Total Fund Balances	18,038	67,343
Total Liabilities and Fund Balances	18,038	67,343

Motor Fuel Tax	IMRF/ FICA	Special Tax Allocation	Performance Bond	Tourism	Totals
3,481,449	661,714	368,431	1,099,480	389,244	6,085,699
—	—	—	—	—	—
3,481,449	661,714	368,431	—	—	4,596,975
—	—	—	1,099,480	389,244	1,488,724
3,481,449	661,714	368,431	1,099,480	389,244	6,085,699
3,481,449	661,714	368,431	1,099,480	389,244	6,085,699

**VILLAGE OF MOKENA, ILLINOIS****Nonmajor Governmental - Special Revenue Funds****Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Modified Cash Basis  
For the Fiscal Year Ended June 30, 2022**

	Municipal Audit	School Crossing Guard
Revenues		
Taxes	\$ 11,845	20,763
Intergovernmental	—	—
Interest Income	28	121
Miscellaneous	—	—
Total Revenues	11,873	20,884
Expenditures		
General Government	15,219	—
Public Safety	—	24,206
Public Works	—	—
Economic Development	—	—
Employee Retirement	—	—
Total Expenditures	15,219	24,206
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,346)	(3,322)
Other Financing (Uses)		
Transfers Out	—	—
Net Change in Fund Balances	(3,346)	(3,322)
Fund Balances - Beginning	21,384	70,665
Fund Balances - Ending	18,038	67,343



Motor Fuel Tax	IMRF/ FICA	Special Tax Allocation	Performance Bond	Tourism	Totals
—	887,896	79,155	—	198,072	1,197,731
1,086,759	53,867	—	—	—	1,140,626
8,536	951	527	2,435	476	13,074
—	—	—	145,404	—	145,404
1,095,295	942,714	79,682	147,839	198,548	2,496,835
—	—	—	364,251	—	379,470
—	—	—	—	—	24,206
398,287	—	—	—	—	398,287
—	—	15,921	—	36,758	52,679
—	801,229	—	—	—	801,229
398,287	801,229	15,921	364,251	36,758	1,655,871
697,008	141,485	63,761	(216,412)	161,790	840,964
—	—	—	(2,181)	—	(2,181)
697,008	141,485	63,761	(218,593)	161,790	838,783
2,784,441	520,229	304,670	1,318,073	227,454	5,246,916
3,481,449	661,714	368,431	1,099,480	389,244	6,085,699

## VILLAGE OF MOKENA, ILLINOIS

### Municipal Audit - Special Revenue Fund

#### Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Modified Cash Basis

For the Fiscal Year Ended June 30, 2022

	Original Budget	Final Budget	Actual
Revenues			
Taxes			
Property Tax	\$ 11,719	11,719	11,845
Interest Income	70	70	28
Total Revenues	11,789	11,789	11,873
Expenditures			
General Government	15,000	15,219	15,219
Net Change in Fund Balance	(3,211)	(3,430)	(3,346)
Fund Balance - Beginning			21,384
Fund Balance - Ending			18,038

## VILLAGE OF MOKENA, ILLINOIS

### School Crossing Guard - Special Revenue Fund

#### Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Modified Cash Basis

For the Fiscal Year Ended June 30, 2022

	Original Budget	Final Budget	Actual
Revenues			
Taxes			
Property Tax	\$ 23,670	23,670	20,763
Interest Income	200	200	121
Total Revenues	23,870	23,870	20,884
Expenditures			
Public Safety	27,849	27,849	24,206
Net Change in Fund Balance	(3,979)	(3,979)	(3,322)
Fund Balance - Beginning			70,665
Fund Balance - Ending			67,343

## VILLAGE OF MOKENA, ILLINOIS

### Motor Fuel Tax - Special Revenue Fund

#### Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Modified Cash Basis

For the Fiscal Year Ended June 30, 2022

	Original Budget	Final Budget	Actual
Revenues			
Intergovernmental			
Motor Fuel Taxes	\$ 799,002	799,002	858,492
Rebuild Illinois	—	—	228,267
Interest Income	1,500	1,500	8,536
Total Revenues	800,502	800,502	1,095,295
Expenditures			
Public Works	526,294	526,294	398,287
Net Change in Fund Balance	274,208	274,208	697,008
Fund Balance - Beginning			2,784,441
Fund Balance - Ending			3,481,449

## VILLAGE OF MOKENA, ILLINOIS

### IMRF/FICA - Special Revenue Fund

#### Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Modified Cash Basis

For the Fiscal Year Ended June 30, 2022

	Original Budget	Final Budget	Actual
Revenues			
Taxes			
Property Tax	\$ 970,944	970,944	887,896
Intergovernmental			
Replacement Tax	17,000	17,000	53,867
Interest Income	1,255	1,255	951
Total Revenues	989,199	989,199	942,714
Expenditures			
Employee Retirement	861,548	861,548	801,229
Net Change in Fund Balance	127,651	127,651	141,485
Fund Balance - Beginning			520,229
Fund Balance - Ending			661,714

## VILLAGE OF MOKENA, ILLINOIS

### Special Tax Allocation - Special Revenue Fund

#### Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Modified Cash Basis

For the Fiscal Year Ended June 30, 2022

	Original Budget	Final Budget	Actual
Revenues			
Taxes			
Property Tax	\$ 83,643	83,643	79,155
Interest Income	900	900	527
Total Revenues	84,543	84,543	79,682
Expenditures			
Economic Development	40,531	40,531	15,921
Net Change in Fund Balance	44,012	44,012	63,761
Fund Balance - Beginning			304,670
Fund Balance - Ending			368,431

## VILLAGE OF MOKENA, ILLINOIS

### Performance Bond - Special Revenue Fund

#### Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Modified Cash Basis

For the Fiscal Year Ended June 30, 2022

	Original Budget	Final Budget	Actual
Revenues			
Interest Income	\$ 2,750	2,750	2,435
Miscellaneous	200,000	200,000	145,404
Total Revenues	202,750	202,750	147,839
Expenditures			
General Government	600,000	600,000	364,251
Excess (Deficiency) of Revenues Over (Under) Expenditures	(397,250)	(397,250)	(216,412)
Other Financing (Uses)			
Transfers Out	(2,750)	(2,750)	(2,181)
Net Change in Fund Balance	<u>(400,000)</u>	<u>(400,000)</u>	(218,593)
Fund Balance - Beginning			<u>1,318,073</u>
Fund Balance - Ending			<u>1,099,480</u>

## VILLAGE OF MOKENA, ILLINOIS

### Tourism - Special Revenue Fund

#### Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Modified Cash Basis

For the Fiscal Year Ended June 30, 2022

	Original Budget	Final Budget	Actual
Revenues			
Taxes			
Hotel and Motel Tax	\$ 93,000	93,000	198,072
Interest Income	1,000	1,000	476
Total Revenues	94,000	94,000	198,548
Expenditures			
Economic Development	37,271	42,350	36,758
Net Change in Fund Balance	56,729	51,650	161,790
Fund Balance - Beginning			227,454
Fund Balance - Ending			389,244



**VILLAGE OF MOKENA, ILLINOIS****Water and Sewerage - Enterprise Fund****Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual - Modified Cash Basis  
For the Fiscal Year Ended June 30, 2022**

	Original Budget	Final Budget	Actual
Operating Revenues			
Charges for Services	\$ 7,761,384	7,761,384	8,012,439
Water Meter Installation	26,090	26,090	23,860
Inspection Fees	13,098	13,098	10,620
Other	94,800	94,800	98,126
Total Operating Revenues	7,895,372	7,895,372	8,145,045
Operating Expenses			
Operations			
Personnel Services	1,970,676	1,970,676	1,814,274
Commodities	408,518	408,518	373,130
Contractual Services	4,780,658	4,780,658	4,136,308
Capital Outlay	9,018,094	9,018,094	78,000
Depreciation	—	—	750,746
Total Operating Expenses	16,177,946	16,177,946	7,152,458
Operating Income (Loss)	(8,282,574)	(8,282,574)	992,587
Nonoperating Revenues (Expenses)			
Interest Income	25,000	25,000	40,055
Other Income	22,834	22,834	53,881
Other Expenses	(400,000)	(400,000)	—
	(352,166)	(352,166)	93,936
Income (Loss) Before Grants and Transfers	(8,634,740)	(8,634,740)	1,086,523
Capital Grants	—	—	495,080
Transfers In	—	—	1,371,665
Transfers Out	(939,099)	(939,099)	(939,099)
	(939,099)	(939,099)	927,646
Change in Net Position	(9,573,839)	(9,573,839)	2,014,169
Net Position - Beginning			41,364,559
Net Position - Ending			43,378,728

**VILLAGE OF MOKENA, ILLINOIS****Water and Sewerage - Enterprise Fund****Combining Statement of Net Position by Sub-Fund - Modified Cash Basis****June 30, 2022**

	Water and Sewer	Sewer Plant Expansion	Sewer Plant Replacement	Water System Capital Improvement	Sewer System Capital Improvement	Totals
<b>ASSETS</b>						
Current Assets						
Cash and Investments	\$ 3,746,720	5,137,878	1,430,506	2,964,988	1,826,843	15,106,935
Noncurrent Assets						
Capital Assets						
Nondepreciable	1,409,606	8,345,709	—	—	—	9,755,315
Depreciable	32,151,168	1,335,427	321,293	1,884,926	1,825,664	37,518,478
Accumulated Depreciation	(18,132,756)	(265,510)	(142,696)	(297,829)	(163,209)	(19,002,000)
Total Capital Assets	15,428,018	9,415,626	178,597	1,587,097	1,662,455	28,271,793
Total Assets	19,174,738	14,553,504	1,609,103	4,552,085	3,489,298	43,378,728
<b>LIABILITIES</b>						
None	—	—	—	—	—	—
<b>NET POSITION</b>						
Investment in Capital Assets	15,428,018	9,415,626	178,597	1,587,097	1,662,455	28,271,793
Unrestricted	3,746,720	5,137,878	1,430,506	2,964,988	1,826,843	15,106,935
Total Net Position	19,174,738	14,553,504	1,609,103	4,552,085	3,489,298	43,378,728

# VILLAGE OF MOKENA, ILLINOIS

## Water and Sewerage - Enterprise Fund

### Combining Statement of Revenues, Expenses, and Changes in Net Position by Sub-Fund - Modified Cash Basis

For the Fiscal Year Ended June 30, 2022

	Water and Sewer	Sewer Plant Expansion	Sewer Plant Replacement	Water System Capital Improvement	Sewer System Capital Improvement	Totals
Operating Revenues						
Charges for Services	\$ 7,617,059	—	—	197,690	197,690	8,012,439
Water Meter Installation	23,860	—	—	—	—	23,860
Inspection Fees	10,620	—	—	—	—	10,620
Other	98,126	—	—	—	—	98,126
Total Operating Revenues	7,749,665	—	—	197,690	197,690	8,145,045
Operating Expenses						
Operations						
Personnel Services	1,814,274	—	—	—	—	1,814,274
Commodities	373,130	—	—	—	—	373,130
Contractual Services	4,072,137	—	—	64,171	—	4,136,308
Capital Outlay	16,530	—	41,670	19,800	—	78,000
Depreciation	589,371	33,386	24,732	60,256	43,001	750,746
Total Operating Expenses	6,865,442	33,386	66,402	144,227	43,001	7,152,458
Operating Income (Loss)	884,223	(33,386)	(66,402)	53,463	154,689	992,587
Nonoperating Revenues						
Interest Income	6,912	20,113	4,154	5,755	3,121	40,055
Other Income	53,881	—	—	—	—	53,881
	60,793	20,113	4,154	5,755	3,121	93,936
Income (Loss) Before Grants and Transfers	945,016	(13,273)	(62,248)	59,218	157,810	1,086,523
Capital Grants	—	495,080	—	—	—	495,080
Transfers In	—	1,371,665	—	—	—	1,371,665
Transfers Out	(789,099)	—	—	(150,000)	—	(939,099)
	(789,099)	1,866,745	—	(150,000)	—	927,646
Change in Net Position	155,917	1,853,472	(62,248)	(90,782)	157,810	2,014,169
Net Position - Beginning	19,018,821	12,700,032	1,671,351	4,642,867	3,331,488	41,364,559
Net Position - Ending	19,174,738	14,553,504	1,609,103	4,552,085	3,489,298	43,378,728

# VILLAGE OF MOKENA, ILLINOIS

## Water and Sewer - Water and Sewerage Sub-Fund

### Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual - Modified Cash Basis For the Fiscal Year Ended June 30, 2022

	Original Budget	Final Budget	Actual
Operating Revenues			
Charges for Services	\$ 7,304,322	7,304,322	7,617,059
Water Meter Installation	26,090	26,090	23,860
Inspection Fees	13,098	13,098	10,620
Other	94,800	94,800	98,126
Total Operating Revenues	7,438,310	7,438,310	7,749,665
Operating Expenses			
Operations			
Personnel Services	1,970,676	1,970,676	1,814,274
Commodities	408,518	408,518	373,130
Contractual Services	4,030,858	4,030,858	4,072,137
Capital Outlay	106,625	106,625	16,530
Depreciation	—	—	589,371
Total Operating Expenses	6,516,677	6,516,677	6,865,442
Operating Income	921,633	921,633	884,223
Nonoperating Revenues (Expenses)			
Interest Income	8,900	8,900	6,912
Other Income	22,834	22,834	53,881
Other Expenses	(200,000)	(200,000)	—
	(168,266)	(168,266)	60,793
Income Before Transfers	753,367	753,367	945,016
Transfers Out	(789,099)	(789,099)	(789,099)
Change in Net Position	(35,732)	(35,732)	155,917
Net Position - Beginning			19,018,821
Net Position - Ending			19,174,738

# VILLAGE OF MOKENA, ILLINOIS

## Sewer Plant Expansion - Water and Sewerage Sub-Fund

### Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual - Modified Cash Basis

For the Fiscal Year Ended June 30, 2022

	Original Budget	Final Budget	Actual
Operating Revenues			
Charges for Services	\$ —	—	—
Operating Expenses			
Operations			
Contractual Services	656,250	656,250	—
Capital Outlay	7,607,469	7,607,469	—
Depreciation	—	—	33,386
Total Operating Expenses	8,263,719	8,263,719	33,386
Operating (Loss)	(8,263,719)	(8,263,719)	(33,386)
Nonoperating Revenues (Expenses)			
Interest Income	6,200	6,200	20,113
Other Expenses	(50,000)	(50,000)	—
	(43,800)	(43,800)	20,113
(Loss) Before Grants and Transfers	(8,307,519)	(8,307,519)	(13,273)
Capital Grants	—	—	495,080
Transfers In	—	—	1,371,665
	—	—	1,866,745
Change in Net Position	(8,307,519)	(8,307,519)	1,853,472
Net Position - Beginning			12,700,032
Net Position - Ending			14,553,504

**VILLAGE OF MOKENA, ILLINOIS****Sewer Plant Replacement - Water and Sewerage Sub-Fund****Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual - Modified Cash Basis  
For the Fiscal Year Ended June 30, 2022**

	Original Budget	Final Budget	Actual
Operating Revenues			
Charges for Services	\$ —	—	—
Operating Expenses			
Operations			
Capital Outlay	47,000	47,000	41,670
Depreciation	—	—	24,732
Total Operating Expenses	47,000	47,000	66,402
Operating (Loss)	(47,000)	(47,000)	(66,402)
Nonoperating Revenues (Expenses)			
Interest Income	1,900	1,900	4,154
Other Expenses	(50,000)	(50,000)	—
	(48,100)	(48,100)	4,154
Change in Net Position	(95,100)	(95,100)	(62,248)
Net Position - Beginning			1,671,351
Net Position - Ending			1,609,103

**VILLAGE OF MOKENA, ILLINOIS****Water System Capital Improvement - Water and Sewerage Sub-Fund****Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual - Modified Cash Basis  
For the Fiscal Year Ended June 30, 2022**

	Original Budget	Final Budget	Actual
Operating Revenues			
Charges for Services	\$ 228,531	228,531	197,690
Operating Expenses			
Operations			
Contractual Services	93,350	93,350	64,171
Capital Outlay	768,000	768,000	19,800
Depreciation	—	—	60,256
Total Operating Expenses	861,350	861,350	144,227
Operating Income (Loss)	(632,819)	(632,819)	53,463
Nonoperating Revenues (Expenses)			
Interest Income	5,500	5,500	5,755
Other Expenses	(50,000)	(50,000)	—
	(44,500)	(44,500)	5,755
Income (Loss) Before Transfers	(677,319)	(677,319)	59,218
Transfers Out	(150,000)	(150,000)	(150,000)
Change in Net Position	(827,319)	(827,319)	(90,782)
Net Position - Beginning			4,642,867
Net Position - Ending			4,552,085

**VILLAGE OF MOKENA, ILLINOIS****Sewer System Capital Improvement - Water and Sewerage Sub-Fund****Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual - Modified Cash Basis  
For the Fiscal Year Ended June 30, 2022**

	Original Budget	Final Budget	Actual
Operating Revenues			
Charges for Services	\$ 228,531	228,531	197,690
Operating Expenses			
Operations			
Contractual Services	200	200	—
Capital Outlay	489,000	489,000	—
Depreciation	—	—	43,001
Total Operating Expenses	489,200	489,200	43,001
Operating Income (Loss)	(260,669)	(260,669)	154,689
Nonoperating Revenues (Expenses)			
Interest Income	2,500	2,500	3,121
Other Expenses	(50,000)	(50,000)	—
	(47,500)	(47,500)	3,121
Change in Net Position	(308,169)	(308,169)	157,810
Net Position - Beginning			3,331,488
Net Position - Ending			3,489,298



# VILLAGE OF MOKENA, ILLINOIS

## Refuse - Enterprise Fund

### Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual - Modified Cash Basis For the Fiscal Year Ended June 30, 2022

	Original Budget	Final Budget	Actual
Operating Revenues			
Charges for Services	\$ 1,625,022	1,625,022	1,636,077
Operating Expenses			
Operations			
Contractual Services	1,582,689	1,582,689	1,572,384
Depreciation	—	—	383
Total Operating Expenses	1,582,689	1,582,689	1,572,767
Operating Income	42,333	42,333	63,310
Nonoperating Revenues			
Interest Income	575	575	337
Other Income	4,240	4,240	5,160
	4,815	4,815	5,497
Income Before Transfers	47,148	47,148	68,807
Transfers Out	(44,989)	(44,989)	(44,989)
Change in Net Position	2,159	2,159	23,818
Net Position - Beginning			190,893
Net Position - Ending			214,711

**VILLAGE OF MOKENA, ILLINOIS****Municipal Parking Lot - Enterprise Fund****Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual - Modified Cash Basis  
For the Fiscal Year Ended June 30, 2022**

	Original Budget	Final Budget	Actual
Operating Revenues			
Charges for Services	\$ 83,640	83,640	131,061
Operating Expenses			
Operations			
Personnel Services	58,802	58,802	60,210
Commodities	5,034	5,034	3,949
Contractual Services	61,308	61,308	40,436
Depreciation	—	—	18,395
Total Operating Expenses	125,144	125,144	122,990
Operating Income (Loss)	(41,504)	(41,504)	8,071
Nonoperating Revenues			
Interest Income	250	250	214
Other Income	1,000	1,000	2,000
	1,250	1,250	2,214
Change in Net Position	(40,254)	(40,254)	10,285
Net Position - Beginning			750,609
Net Position - Ending			760,894

**VILLAGE OF MOKENA, ILLINOIS****Police Pension - Pension Trust Fund****Schedule of Changes in the Fiduciary Net Position - Budget and Actual - Modified Cash Basis****For the Fiscal Year Ended June 30, 2022**

	Original Budget	Final Budget	Actual
Additions			
Contributions - Employer	\$ 1,185,130	1,185,130	1,091,060
Contributions - Plan Members	320,954	320,954	294,757
Total Contributions	1,506,084	1,506,084	1,385,817
Investment Income			
Interest Earned	425,000	425,000	479,153
Net Change in Fair Value	1,400,000	1,400,000	(4,084,833)
	1,825,000	1,825,000	(3,605,680)
Less Investment Expenses	(150,000)	(150,000)	(87,826)
Net Investment Income	1,675,000	1,675,000	(3,693,506)
Total Additions	3,181,084	3,181,084	(2,307,689)
Deductions			
Administration	60,608	60,608	30,773
Benefits and Refunds	837,214	837,214	919,388
Total Deductions	897,822	897,822	950,161
Change in Fiduciary Net Position	2,283,262	2,283,262	(3,257,850)
Net Position Restricted for Pensions			
Beginning			29,143,492
Ending			25,885,642

## VILLAGE OF MOKENA, ILLINOIS

### Consolidated Year-End Financial Report For the Fiscal Year Ended June 30, 2022

CSFA #	Program Name	State	Federal	Other	Total
120-00-1867	Installation and/or Replacement of Utilities	\$ 648,689	—	—	648,689
494-00-1488	Motor Fuel Tax Program	398,287	—	—	398,287
	Other Grant Programs and Activities		—	1,371,665	1,371,665
	All Other Costs Not Allocated	—	—	25,190,858	25,190,858
	Totals	1,046,976	—	26,562,523	27,609,499



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENTAL AUDITING STANDARDS***

November 27, 2022

The Honorable Village Mayor  
Members of the Board of Trustees  
Village of Mokena, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Mokena, Illinois, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated November 27, 2022.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. According, we do not express an opinion on the effectiveness of the Village's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Lauterbach & Amen, LLP*

LAUTERBACH & AMEN, LLP

## **SUPPLEMENTAL SCHEDULES**

## VILLAGE OF MOKENA, ILLINOIS

### Long-Term Debt Requirements

#### General Obligation Refunding Bonds of 2012

June 30, 2022

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Date of Issue	May 17, 2012
Date of Maturity	December 15, 2024
Authorized Issue	\$6,890,000
Denomination of Bonds	\$5,000
Interest Rate	1.00% - 2.75%
Interest Dates	June 15 and December 15
Principal Maturity Date	December 15
Payable at	Bank of New York

### CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		
	Principal	Interest	Totals
2023	\$ 600,000	40,887	640,887
2024	615,000	25,700	640,700
2025	655,000	9,006	664,006
	1,870,000	75,593	1,945,593



# VILLAGE OF MOKENA, ILLINOIS

## Schedule of Assessed Valuations, Tax Rates, Extensions, and Collections - Last Ten Tax Levy Years June 30, 2022

Tax Levy Year	2012	2013	2014
Assessed Valuation	\$ 732,945,440	708,739,868	707,265,949
Tax Rates			
Corporate	0.0615	0.0635	0.0587
Police Pension	0.0886	0.1012	0.1047
Municipal Audit	0.0008	0.0008	0.0008
Police Protection	0.0005	0.0006	0.0006
School Crossing Guard	0.0035	0.0038	0.0039
Illinois Municipal Retirement	0.0330	0.0328	0.0389
Medicare	0.0088	0.0090	0.0099
Social Security	0.0375	0.0381	0.0422
	0.2342	0.2498	0.2597
Road and Bridge (1)	0.0917	0.0989	0.1041
Total Tax Rates	0.3259	0.3487	0.3638
Tax Extensions			
Corporate	\$ 450,761	450,050	415,165
Police Pension	649,390	717,245	740,507
Municipal Audit	5,864	5,670	5,658
Police Protection	3,665	4,252	4,244
School Crossing Guard	25,653	26,932	27,583
Illinois Municipal Retirement	241,872	232,467	275,126
Medicare	64,499	63,787	70,019
Social Security	274,855	270,030	298,466
	1,716,559	1,770,433	1,836,768
Road and Bridge (1)	672,111	700,944	736,264
Total Tax Extensions	2,388,670	2,471,377	2,573,032
Tax Collections	2,384,201	2,457,860	2,569,816
Percentage Collected	99.81%	99.45%	99.88%

(1) Levied through Frankfort and New Lenox Townships

2015	2016	2017	2018	2019	2020	2021
714,080,367	751,253,179	778,461,163	806,636,322	827,815,720	851,734,866	890,596,891
0.0542	0.0521	0.0550	0.0579	0.0519	0.0384	0.0076
0.1053	0.1012	0.0977	0.0945	0.0985	0.1051	0.1256
0.0009	0.0008	0.0008	0.0008	0.0007	0.0008	0.0017
0.0006	0.0005	0.0005	0.0005	0.0005	0.0005	0.0005
0.0039	0.0040	0.0039	0.0038	0.0037	0.0032	0.0012
0.0400	0.0406	0.0390	0.0360	0.0346	0.0373	0.0405
0.0106	0.0107	0.0103	0.0099	0.0100	0.0102	0.0107
0.0442	0.0433	0.0424	0.0423	0.0428	0.0433	0.0457
0.2597	0.2532	0.2496	0.2457	0.2427	0.2388	0.2335
0.1009	0.0972	0.0925	0.0892	0.0887	0.0808	0.0800
0.3606	0.3504	0.3421	0.3349	0.3314	0.3196	0.3135
387,032	391,403	428,154	467,043	429,636	327,066	67,686
751,927	760,268	760,557	762,271	815,398	895,173	1,118,590
6,427	6,010	6,228	6,453	5,795	6,814	15,140
4,284	3,756	3,892	4,033	4,139	4,259	4,453
27,849	30,050	30,360	30,652	30,629	27,256	10,687
285,632	305,009	303,600	290,389	286,424	317,697	360,691
75,693	80,384	80,181	79,857	82,782	86,877	95,294
315,624	325,293	330,068	341,207	354,305	368,801	407,003
1,854,468	1,902,173	1,943,040	1,981,905	2,009,108	2,033,943	2,079,544
720,175	730,012	720,343	719,397	734,168	688,570	712,090
2,574,643	2,632,185	2,663,383	2,701,302	2,743,276	2,722,513	2,791,634
2,571,637	2,627,936	2,675,759	2,688,230	2,742,403	2,722,251	1,488,599
99.88%	99.84%	100.46%	99.52%	99.97%	99.99%	53.32%

**VILLAGE OF MOKENA, ILLINOIS**

**Schedule of Information Relating to Waterworks and Sewerage Accounts - Last Ten Fiscal Years  
June 30, 2022 (Unaudited)**

	2013	2014	2015
Customer Data			
Number of Customers Served by Combined Waterworks and Sewerage System	6,804	6,874	6,956
Number of Metered Customers			
Water Service Only	125	126	130
Water and Sewer Services	6,496	6,567	6,645
Number of Unmetered Customers			
Sewer Service Only	102	102	102
Refuse Service Only	81	79	79
Gallons of Water Pumped	650,088,000	648,775,000	590,727,000
Gallons of Water Billed	638,669,000	597,275,000	546,379,000
Source: Village Records			

2016	2017	2018	2019	2020	2021	2022
7,040	7,143	7,202	7,274	7,291	7,351	7,380
130	102	105	108	110	111	114
6,729	6,816	6,914	6,983	6,998	7,055	7,062
102	102	103	103	103	103	103
79	79	79	80	80	82	82
593,283,000	630,055,000	660,289,000	654,601,000	586,230,000	660,892,000	651,032,000
548,742,000	591,896,000	613,084,000	575,287,000	548,397,000	617,370,000	618,191,000