

# VILLAGE OF MOKENA, ILLINOIS

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## ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED  
JUNE 30, 2023

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# 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, 2023

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### **Village President**

Frank A. Fleischer

### **Village Clerk**

Melissa Martini

### **Trustees**

Rob Dauphinais

Debbie Engler

Melissa Fedora

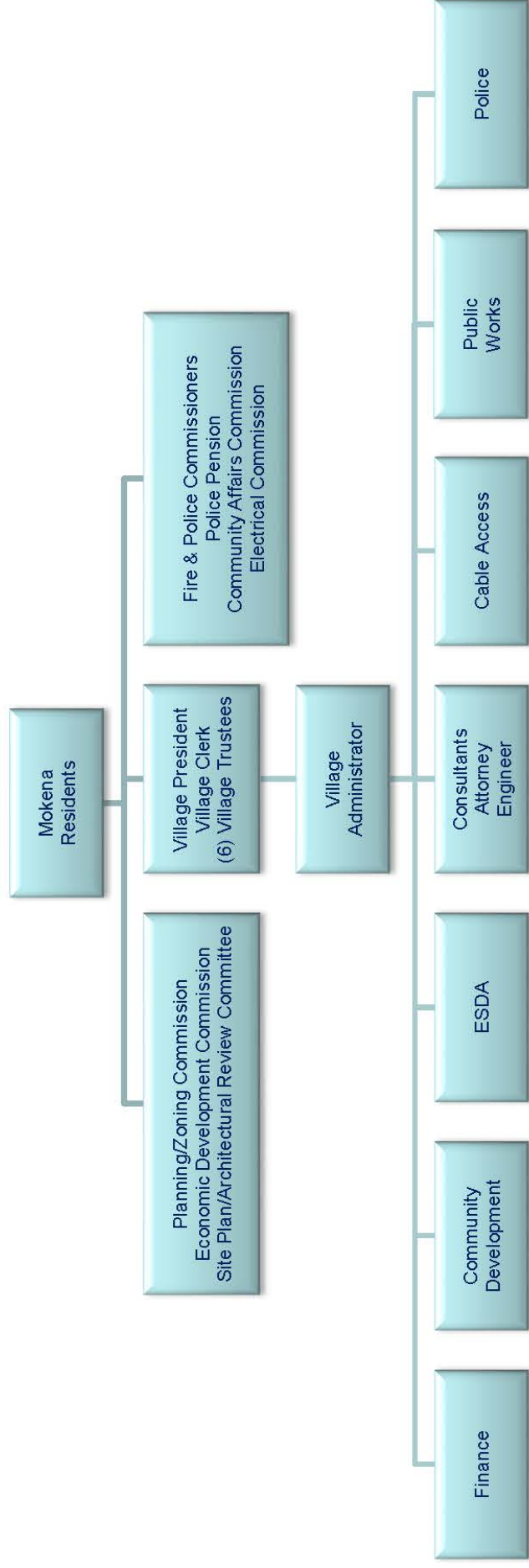
Terry G. Germany

George J. Metanias

Terence Smith

# Village of Mokena

## Fiscal '23 Organizational Chart



## **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**

October 31, 2023

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

### **Report on the Audit of the Financial Statements**

#### *Opinion*

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, 2023, 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, as of June 30, 2023, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

### **Emphasis of Matter - 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 modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

## **Auditor's 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 and *Government 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.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2023, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

*Lauterbach & Amen, LLP*  
LAUTERBACH & AMEN, LLP

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

## VILLAGE OF MOKENA, ILLINOIS

### Management's Discussion and Analysis

June 30, 2023

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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, 2023, 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 \$10,105,147, or 7.3 percent, from a beginning balance of \$138,095,031. Net position of business-type activities decreased by \$2,658,401, or 6.0 percent, from a beginning balance of \$44,354,333.
- During the year, government-wide revenues primary government totaled \$38,481,854, while expenses totaled \$31,035,108, resulting in an increase to net position of \$7,446,746 from a beginning balance of \$182,449,364.
- The Village's net position totaled \$189,896,110 on June 30, 2023, which includes \$136,041,899 net investment in capital assets, \$6,040,386 subject to external restrictions, and \$47,813,825 in unrestricted net position.
- At the end of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$43,016,262. The total Unassigned fund balance of \$7,090,826 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.

**Management's Discussion and Analysis**

**June 30, 2023**

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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).

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, the Motor Fuel Tax Fund and the Capital Improvement, Repair, and Replacement Fund which are considered major funds. Data from the other six 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, 2023**

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

##### **Proprietary Funds**

The Village only maintains an enterprise proprietary. 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 major funds 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, 2023

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table represents the net position as of June 30, 2023. 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 \$189,896,110.

	Net Position - Modified Cash Basis					
	Governmental		Business-Type		Totals	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
Current and Other Assets	\$ 43,016,262	32,623,314	10,837,949	15,471,345	53,854,211	48,094,659
Capital Assets	111,199,673	107,334,392	30,857,983	28,882,988	142,057,656	136,217,380
Total Assets	154,215,935	139,957,706	41,695,932	44,354,333	195,911,867	184,312,039
Deferred Outflows	26,272	45,379	—	—	26,272	45,379
Total Assets/Deferred Outflows	154,242,207	140,003,085	41,695,932	44,354,333	195,938,139	184,357,418
Noncurrent Liabilities	4,876,004	1,292,029	—	—	4,876,004	1,292,029
Current Liabilities	1,166,025	616,025	—	—	1,166,025	616,025
Total Liabilities	6,042,029	1,908,054	—	—	6,042,029	1,908,054
Net Position						
Net Investment in Capital Assets	105,183,916	105,471,717	30,857,983	28,882,988	136,041,899	134,354,705
Restricted	6,040,386	4,975,328	—	—	6,040,386	4,975,328
Unrestricted	36,975,876	27,647,986	10,837,949	15,471,345	47,813,825	43,119,331
Total Net Position	148,200,178	138,095,031	41,695,932	44,354,333	189,896,110	182,449,364

A large portion of the Village's net position, \$136,041,899, 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, \$6,040,386 of the Village's net position represents resources that are subject to external restrictions on how they may be used. The remaining \$47,813,825, represents unrestricted net assets and may be used to meet the government's ongoing obligations to citizens.

# VILLAGE OF MOKENA, ILLINOIS

## Management's Discussion and Analysis

June 30, 2023

### GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

	Change in Net Position - Modified Cash Basis					
	Governmental		Business-Type		Totals	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
Revenues						
Program Revenues						
Charges for Services	\$ 1,401,560	1,276,918	9,793,096	9,912,183	11,194,656	11,189,101
Operating Grants/Contrib.	820,899	858,492	—	—	820,899	858,492
Capital Grants/Contrib.	223,030	228,267	264,920	495,080	487,950	723,347
General Revenues						
Property Tax	2,772,308	3,071,998	—	—	2,772,308	3,071,998
Intergovernmental	20,099,366	18,441,869	—	—	20,099,366	18,441,869
Other Taxes	695,784	732,021	—	—	695,784	732,021
Other General Revenues	1,915,414	449,689	495,477	101,647	2,410,891	551,336
Total Revenues	27,928,361	25,059,254	10,553,493	10,508,910	38,481,854	35,568,164
Expenses						
General Government	3,650,537	3,312,937	—	—	3,650,537	3,312,937
Public Safety	7,331,319	6,671,613	—	—	7,331,319	6,671,613
Public Works	7,468,919	7,123,430	—	—	7,468,919	7,123,430
Economic Development	822,964	794,391	—	—	822,964	794,391
Employee Retirement	849,206	801,229	—	—	849,206	801,229
Interest on Long-Term Debt	77,720	57,684	—	—	77,720	57,684
Water and Sewerage	—	—	9,049,175	7,152,458	9,049,175	7,152,458
Refuse	—	—	1,646,572	1,572,767	1,646,572	1,572,767
Municipal Parking Lot	—	—	138,696	122,990	138,696	122,990
Total Expenses	20,200,665	18,761,284	10,834,443	8,848,215	31,035,108	27,609,499
Change in Net Position						
Before Transfers	7,727,696	6,297,970	(280,950)	1,660,695	7,446,746	7,958,665
Transfers	2,377,451	(387,577)	(2,377,451)	387,577	—	—
Change in Net Position	10,105,147	5,910,393	(2,658,401)	2,048,272	7,446,746	7,958,665
Net Position - Beginning	138,095,031	132,184,638	44,354,333	42,306,061	182,449,364	174,490,699
Net Position - Ending	148,200,178	138,095,031	41,695,932	44,354,333	189,896,110	182,449,364

## VILLAGE OF MOKENA, ILLINOIS

### Management's Discussion and Analysis

June 30, 2023

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#### GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

Net position of the Village's governmental activities increased by 7.3 percent (\$148,200,178 in 2023 compared to \$138,095,031 in 2022).

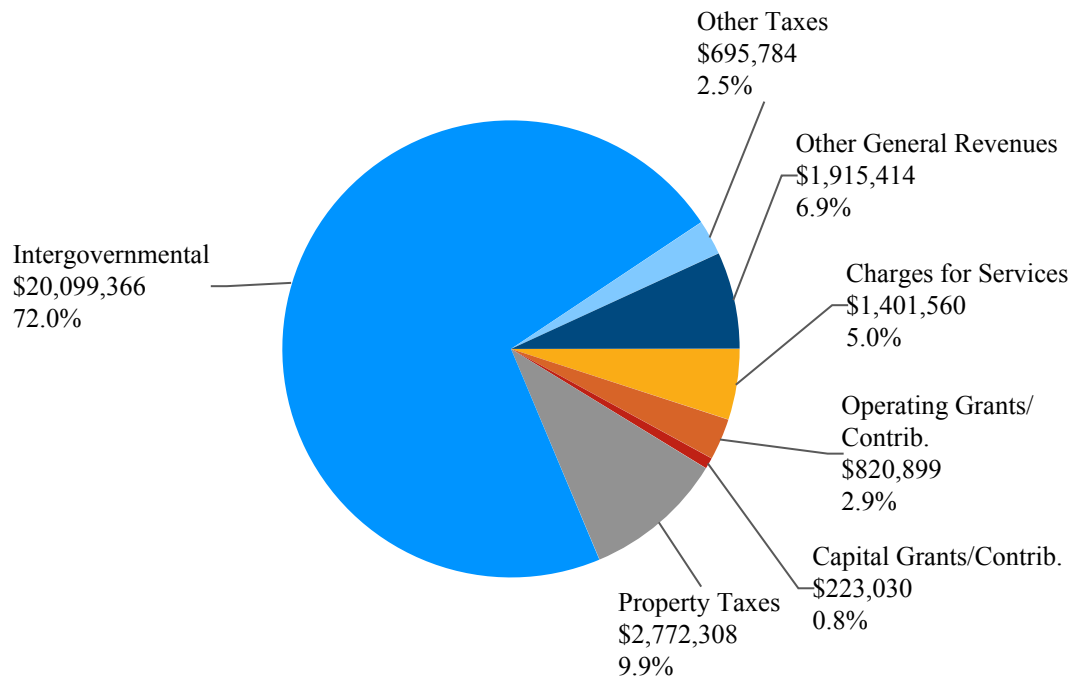
Net position of business-type activities decreased by 6.0 percent (\$41,695,932 in 2023 compared to \$44,354,333 in 2022).

#### Governmental Activities

Revenues for governmental activities totaled \$27,928,361, while the cost of all governmental functions totaled \$20,200,665, which results in a surplus of \$7,727,696 prior to transfers of \$2,377,451. This surplus was used to purchase \$7,129,066 of capital assets during fiscal year ending June 30, 2023. In 2022, revenues of \$25,059,254 exceeded expenses of \$18,761,284, resulting in a surplus of \$6,297,970 prior to transfers out of \$387,577.

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

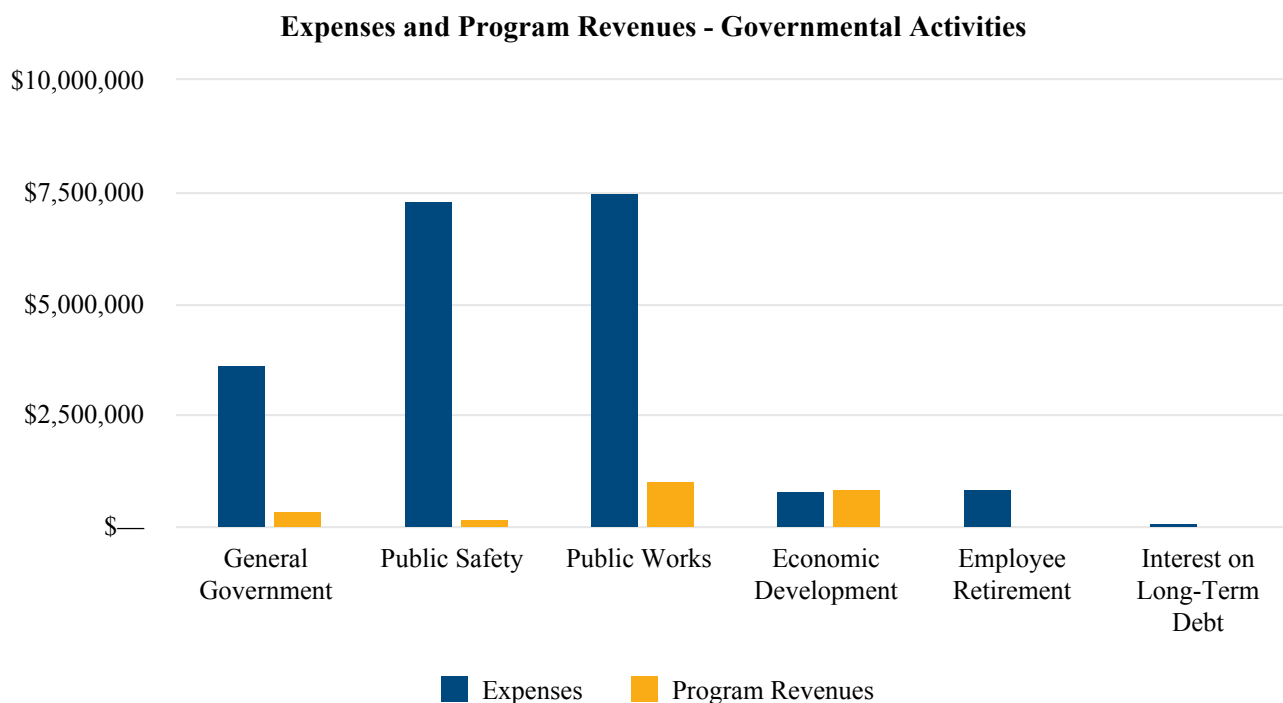
June 30, 2023

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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 \$10,553,493, while the cost of all business-type activities totaled \$10,834,443. This results in a deficit of \$280,950, prior to transfers out of \$2,377,451. In 2022, revenues of \$10,508,910 exceeded expenses of \$8,848,215, resulting in a surplus of \$1,660,695, prior to transfers in of \$387,577. The deficit in the current year was related to repairs made to a water main break under Hickory Creek.

## VILLAGE OF MOKENA, ILLINOIS

### Management's Discussion and Analysis

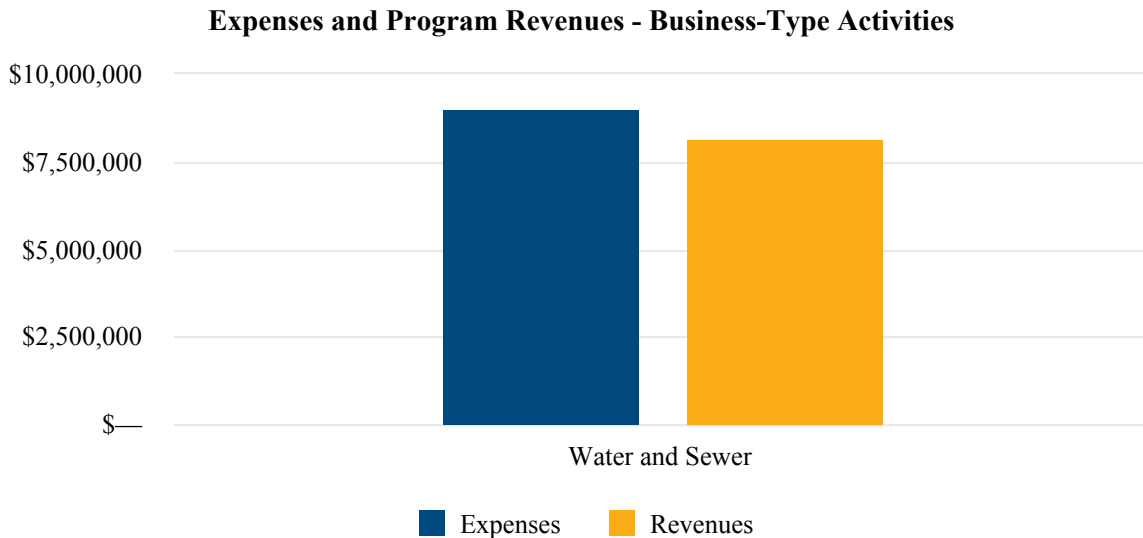
June 30, 2023

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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 \$43,016,262, which is \$10,392,948, or 31.86 percent, higher than last year's total of \$32,623,314. Of the \$43,016,262 total, \$7,090,826, 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 \$1,764,446, or 32.3 percent, from a beginning balance of \$5,469,113. This increase is due to higher sales tax revenue received in 2023.

## VILLAGE OF MOKENA, ILLINOIS

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

##### Governmental Funds - Continued

Unassigned fund balance in the General Fund was \$7,090,826, which represents 98.0 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 51.4 percent of total General Fund expenditures.

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. At the end of the current fiscal year, the Motor Fuel Tax Fund reported an increase in fund balance of \$880,202. This increase is due to receiving the final installment of Rebuild Illinois and lower expenditures because of a slow snow season.

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 \$7,628,274. This increase is due to transfers into the fund of \$7,118,377.

##### Proprietary Funds

The Village's proprietary funds provide 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 a decrease of \$2,756,489 from a beginning balance of \$43,378,728. Unrestricted net position in the Water and Sewerage Fund totaled \$10,359,932 at June 30, 2023 which was 25.50 percent of total net position.

The Refuse Fund reported an increase of \$21,622 from a beginning balance of \$214,711. Unrestricted net position in the Refuse Fund totaled \$236,238 at June 30, 2023 which was 99.96 percent of total net position.

## VILLAGE OF MOKENA, ILLINOIS

### Management's Discussion and Analysis

June 30, 2023

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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 \$20,129,289, compared to budgeted revenues of \$20,178,293. Revenues for all functions except taxes and fines and forfeitures were lower than budgeted.

General Fund actual expenditures for the year were \$29,011 lower than budgeted (\$13,799,177 actual compared to \$13,828,188 budgeted).

#### CAPITAL ASSETS

The Village's investment in capital assets for its governmental and business type activities as of June 30, 2023 was \$142,057,656 (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			
	2023	2022	2023	2022	2023	2022
Land	\$ 47,479,781	47,479,781	1,934,830	1,934,830	49,414,611	49,414,611
Construction in Progress	7,057,666	652,304	10,776,008	8,345,709	17,833,674	8,998,013
Buildings and Improvements	2,114,759	2,177,626	5,282,119	5,524,851	7,396,878	7,702,477
Machinery and Equipment	381,973	471,083	1,331,492	1,101,831	1,713,465	1,572,914
Infrastructure	52,744,158	55,426,479	11,434,882	11,826,184	64,179,040	67,252,663
Transportation Equipment	1,421,336	1,127,119	98,652	149,583	1,519,988	1,276,702
Totals	111,199,673	107,334,392	30,857,983	28,882,988	142,057,656	136,217,380

This year's major additions included:

Construction in Progress	\$ 8,835,661
Buildings and Improvements	19,350
Machinery and Equipment	352,315
Transportation Equipment	663,320
	<u>9,870,646</u>

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

## VILLAGE OF MOKENA, ILLINOIS

### Management's Discussion and Analysis

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#### DEBT ADMINISTRATION

As of June 30, 2023, the Village had total outstanding debt of \$6,042,029 as compared to \$1,908,054 the previous year, an increase of 216.7 percent. The following is a comparative statement of outstanding debt:

	Long-Term Debt Outstanding					
	Governmental		Business-Type		Totals	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
General Obligation Bonds	\$ 1,270,000	1,870,000	—	—	1,270,000	1,870,000
Plus: Unamortized Premium	22,029	38,054	—	—	22,029	38,054
Promissory Note Payable	4,750,000	—	—	—	4,750,000	—
	6,042,029	1,908,054	—	—	6,042,029	1,908,054

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

#### BUDGET PROCESS

Regardless of economic conditions, the 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 2024 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 2022 and the Village Board in January of 2023 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 2024 budget:



## VILLAGE OF MOKENA, ILLINOIS

### Management's Discussion and Analysis

June 30, 2023

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#### BUDGET PROCESS - Continued

- January 23, 2023
  - MFT Program
  - Infrastructure Programs
  - Road Maintenance
  - Financial Overview of General Infrastructure Fund
- February 20, 2023
  - Fleet Replacement Program
- April 10, 2023
  - 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
  - Refuse Fund
  - Special Tax Allocation (TIF) Fund
- May 15, 2023
  - Review General Fund
  - FY 23 - Status
  - Proposed FY 24 Budget
  - Overall Financial Health
  - Review FY 23 Surplus
  - Overview of Capital Improvement Fund Balances
  - Proposed FY 23 Budget Amendments
  - Preliminary Draft
    - Overall Budget
    - Status
      - Budget Categories
      - Operating and Capital Fund Balances
      - Annual Transfers
  - Holiday Decoration
  - Tourism Fund
  - Municipal Parking Lot Fund

The Mokena Village Board has reviewed a significant volume of budget and program information during the budget process and has been provided appropriate time to consider staff's recommendations. Consistent with the Village's financial practices, the FY 2024 budget has been prepared with a conservative approach.

## VILLAGE OF MOKENA, ILLINOIS

### Management's Discussion and Analysis

June 30, 2023

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

The Village of Mokena 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 dilemmas and uncertainties, 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 nine 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 82.47% funded based on the actuarial valuation report as of July 1, 2022. 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 of tranches was expected to be completed by June 24, 2022. In February 2023, the appellate Circuit Court of Kane County affirmed the Trial Court's decision regarding the lawsuit filed by Police and Firefighter pension funds challenging the statutory consolidation. The lawsuit has been petitioned to the Illinois Supreme Court. The Mokena Police Pension Fund is a party to that suit. That decision may be appealed by the pension funds, but consolidation is likely to proceed. Approximately 91% of all Illinois suburban and downstate police pension funds have been transferred into the consolidated fund. Once all transfers have been made, the consolidated pension funds are estimated to exceed \$9 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 that are negatively affected. 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 6.5 percent for the 12 months ending December 2022. 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, which are Metropolitan Alliance of Police (MAP) and the International Union of Operating Engineers, Local 150 expired on June 30, 2022. The Village successfully negotiated a new agreement with MAP Patrol in November 2023. The Village is currently negotiating with Local 150. We are also in the process of negotiating a first-time agreement with the Village's Sergeants in the Police Department and Clerical Staff, which are both represented by MAP.

## VILLAGE OF MOKENA, ILLINOIS

### Management's Discussion and Analysis

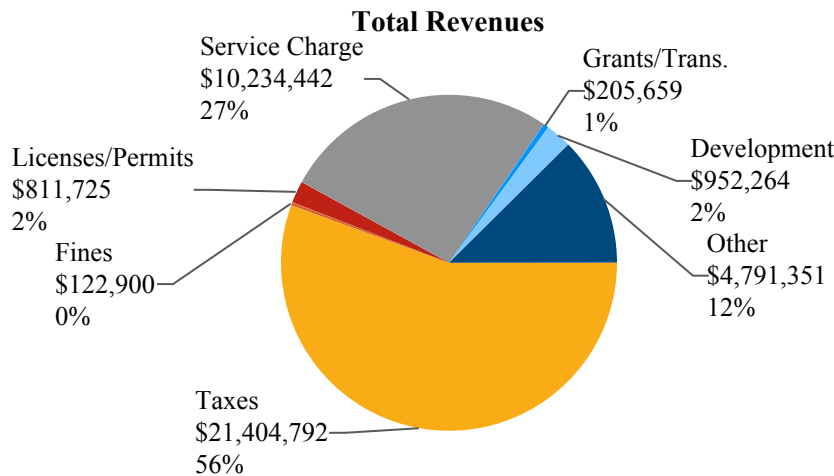
June 30, 2023

#### ECONOMIC CONDITION AND OUTLOOK - Continued

5. The Board approved a contract with Henry Bros. Co. on May 9, 2022 to build the new police station. Construction of the police station started in June of 2022 and is expected to be completed in 2024. The project will cost approximately \$18.2M in expenditures for architectural fees and construction of the project. The Village borrowed \$4.75M to fund the police station. The first installment of \$679,429 is due July 30, 2023.

#### OVERVIEW OF REVENUES

Total revenues for FY 2024 are estimated to be \$38,523,133. Illustrated below is 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 decrease by \$1.9M or 4.61% below FY 2023 budgeted amounts.

Overview of Budgeted Revenues					
	FY 23	FY 24			
	Budget	Budget	\$ Inc/(Dec)	% Change	
Taxes	\$ 19,078,208	21,404,792	2,326,584	12.19%	
Fines	90,750	122,900	32,150	35.43%	
Licenses/Permits	823,725	811,725	(12,000)	(1.46%)	
Service Charge	9,858,649	10,234,442	375,793	3.81%	
Grants/Transfers	1,577,324	205,659	(1,371,665)	(86.96%)	
Development	943,550	952,264	8,714	0.92%	
Promissory Note	5,000,000	—	(5,000,000)	(100.00%)	
Other	3,013,482	4,791,351	1,777,869	59.00%	
Total	40,385,688	38,523,133	(1,862,555)	(4.61%)	

## VILLAGE OF MOKENA, ILLINOIS

### Management's Discussion and Analysis

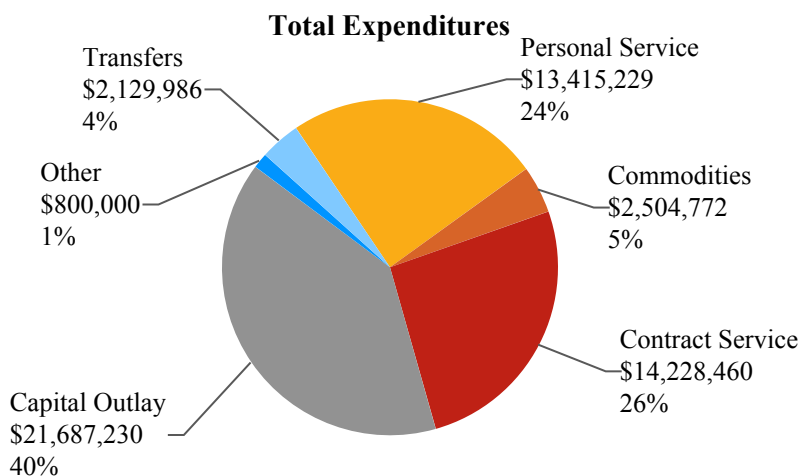
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#### OVERVIEW OF REVENUES - Continued

Tax revenue for FY 2024 is forecasted to increase by \$2.3M. The main increases in tax revenues are associated with sales tax (\$1.04M), the ½% non-home rule sales tax (\$722K) and state income tax (\$230K). Notable upswing in other revenues includes an increase in interest income of \$925K. Also, the proposed budget has been prepared with a 50% (or \$1.54M) reduction in the Local Government Distributive Fund (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 eight years that will continue in FY 2024.

#### OVERVIEW OF EXPENDITURES

Total estimated expenditures for FY 2024 are \$54,765,677. Illustrated below is 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 \$4.9M or 9.88% over FY 2023 levels.

Overview of Budgeted Expenditures				
	FY 23	FY 24		
	Budget	Budget	\$ Inc/(Dec)	% Change
Personal Service	\$ 12,173,735	13,415,229	1,241,494	10.20%
Commodities	2,092,371	2,504,772	412,401	19.71%
Contract Service	12,266,269	14,228,460	1,962,191	16.00%
Capital Outlay	21,428,044	21,687,230	259,186	1.21%
Other	655,000	800,000	145,000	22.14%
Transfers	1,224,085	2,129,986	905,901	74.01%
Total	49,839,504	54,765,677	4,926,173	9.88%

## VILLAGE OF MOKENA, ILLINOIS

### Management's Discussion and Analysis

June 30, 2023

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#### OVERVIEW OF EXPENDITURES - Continued

Personal services are budgeted to increase by \$1.2M. This increase is mainly attributable to salary, overtime, and benefit increases with the anticipation of adding new positions. Contractual services are budgeted to increase by \$2.0M, primarily due to water and sewer contracted maintenance (\$131K), lake water costs (\$180K), rebates due (\$296K) and debt payments for police station note payable of \$735K. Transfers increased by \$905K from FY 2023. Included in FY 2024 transfers are \$575K to the Municipal Parking Facilities Fund to pave the second half of the Hickory Creek Metra Parking Lot and \$745K to the Municipal Facility Fund to pay for the Police Station note payable installments.

The following table represents the Village's aggregate fiscal status in all funds for the past two budget cycles, as well as for FY 2024:

	Overall Fiscal Status		
	Actual	Anticipated	Proposed
	FY 22	FY 23	FY 24
Beginning Balance	\$ 74,921,534	73,980,301	73,039,066
Revenues	40,729,409	39,681,018	38,523,132
Expenditures	(41,670,642)	(40,622,253)	(54,765,678)
Ending Balance	<u>73,980,301</u>	<u>73,039,066</u>	<u>56,796,520</u>
Decrease			<u>(17,183,781)</u>

The proposed FY 2024 Budget should see aggregate fund balances decrease by approximately (\$17.2M) to a total of \$56.8M. This is mainly attributable to saving money over a period of years for future capital projects and spending the funds when needed. In FY 2023, we begin to utilize the funds in the Capital Improvement, Repair, and Replacement Funds to construct the Police Station and the project will continue in FY 2024.

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

In addition to providing a basic overview of the proposed FY 2024 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 and (3) per capita debt.

#### (1) MAJOR OPERATING FUND BALANCES

##### GENERAL FUND

FY 2023 is the eleventh consecutive year in which the General Fund has produced substantial "net positive operating" results. This has allowed for a total of \$31.15M over the previous eleven years to be transferred into the Police Pension Fund (\$600K), Water Operating Fund (\$725K), Plant Expansion Fund (\$5.82M), and the Capital Improvement, Repair and Replacement Fund for public improvement and municipal facility projects (\$24.0M).

## VILLAGE OF MOKENA, ILLINOIS

### Management's Discussion and Analysis

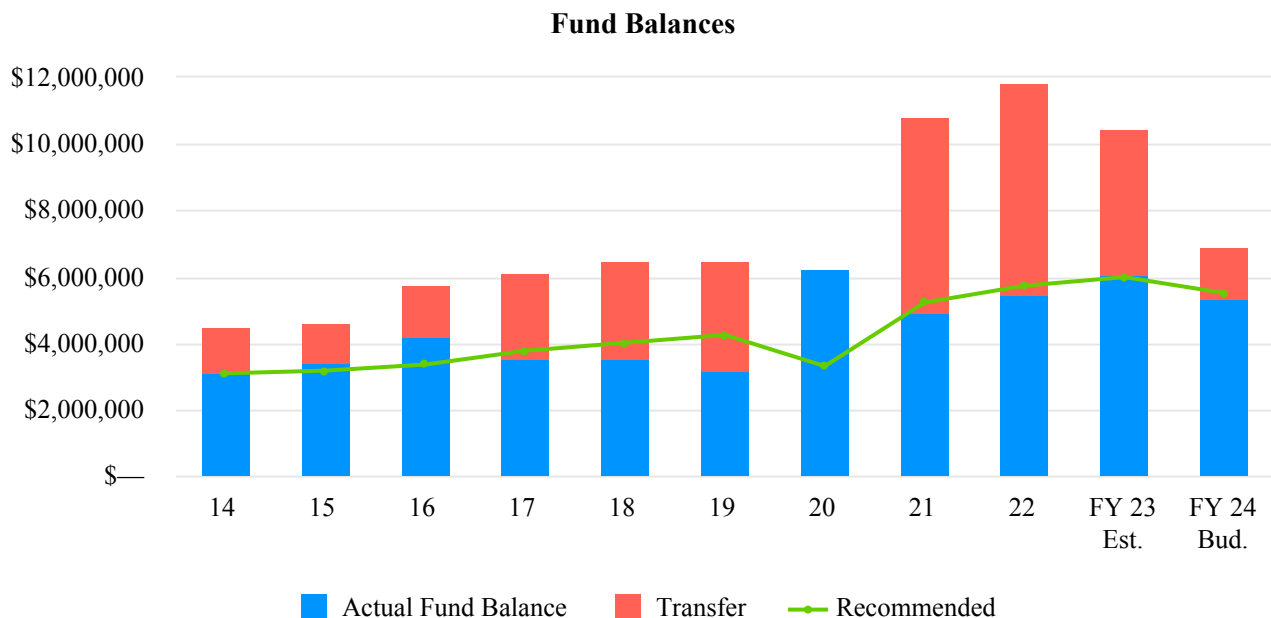
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#### GENERAL FUND - Continued

In FY 2024, a transfer from the General Fund to Municipal Parking Lot for \$575K is budgeted to repave the second half of the Hickory Creek Metra Parking Lot. The FY 2024 Budget has been prepared with a proposed ending fund balance of 32% 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, a 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 2023 year-end General Fund balance of \$6.10M. Based on the proposed FY 2024 Budget, the General Fund balance is projected to be over \$5.34M or 32% 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 7,400 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 were 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 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 ±\$275M. A funding mechanism (transportation bond funding beginning in FY 2026) has been identified and approved by the Board during the FY 2020 budget process to pay the Village's share of improvements without adding this cost to the water rate. At the May 22, 2023 Board meeting, the Board of Trustees approved a Second Amendment which changed the ownership of the Orland Park Spur Two water transmission line and related appurtenances from the Village of Orland Park to the Village of Oak Lawn. The amendment also clarified the ownership of the Palos Hills Metering Station and Pump Station and defined the requirements of backflow devices for customer communities.

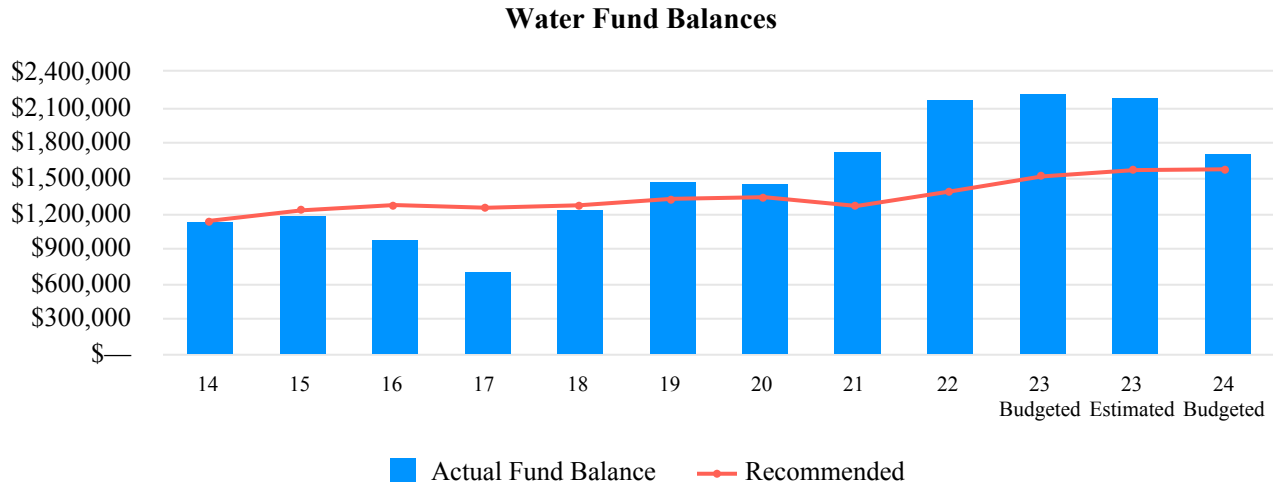
For historical reference, the City of Chicago passed a four year (2012-2015) accelerated water rate program, which severely impacted water rates not only for Mokena customers, but for all metered customers that obtain water from The City of Chicago. This four-year rate increase caused Lake Michigan water consumers to pay an additional \$1.80/1,000 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, a 5.00% increase June 1, 2022, and a 5.00% increase will go into effect June 1, 2023. 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 2014-FY 2023. The FY 2023 year-end balance is anticipated to be at 35%, which is above the recommended 25% fund balance.

## VILLAGE OF MOKENA, ILLINOIS

### Management's Discussion and Analysis

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#### WATER FUND - Continued



The FY 2024 Budget includes a water rate increase of \$0.30/1,000 gallons. The fund balance is anticipated to decrease by approximately \$484K in FY 2024. Even with this decrease, the fund 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. A rate adjustment of \$0.15/1,000 gallons was implemented in both FY 2016 and FY 2017 to help soften these flattening consumption trends. An additional rate increase of \$0.30/1,000 gallons will be implemented on July 1, 2023. The proposed FY 2024 fund balance is \$600K or 24%, which is \$5K lower than the Board's operating guideline of maintaining 25% of annual expenditures in each major fund. 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.

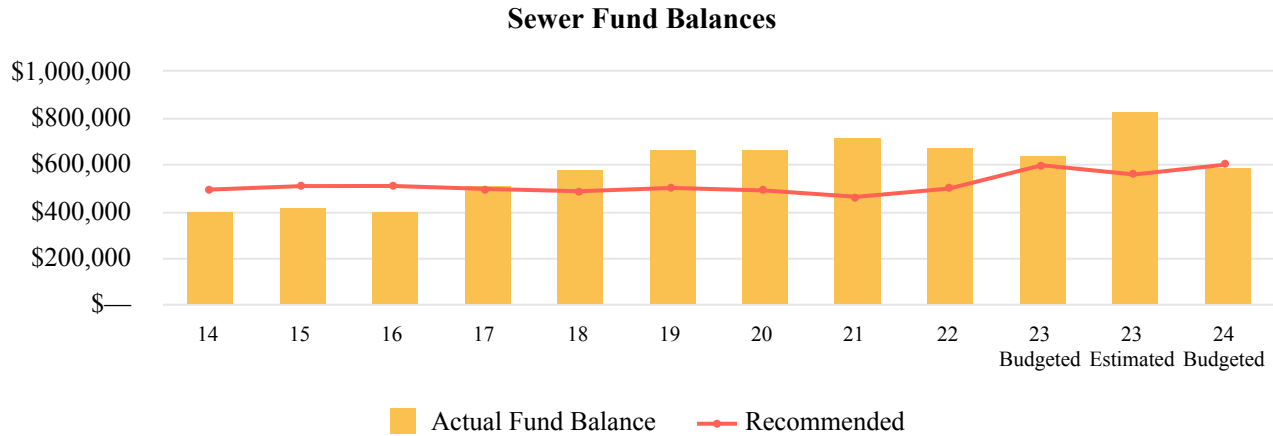


## VILLAGE OF MOKENA, ILLINOIS

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#### SEWER FUND - Continued



#### 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.

In FY 2023, it's estimated revenues will be \$94K more than budgeted partly due to a rate increase from \$1.25 to \$2.00 that took effect on January 1, 2023. 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.

In May 2023, the Therafin Parking Lot was converted from a gravel parking lot to a paved lot. In addition, half of the Hickory Creek Parking Lot is scheduled to be repaved in the summer of 2023. Both projects are being funded through transfers from the General Fund.

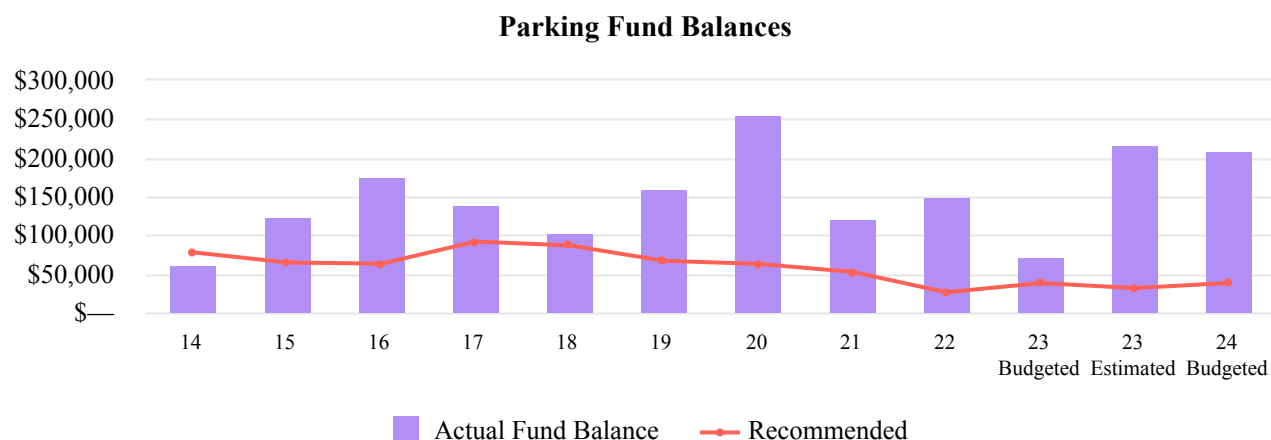
The FY 2024 fund balance is above the 25% target level as seen below. As we move forward, this fund will continue to be reviewed cautiously.

# VILLAGE OF MOKENA, ILLINOIS

## Management's Discussion and Analysis

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### PARKING LOT FUND - Continued



### 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 2023 along with proposed FY 2024).

Fund	Operating Fund Balances					
	Beginning FY 23	Beginning FY 24	Ending FY 24	Recommended Amount	Variance	Actual %
General	\$ 5,469,114	6,103,794	5,380,465	5,494,154	(113,689)	32.00%
Water	2,738,624	2,192,266	1,723,803	1,569,851	153,952	27.00%
Sewer	1,008,096	833,329	594,562	600,096	(5,534)	24.00%
Parking Lot	150,176	216,096	208,874	38,141	170,733	136.00%

Both the General Fund and Sewer Fund are projected to be at 32% and 24% by June 30, 2024, respectively. The Water Fund and Parking Lot Fund have ending balances above the recommended fund balance of 25%. 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, 2023

#### (2) CAPITAL RESERVES

As part of the Village's financial foundation, a structured system was developed to accumulate and earmark capital reserve funds over the years. These funds have been collected over a period of years and then expended as projects become necessary. This approach can result in large sums of money being collected and/or spent in a given year and result in balances fluctuating accordingly. This system includes utilization of specific policies for the financial management of water and sewer connection fees and formula driven developer contributions, as well as transfers of any potential "net positive operating results" into capital reserve accounts. In April of 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 \$10M Alternate Sales Tax Bond and provide cash funds for road system improvements. Over the past thirteen years, this revenue source has also been utilized for road and other infrastructure maintenance. The following represents the status of Mokena's Capital Reserve Funds for FY 2023 and FY 2024.

Fund	Capital Reserve Fund Balance		
	Beginning FY 23	Beginning FY 24	Ending FY 24
Water System Capital	\$ 2,964,989	1,860,324	1,778,659
Sewer System Capital	1,826,843	1,727,002	1,221,964
Sewer Plant Replacement	1,430,505	1,259,890	1,024,390
Sewer Plant Expansion	5,137,878	1,336,789	7,706
Capital Imp., Repair, Replacement	21,068,502	28,830,649	15,354,418
Total	32,428,717	35,014,654	19,387,137
Change			(15,627,517)

The previously referenced table shows that at the conclusion of FY 2024, the Village should possess \$19.4M for future capital projects. In aggregate, these funds are expected to decline by (\$15.63M). The Village anticipates finalizing the upgrades to the Wastewater Treatment Plant and construction of the new Police Station, along with continuing the road rehabilitation program in FY 2024.

#### (3) PER CAPITA DEBT

##### ½% Non-Home Rule Sales Tax

In April of 2001, Mokena voters approved a referendum authorizing a ½% non-home rule sales tax with categorical exclusions for certain foods, medicines, and titled property. The Village began collecting the revenue in April of 2002. The Village Board spent approximately 2 years prior to the successful referendum determining how to utilize the funds from a long-term perspective and made use of this timeframe to educate Mokena residents on the topic as well. While utilizing the first two years of proceeds to fund local costs for projects such as 191<sup>st</sup> Street improvements, the Board determined that borrowing \$10M would be the most prudent mechanism to fund immediate transportation projects. The bonds were issued in April of 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 of \$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, 2023

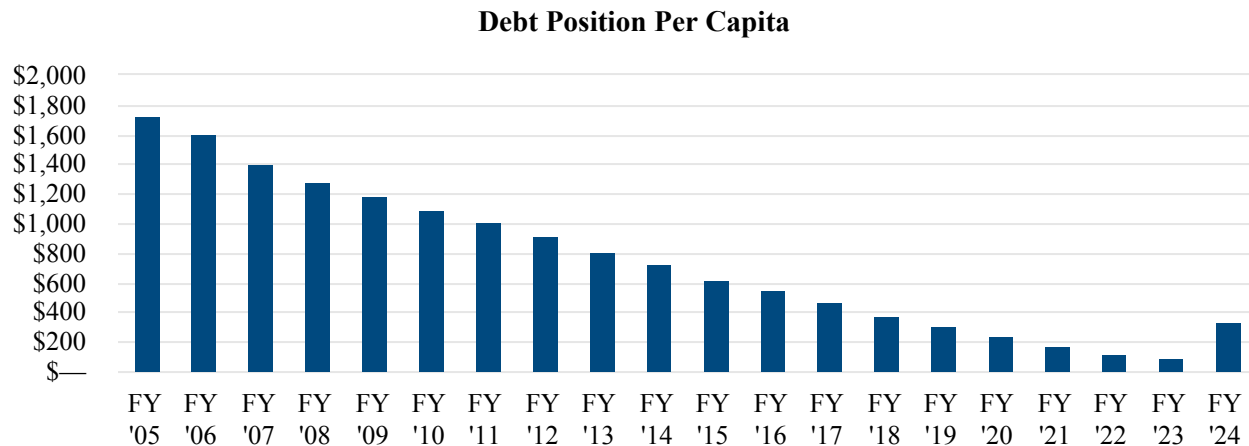
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#### PER CAPITA DEBT - Continued

##### Police Station Note Payable:

In August 2023, the Village took out a \$4,750,000 promissory note payable to help fund the construction of the new Police Station, which overall cost is approximately \$18.2M. This is an eight-year note with annual principal and semi-annual interest payments. The interest rates range from 2.71% to 3.33%. The first principal and interest payment is due on July 30, 2023 and can be callable in July 2024.

The following historical chart depicts Mokena's per capita debt position over the past twenty years as well as projections for FY 2024.



While reaching a high of over \$1,726 per capita in FY 2005, the Village's per capita debt levels began to decline and are currently \$340+/- per resident. Moving into FY 2024, the Village is in a strong position from a debt management perspective. Current debt levels are 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.

#### NEW POLICE STATION

As an 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 former Trustees Joseph Budzyn and Joseph Siwinski (Chairman), former Interim Police Chief Tim McCarthy, Police Commander Randal Stumpf, and former Assistant Village Administrator Kirk Zoellner (former 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 next 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.

## **VILLAGE OF MOKENA, ILLINOIS**

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

**June 30, 2023**

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#### **NEW POLICE STATION - Continued**

At the 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 on April 25, 2022, the Board awarded the bid to the lowest bidder, Henry Bros. Co. of Hickory Hills, Illinois, in the amount of \$15,994,000. The Henry Bros. Co. bid included 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. Co. at its May 9, 2022 meeting. Construction activities started in July 2022 and are currently underway. The project is expected to be completed in 2024.

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. A promissory note was executed on August 3, 2022 for \$4,750,000 to help fund the project. Payments on this promissory note will begin in July 2023.

#### **BUDGET SUMMARY**

In summary, the Village's total revenues are projected to decrease by approximately \$1.86M or 4.61% in FY 2024. Overall expenditures are expected to rise by \$4.93M or 9.88%. This increase in expenditures is attributable to the anticipated outflow of cash reserves for the Village's new Police Station, additional road projects, 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 \$0.30/1,000 gallon adjustment for water rates and \$0.30/1,000 gallon adjustment for sewer rates, resulting in a \$4.80 per month increase for an average residential customer. Over the course of the entire fiscal year, this adjustment will result in a \$57.60 cost increase to the average household budget. The refuse rate will increase \$1.00 per month for townhomes/condos and \$0.67 for single family homes. Over the course of the entire fiscal year, this adjustment will result in a \$8-12 +/- increase to the average household budget. Combined with the water rate adjustment taking effect in July, the average household will see an approximate \$65 +/- increase in fees.

The proposed budget has again been prepared to continue providing senior citizen households with refuse discounts of approximately \$21-\$23 +/- on an annual basis.

#### **FINAL THOUGHTS**

The FY 2024 budget represents the collective fiscal philosophy historically employed by the Village because it is based on realistic economic goals and provided the financial strength to construction the new public safety building. With the retirement of several senior staff, this year's budget process called for a significant investment of time to ensure that all new Department Heads were informed and confident with their Department's budget. The FY 2024 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.

## VILLAGE OF MOKENA, ILLINOIS

### Management's Discussion and Analysis

June 30, 2023

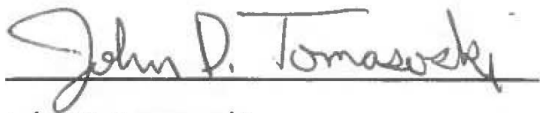
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#### FINAL THOUGHTS - Continued

The creation of the FY 2024 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 2024 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 Funds

  - 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, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
<b>ASSETS</b>			
Current Assets			
Cash and Investments	\$ 42,546,809	10,837,949	53,384,758
Restricted Cash	469,453	—	469,453
Total Current Assets	43,016,262	10,837,949	53,854,211
Noncurrent Assets			
Capital Assets			
Nondepreciable	54,537,447	12,710,838	67,248,285
Depreciable	119,282,659	38,081,426	157,364,085
Accumulated Depreciation	(62,620,433)	(19,934,281)	(82,554,714)
Total Capital Assets	111,199,673	30,857,983	142,057,656
Total Assets	154,215,935	41,695,932	195,911,867
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Unamortized Loss on Refunding	26,272	—	26,272
Total Assets and Deferred Outflows of Resources	154,242,207	41,695,932	195,938,139
<b>LIABILITIES</b>			
Current Liabilities			
Current Portion of Long-Term Liabilities	1,166,025	—	1,166,025
Noncurrent Liabilities			
General Obligation Bonds Payable - Net	661,004	—	661,004
Promissory Notes Payable	4,215,000	—	4,215,000
Total Liabilities	6,042,029	—	6,042,029
<b>NET POSITION</b>			
Net Investment in Capital Assets	105,183,916	30,857,983	136,041,899
Restricted			
Economic Development	410,324	—	410,324
Streets	4,361,651	—	4,361,651
Capital Improvements	326,720	—	326,720
Public Safety	193,955	—	193,955
Professional Services	17,752	—	17,752
Employee Retirement	729,984	—	729,984
Unrestricted	36,975,876	10,837,949	47,813,825
Total Net Position	148,200,178	41,695,932	189,896,110

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, 2023

		Program Revenues		
		Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions
	Expenses			
Governmental Activities				
General Government	\$ 3,650,537	375,466	—	—
Public Safety	7,331,319	184,103	—	—
Public Works	7,468,919	—	820,899	223,030
Economic Development	822,964	841,991	—	—
Employee Retirement	849,206	—	—	—
Interest on Long-Term Debt	77,720	—	—	—
Total Governmental Activities	20,200,665	1,401,560	820,899	223,030
Business-Type Activities				
Water and Sewerage	9,049,175	7,882,147	—	264,920
Refuse	1,646,572	1,701,417	—	—
Municipal Parking Lot	138,696	209,532	—	—
Total Business-Type Activities	10,834,443	9,793,096	—	264,920
Total Primary Government	31,035,108	11,194,656	820,899	487,950

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
(3,275,071)	—	(3,275,071)
(7,147,216)	—	(7,147,216)
(6,424,990)	—	(6,424,990)
19,027	—	19,027
(849,206)	—	(849,206)
(77,720)	—	(77,720)
(17,755,176)	—	(17,755,176)
—	(902,108)	(902,108)
—	54,845	54,845
—	70,836	70,836
—	(776,427)	(776,427)
(17,755,176)	(776,427)	(18,531,603)
2,070,050	—	2,070,050
702,258	—	702,258
460,616	—	460,616
235,168	—	235,168
14,091,952	—	14,091,952
3,099,323	—	3,099,323
815,479	—	815,479
657,678	—	657,678
63,269	—	63,269
1,371,665	—	1,371,665
1,450,921	418,259	1,869,180
464,493	77,218	541,711
2,377,451	(2,377,451)	—
27,860,323	(1,881,974)	25,978,349
10,105,147	(2,658,401)	7,446,746
138,095,031	44,354,333	182,449,364
148,200,178	41,695,932	189,896,110

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, 2023

	General	Special Revenue Motor Fuel Tax	Capital Projects Capital Improvement, Repair, and Replacement	Nonmajor	Totals
<b>ASSETS</b>					
Cash and Investments	\$ 7,090,826	4,361,651	28,370,056	2,724,276	42,546,809
Restricted Cash	142,733	—	326,720	—	469,453
Total Assets	7,233,559	4,361,651	28,696,776	2,724,276	43,016,262
<b>LIABILITIES</b>					
None	—	—	—	—	—
<b>FUND BALANCES</b>					
Restricted	142,733	4,361,651	326,720	1,209,282	6,040,386
Assigned	—	—	28,370,056	1,514,994	29,885,050
Unassigned	7,090,826	—	—	—	7,090,826
Total Fund Balances	7,233,559	4,361,651	28,696,776	2,724,276	43,016,262
Total Liabilities and Fund Balances	7,233,559	4,361,651	28,696,776	2,724,276	43,016,262

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, 2023

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<b>Total Governmental Fund Balances</b>	<b>\$ 43,016,262</b>
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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.	111,199,673
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

General Obligation Bonds Payable	(1,270,000)
Unamortized Bond Premium	(22,029)
Promissory Notes Payable	(4,750,000)
Unamortized Loss on Refunding	26,272
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<b>Net Position of Governmental Activities</b>	<b><u>148,200,178</u></b>
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# 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, 2023

	General	Special Revenue Motor Fuel Tax	Capital Projects Capital Improvement, Repair, and Replacement	Nonmajor	Totals
Revenues					
Taxes	\$ 2,364,826	—	—	1,103,266	3,468,092
Intergovernmental	15,848,621	1,043,929	4,187,476	63,269	21,143,295
Licenses and Permits	841,991	—	—	—	841,991
Charges for Services	375,466	—	—	—	375,466
Fines and Forfeitures	184,103	—	—	—	184,103
Interest Income	270,875	153,798	946,641	79,607	1,450,921
Miscellaneous	243,407	—	164,286	56,800	464,493
Total Revenues	20,129,289	1,197,727	5,298,403	1,302,942	27,928,361
Expenditures					
General Government	3,430,776	—	—	171,859	3,602,635
Public Safety	7,063,830	—	—	27,944	7,091,774
Public Works	2,583,648	317,525	762,554	—	3,663,727
Economic Development	720,923	—	—	102,041	822,964
Employee Retirement	—	—	—	849,206	849,206
Capital Outlay	—	—	8,101,314	—	8,101,314
Debt Service					
Principal Retirement	—	—	600,000	—	600,000
Interest and Fiscal Charges	—	—	74,638	—	74,638
Total Expenditures	13,799,177	317,525	9,538,506	1,151,050	24,806,258
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,330,112	880,202	(4,240,103)	151,892	3,122,103
Other Financing Sources (Uses)					
Debt Issuance	—	—	4,750,000	—	4,750,000
Disposal of Capital Assets	143,394	—	—	—	143,394
Transfers In	237,525	—	7,118,377	—	7,355,902
Transfers Out	(4,946,585)	—	—	(31,866)	(4,978,451)
	(4,565,666)	—	11,868,377	(31,866)	7,270,845
Net Change in Fund Balances	1,764,446	880,202	7,628,274	120,026	10,392,948
Fund Balances - Beginning	5,469,113	3,481,449	21,068,502	2,604,250	32,623,314
Fund Balances - Ending	7,233,559	4,361,651	28,696,776	2,724,276	43,016,262

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, 2023

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 10,392,948</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	7,129,066
Depreciation Expense	(3,148,318)
Disposals - Cost	(333,993)
Disposals - Accumulated Depreciation	218,526

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.

Debt Issuance	(4,750,000)
Retirement of Debt	600,000
Amortization of Bond Premium	16,025
Amortization of Loss on Refunding	(19,107)

<b>Changes in Net Position of Governmental Activities</b>	<b>10,105,147</b>
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**VILLAGE OF MOKENA, ILLINOIS****Statement of Net Position - Proprietary Funds - Modified Cash Basis****June 30, 2023**

	Water and Sewerage	Refuse	Nonmajor Municipal Parking Lot	Totals
<b>ASSETS</b>				
Current Assets				
Cash and Investments	\$ 10,359,932	236,238	241,779	10,837,949
Noncurrent Assets				
Capital Assets				
Nondepreciable	12,185,614	—	525,224	12,710,838
Depreciable	37,722,733	3,828	354,865	38,081,426
Accumulated Depreciation	(19,646,040)	(3,733)	(284,508)	(19,934,281)
Total Capital Assets	30,262,307	95	595,581	30,857,983
Total Assets	40,622,239	236,333	837,360	41,695,932
<b>LIABILITIES</b>				
None	—	—	—	—
<b>NET POSITION</b>				
Investment in Capital Assets	30,262,307	95	595,581	30,857,983
Unrestricted	10,359,932	236,238	241,779	10,837,949
Total Net Position	40,622,239	236,333	837,360	41,695,932

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, 2023

	Water and Sewerage	Refuse	Nonmajor Municipal Parking Lot	Totals
Operating Revenues				
Charges for Services	\$ 7,710,692	1,701,417	209,532	9,621,641
Water Meter Installation	18,262	—	—	18,262
Inspection Fees	6,372	—	—	6,372
Other	146,821	—	—	146,821
Total Operating Revenues	7,882,147	1,701,417	209,532	9,793,096
Operating Expenses				
Operations				
Personnel Services	2,093,891	—	88,242	2,182,133
Commodities	460,158	—	4,762	464,920
Contractual Services	4,748,924	1,646,189	30,556	6,425,669
Capital Outlay	995,136	—	—	995,136
Depreciation	751,066	383	15,136	766,585
Total Operating Expenses	9,049,175	1,646,572	138,696	10,834,443
Operating Income (Loss)	(1,167,028)	54,845	70,836	(1,041,347)
Nonoperating Revenues				
Interest Income	405,673	6,956	5,630	418,259
Other Income	72,408	4,810	—	77,218
	478,081	11,766	5,630	495,477
Income (Loss) Before Grants and Transfers	(688,947)	66,611	76,466	(545,870)
Capital Grants	264,920	—	—	264,920
Transfers Out	(2,332,462)	(44,989)	—	(2,377,451)
	(2,067,542)	(44,989)	—	(2,112,531)
Change in Net Position	(2,756,489)	21,622	76,466	(2,658,401)
Net Position - Beginning	43,378,728	214,711	760,894	44,354,333
Net Position - Ending	40,622,239	236,333	837,360	41,695,932

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, 2023

	Water and Sewerage	Refuse	Nonmajor Municipal Parking Lot	Totals
Cash Flows from Operating Activities				
Receipts from Customers and Users	\$ 7,954,555	1,706,226	209,533	9,870,314
Payments to Employees	(2,093,891)	—	(88,242)	(2,182,133)
Payments to Suppliers	(6,204,218)	(1,646,189)	(35,318)	(7,885,725)
	(343,554)	60,037	85,973	(197,544)
Cash Flows from Capital and Related Financing Activities				
Purchase of Capital Assets	(2,741,580)	—	—	(2,741,580)
Capital Grant	264,920	—	—	264,920
	(2,476,660)	—	—	(2,476,660)
Cash Flows from Noncapital Financing Activities				
Transfers Out	(2,332,462)	(44,989)	—	(2,377,451)
Cash Flows from Investing Activities				
Interest Income	405,673	6,956	5,630	418,259
Net Change in Cash and Cash Equivalents	(4,747,003)	22,004	91,603	(4,633,396)
Cash and Cash Equivalents - Beginning	15,106,935	214,234	150,176	15,471,345
Cash and Cash Equivalents - Ending	10,359,932	236,238	241,779	10,837,949
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating Income (Loss)	(1,167,028)	54,845	70,836	(1,041,347)
Adjustments to Reconcile Operating Income to Net Income to Net Cash Provided by Operating Activities				
Depreciation Expense	751,066	383	15,136	766,585
Other Income	72,408	4,809	1	77,218
(Increase) Decrease in Current Assets	—	—	—	—
Net Cash Provided by Operating Activities	(343,554)	60,037	85,973	(197,544)

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, 2023**

	Pension Trust
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 273,140
Investments	
U.S. Treasury Securities	1,536,743
U.S Agency Securities	8,359,389
Corporate Bonds	2,413,442
Municipal Bonds	2,276,475
Mutual Funds	12,274,316
Exchange Traded Funds	286,318
Certificates of Deposit	398,757
Total Assets	27,818,580
<b>LIABILITIES</b>	
None	—
<b>NET POSITION</b>	
Net Position Restricted for Pensions	27,818,580

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, 2023

	Pension Trusts
Additions	
Contributions - Employer	\$ 1,040,566
Contributions - Plan Members	324,568
Total Contributions	<u>1,365,134</u>
Investment Income	
Interest Earned	812,424
Net Change in Fair Value	955,721
	<u>1,768,145</u>
Less Investment Expenses	(78,218)
Net Investment Income	<u>1,689,927</u>
Total Additions	<u>3,055,061</u>
Deductions	
Administration	33,975
Benefits and Refunds	1,088,148
Total Deductions	<u>1,122,123</u>
Change in Fiduciary Net Position	1,932,938
Net Position Restricted for Pensions	
Beginning	<u>25,885,642</u>
Ending	<u><u>27,818,580</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, 2023**

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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 accounting policies of the Village's 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, 2023

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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, 2023

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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 one major special revenue fund. 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. Additionally, the Village maintains six 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, 2023

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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, 2023**

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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 relates to asset forfeitures in the General Fund and an intergovernmental agreement of a water system in the Capital Improvement, Repair, and Replacement Fund.

##### **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, 2023

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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, 2023

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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 26, 2023.

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, 2023

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#### 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, 2023

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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 \$24,936,325 and the bank balances totaled \$25,313,895. In addition, the Village has \$28,917,886 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 AAA by Fitch Ratings.

*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, 2023, 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, 2023

### 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 \$273,140 and the bank balances totaled \$274,682.

*Investments.* The following table presents the investments and maturities of the Fund's debt securities as of June 30, 2023:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
U.S. Treasury Securities	\$ 1,536,743	393,102	648,547	495,094	—
U.S. Agency Securities	8,359,389	490,154	3,356,744	4,461,729	50,762
Corporate Bonds	2,413,442	98,126	1,276,545	1,038,771	—
Municipal Bonds	2,276,475	54,243	1,251,425	970,807	—
Certificates of Deposit	398,757	—	317,210	81,547	—
Totals	14,984,806	1,035,625	6,850,471	7,047,948	50,762

The Fund has the following recurring fair value measurements as of June 30, 2023:

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	\$ 1,536,743	1,536,743	—	—
U.S. Agency Securities	8,359,389	—	8,359,389	—
Corporate Bonds	2,413,442	—	2,413,442	—
Municipal Bonds	2,276,475	—	2,276,475	—
Equity Securities				
Mutual Funds	12,274,316	12,274,316	—	—
Exchange Traded Funds	286,318	286,318	—	—
Certificates of Deposit	398,757	398,757	—	—
Total Investments Measured at Fair Value	27,545,440	14,496,134	13,049,306	—

# VILLAGE OF MOKENA, ILLINOIS

## Notes to the Financial Statements

June 30, 2023

### 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

*Investments - Continued.* 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.

*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, 2023, 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 \$12,274,316 invested in mutual funds and \$286,318 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%	6.0%
U.S. Small Cap Equity Funds	9.0%	7.6%
International Equity	4.5%	6.3%
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, 2023

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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 2023 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, 2023 are listed in the table above.

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

For the year ended June 30, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 5.70%. 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, to the fund that statute or budget requires to expend. 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	31,866
Capital Improvement, Repair, and Replacement	General	4,946,585
Capital Improvement, Repair, and Replacement	Water and Sewerage	2,171,792
		<u>7,355,902</u>

#### PROPERTY TAXES

Property taxes for 2022 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, 2023

### 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	6,405,362	—	7,057,666
	48,132,085	6,405,362	—	54,537,447
Depreciable Capital Assets				
Buildings and Improvements	3,699,349	19,350	—	3,718,699
Machinery and Equipment	2,029,806	41,034	134,725	1,936,115
Infrastructure	109,596,707	—	—	109,596,707
Transportation Equipment	3,567,086	663,320	199,268	4,031,138
	118,892,948	723,704	333,993	119,282,659
Less Accumulated Depreciation				
Buildings and Improvements	1,521,723	82,217	—	1,603,940
Machinery and Equipment	1,558,723	130,144	134,725	1,554,142
Infrastructure	54,170,228	2,682,321	—	56,852,549
Transportation Equipment	2,439,967	253,636	83,801	2,609,802
	59,690,641	3,148,318	218,526	62,620,433
Total Net Depreciable Capital Assets	59,202,307	(2,424,614)	115,467	56,662,226
Total Net Capital Assets	107,334,392	3,980,748	115,467	111,199,673

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 75,829
Public Safety	239,545
Public Works	2,832,944
	<u>3,148,318</u>



# VILLAGE OF MOKENA, ILLINOIS

## Notes to the Financial Statements

June 30, 2023

### 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	8,345,709	2,430,299	—	10,776,008
	<u>10,280,539</u>	<u>2,430,299</u>	<u>—</u>	<u>12,710,838</u>
Depreciable Capital Assets				
Buildings and Improvements	14,221,341	—	14,100	14,207,241
Machinery and Equipment	3,921,369	311,281	92,926	4,139,724
Infrastructure	19,160,340	—	—	19,160,340
Transportation Equipment	574,121	—	—	574,121
	<u>37,877,171</u>	<u>311,281</u>	<u>107,026</u>	<u>38,081,426</u>
Less Accumulated Depreciation				
Buildings and Improvements	8,696,490	242,732	14,100	8,925,122
Machinery and Equipment	2,819,538	81,620	92,926	2,808,232
Infrastructure	7,334,156	391,302	—	7,725,458
Transportation Equipment	424,538	50,931	—	475,469
	<u>19,274,722</u>	<u>766,585</u>	<u>107,026</u>	<u>19,934,281</u>
Total Net Depreciable Capital Assets	<u>18,602,449</u>	<u>(455,304)</u>	<u>—</u>	<u>18,147,145</u>
Total Net Capital Assets	<u>28,882,988</u>	<u>1,974,995</u>	<u>—</u>	<u>30,857,983</u>

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

Water and Sewerage	\$ 751,066
Refuse	383
Municipal Parking Lot	<u>15,136</u>
	<u>766,585</u>

# VILLAGE OF MOKENA, ILLINOIS

## Notes to the Financial Statements

June 30, 2023

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

#### LONG-TERM DEBT

##### General Obligation Bonds

The Village issued 2012 general obligation refunding bonds to provide funding for the acquiring and constructing improvements to streets, roadways, parkways and boulevards at various locations throughout the Village. 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	\$ 1,870,000	—	600,000	1,270,000

##### Promissory Note Payable

The Village issued a 2022 general obligation promissory note to construct the Village's new public safety building. Promissory notes payable are direct obligations and pledge the full faith and credit of the Village. Promissory notes payable currently outstanding are as follows:

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
General Obligation Promissory Note of 2022, due in annual installments of \$535,000 to \$660,000 plus interest at 2.71% to 3.33% through July 30, 2030.	Capital Improvement, Repair, and Replacement	\$ —	4,750,000	—	4,750,000

# VILLAGE OF MOKENA, ILLINOIS

## Notes to the Financial Statements

June 30, 2023

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

#### LONG-TERM DEBT - Continued

##### 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	\$ 1,870,000	—	600,000	1,270,000	615,000
Plus: Unamortized Premium	38,054	—	16,025	22,029	16,025
Promissory Note Payable	—	4,750,000	—	4,750,000	535,000
	<u>1,908,054</u>	<u>4,750,000</u>	<u>616,025</u>	<u>6,042,029</u>	<u>1,166,025</u>

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

##### 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		Promissory Note Payable	
	Principal	Interest	Principal	Interest
2024	\$ 615,000	25,700	535,000	210,001
2025	655,000	9,006	550,000	123,307
2026	—	—	565,000	107,164
2027	—	—	580,000	90,071
2028	—	—	600,000	71,984
2029	—	—	620,000	52,795
2030	—	—	640,000	32,442
2031	—	—	660,000	10,989
Totals	<u>1,270,000</u>	<u>34,706</u>	<u>4,750,000</u>	<u>698,753</u>

## VILLAGE OF MOKENA, ILLINOIS

### Notes to the Financial Statements

June 30, 2023

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

##### LONG-TERM DEBT - Continued

###### 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 - 2022	<u>\$ 948,846,448</u>
Legal Debt Limit - 8.625% of Assessed Value	81,838,006
Amount of Debt Applicable to Limit	<u>1,270,000</u>
Legal Debt Margin	<u>80,568,006</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.

*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.

*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.

# VILLAGE OF MOKENA, ILLINOIS

## Notes to the Financial Statements

June 30, 2023

### 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, 2023:

	General	Special Revenue Motor Fuel Tax	Capital Improvements Capital Improvement, Repair, and Replacement	Nonmajor	Totals
Fund Balances					
Restricted					
Economic Development	\$ —	—	—	410,324	410,324
Streets	—	4,361,651	—	—	4,361,651
Capital Improvements	—	—	326,720	—	326,720
Public Safety	142,733	—	—	51,222	193,955
Professional Services	—	—	—	17,752	17,752
Employee Retirement	—	—	—	729,984	729,984
	142,733	4,361,651	326,720	1,209,282	6,040,386
Assigned					
Streets/Capital Improvements	—	—	28,370,056	—	28,370,056
Economic Development	—	—	—	1,514,994	1,514,994
	—	—	28,370,056	1,514,994	29,885,050
Unassigned	7,090,826	—	—	—	7,090,826
Total Fund Balances	7,233,559	4,361,651	28,696,776	2,724,276	43,016,262

## VILLAGE OF MOKENA, ILLINOIS

### Notes to the Financial Statements

June 30, 2023

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

##### NET POSITION CLASSIFICATIONS

Net investment in capital assets was comprised of the following as of June 30, 2023:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 111,199,673
Plus: Unamortized Loss on Refunding	26,272
Less Capital Related Debt:	
General Obligation Bonds	(1,270,000)
Unamortized Premium	(22,029)
Promissory Note Payable	<u>(4,750,000)</u>
Net Investment in Capital Assets	<u>105,183,916</u>
Business-Type Activities	
Capital Assets - Net of Accumulated Depreciation	30,857,983
Less Capital Related Debt:	<u>—</u>
Net Investment in Capital Assets	<u>30,857,983</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, 2023**

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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.

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 \$200,000, respectively, for property and general liability claims per occurrence. The Village's estimated unfunded obligation to SWARM at June 30, 2023 was \$0. There were no significant changes in insurance coverages from the prior year, 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, 2023, 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, 2023, the Village paid New Lenox approximately \$3,608,000 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 \$11,050,000 with costs being paid from the Water and Sewerage Fund. Total costs incurred by the Village on this project are approximately \$10,776,000 as of June 30, 2023. The estimated completion date for the project is October 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 costs being paid from the Capital Improvements Fund. Total Costs incurred by the Village on this project are approximately \$7,057,000 as of June 30, 2023. The estimated completion date for the project is February 2024.

## VILLAGE OF MOKENA, ILLINOIS

### Notes to the Financial Statements

June 30, 2023

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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	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
IMRF	\$ 831,340	5,122,300	3,092,856	23,305
Police Pension	1,751,941	8,625,643	4,256,014	1,156,413
	2,583,281	13,747,943	7,348,870	1,179,718

##### 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, 2023

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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, 2022, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	63
Inactive Plan Members Entitled to but not yet Receiving Benefits	49
Active Plan Members	<u>48</u>
Total	<u><u>160</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, 2023, the Village's contribution was 13.18% of covered payroll.

*Net Pension Liability.* The Village's net pension liability was measured as of December 31, 2022. 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, 2023

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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, 2022, 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	2.75%
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, 2023

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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	25.50%	4.90%
Domestic Equities	35.50%	6.50%
International Equities	18.00%	7.60%
Real Estate	10.50%	6.20%
Blended	9.50%	6.25% - 9.90%
Cash and Cash Equivalents	1.00%	4.00%

#### 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 to changes in the discount rate. The table below presents the net 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 (6.25%)	Current Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability	\$ 8,416,030	5,122,300	2,434,723

**VILLAGE OF MOKENA, ILLINOIS****Notes to the Financial Statements****June 30, 2023****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, 2021	\$ 25,273,684	24,967,541	306,143
Changes for the Year:			
Service Cost	344,973	—	344,973
Interest on the Total Pension Liability	1,798,897	—	1,798,897
Difference Between Expected and Actual Experience of the Total Pension Liability	561,425	—	561,425
Changes of Assumptions	—	—	—
Contributions - Employer	—	518,838	(518,838)
Contributions - Employees	—	174,237	(174,237)
Net Investment Income	—	(3,190,691)	3,190,691
Benefit Payments, Including Refunds of Employee Contributions	(1,267,607)	(1,267,607)	—
Other (Net Transfer)	—	386,754	(386,754)
Net Changes	1,437,688	(3,378,469)	4,816,157
Balances at December 31, 2022	26,711,372	21,589,072	5,122,300

# VILLAGE OF MOKENA, ILLINOIS

## Notes to the Financial Statements

June 30, 2023

### 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, 2023, the Village recognized pension expense of \$546,551 on a cash basis. At June 30, 2023 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	\$ 921,729	—	921,729
Change in Assumptions	—	(23,305)	(23,305)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,907,748	—	1,907,748
	2,829,477	(23,305)	2,806,172
Pension Contributions Made Subsequent to the Measurement Date	263,379	—	263,379
Total Deferred Amounts Related to IMRF	3,092,856	(23,305)	3,069,551

\$263,379 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, 2024, 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 Outflows of Resources
2024	\$ 558,064
2025	642,548
2026	606,753
2027	998,807
2028	—
Thereafter	—
Totals	2,806,172

# VILLAGE OF MOKENA, ILLINOIS

## Notes to the Financial Statements

June 30, 2023

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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, 2023, the measurement date, membership consisted of the following:

Inactive Plan Members Currently Receiving Benefits	13
Inactive Plan Members Entitled to but not yet Receiving Benefits	2
Active Plan Members	<u>31</u>
Total	<u><u>46</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, 2023

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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 (\$134,071 for 2023), plus the lesser of ½ 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., ½ 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 ½ or 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, 2023, the Village's contribution was 31.77% 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, 2023

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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, 2023, 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%, the same as the prior evaluation. 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	\$ 14,645,481	8,625,643	3,766,361



**VILLAGE OF MOKENA, ILLINOIS****Notes to the Financial Statements****June 30, 2023****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, 2022	\$ 33,723,862	25,885,642	7,838,220
Changes for the Year:			
Service Cost	771,426	—	771,426
Interest on the Total Pension Liability	2,209,789	—	2,209,789
Changes of Benefit Terms	(13,168)	—	(13,168)
Difference Between Expected and Actual Experience of the Total Pension Liability	840,462	—	840,462
Changes of Assumptions	—	—	—
Contributions - Employer	—	1,040,566	(1,040,566)
Contributions - Employees	—	324,568	(324,568)
Net Investment Income	—	1,689,927	(1,689,927)
Benefit Payments, Including Refunds of Employee Contributions	(1,088,148)	(1,088,148)	—
Other (Net Transfer)	—	(33,975)	33,975
Net Changes	2,720,361	1,932,938	787,423
Balances at June 30, 2023	36,444,223	27,818,580	8,625,643

# VILLAGE OF MOKENA, ILLINOIS

## Notes to the Financial Statements

June 30, 2023

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### 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, 2023, the Village recognized pension expense of \$1,040,566 on a cash basis. At June 30, 2023 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	\$ 1,221,537	(1,076,900)	144,637
Change in Assumptions	738,696	(79,513)	659,183
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,295,781		2,295,781
Total Deferred Amounts Related to Police Pension	4,256,014	(1,156,413)	3,099,601

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 of Resources
2024	\$ 765,414
2025	760,067
2026	1,256,462
2027	127,235
2028	119,561
Thereafter	70,862
Total	3,099,601

## VILLAGE OF MOKENA, ILLINOIS

### Notes to the Financial Statements

June 30, 2023

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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, 2023, 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, 2023, 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, 2023 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	3.65%
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, 2023

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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, 2022	<u>\$ 2,493,422</u>
Changes for the Year:	
Service Cost	52,274
Interest on the Total OPEB Liability	86,228
Difference Between Expected and Actual Experience	—
Changes of Assumptions or Other Inputs	(68,710)
Benefit Payments	<u>(115,196)</u>
Net Changes	<u>(45,404)</u>
Balance at June 30, 2023	<u><u>2,448,018</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 3.65%, while the prior valuation used 3.54%. 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 (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB Liability	\$ 2,778,312	2,448,018	2,176,905

## VILLAGE OF MOKENA, ILLINOIS

### Notes to the Financial Statements

June 30, 2023

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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	\$	2,138,447	2,448,018	2,825,060

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

For the year ended June 30, 2023, the Village recognized OPEB expense of \$115,196 on a cash basis. Per GASB Statement No. 75, under the Alternative Measurement Method, changes in Total OBEP Liability are immediately recognized as expense, resulting in no deferred outflows of resources or deferred inflows of resources related to OPEB.

## **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

# VILLAGE OF MOKENA, ILLINOIS

## Illinois Municipal Retirement Fund Schedule of Employer Contributions June 30, 2023

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%
2023	546,551	546,551	—	4,145,533	13.18%

### Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	21 Years
Asset Valuation Method	5-Year Smoothed Fair Value
Inflation	2.25%
Salary Increases	2.85% to 13.75%, Including Inflation
Investment Rate of Return	7.25%
Retirement Age	See the Notes to the Financial Statements
Mortality	For non-disabled 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.

### 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, 2023

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%
2023	1,117,735	1,040,566	77,169	3,275,174	31.77%

#### Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar (Closed)
Remaining Amortization Period	19 Years
Asset Valuation Method	5-Year Smoothed Fair Value
Inflation	2.25%
Salary Increases	3.00%
Investment Rate of Return	6.50%
Retirement Age	Capped at 65
Mortality	Pub-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, 2023**

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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, 2023

	12/31/2014	12/31/2015
Total Pension Liability		
Service Cost	\$ 381,431	379,143
Interest	1,056,246	1,197,694
Differences Between Expected and Actual Experience	365,301	150,291
Change of Assumptions	534,510	69,618
Benefit Payments, Including Refunds of Member Contributions	(392,574)	(455,208)
Net Change in Total Pension Liability	1,944,914	1,341,538
Total Pension Liability - Beginning	14,126,507	16,071,421
Total Pension Liability - Ending	16,071,421	17,412,959
Plan Fiduciary Net Position		
Contributions - Employer	\$ 430,972	512,911
Contributions - Members	148,725	153,060
Net Investment Income	748,597	66,583
Benefit Payments, Including Refunds of Member Contributions	(392,574)	(455,208)
Other (Net Transfer)	97,024	(384,026)
Net Change in Plan Fiduciary Net Position	1,032,744	(106,680)
Plan Net Position - Beginning	12,178,519	13,211,263
Plan Net Position - Ending	13,211,263	13,104,583
Employer's Net Pension Liability	\$ 2,860,158	4,308,376
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.20%	75.26%
Covered Payroll	\$ 3,281,602	3,401,343
Employer's Net Pension Liability as a Percentage of Covered Payroll	87.16%	126.67%

*Changes of Assumptions.* Changes in assumptions related to the discount rate were made in 2014 through 2022. 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.

12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022
386,660	385,620	342,335	379,139	362,050	333,149	344,973
1,289,673	1,359,633	1,375,597	1,477,116	1,564,927	1,657,928	1,798,897
(164,933)	(330,374)	407,558	236,702	533,241	1,118,610	561,425
(144,626)	(548,219)	622,482	—	(154,045)	—	—
(543,955)	(600,300)	(664,021)	(803,302)	(943,129)	(1,074,791)	(1,267,607)
822,819	266,360	2,083,951	1,289,655	1,363,044	2,034,896	1,437,688
17,412,959	18,235,778	18,502,138	20,586,089	21,875,744	23,238,788	25,273,684
18,235,778	18,502,138	20,586,089	21,875,744	23,238,788	25,273,684	26,711,372
482,308	496,619	513,323	506,829	505,606	520,828	518,838
154,905	163,094	157,662	161,670	183,320	161,698	174,237
920,221	2,364,400	(784,081)	2,871,553	2,684,835	3,609,910	(3,190,691)
(543,955)	(600,300)	(664,021)	(803,302)	(943,129)	(1,074,791)	(1,267,607)
126,233	(221,235)	571,679	163,203	161,984	15,892	386,754
1,139,712	2,202,578	(205,438)	2,899,953	2,592,616	3,233,537	(3,378,469)
13,104,583	14,244,295	16,446,873	16,241,435	19,141,388	21,734,004	24,967,541
14,244,295	16,446,873	16,241,435	19,141,388	21,734,004	24,967,541	21,589,072
3,991,483	2,055,265	4,344,654	2,734,356	1,504,784	306,143	5,122,300
78.11%	88.89%	78.90%	87.50%	93.52%	98.79%	80.82%
3,389,383	3,382,960	3,503,601	3,578,226	3,636,583	3,576,898	3,871,919
117.76%	60.75%	124.01%	76.42%	41.38%	8.56%	132.29%

# VILLAGE OF MOKENA, ILLINOIS

## Police Pension Fund

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

June 30, 2023

	6/30/2015	6/30/2016
Total Pension Liability		
Service Cost	\$ 638,429	560,933
Interest	1,216,517	1,333,306
Changes in Benefit Terms	—	—
Differences Between Expected and Actual Experience	—	(201,968)
Change of Assumptions	—	822,982
Benefit Payments, Including Refunds of Member Contributions	(384,033)	(496,242)
Net Change in Total Pension Liability	1,470,913	2,019,011
Total Pension Liability - Beginning	19,289,611	20,760,524
Total Pension Liability - Ending	20,760,524	22,779,535
Plan Fiduciary Net Position		
Contributions - Employer	\$ 731,602	1,345,938
Contributions - Members	248,267	253,539
Net Investment Income	636,119	544,516
Benefit Payments, Including Refunds of Member Contributions	(384,032)	(496,242)
Administrative Expenses	(24,244)	(65,946)
Net Change in Plan Fiduciary Net Position	1,207,712	1,581,805
Plan Net Position - Beginning	15,065,659	16,273,371
Plan Net Position - Ending	16,273,371	17,855,176
Employer's Net Pension Liability	\$ 4,487,153	4,924,359
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.39%	78.38%
Covered Payroll	\$ 2,499,008	2,516,400
Employer's Net Pension Liability as a Percentage of Covered Payroll	179.56%	195.69%

*Changes of Assumptions.* Changes of assumptions related to the mortality, retirement, disability, and termination rate tables and the assumed payroll growth were made in 2016, 2017, 2019, and 2020.

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

6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023
623,125	663,628	712,266	778,502	806,863	789,144	771,426
1,462,958	1,551,095	1,657,180	1,765,593	1,997,329	2,036,604	2,209,789
—	—	—	73,345	—	—	(13,168)
300,834	112,741	(27,779)	261,602	354,595	(1,328,403)	840,462
(410,830)	—	493,241	607,584	—	—	—
(544,984)	(695,291)	(695,461)	(703,384)	(778,382)	(919,388)	(1,088,148)
1,431,103	1,632,173	2,139,447	2,783,242	2,380,405	577,957	2,720,361
22,779,535	24,210,638	25,842,811	27,982,258	30,765,500	33,145,905	33,723,862
24,210,638	25,842,811	27,982,258	30,765,500	33,145,905	33,723,862	36,444,223
739,438	787,552	750,164	764,027	815,363	1,091,060	1,040,566
252,203	253,116	272,824	291,617	296,377	294,757	324,568
1,438,079	1,157,923	1,381,687	1,647,514	4,197,292	(3,693,506)	1,689,927
(544,984)	(695,291)	(695,461)	(703,384)	(778,382)	(919,388)	(1,088,148)
(81,428)	(88,205)	(32,372)	(102,858)	(34,495)	(30,773)	(33,975)
1,803,308	1,415,095	1,676,842	1,896,916	4,496,155	(3,257,850)	1,932,938
17,855,176	19,658,484	21,073,579	22,750,421	24,647,337	29,143,492	25,885,642
19,658,484	21,073,579	22,750,421	24,647,337	29,143,492	25,885,642	27,818,580
4,552,154	4,769,232	5,231,837	6,118,163	4,002,413	7,838,220	8,625,643
81.20%	81.55%	81.30%	80.11%	87.92%	76.76%	76.33%
2,536,934	2,625,727	2,753,030	2,939,708	3,017,246	2,974,341	3,275,175
179.44%	181.63%	190.04%	208.12%	132.65%	263.53%	263.36%

**VILLAGE OF MOKENA, ILLINOIS**

**Police Pension Fund**

**Schedule of Investment Returns**

**June 30, 2023**

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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%)
2023	5.70%

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, 2023**

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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, 2023

	<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 2023.



6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023
39,324	18,273	49,392	53,060	52,274
78,964	75,398	60,731	60,007	86,228
—	75,986	—	197,174	—
85,214	514,460	14,463	(545,085)	(68,710)
(88,164)	(91,356)	(89,346)	(99,639)	(115,196)
115,338	592,761	35,240	(334,483)	(45,404)
2,084,566	2,199,904	2,792,665	2,827,905	2,493,422
2,199,904	2,792,665	2,827,905	2,493,422	2,448,018
6,251,137	6,542,224	6,438,752	6,226,796	7,420,707
35.19%	42.69%	43.92%	40.04%	32.99%

## **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

## General Fund

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

For the Fiscal Year Ended June 30, 2023

	Original Budget	Final Budget	Actual
Revenues			
Taxes	\$ 1,169,200	1,354,200	2,364,826
Intergovernmental	12,319,828	16,498,719	15,848,621
Licenses and Permits	823,725	913,725	841,991
Charges for Services	357,954	392,954	375,466
Fines and Forfeitures	90,750	90,750	184,103
Interest Income	10,500	300,500	270,875
Miscellaneous	627,445	627,445	243,407
Total Revenues	15,399,402	20,178,293	20,129,289
Expenditures			
General Government	3,486,789	3,486,789	3,430,776
Public Safety	5,976,596	6,276,402	7,063,830
Public Works	3,120,544	3,120,544	2,583,648
Community Development	944,453	944,453	720,923
Total Expenditures	13,528,382	13,828,188	13,799,177
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,871,020	6,350,105	6,330,112
Other Financing Sources (Uses)			
Disposal of Capital Assets	—	—	143,394
Transfers In	208,159	250,659	237,525
Transfers Out	(425,000)	(4,946,585)	(4,946,585)
	(216,841)	(4,695,926)	(4,565,666)
Net Change in Fund Balance	1,654,179	1,654,179	1,764,446
Fund Balance - Beginning			5,469,113
Fund Balance - Ending			7,233,559

## VILLAGE OF MOKENA, ILLINOIS

### General Fund

#### Schedule of Revenues - Budget and Actual - Modified Cash Basis

For the Fiscal Year Ended June 30, 2023

	Original Budget	Final Budget	Actual
Taxes			
Property Taxes	\$ 105,780	105,780	1,148,892
Road and Bridge Taxes	688,570	688,570	702,258
Amusement Taxes	329,250	514,250	460,616
Other Taxes	45,600	45,600	53,060
	<u>1,169,200</u>	<u>1,354,200</u>	<u>2,364,826</u>
Intergovernmental			
Sales Taxes	9,632,638	10,086,529	9,904,476
State Income Taxes	1,315,525	3,365,525	3,099,323
Use Taxes	—	975,000	815,479
Gaming Taxes	—	700,000	657,678
Grants	1,371,665	1,371,665	1,371,665
	<u>12,319,828</u>	<u>16,498,719</u>	<u>15,848,621</u>
Licenses and Permits	<u>823,725</u>	<u>913,725</u>	<u>841,991</u>
Charges for Services	<u>357,954</u>	<u>392,954</u>	<u>375,466</u>
Fines and Forfeitures	<u>90,750</u>	<u>90,750</u>	<u>184,103</u>
Interest Income	<u>10,500</u>	<u>300,500</u>	<u>270,875</u>
Miscellaneous	<u>627,445</u>	<u>627,445</u>	<u>243,407</u>
Total Revenues	<u>15,399,402</u>	<u>20,178,293</u>	<u>20,129,289</u>

## 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, 2023

	Original Budget	Final Budget	Actual
Revenues			
Intergovernmental			
Motor Fuel Taxes	\$ 819,345	819,345	820,899
Rebuild Illinois	—	—	223,030
Interest Income	1,800	1,800	153,798
Total Revenues	821,145	821,145	1,197,727
Expenditures			
Public Works	547,535	547,535	317,525
Net Change in Fund Balance	273,610	273,610	880,202
Fund Balance - Beginning			3,481,449
Fund Balance - Ending			4,361,651

# 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, 2023

	Original Budget	Final Budget	Actual
Revenues			
Intergovernmental			
Sales Tax	\$ 3,412,070	3,412,070	4,187,476
Interest Income	18,750	18,750	946,641
Miscellaneous	111,400	111,400	164,286
Total Revenues	3,542,220	3,542,220	5,298,403
Expenditures			
Public Works	980,102	980,102	762,554
Capital Outlay	14,869,350	14,869,350	8,101,314
Debt Service			
Principal Retirement	600,000	600,000	600,000
Interest and Fiscal Charges	73,888	73,888	74,638
Total Expenditures	16,523,340	16,523,340	9,538,506
Excess (Deficiency) of Revenues Over (Under) Expenditures	(12,981,120)	(12,981,120)	(4,240,103)
Other Financing Sources			
Debt Issuance	5,000,000	5,000,000	4,750,000
Transfers In	1,221,985	1,221,985	7,118,377
	6,221,985	6,221,985	11,868,377
Net Change in Fund Balance	(6,759,135)	(6,759,135)	7,628,274
Fund Balance - Beginning			21,068,502
Fund Balance - Ending			28,696,776

**VILLAGE OF MOKENA, ILLINOIS**

**Nonmajor Governmental - Special Revenue Funds**

**Combining Balance Sheet - Modified Cash Basis**

**June 30, 2023**

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**See Following Page**



**VILLAGE OF MOKENA, ILLINOIS**

**Nonmajor Governmental - Special Revenue Funds**  
**Combining Balance Sheet - Modified Cash Basis**  
**June 30, 2023**

	Municipal Audit	School Crossing Guard
<b>ASSETS</b>		
Cash and Investments	\$ 17,752	51,222
<b>LIABILITIES</b>		
None	—	—
<b>FUND BALANCES</b>		
Restricted	17,752	51,222
Assigned	—	—
Total Fund Balances	17,752	51,222
Total Liabilities and Fund Balances	17,752	51,222

IMRF/ FICA	Special Tax Allocation	Performance Bond	Tourism	Totals
729,984	410,324	989,526	525,468	2,724,276
—	—	—	—	—
729,984	410,324	—	—	1,209,282
—	—	989,526	525,468	1,514,994
729,984	410,324	989,526	525,468	2,724,276
729,984	410,324	989,526	525,468	2,724,276

**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, 2023**

	Municipal Audit	School Crossing Guard
Revenues		
Taxes	\$ 8,879	10,068
Intergovernmental	—	—
Interest Income	540	1,755
Miscellaneous	—	—
Total Revenues	9,419	11,823
Expenditures		
General Government	9,705	—
Public Safety	—	27,944
Economic Development	—	—
Employee Retirement	—	—
Total Expenditures	9,705	27,944
Excess (Deficiency) of Revenues Over (Under) Expenditures	(286)	(16,121)
Other Financing (Uses) Transfers Out	—	—
Net Change in Fund Balances	(286)	(16,121)
Fund Balances - Beginning	18,038	67,343
Fund Balances - Ending	17,752	51,222

IMRF/ FICA	Special Tax Allocation	Performance Bond	Tourism	Totals
835,160	67,051	—	182,108	1,103,266
63,269	—	—	—	63,269
19,047	11,858	31,866	14,541	79,607
—	—	52,200	4,600	56,800
917,476	78,909	84,066	201,249	1,302,942
—	—	162,154	—	171,859
—	—	—	—	27,944
—	37,016	—	65,025	102,041
849,206	—	—	—	849,206
849,206	37,016	162,154	65,025	1,151,050
68,270	41,893	(78,088)	136,224	151,892
—	—	(31,866)	—	(31,866)
68,270	41,893	(109,954)	136,224	120,026
661,714	368,431	1,099,480	389,244	2,604,250
729,984	410,324	989,526	525,468	2,724,276

## 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, 2023

	Original Budget	Final Budget	Actual
Revenues			
Taxes			
Property Tax	\$ 12,500	12,500	8,879
Interest Income	35	35	540
Total Revenues	12,535	12,535	9,419
Expenditures			
General Government	9,705	9,705	9,705
Net Change in Fund Balance	2,830	2,830	(286)
Fund Balance - Beginning			18,038
Fund Balance - Ending			17,752

## 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, 2023

	Original Budget	Final Budget	Actual
Revenues			
Taxes			
Property Tax	\$ 10,000	10,000	10,068
Interest Income	200	200	1,755
Total Revenues	10,200	10,200	11,823
Expenditures			
Public Safety	29,214	29,214	27,944
Net Change in Fund Balance	(19,014)	(19,014)	(16,121)
Fund Balance - Beginning			67,343
Fund Balance - Ending			51,222

## 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, 2023

	Original Budget	Final Budget	Actual
Revenues			
Taxes			
Property Tax	\$ 874,102	874,102	835,160
Intergovernmental			
Replacement Tax	29,750	29,750	63,269
Interest Income	1,000	1,000	19,047
Total Revenues	904,852	904,852	917,476
Expenditures			
Employee Retirement	886,655	886,655	849,206
Net Change in Fund Balance	18,197	18,197	68,270
Fund Balance - Beginning			661,714
Fund Balance - Ending			729,984

## 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, 2023

	Original Budget	Final Budget	Actual
Revenues			
Taxes			
Property Tax	\$ 73,486	73,486	67,051
Interest Income	450	450	11,858
Total Revenues	73,936	73,936	78,909
Expenditures			
Economic Development	40,235	40,235	37,016
Net Change in Fund Balance	33,701	33,701	41,893
Fund Balance - Beginning			368,431
Fund Balance - Ending			410,324



## 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, 2023

	Original Budget	Final Budget	Actual
Revenues			
Interest Income	\$ 2,100	2,100	31,866
Miscellaneous	100,000	100,000	52,200
Total Revenues	102,100	102,100	84,066
Expenditures			
General Government	600,000	600,000	162,154
Excess (Deficiency) of Revenues Over (Under) Expenditures	(497,900)	(497,900)	(78,088)
Other Financing (Uses)			
Transfers Out	(2,100)	(2,100)	(31,866)
Net Change in Fund Balance	<u>(500,000)</u>	<u>(500,000)</u>	(109,954)
Fund Balance - Beginning			<u>1,099,480</u>
Fund Balance - Ending			<u>989,526</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, 2023

	Original Budget	Final Budget	Actual
Revenues			
Taxes			
Hotel and Motel Tax	\$ 187,000	187,000	182,108
Interest Income	500	500	14,541
Miscellaneous	—	—	4,600
Total Revenues	187,500	187,500	201,249
Expenditures			
Economic Development	88,316	88,316	65,025
Net Change in Fund Balance	99,184	99,184	136,224
Fund Balance - Beginning			389,244
Fund Balance - Ending			525,468

# 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, 2023

	Original Budget	Final Budget	Actual
Operating Revenues			
Charges for Services	\$ 7,932,020	8,004,866	7,710,692
Water Meter Installation	36,299	36,299	18,262
Inspection Fees	10,266	10,266	6,372
Other	98,520	98,520	146,821
Total Operating Revenues	8,077,105	8,149,951	7,882,147
Operating Expenses			
Operations			
Personnel Services	2,099,318	2,099,318	2,093,891
Commodities	489,734	489,734	460,158
Contractual Services	4,683,654	4,875,570	4,748,924
Capital Outlay	5,432,775	4,295,745	995,136
Depreciation	—	—	751,066
Total Operating Expenses	12,705,481	11,760,367	9,049,175
Operating (Loss)	(4,628,376)	(3,610,416)	(1,167,028)
Nonoperating Revenues (Expenses)			
Interest Income	17,560	194,400	405,673
Other Income	26,824	26,824	72,408
Other Expenses	(405,000)	(405,000)	—
	(360,616)	(183,776)	478,081
(Loss) Before Grants and Transfers	(4,988,992)	(3,794,192)	(688,947)
Capital Grants	—	175,000	264,920
Transfers Out	(957,655)	(2,332,655)	(2,332,462)
	(957,655)	(2,157,655)	(2,067,542)
Change in Net Position	(5,946,647)	(5,951,847)	(2,756,489)
Net Position - Beginning			43,378,728
Net Position - Ending			40,622,239

# VILLAGE OF MOKENA, ILLINOIS

## Water and Sewerage - Enterprise Fund

### Combining Statement of Net Position by Sub-Fund - Modified Cash Basis

June 30, 2023

	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	\$ 3,387,012	1,686,494	1,275,483	2,255,462	1,755,481	10,359,932
Noncurrent Assets						
Capital Assets						
Nondepreciable	1,409,606	10,776,008	—	—	—	12,185,614
Depreciable	32,063,727	1,335,427	399,300	1,922,366	2,001,913	37,722,733
Accumulated Depreciation	(18,609,185)	(298,895)	(165,747)	(359,489)	(212,724)	(19,646,040)
Total Capital Assets	14,864,148	11,812,540	233,553	1,562,877	1,789,189	30,262,307
Total Assets	18,251,160	13,499,034	1,509,036	3,818,339	3,544,670	40,622,239
<b>LIABILITIES</b>						
None	—	—	—	—	—	—
<b>NET POSITION</b>						
Investment in Capital Assets	14,864,148	11,812,540	233,553	1,562,877	1,789,189	30,262,307
Unrestricted	3,387,012	1,686,494	1,275,483	2,255,462	1,755,481	10,359,932
Total Net Position	18,251,160	13,499,034	1,509,036	3,818,339	3,544,670	40,622,239

# 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, 2023

	Water and Sewer	Sewer Plant Expansion	Sewer Plant Replacement	Water System Capital Improvement	Sewer System Capital Improvement	Totals
Operating Revenues						
Charges for Services	\$ 7,472,469	—	—	178,667	59,556	7,710,692
Water Meter Installation	18,262	—	—	—	—	18,262
Inspection Fees	6,372	—	—	—	—	6,372
Other	99,020	—	47,801	—	—	146,821
Total Operating Revenues	7,596,123	—	47,801	178,667	59,556	7,882,147
Operating Expenses						
Operations						
Personnel Services	2,093,891	—	—	—	—	2,093,891
Commodities	460,158	—	—	—	—	460,158
Contractual Services	4,712,257	147	—	36,520	—	4,748,924
Capital Outlay	58,776	230	175,216	751,554	9,360	995,136
Depreciation	583,453	33,385	23,051	61,660	49,517	751,066
Total Operating Expenses	7,908,535	33,762	198,267	849,734	58,877	9,049,175
Operating Income (Loss)	(312,412)	(33,762)	(150,466)	(671,067)	679	(1,167,028)
Nonoperating Revenues						
Interest Income	124,081	89,179	50,399	87,321	54,693	405,673
Other Income	72,408	—	—	—	—	72,408
Other Expenses	—	—	—	—	—	—
	196,489	89,179	50,399	87,321	54,693	478,081
Income (Loss) Before Grants and Transfers	(115,923)	55,417	(100,067)	(583,746)	55,372	(688,947)
Capital Grants	—	264,920	—	—	—	264,920
Transfers Out	(807,655)	(1,374,807)	—	(150,000)	—	(2,332,462)
	(807,655)	(1,109,887)	—	(150,000)	—	(2,067,542)
Change in Net Position	(923,578)	(1,054,470)	(100,067)	(733,746)	55,372	(2,756,489)
Net Position - Beginning	19,174,738	14,553,504	1,609,103	4,552,085	3,489,298	43,378,728
Net Position - Ending	18,251,160	13,499,034	1,509,036	3,818,339	3,544,670	40,622,239

# 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, 2023

	Original Budget	Final Budget	Actual
Operating Revenues			
Charges for Services	\$ 7,454,537	7,492,283	7,472,469
Water Meter Installation	36,299	36,299	18,262
Inspection Fees	10,266	10,266	6,372
Other	98,520	98,520	99,020
Total Operating Revenues	7,599,622	7,637,368	7,596,123
Operating Expenses			
Operations			
Personnel Services	2,099,318	2,099,318	2,093,891
Commodities	489,734	489,734	460,158
Contractual Services	4,314,579	4,471,665	4,712,257
Capital Outlay	506,645	506,645	58,776
Depreciation	—	—	583,453
Total Operating Expenses	7,410,276	7,567,362	7,908,535
Operating Income (Loss)	189,346	70,006	(312,412)
Nonoperating Revenues (Expenses)			
Interest Income	5,660	125,000	124,081
Other Income	26,824	26,824	72,408
Other Expenses	(205,000)	(205,000)	—
	(172,516)	(53,176)	196,489
Income (Loss) Before Transfers	16,830	16,830	(115,923)
Transfers Out	(807,655)	(807,655)	(807,655)
Change in Net Position	(790,825)	(790,825)	(923,578)
Net Position - Beginning			19,174,738
Net Position - Ending			18,251,160

# 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, 2023

	Original Budget	Final Budget	Actual
Operating Revenues			
Charges for Services	\$ —	—	—
Operating Expenses			
Operations			
Contractual Services	310,000	344,830	147
Capital Outlay	3,309,830	2,075,000	230
Depreciation	—	—	33,385
Total Operating Expenses	3,619,830	2,419,830	33,762
Operating (Loss)	(3,619,830)	(2,419,830)	(33,762)
Nonoperating Revenues (Expenses)			
Interest Income	3,500	3,500	89,179
Other Expenses	(50,000)	(50,000)	—
	(46,500)	(46,500)	89,179
Income (Loss) Before Grants and Transfers	(3,666,330)	(2,466,330)	55,417
Capital Grants	—	175,000	264,920
Transfers Out	—	(1,375,000)	(1,374,807)
	—	(1,200,000)	(1,109,887)
Change in Net Position	(3,666,330)	(3,666,330)	(1,054,470)
Net Position - Beginning			14,553,504
Net Position - Ending			13,499,034

**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, 2023**

	Original Budget	Final Budget	Actual
Operating Revenues			
Other	\$ —	—	47,801
Operating Expenses			
Operations			
Capital Outlay	173,300	173,300	175,216
Depreciation	—	—	23,051
Total Operating Expenses	173,300	173,300	198,267
Operating (Loss)	(173,300)	(173,300)	(150,466)
Nonoperating Revenues (Expenses)			
Interest Income	1,900	1,900	50,399
Other Expenses	(50,000)	(50,000)	—
	(48,100)	(48,100)	50,399
Change in Net Position	(221,400)	(221,400)	(100,067)
Net Position - Beginning			1,609,103
Net Position - Ending			1,509,036



**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, 2023**

	Original Budget	Final Budget	Actual
Operating Revenues			
Charges for Services	\$ 358,112	358,112	178,667
Operating Expenses			
Operations			
Contractual Services	53,875	53,875	36,520
Capital Outlay	1,381,000	1,381,000	751,554
Depreciation	—	—	61,660
Total Operating Expenses	1,434,875	1,434,875	849,734
Operating (Loss)	(1,076,763)	(1,076,763)	(671,067)
Nonoperating Revenues (Expenses)			
Interest Income	4,000	4,000	87,321
Other Expenses	(50,000)	(50,000)	—
	(46,000)	(46,000)	87,321
(Loss) Before Transfers	(1,122,763)	(1,122,763)	(583,746)
Transfers Out	(150,000)	(150,000)	(150,000)
Change in Net Position	(1,272,763)	(1,272,763)	(733,746)
Net Position - Beginning			4,552,085
Net Position - Ending			3,818,339

**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, 2023**

	Original Budget	Final Budget	Actual
Operating Revenues			
Charges for Services	\$ 119,371	154,471	59,556
Operating Expenses			
Operations			
Contractual Services	5,200	5,200	—
Capital Outlay	62,000	159,800	9,360
Depreciation	—	—	49,517
Total Operating Expenses	67,200	165,000	58,877
Operating Income (Loss)	52,171	(10,529)	679
Nonoperating Revenues (Expenses)			
Interest Income	2,500	60,000	54,693
Other Expenses	(50,000)	(50,000)	—
	(47,500)	10,000	54,693
Change in Net Position	4,671	(529)	55,372
Net Position - Beginning			3,489,298
Net Position - Ending			3,544,670

# 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, 2023

	Original Budget	Final Budget	Actual
Operating Revenues			
Charges for Services	\$ 1,685,204	1,700,204	1,701,417
Operating Expenses			
Operations			
Contractual Services	1,640,489	1,655,489	1,646,189
Depreciation	—	—	383
Total Operating Expenses	1,640,489	1,655,489	1,646,572
Operating Income	44,715	44,715	54,845
Nonoperating Revenues			
Interest Income	400	400	6,956
Other Income	4,480	4,480	4,810
	4,880	4,880	11,766
Income Before Before Transfers	49,595	49,595	66,611
Transfers Out	(44,989)	(44,989)	(44,989)
Change in Net Position	4,606	4,606	21,622
Net Position - Beginning			214,711
Net Position - Ending			236,333

**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, 2023**

	Original Budget	Final Budget	Actual
Operating Revenues			
Charges for Services	\$ 96,340	96,340	209,532
Operating Expenses			
Operations			
Personnel Services	84,964	84,964	88,242
Commodities	5,409	5,409	4,762
Contractual Services	61,784	61,784	30,556
Depreciation	—	—	15,136
Total Operating Expenses	152,157	152,157	138,696
Operating Income (Loss)	(55,817)	(55,817)	70,836
Nonoperating Revenues			
Interest Income	250	250	5,630
Other Income	1,000	1,000	—
	1,250	1,250	5,630
Change in Net Position	(54,567)	(54,567)	76,466
Net Position - Beginning			760,894
Net Position - Ending			837,360

**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, 2023**

	Original Budget	Final Budget	Actual
Additions			
Contributions - Employer	\$ 1,092,592	1,092,592	1,040,566
Contributions - Plan Members	337,899	337,899	324,568
Total Contributions	1,430,491	1,430,491	1,365,134
Investment Income			
Interest Earned	450,000	450,000	812,424
Net Change in Fair Value	1,112,000	1,112,000	955,721
	1,562,000	1,562,000	1,768,145
Less Investment Expenses	(100,000)	(100,000)	(78,218)
Net Investment Income	1,462,000	1,462,000	1,689,927
Total Additions	2,892,491	2,892,491	3,055,061
Deductions			
Administration	110,465	110,465	33,975
Benefits and Refunds	1,027,786	1,027,786	1,088,148
Total Deductions	1,138,251	1,138,251	1,122,123
Change in Fiduciary Net Position	1,754,240	1,754,240	1,932,938
Net Position Restricted for Pensions			
Beginning			25,885,642
Ending			27,818,580

## VILLAGE OF MOKENA, ILLINOIS

### Consolidated Year-End Financial Report For the Fiscal Year Ended June 30, 2023

CSFA #	Program Name	State	Federal	Other	Total
420-00-1867	Installation and/or Replacement of Utilities	\$ 112,711	—	—	112,711
	Other Grant Programs and Activities		1,388,850	—	1,388,850
	All Other Costs Not Allocated	—	—	29,533,547	29,533,547
	Totals	112,711	1,388,850	29,533,547	31,035,108



**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**

October 31, 2023

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, 2023, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated October 31, 2023.

**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, 2023

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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
2024	\$ 615,000	25,700	640,700
2025	655,000	9,006	664,006
	1,270,000	34,706	1,304,706

## VILLAGE OF MOKENA, ILLINOIS

### Long-Term Debt Requirements

#### General Obligation Promissory Notes of 2022

June 30, 2023

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Date of Issue	August 3, 2022
Date of Maturity	July 30, 2030
Authorized Issue	\$4,750,000
Denomination of Bonds	\$5,000
Interest Rate	2.71% - 3.33%
Interest Dates	July 30 and January 30
Principal Maturity Date	July 30
Payable at	Bank of New York

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

Fiscal Year	Requirements		
	Principal	Interest	Totals
2024	\$ 535,000	210,001	745,001
2025	550,000	123,307	673,307
2026	565,000	107,164	672,164
2027	580,000	90,071	670,071
2028	600,000	71,984	671,984
2029	620,000	52,795	672,795
2030	640,000	32,442	672,442
2031	660,000	10,989	670,989
	4,750,000	698,753	5,448,753

**VILLAGE OF MOKENA, ILLINOIS**

**Schedule of Assessed Valuations, Tax Rates, Extensions, and Collections - Last Ten Tax Levy Years  
June 30, 2023**

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**See Following Page**

# VILLAGE OF MOKENA, ILLINOIS

## Schedule of Assessed Valuations, Tax Rates, Extensions, and Collections - Last Ten Tax Levy Years June 30, 2023

Tax Levy Year	2013	2014	2015
Assessed Valuation	\$ 708,739,868	707,265,949	714,080,367
Tax Rates			
Corporate	0.0635	0.0587	0.0542
Police Pension	0.1012	0.1047	0.1053
Municipal Audit	0.0008	0.0008	0.0009
Police Protection	0.0006	0.0006	0.0006
School Crossing Guard	0.0038	0.0039	0.0039
Illinois Municipal Retirement	0.0328	0.0389	0.0400
Medicare	0.0090	0.0099	0.0106
Social Security	0.0381	0.0422	0.0442
	0.2498	0.2597	0.2597
Road and Bridge (1)	0.0989	0.1041	0.1009
Total Tax Rates	0.3487	0.3638	0.3606
Tax Extensions			
Corporate	\$ 450,050	415,165	387,032
Police Pension	717,245	740,507	751,927
Municipal Audit	5,670	5,658	6,427
Police Protection	4,252	4,244	4,284
School Crossing Guard	26,932	27,583	27,849
Illinois Municipal Retirement	232,467	275,126	285,632
Medicare	63,787	70,019	75,693
Social Security	270,030	298,466	315,624
	1,770,433	1,836,768	1,854,468
Road and Bridge (1)	700,944	736,264	720,175
Total Tax Extensions	2,471,377	2,573,032	2,574,643
Tax Collections	2,457,860	2,569,816	2,571,637
Percentage Collected	99.45%	99.88%	99.88%

(1) Levied through Frankfort and New Lenox Townships

2016	2017	2018	2019	2020	2021	2022
751,253,179	778,461,163	806,636,322	827,815,720	851,734,866	890,596,891	948,846,448
0.0521	0.0550	0.0579	0.0519	0.0384	0.0076	0.0152
0.1012	0.0977	0.0945	0.0985	0.1051	0.1256	0.1125
0.0008	0.0008	0.0008	0.0007	0.0008	0.0017	0.0011
0.0005	0.0005	0.0005	0.0005	0.0005	0.0005	0.0004
0.0040	0.0039	0.0038	0.0037	0.0032	0.0012	0.0011
0.0406	0.0390	0.0360	0.0346	0.0373	0.0405	0.0379
0.0107	0.0103	0.0099	0.0100	0.0102	0.0107	0.0106
0.0433	0.0424	0.0423	0.0428	0.0433	0.0457	0.0451
0.2532	0.2496	0.2457	0.2427	0.2388	0.2335	0.2239
0.0972	0.0925	0.0892	0.0887	0.0808	0.0800	0.0802
0.3504	0.3421	0.3349	0.3314	0.3196	0.3135	0.3041
391,403	428,154	467,043	429,636	327,066	67,686	144,225
760,268	760,557	762,271	815,398	895,173	1,118,590	1,067,452
6,010	6,228	6,453	5,795	6,814	15,140	10,437
3,756	3,892	4,033	4,139	4,259	4,453	3,795
30,050	30,360	30,652	30,629	27,256	10,687	10,437
305,009	303,600	290,389	286,424	317,697	360,691	359,613
80,384	80,181	79,857	82,782	86,877	95,294	100,578
325,293	330,068	341,207	354,305	368,801	407,003	427,930
1,902,173	1,943,040	1,981,905	2,009,108	2,033,943	2,079,544	2,124,467
730,012	720,343	719,397	734,168	688,570	712,090	760,818
2,632,185	2,663,383	2,701,302	2,743,276	2,722,513	2,791,634	2,885,285
2,627,936	2,675,759	2,688,230	2,742,403	2,722,251	2,781,836	1,412,020
99.84%	100.46%	99.52%	99.97%	99.99%	99.65%	48.94%

## VILLAGE OF MOKENA, ILLINOIS

### Schedule of Information Relating to Waterworks and Sewerage Accounts - Last Ten Fiscal Years June 30, 2023 (Unaudited)

	2014	2015	2016
Customer Data			
Number of Customers Served by Combined Waterworks and Sewerage System	6,874	6,956	7,040
Number of Metered Customers			
Water Service Only	126	130	130
Water and Sewer Services	6,567	6,645	6,729
Number of Unmetered Customers			
Sewer Service Only	102	102	102
Refuse Service Only	79	79	79
Gallons of Water Pumped	648,775,000	590,727,000	593,283,000
Gallons of Water Billed	597,275,000	546,379,000	548,742,000
Source: Village Records			

2017	2018	2019	2020	2021	2022	2023
7,143	7,202	7,274	7,291	7,351	7,380	7,400
102	105	108	110	111	114	113
6,816	6,914	6,983	6,998	7,055	7,062	7,101
102	103	103	103	103	103	103
79	79	80	80	82	82	83
630,055,000	660,289,000	654,601,000	586,230,000	660,892,000	651,032,000	704,369,000
591,896,000	613,084,000	575,287,000	548,397,000	617,370,000	618,191,000	586,061,000