

**VILLAGE OF LIBERTYVILLE
BOARD OF TRUSTEES**

Finance Committee

**March 30, 2021
6:00 p.m.**

AGENDA

Meeting Conducted Virtually Due to Governor's Executive Orders #2020-10, 18, and 32

Pursuant to the Open Meetings Act, as amended by Public Act 100-0640, the Mayor of the Village of Libertyville, as the head of the public body, has made a determination that an in-person meeting is not practical or prudent because of a disaster.

Please join this meeting from your computer, tablet or smartphone:
<https://global.gotomeeting.com/join/325601397>

Members of the public can also dial in using a phone:

United States: +1 (571) 317-3122

Access Code: 325-601-397

1. Approve Minutes of the January 26, 2021 Meeting (Roll Call)
2. Financial Updates
 - a. Review of Monthly Financial Report – February 2021 / COVID-19 Impact Update
 - b. American Rescue Plan – Local Aid
 - c. IRMA Excess Surplus Fund – Update
3. IPBC Renewal Rates and Terminal Reserve – Plan Year 2021-2022
4. Fund Balance Policy – Enterprise Funds
5. Audit Contract
6. Investment Options
7. Banking Services RFP
8. Other
9. Adjourn



VILLAGE OF LIBERTYVILLE
Finance Committee/Committee of the Whole Minutes
DRAFT
January 26, 2021

A joint meeting of the Finance Committee and Committee of the Whole was held on Tuesday, January 26, 2021 at 6:45pm virtually due to COVID-19. In attendance were Committee members: Chairman Moras and Trustees Carey and Justice. Also in attendance were Mayor Weppler, Trustee Adams, Trustee Garrity, Clerk Kowal, Administrator Kelly Amidei, Deputy Administrator Ashley Engelmann, Public Works Director Paul Kendzior, Community Development Director John Spoden, Fire Chief Rich Carani, Police Chief Clinton Herdegen, and Finance Director Nicholas Mostardo.

Clerk Kowal called the roll.

PRESENT – Weppler, Moras, Justice, Adams, Garrity, Carey
 NOT PRESENT – Johnson

Trustee Adams moved to approve the minutes of the December 8, 2020 Finance Committee/Committee of the Whole meeting and Trustee Carey seconded. After a roll call vote, the motion carried.

AYES – Moras, Justice, Adams, Garrity, Carey
 NAYS – None
 NOT VOTING – None

Review of Monthly Finance Report – December 2020 / COVID-19 Impact Update

Trustee Moras noted that the Village’s financial position continues to look reasonably well. Director Mostardo provided a summary of the progression of the COVID-19 pandemic since December and through the loosening of restrictions in mid-January. He then proceeded to outline the current health of each of the Village’s funds, noting that many are performing in excess of the benchmark established by the budget amendment that was adopted on October 13, 2020. Trustee Moras noted that the process of adopting the budget amendment was key to ensuring appropriate revenue expectations for the remainder of the 2020-2021 fiscal year.

Director Mostardo proceeded to review the financial statements for the month of December 2020, noting nothing out of the ordinary. For the benefit of the guests in the meeting, Trustee Moras explained the purpose and restrictions of Enterprise Funds.

Resident Gary Franzen asked the Committee to opine on the long range plans for the Libertyville Sports Complex. Trustee Moras explained that current COVID-19 restrictions that prohibit the facility from operating at full capacity make it financially difficult to justify opening the facility. The Village looks to reopen the Libertyville Sports Complex once safety and economic conditions are more favorable. The Village is evaluating conditions related to the Libertyville Sports Complex on an ongoing basis.

Sales Tax Update

Director Mostardo presented a sales tax report by SIC Industrial Category. He reviewed each category’s performance over time for the 1% state shared sales tax. It was noted that quarters in 2020 appear markedly lower versus the same quarters in the prior year due to the economic effects of the COVID-19 pandemic.

Trustee Moras noted that the restaurants have been particularly impacted by the COVID-19 pandemic based upon the aggregated sales tax data.

Director Mostardo then presented single quarter data for the first quarter of the Village's 1% non-home rule sales tax. He noted that the charts would be maintained on a quarterly basis and eventually comparative data would be available. Trustee Moras noted the importance of the non-home rule sales tax in helping the Village complete capital projects.

FY 2021-2022 Budget Process Update

Director Mostardo updated the committee on the progress of preparing the proposed FY 2021-2022 budget. He noted that staff is hard at work in compiling the budget. He also noted that while the Village will be able to fund a variety of capital projects with non-home rule sales tax revenues, there is a concern related to funding for general operations given that operating revenues continue to suffer on account of the COVID-19 pandemic. Director Mostardo noted that the Village may have to utilize reserves in certain funds to offset revenue declines. Trustee Moras noted that the Village acted prudently and expediently in responding to the effects of the COVID-19 pandemic. He noted that the Village should maintain service levels where possible, even if that results in a short-term reduction of fund balance reserves.

Other

None.

Adjournment

There being no other business, Trustee Adams moved to adjourn the meeting and Trustee Carey seconded the motion. After a roll call vote, the motion carried.

AYES – Moras, Justice, Adams, Garrity, Carey
NAYS – None
NOT VOTING – None

The meeting was adjourned at 7:30pm

Respectfully submitted,

Nicholas A. Mostardo
Director of Finance

MEMORANDUM

TO: CHAIRMAN MORAS AND FINANCE COMMITTEE

FROM: NICHOLAS MOSTARDO, DIRECTOR OF FINANCE

SUBJECT: VILLAGE OF LIBERTYVILLE FINANCIAL UPDATE

DATE: 3/30/2021

CC: KELLY AMIDEI, VILLAGE ADMINISTRATOR

Background

The attached monthly financial statements provide general commentary related to Village finances for the month of February 2021. The purpose of this cover memorandum is to provide additional narrative directly related to the ongoing COVID-19 pandemic and its impact on the Village of Libertyville's financial position. This cover memo will utilize a consistent format each month and will be provided at each Finance Committee meeting until the economic effects of the COVID-19 pandemic substantially abate.

General COVID-19 Commentary

In February, the health and economic impacts of COVID-19 continued to stabilize, particularly as rollouts of vaccines continued throughout the country. The spike in cases experienced throughout December and January stabilized and throughout the month of February cases and deaths began to decline quite significantly. This has resulted in a number of states beginning to reduce restrictions on activities.

Illinois also saw a significant decline in daily case numbers and deaths. Those factors, along with a relatively strong Phase 1B vaccine rollout have effectuated changes in COVID-19 restrictions. In most parts of the state, indoor dining was once again made available and many school districts began to allow students back in classrooms for part-time in-school learning.

The Village of Libertyville has also benefited from the downward trend in COVID-19 cases. For instance, local restaurants are hosting indoor customers and the Village Hall reopened to the public.

Fund Health

Each month, all Village funds will be individually classified on a green, yellow, red scale that assess the impact of COVID-19 on each respective fund.

The three classifications are as follows:

-  Healthy – This designation indicates that year-to-date, the fund is performing within 90% or more of its budgeted revenues versus benchmarking from the prior year.
-  Warning – This designation indicates that year-to-date, the fund is performing within 70%-89% of its budgeted revenues versus benchmarking from the prior year.
-  Action Needed – This designation indicates that year-to-date, the fund is performing at a level below 70% of its budgeted revenues versus benchmarking from the prior year.
-  Not Applicable/Special Circumstance – This designation indicates that a fund is subject to special circumstance previously discussed with the Board or there is no inter-period comparability available.

Funds in the “Healthy” category require no Board intervention and can follow the budget as-adopted for expenditures.

Funds in the “Warning” category require Board intervention on a case-by-case basis per staff recommendations (generally after two consecutive months). Individual funds in the category will be tracked carefully and will normally be upgraded to “Healthy” or downgraded to “Action Needed” within one fiscal quarter. This category is not a long-term designation.

Funds in the “Action Needed” category will normally require the Board to take action to reduce expenditures in line with revenue losses. Recommendations will be provided by staff to the Board for any funds falling into this category. The Fund Health Grid reflects updated budget numbers from the budget amendment adopted in October 2020.

Legislative Updates

During the month of February, the United States Congress proposed and debated a \$1.9 trillion stimulus package that included direct financial aid to states and local governments. This package was eventually passed by both the House of Representatives and Senate. The bill was signed into law by the President on March 11, 2021. The Village expects to receive approximately \$2.5 million in aid over a one year period.

Financial Observations

The Village Board adopted a budget amendment to the FY 2020-2021 budget on October 13, 2020. According to the Fund Health Grid, most Village funds remain in the “Healthy” category based upon the revisions contained in the budget amendment.

Attachments

1. Fund Health Grid – Month Ended February 28, 2021
2. Unaudited Financial Statements – Month Ended February 28, 2021

**VILLAGE OF LIBERTYVILLE
FUND HEALTH GRID
February 28, 2021**

<u>FUND</u>	<u>FY 2019-2020 Budgeted Revenue</u>	<u>FY 2019-2020 YTD Annual Revenue</u>	<u>FY 2019-2020 Percentage YTD Annual Revenue</u>	<u>FY 2020-2021 Amended Budgeted Revenue</u>	<u>FY 2020-2021 YTD Annual Revenue</u>	<u>FY 2020-2021 Percentage YTD Annual Revenue</u>	<u>Percentage of Revenue Versus Prior Year</u>	<u>Fund Health</u>	<u>Months in Current Category</u>	<u>Recommendations</u>
General Fund	29,918,722	27,308,797	91.28%	26,799,580	25,742,395	96.06%	105.24%		5	None
Concord SSA	23,090	23,091	100.00%	23,090	23,101	100.05%	100.05%		5	None
Fire Fund	1,000	2,890	289.00%	1,000	3,250	325.00%	112.46%		5	None
Foreign Fire Insurance Fund	50,750	56,173	110.69%	53,000	64,659	122.00%	110.22%		5	None
Timber Creek SSA	21,840	22,111	101.24%	21,940	21,225	96.74%	95.56%		5	None
Motor Fuel Tax Fund*	527,954	633,589	120.01%	1,594,746	1,554,131	97.45%	81.21%		5	Variation due to timing of revenues. No recommendations at this time
Debt Service Fund	1,615,303	1,628,098	100.79%	1,701,086	1,676,505	98.55%	97.78%		5	None
TIF Fund	4,114,301	4,161,795	101.15%	4,208,994	4,230,998	100.52%	99.38%		5	None
Non-Home Rule Sales Tax Fund	-	-	0.00%	875,100	1,009,539	115.36%	0.00%		5	None
Impact Fee Fund	-	150,031	0.00%	20,000	95,353	476.76%	0.00%		5	None
Hotel/Motel Tax Fund*	374,000	357,629	95.62%	94,000	106,005	112.77%	117.93%		3	None
Commuter Parking Fund*	414,500	409,497	98.79%	98,920	83,224	84.13%	85.16%		1	Fund continuing to perform poorly due to lower commuter parking revenues. Changes addressed in FY 2021-2022 budget
Utility Fund*	10,890,055	8,482,419	77.89%	10,354,375	8,927,980	86.22%	110.70%		5	None
Stormwater Sewer Fund*	260,000	381,365	146.68%	1,125,435	426,608	37.91%	25.84%		5	Stormwater fee originally anticipated to begin in Spring 2021; fund cash flow still adequate
Vehicle Maint/Replacement Fund	1,877,025	1,592,207	84.83%	1,204,956	997,809	82.81%	97.62%		3	None
Technology Equipment Replacement Fund	661,108	540,507	81.76%	668,742	572,916	85.67%	104.79%		3	None
Project Fund	543,500	203,434	37.43%	564,000	273,011	48.41%	129.32%		5	None
Park Improvement Fund	126,500	234,090	185.05%	125,750	103,709	82.47%	44.57%		5	Variation due to timing of revenues. No recommendations at this time
Public Building Improvement Fund	-	-	0.00%	-	-	0.00%	0.00%		3	None
Libertyville Sports Complex Fund	3,527,235	1,751,798	49.66%	1,868,078	(6,801)	-0.36%	-0.73%		3	None

*Omits large one-time revenues for benchmarking purposes.



VILLAGE OF LIBERTYVILLE

FISCAL YEAR 2020 - 2021



UNAUDITED FINANCIAL STATEMENTS



MONTH ENDING:

February 28, 2021

PREPARED BY: FINANCE DEPARTMENT



Office of the Finance Director

To: Mayor Wepler
Village Board Trustees
Village Administrator
Department Heads

From: Nicholas A. Mostardo, Director of Finance

Re: Village of Libertyville Unaudited Monthly Financial Statements

Please find enclosed the Village's unaudited financial statements for the month ending
February 28, 2021

These statements have been prepared by the Village's Finance Department and should be read in conjunction with my commentary following this cover letter.

The statements presented herein reflect the Village's general ledger as of the final day of the above-referenced month. It is important to recognize that these statements have not been audited by the Village's external accounting firm. While the Village has made every effort to include all revenues and expenses recognized during the month, there are normally audit adjustments made to our general ledger annually. Consequently, the data presented in the following statements is subject to revision up until the current fiscal year is formally audited during the subsequent year.

Any questions regarding these financial statements should be directed to me at (847)918-2102. In my absence, please contact Kelly Amidei, Village Administrator at (847)918-2027.

Respectfully submitted,

A handwritten signature in black ink that reads "Nicholas Mostardo".

Nicholas A. Mostardo
Director of Finance
Village of Libertyville



PAGES 1-2 – VILLAGE BALANCE SHEET/INCOME STATEMENT

General Highlights

For the month ended February 28, 2021, the budget amendment adopted on October 13, 2020 was applied to the preparation of the financial statements. Total revenues for February month-end during the current fiscal year are \$34,787,620 versus \$38,774,585 at the end of February during the previous fiscal year, a drop of 10.3% (stable versus the prior month).

Revenue Highlights

As noted above, overall revenue for the Village's three major funds has been disrupted on account of COVID-19. The most significant disruptions are the result of General Fund revenues such as sales tax being down from the prior year. The Libertyville Sports Complex also remains closed and its regular annual revenues have not been recognized.

Expense Highlights

Combined expenses for the Village's three major funds are down from the prior year by \$2,591,763. This partially offsets a portion of the revenues losses, specifically at the Libertyville Sports Complex. It will be important to control and reduce expenses where possible over the remaining months of the fiscal year in order to continue reducing the overall gap between revenue losses and expenses.

Fund Balance Highlights

At this time cash reserves are still sufficient to meet the day-to-day liabilities of the Village.

Note: The Balance Sheet is prepared on a modified accrual or accrual basis (depending on fund), while the Income Statement is prepared on a cash basis.

Village Hall

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www.libertyville.com



PAGES 3 & 5 – GENERAL FUND YTD REVENUES

Revenue Summary

Based on historical trends, the budget benchmark for the ten months of the fiscal year ended February 28 is 88.48%. For the ten months of the fiscal year ended February 28, 2021, actual General Fund revenues totaled 96.06% of the amended annual budget.

Property Taxes

The budget benchmark for the end of February is 100.00%, while actual February 2021 collections total 97.71% of budget. Staff received clarity for the Lake County Treasurer's Office on the discrepancy. Many property owners are still taking advantage of deferred payment arrangements. This will result in a final property tax distribution in March 2021

State Revenues

The February sales tax payment reflected the impact of the COVID-19 pandemic and will be discussed in a separate section of this report. Income tax is still performing well, and may continue to grow due to the additional \$300 weekly benefit enhancement passed by the federal government in late December. This incremental amount is taxable to claimants. Use tax is trending about \$169,000 higher versus the prior year.

Permit Revenue

Building permit sales in February totaled \$121,026 versus \$43,501 in the prior year. At this point, permit sales have significantly exceeded the amended budget (\$1,678,136 vs \$1,200,000).

Other Revenues

Most revenues have been impacted to some degree by COVID-19. Specific revenues that are down fairly significantly from the prior year are 1) Recreation (and Swimming) Fees, 2) All types of fines, 3) Interest revenue

Miscellaneous Comments

None.



PAGES 4-5 – GENERAL FUND YTD EXPENSES

Expense Summary

Overall General Fund expenses are down in February 2021 versus February 2020 by \$1,505,076. This is attributable to lower salaries in the General Fund portion of the Recreation and Sports Complex Department as well as a concerted effort by departments to reduce operating expenses where possible by deferring projects until later in the fiscal year or trying to extract more useful life out of various types of commodities. This amount is stable compared to prior months.

Miscellaneous Comments

None.

Village Hall



PAGE 6 – UTILITY FUND REVENUES AND EXPENSES

Revenue Summary

Overall Utility Fund revenues for February 2021 were down \$659,901 from the prior year (due to FY 2019-2020 bond proceeds). The revenue on a water/sewer sales basis is higher in the current year (\$8,928,345 vs \$8,437,035) by \$491,310. Overall consumption is also higher than in the prior year.

Expense Summary

Utility Fund actual expenses are running higher compared to the prior year, but still similar to the prior year as a percentage of the budget. It is important to note that several capital projects have been billed out in the last month, and on an operations-only basis, operating expenses in FY 2020-2021 are less than during the same period in the prior year. Management continues to encourage operational staff to spend responsibly and be cognizant of the economic effects of the COVID-19 pandemic.

Miscellaneous Comments

None.



PAGE 7 – LIBERTYVILLE SPORTS COMPLEX FUND REVENUES AND EXPENSES

Revenue Summary

The negative revenue number represents substantially all refunded outstanding membership liability at the Complex, netted out against lease revenues. In November 2020, the Village Board approved a lease agreement with the GLSA that was expected to generate a maximum of \$195,000 over a period of three months (January - March, 2021). The GLSA has remitted all lease payments, which has decreased the overall revenue loss from refunds earlier in the fiscal year. Due to COVID-19 restrictions, the January lease payment was prorated.

Expense Summary

Overall expenses in the Sports Complex Fund are down from the prior year as expected due to the closure of the facility to the public.

Miscellaneous Comments

None.

Village Hall



PAGES 8-9 – SALES TAX REVENUE TRENDS

Miscellaneous Comments

Sales tax receipts for February 2021 reflect sales in November 2020 and tax remittances collected by the State of Illinois in December 2020. The sales tax impact of the COVID-19 pandemic in November was approximately \$91,996 versus the prior year (\$666,210 in February 2020 versus \$574,214 in February 2021). The significant drop in revenues can be attributed to the winter surge in COVID-19 cases at the end of 2020 and associated restrictions on activities.

The Village received its fifth distribution of non-home rule sales tax receipts for November 2020 in February. Without the impacts of COVID-19, staff expected roughly a \$250,000 per month distribution. The February 2021 distribution of non-home rule sales tax was \$187,919. The decline is attributable to the same reason noted in the paragraph above. These revenues will be tracked separately from regular sales tax distributions.

PAGE 10 – ALLOCATION OF CASH AND INVESTMENTS

Miscellaneous Comments

As mentioned earlier in this report, the Village of Libertyville maintains strong cash reserves that should help it persevere through the current economic crisis. What is significant, however, from a cash management perspective, is that interest rates on account balances in the Village's various investment and DDA accounts are dismal compared to the prior year. Staff is examining options to maximize returns for cash balances and will bring a recommendation to the Finance Committee in the near future.

Village Hall



VILLAGE OF LIBERTYVILLE, ILLINOIS
 (SELECTED FUNDS)
 MONTHLY BALANCE SHEET
 February 28, 2021

	GENERAL FUND	MOTOR FUEL TAX	TAX INC FINANCE DISTRICT	IMPACT FEE	HOTEL / MOTEL TAX	COMMUTER PARKING	INTERNAL SVC FUND ^a	CAPITAL PROJECTS ^b	UTILITY FUND ^c	STORMWATER SEWER FUND	LIBERTYVILLE SPORTS COMPLEX	TOTAL
ASSETS												
CASH & INVESTMENTS	15,445,366	3,079,830	4,268,900	982,571	418,417	515,249	1,340,889	1,772,646	3,284,047	1,076,998	(1,752,792)	30,432,122
INVENTORY - GAS & OIL							11,450					11,450
INVENTORY - PRO SHOP												-
RECEIVABLES :												
PROPERTY TAXES	6,761,515		4,315,262									11,076,777
ACCOUNTS AND OTHERS	3,097,130	35,382			4,349		34,766	33,778	2,378,949		630,571	6,214,925
ACCRUED INTEREST												-
DUE FROM OTHER FUNDS									237,818		(237,818)	-
IRMA MEMBERSHIP RECEIVABLES	1,542,470											1,542,470
DEFERRED OUTFLOWS									578,175		147,497	725,673
PREPAID EXPENSES & DEFERRED	240,358						11,235		42,132		27,927	321,652
PROPERTY & EQUIPMENT, NET OF ACCUMULATED DEPRECIATION							4,695,110		31,065,508		15,503,693	51,264,311
TOTAL ASSETS	27,086,840	3,115,212	8,584,162	982,571	422,767	515,249	6,093,450	1,806,424	37,586,629	1,076,998	14,319,079	101,589,380
LIABILITIES												
ACCOUNTS PAYABLE	246,954	103,939			7,859	2,756	37,315	54,839	594,010	845,304	173,438	2,066,414
UNEARNED REVENUE											(5,099)	(5,099)
ACCRUED SALARIES & BENEFITS	597,537					4,500	14,339		90,098		56,552	763,026
COMPENSATED ABSENCES PAYABLE							27,007		222,975		32,592	282,574
DEFERRED REVENUE	6,757,526		4,315,262				80,000		24,000		68,889	11,245,676
NET PENSION LIABILITY									2,692,179		681,647	3,373,826
DEPOSITS	1,509,251								73,105		24,700	1,607,056
BONDS PAYABLE							104,512		12,778,007		13,810,000	26,692,519
DUE TO OTHER FUNDS												-
UNAMORTIZED BOND COSTS												-
TOTAL LIABILITIES	9,111,268	103,939	4,315,262	-	7,859	7,256	263,173	54,839	16,474,374	845,304	14,842,718	46,025,990
BEGINNING FUND EQUITY												
CONTRIBUTED CAPITAL							1,306,787		14,500,136			15,806,922
ASSIGNED FOR LSC BOND PAYOFF								225,803				225,803
FUND BALANCE :												
RES DEBT SERVICE SALES TAX ALT REV BDS												-
RES DRUG SEIZURE FORFEITURE	10,591											10,591
RES AFFORDABLE HOUSING				451,713								451,713
RES SIDEWALK UNRESERVED				71,110								71,110
TOTAL BEGINNING FUND EQUITY	14,536,955	2,032,684	947,930	892,584	555,424	617,993	6,658,960	2,770,180	20,051,154	1,915,327	1,294,235	52,273,428
EXCESS INCOME OVER EXPENSES	3,438,617	978,589	3,320,969	89,986	(140,517)	(110,000)	(828,682)	(1,018,595)	1,061,101	(1,683,633)	(1,817,873)	3,289,962
TOTAL LIABILITIES & ENDING FUND EQUITY	27,086,840	3,115,212	8,584,162	982,571	422,767	515,249	6,093,450	1,806,424	37,586,629	1,076,998	14,319,079	101,589,380

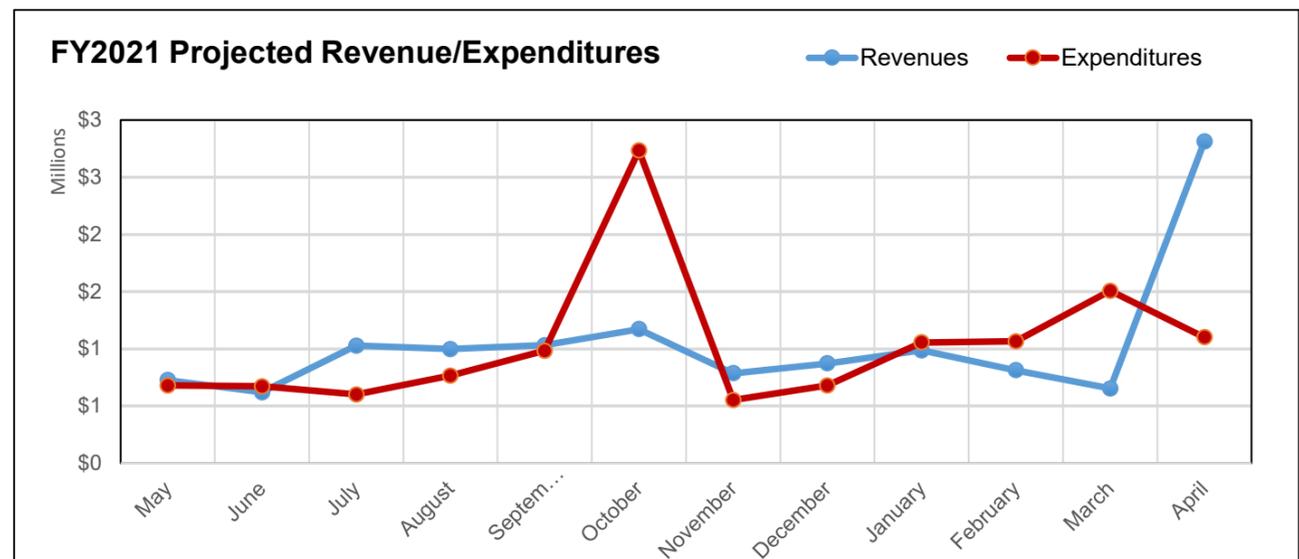
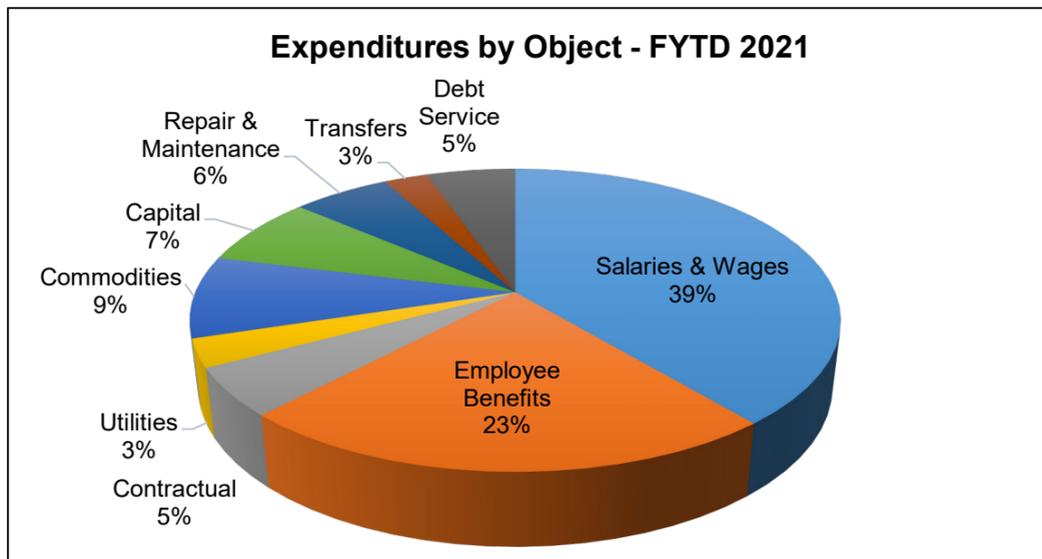
a - VEHICLE MAINT/REPLACEMENT SERVICE FUND and TECHNOLOGY EQUIPMENT/REPLACEMENT FUND c - UTILITY FUND (WATER, SEWER, WWTP, DEBT SERVICE , CAPITAL IMPROVEMENTS)
 b - PROJECT FUND, ROAD BOND FUND, BUILDING FUND, PARK IMPROVEMENT FUND, and PUBLIC BUILDING IMPROVEMENT FUND

Statement of Revenues, Expenditures, and Changes In Fund Balance



For the Period Ending February 28, 2021
All Funds Summary Breakdown
 (With Comparative Totals For the Period Ended February 29, 2020)

	All Funds FY2020 All Funds FY2021 % Incr/(Decr)			General Fund Utility Fund Libertyville Sports Complex Fund		
	REVENUES					
Property Taxes	\$6,952,957	\$6,974,568	0.31%	\$6,974,568	\$0	\$0
Other Taxes	1,918,683	1,214,501	(36.70%)	1,214,501	0	0
Licenses & Permits	1,394,529	1,744,499	25.10%	1,744,499	0	0
Intergovernmental	9,151,336	8,575,984	(6.29%)	8,575,984	0	0
Charges for Services	17,045,608	14,732,646	(13.57%)	5,820,620	8,928,345	(16,319)
Fines & Forfeitures	567,642	402,095	(29.16%)	402,095	0	0
Interest	328,337	44,860	(86.34%)	45,404	(544)	0
Miscellaneous	1,330,379	1,098,467	(17.43%)	965,262	123,688	9,517
Transfers	85,114	0	(100.00%)	0	0	0
TOTAL REVENUE	\$38,774,585	\$34,787,620	(10.28%)	\$25,742,933	\$9,051,489	(\$6,802)
EXPENDITURES						
Salaries & Wages	13,711,045	12,502,338	(8.82%)	10,970,614	1,397,628	134,096
Employee Benefits	7,479,544	7,398,911	(1.08%)	6,809,295	555,294	34,322
Contractual	2,234,530	1,652,497	(26.05%)	1,325,816	289,742	36,939
Utilities	1,194,002	959,337	(19.65%)	178,301	701,610	79,426
Commodities	2,991,048	2,813,018	(5.95%)	987,164	1,821,071	4,783
Capital	2,205,423	2,375,854	7.73%	0	2,375,854	0
Repair & Maintenance	2,041,588	1,851,304	(9.32%)	1,454,373	343,762	53,169
Transfers	1,199,158	831,990	(30.62%)	558,840	262,850	10,300
Debt Service	1,618,785	1,698,110	4.90%	0	240,542	1,457,568
TOTAL EXPENDITURES	\$34,675,122	\$32,083,359	(7.47%)	\$22,284,403	\$7,988,353	\$1,810,603
SURPLUS / (DEFICIT)	4,099,462	2,704,261	(34.03%)	\$3,458,530	\$1,063,136	(\$1,817,405)
FUND BALANCE						
Beginning of Period				\$12,448,550	\$4,188,287	(\$1,308,794)
End of Period				\$15,907,080	\$5,251,423	(\$3,126,199)

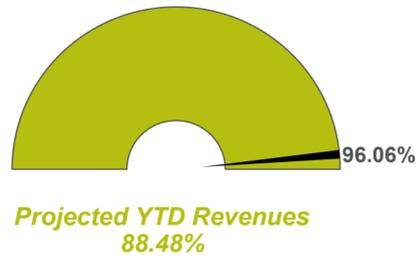


General Fund Revenue Dashboard Summary

For the Period Ending February 28, 2021



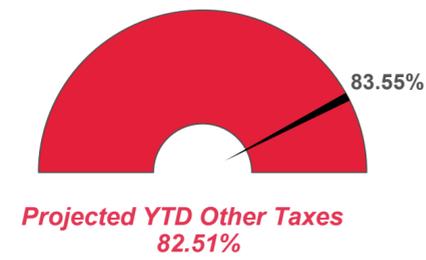
Actual YTD Revenues



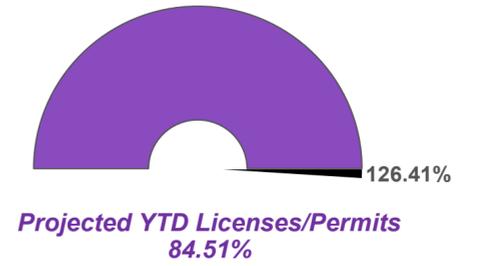
Actual YTD Property Taxes



Actual YTD Other Taxes



Actual YTD Licenses/Permits

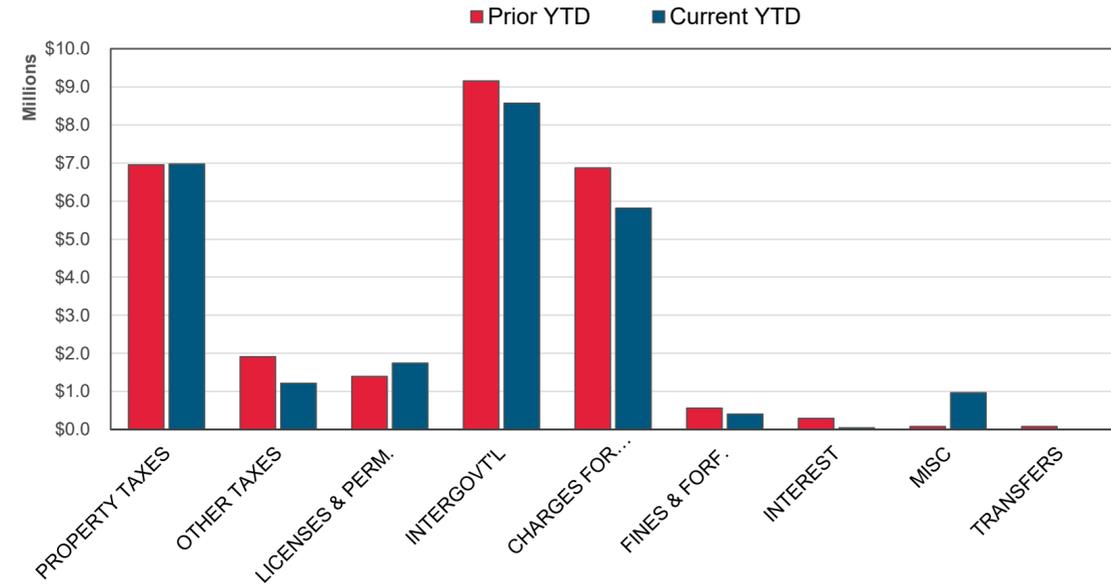


Revenues

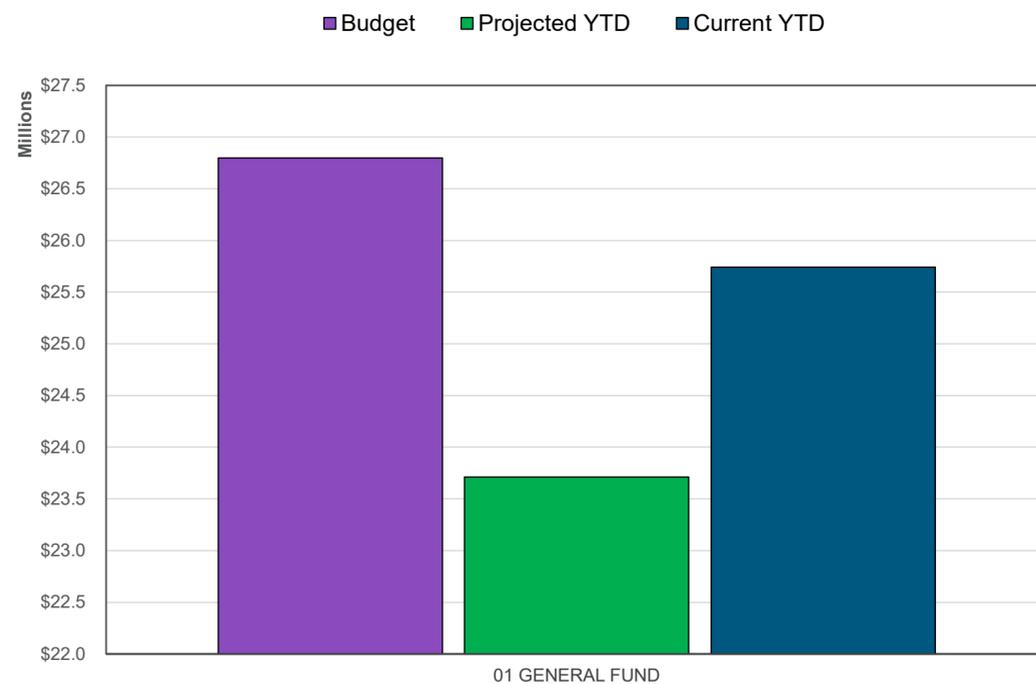
Top 10 General Fund Sources of Revenue (YTD)

Sales Tax	\$5,772,013.00
Libertyville Fire Prot Dist	\$3,029,800.00
Prop Taxes Police Pension Fund	\$2,012,884.00
Income Tax	\$1,921,663.00
Building Permits	\$1,678,136.00
Prop Taxes Fire Pension Fund	\$1,454,384.00
Prop Taxes General Corporate	\$1,153,223.00
Electric Utility Tax	\$991,130.00
Miscellaneous Revenue	\$952,270.00
Ambulance Fees	\$776,619.00
Percent of Total Revenues YTD	76.69%

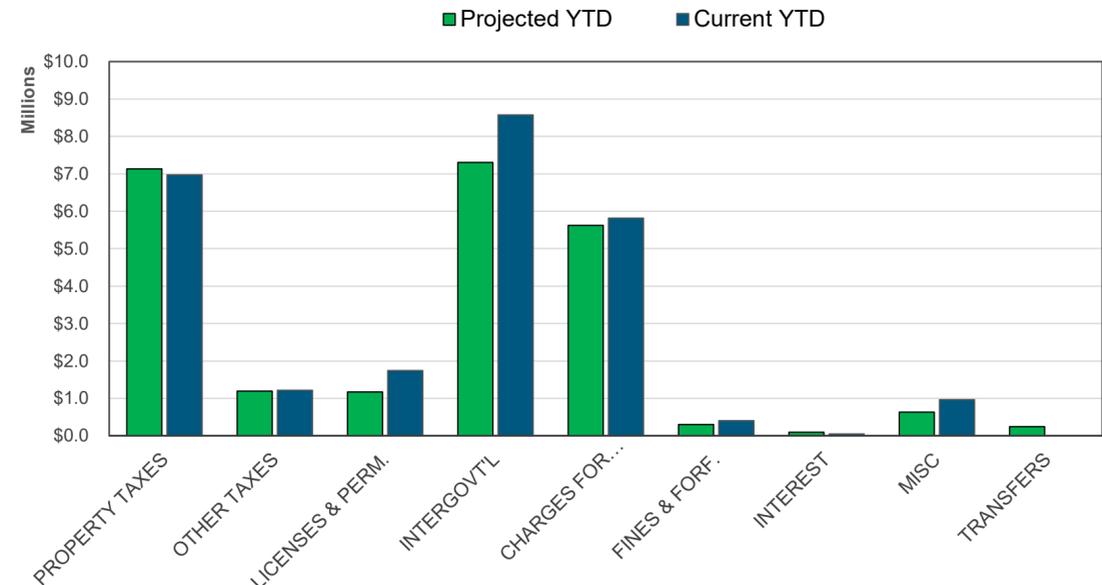
Revenue by Source | Prior YTD vs. Current YTD



Revenues by Fund | Budget / Projected YTD / Current YTD



Revenue by Source | Projected YTD vs. Current YTD

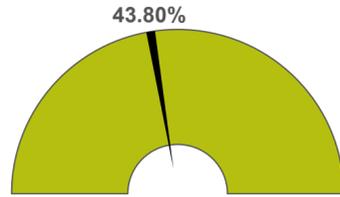


General Fund Expenditure Dashboard Summary

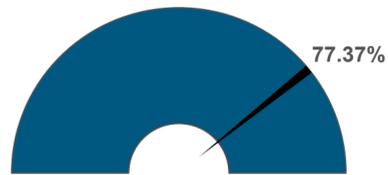
For the Period Ending February 28, 2021



Projected Fund Balance as % of Projected Expenditures

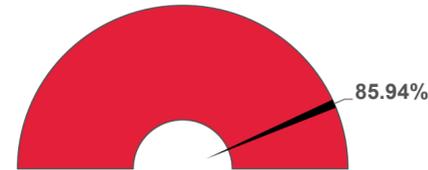


Actual YTD Expenditures



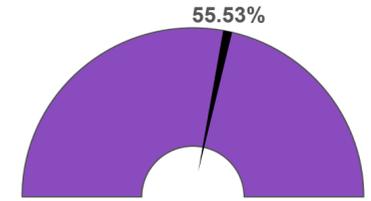
Projected YTD Expenditures
77.71%

Actual YTD Salaries/Benefits



Projected YTD Salaries/Benefits
84.81%

Actual YTD Other Expenses

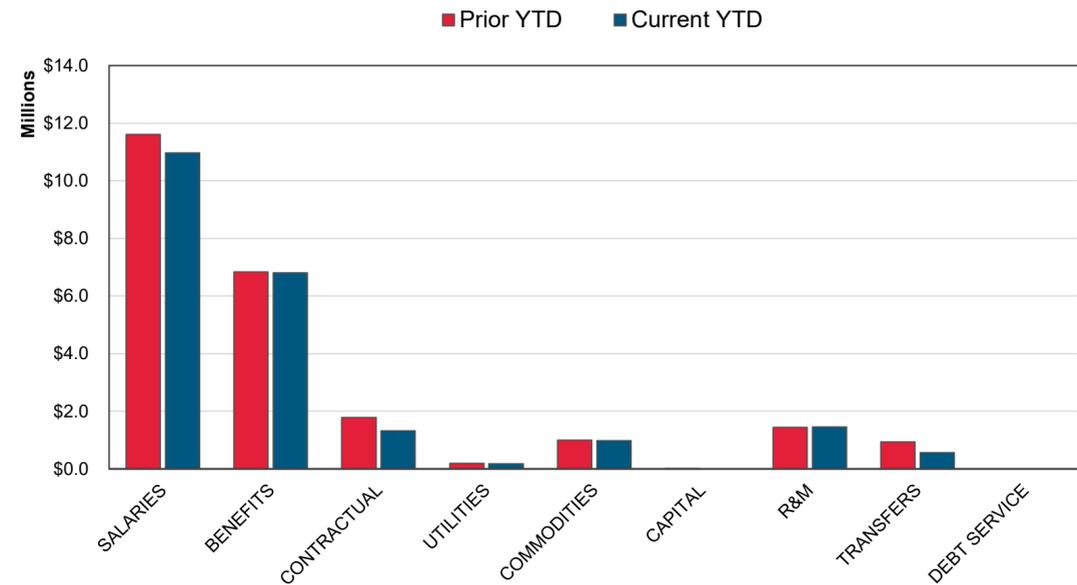


Projected YTD Other Expenses
59.58%

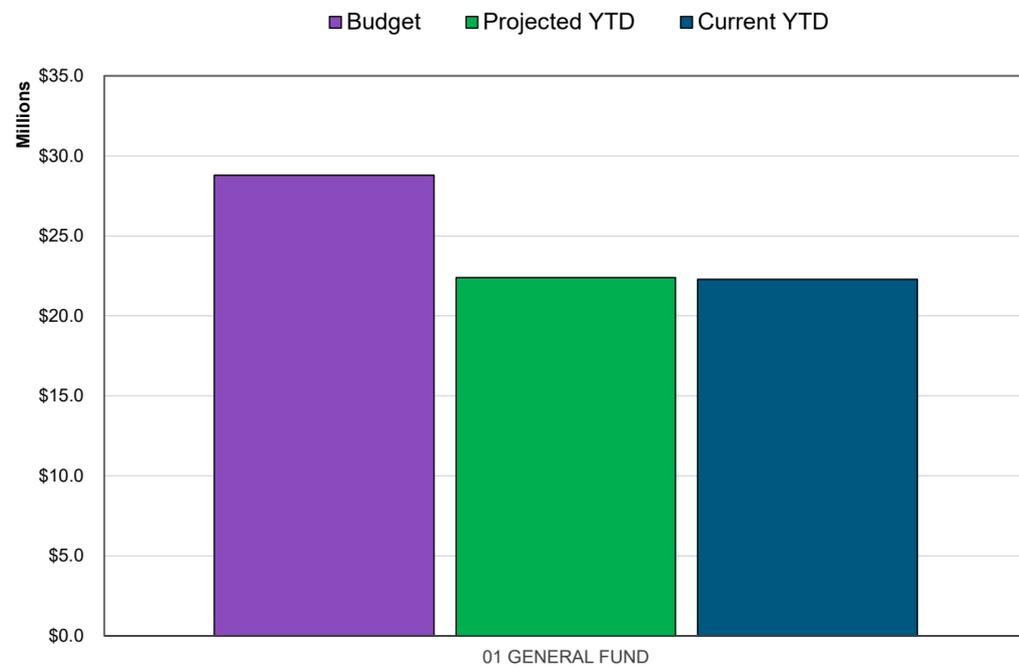
Expenditures

Top 10 General Fund Expenditures by Program (YTD)	
1-701000 Salaries	\$10,070,988.00
2-720000 Insurance	\$2,328,418.00
2-786000 Employer Contrib-Pol Pension	\$2,022,884.00
2-787000 Employer Contrib-Fire Pension	\$1,464,384.00
7-714000 Vehicle/Grounds Maintenance	\$651,400.00
1-704000 Salaries	\$510,728.00
8-799000 Transfers Out	\$500,000.00
3-705000 Contractual Services	\$487,306.00
2-793000 Employer Contribution Imrf	\$482,137.00
7-713000 General Maintenance	\$390,953.00
Percent of Total Expenditures YTD	84.85%

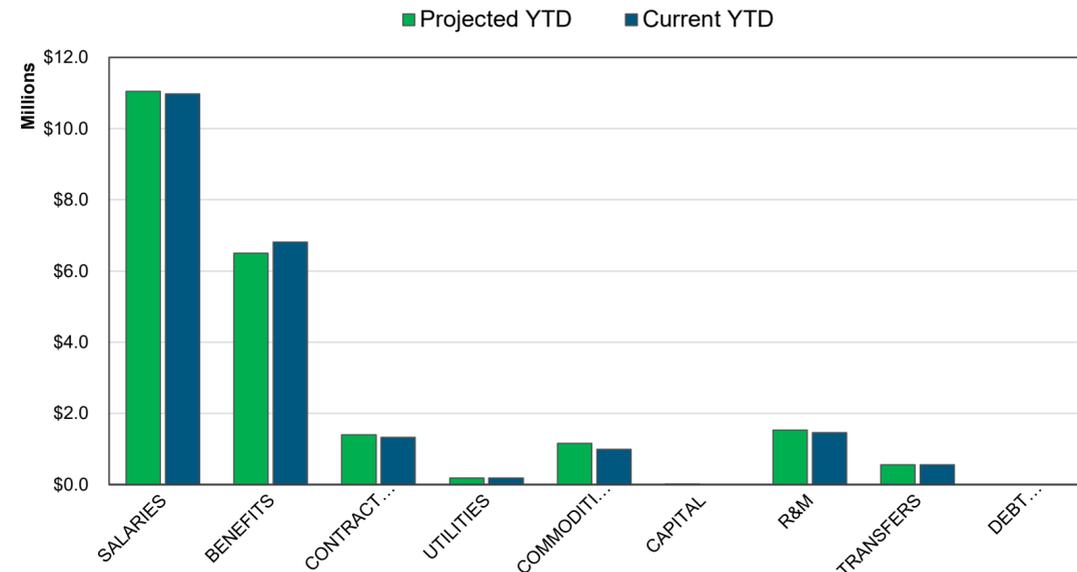
Expenditures by Object | Prior YTD vs. Current YTD



Expenditures by Fund | Budget / Projected YTD / Current YTD



Expenditures by Object | Projected YTD vs. Current YTD



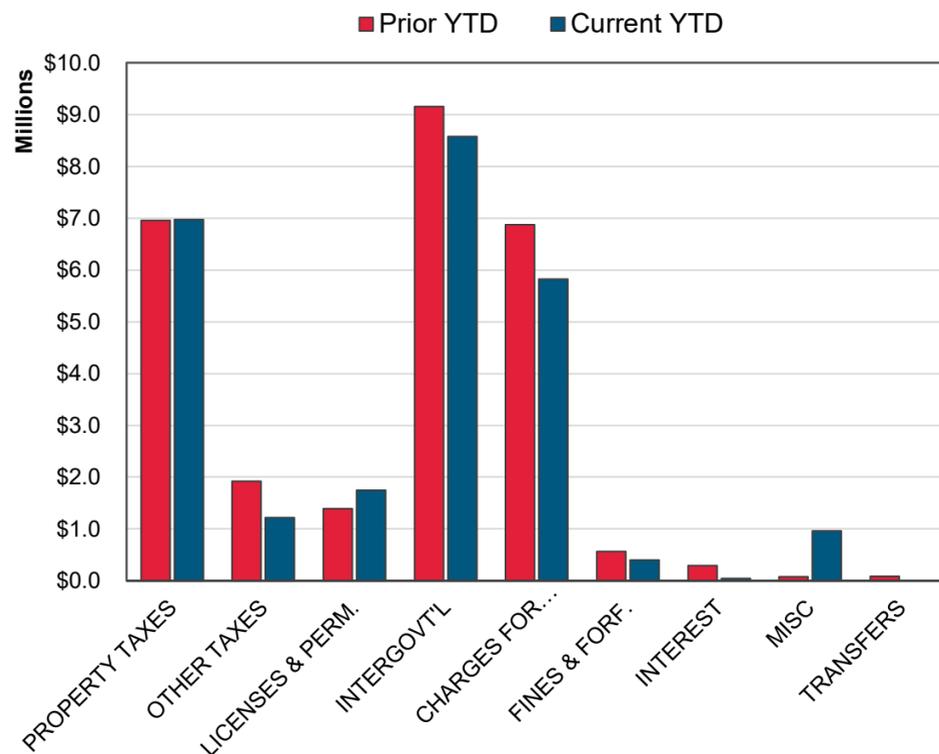
General Fund | Financial Summary

For the Period Ending February 28, 2021

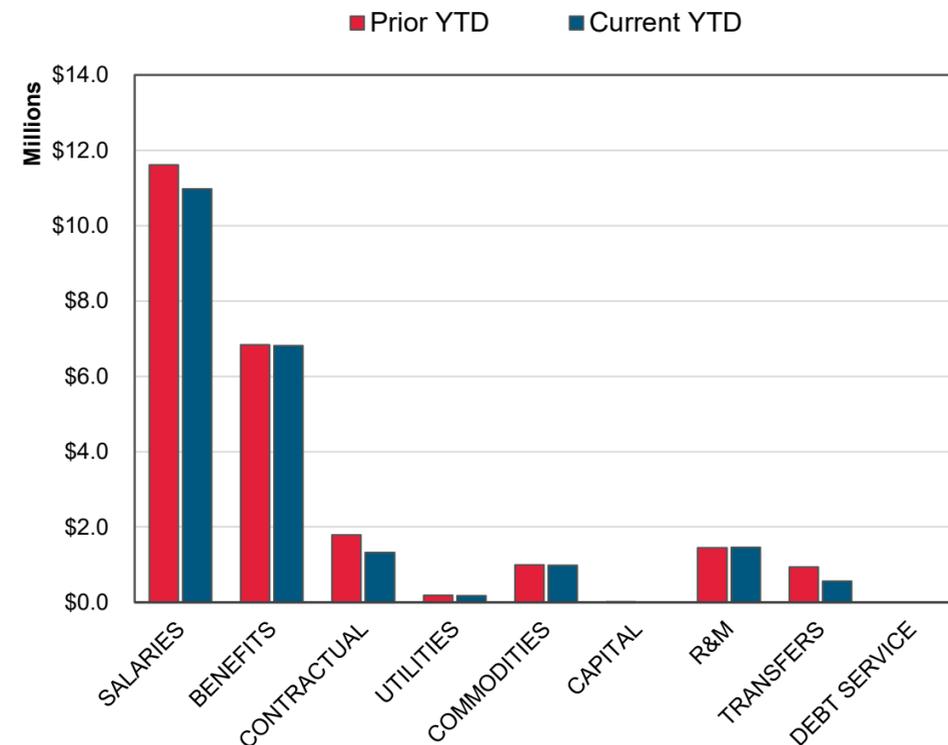


	YTD % of PY Actual			YTD % of Budget		
	Prior YTD	Prior Year Actual	Actual	Current YTD	Annual Budget	Budget
REVENUES						
Property Taxes	\$6,952,957	\$6,952,977	100.00%	\$6,974,568	\$7,138,351	97.71%
Other Taxes	1,918,683	2,338,907	82.03%	1,214,501	1,453,612	83.55%
Licenses & Permits	1,394,529	1,614,983	86.35%	1,744,499	1,380,000	126.41%
Intergovernmental	9,151,336	10,953,224	83.55%	8,575,984	8,801,846	97.43%
Charges for Services	6,876,602	7,548,332	91.10%	5,820,620	6,195,298	93.95%
Fines & Forfeitures	567,642	673,754	84.25%	402,095	357,500	112.47%
Interest	288,963	350,067	82.55%	45,404	120,000	37.84%
Miscellaneous	75,572	402,863	18.76%	965,262	1,061,332	90.95%
Transfers	85,114	102,137	83.33%	0	291,641	0.00%
TOTAL REVENUE	\$27,311,397	\$30,937,245	88.28%	\$25,742,933	\$26,799,580	96.06%
EXPENDITURES						
Salaries & Wages	11,608,876	13,866,743	83.72%	10,970,614	13,230,889	82.92%
Employee Benefits	6,835,508	7,786,750	87.78%	6,809,295	7,457,823	91.30%
Contractual	1,783,456	2,503,680	71.23%	1,325,816	2,174,368	60.97%
Utilities	187,227	240,569	77.83%	178,301	229,210	77.79%
Commodities	994,975	1,187,663	83.78%	987,164	1,336,983	73.84%
Capital	703	2,096	33.55%	0	11,700	0.00%
Repair & Maintenance	1,447,900	1,754,484	82.53%	1,454,373	1,850,085	78.61%
Transfers	930,833	2,504,067	37.17%	558,840	2,509,800	22.27%
Debt Service	0	0		0	0	
TOTAL EXPENDITURES	\$23,789,479	\$29,846,052	79.71%	\$22,284,403	\$28,800,858	77.37%
SURPLUS / (DEFICIT)	\$3,521,918	\$1,091,193		\$3,458,530	(\$2,001,278)	
ENDING FUND BALANCE	\$14,879,276			\$15,907,080		

Revenues by Source | Prior YTD vs. Current YTD



Expenditures by Object: Prior YTD vs. Current YTD



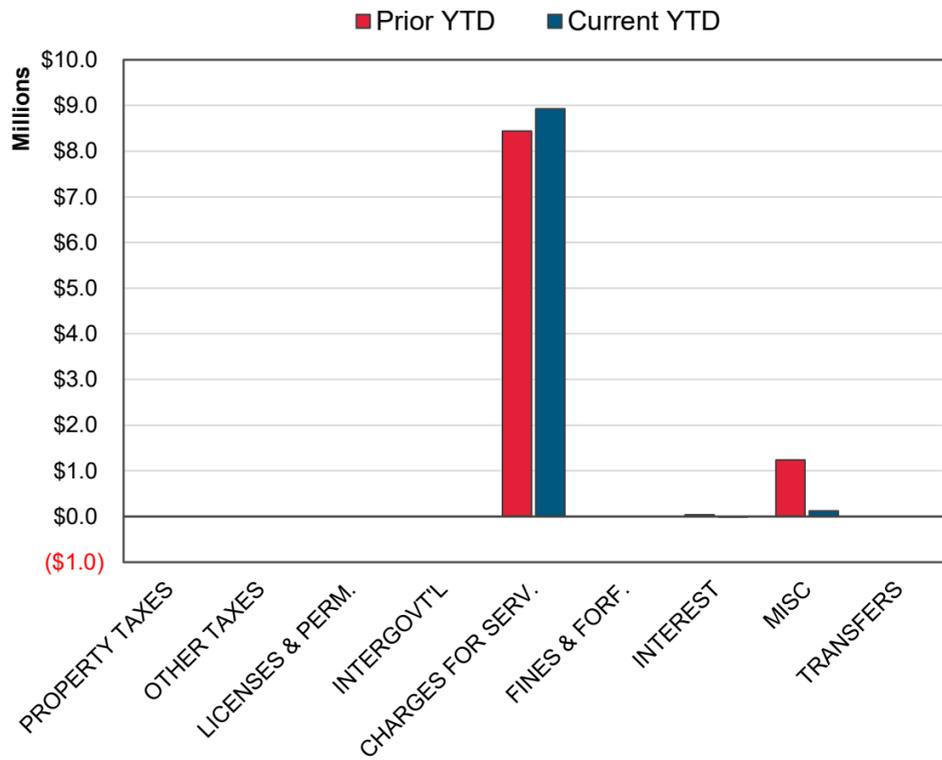
Utility Fund | Financial Summary

For the Period Ending February 28, 2021

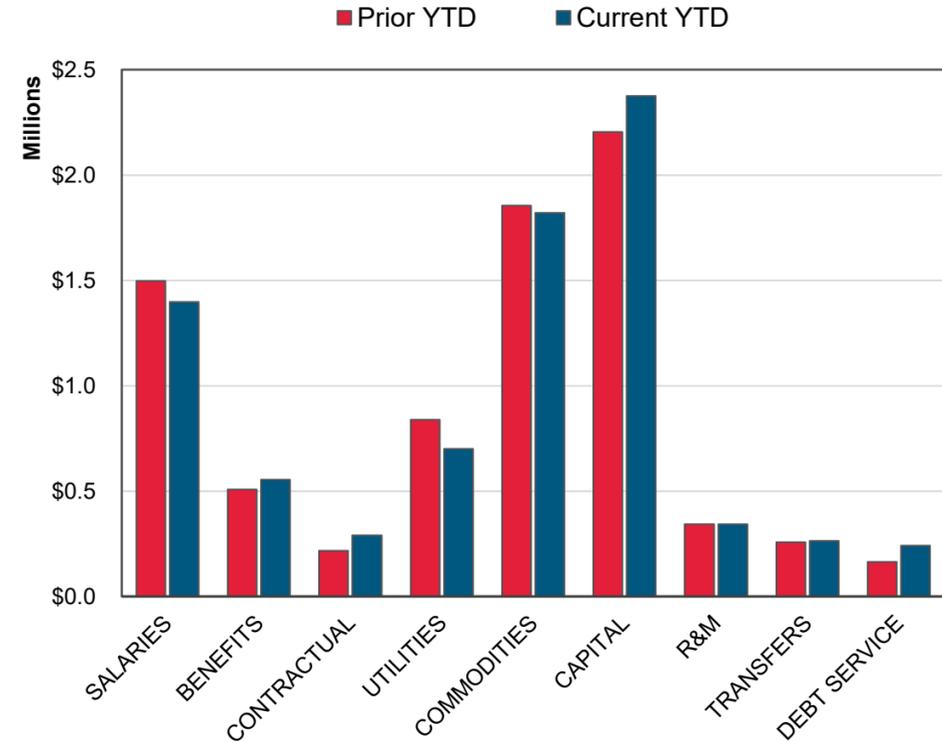


	YTD % of PY Actual			YTD % of Budget		
	Prior YTD	Prior Year Actual	Actual	Current YTD	Annual Budget	Budget
REVENUES						
Property Taxes	\$0	\$0		\$0	\$0	
Other Taxes	0	0		0	0	
Licenses & Permits	0	0		0	0	
Intergovernmental	0	0		0	0	
Charges for Services	8,437,035	10,102,656	83.51%	8,928,345	10,328,375	86.44%
Fines & Forfeitures	0	0		0	0	
Interest	38,145	42,402	89.96%	(544)	25,000	(2.18%)
Miscellaneous	1,236,210	1,689,930	73.15%	123,688	1,000	12368.80%
Transfers	0	0		0	0	
TOTAL REVENUE	\$9,711,390	\$11,834,988	82.06%	\$9,051,489	\$10,354,375	87.42%
EXPENDITURES						
Salaries & Wages	1,498,245	1,782,575	84.05%	1,397,628	1,704,540	81.99%
Employee Benefits	508,417	598,974	84.88%	555,294	637,074	87.16%
Contractual	217,426	300,685	72.31%	289,742	399,245	72.57%
Utilities	838,555	1,082,818	77.44%	701,610	1,043,050	67.27%
Commodities	1,855,480	2,495,985	74.34%	1,821,071	2,276,735	79.99%
Capital	2,204,720	2,773,352	79.50%	2,375,854	2,660,200	89.31%
Repair & Maintenance	343,494	434,000	79.15%	343,762	498,508	68.96%
Transfers	258,324	309,989	83.33%	262,850	315,419	83.33%
Debt Service	164,907	455,944	36.17%	240,542	1,123,639	21.41%
TOTAL EXPENDITURES	\$7,889,570	\$10,234,321	77.09%	\$7,988,353	\$10,658,410	74.95%
SURPLUS / (DEFICIT)	\$1,821,820	\$1,600,667		\$1,063,136	(\$304,035)	
ENDING FUND BALANCE	\$4,409,440			\$5,251,423		

Revenues by Source | Prior YTD vs. Current YTD



Expenditures by Object: Prior YTD vs. Current YTD



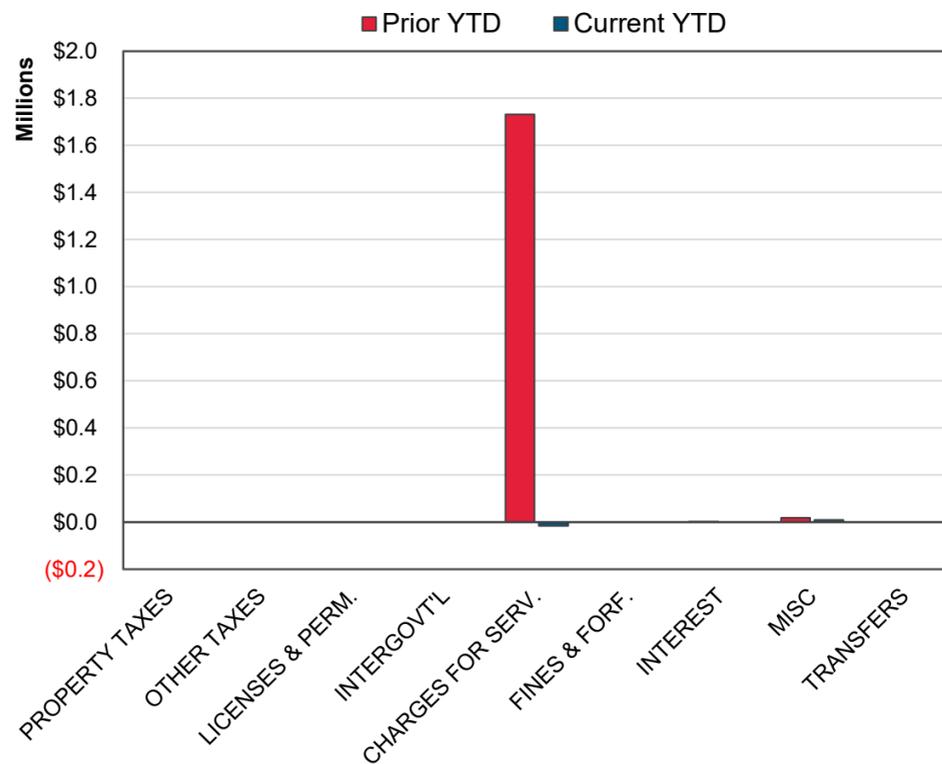
Libertyville Sports Complex Fund | Financial Summary

For the Period Ending February 28, 2021

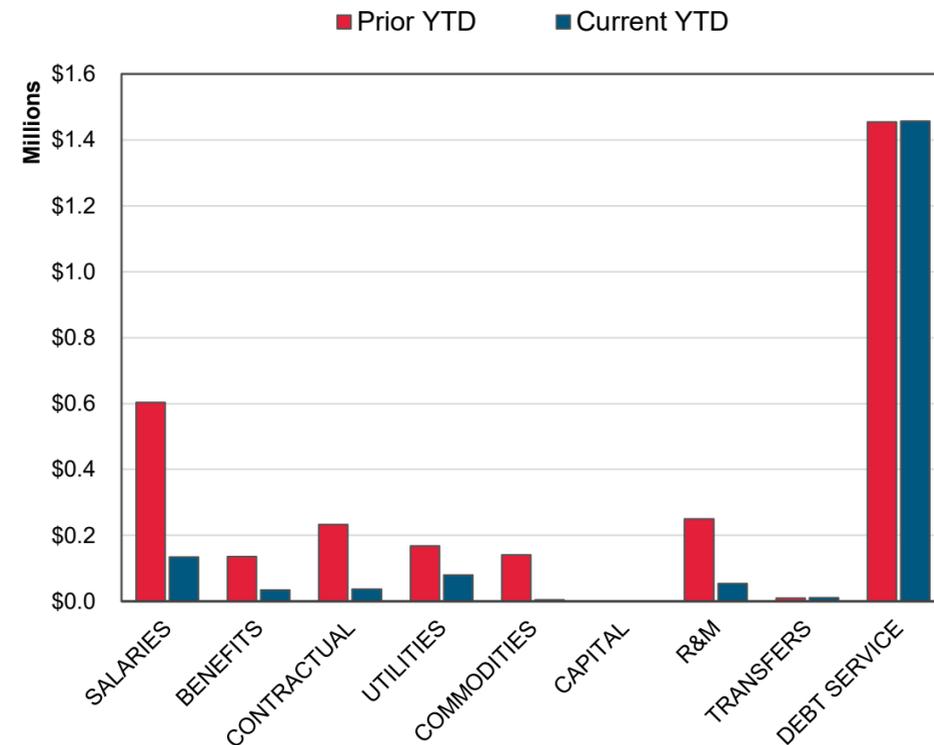


	Prior YTD	Prior Year Actual	YTD % of PY Actual	Current YTD	Annual Budget	YTD % of Budget
REVENUES						
Property Taxes	\$0	\$0		\$0	\$0	
Other Taxes	0	0		0	0	
Licenses & Permits	0	0		0	0	
Intergovernmental	0	0		0	0	
Charges for Services	1,731,971	2,086,888	82.99%	(16,319)	28,900	(56.47%)
Fines & Forfeitures	0	0		0	0	
Interest	1,230	1,230	100.00%	0	0	
Miscellaneous	18,597	21,666	85.83%	9,517	0	
Transfers	0	1,402,035	0.00%	0	1,839,178	0.00%
TOTAL REVENUE	\$1,751,798	\$3,511,819	49.88%	(\$6,802)	\$1,868,078	(0.36%)
EXPENDITURES						
Salaries & Wages	603,924	732,911	82.40%	134,096	160,548	83.52%
Employee Benefits	135,619	163,040	83.18%	34,322	49,156	69.82%
Contractual	233,648	325,025	71.89%	36,939	39,850	92.70%
Utilities	168,219	214,478	78.43%	79,426	80,670	98.46%
Commodities	140,593	195,060	72.08%	4,783	3,500	136.66%
Capital	0	125	0.00%	0	0	
Repair & Maintenance	250,194	310,316	80.63%	53,169	63,814	83.32%
Transfers	10,000	12,000	83.33%	10,300	12,360	83.33%
Debt Service	1,453,878	1,585,993	91.67%	1,457,568	1,458,180	99.96%
TOTAL EXPENDITURES	\$2,996,074	\$3,538,947	84.66%	\$1,810,603	\$1,868,078	96.92%
SURPLUS / (DEFICIT)	(\$1,244,276)	(\$27,128)		(\$1,817,405)	\$0	
ENDING FUND BALANCE	(\$2,525,942)			(\$3,126,199)		

Revenues by Source | Prior YTD vs. Current YTD



Expenditures by Object: Prior YTD vs. Current YTD

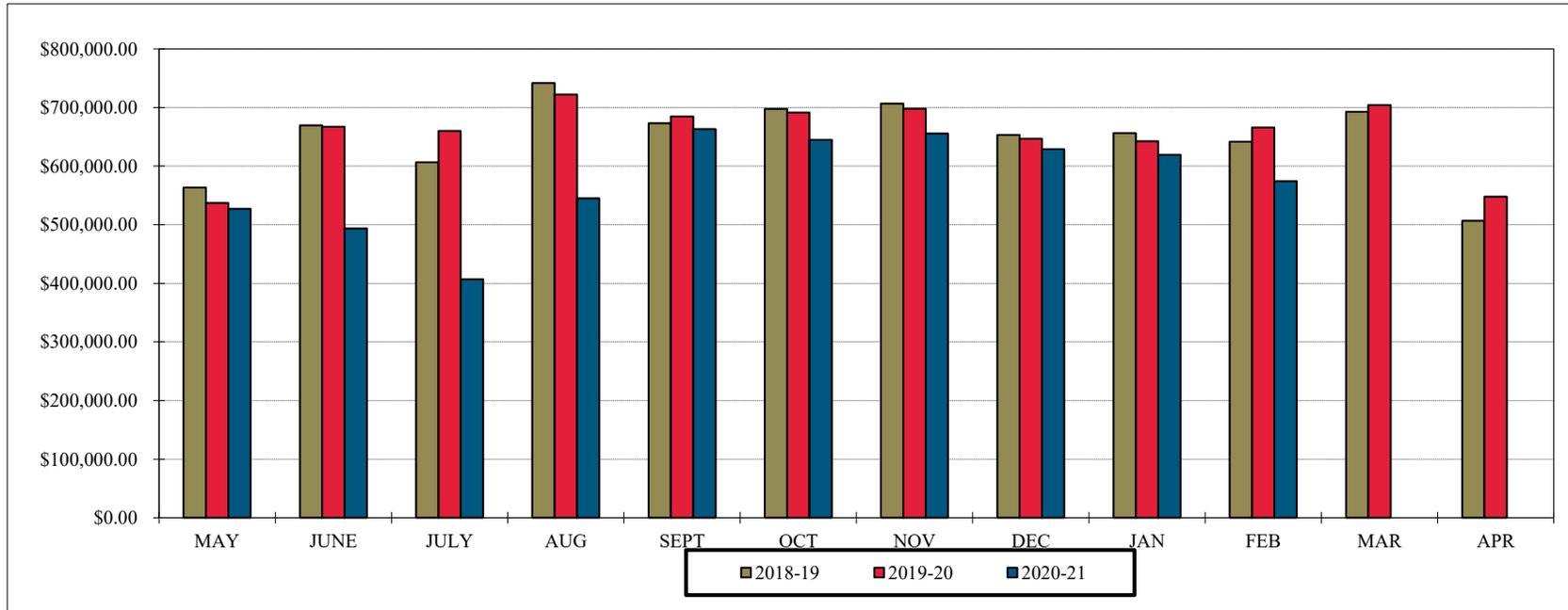




Village of Libertyville
Three Year Sales Tax Analysis
Feb 2021

\$5,784,415

Collected In	Rec'd In	2018-19	2019-20	2020-21	Year to Date			2020-21 vs 2018-19	2020-21 vs 2019-20	% of 2020-21 vs 2019-20	% of 2020-21 Budget	
					2018-19	2019-20	2020-21					
MAR	MAY	\$563,299.44	\$537,036.71	\$527,183.88	\$563,299.44	\$537,036.71	\$527,183.88	(\$36,115.56)	(\$9,852.83)	-1.83%	9.11%	
APR	JUNE	669,542.27	667,312.43	493,721.21	1,232,841.71	1,204,349.14	1,020,905.09	(\$211,936.62)	(\$183,444.05)	-15.23%	17.65%	
MAY	JULY	606,569.54	660,064.89	407,132.43	1,839,411.25	1,864,414.03	1,428,037.52	(\$411,373.73)	(\$436,376.51)	-23.41%	24.69%	
JUN	AUG	741,954.05	722,439.31	544,945.38	2,581,365.30	2,586,853.34	1,972,982.90	(\$608,382.40)	(\$613,870.44)	-23.73%	34.11%	
JUL	SEPT	673,143.24	684,914.35	663,358.65	3,254,508.54	3,271,767.69	2,636,341.55	(\$618,166.99)	(\$635,426.14)	-19.42%	45.58%	
AUG	OCT	697,623.63	691,655.24	644,933.12	3,952,132.17	3,963,422.93	3,281,274.67	(\$670,857.50)	(\$682,148.26)	-17.21%	56.73%	
SEP	NOV	706,586.03	697,935.60	655,463.07	4,658,718.20	4,661,358.53	3,936,737.74	(\$721,980.46)	(\$724,620.79)	-15.55%	68.06%	
OCT	DEC	653,215.37	646,953.66	629,034.68	5,311,933.57	5,308,312.19	4,565,772.42	(\$746,161.15)	(\$742,539.77)	-13.99%	78.93%	
NOV	JAN	656,398.00	642,324.95	619,505.42	5,968,331.57	5,950,637.14	5,185,277.84	(\$783,053.73)	(\$765,359.30)	-12.86%	89.64%	
DEC	FEB	641,827.60	666,210.23	574,214.31	6,610,159.17	6,616,847.37	5,759,492.15	(\$850,667.02)	(\$857,355.22)	-12.96%	99.57%	
JAN	MAR	692,866.68	704,170.62		7,303,025.85	7,321,017.99						
FEB	APR	506,946.92	547,931.52		7,809,972.77	7,868,949.51						
		\$7,809,972.77	\$7,868,949.51	\$5,759,492.15								

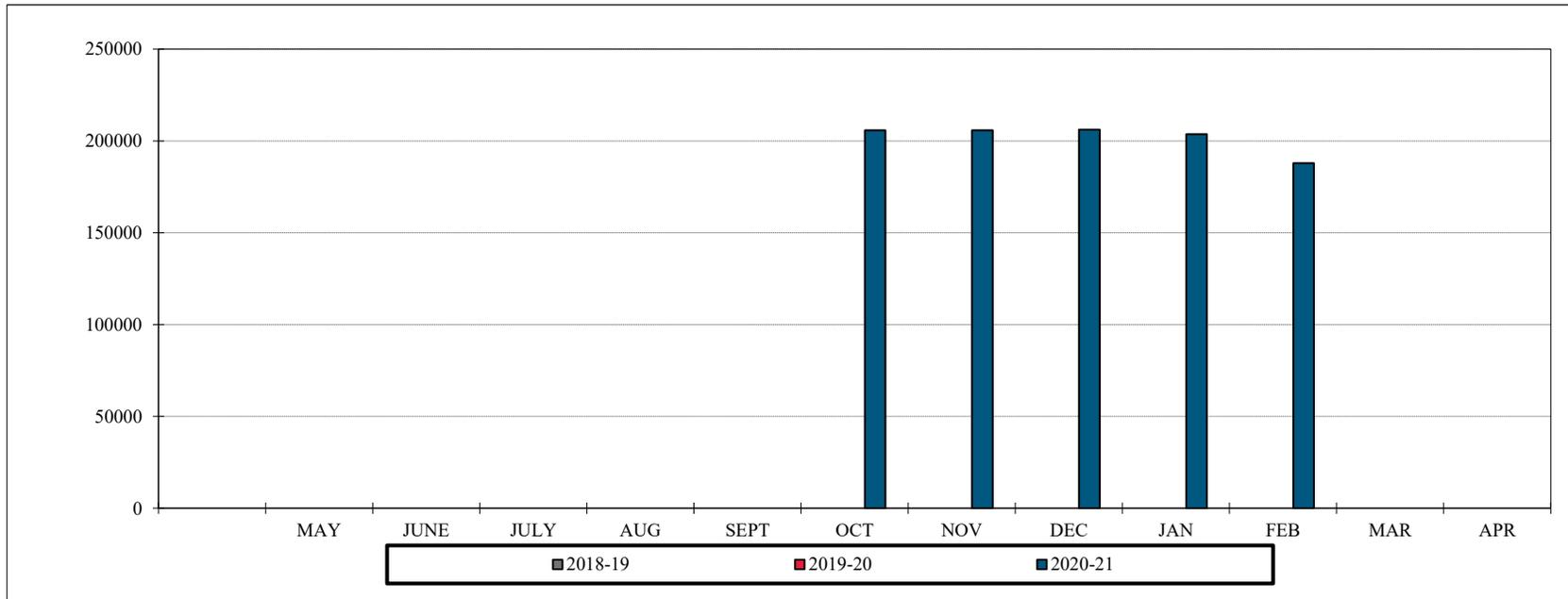




Village of Libertyville
 Three Year Non-Home Rule Sales Tax Analysis
 Feb 2021

\$875,000

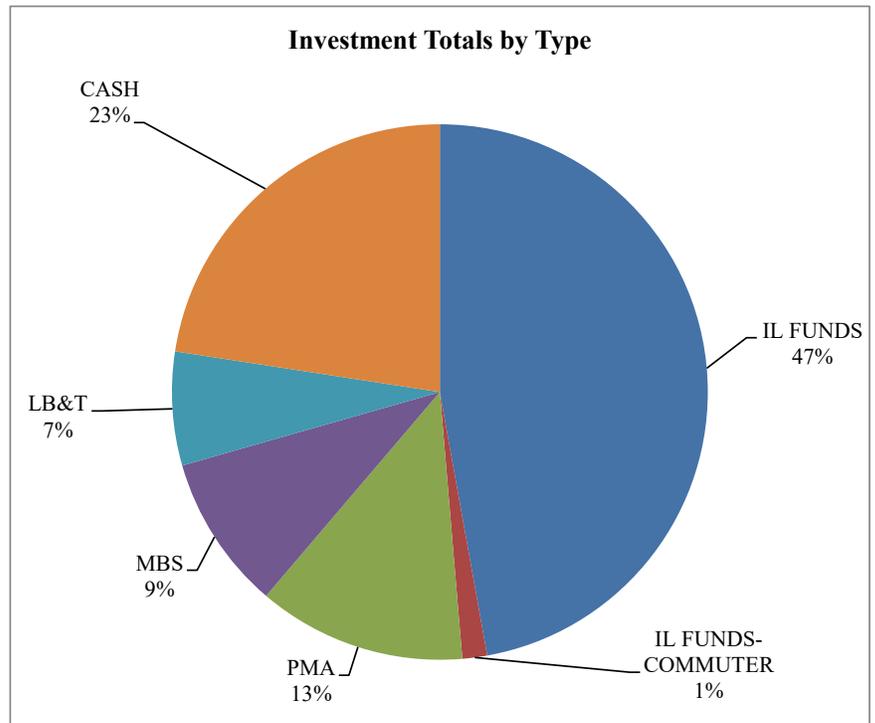
Collected In	Rec'd In	2018-19	2019-20	2020-21	Year to Date			2020-21 vs 2018-19	2020-21 vs 2019-20	% of 2020-21 vs 2019-20	% of 2020-21 Budget
					2018-19	2019-20	2020-21				
MAR	MAY	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	#DIV/0!	0%
APR	JUNE	-	-	-	-	-	-	-	-	#DIV/0!	0%
MAY	JULY	-	-	-	-	-	-	-	-	#DIV/0!	0%
JUN	AUG	-	-	-	-	-	-	-	-	#DIV/0!	0%
JUL	SEPT	-	-	-	-	-	-	-	-	#DIV/0!	0%
AUG	OCT	-	-	205,748.96	-	-	205,748.96	\$ 205,748.96	\$ 205,748.96	#DIV/0!	24%
SEP	NOV	-	-	205,815.23	-	-	411,564.19	\$ 411,564.19	\$ 411,564.19	#DIV/0!	47%
OCT	DEC	-	-	206,170.31	-	-	617,734.50	\$ 617,734.50	\$ 617,734.50	#DIV/0!	71%
NOV	JAN	-	-	203,704.37	-	-	821,438.87	\$ 821,438.87	\$ 821,438.87	#DIV/0!	94%
DEC	FEB	-	-	187,918.53	-	-	1,009,357.40	\$ 1,009,357.40	\$ 1,009,357.40	#DIV/0!	115%
JAN	MAR	-	-	-	-	-	-	-	-	#DIV/0!	
FEB	APR	-	-	-	-	-	-	-	-	#DIV/0!	
		\$ -	\$ -	\$ 1,009,357.40							



VILLAGE OF LIBERTYVILLE INVESTMENT SUMMARY

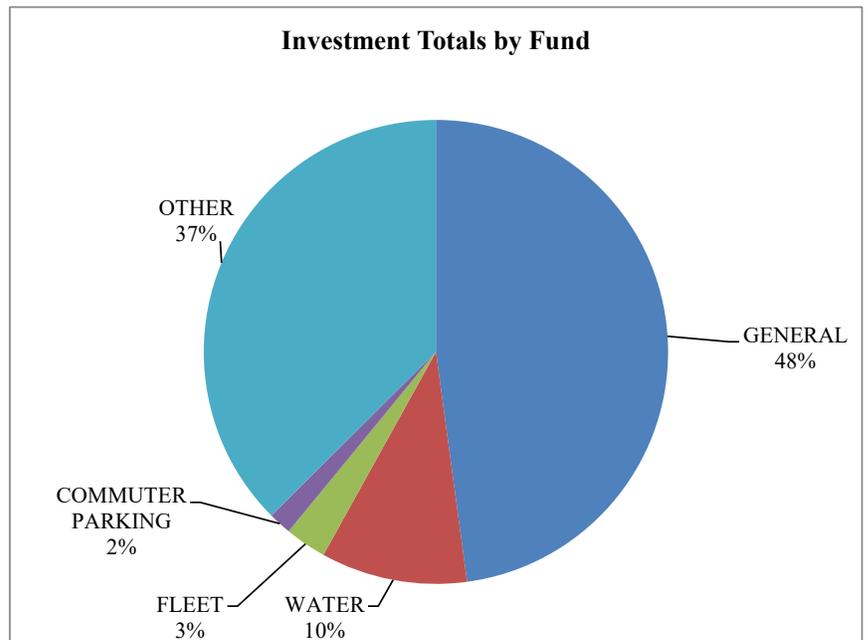
Cash and Investment Totals by Type
(Selected Funds)
February 28, 2021

IL FUNDS	\$	15,172,105.03
IL FUNDS-COMMUTER	\$	479,100.06
PMA	\$	4,042,410.58
MBS	\$	3,005,304.15
LB&T	\$	2,205,002.92
CASH	\$	7,259,679.72
	\$	<u>32,163,602.46</u>



Cash and Investment Totals by Fund
(Selected Funds)
February 28, 2021

GENERAL	\$	15,391,578.48
WATER	\$	3,279,418.25
FLEET	\$	927,423.56
COMMUTER PARKING	\$	514,177.00
OTHER	\$	12,051,005.17
	\$	<u>32,163,602.46</u>



*Differences between cash balances on the Balance Sheet and this Investment Control Report represent reconciling items and deposits in transit.

MEMORANDUM

TO: CHAIRMAN MORAS AND FINANCE COMMITTEE

FROM: NICHOLAS MOSTARDO, FINANCE DIRECTOR

SUBJECT: AMERICAN RESCUE PLAN AID

DATE: 3/30/2021

Background

On March 11, 2021, President Joe Biden signed into law the American Rescue Plan (ARP) Act. This piece of legislation addresses the ongoing health and economic impacts of the COVID-19 pandemic. While the ARP includes direct aid to individuals in the form of economic stimulus payments and expanded child tax credits, it also includes aid to states and local governments. Per the ARP, the Village of Libertyville is entitled to federal aid which can be used to replace revenue lost by the economic impacts of the COVID-19 pandemic. The relevant portions of Act outlining allowed use of the aid read as follows:

(A) to respond to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19) or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality;

(B) to respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers of the metropolitan city, nonentitlement unit of local government, or county that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work;

(C) for the provision of government services to the extent of the reduction in revenue of such metropolitan city, nonentitlement unit of local government, or county due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year of the metropolitan city, nonentitlement unit of local government, or county prior to the emergency; or

(D) to make necessary investments in water, sewer, or broadband infrastructure.

According to estimates provided by the office of Congressman Brad Schneider, the Village of Libertyville is entitled to aid totaling \$2,496,283, rounded to \$2,500,000 for ease of analysis. Pursuant to the Act, the Village is expected to receive one-half of the aid allocation, \$1,250,000, no later than 120 days from the date that the bill was signed by the President (July 9, 2021). The aid could arrive as quickly as 60 days from the date the bill was signed; however, the aid will be distributed by the State of Illinois and the Act allows for extensions totaling an additional 60 days. In any event, the first tranche of aid is expected to arrive at some point during FY 2021-2022. The second tranche of aid is expected to be received one year after the first tranche is distributed, or sometime during FY 2022-2023.

Analysis

In advance of receiving the federal aid, the Village should investigate how to apply it most effectively. Of the four categories of aid usage eligibility noted above, management recommends that preferential allocation be given to various Village funds and programs that align with the goals of Sections (A) and (C) of the relevant portion of the Act.

Section (A) pertains to passing through a portion of the aid to individual residents or business (both for profit and non-profit). It has long been the goal of the Village Board to support local businesses.

Section (C) pertains to offsetting Village revenue losses on account of the economic effects of the COVID-19 pandemic. The authority to utilize the federal aid for this purpose is significant, as the Village of Libertyville relies heavily on an elastic revenue base that has been significantly impacted by COVID-19.

The remainder of this analysis will focus on the appropriate application of the first tranche of federal aid. Since the second tranche will not be received until FY 2022-2023, the most appropriate venue for the discussion of the latter is the annual budget process, which starts toward the end of 2021.

In crafting recommendations for the application of the first tranche of federal aid, management took into consideration two primary components:

- 1) Performance of Village funds during FY 2020-2021
- 2) Village funds that are most sensitive to economic fluctuations

Based on FY 2020-2021 financial performance and economic sensitivity, management identified three (3) Village funds where aid application would be most appropriate: **General Fund**, **Hotel/Motel Tax Fund**, and the **Commuter Parking Fund**. Attachment 1 provides a summary of the proposed aid allocation. Each column on the aid allocation spreadsheet is explained below:

- 1) **Column A** “2019-2020 Total Revenue” – The Act requires that revenue loss be benchmarked “relative to revenues collected in the most recent full fiscal year... prior to the emergency”. Thus, the revenues collected in FY 2019-2020, which constituted the most recent fiscal year adopted budget prior to the COVID-19 pandemic, would be the point from which to measure revenue loss.
- 2) **Column B** “2020-2021 Estimated Revenue” – Estimated year-end revenue of the current fiscal year, based upon current projections.
- 3) **Column C** “2021-2022 Budgeted Revenue” – Estimated FY 2021-2022 revenue as established through the budget process.
- 4) **Column D** “Revenue Loss” – Amount of revenue anticipated to be lost attributable to the pandemic throughout the current and the next fiscal year. This column is a formula of the benchmark revenue level and the impact of COVID-19 in FY 2020-2021 and FY 2021-2022. This is the maximum amount of aid that can be applied to each fund based on language in the act (subject to future federal agency interpretation).
- 5) **Column E** “4/30/2020 Audited Fund Balance” – The fund balance of each respective fund on 4/30/2020, prior to the substantial impacts of the COVID-19 pandemic which began in FY 2020-2021. These fund balance figures represent “normal” levels of reserves for these funds.
- 6) **Column F** “4/30/2022 Project Fund Balance (No Aid)” – The projected fund balance of each respective fund without aid. These amounts were derived from the FY 2021-2022 budget document.
- 7) **Column G** “Application of Aid” – The proposed amount of the first tranche (\$1,250,000) of aid to be applied to each of the three funds. The aid application rationale is as follows:
 - a. General Fund – As the Village’s main operating fund and the one most critical to providing core municipal services, management recommends that the General Fund eventually be made whole relative to its FY 2019-2020 year-end fund balance of \$11,539,257. As the first tranche of aid distribution represents 50% of the whole, the aid allocated to the General Fund should account for 50% of the deviation between the 4/30/2020 audited fund balance and the 4/30/2022 projected fund balance (without aid). The resulting aid allocation amount is \$946,957.
 - b. Hotel/Motel Tax Fund – The Hotel/Motel Tax Fund supports tourism and other community initiatives, which will be vital to ensure a successful recovery. The fund balance in this fund has been drawn down over the last several years by capital projects associated with the Cook House, Adler Arts Center, and Civic Center. Future capital projects will ideally be funded by non-home rule sales tax revenues; alternatively, operating expenses rely on performance of hotel and motel tax revenues, which continue to suffer.

While it would be ideal to also allocate aid based on 50% of the fund balance deviation using the methodology noted above, it is not possible based on the amount of the first tranche and the General Fund’s need. Management also does not believe that level of aid assignment is necessary for the Hotel/Motel Tax at this point in time. In order to ensure at least two years of uninterrupted Hotel/Motel Tax Fund operations, an aid allocation level of 35% of the 4/30/2020 and 4/30/2022 fund balance deviation is appropriate. Note that depending on the performance of the General Fund during FY 2021-2022, it may be possible to increase aid allocation level up to 65% when planning for the second tranche allocation. The resulting aid allocation amount is \$152,072.

- c. Commuter Parking Fund – The Commuter Parking Fund shares similarities to the Hotel/Motel Tax Fund, but management does not believe it will be as critical to the economic and social recovery of the pandemic as the General Fund or Hotel/Motel Tax Fund. Besides still having fairly robust operating reserves, a substantial amount of future expenses from this fund are associated with capital projects. It is the intention of the Village to fund these capital projects from non-home rule sales tax dollars or from monies associated with the 2019 State of Illinois capital bill. Unlike the General Fund and Hotel/Motel Tax Fund, there is a more pronounced reduction in expenses in tandem with operating revenues in the Commuter Parking Fund. For the first tranche of aid, the appropriate allocation amount relative to the 4/30/2020 and 4/30/2022 fund balance deviation is 25%. Again, depending on the performance of the General Fund in FY 2021-2022, management may recommend a different percentage when allocating the second tranche of aid. The resulting aid allocation amount is \$58,640.
- 8) **Column H** “4/30/2022 Project Fund Balance (With Aid)” – The projected fund balance of each respective fund with the aid application noted in Column G.
 - 9) **Columns I and J** “FY 2021-2022 Policy Amount/Surplus or Deficiency” – Fund balance policy amounts from the FY 2021-2022 budget document and revised surplus amounts relative to the new projected fund balances with the aid allocations incorporated.

The proposed aid allocation to the three funds totals \$1,157,669. The remaining aid amount from the first tranche is estimated to be \$92,331. Management recommends an amount of \$100,000 be dedicated to supporting local businesses (\$92,331 *plus* \$7,669 from existing budget capacity). A business support program with \$100,000 in available funding would be commensurate with prior incentive programs. For instance, the most recent 2020 incentive program was allocated \$75,000 in funding and was considered successful. If the Committee agrees to allocate funding for a business support program, staff will make program design recommendation at a later date after soliciting input from relevant stakeholders.

Recommendation

- 1. Consider approval of the first tranche aid allocation recommendations and direct staff to prepare a resolution for consideration by the Village Board with the following allocations:
 - a. General Fund - \$946,957, with management having the authority to round up to plus or minus \$5,000 after the federal government determines the final amount for the first tranche distribution.
 - b. Hotel/Motel Tax Fund - \$152,072, with management having the authority to round up to plus or minus \$5,000 after the federal government determines the final amount for the first tranche distribution.
 - c. Commuter Parking Fund - \$58,640, with management having the authority to round up to plus or minus \$5,000 after the federal government determines the final amount for the first tranche distribution.
 - d. Business Support Program - \$100,000, with any delta between the proposed funding amount and available first tranche aid being funded from the FY 2021-2022 budget.

2. Direct staff to identify relevant stakeholders and formulate concepts for a business support program for future consideration by the Village Board.

Attachments

1. American Rescue Plan Proposed Aid Allocation – Tranche 1

**VILLAGE OF LIBERTYVILLE
AMERICAN RESCUE PLAN PROPOSED AID ALLOCATION**

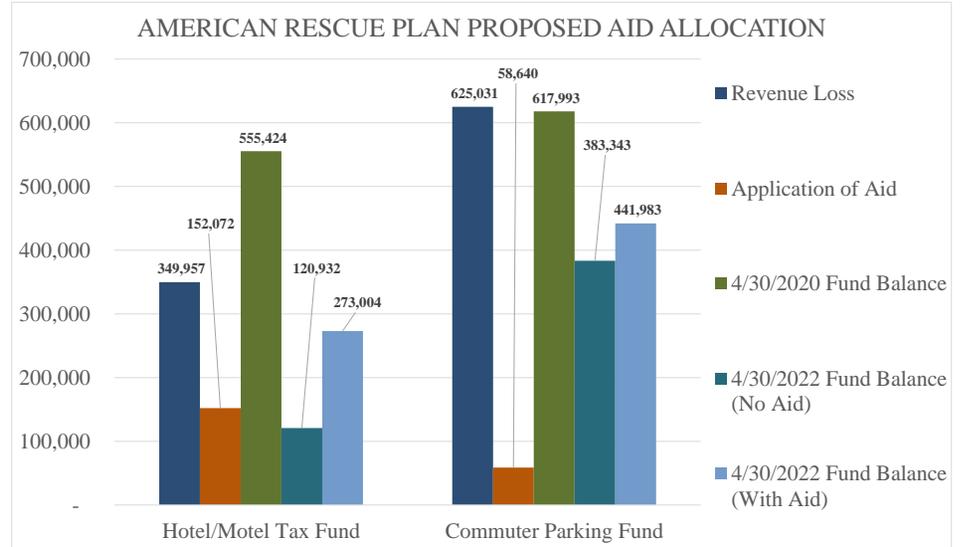
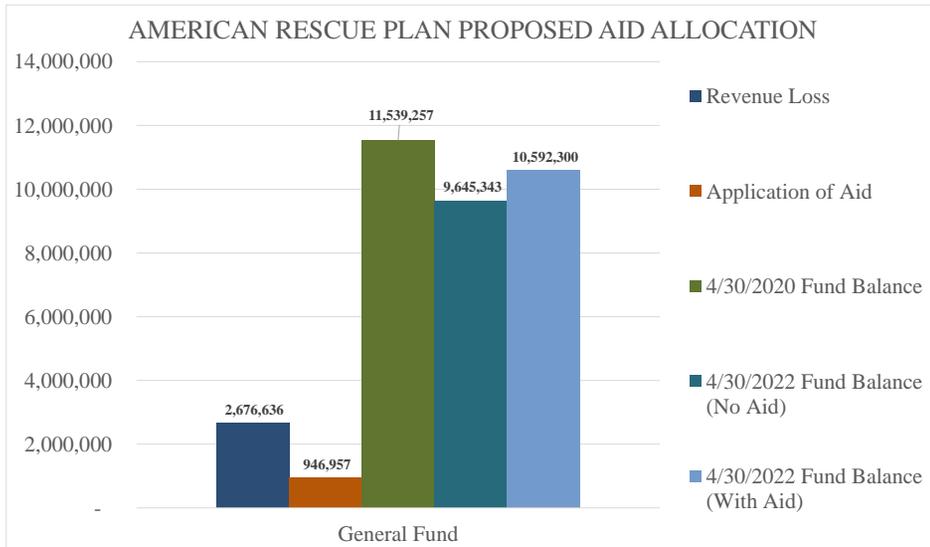
**TRANCHE 1
ESTIMATED AID - \$1,250,000**

FUND	A	B	C	D	E	F	G	H	I	J
	<u>2019-2020 Total Revenue</u>	<u>2020-2021 Estimated Revenue</u>	<u>2021-2022 Budgeted Revenue</u>	<u>Revenue Loss (A-B) + (A-C)</u>	<u>4/30/2020 Audited Fund Balance</u>	<u>4/30/2022 Projected Fund Balance (No Aid)</u>	<u>Application of Aid*</u>	<u>4/30/2022 Projected Fund Balance (With Aid)</u>	<u>FY 2021-2022 Policy Amount</u>	<u>Surplus / (Deficiency)</u>
General Fund	29,899,121	28,252,674	28,868,932	2,676,636	11,539,257	9,645,343	946,957	10,592,300	9,542,761	1,049,539
Hotel/Motel Tax Fund	363,455	186,953	190,000	349,957	555,424	120,932	152,072	273,004	85,783	187,221
Commuter Parking Fund	431,898	92,845	145,920	625,031	617,993	383,343	58,640	441,983	48,334	393,649
TOTAL	\$ 30,694,474	\$ 28,532,472	\$ 29,204,852	\$ 3,651,624	\$ 12,712,674	\$ 10,149,618	\$ 1,157,669	\$ 11,307,287	\$ 9,676,878	\$ 1,630,409

***Aid Application Methodology**

General Fund	50% of Fund Balance Deviation from 4/30/2020 Audited Amount (E-F * 0.50)
Hotel/Motel Tax Fund	35% of Fund Balance Deviation from 4/30/2020 Audited Amount (E-F * 0.35)
Commuter Parking Fund	25% of Fund Balance Deviation from 4/30/2020 Audited Amount (E-F * 0.25)

Aid Remaining for Local Business Support \$ 92,331



MEMORANDUM

TO: CHAIRMAN MORAS AND FINANCE COMMITTEE

FROM: NICHOLAS MOSTARDO, FINANCE DIRECTOR

SUBJECT: IMRA EXCESS SURPLUS FUND - UPDATE

DATE: 3/30/2021

Background

During the November 10, 2020 Committee of the Whole/Finance Committee meeting, staff outlined a request to utilize a portion of IRMA Excess Surplus reserves to fund the 2021 IRMA member contribution. The total amount of reserves approved by the Village Board was \$724,499 (only \$675,430 was needed after the deductible level credit was applied).

Staff noted that the utilization of the reserves would likely result in a temporary drawdown of the IRMA Excess Surplus account below the reserve policy amount (\$950,121 - \$2,035,973). However, as IRMA credits annual interest earnings to members' Excess Surplus accounts effective at the end of the calendar year (12/31/2020), the Village's Excess Surplus Fund remained in compliance.

Analysis

As noted on November 10, 2020, with the utilization of \$675,430 in Excess Surplus reserves to offset the annual IRMA member contribution, the Excess Surplus balance would have been drawn down to \$662,971, which was outside the policy range noted above. The Village was able to avoid this deviation for two reasons:

1. The posting of the year-end interest earnings to the Village's Excess Surplus account effective December 31, 2021 while paying the member contribution invoice in mid-January.
2. The Excess Surplus interest earnings being higher than expected, totaling \$686,879.

The timing of the interest credit/payment in conjunction with the higher than expected Excess Surplus interest earnings results in a post-member contribution Excess Surplus balance of \$1,398,919, which is within the policy range (1/1/2021 Excess Surplus Balance: \$2,074,349 *less* \$675,430 toward offsetting the annual IRMA member contribution).

Recommendation

None – Information Only

MEMORANDUM

TO: CHAIRMAN MORAS AND FINANCE COMMITTEE
FROM: NICHOLAS MOSTARDO, FINANCE DIRECTOR
SUBJECT: IPBC RENEWAL RATES AND TERMINAL RESERVE – PLAN YEAR 2021-2022
DATE: 3/30/2021

Background

It is important to periodically review reserve balances held on file with the Intergovernmental Personnel Benefits Cooperative (IPBC). The four major IPBC accounts and their recommended reserve levels are 1) Administration Account (25%), 2) Benefit Account (25%-40%), 3) HMO Account (None), and 4) Terminal Reserve Account (40%). As a reminder, the Terminal Reserve account is kept on file with the IPBC and is used as a repository for any Benefit (PPO) or HMO Account refunds or excess balances. When this account has excess funding, it can be used for rate stabilization or for cash distribution back to the Village.

Analysis – Reserve Balances

Based on the June 30, 2020 audited IPBC financial data, the updated reserve amounts are as follows:

Calculation of Reserve Amounts:

	Fiscal 2020 Expenses	Reserve Percentage	Amount in \$'s
Administration	\$ 44,484	25%	\$ 11,121
Benefit	\$ 2,655,796	25%	\$ 663,949
HMO	\$ 75,192	0%	\$ -
Terminal Reserve *	\$ -	40%	\$ 1,110,189
Total	\$ 2,775,472		\$ 1,785,259

* Terminal Reserve amount in \$'s calculated as a % of total expenses

The reserve amounts compared to actual June 30, 2020 account balances show that the Administration Account is below the Village-established policy threshold, while the Terminal Reserve Account and the Benefit Account are above the reserve policy benchmark. In aggregate, total reserves are \$330,896 above the recommended policy threshold.

Calculation of Reserves Under (Over) Proposed Policy Amounts:

Account	6/30/2020 Balance	Less: Incurred But Not Reported	A	B	A - B
			Equals: Net 6/30/2020 Balance	Staff Proposed Reserve Policy	Balance (Under) Over Policy
Administration	\$ 791	\$ -	\$ 791	\$ 11,121	\$ (10,330)
Benefit	\$ 878,051		\$ 878,051	\$ 663,949	\$ 214,102
HMO	\$ -	\$ -	\$ -	\$ -	\$ -
Terminal Reserve	\$ 1,237,313	\$ -	\$ 1,237,313	\$ 1,110,189	\$ 127,124
Total	\$ 2,116,155	\$ -	\$ 2,116,155	\$ 1,785,259	\$ 330,896

Analysis – Plan Year 2021-2022 Terminal Reserve Utilization

IPBC changed its rating and underwriting methodology significantly for the plan year beginning July 1, 2021 as compared to prior years. Previously, underwriting for entities that were part of sub-pools (like Libertyville) was based on the experience of the entire sub-pool group. While there are advantageous and disadvantageous to this arrangement, rates generally grew no more than 5% per year, particularly over the last several years.

In 2020, IPBC adopted a new rating methodology called Scenario VI, which was designed to stabilize rate increases for all members, including those not in a sub-pool. The idea behind Scenario VI was to balance the experience of both large and small members and to account for variations in funding that the sub-pool structure was unable to equitably address. Due to Libertyville’s size, under the Scenario VI formula, it is treated similar to an independent member where its rates are evaluated on the basis of its own experience.

Based on its claims experience along with the change in ratings methodology, the Village’s PPO plan specifically will be subject to higher than normal rate increase for Plan Year 2021-2022. The final renewal amount for the PPO plan is 10.9%. Due to COVID-19 related financial concerns that have been explained during the budget process, the proposed FY 2021-2022 budget contemplates a 5% increase for each of the PPO, HMO, and Dental plans.

As a reminder, the Village has access to its Terminal Reserve account balance for rate smoothing if necessary. For Plan Year 2021-2022, Village staff requested that the actuary from IPBC’s broker, Gallagher, estimate the utilization of reserves required to smooth the aggregate rate increase down to 5%, while still allowing the rates to appropriately mature in future years. This analysis was prepared under the reasonable assumption by the actuary that the large Plan Year 2021-2022 rate increase reflects the transition to Scenario VI and should be far more limited during future renewals.

Attachment 1 contains the results of that actuarial analysis and notes that in order to smooth the Plan Year 2021-2022 rate to 5% across all lines of coverage, the Village must utilize \$150,290 from the Terminal Reserve. For the remaining two plan years in the analysis, if the actual overall rate increase is less than 5%, the Village would still budget an increase of 5% in order to allow the rates to “catch-up” or mature from the smoothing in Plan Year 2021-2022. If the rate increase in either of the two remaining plan years in the analysis is greater than 5%, the Village would use additional smoothing to reflect an effective increase of 5% (subject to change based on the overall Village financial position). Consequently, the total drawdown over the next three years (if rate increases continue to be over 5%) could be a maximum of \$450,871 in Terminal Reserve resources. Exclusive of any annual interest earnings, which increase the Terminal Reserve account balance on an annual basis, the unadjusted Terminal Reserve balance at the ending period of the analysis would be \$786,442.

Ultimately, it is important, particularly in the short-term, to ensure that rate increases are controlled. An effective 9.2% rate increase along all three coverage lines is not amenable to the ongoing budget constraints caused by the COVID-19 pandemic. On January 21, 2020, the Finance Committee designated Terminal Reserve funds as Committed fund balances of the General Fund, with the stipulation that they are used for health insurance related purposes. The authority to draw down this balance rests with the Finance Committee. A drawdown of \$150,290 would put the Terminal Reserve account slightly below the policy amount of \$1,110,189; however, the overall IPBC funding portfolio would still be above the appropriate policy threshold. It is also important to note the Village has elected a conservative 40% policy with respect to our Terminal Reserve Account, while IPBC recommendations allow for levels as low as 25%.

As this smoothing plan extends for up to three years, staff will provide periodic updates related to future annual renewals and the projected utilization of future Terminal Reserve resources based upon actual future renewal rates.

Recommendation

1. Authorize staff to utilize \$150,290 in IPBC Terminal Reserve funds to smooth the effective 9.2% aggregate renewal increase to 5.0% for Plan Year 2021-2022.

Attachments

1. IPBC Rate Smoothing Summary

Reserve Buy Down Template Village of Libertyville

Needed Funding

	7/1/2020	7/1/2021	7/1/2022	7/1/2023
PPO	\$2,812,687	\$3,119,270	\$3,275,234	\$3,438,995
HMO	\$406,668	\$402,195	\$422,304	\$443,419
Dental	\$170,768	\$181,185	\$190,244	\$199,756
Total	\$3,390,123	\$3,702,650	\$3,887,782	\$4,082,171

Increase Assumption	5%
Desired Annual Increase over 3 years	5%
Account Balance as of 6/30/20	\$1,237,313
Required balance	\$450,871
Excess reserves	\$786,442
Estimated Reserves as of 6/30/24	\$786,442

Projected Increases

	7/1/2020	7/1/2021	7/1/2022	7/1/2023
PPO		10.9%	5.0%	5.0%
HMO		-1.1%	5.0%	5.0%
Dental		6.1%	5.0%	5.0%
Total		9.2%	5.0%	5.0%

Effective Funding

	7/1/2020	7/1/2021	7/1/2022	7/1/2023
PPO		\$2,953,322	\$3,100,988	\$3,256,037
HMO		\$427,001	\$448,351	\$470,769
Dental		\$179,307	\$188,272	\$197,685
Total		\$3,559,630	\$3,737,611	\$3,924,492

Reserve Buy Down	\$450,871
# of Years	3
Buy Down/Year	\$150,290
Buy Down/Month	\$12,524

- > Current funding based on October 2020 funding data
- > Actual renewal increases in future years will be dictated by Libertyville and IPBC experience

This analysis is for illustrative purposes only, and is not a guarantee of future expenses, claims costs, managed care savings, etc. There are many variables that can affect future health care costs including utilization patterns, catastrophic claims, changes in plan design, health care trend increases, etc. This analysis does not amend, extend, or alter the coverage provided by the actual insurance policies and contracts.

Please see your policy or contact us for specific information or further details in this regard.

MEMORANDUM

TO: CHAIRMAN MORAS AND FINANCE COMMITTEE

FROM: NICHOLAS MOSTARDO, FINANCE DIRECTOR

SUBJECT: FUND BALANCE POLICY – ENTERPRISE FUNDS

DATE: 3/30/2021

Background

On September 11, 2012, the Village Board approved Administrative Policy 12-01, “Fund Balance Policy”. The policy outlines the parameters of the Village’s year-end fund balance requirements for all categories of funds: Governmental, Special Revenue, Debt Service, Capital, Enterprise, and Internal Service.

The Enterprise funds and Internal Service funds are considered Proprietary funds that utilize the full accrual basis of accounting. The current fund balance policy utilizes a net asset measurement to benchmark compliance with fund balance policy, which for the Enterprise funds is three months of operating expenses. During last year’s audit, a concern arose about this stated policy benchmark due to the material changes to the financial statements effectuated by GASB 67 “Financial Reporting for Pension Plans”, implemented in FY 2014-2015.

Analysis

The purpose of a fund balance policy is to be able to maintain a level of reserve financial resources in the event of an economic downturn or disruption in normal operating services. It is normally anticipated that such a downturn that would require utilization of fund balance is extraordinary in nature. A prolonged reduction in revenues for any particular fund would suggest a more structural problem with the operations contained within the fund. Thus, a fund balance amount should reflect resources immediately available to spend, less any current liabilities in order to address immediate cash flow concerns.

The committee may recall that when GASB 67 was implemented, it required the Village to show its net pension liabilities on its Statement of Net Position. This increased the overall liabilities of all funds where pension liabilities are allocated. Governmental funds such as the General Fund use the modified accrual basis of accounting that more or less calculates fund balance on the basis of current year activities and does not incorporate non-current assets or liabilities.

On the other hand, Proprietary funds such as the Utility Fund that operate on a full accrual basis do not have a traditional definition of fund balance. In the current policy, Unrestricted Net Position is the measurement that stands in as a proxy for a fund balance. The concern with the Unrestricted Net Position measurement is that it incorporates not only current assets and current liabilities, but also non-current assets and non-current liabilities. Prior to GASB 67, the non-current assets such as capital assets would be netted out by depreciation and debt, so the Unrestricted Net Position figure would be a relatively reasonable measure of current asset availability. However, since GASB 67, pension liabilities are shown as long-term liabilities without an offsetting long-term asset. These long-term pension liabilities are incorporated in the Unrestricted Net Position figure.

This presents two issues with the current fund balance policy. First, the financial obligations of long term pension liabilities are not cash obligations due on demand in a given fiscal year. By nature of being classified as long term, these are liabilities which may become due in future years. Consequently, these liabilities do not impact spendable resources in the current year and would not have any impact in how the Village would respond to a disruption in revenues, which again, is the purpose of a fund balance policy.

Secondly, the incorporation of long term pension liabilities in the Unrestricted Net Position figure artificially lowers the actual resources available on paper for purposes of calculating the fund balance policy amount. This creates a somewhat misleading situation where it appears in the financial statements that the Village might be under its fund balance policy in its Enterprise funds, but on an available resource basis, the fund is actually quite healthy relative to the three month operating expense benchmark. For instance, in the FY 2019-2020 Comprehensive Annual Financial Report, the Unrestricted Net Position in the Utility Fund was \$1,763,653. This amount is less than the fund balance policy amount, which was \$3,341,690 (three months of operating expenses). However, the Unrestricted Net Position incorporates two long-term pension liability figures: IMRF totaling \$1,384,606 and OPEB (post-employment health benefits) totaling \$590,766. These long term liabilities that have no impact on current available resources total \$1,975,372, and if that amount was excluded from the Unrestricted Net Position, the resulting figure would be \$3,739,025 and in compliance with the fund balance policy threshold.

Staff worked closely with the Village’s auditing firm of Lauterbach & Amen to formulate a solution to this challenge with the goal of revising the fund balance policy to reflect a true accounting of current available resources. The most appropriate option that both parties agreed to is a modification of the fund balance policy for the Enterprise funds that measures the three months of operating expenses against Current Assets less Current Liabilities rather than Unrestricted Net Position. Current Assets include primarily cash and receivables due within 90 days while Current Liabilities include accounts payable, outstanding payroll, and the current year’s debt service payment. This new measurement omits long term pension liabilities that have negligible impact on current available resources as explained above. Under the Current Assets less Current Liabilities formula, the “fund balance” on which the three-month reserve requirement would be compared against totals \$3,341,037, which is virtually in compliance with the policy requirement.

Staff believe that the minor modification to the Village’s existing fund balance policy noted above with respect to the Enterprise funds is warranted in order to provide a more accurate picture of current available resources in the annual financial statements.

Recommendation

1. Consider directing staff to prepare a resolution approving an update to Administrative Policy 12-01, “Fund Balance Policy”.

Attachments

1. Fund Balance Policy – Revised 4.13.2021
2. Statement of Net Position Markup (FY 2019-2020 Comprehensive Annual Financial Report)

ADMINISTRATIVE POLICY 12-01

MEMORANDUM

TO: All Village Employees

FROM: ~~Kevin J. Bowens, Village Administrator~~ Nicholas A. Mostardo, Finance Director

DATE: ~~August 28, 2012~~ April 13, 2021

ADMINISTRATIVE POLICY 12-01: FUND BALANCE POLICY

Purpose

A Fund Balance/Net Assets Policy establishes a minimum level at which the projected end-of-year fund balance/net assets must observe; as a result of the constraints imposed upon the resources reported by the governmental and proprietary funds. This policy is established to provide financial stability, cash flow for operations, and the assurance that the Village will be able to respond to emergencies with fiscal strength. More detailed fund balance financial reporting and the increased disclosures will aid the user of the financial statements in understanding the availability of resources.

It is the Village's philosophy to support long-term financial strategies, where fiscal sustainability is its first priority, while also building funds for future growth. It is essential to maintain adequate levels of funds balance/net assets to mitigate current and future risks and to ensure tax rates. Fund balance/net asset levels are also crucial consideration in long-term financial planning. Credit rating agencies carefully monitor levels of fund balance/net assets and unassigned fund balance in the General Fund to evaluate the Village's continued creditworthiness.

Following are several reasons why an unreserved/unassigned fund balance should be maintained:

- Unreserved fund balance can permit the temporary match in revenue to growth in expenditures until a permanent revenue enhancement or expenditure control is put into place.
- Errors in revenue and expenditure estimation could arise due to the difficulty in identifying the turning point in a given business cycle.
- A larger unreserved fund balance may be required when a majority of revenues are economic driven such as sales and income taxes, along with building fees.
- Reserves can help with providing emergency funds in the event of a natural disaster, providing additional funds for limited unexpected service needs and to provide limited funds to smooth fluctuations in revenues caused by changes in economic conditions.

Definitions

Governmental Funds

The fund balance will be composed of three primary categories:

- 1) Nonspendable Fund Balance – portion of a Governmental Fund’s fund balance that are not available to be spent, either in the short-term or long-term, or through legal restrictions (e.g., inventories, prepaid items, land held for resale and endowments).
- 2) Restricted Fund Balance – portion of a Governmental Fund’s fund balance that are subject to external enforceable legal restrictions (e.g., grantor, contributor and property tax levies).
- 3) Unrestricted Fund Balance – is made up of three components:
 - A) Committed Fund Balance – the portion of a Governmental Fund’s fund balance with self-imposed constraints or limitations that have been placed at the highest level of decision making through formal Board action. The same action is required to remove the commitment of fund balance.
 - B) Assigned Fund Balance – the portion of a Governmental Fund’s fund balance to denote an intended use of resources but with no formal Board action.
 - C) Unassigned Fund Balance – available expendable financial resources in a governmental fund that is not the object of tentative management plan.

Some funds are funded by a variety of resources, including both restricted and unrestricted (committed, assigned and unassigned). The Government assumes that the order of spending fund balance is as follows: restricted, committed, assigned, unassigned.

Definitions – Continued

Proprietary Funds

Proprietary funds include enterprise and internal service funds. The net assets will be composed of three primary categories:

- 1) Invested in Capital Assets, Net of Related Debt – portion of a proprietary fund’s net assets that reflects the fund’s net investment in capital assets less any amount of outstanding debt related to the purchase/acquisition of said capital assets. Related debt, for this purpose, includes the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of capital assets of the Government.
- 2) Restricted Net Assets – portion of a proprietary fund’s net assets that are subject to external enforceable legal restrictions (e.g., grantor, contributor and bond covenants).
- 3) Unrestricted Net Assets – portion of a proprietary fund’s net assets that is neither restricted nor invested in capital assets (net of related debt).

Authority

Governmental Funds

Committed Fund Balance – A self-imposed constraint on spending the fund balance must be approved by ordinance or resolution of the Board. Any modifications or removal of the self-imposed constraint must use the same action used to commit the fund balance. Formal action to commit fund balance must

occur before the end of the fiscal year. The dollar amount of the commitment can be determined after year end.

Assigned Fund Balance – A self-imposed constraint on spending the fund balance based on the Government’s intent to use fund balance for a specific purpose. The authority may be delegated to members of the management team by the Board.

Minimum Unrestricted Fund Balance Levels

Governmental Funds

General Fund

Purpose – Is a major fund and the general operating fund of the Government. It is used to account for all activities that are accounted for in another fund.

Fund Balance – Unreserved fund balance for the General Fund will be maintained at minimum level equal of 17% of expenditures to cover cash flow plus an amount equal to 60% of the average sales tax revenue from the previous three year period to cover a possible reduction in revenues as was experienced during the ~~last economic downturn~~ Great Recession.

Unreserved Fund Balance will be reported upon at each quarterly Finance Committee meeting. Should the unreserved fund balance for the General Fund drop below 60% of the average sales tax revenue from the previous three year period, a town hall meeting will be held to discuss fund balance, reserves, expenditures and tax increases.

Reductions for operational purposes will be only to cover extraordinary circumstances or to bridge a revenue gap. These reductions will be short term in nature and will be resolved by either implementing a new, recurring source of revenue or to permit time to plan a reduction in expenditure levels.

The unreserved fund balance for the general fund will be reviewed annually during the budget process. Balances in excess of the required reserve will be reviewed by the Village Board. They then may be transferred to the Capital Improvements Fund to support future capital projects.

Special Revenue Fund

Purpose - Used to account for and report the proceeds of specific revenue sources that are legally restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Financing – Special revenue funds are provided by a specific annual property tax levy or other restricted and/or committed revenue source. Financing may also be received from other charges for services, etc.

Fund Balance – Derived from property taxes (other another restricted revenue source); therefore, legally restricted. The portion of fund balance derived from property taxes will be legally restricted. The remaining fund balance amount (restricted and/or committed) will be targeted at a minimum level of 25% of annual budgeted expenditures. This will be adjusted annually with the adoption of the annual budget and is calculated at a minimum of three months of expenditures not including capital, debt service and transfers.

Debt Service Fund

Purpose – Established to account for financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Financing – The municipality levies an amount or transfers in an amount close to the principal and interest that is anticipated to be paid.

Fund Balance –Derived from property taxes; therefore, legally restricted. Any fund balance accumulation should be a maximum the amount of the next principal and interest payment due.

Capital Projects Fund

Purpose - Established to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities and other capital assets, excluding those types of capital related outflows financed by proprietary funds.

Financing – Debt financing, grants, or interfund transfers are used to finance projects.

Fund Balance – Considered segregated for maintenance, construction and/or development; therefore, considered committed, restricted, or assigned depending on the intended source/use of the funds.

Proprietary Funds

Enterprise Fund

Purpose - Established to account for and report financial resources that are invested in capital assets, net of related debt, restricted, or unrestricted for future spending related to the fund. The focus of enterprise fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. 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.

Financing – User fees, debt financing, or grants are used to finance operations, capital outlay and improvements, and debt service retirements.

Net ~~Assets-Position~~ – Considered invested in capital assets net of related debt (for amounts capitalized as capital assets, less the outstanding debt related to the acquisition of said assets.) Restricted net assets relate to bond covenant reserves as outlined in the bond ordinance. ~~Unrestricted net asset~~Financial resource availability for operations should be calculated on the basis of Current Assets less Current Liabilities, and the resulting amount –targets should represent no less than three months of operating expenses (excluding debt service and capitalized asset expenses).

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Internal Service Funds

Purpose - Established to account for and report financial resources that are invested in capital assets, net of related debt, restricted, or unrestricted for future spending related to the fund. The focus of internal service fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Internal Service funds are used to account for the financing of goods or services provided by an activity to other departments, funds or component units of the Government on a cost-reimbursement basis.

Financing – User fees charged to other departments, funds, or component units, or debt financing are used to finance operations, capital outlay and improvements, and debt service retirements.

Net Assets – Considered invested in capital assets net of related debt (for amounts capitalized as capital assets, less the outstanding debt related to the acquisition of said assets. Restricted net assets relate to bond covenant reserves as outlined in the bond ordinance. Unrestricted net asset targets should represent appropriate levels given the activity of the fund and the discretion of the Board and management (excluding debt service and capitalized asset expenses).

Other Considerations

In establishing the above policies for unrestricted fund balance/net asset levels, the Government considered the following factors:

- The predictability of the Village’s revenues and the volatility of its expenditures (i.e., higher levels of unrestricted fund balance may be needed if significant revenue sources are subject to unpredictable fluctuations or if operating expenditures are highly volatile)
- The Village’s perceived exposure to significant one-time outlays (e.g., disasters, immediate capital needs, state budget cuts)
- The potential drain upon General Fund resources from other funds as well as the availability of resources in other funds (i.e., deficits in other funds may require a higher level of unrestricted fund balance be maintained in the General Fund, just as, the availability of resources in other funds may reduce the amount of unrestricted fund balance needed in the General Fund)
- Liquidity (i.e., a disparity between when financial resources actually become available to make payments and the average maturity of related liabilities may require that a higher level of resources be maintained)
- Commitments and assignments (i.e., governments may wish to maintain higher levels of unrestricted fund balance to compensate for any portion of unrestricted fund balance already committed or assigned by the government for a specific purpose)

When any of the above factors change, the Village will readdress current unrestricted fund balance/net asset levels to ensure amounts are appropriate.

VILLAGE OF LIBERTYVILLE, ILLINOIS

**Statement of Net Position - Proprietary Funds
April 30, 2020**

	Business-Type Activities - Enterprise			Governmental
	Waterworks and Sewerage	Libertyville Sports Complex	Totals	Activities Internal Service
ASSETS				
Current Assets				
Cash and Investments	\$ 3,151,241	1,350	3,152,591	2,158,414
Receivables - Net of Allowances				
Accounts	1,783,712	175,133	1,958,845	36,878
Due from Other Funds	237,818	-	237,818	-
Inventories	-	-	-	11,450
Prepays	42,132	27,927	70,059	11,235
Total Current Assets	5,214,903	204,410	5,419,313	2,217,977
Noncurrent Assets				
Capital Assets				
Land	2,272,080	4,771,168	7,043,248	-
Buildings and Improvements	18,923,597	17,986,970	36,910,567	-
Machinery and Equipment	2,075,079	448,436	2,523,515	11,275,976
Waterworks System	27,691,474	-	27,691,474	-
Sewerage System	15,856,936	-	15,856,936	-
	66,819,166	23,206,574	90,025,740	11,275,976
Accumulated Depreciation	(35,753,658)	(7,702,881)	(43,456,539)	(6,580,866)
Total Noncurrent Assets	31,065,508	15,503,693	46,569,201	4,695,110
Total Assets	36,280,411	15,708,103	51,988,514	6,913,087
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Items - IMRF	463,667	123,756	587,423	-
Deferred Items - RBP	114,508	23,741	138,249	-
Loss on Refunding	-	546,816	546,816	-
Total Deferred Outflows of Resources	578,175	694,313	1,272,488	-
Total Assets and Deferred Outflows of Resources	36,858,586	16,402,416	53,261,002	6,913,087

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

	Business-Type Activities - Enterprise			Governmental
	Waterworks and Sewerage	Libertyville Sports Complex	Totals	Activities Internal Service
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 679,724	20,994	700,718	28,268
Accrued Payroll	90,098	56,552	146,650	14,339
Deposits Payable	157,530	10,700	168,230	-
Accrued Interest Payable	162,919	221,505	384,424	-
Due to Other Funds	-	237,818	237,818	-
Other Payables	24,000	36,374	60,374	80,000
Compensated Absences Payable	44,595	6,518	51,113	5,401
Installment Contract Payable	-	-	-	83,437
General Obligation Bonds Payable	715,000	865,000	1,580,000	-
Total Current Liabilities	1,873,866	1,455,461	3,329,327	211,445
Noncurrent Liabilities				
Compensated Absences Payable	178,380	26,074	204,454	21,606
Net Pension Liability - IMRF	1,384,606	369,559	1,754,165	-
Total OPEB Liability - RBP	590,766	122,485	713,251	-
Installment Contract Payable	-	-	-	21,075
General Obligation Bonds Payable	10,495,000	12,945,000	23,440,000	-
IEPA Loans Payable	1,568,007	-	1,568,007	-
Total Noncurrent Liabilities	14,216,759	13,463,118	27,679,877	42,681
Total Liabilities	16,090,625	14,918,579	31,009,204	254,126
DEFERRED INFLOWS OF RESOURCES				
Deferred Items - IMRF	687,996	183,630	871,626	-
Deferred Items - RBP	28,811	5,973	34,784	-
Total Deferred Inflows of Resources	716,807	189,603	906,410	-
Total Liabilities and Deferred Inflows of Resources	16,807,432	15,108,182	31,915,614	254,126
NET POSITION				
Net Investment in Capital Assets	18,287,501	2,240,509	20,528,010	4,590,598
Unrestricted (Deficit)	1,763,653	(946,275)	817,378	2,068,363
Total Net Position	20,051,154	1,294,234	21,345,388	6,658,961

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

MEMORANDUM

TO: CHAIRMAN MORAS AND FINANCE COMMITTEE

FROM: NICHOLAS MOSTARDO, FINANCE DIRECTOR

SUBJECT: AUDIT CONTRACT

DATE: 3/30/2021

Background

The Village of Libertyville currently has a contract with the accounting firm of Lauterbach & Amen of Naperville, Illinois to provide annual financial audit services to the Village. An annual audit of the Village's financial statements by a firm of certified public accountants is required under 50 ILCS 310, the *Government Account Audit Act*.

On October 23, 2018, the Village Board adopted Resolution 18-R-205, which awarded a three-year contract to Lauterbach & Amen to provide auditing services for the fiscal years ending 4/30/2019, 4/30/2020, and 4/30/2021. In advance of the contract expiration and in an effort to secure stable pricing, staff requested a proposal from Lauterbach & Amen for a three-year renewal.

The three-year renewal holds the current year price (for FYE 4/30/2021) of \$35,480 for two additional years, through FYE 4/30/2023. For the final year of the proposed renewal, FYE 4/30/2024, Lauterbach & Amen has proposed an increase of 3.0%, or \$1,060, for a total of \$36,540.

As part of the renewal, the Village will be requesting a partner rotation in order to promote independence within the firm for the Village's benefit. Currently, the Village is represented by Founding Partner Ronald Amen.

Analysis

The completion of the annual audit of the Village's financial statements is one of the most significant activities undertaken by the Finance Department, second only to annual budget process. Since the fiscal year ending April 30, 2004, the Village has utilized the services of Lauterbach & Amen to conduct the annual audit.

Lauterbach & Amen is an accounting firm specializing in audit and accounting services for Illinois municipalities. They offer a unique blend of expertise, affordability, and professionalism. Beyond the annual audit, Lauterbach & Amen is utilized by the Village to provide professional advice related to other accounting and tax topics, many times at no additional cost. For instance, Lauterbach & Amen regularly holds seminars on topics ranging from GASB pronouncements to implementing new payroll tax requirements.

Since the last renewal of the Village's agreement with Lauterbach & Amen, the Village's audit process has become slightly more complex. Last year, the Village was subject to a federal Single Audit due to the volume of federal awards received. It is anticipated that due to CARES Act receipts, a Single Audit will be required for the fiscal year ending April 30, 2021 (and possibly in fiscal years beyond due to American Rescue Plan aid). Lauterbach & Amen was an invaluable resource in helping to navigate the Single Audit process. Lauterbach & Amen was also instrumental in assisting the Village in implementing GASB 67 and GASB 68 several years ago. The Committee may recall that those GASB pronouncements fundamentally changed how pension liabilities were calculated and reported. Finally, GASB is exploring revising the current financial reporting model which could result in largest change to the presentation of the financial statements since GASB 34 in 1999. The strength and consistency of the Village's relationship with Lauterbach & Amen will help with this upcoming transition.

The *Governmental Account Audit Act* does not require that audit contracts are competitively bid, recognizing the specialization of governmental auditing. The pricing offered by Lauterbach & Amen is extremely competitive and it would be difficult for a new firm provide better pricing due to the startup costs associated with bringing on a new client.

Overall, Lauterbach & Amen has been a high performing service provider for the Village for many years, even as they have grown from a small firm into a large firm over the last twenty years.

Recommendation

1. Consider directing staff to prepare a resolution approving the attached contract with Lauterbach & Amen for a three-year renewal of audit services.

Attachments

1. Audit Renewal Contract (FY 2022 - FY 2024)



January 14, 2021

The Honorable Village President
Members of the Board of Trustees
Village of Libertyville, Illinois

We are pleased to confirm our understanding of the services we are to provide the Village of Libertyville, Illinois for the years ended April 30, 2022, April 30, 2023 and April 30, 2024. We will audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements of the Village as of and for the years ended April 30, 2022, April 30, 2023 and April 30, 2024. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the Village's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the Village's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited: management's discussion and analysis, the budgetary comparison schedules, pension plan employer contribution schedules, changes in the employer's net pension liability schedules, pension plan investment return schedules, and schedule of changes in employer's total OPEB liability.

We have also been engaged to report on supplementary information other than RSI that accompanies the Village's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and will provide an opinion on it in relation to the financial statements as a whole: combining and individual fund statements and budgetary comparison schedules, and other information listed as supplemental schedules.

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that other information: introductory and statistical information.

Village of Libertyville, Illinois
January 14, 2021
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Audit Objective

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements taken as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of the accounting records and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of the Village's financial statements. Our report will be addressed to the Board of Trustees of the Village. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or may withdraw from this engagement.

Audit Procedures – General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. In addition, an audit is not designed to detect immaterial misstatements, or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Village of Libertyville, Illinois
January 14, 2021
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Audit Procedures – General (Continued)

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will also require certain written representations from you about the financial statements and related matters.

Audit Procedures – Internal Control

Our audit will include obtaining an understanding of the Village and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

Audit Procedures – Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Village's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Other Services

We will also assist in preparing the financial statements and required audit adjustments, if any, for the Village in conformity with U.S. generally accepted accounting principles based on information provided by you. We will perform these services in accordance with applicable professional standards. The other services are limited to the financial statements previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Management Responsibilities

Management is responsible for designing, implementing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation in the financial statements in conformity with U.S. generally accepted accounting principles.

Village of Libertyville, Illinois
January 14, 2021
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Management Responsibilities (Continued)

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws and regulations.

You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

You agree to assume all management responsibilities for financial statement preparation services and any other nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Village of Libertyville, Illinois
January 14, 2021
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Engagement Administration, Fees, and Other

Our fees for the April 30, 2022, April 30, 2023 and April 30, 2024 audits will be as follows:

	April 30, 2022	April 30, 2023	April 30, 2024
Financial Statements (CAFR)	\$34,320	\$34,320	\$35,340
Municipal Compliance Report	\$580	\$580	\$600
TIF Report	\$580	\$580	\$600
Total Fees	\$35,480	\$35,480	\$36,540

The Village agrees that during the term of this agreement and for a period of twelve months thereafter, the Village shall not solicit, or arrange an employment contract with personnel of Lauterbach & Amen, LLP. Violation of this provision shall, in addition to other relief, require the Village to compensate Lauterbach & Amen, LLP with one hundred percent of the solicited person’s annual compensation.

We appreciate the opportunity to be of service to the Village of Libertyville, Illinois and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign below and return it to us.

Cordially,

Lauterbach & Amen, LLP
LAUTERBACH & AMEN, LLP

RESPONSE:

This letter correctly sets forth the understanding of the Village of Libertyville, Illinois.

By: _____

Title: _____

MEMORANDUM

TO: CHAIRMAN MORAS AND FINANCE COMMITTEE

FROM: NICHOLAS MOSTARDO, FINANCE DIRECTOR

SUBJECT: INVESTMENT OPTIONS

DATE: 3/30/2021

Background

The Village of Libertyville’s investment policy (most recently revised on February 12, 2020), permits the Finance Director to invest Village funds in any instrument authorized by the Illinois Public Funds Investment Act (30 ILCS 235). These investment options range from fully FDIC insured and collateralized interest-bearing checking accounts to corporate bonds not exceeding three years to maturity. The Act does not permit the Village to invest municipal assets in equities, derivatives, or real estate.

The Village’s current investment portfolio is a mixture of interest-bearing checking accounts, brokered CD’s, and two money-market local government investment pools (LGIP’s): the Illinois Funds and IPRIME. The Finance Director selects individual CD’s for investment in-line with the requirements of the Village’s investment policy (investment should not exceed the FDIC limit at a single bank). The two LGIP’s are professionally managed by investment advisors. In the case of the Illinois Funds, investment management is provided under the auspices of the Office of the State Treasurer, while IPRIME is managed by Prudent Man Advisors (PMA) out of Naperville, Illinois. The Village does not currently invest in individual treasuries, agencies, municipal obligations, or corporate bonds.

The national decline in interest rates over the last two years has significantly impacted the Village’s ability to generate investment return using conventional instruments such as LGIP’s, CD’s, and its regular depository accounts. Given the likelihood of a prolonged low rate environment, the Village should consider placing greater emphasis on investment options that have not previously been widely utilized in its investment portfolio.

Analysis

The chart below outlines the average Village return for each type of investment vehicle prior rates beginning to decline in the middle of 2019:

<u>Investment Type</u>	<u>Typical Return Pre-Rate Decline</u>	<u>Typical Return at Present</u>
Interest-Bearing Checking	0.85% plus ECR	ECR only
Brokered Certificates of Deposit	2.25% - 3.00% for 2 Year CD	0.20% for 2 Year CD
Local Government Investment Pools	Daily rate up to 2.5%	Daily rate up 0.08%

In FY 2018-2019, the Village earned \$454,120 in investment income on municipal (non-pension) investments. For the FYE 4/30/2021, the Village is projected to earn \$98,960, representing a decrease of \$355,160. As of February 28, 2021, the Village had \$29,815,728 in cash or money market assets available for investment with an additional \$3,005,304 invested in certificates of deposit. The Village generally attempts to keep approximately \$5,000,000-\$7,000,000 of cash on-hand each month for payroll and accounts payable purposes. The delta suggests that the Village has the possibility of extending the duration on some of its investments since on-demand liquidity is not currently a concern.

The loss of investment income is even more concerning in the context of the ongoing disruptions to elastic revenue sources on account of the COVID-19 pandemic. The Village should explore utilizing close to the full gambit of allowable investments under the Illinois Public Funds Investment Act where earnings may be higher. As noted above, the Village has the ability under the Act to make individual purchases of treasuries, agencies, municipal obligations, or corporate bonds, though it currently does not. The Village does have limited exposure to these instruments as part of its participation in the Illinois Funds and IPRIME; however, it is important to note that these S&P AAAM rated LGIP money market funds are based upon a fixed \$1.00 net asset value (NAV), so the risk associated with individual instruments is limited.

Purchasing individual brokered CD's comes with very limited risk. On the other hand, purchasing individual treasuries, agencies, municipal obligations, or corporate bonds comes with additional interest rate risk, or in the case of municipal and corporate obligations, default risk. While management has the capability to select individual treasuries, agencies, municipal obligations, or corporate bonds, a portfolio that includes exposure to these types of instruments is better left to the management of investment professionals. The Village's current participation in LGIP funds somewhat serves this purpose; however, the LGIP funds represent hundreds of members with different levels of investable resources and risk tolerance, so their investment strategy is not particularly targeted to the Village's individual needs.

Given the Village's available reserves for investment, it may be prudent to seek out firms to create and administer an actively managed portfolio of higher return instruments such as treasuries, agencies, and municipal obligations¹. A managed portfolio of the above-referenced instruments would complement the Village's brokered CD and LGIP portfolios and will add a level of diversity to the Village's overall investment strategy, ideally yielding greater returns with limited additional risk.

If the Finance Committee agrees with this recommendation, the next step would be to develop an RFP document seeking investment advisory services. There are a number of local and regional firms that work in this space, particularly with municipal clients. Management fees are a potential concern with a separate investment account as compared to LGIP's, where fees are spread across a larger asset base. Nevertheless, it is worth exploring the market, as fees can always be negotiated as part of the RFP evaluation process.

Recommendation

1. Consider directing staff to issue an RFP for investment advisory services, with an emphasis on developing an actively managed portfolio focusing on treasuries, agencies, and municipal obligations.

¹ Management believes that corporate bonds carry a higher than acceptable default risk and should not be included in an actively managed portfolio at this time.

MEMORANDUM

TO: CHAIRMAN MORAS AND FINANCE COMMITTEE

FROM: NICHOLAS MOSTARDO, FINANCE DIRECTOR

SUBJECT: BANKING SERVICES RFP

DATE: 3/30/2021

Background

Banking and depository services are a vital component of the Finance Department's treasury management function. The Village of Libertyville's banking and depository service provider is currently JP Morgan Chase bank (and prior to that, its predecessor Bank One), a relationship that was reconfirmed most recently in 2012 when the Village issued an RFP for banking services and subsequently awarded a new six-year contract to JP Morgan Chase. Since the expiration of the contract established by the 2012 RFP process, the Village has allowed the relationship to continue on a non-contractual basis.

JP Morgan Chase is a relatively strong service provider. The bank has a robust technology portfolio and its branch proximity to Village Hall is amenable to making deposits. Customer service from the bank has been satisfactory, though the centralization of relationship management in the government sector has made it more difficult to get resolution on complex issues from staff at the Libertyville branch. Being off contract, JP Morgan Chase has the ability to raise the Village's fees for banking services, which has become more of concern of late due to interest rates being so low. The relationship previously relied on interest earnings to offset the banking fees; however, that arrangement is untenable due to the low rates. Village staff recently discussed fees with JP Morgan Chase representatives, who agreed to make some minor concessions.

The Government Finance Officers Association (GFOA) recommends that governments review banking and depository service contracts every five years. With this recommendation in mind as well as the expiration of the JP Morgan Chase contract in 2018, management recommends that the Village issue an RFP for banking and depository services to evaluate current market offerings.

Analysis

It is important to note that there is a considerable amount of administrative work associated with changing banking service providers, so the issuance of an RFP should not be interpreted to indicate that the Village will automatically be changing providers. The savings from a new provider must be weighed against increased staff time, information technology costs, and potential service disruptions that could come from changing banking providers. In any event, if the current incumbent is retained, staff would seek to enter into a new contract in order to stabilize rates and guarantee service levels into the next contract period.

That being said, management believes that there is a lot of opportunity in the market to compete for the Village's business. Given the Village's long-term relationship with Bank One and subsequently JP Morgan Chase, it should be very clear to potential firms that the Village prefers to establish strong ties with its banking services provider and would not be looking to make a change every five years. As alluded to above, the big banks have centralized their government relationship departments, so it's no longer possible to have a primary point of contact at a Libertyville branch. On the other hand, small and medium sized regional banks still have a lot of emphasis on local relationships and their technology platforms are now comparable to those of the larger banks, something that could not be said in 2012 when the last RFP was issued.

The major highlights of the proposed RFP document are as follows:

- Seeking to establish a five year contract with option to renew annual for five additional one year periods.
- Fixed banking service charges for the initial five year term of the contract with CPI governing increases during the renewal periods, subject to a cap of 5%.
- Collateralization requirements in-line with State statute and the Village's investment policy.
- Explanation of the Village's online banking and technology requirements.
- Support for ancillary services, such as lockbox payment processing

With the Committee's approval, the Village would like to issue this RFP document on April 1, 2021. Management would allow approximately one month for the submission of RFP responses and conduct evaluation and optional interviews with finalists in May and June. A recommendation would be brought to the Finance Committee on July 20, 2021 and Village Board approval of a contact would occur on July 27, 2021.

Recommendation

1. Consider directing staff to issue an RFP for banking services and to make a report to the Finance Committee as appropriate once proposals have been evaluated.

Attachments

1. Village of Libertyville Banking Services RFP (Draft)

Village of Libertyville

Request For Proposals

Banking Services

Village of Libertyville
118 W Cook Avenue
Libertyville, IL 60048
(847) 362-2430

<https://www.libertyville.com/>

RFP Coordinator: Ariel Tax, Assistant Finance Director
Issue Date: April 1, 2021
RFP Responses Due: April 16, 2021 at 4:00 PM

Due Date:

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Section I - General Information

- a. **Introduction and Mandatory Requirements** - The Village of Libertyville, Illinois (“the Village”) is requesting proposals to ensure the Village is receiving the highest quality banking services at a competitive price. The Village’s expectation upon completion of the Request for Proposal (RFP) process is to enter into a five (5) year contract, with the option for the Village to renew annually for another five (5) one year periods.

Fees specified in this proposal will remain fixed for the duration of the initial five year contract period. Banking service charge adjustments for each optional renewal period may be proposed but may not exceed the lesser of 5% or Consumer Price Index (CPI) as of December of the preceding year.

Proposals should demonstrate the proposer bank’s cost effective and innovative approach to today’s banking needs as well as the rapidly changing demands of the future.

The Village has a long-standing and professional relationship with its present bank. This request should not be interpreted as a desire to automatically make a change in our present banking services arrangement; such a change will only be made if proposals warrant it.

In accordance with Libertyville’s Investment Policy (Appendix C), the Village will not maintain funds in any financial institution that is not a member of the F.D.I.C. system. Furthermore, the Village will not maintain funds in a financial institution that is unwilling or incapable of posting required collateral for funds in excess of the F.D.I.C. insurable limits. The Village will not select, as a depository, any financial institution in which the Village funds on deposit will exceed 75% of the institution’s capital stock and surplus.

It is the policy of the Village to maintain investment and operating accounts locally whenever possible, though the depository bank will ultimately be selected on the basis of high quality products and services and maximizing earnings.

- b. **Account Description** - The Village was incorporated in 1882 and has a population of 20,315 according to the 2010 census. The Village is located approximately 40 miles north of Chicago in Lake County and employs approximately 153 full-time staff members.
- c. **Public Records** – The documents submitted in response to this request for proposals become a public record upon submission to the Village, subject to mandatory disclosure upon request by any person, unless the documents are exempt from public disclosure by a specific provision of the law. If the Village receives a request for inspection or copying of any such documents, it will promptly notify the organization that submitted the documents to the Village by e-mail. The Village assumes no contractual obligation to enforce any exemption.
- d. **RFP Coordinator** - Upon release of this RFP, all vendor communications concerning this request should be directed to the RFP Coordinator listed below. Unauthorized contact regarding this RFP with other Village employees or Board Members may result in disqualification. Any oral communications will be considered unofficial and non-binding on the Village. The vendor should rely only on written statements issued by the RFP Coordinator or authorized personnel listed below:

RFP Coordinator

Ariel Tax
 Assistant Finance Director
 118 W Cook Avenue
 Libertyville, IL 60048
 email: atax@libertyville.com

Authorized Personnel

Nicholas Mostardo
 Finance Director
 118 W Cook Avenue
 Libertyville, IL 60048
 email: nmostardo@libertyville.com

e. **RFP Schedule**

April 1, 2021		Distribution of RFP
April 16, 2021	4:00 PM	Proposer Questions Due to Village by E-mail
April 20, 2021		Village E-mail Responses to Proposer Questions
April 30, 2021	4:00 PM	RFP Sealed Responses Due to Village
May 21, 2021		Initial Evaluation Complete
No later than June 18, 2021		Optional Interviews (at the option of the Village)
July 20, 2021		Recommendation of award to Finance Committee
July 27, 2021		Recommendation of award to Village Board
August 1, 2021		Effective Date of Contract

- f. **Inquiries Regarding the RFP** – Requests for clarification or additional information should be made by e-mail to the RFP Coordinator by April 16, 2021 at 4:00 PM local time. Requests received after that deadline will not be answered. Responses to all requests will be furnished to all potential proposers.
- g. **RFP Amendments** – In the event of a material modification, all known and/or potential proposers will be notified of an amendment to this RFP. If deemed necessary by the Village, proposers will be given an opportunity to modify their proposal in the specific areas that are affected by the modification.
- h. **Proposal Submission** - Each proposer must submit three (3) paper copies of their proposal. In addition, an electronic copy of the proposal and any supporting documentation shall be submitted via USB drive or email. The paper copies of the proposal package must be submitted in a sealed envelope, clearly identified as “PROPOSAL FOR BANKING SERVICES.” The proposals may be mailed or delivered to:

Village of Libertyville
 Finance Department
 Attn: Ariel Tax, Assistant Finance Director
 118 W Cook Avenue
 Libertyville, IL 60048

Proposals must be received at the above address by **4:00 p.m. on Friday, April 30, 2021.**

Proposers accept all risks of late delivery of mailed proposals regardless of fault. Proposals transmitted by email or facsimile will not be accepted. All proposals and accompanying documentation will become the property of the Village and will not be returned.

i. **Terms and Conditions** –

1. The Village reserves the right to change the RFP schedule or issue amendments to the RFP at any time. The Village also reserves the right to cancel or reissue the RFP, to reject any or all proposals, to waive any irregularities or informalities in the selection process, and to accept or reject any item or combination of items. The Village reserves the right to request clarification of information from any vendor or to request supplemental material deemed necessary to assist in the evaluation of the proposal. This RFP does not obligate the Village to accept or contract for any expressed or implied services.
2. In the event that the proposer to whom the services are awarded does not execute a contract within thirty (30) calendar days after Village Board approval, the Village may give notice to such proposer of intent to award the contract to the next most qualified proposer or to call for new proposals and may proceed accordingly.
3. The Village will not reimburse any vendors for any costs involved in the preparation and submission of responses to this RFP or in the preparation for and attendance at subsequent interviews.
4. The selected vendor may not charge the Village any bank set up fees/technology fees associated with the initial implementation of this contract. The Village will be responsible for any fees required to customize its own ERP software to work with the selected vendor's banking system.
5. The information in this RFP indicates an estimate of the number of transactions for a given month. This number is the Village's best estimate of the average volume and the Village in no way guarantees these as minimum or maximum volumes.
6. Proposers shall thoroughly examine and be familiar with these specifications. The failure or omission of any proposer to receive or examine this document shall in no way relieve any proposer of obligations with respect to this proposal or the subsequent contract.
7. The contract may be terminated by either party by giving written notice to the other party at least ninety (90) calendar days before the proposed termination date. The bank shall be entitled to just and equitable compensation for any satisfactory work completed to the termination date. Under no circumstances will any damages be paid as a result of the termination of this contract. If the bank exercises the right to terminate the contract early, they cannot submit future proposals to the Village for a period of ten (10) years.
8. The Village reserves the right to cancel its Banking Services Agreement without a 90 day written notice if the bank is sold or merged with another bank. However, an automatic continuation of all terms of the agreement in the event of a merger or acquisition may occur as long as the financial institution guarantees in writing that they will continue to meet all required terms of the agreement.
9. The Village reserves the right to terminate the "Banking Services Agreement" without a 90 day written notice if the awarded bank fails to comply with any of the terms and conditions of this RFP.

Section II - Scope of Services

The Village seeks proposals from competing banks for the services identified in this section (Section II) of this RFP which includes core banking services (those currently received by the Village) and non-core or additional services the Village would like to consider. The Village currently uses one bank to provide all core services described; however, the Village may consider an unbundled arrangement whereby one or more banks provide services. Cost proposals for enhanced services should be presented separately from the cost proposal for core banking services.

The scope of core banking services are identified on pages 6-8 of this RFP. Additional services are identified on pages 8-9 of this RFP. The Village is not obligated to procure any of the services enumerated in Section II.

- a. **Term of Agreement** - The banking services detailed in this section will be performed for the Village on a contractual basis for five (5) years, with the option for the Village to renew annually for another five (5) one year periods.
- b. **Collateralization of Account Balances** - It is the policy of the Village to require security for all cash maintained in any financial institution designated as a depository. Security may be in the form of insurance or collateral. The Village is authorized to exercise this authority pursuant to the Illinois Public Funds Investment Act (30 ILCS 235). This statute states, in part, as follows: "Whenever a public agency deposits any public funds in a financial institution, the public agency may enter into an agreement with the financial institution requiring any funds not insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration or other approved share insurer to be collateralized by any of the following classes of securities..."

All collateral pledged will be not less than 110% of the Village funds held by the institution in excess of the FDIC limits. Collateral shall be valued at fair market value of the net amount of public funds to be secured at each institution. Pledged collateral will be held by the Village or in safekeeping and evidenced by safekeeping documentation. The banking institution awarded the contract must have a completed and executed collateral agreement with the Village before the start date of the contract.

Monthly reports detailing the adequacy of collateral must be supplied to the Village by the bank within five (5) business days of the close of each month via e-mail. The banking institution agrees to provide increased collateral as needed.

- c. **Account Structure** - The Village maintains its financial records on a fund basis of accounting in conformance with generally accepted accounting principles. In conjunction with this type of accounting, the Village currently utilizes a corporate commingled cash concentration account which combines monies into a single account with entitlement to the various portions of cash reflected in the Fund's general ledger accounts.

With the exception of the compensating balance account or any sweep accounts, all accounts will be set up as interest bearing checking accounts. Interest will be credited monthly based upon the weighted average daily balance of these accounts. The interest rate will be the rate proposed by the institution through this proposal. The Earnings Credit Rate (ECR) will be the rate proposed by the institution according to Exhibit B-2.

Data has been provided on the attached Cost Proposal Form (Appendix B) to indicate the average monthly balance over the past twelve months, the average number of deposits per month, the average number of checks clearing the accounts per month and various other statistical information which would be helpful for your institution in computing the fee proposal for the Village's accounts.

Currently the Village has a corporate commingled cash concentration account for the majority of its deposit activity, a payables account for semi-monthly invoice payments, and a payroll account for semi-monthly payroll periods. Additionally, there is a Section 125 Flex Spending account and a Firefighter Pension account.

Core Banking Services

a. Compensating Balances and Monthly Account Analysis

The Village is asking each proposer to submit fee proposals both on a direct fee per item method with monthly payments for services rendered and a compensating balance payment method.

If the direct fee per item method is chosen, all charges for banking services shall be reported on a monthly account analysis statement. The monthly account analysis report shall be made available electronically to the Village within five business days of the last day of each month and shall contain a detailed itemization of charges of types and volume, similar to those provided in Appendix B which are those services currently on the Village's monthly account analysis statement from JP Morgan Chase.

If the compensating balance method is selected, all charges for banking services shall be reported on a monthly account analysis statement. The monthly account analysis report shall be made available electronically to the Village within five business days of the last day of each month and shall contain a detailed itemization of charges of types and volume, similar to those provided in Appendix B which are those services currently on the Village's monthly account analysis statement from JP Morgan Chase. Total charges will then be compared to total accumulated earning credits to determine the total net debit (due the bank) or credit (due the Village). The net debit or credit in the account will continue to accumulate in the analysis account from month to month and a "true-up" will occur at December 31 of each year. If a debit balance, the Village will pay the bank. If a credit balance, the bank will pay the Village. The Village will monitor the compensating balance on a periodic basis and adjust its compensating balance up or down with the objective at arriving at a net balance due to from the Village of zero. Upon termination of this agreement, any remaining balance in the analysis account shall be paid to the bank (if a debit balance) or to the Village (if a credit balance).

b. Online Banking – The Village requires the successful proposer to provide internet-based banking services accessible by web browser (e.g., Internet Explorer, Mozilla Firefox). The Village wishes to use online banking for the following, at a minimum:

1. Customized daily balance reporting (ledger, available and collected) in multiple formats, including PDF and Microsoft Excel;
2. Detailed debit and credit postings (cleared checks, deposits, chargebacks, wire transfers in and out, interest payments, etc.) with ability to download data into PDF and Microsoft Excel spreadsheet formats;
3. Initiation of internal account-to-account transfers;
4. Initiation of one-time and recurring wire transfers;

5. Initiation of ACH debit and credit transactions and creation of saved “instructions” or “templates” for recurring/repetitive ACH debit (collection) or credit (direct deposit) type transactions;
6. Placement of stop payment orders;
7. Positive pay: including a) ability to edit upload format and b) ability to void checks;
8. Generation of BAI files;
9. Monthly Statements in multiple formats (PDF, Excel, etc.);
10. Monthly check reconciliation files for uploading into Village’s financial system (text format);
11. Notification and retrieval of NSF, ACH exceptions, or other return items, including automatic 2nd attempt of NSF checks;
12. Accounts Payable check inquiries (electronic document storage and import/export capability) – The Village desires access to scanned images of cleared checks and other bank documents. Imaging methods that have an indexed format and that can be searched (check amount, check #, check date, etc.) are preferred.
13. Image Direct Deposit – the Village shall be able to deposit and research (check amount, check #, check date, etc.) checks remotely. Security for the on-line banking services is of paramount importance to protect the Village’s assets. The security should include at a minimum:
 - Secure customer and user on-boarding processes
 - Controlled user access with separation of duties
 - Multi-factor user authentication security
 - Increased security credential requirements for more sensitive functionality
 - Transaction limits for value-bearing payments
 - End-to-end audit logging
 - Consolidated single sign-on environment
 - Session inactivity timeout
 - Required password changes
 - Automated user id inactivation for unused IDs
 - User Education and Alerts

Additionally, the awarded bank should provide secured facilities with best-practices in support of online banking operations including:

- Secured data centers
- Network firewalls
- Network and system monitoring
- Disaster recovery with rapid response capabilities
- Change management
- Penetration testing
- Computer incidence response team

- c. **Transfers Between Accounts** - On a regular basis, the Village will make transfers between its various accounts. Transfers will be done electronically, via the internet, by the Village, except in instances where manual transactions are required (e.g., when online services are not available). Credit for any transfers must be given on the same day that the transfer is made, no matter what time of day the transfer occurs.

- d. **ACH** – The bank must be both a “sending” and “receiving” bank on the Automated Clearing House system to accommodate a payroll direct deposit program and electronic payment collection programs for utility payments. Presently, the Village’s payroll and corresponding ACH direct deposit file are transmitted to the bank’s processing center electronically. The Village also receives ACH deposits from its Utility Billing customers that have signed up for automatic debits from their accounts for their bi-monthly utility bill.

The Village also seeks ACH “block” and filtering capabilities for preventing unauthorized debits of Village bank accounts.

- e. **Availability of Funds** – Deposits will be made periodically during the business day (8 a.m. to 5 p.m. CST) to a designated cashier or location mutually agreed upon by the Village and the awarded bank. The Village will be given credit as collected funds are cleared by the bank on the same day on which the deposit is made. Items deposited which clear at institutions located within the appropriate Federal Reserve Region will be considered collected funds within one business day. All other items deposited will be given credit as collected funds within two business days. All proposing banks are required to attach a copy of their current “availability schedule” to the proposal.

- f. **Wire Transfers** –

Incoming Wires - the Village intends to consider all wire transfers received by the bank prior to the end of the business day, as “available for investment” by the Village, regardless of the time of actual receipt by the bank. Should a wire transfer not be received by the bank, as specified above, then the wire transfer will be traced from origin to destination to ascertain the party responsible for delaying the transfer.

Outgoing Wires - the awarded bank agrees to execute any wire transfer order on the same day (within the cutoff timeframe) by the Finance Department through the computer terminal, by telephone, or by fax, if necessary. Wire transfers ordered and not received by the destination party by 5:00 p.m. will be traced by the bank from origin to destination to ascertain the party responsible for delaying the transfer.

- g. **Statement and Advice Frequency** – Monthly statements need to be available on-line as soon as they are available, but no later than five (5) business days after the end of the month. The bank will provide written documentation (debit/credit advises) included with the monthly account statements for all account adjustments made during the month.
- h. **EFT payments** – The Village currently issues printed checks and EFT payment for vendors. The Village currently issues approximately 300 checks per month and 30 EFT payments per month.

Additional Banking Services

In addition to the current banking services received by the Village as described above, the Village would like additional information on the following enhanced banking services. The Village will consider the implementation of these services but reserves the right to separate these services from the banking services contract if another vendor can offer the service at a lower cost or offer a higher quality service. Costs, if any, associated with the proposed enhanced services shall be segregated from the cost proposal for core services.

- a. **Lockbox** – The Village currently uses a lockbox service to handle the large volume of utility payments received on a monthly basis.

The bank should be able to perform the following services if the Village chooses to utilize a lockbox service:

- Set-up and maintain on behalf of the Village a demand account (“Account”) for the deposit of payments received in the performance of lockbox services.
- Prepare a monthly Statement of Account showing all entries to the Account.
- Provide authorized representatives of the bank to pick up Village payments at least once each day from an established US Post Office box(es).
- Open mail and sort payments.
- Any correspondence, requests for address change, disputes, etc. included with remittances shall be forwarded to the Village.
- Verify that checks are dated and made payable to the Village or a reasonable derivation thereof, as determined by the Village.
- Process payments on the day received.
- Process single and multiple payments of full or partial amounts on individual or several accounts.
- Prepare one or more deposit slips for purposes of depositing into the appropriate demand account the total amount of funds. Each deposit slip will indicate the process date, batch number, batch type, and number of payments processed.
- Provide a daily electronic transmission file of transactions processed, in the format required by the Village’s software program, for updating Village records.
- Provide images of all transactions (front and back of documents and checks) to authorized Village personnel on a Bank website on the business day following and for up to 1 year after the processing date.
- Batch correspondence and payments received that are not or cannot be processed by the Bank (Rejects) separately, distinctly marked and forwarded to the Village.

- b. **Credit cards** – Currently, Village employees use credit cards issued by JP Morgan Chase. However, the Village will consider using a 3rd party for credit card services instead of its primary banking institution. The Village will not pay an annual or other fee for these credit cards and prefers banks that offer a rebate on purchased amounts beginning with the first dollar spent. Proposers shall indicate the rebate formula offered. The Village should be able to limit the amount of any single purchase, the amount of daily purchases, and the type of vendor in which a cardholder may make purchases. The Village would also need to receive individual statements for each cardholder as well as a consolidated statement for all charges for all cards and would need the ability to view account activity on-line.

Section III - RFP Response Instructions

Proposal Format – Proposals should be prepared simply and economically, providing a straightforward, concise description of proposer capabilities to satisfy the requirements of this request. Special bindings, colored displays, promotional materials, etc., are not required. Emphasis should be placed on clarity of content and thoroughness. All proposal responses must be in the following format:

1. Cover Letter
2. Table of Contents
3. Principal Officers, Statement of Staff Experience and Bank Background
4. Proposed Scope of Service
5. Proposed Schedule of Implementation
6. References
7. Cost Proposal Form – Appendix B
8. Earnings Credit Rate and Balance Required to Support \$1.00 of Services – Appendix B-2
9. Proposal Exception Form – Appendix D
10. Additional Data and Other Information

The desired information in each of these sections is described below.

1. **Cover Letter** – The cover letter should contain the name of the proposing Bank (and/or third party vendors), the address of the proposing office(s), and the contact individual(s) authorized to answer technical, price, and contract questions. Contact information should include telephone number, fax number, mailing address, and email address. The cover letter must be signed by a person or persons authorized to bind the proposer(s).
2. **Table of Contents** – The contents of the proposal shall be included in an index at the beginning of the proposal and should include all contents and attachments.
3. **Principal Officers, Statement of Staff Experience and Bank Background** – This section should include the full name and principal address of the financial institution. Indicate whether the institution operates independently as a bank or as a holding company affiliate and provide the distance of your nearest bank branch to Libertyville Village Hall. Include the state in which the Bank is incorporated to operate and the date of incorporation. This section should include the range of corporate services performed by the offices(s) and the Bank’s background in providing these services to public entities. The Village requests that proposing banks provide the names of a designated account executive and an alternate. The designated account executives must have the authority to make timely decisions in the normal course of business on their own. In addition, provide a listing of the entire proposed staff team which would service the contract, including name, title, and length of service with the bank/vendor. Additional qualifications and experience on similar accounts may be included.

Additionally, identify key measures of the bank’s financial strength. Provide ratings for Bank Financial Strength, Bank Deposits, and Issuer Rating. The Bank shall submit a copy of its audited financial statements and FDIC Call Reports for the past two years, as required by Illinois State Statute (30 ILCS 235/6) for any bank that will receive public funds.

4. **Proposed Scope of Services** – Clearly and succinctly describe the scope of services to be provided. Address each of the items in Section II. In addition, please explicitly address the questions indicated below.
- a. Term of Agreement
 - b. Collateralization of Account Balances
 - c. Account Structure
 - 1. What are your cutoffs for payroll direct deposits and, if possible, alternatives to standard timelines, as well as the associated costs?
 - 2. Describe your overdraft protection program as it would relate to the Village, as well as what constitutes a daylight and overnight overdraft situation.
 - d. Compensating Balances and Monthly Account Analysis
 - e. On-line Banking
 - 1. Include specifications for automated service hardware and software capability proposed as well as data download/file transfer formats for internet services proposed.
 - 2. Explain the Bank's security features with respect to the on-line system. How is access limited?
 - f. Transfers Between Accounts
 - g. ACH
 - 1. The Village offers direct debit of utility payments from its residents. Explain your capability to provide this service.
 - 2. The Village offers direct debit to employees for payroll. Explain your capability to provide this service.
 - h. Availability of Funds
 - i. Wire Transfers
 - 1. What are the opening and cut-off times in CST for initiating wire transfers to ensure same day execution?
 - 3. Does the bank's wire transfer system have the capability of warehousing instructions for future dated wire transactions?
 - j. Statement and Advice Frequency
 - k. Lockbox
 - l. Credit Cards
 - m. EFT Payments
 - n. BS&A software compatibility
 - 1. What is your familiarity, if any, with this software?
 - 2. What data requirements do you have for data file uploading and downloading?
 - 3. Do you have other clients who use the BS&A software?
 - o. Other - If there are any other banking services offered that may be of interest to the Village, please describe those in subsection "o".

p. The following questions must be answered in a subsection labeled “p.”

1. What is your customer service philosophy?
2. What differentiates your service from other providers?
3. Describe your disaster recovery procedures. How quickly will back-up facilities be activated?

If a proposer cannot meet any of the specifications, expectations or services in Section II or takes exception to any of the terms or conditions presented, these exceptions should be distinctly noted in the appropriate sections. If no exceptions are presented, the Village will assume full capabilities as described in Section II. Should third party vendors be necessary to provide any of the requested services, the detailed involvement of those parties and delineation of responsibilities should be explained in the appropriate sections.

5. **Proposed Schedule of Implementation** – Describe the conversion plan you would coordinate to ensure a smooth transition from the current provider. Discuss your ability to meet the Village’s proposed schedule as indicated in this RFP. Discuss the implementation effort and lead time that would be required to establish the banking services requested in this RFP. Include the detailed steps involved and your proposed schedule for meeting each step.

6. **References** – Please provide four (4) government account references to which the proposer is currently providing banking services. Include the following listing with your proposal:

1. Contact name
2. Title
3. Name of Customer
4. Address
5. Telephone Number
6. E-mail address
7. Number of Years as Customer
8. Services Utilized

7. **Cost Proposal** – The Village is asking each proposer to submit a fee proposal on both a direct fee per item method with monthly payment for services rendered and a compensating balance payment method. All fees should be itemized by completing Appendix B “Cost Proposal Form” and submitted with the RFP. The services itemized on Appendix B are those services currently itemized on the monthly account analysis statement that the Village is receiving from JP Morgan Chase. The contract award will not necessarily be made to the bank that provides the lowest cost proposal, but rather to the bank that submits the proposal most suitable to the Village’s requirements in all respects.

In addition, the proposer should include as a part of the total price the cost of any services not itemized on the “Cost Proposal Form”, Appendix B, which the bank feels must be included.

8. **Earnings Credit Rate and Balance Required to Support \$1.00 of Services** – Should include as a part of proposal. See Appendix B-2.

9. **Proposal Exception Form** – Should include as a part of proposal. See Appendix D.

10. **Additional Data and Other Information** – The Bank may include any additional information, schedules, or attachments as it deems necessary to its proposal.

Section IV - Proposal Evaluation

Proposals will be evaluated based on criteria outlined herein which may be weighted by the Village in a manner it deems appropriate. All proposals will be evaluated using the same criteria and weighting. The criteria used will be:

- A. Responsiveness to RFP – The Village will consider all the material submitted to determine whether the proposer’s offering is in compliance with the RFP.
- B. Ability to Perform Required Services – The Village will consider all the material submitted by each proposer, and other relevant material it may otherwise obtain, to determine whether the proposer is capable of and has a history of successfully completing contracts of this type. The proposer shall furnish acceptable evidence of their ability to perform, regarding such categories as expertise/experience, equipment, facilities and personnel qualified to perform requested duties. Failure or refusal to provide such information upon request may cause the proposal to be rejected.
- C. References – The Village may contact references directly to inquire about the quality and type of services currently being provided to other customers.
- D. Fees – The Village will evaluate aggregate banking services cost, per identified activity, rate of interest paid on accounts, and overall cost effective approach to providing the services requested in this RFP.
- E. Optional Interviews and Site Visits – The Village may, at its sole option, conduct interviews and/or site visits as part of the final selection process.
- F. The inclusion in any proposal and/or in the related proposed banking services agreement of any language which directly or indirectly limits and/or in any manner purports to limit the liability of the bank for any negligence, malfeasance, and/or failure by the bank to perform its obligations under its proposed banking services agreement may, in the sole discretion of the Village, be grounds for disqualification of such proposal.

**APPENDIX A
VILLAGE OF LIBERTYVILLE
Banking Services Historical Data**

Overview

The Village of Libertyville has accounts with a number of banks, which have continued to maintain excellent professional banking service relationships with the Village over the years. The following schedule details the current bank relationships maintained by the Village and the corresponding month-end balances in each Village account:

Month End Account Balances for the Village’s Accounts (past six months):

Bank (account)	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21
JP Morgan Chase:						
General	\$ 7,296,139	\$ 7,642,288	\$ 4,393,989	\$ 6,028,171	\$ 4,290,784	\$ 4,742,245
Payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Flexible Spending	\$ 54,909	\$ 58,646	\$ 59,107	\$ 58,049	\$ 57,676	\$ 54,799
Fireman Pension	\$ 639,864	\$ 686,226	\$ 570,316	\$ 435,882	\$ 281,755	\$ 116,770
	<u>\$ 7,990,912</u>	<u>\$ 8,387,160</u>	<u>\$ 5,023,412</u>	<u>\$ 6,522,102</u>	<u>\$ 4,630,215</u>	<u>\$ 4,913,814</u>
Illinois Funds:						
General	\$ 8,319,953	\$ 9,556,404	\$ 10,718,102	\$ 10,336,449	\$ 11,537,251	\$ 11,675,580
Motor Fuel Tax	\$ 1,834,007	\$ 1,899,268	\$ 1,963,656	\$ 2,028,717	\$ 2,096,305	\$ 2,155,214
E-Pay Finance Dept	\$ 2,448,240	\$ 2,458,139	\$ 2,467,976	\$ 2,472,118	\$ 2,480,275	\$ 2,489,288
E-Pay Parking Tickets	\$ 404,785	\$ 409,558	\$ 412,273	\$ 435,059	\$ 444,729	\$ 446,244
E-Pay Commuter Parking	\$ 476,779	\$ 477,554	\$ 478,044	\$ 478,446	\$ 478,744	\$ 479,100
E-Pay Places For Eating	\$ 1,339,749	\$ 1,339,861	\$ 1,340,058	\$ 1,340,165	\$ 1,340,262	\$ 1,341,311
E-Pay Permits	\$ 46,432	\$ 61,292	\$ 64,306	\$ 64,311	\$ 64,394	\$ 67,764
	<u>\$ 14,869,945</u>	<u>\$ 16,202,077</u>	<u>\$ 17,444,416</u>	<u>\$ 17,155,264</u>	<u>\$ 18,441,960</u>	<u>\$ 18,654,500</u>
IPRIME:						
LGIP	\$ 4,041,398	\$ 4,041,568	\$ 4,041,811	\$ 4,042,065	\$ 4,042,287	\$ 4,042,411
MBS:						
Certificates of Deposit	\$ 3,266,819	\$ 3,264,589	\$ 3,260,950	\$ 2,761,948	\$ 3,008,377	\$ 3,005,304
Other Local Banks:						
Series 2019 Bond	\$ 1,927,516	\$ 1,927,672	\$ 1,927,825	\$ 1,677,934	\$ 1,678,073	\$ 1,678,173
TIF	\$ 526,637	\$ 526,679	\$ 526,721	\$ 526,763	\$ 526,799	\$ 526,830
	<u>\$ 2,454,153</u>	<u>\$ 2,454,351</u>	<u>\$ 2,454,546</u>	<u>\$ 2,204,696</u>	<u>\$ 2,204,872</u>	<u>\$ 2,205,003</u>
Total	\$ 32,623,225	\$ 34,349,744	\$ 32,225,135	\$ 32,686,076	\$ 32,327,711	\$ 32,821,032

The Illinois Funds, IPRIME LGIP, and CD balances are shown to provide proposing banks with some information as to the actual cash equivalent balances of the Village of Libertyville. The Village does not anticipate closing these accounts; however, if the interest rates offered by the selected bank are higher than the interest rates offered by the Illinois Funds and PMA IPRIME, the selected bank could acquire a larger share of these deposits. The certificates of deposit balances are shown to provide information on additional funds that will become available for investment in the future.

The main checking account with JP Morgan Chase Bank is the Village's primary account. All daily deposits are made into this account as well as the monthly utility billing electronic collection of payments. Transfers are made from this account into the two (2) non-interest/zero balance checking accounts for payroll and accounts payable to clear checks or direct deposits for payroll when presented.

Payroll - The Village offers and encourages payroll direct deposit. The Village pays its employees semi-monthly on the 5th and 20th of each month. The Village has 153 full-time equivalent employees, plus approximately 100 seasonal part-time employees in its Recreation Department. Currently, the Village transmits the payroll data to the financial institution electronically 36 hours prior to payday. The Village, from time to time, may need to transmit the payroll data 24 hours prior to the payday. Deposits must be made in the employees' accounts by 8:00 a.m. on payday. Any deviations from these time requirements must be stated in the proposal.

Water Billing - The Village also offers and encourages an automatic electronic payment withdrawal program for water bills. There are approximately 1,500 (750 each month) participants in this program. This figure could increase over time. The Village bills monthly with the due date normally falling on or around the 21st of the month. This could vary if the 21st falls on a weekend day or holiday. If this occurs, then the following Monday is the due date. Currently, the Village transmits the utility account data to the financial institution electronically 6 days prior to the due date. The Village's account is credited on the due date for the total amount of the electronic utility payments.

The Village has entered into an agreement with the Illinois Department of Revenue to have all state distributions deposited directly into the Village Illinois Funds accounts. These distributions include:

- Sales Tax/Non-Home Rule Sales Tax
- Income Tax
- Local Use Tax
- Motor Fuel Tax
- Telecommunications Tax
- Personal Property Replacement Tax

The Village has entered into an agreement with Lake County to have all county property tax distributions currently deposited directly into the Village's general checking account with JP Morgan Chase.

**APPENDIX B
VILLAGE OF LIBERTYVILLE
COST PROPOSAL FORM**

Section I: Direct Fee per Item Monthly Statement Payment Method

Please complete the worksheet on the next page and sign below.

If a proposer would like an electronic version of the subsequent worksheet, please contact the RFP Coordinator via email.

Name of Institution

Signature and Title

Date

The remainder of this page has been internationally left blank.

	Estimated Average Vol/Month	Unit Price	Charge For Service
Account Services			
Account Maintenance	4		
Cash Concentration Maintmaster	1		
Cash Concentration Maint Sub	2		
Debit Posted-Electronic	110		
Credit Posted-Electronic	200		
Statement Cycles	4		
Post No Checks Maintenance	2		
Banking Center Services			
Branch Credits Posted	20		
Teller Line Cash Verification	5,400		
Branch Order Currency Strap	4		
Branch Order Processed	1		
Branch Order-Coin Roll	3		
Wholesale Lockbox			
Lockbox-Maint	1		
Wholesale Item	65		
No Check Item	4		
Document Image Capture	9		
Check MICR Capture	700		
Data Capture	40		
Deposit Preparation	20		
Check Clearing	700		
Scannable Lockbox			
SNLB Scannable Item	625		
SNLB Balancing	700		
SNLB OCR Doc Image Capture	1,300		
SNLB OCR Document	675		
Depository Services			
Credits Posted	15		
Check Deposited-Transit	6		
Return Item	2		
Remote Deposit Capture Maint	1		
Remote Deposit Capture Item	600		
ACH Eligibility Testing/Filter	400		

	Estimated Average Vol/Month	Unit Price	Charge For Service
Disbursement Services			
Check/Debit Posted	300		
Exception Notification-Acct	2		
Stop Payment-Electronic	4		
Imaging Maintenance	1		
Check Inquiry Maintenance	1		
Image Retention Ext Per Item	300		
Reconciliation Services			
Positive Pay Maintenance	2		
PP Non Recon Maintenance	2		
POS Pay Without Recon Items	300		
Payee Name Verification	300		
Exception Item	1		
Image Capture Per Item	350		
Data Entry-Manual	1		
Wire-U.S.			
Fed Credit S/T	2		
Fed Transfer Fee	2		
Automated Clearing House			
ACH Maintenance	4		
Remote Deposit ACH Item	400		
Debit Originated	800		
Credit Originated	425		
Addenda Record Originated	12		
Debit Received	80		
Credit Received	150		
Return Item	2		
Return Item Redeposit	2		
Deletion/Reversal-Elec	2		
Return Notification-Email	2		
Transaction Block Maintenance	4		
ACH Trans Block Authorized ID	34		
ARC Swap of Data	1		
Online Access			
Accounts Reported	5		
Monthly Service	1		
Transactions Reported-45 Day	650		
Extended Transaction Detail	2,400		
Acct Transfer Item	1		

	Estimated Average Vol/Month	Unit Price	Charge For Service
Int Rec & Pay-Report			
Receivables Maint-Online	2		
Transmission Maint-Data	1		
Transmission Per Item-Data	1,400		
Receivables Maint-Downloads	1		
Long Term Storage-Check	2,600		
Long Term Storage-Document	1,300		
Additional Online Services			
Standard Package	1		
Additional Accounts	2		
Total			

**APPENDIX B-2
VILLAGE OF LIBERTYVILLE
CALCULATION SUPPORTING
EARNINGS CREDIT RATE AND BALANCE REQUIRED TO SUPPORT \$1.00 OF SERVICES**

1. Please provide Earning Credit Rate (ECR): _____%

This is the rate used to value average investable balance. How is this rate assigned?

2. Please provide the balance required to support one dollar (\$1.00) of service charges:

Exception (Also included in Appendix D)

$$\frac{365 \div 30 \text{ (days in November)}}{(\text{ ___ } \%)} = \underline{\hspace{2cm}} \qquad \frac{365 \div 30 \text{ (days in November)}}{(\text{ ___ } \%)} = \underline{\hspace{2cm}}$$

Banks should use the ECR proposed to complete the analysis.

**APPENDIX C
VILLAGE OF LIBERTYVILLE
INVESTMENT POLICY**

Policy

It is the policy of the Village of Libertyville to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the entity and conforming to all state statutes governing the investment of public funds.

Scope

This investment policy applies to all financial assets of the Village. These funds are accounted for in the Village's annual financial report and include the General Fund, Special Revenue funds, Capital Project funds, Debt Service funds, Enterprise funds, and any other funds that may be created from time to time. All transactions involving the financial assets and related activity of the foregoing funds shall be administered in accordance with the provisions of this policy.

Prudence

Investments shall be made with judgment and care under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. The standard of prudence to be used by investment officials shall be the "prudent person" and shall be applied in the context of managing an overall portfolio.

Objectives

The primary objectives, in priority order, of the Village of Libertyville investment activities shall be:

Safety of Capital Principal - Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required so that potential losses on individual securities and/or financial institutions do not exceed the income generated from the remainder of the portfolio.

Liquidity - The Village's investment portfolio shall remain sufficiently liquid to enable the Village to meet all operating requirements which may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands (static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity).

Return on Investments - The investment portfolio of the Village shall be designed to attain a market rate of return throughout budgetary and economic cycles, taking into account the risk constraints, the cash flow characteristics of the portfolio and legal restrictions for return on investment. Return on investment is of least importance compared to the safety and liquidity objectives described above.

Maintaining the Public Trust - All Participants in the investment process shall seek to act responsibly as custodians of the public trust and shall avoid any transaction that might impair public confidence in the Village.

Local Consideration - The Village seeks to promote economic development within the Village of Libertyville and as a result seeks to utilize local financial institutions whenever possible.

Delegation of Authority

The establishment of investment policies is the responsibility of the Village Board. Management and administrative responsibility for the investment program is hereby delegated to the Finance Director who, under the direction of the Village Administrator, shall establish written procedures for the operation of the investment program consistent with this investment policy. Procedures should include references to: safekeeping, delivery vs. payment, investment accounting, repurchase agreements, wire transfer agreements, collateral/depository agreements and banking service contracts. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Finance Director. The Finance Director shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials. The Finance Director may from time to time amend the written procedures in a manner not inconsistent with this policy or with state statutes.

Investment Instruments

The Village may invest in any type of security allowed by Illinois law, notably the Public Funds Investment Act, 30 ILCS 235/0.01 et seq. (1992). A summary of the allowable instruments are:

Interest-Bearing Passbook Savings Accounts

Interest-Bearing Now, Super Now and Money Market Accounts

Commercial Paper & Corporate Bonds - In obligations of corporations organized in the United States with assets exceeding \$500,000,000 if (i) such obligations are rated at the time of purchase at one of the 3 highest classifications established by at least 2 standard rating services and which mature not later than 3 years from the date of purchase, (ii) such purchases do not exceed 10% of the corporation's outstanding obligations, (iii) no more than one-third of the public agency's funds may be invested in short term obligations of corporations, and (iv) If subsequently downgraded below investment grade, the bonds must be liquidated by a manager from the portfolio within 90 days after being downgraded by one of the two largest rating services.

Public Treasurers' Investment Pool or other legally authorized Local Government Investment Pools.

Money Market Mutual Funds - registered under the Investment Company Act of 1940, provided the portfolio is limited to bonds, notes, certificates, treasury bills, or other securities which are guaranteed by the full faith and credit of the federal government as to principal and interest.

Repurchase Agreements - collateralized by full faith and credit U.S. Treasury securities.

Interest-Bearing Certificates of Deposit and Time Deposits-Constituting direct obligations of any bank as defined by the Illinois Banking Act and only those insured by the FDIC legally issuable by savings and loan associations incorporated under the laws of the State of Illinois or any other state or under the laws of the United States and only in those savings and loan association insured by the BIF.

Bonds, notes, certificates of indebtedness, Treasury bills or other securities which are guaranteed by the full faith and credit of the United States of America or other similar obligations of the U.S. or its agencies.

Short term discount obligations of the Federal National Mortgage Association.

Insured accounts of credit unions whose principal office is in Illinois.

Various tax-exempt securities, as permitted and limited by 30 ILCS 350/12 (1992) and the Public Funds Investment Act, 30 ILCS 235/0.01 et seq. (1992).

Diversification

It is the policy of the Village to diversify its investment portfolio. Investments shall be diversified to eliminate the risk of loss resulting in over concentration in a specific maturity, issuer, or class of securities. In order to reduce the risk of default, the investment portfolio of the Village of Libertyville shall not exceed the following diversification limits unless specifically authorized by the Board of Trustees:

- _ No financial institution shall hold more than 40% of the Village’s investment portfolio, exclusive of U.S. Treasury securities in safekeeping.
- _ Monies deposited at a financial institution shall not exceed 75% of the capital stock and surplus of that institution.
- _ Commercial paper shall not exceed 10% of the Village’s investment portfolio.
- _ Deposits in the Illinois Public Treasurer’s Investment Pool shall not exceed 50% of the Village’s investment portfolio.
- _ Brokered certificates of deposit shall not exceed 25% of the Village’s investment portfolio.

Collateralization

It is the policy of the Village to require deposits in excess of FDIC or SAIF insurable limits be secured by some form of collateral or insurance to protect public deposits in a single financial institution if it were to default due to poor management or economic factors. To accomplish this, every pledge of collateral will be documented by an approved written security and pledge agreement, executed by the financial institution contemporaneously with the acquisition of the pledged collateral by the financial institution, approved by the board of directors of the financial institution or its loan committee as reflected in the minutes of said board or committee, and continually kept as an official record of the financial institution.

Eligible collateral or insurance instruments and collateral ratios (market value divided by deposit) are as follows:

a)	U.S. Government Securities	110%
b)	Obligations of Federal Agencies	110%
c)	Obligations of Federal Instrumentalities	110%
d)	Obligations of the State of Illinois	110%
e)	General Obligation Bonds of the Village	110%
f)	Surety Bond issued by the Municipal Bond Investment Assurance (MBIA) or other Village approved issuer.	100%

The ratio of fair market value of collateral to the amount of funds secured shall be reviewed periodically and additional collateral will be requested when the ratio declines below the level required.

Safekeeping of Collateral-Third party safekeeping is required for all collateral. To accomplish this, the securities can be held at the following locations:

- 1) A Federal Reserve Bank or its branch office
- 2) At another custodial facility - generally in a trust department through book-entry at the Federal Reserve, unless physical securities are involved.
- 3) By an escrow agent of the pledging institution.

Safekeeping will be documented by an approved written agreement. This may be in the form of a safekeeping agreement, trust agreement, escrow agreement or custody agreement.

Substitution or exchange of securities held in safekeeping can be done without prior written notice of the Village provided the market value of the replacement securities are equal or greater than the market value of the securities being replaced. The Village will be notified in writing of all substitutions.

Safekeeping of Securities

All security transactions, including collateral for repurchase agreements, entered into by the Village of Libertyville shall be conducted on a delivery-verses-payment (DVP) basis. Securities will be held by a third party custodian designated by the Finance Director and evidenced by safekeeping receipts.

Third party safekeeping is preferred for all securities. To accomplish this, the securities can be held at the following locations:

- a) A Federal Reserve Bank or its branch office
- b) At another custodial facility - generally in a trust department through book-entry at the Federal Reserve, unless physical securities are involved
- c) By an escrow agent of the pledging institution
- d) A financial institution on the Illinois State Treasurer's approved list of safekeeping banks.

Safekeeping will be documented by an approved written agreement. This may be in the form of a safekeeping agreement, trust agreement, escrow agreement or custody agreement.

Authorized Financial Dealers & Institutions

The Finance Director will maintain a list of financial institutions authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by credit worthiness. These may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule). No public deposit shall be made except on qualified public depository as established by state statutes.

Ethics and Conflicts of Interest

In addition to the prohibitions contained in subsection 2(d) of the Public Funds Investment Act, 30 ILCS 285/2(b) (1992), officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the Board of Trustees any material financial interests in financial

institutions that conduct business with the Village, and they shall further disclose any large personal financial or investment positions that could be related to the performance of the Village's portfolio. Employees and officers shall subordinate their personal investment transactions to those of the Village particularly with regard to the timing of purchases and sales.

Sustainable Investing

Pursuant to 40 ILCS 5/1-113.6 and 1-113.17, the Village shall include material, relevant, and decision-useful sustainability factors that will be considered by the Village, within the bounds of financial and fiduciary prudence, in evaluating investment decisions. These factors consist of but are not limited to:

- a. Corporate governance and leadership factors
- b. Environmental factors
- c. Social capital factors
- d. Human capital factors
- e. Business model and innovation factors

In addition, the Village's efforts will include the following:

- i. Periodic evaluation of sustainability factors to ensure the factors are relevant to the Village's investment portfolio and the evolving marketplace;
- ii. Periodic monitoring of investment managers to encourage implementation of the aforementioned factors.

Indemnification

Investment officers and employees of the Village acting in accordance with this Investment Policy and written procedures as have been or may be established and exercising due diligence shall be relieved of personal liability for an individual security's credit risk or market changes.

Reporting

The Finance Director shall submit to the Village Board of Trustees, quarterly, an investment report which shall describe the portfolio in terms of investment securities, maturities and cost by fund, and earnings for the current period and year to date. The report shall indicate any areas of policy concern and planned revision of investment strategies.

Marking to Market

A statement of the market value of the portfolio shall be issued at least quarterly. This will ensure that the minimal amount of review has been performed on the investment portfolio in terms of value and subsequent price volatility.

Performance Standards

The investment portfolio will be managed in accordance with the parameters specified within this policy. The portfolio should obtain a market average rate of return during a market/economic environment of stable interest rates. Portfolio performance should be compared to appropriate benchmarks on a regular basis. The Village's investment strategy is passive. Given this strategy, the basis used by the Finance Director to determine whether market yields are being achieved shall be the three-month U.S. Treasury Bill.

Amendment

This policy shall be reviewed from time to time and revisions shall be presented to the Board of Trustees for their approval.

Conflict

All Village Ordinances and parts of Ordinances and all Resolutions or parts thereof in conflict with this policy, or any parts thereof, are hereby repealed. In the event of any conflict between this Policy and the Illinois Compiled Statutes or case decisions of the State of Illinois, then the Statutes and case law decisions shall control.

Captions and Headings

The captions and headings used herein are for convenience of reference only and do not define or limit the contents.

Approved: 2/12/2020

**APPENDIX D
VILLAGE OF LIBERTYVILLE
Proposal Exception Form**

Name of Bank: _____

The proposing bank wishes to note exceptions to the following items in the Request for Proposal:

<u>Page Number</u>	Item	<u>Estimated (Costs)</u>
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