

**VILLAGE OF LIBERTYVILLE
BOARD OF TRUSTEES**

**Committee of the Whole
Finance Committee**

**October 13, 2020
7:00 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/201985373>

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

United States: +1 (872) 240-3311

Access Code: 201-985-373

1. Approve Minutes of the September 22, 2020 Meeting
2. Budget Amendment (FY 2020-2021) Continued Discussion
3. Review of Monthly Financial Report – September 2020 / COVID-19 Impact Update
4. Electric Utility Tax
5. Police and Fire Pension Funds Actuarial Valuations
6. Proposed FY 2021-2022 Budget Process Calendar
7. Stormwater (Verbal Update)
8. Other
9. Adjourn



VILLAGE OF LIBERTYVILLE
Finance Committee/Committee of the Whole Minutes
DRAFT
September 22, 2020

A joint meeting of the Finance Committee and Committee of the Whole was held on Tuesday, September 22, 2020 at 7:00pm virtually due to COVID-19. In attendance were Committee members: Chairman Moras and Trustees Carey and Justice. Also in attendance were Mayor Wepler, Trustee Johnson, Trustee Adams, Trustee Garrity, Clerk Kowal, Administrator Amidei, Deputy Administrator Engelmann, Fire Chief Rich Carani, Public Works Director Paul Kendzior, Police Chief Clint Herdegen, Village Attorney David Pardys, Community Development Director John Spoden, and Finance Director Mostardo.

Clerk Kowal called the roll.

PRESENT – Wepler, Johnson, Moras, Justice, Adams, Garrity, Carey
NOT PRESENT – None

Trustee Carey moved to approve the minutes of the August 25, 2020 Finance Committee/Committee of the Whole meeting and Trustee Justice seconded. After a roll call vote, the motion carried.

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

Review of Monthly Reports

Trustee Moras offered some introductory remarks indicating that he was pleased with the financial results from August. Director Mostardo presented the monthly financial reports and provided an overview on the health of each fund. Echoing Trustee Moras, Director Mostardo indicated that August revenues continued to climb and were performing better relative to earlier in the fiscal year. Director Mostardo further indicated that several funds are still performing behind their historical trends and should be considered for a budget amendment.

Trustee Moras concluded the discussion of this item by expressing cautious optimism on the Village's financial position moving forward.

Stormwater Updates

Director Mostardo provided the Committee with two updates related to the stormwater utility fee project. The first update pertained to staff progress with respect to coding utility billing data and matching to the impervious surface analysis. Director Mostardo outlined that while the Village's GIS contractor was able to automatically match up a majority of parcel identification numbers (PINs) to the Village's existing utility account database, there is still a non-trivial number of parcels and accounts that will need to be matched up manually by staff. Staff are endeavoring to spend the equivalent of at least one business day per week working through the manual coding process.

Director Mostardo also reminded the Committee that any trustee may contact him directly if they would like him to run fee projections on a parcel within the Village.

Director Mostardo then requested policy direction from the committee on steps subsequent to the completion of the billing database. Trustee Moras indicated he would like to see public outreach prior to the passing of an ordinance. Trustee Johnson agreed that public input prior to an ordinance being passed is a prudent measure. Director Mostardo asked the committee for feedback related to conducting public outreach virtually on account of COVID-19. Mayor Weppler did not have concerns with using a virtual meeting medium for stormwater utility fee public outreach. He further suggested utilizing the Village Views newsletter to communicate public outreach plans.

Budget Amendment (FY 2020-2021)

Director Mostardo facilitated a presentation pertaining to a proposed FY 2020-2021 budget amendment for the committee's consideration. He walked through general purposes of the budget amendment process, the Village's overall financial position, and personnel considerations. He then proceeded to walk through the individual Village funds. Upon recommendation of a reinstatement of the non-union cost-of-living adjustment, Trustee Johnson inquired as to whether or not the Village could afford to make such a move under the financial projections contained within the budget amendment. Director Mostardo noted that conservative assumptions were used in preparing the budget amendment. Even with these conservative assumptions, financial capacity was sufficient to allow for the reinstatement of the non-union cost-of-living adjustment.

Mayor Weppler asked about the staff recommendation to defer the tree trimming program for one year. He wondered about the mechanics of deferring that program with the third-party contractor. Director Kendzior replied that staff will be seeking an agreement with the contractor to defer the program for one year at the same price point as what would have been paid in the current year.

With respect to the General Fund, Director Mostardo indicated that even though revenues are project to be down significantly on account of the COVID-19 pandemic, staff were able to develop the proposed budget amendment to draw down fund balance reserves no lower than the fund balance policy amount.

Mayor Weppler inquired about the proposed operational changes in the Commuter Parking Fund. Specifically, he asked if the Village was prepared to accommodate people that decide to ride the training during adverse weather. If portions of the parking lots were closed as was recommended in the budget amendment, he was concerned that there would not be enough space in the lots. Director Mostardo said staff could make changes to the plowing schedule if needed and offset such expenses by higher commuter parking revenues that would be expected were ridership to increase.

A discussion ensued regarding the Non-Home Rule Sales Tax Fund. Mayor Weppler was okay with how the budget amendment reflected sharing non-home rule sales tax revenues with the Stormwater Sewer Fund in FY 2020-2021. Trustee Garrity indicated he preferred to avoid sharing these revenues with stormwater, preferring to have them dedicated solely to general capital needs; however, he understood the unique circumstances of the current situation.

After running out of time due to the Village Board meeting at 8:00pm, the committee decided to defer the remainder of the presentation to Tuesday October 13, 2020. Trustee Johnson made the formal motion, which was seconded by Trustee Carey. After a roll call vote, the motion carried.

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

Other

None.

Adjournment

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

AYES – Johnson, Moras, Justice, Adams, Garrity, Carey

NAYS – None

NOT VOTING – None

The meeting was adjourned at 8:02pm

Respectfully submitted,

Nicholas A. Mostardo
Director of Finance

MEMORANDUM

TO: CHAIRMAN MORAS AND FINANCE COMMITTEE

FROM: NICHOLAS MOSTARDO, DIRECTOR OF FINANCE

SUBJECT: BUDGET AMENDMENT (FY 2020-2021) CONTINUED DISCUSSION

DATE: 10/5/2020

CC: KELLY AMIDEI, VILLAGE ADMINISTRATOR

Background

Staff have completed the process of compiling a proposed budget amendment for the Fiscal Year 2020-2021 budget that reflects revenue losses on account of COVID-19. The Finance Director delivered a portion of a presentation outlining the proposed amendment during the September 22, 2020 committee meeting. Due to time constraints, the remainder of the presentation will take place during at 7:00pm on Tuesday October 13, 2020.

If the committee recommends adoption of the budget amendment without changes to the full Village Board, final approval is scheduled for the October 13, 2020 Village Board meeting.

Recommendation

1. Consider recommending adoption of the proposed FY 2020-2021 budget amendment to the Village Board.

MEMORANDUM

TO: CHAIRMAN MORAS AND FINANCE COMMITTEE

FROM: NICHOLAS MOSTARDO, DIRECTOR OF FINANCE

SUBJECT: VILLAGE OF LIBERTYVILLE FINANCIAL UPDATE

DATE: 10/13/2020

CC: KELLY AMIDEI, VILLAGE ADMINISTRATOR

Background

The attached monthly financial statements provide general commentary related to Village finances for the month of September 2020. 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 September, there began to be an increase in the COVID-19 positivity trend throughout most of the country. Certain states have taken action to make adjustments to their reopening procedures in an effort to mitigate the case level increase while other states have taken a more hands-off approach.

In Illinois, the daily number of positive cases stayed fairly consistent during the month of September, typically between 1,500 and 2,000 per day. The State has used targeted regional restrictions to address emerging pockets of high COVID-19 positivity.

In Lake County and Libertyville, not much has changed from the previous month with respect to the impacts of COVID-19. In terms of weather, much of September was still relatively pleasant and amenable to outdoor dining. The Village continues to conduct its official meetings virtually, while the Village Hall and most other Village buildings are open for regular operations. The amount of front counter traffic in Village Hall is lower than prior to the pandemic, but staff still remain busy answering questions, assisting with utility bill inquires, and issuing birth and death certificates.

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. If COVID-19 presents a structural threat to the financial position of the fund, a budget amendment may be considered to lower budgeted revenues and appropriations.

Legislative Updates

There was no COVID-19 relief bill passed by Congress in September. Toward the end of the month, talks between the House of Representatives and White House were restarted. It remains to be seen if a relief bill can be agreed upon prior to the election in November.

The Village recently submitted its CARES Act reimbursement request to Lake County. With the updated Treasury Department guidelines highlighted in last month’s report, the Village can receive direct reimbursement of public safety payroll costs. The total amount of reimbursement the Village expects to receive is \$934,578.

Financial Observations

Staff have completed a proposed budget amendment for FY 2020-2021, which was partially presented to the Board as part of the September 22, 2020 Committee of the Whole/Finance Committee meeting. The discussion will continue on October 13, 2020.

As mentioned last month, the non-home rule sales tax went into effect on July 1, 2020. The Village will receive its first distribution in October.

Attachments

1. Fund Health Grid – Month Ended September 30, 2020
2. Unaudited Financial Statements – Month Ended September 30, 2020

**VILLAGE OF LIBERTYVILLE
FUND HEALTH GRID
September 30, 2020**

<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 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	17,343,325	57.97%	30,142,516	14,100,128	46.78%	80.70%		4	Fund included in proposed budget amendment
Concord SSA	23,090	22,670	98.18%	23,090	18,179	78.73%	80.19%		1	Variation due to timing of revenues. No recommendations at this time
Fire Fund	1,000	1,465	146.50%	2,464	3,000	121.78%	83.12%		3	None
Foreign Fire Insurance Fund	50,750	811	1.60%	53,000	118	0.22%	13.91%		5	Variation due to timing of revenues. No recommendations at this time
Timber Creek SSA	21,840	21,686	99.30%	21,940	16,525	75.32%	75.85%		1	Variation due to timing of revenues. No recommendations at this time
Motor Fuel Tax Fund*	527,954	251,970	47.73%	866,667	289,566	33.41%	70.01%		5	Fund included in proposed budget amendment
Debt Service Fund	1,615,303	1,582,169	97.95%	1,701,086	1,332,746	78.35%	79.99%		1	Variation due to timing of revenues. No recommendations at this time
TIF Fund	4,114,301	4,009,586	97.45%	4,208,994	3,342,612	79.42%	81.49%		1	Variation due to timing of revenues. No recommendations at this time
Impact Fee Fund	-	80,159	0.00%	20,000	67,597	337.98%	0.00%		5	None
Hotel/Motel Tax Fund*	374,000	190,260	50.87%	387,500	47,809	12.34%	24.25%		5	Fund included in proposed budget amendment
Commuter Parking Fund*	414,500	182,027	43.91%	445,500	50,870	11.42%	26.00%		5	Fund included in proposed budget amendment
Utility Fund*	10,890,055	4,256,358	39.08%	10,529,375	4,579,290	43.49%	111.27%		5	Fund included in proposed budget amendment
Stormwater Sewer Fund*	2,860,000	123,183	4.31%	11,011,933	210,614	1.91%	44.41%		5	Fund included in proposed budget amendment
Vehicle Maint/Replacement Fund	1,877,025	815,916	43.47%	1,841,956	690,493	37.49%	86.24%		5	Fund included in proposed budget amendment
Technology Equipment Replacement Fund	661,108	250,960	37.96%	668,742	261,765	39.14%	103.11%		5	Fund included in proposed budget amendment
Project Fund	543,500	138,395	25.46%	527,500	199,898	37.90%	148.82%		5	Fund included in proposed budget amendment
Park Improvement Fund	126,500	112,664	89.06%	376,750	167,838	44.55%	50.02%		5	Fund included in proposed budget amendment
Public Building Improvement Fund	-	-	0.00%	-	-	0.00%	0.00%		5	None
Libertyville Sports Complex Fund	3,527,235	641,495	18.19%	3,665,568	(168,034)	-4.58%	-25.21%		5	Fund included in proposed budget amendment

*Omits large one-time revenues for benchmarking purposes.



VILLAGE OF LIBERTYVILLE

FISCAL YEAR 2020 - 2021



UNAUDITED FINANCIAL STATEMENTS



MONTH ENDING:

September 30, 2020

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
September 30, 2020

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' 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 September, 2020, it is clear that the COVID-19 pandemic continues to impact the Village's financial position. Total revenues for September month-end during the current fiscal year are \$18,529,512 versus \$22,481,691 at the end of September during the previous fiscal year, a drop of 17.6%. At the time this financial report was prepared, Village staff were in the process of preparing a FY 2020-2021 budget amendment for Board consideration to reflect the estimated annualized revenue impacts of COVID-19.

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 \$1,594,273. 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 next several months 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

118 West Cook Avenue Libertyville, Illinois 60048 (847) 362-2430 (847) 362-9453 fax
www.libertyville.com



PAGES 3 & 5 – GENERAL FUND YTD REVENUES

Revenue Summary

Based on historical trends, the budget benchmark for the five months of the fiscal year ended September 30 is 56.53%. For the five months of the fiscal year ended September 30, 2020, the General Fund revenues totaled 46.84% of the annual budget.

Property Taxes

The budget benchmark for the end of the September is 97.89%, while actual September 30, 2020 collections total 77.68% of budget. This is a large difference which can mostly be attributed to timing. It is expected that this revenue category will trend closer to benchmark near the end of October.

State Revenues

The September sales tax payment reflected the impact of the COVID-19 pandemic and will be discussed in a separate section of this report. Income tax was stable from the prior year and is being supplemented by the fact that Illinois taxes unemployment benefits. Use tax is trending about \$70,000 higher versus the prior year.

Permit Revenue

Building permit sales in September totaled \$152,400 versus \$74,838 in the prior year. Permit sales are still performing well this year with an actual percentage of 52.17% versus a budget benchmark of 42.57%.

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) Engineering Fees, 3) All types of fines

Miscellaneous Comments

None.



PAGES 4-5 – GENERAL FUND YTD EXPENSES

Expense Summary

Overall General Fund expenses are down in September 2020 versus September 2019 by \$1,339,055. This is attributable to lower salaries in the Genral 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 has increased compared to the prior month.

Miscellaneous Comments

None.



PAGE 6 – UTILITY FUND REVENUES AND EXPENSES

Revenue Summary

Overall Utility Fund revenues for September 2020 were up \$82,418 from the prior year. The revenue on a water/sewer sales basis is higher in the current year (\$4,576,207 vs \$4,234,021) by \$342,186. Consumption is also higher than the prior year.

Expense Summary

Utility Fund actual expenses are running slightly 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. Management continues to encourage operational staff to spend responsibly and keep in mind 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. This negative value has become slightly more favorable over the last month due collection of certain receivables Staff continue to negotiate an agreement with the GLSA that would allow the organization to lease space independently during the winter season.

Expense Summary

Overall expenses in the Sports Complex Fund are down as expected due to the closure of the facility. Utilities expense, which was trending higher in prior months, appears to have stabilized.

Miscellaneous Comments

None.



PAGE 8 – SALES TAX REVENUE TRENDS

Miscellaneous Comments

Sales tax receipts for September 2020 reflect sales in June 2020 and tax remittances collected by the State of Illinois in July 2020. This remittance reflects the Village's third full-month of COVID-19 impacts, albeit with the State allowing more substantial reopening. The sales tax impact of the COVID-19 pandemic in June was approximately \$21,555 versus the prior year (\$663,359 in September 2020 versus \$684,914 in September 2019). This represents a significant improvement from the prior month.

Beginning in May, the State allowed for expanded outdoor dining and some of the initial shock of the COVID-19 pandemic had abated. Sale tax remittances may once again decline as the weather gets colder and activities move indoors.

PAGE 9 – 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. Accounts that were offering over 200 basis points yield in September 2019 are now offering less than 25 basis points yield. The interest rates of available new CDs has also declined.

Village Hall



VILLAGE OF LIBERTYVILLE, ILLINOIS
 (SELECTED FUNDS)
 MONTHLY BALANCE SHEET
 September 30, 2020

	GENERAL FUND	MOTOR FUEL TAX	TAX INC FINANCE DISTRICT	IMPACT FEE	HOTEL / MOTEL TAX	COMMUTER PARKING	INTERNAL a SVC FUND	CAPITAL b PROJECTS	UTILITY c FUND	STORMWATER SEWER FUND	LIBERTYVILLE SPORTS COMPLEX	TOTAL
ASSETS												
CASH & INVESTMENTS	13,694,235	3,027,079	3,836,384	960,181	479,115	578,119	1,504,706	2,256,864	3,061,845	1,138,789	(634,673)	29,902,643
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	3,083,448	35,382			56,599		47,395	33,778	2,652,796	135,988	625,034	6,670,421
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	25,322,026	3,062,461	8,151,646	960,181	535,714	578,119	6,269,896	2,290,642	37,638,274	1,274,777	15,431,661	101,515,397
LIABILITIES												
ACCOUNTS PAYABLE	131,193	75,634			582	110	25,945	2,554	282,640	59,887	163,566	742,111
UNEARNED REVENUE											(4,042)	(4,042)
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	6,742,615		4,315,262				80,000		24,000		68,889	11,230,765
NET PENSION LIABILITY									2,692,179		681,647	3,373,826
DEPOSITS	1,429,613								71,855		8,200	1,509,667
BONDS PAYABLE							104,512		12,778,007		13,810,000	26,692,519
DUE TO OTHER FUNDS												-
UNAMORTIZED BOND COSTS												-
TOTAL LIABILITIES	8,900,958	75,634	4,315,262	-	582	4,610	251,803	2,554	16,161,753	59,887	14,817,403	44,590,446
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				71,110								71,110
UNRESERVED	14,526,364	2,032,684	947,930	369,761	555,424	617,993	5,352,174	2,544,377	5,551,019	1,915,327	1,294,235	35,707,288
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	1,884,113	954,143	2,888,454	67,597	(20,292)	(44,484)	(640,867)	(482,092)	1,425,366	(700,437)	(679,977)	4,651,523
TOTAL LIABILITIES & ENDING FUND EQUITY	25,322,026	3,062,461	8,151,646	960,181	535,714	578,119	6,269,896	2,290,642	37,638,274	1,274,777	15,431,661	101,515,397

a - VEHICLE MAINT/REPLACEMENT SERVICE FUND and TECHNOLOGY EQUIPMENT/REPLACEMENT FUND c - UTILITY FUND (WATER, SEWER, WWTP, DEBT SERVICE , CAPITAL IMPROVEMENTS)

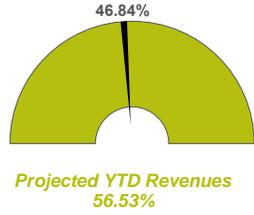
b - PROJECT FUND, ROAD BOND FUND, BUILDING FUND, PARK IMPROVEMENT FUND, and PUBLIC BUILDING IMPROVEMENT FUND

General Fund Revenue Dashboard Summary

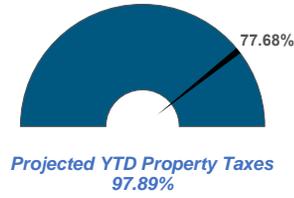
For the Period Ending September 30, 2020



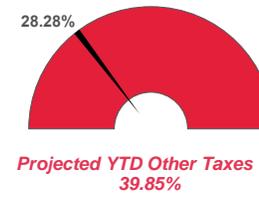
Actual YTD Revenues



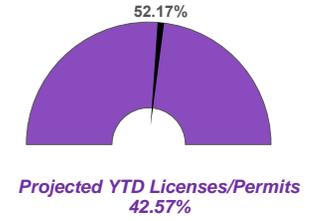
Actual YTD Property Taxes



Actual YTD Other Taxes



Actual YTD Licenses/Permits

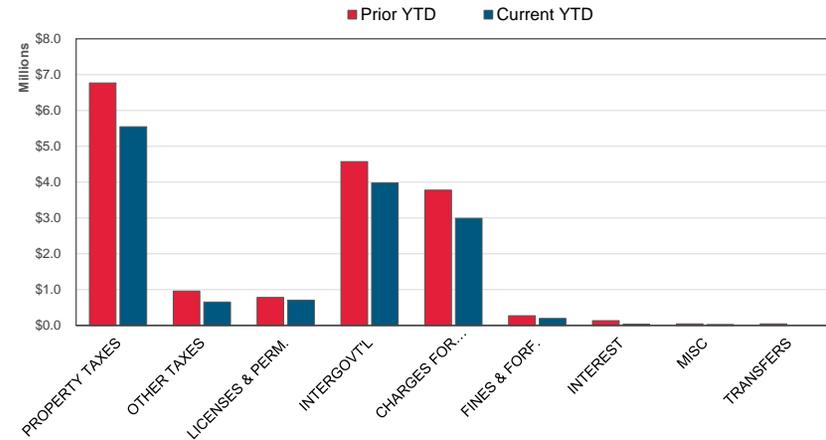


Revenues

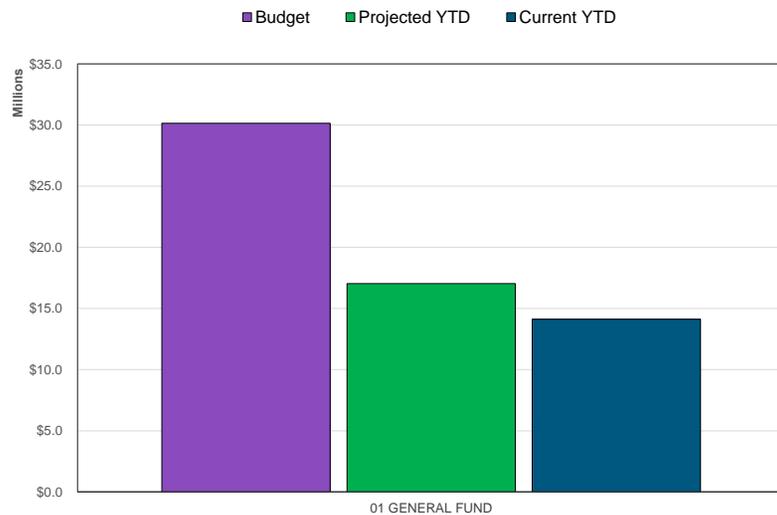
Top 10 General Fund Sources of Revenue (YTD)

Sales Tax	\$2,641,694.79
Prop Taxes Police Pension Fund	\$1,600,175.90
Libertyville Fire Prot Dist	\$1,514,900.00
Prop Taxes Fire Pension Fund	\$1,156,188.38
Income Tax	\$964,641.52
Prop Taxes General Corporate	\$916,761.07
Building Permits	\$643,882.32
Prop Taxes Fire Protection	\$585,506.13
Electric Utility Tax	\$492,318.87
Ambulance Fees	\$425,774.79
Percent of Total Revenues YTD	77.50%

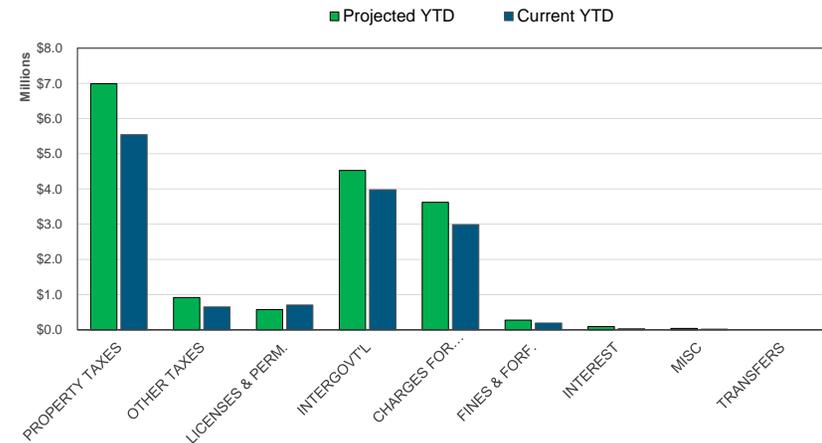
Revenue by Source | Prior YTD vs. Current YTD



Revenues by Fund | Budget / Projected YTD / Current YTD



Revenue by Source | Projected YTD vs. Current YTD

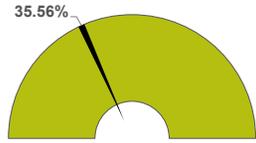


General Fund Expenditure Dashboard Summary

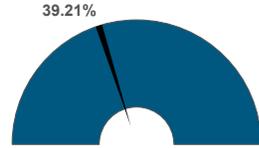
For the Period Ending September 30, 2020



Projected Fund Balance as % of Projected Expenditures

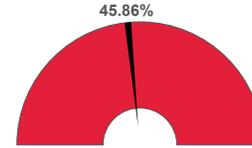


Actual YTD Expenditures



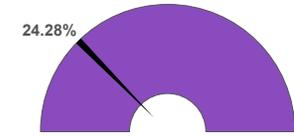
Projected YTD Expenditures
45.19%

Actual YTD Salaries/Benefits



Projected YTD Salaries/Benefits
50.46%

Actual YTD Other Expenses



Projected YTD Other Expenses
33.37%

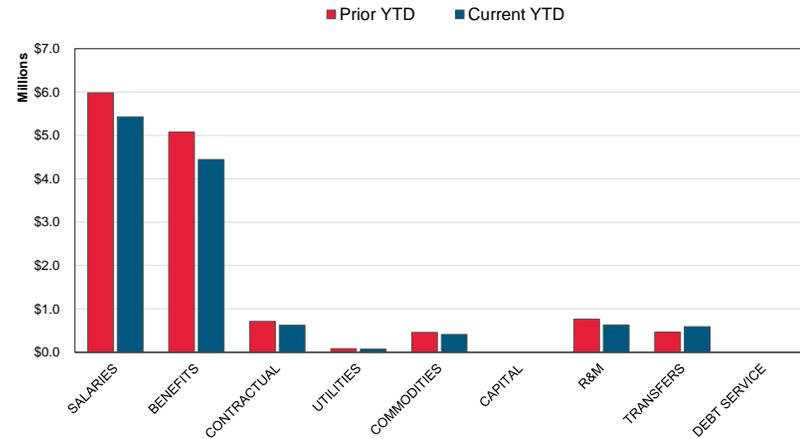
Expenditures

Top 10 General Fund Expenditures by Program (YTD)

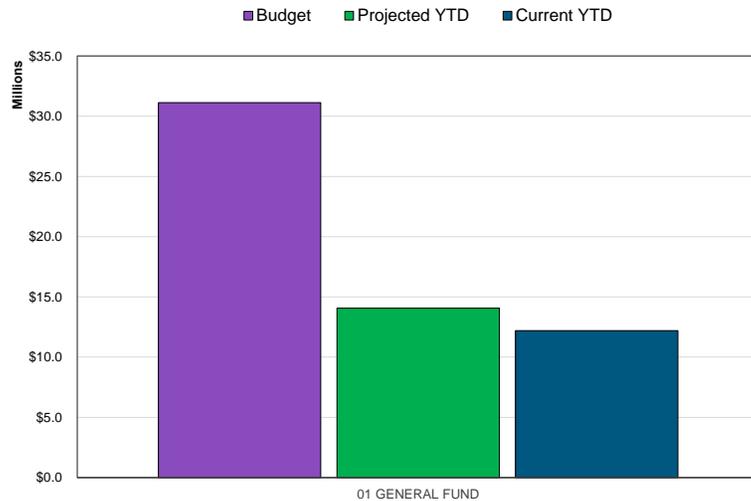
1-701000 Salaries	\$5,036,472.98
2-786000 Employer Contrib-Pol Pension	\$1,610,175.90
2-787000 Employer Contrib-Fire Pension	\$1,166,188.38
2-720000 Insurance	\$1,152,044.69
8-799000 Transfers Out	\$562,500.02
7-714000 Vehicle/Grounds Maintenance	\$325,688.82
3-705000 Contractual Services	\$249,430.54
2-793000 Employer Contribution Imrf	\$242,179.94
1-704000 Salaries	\$228,436.87
2-794000 Emp Contribution Fica/Medicare	\$172,908.37

Percent of Total Expenditures YTD **88.06%**

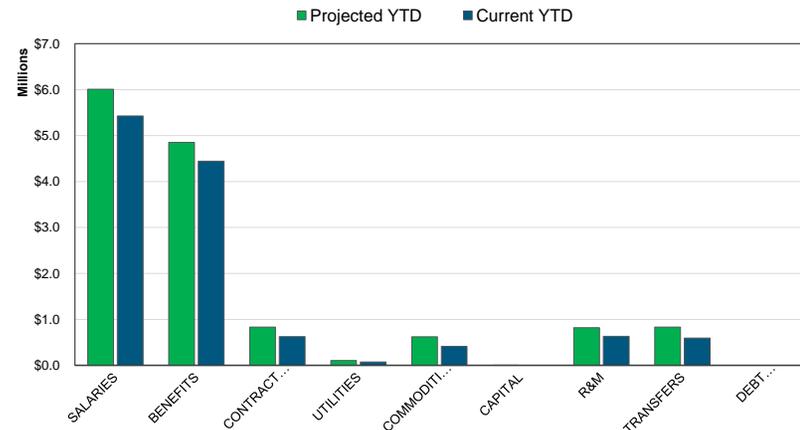
Expenditures by Object | Prior YTD vs. Current YTD



Expenditures by Fund | Budget / Projected YTD / Current YTD



Expenditures by Object | Projected YTD vs. Current YTD

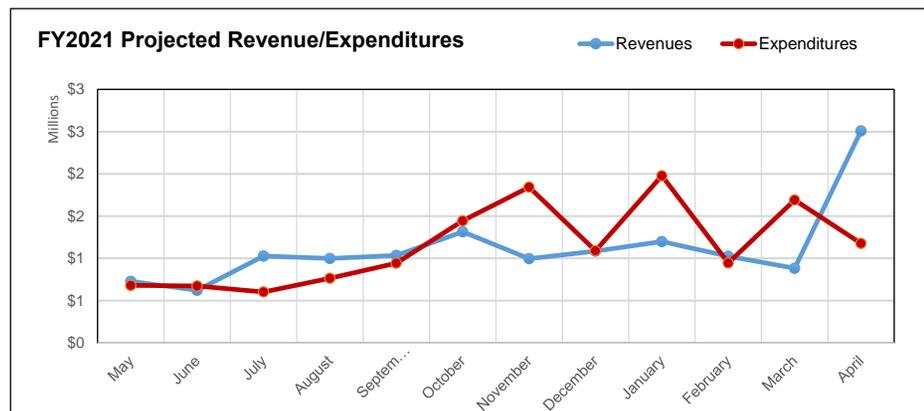
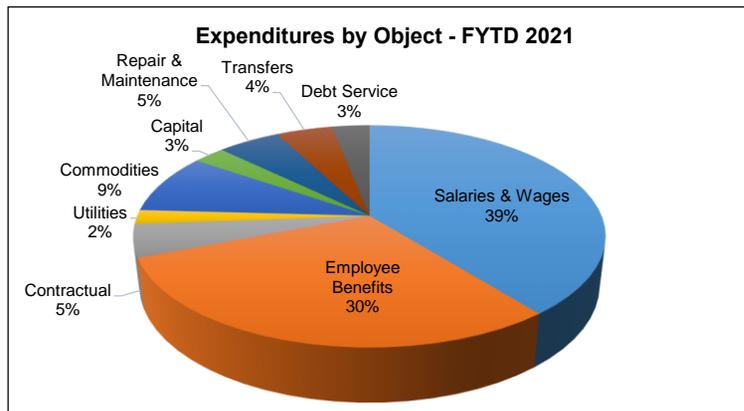


Statement of Revenues, Expenditures, and Changes In Fund Balance



For the Period Ending September 30, 2020
All Funds Summary Breakdown
 (With Comparative Totals For the Period Ended September 30, 2019)

	All Funds FY2020	All Funds FY2021	% Incr/(Decr)	General Fund	Utility Fund	Libertyville Sports Complex Fund
REVENUES						
Property Taxes	\$6,765,412	\$5,544,815	(18.04%)	\$5,544,815	\$0	\$0
Other Taxes	958,079	652,035	(31.94%)	652,035	0	0
Licenses & Permits	778,981	704,000	(9.63%)	704,000	0	0
Intergovernmental	4,573,750	3,978,206	(13.02%)	3,978,206	0	0
Charges for Services	8,643,995	7,386,664	(14.55%)	2,987,934	4,576,207	(177,476)
Fines & Forfeitures	269,756	193,294	(28.34%)	193,294	0	0
Interest	156,707	37,494	(76.07%)	34,412	3,082	0
Miscellaneous	292,455	33,003	(88.72%)	23,561	(0)	9,442
Transfers	42,557	0	(100.00%)	0	0	0
TOTAL REVENUE	\$22,481,691	\$18,529,512	(17.58%)	\$14,118,258	\$4,579,289	(\$168,034)
EXPENDITURES						
Salaries & Wages	7,050,907	6,227,213	(11.68%)	5,428,832	688,736	109,644
Employee Benefits	5,390,693	4,725,612	(12.34%)	4,444,136	254,846	26,629
Contractual	862,945	756,060	(12.39%)	625,167	106,268	24,626
Utilities	447,135	328,806	(26.46%)	72,504	225,262	31,041
Commodities	1,437,151	1,385,616	(3.59%)	411,092	971,642	2,881
Capital	322,922	414,721	28.43%	0	414,721	0
Repair & Maintenance	1,039,901	811,190	(21.99%)	630,081	164,478	16,632
Transfers	599,579	728,497	21.50%	591,922	131,425	5,150
Debt Service	310,827	490,070	57.67%	0	194,730	295,340
TOTAL EXPENDITURES	\$17,462,058	\$15,867,785	(9.13%)	\$12,203,735	\$3,152,107	\$511,943
SURPLUS / (DEFICIT)	5,019,633	2,661,727	(46.97%)	\$1,914,523	\$1,427,182	(\$679,978)
FUND BALANCE						
Beginning of Period				\$12,448,550	\$4,188,287	(\$1,308,794)
End of Period				\$14,363,074	\$5,615,469	(\$1,988,772)

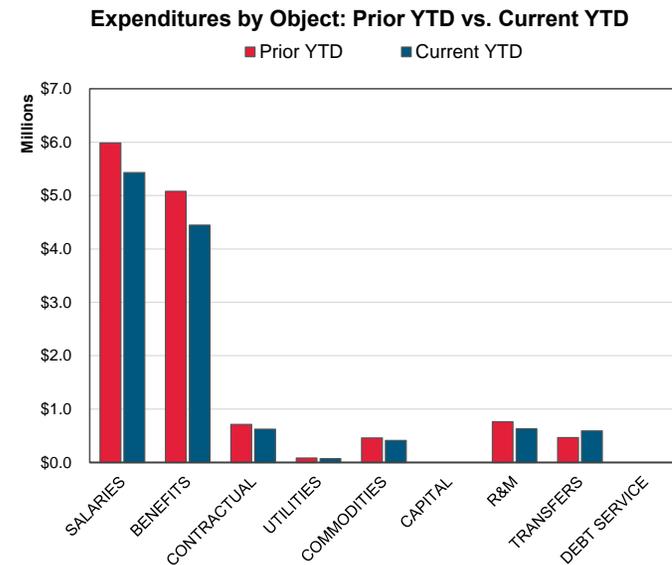
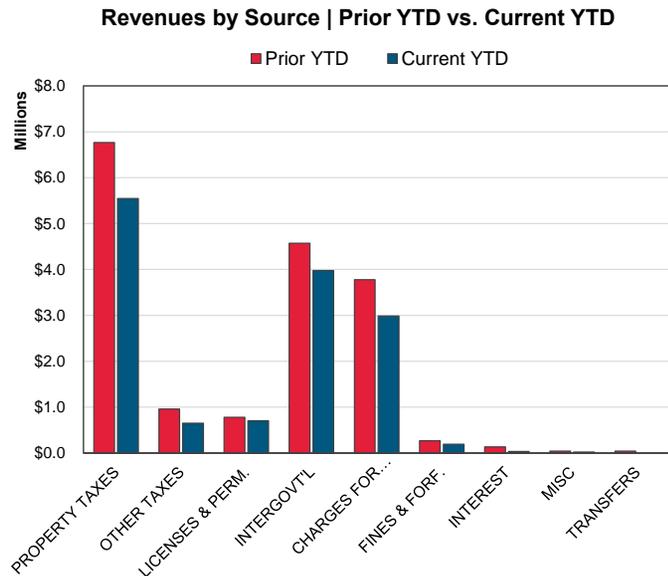


General Fund | Financial Summary

For the Period Ending September 30, 2020



	YTD % of PY		YTD % of Budget	
	Prior YTD	Prior Year Actual	Actual	Budget
REVENUES				
Property Taxes	\$6,765,412	\$6,952,977	97.30%	\$5,544,815
Other Taxes	958,079	2,338,907	40.96%	652,035
Licenses & Permits	778,981	1,614,983	48.23%	704,000
Intergovernmental	4,573,750	10,953,224	41.76%	3,978,206
Charges for Services	3,776,131	7,548,332	50.03%	2,987,934
Fines & Forfeitures	269,756	673,754	40.04%	193,294
Interest	133,758	350,067	38.21%	34,412
Miscellaneous	44,901	402,863	11.15%	23,561
Transfers	42,557	102,137	41.67%	0
TOTAL REVENUE	\$17,343,325	\$30,937,245	56.06%	\$14,118,258
EXPENDITURES				
Salaries & Wages	5,982,518	13,866,743	43.14%	5,428,832
Employee Benefits	5,080,183	7,786,750	65.24%	4,444,136
Contractual	712,250	2,503,680	28.45%	625,167
Utilities	82,768	240,569	34.41%	72,504
Commodities	457,894	1,187,663	38.55%	411,092
Capital	0	2,096	0.00%	0
Repair & Maintenance	761,761	1,754,484	43.42%	630,081
Transfers	465,417	2,504,067	18.59%	591,922
Debt Service	0	0		0
TOTAL EXPENDITURES	\$13,542,790	\$29,846,052	45.38%	\$12,203,735
SURPLUS / (DEFICIT)	\$3,800,535	\$1,091,193		\$1,914,523
ENDING FUND BALANCE	\$15,157,893			\$14,363,074



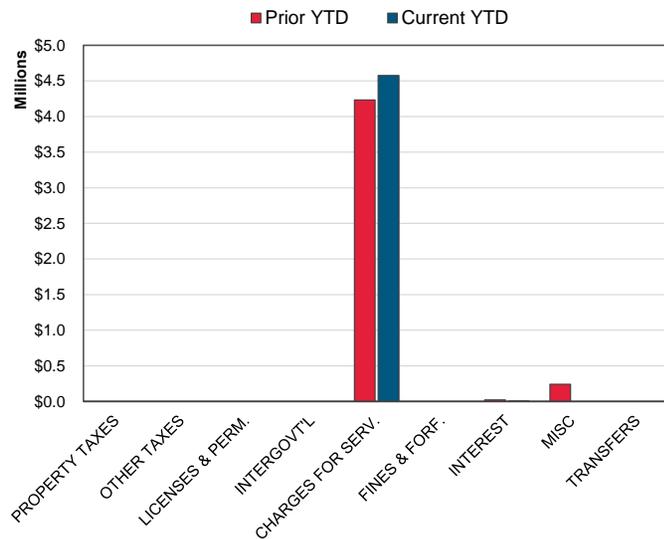
Utility Fund | Financial Summary

For the Period Ending September 30, 2020

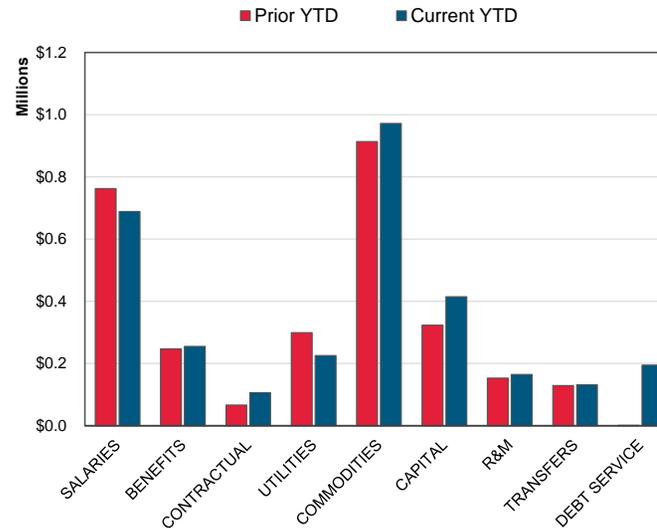


	Prior YTD	Prior Year Actual	YTD % of PY Actual	Current YTD	Annual Budget	YTD % of Budget
REVENUES						
Property Taxes	\$0	\$0		\$0	\$0	
Other Taxes	0	0		0	0	
Licenses & Permits	0	0		0	0	
Intergovernmental	0	0		0	0	
Charges for Services	4,234,021	10,102,656	41.91%	4,576,207	10,503,375	43.57%
Fines & Forfeitures	0	0		0	0	
Interest	22,087	42,402	52.09%	3,082	25,000	12.33%
Miscellaneous	240,763	1,689,930	14.25%	0	1,000	0.00%
Transfers	0	0		0	0	
TOTAL REVENUE	\$4,496,871	\$11,834,988	38.00%	\$4,579,289	\$10,529,375	43.49%
EXPENDITURES						
Salaries & Wages	762,243	1,782,575	42.76%	688,736	1,732,709	39.75%
Employee Benefits	246,788	598,974	41.20%	254,846	643,453	39.61%
Contractual	66,632	300,685	22.16%	106,268	399,245	26.62%
Utilities	299,253	1,082,818	27.64%	225,262	1,043,050	21.60%
Commodities	913,687	2,495,985	36.61%	971,642	2,276,735	42.68%
Capital	322,922	2,773,352	11.64%	414,721	2,910,700	14.25%
Repair & Maintenance	152,869	434,000	35.22%	164,478	498,508	32.99%
Transfers	129,162	309,989	41.67%	131,425	315,419	41.67%
Debt Service	1,178	455,944	0.26%	194,730	1,123,639	17.33%
TOTAL EXPENDITURES	\$2,894,733	\$10,234,321	28.28%	\$3,152,107	\$10,943,458	28.80%
SURPLUS / (DEFICIT)	\$1,602,139	\$1,600,667		\$1,427,182	(\$414,083)	
ENDING FUND BALANCE	\$4,189,759			\$5,615,469		

Revenues by Source | Prior YTD vs. Current YTD



Expenditures by Object: Prior YTD vs. Current YTD

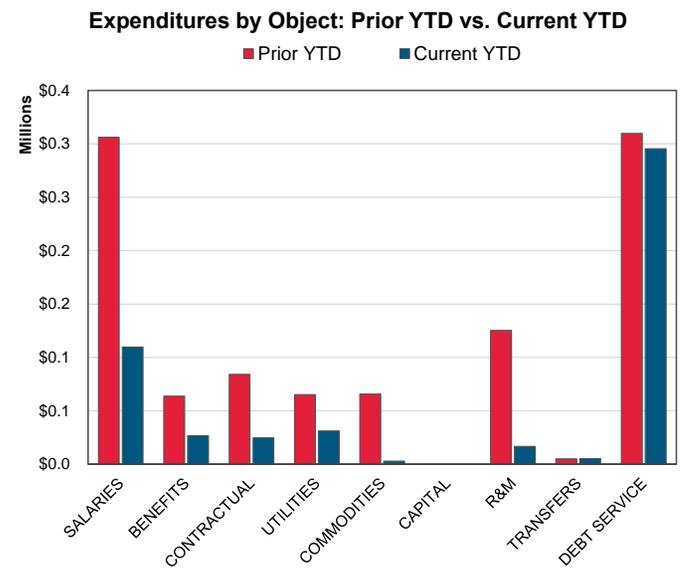
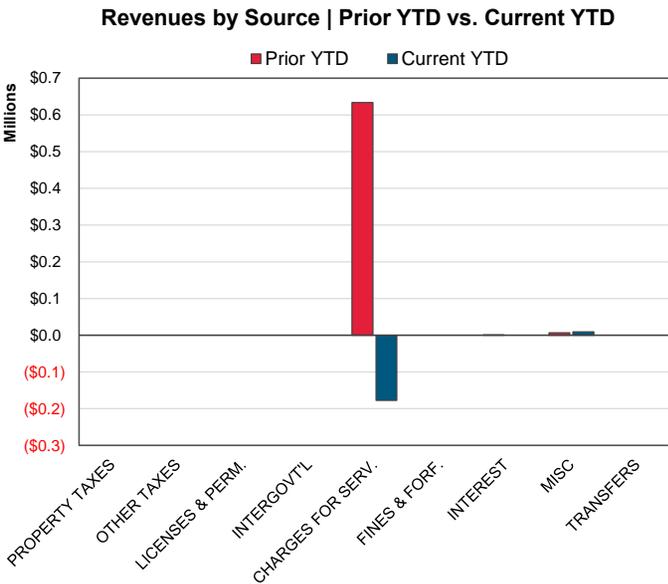


Libertyville Sports Complex Fund | Financial Summary

For the Period Ending September 30, 2020



	YTD % of PY			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	633,843	2,086,888	30.37%	(177,476)	2,210,140	(8.03%)
Fines & Forfeitures	0	0		0	0	
Interest	861	1,230	69.98%	0	0	
Miscellaneous	6,790	21,666	31.34%	9,442	30,000	31.47%
Transfers	0	1,402,035	0.00%	0	1,425,428	0.00%
TOTAL REVENUE	\$641,495	\$3,511,819	18.27%	(\$168,034)	\$3,665,568	(4.58%)
EXPENDITURES						
Salaries & Wages	306,147	732,911	41.77%	109,644	768,501	14.27%
Employee Benefits	63,721	163,040	39.08%	26,629	178,141	14.95%
Contractual	84,063	325,025	25.86%	24,626	330,916	7.44%
Utilities	65,114	214,478	30.36%	31,041	204,170	15.20%
Commodities	65,570	195,060	33.62%	2,881	234,650	1.23%
Capital	0	125	0.00%	0	150,000	0.00%
Repair & Maintenance	125,272	310,316	40.37%	16,632	328,650	5.06%
Transfers	5,000	12,000	41.67%	5,150	12,360	41.67%
Debt Service	309,649	1,585,993	19.52%	295,340	1,458,180	20.25%
TOTAL EXPENDITURES	\$1,024,535	\$3,538,947	28.95%	\$511,943	\$3,665,568	13.97%
SURPLUS / (DEFICIT)	(\$383,041)	(\$27,128)		(\$679,978)	\$0	
ENDING FUND BALANCE	(\$1,664,707)			(\$1,988,772)		

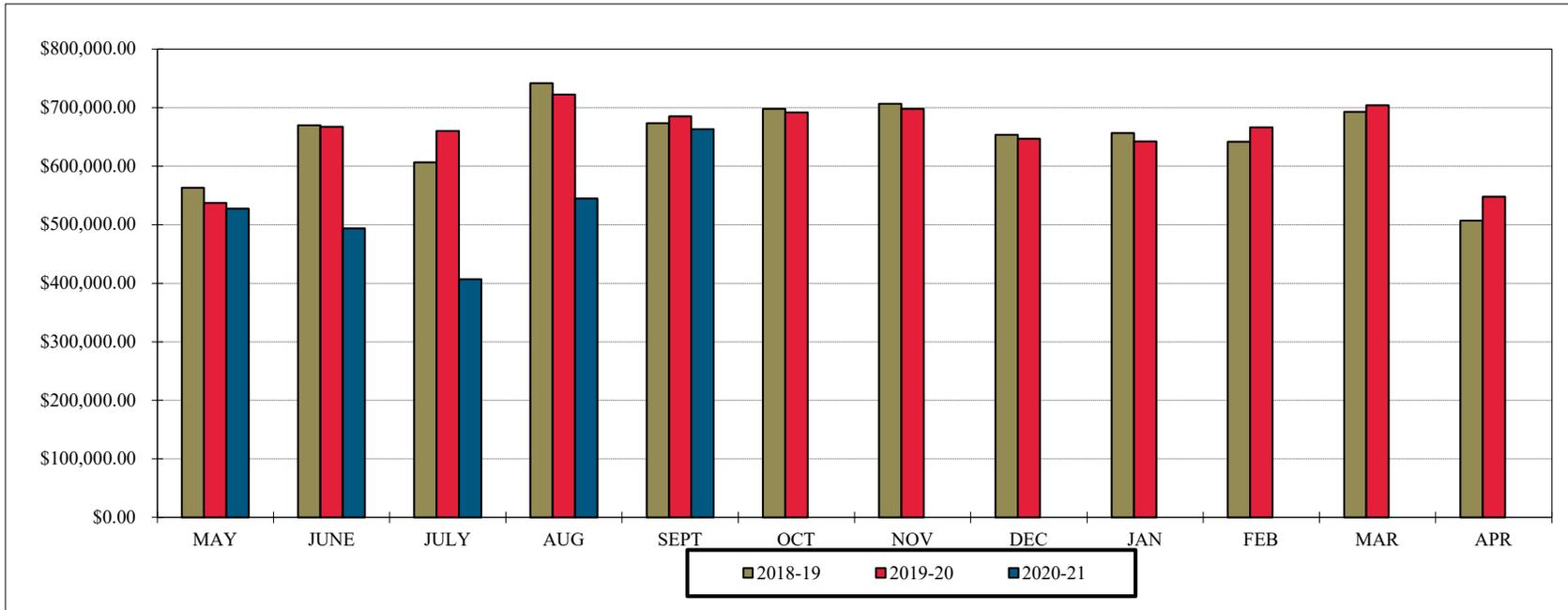




Village of Libertyville
Three Year Sales Tax Analysis
Sept 2020

\$7,884,415

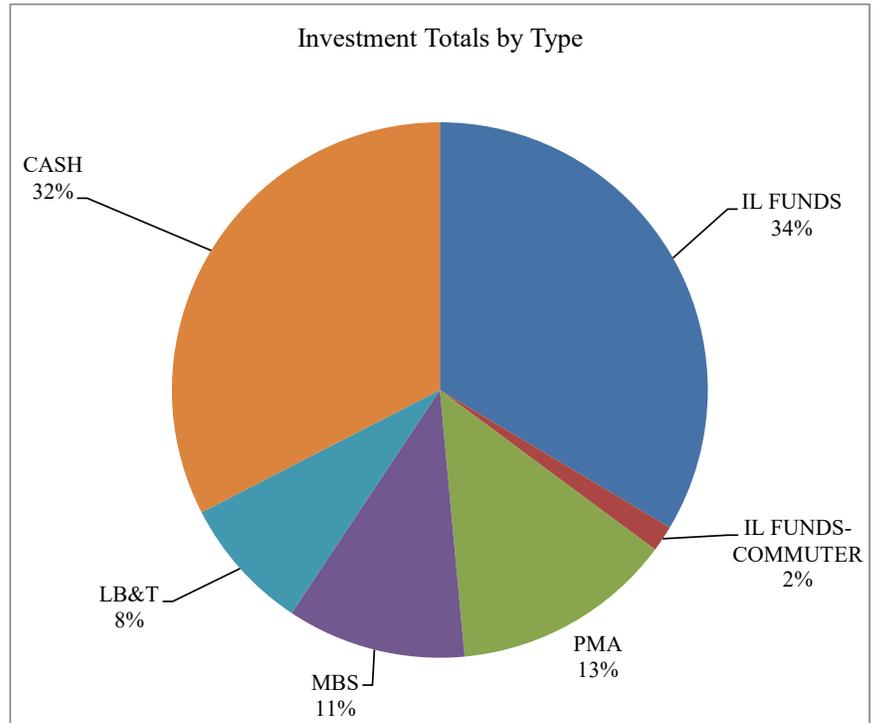
Collected In	Rec'd In	2018-19	2019-20	2020-21	Year to Date			2020-21 vs 2018-19	2020-21 vs 2019-20	% of 2020-21 vs 2019-20	% of 2020-21 Budget
					2018-19	2019-20	2020-21				
MAR	MAY	\$563,299.44	\$537,036.71	\$527,183.88	\$563,299.44	\$537,036.71	\$527,183.88	(\$36,115.56)	(\$9,852.83)	-1.83%	6.69%
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%	12.95%
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%	18.11%
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%	25.02%
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%	33.44%
AUG	OCT	697,623.63	691,655.24		3,952,132.17	3,963,422.93					
SEP	NOV	706,586.03	697,935.60		4,658,718.20	4,661,358.53					
OCT	DEC	653,215.37	646,953.66		5,311,933.57	5,308,312.19					
NOV	JAN	656,398.00	642,324.95		5,968,331.57	5,950,637.14					
DEC	FEB	641,827.60	666,210.23		6,610,159.17	6,616,847.37					
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	\$2,636,341.55							



VILLAGE OF LIBERTYVILLE INVESTMENT SUMMARY

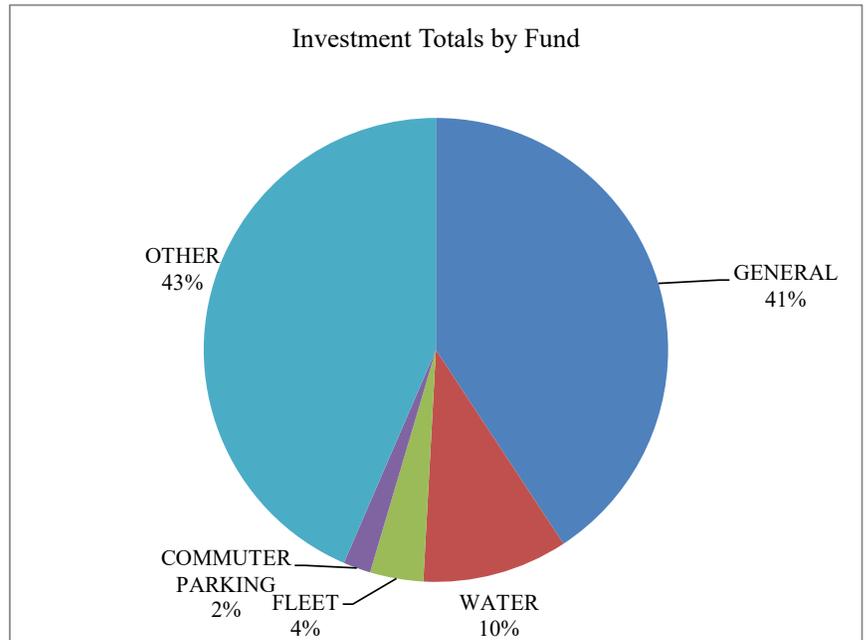
Cash and Investment Totals by Type
(Selected Funds)
September 30, 2020

IL FUNDS	\$	10,153,959.77
IL FUNDS-COMMUTER	\$	476,778.79
PMA	\$	4,041,397.53
MBS	\$	3,266,818.79
LB&T	\$	2,454,152.89
CASH	\$	9,842,173.36
	\$	<u>30,235,281.13</u>



Cash and Investment Totals by Fund
(Selected Funds)
September 30, 2020

GENERAL	\$	12,318,677.82
WATER	\$	3,060,764.14
FLEET	\$	1,122,384.83
COMMUTER PARKING	\$	577,020.52
OTHER	\$	13,156,433.82
	\$	<u>30,235,281.13</u>



MEMORANDUM

TO: CHAIRMAN MORAS AND FINANCE COMMITTEE

FROM: NICHOLAS MOSTARDO, FINANCE DIRECTOR

SUBJECT: ELECTRIC UTILITY TAX

DATE: 10/13/2020

Background

In September 2009, the Village instituted a 5% utility tax on electricity, 5% tax on natural gas and increased the telecommunications tax from 3.5% to 6%. These taxes were necessary due to reductions in General Fund Sales Tax revenue along with the subsidy of the debt service payments for the Sports Complex.

With revenues increasing, the Village Board elected to reduce the utility tax on natural gas from 5% to 4% on January 1, 2012, another reduction was made to 2% on May 1, 2012, and then on May 1, 2013, the natural gas tax was repealed in its entirety. The utility tax on electricity was also reduced from a 5% tax to 4% on May 1, 2014. Each 1% in electric utility tax generates approximately \$325,000.

The FY 2019-2020 actual amount of revenue received from the electric utility tax was \$1,158,654, while the budgeted FY 2020-2021 amount is \$1,207,942.

Analysis

In October 2019, the Finance Committee agreed to modify the schedule for annual review of this revenue source from March-April to October-November to assist in budget planning purposes. The previous authorization of the Electric Utility Tax was approved on April 14, 2020 and is set to expire on December 31, 2020. In order to extend the tax on January 1, 2021 without interruption, the reauthorization must be considered at this point.

The proposed budget amendment for the remainder of FY 2020-2021 incorporates the electric utility tax at its current level without any forecasted increases in the tax rate. Due to COVID-19, it will be necessary to maintain this tax at its current level from a FY 2021-2022 budget planning perspective.

Recommendations

1. Maintain the electric utility tax at its current level for purposes of preparing the FY 2021-2022 budget.
2. Consider recommending extension of the Electric Utility Tax from December 31, 2020 to December 31, 2021. If approved, an ordinance will be prepared for Village Board consideration at the October 27, 2020 Village Board meeting.

MEMORANDUM

TO: CHAIRMAN MORAS AND FINANCE COMMITTEE

FROM: NICHOLAS MOSTARDO, FINANCE DIRECTOR

SUBJECT: PUBLIC SAFETY PENSION FUNDS ACTUARIAL REPORTS

DATE: 10/13/2020

Background

The Village of Libertyville retains the firm of Nyhart (Deerfield) to conduct an annual actuarial valuation of its Police and Fire pension funds. The valuations for May 1, 2020 were completed this summer and have already been presented to the Boards of each of the two public safety pension funds. Generally, this information is also shared with the Finance Committee in advance of the tax levy recommendation that is discussed in November.

Analysis

The defined benefit formula, at its most basic level, is:

$$\text{Employer Contributions} + \text{Employee Contributions} + \text{Investment Earnings} = \text{Pension Funding}$$

With respect to the most recent actuarial valuations, the first component, Employer Contributions, was funded to its full obligation for both funds through the Village's tax levy. This part of the equation is recalculated each year based on the Village's pension funding policy. This policy dictates that both public safety pension plans are to be 100% funded by the end of FY 2040. This is in excess of what the State of Illinois requires, which is 90% funded by the end of FY 2040.

Employee contributions are deducted directly from employee paychecks based on a statutory percentage of pensionable earnings. The percentages are 9.455% for firefighters and 9.91% for police officers.

Finally, investment earnings substantially affect the funding status of the pension funds. Both pension boards have adopted an annual assumed rate of return of 7.00%, with the average for large public plans being 7.22%. The Village's fiscal year end date of April 30th was detrimental to the fiscal year end investment performance of both funds on account on the COVID-19 pandemic. While the market has rebounded since the pandemic began, the pension funds record their year-end gains and losses as of the end date of the Village's fiscal year. These FYE gains and losses are used in the calculation of the actuarial valuations. The Police Pension Fund had 0.5% market value return and the Fire Pension Fund had a -2.7% market value return. Note that gains and losses are smoothed over a five-year period which is industry-standard for these types of defined benefit plans.

There were few assumption changes to mortality or other actuarial factors with the main change being an update of the mortality improvement scale from MP-2018 to MP-2019 with improvements projected to 2020. In the future, the Village will likely have to consider adopting a generational mortality scale that looks at mortality improvements on a generational basis and not just a single year at a time. Alternatively, the Village may consider adopting a new public safety mortality table released by the Society of Actuaries in 2019. Either of these assumption changes will likely result in a one-year spike in the tax levy followed by a higher level of funding moving forward. The Village's actuary did not recommend moving to either of the new models for this current valuation. Finally, a new assumption was adopted to reflect the Tier II enhancements for both funds as a result of the pension consolidation bill.

After taking into consideration investment earnings, funding policy, and mortality assumption updates, the tax levy recommendations for the upcoming year are as follows:

Police - \$2,084,873 versus a prior year contribution of \$2,058,130, an increase of 1.3% or \$26,743.

Fire - \$1,640,990 versus a prior year contribution of \$1,467,421, an increase of 11.8% or \$173,569.

Recommendations

Information only in advance of the tax levy recommendation in November.

Attachments

1. 2020 Libertyville Police Pension Funding Report
2. 2020 Libertyville Firefighters Pension Funding Report



Village of Libertyville Police Pension Fund

May 1, 2020
Actuarial Valuation Report

Actuarial Certification	3
Executive Summary	5
Summary Results	5
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At the request of the plan sponsor, this report summarizes the Village of Libertyville Police Pension Fund as of May 1, 2020 . The purpose of this report is to communicate the following results of the valuation:

- Funded Status;
- Recommended Village Contribution;
- Statutory Minimum Contribution;

This report has been prepared in accordance with the applicable Federal and State laws. Consequently, it may not be appropriate for other purposes. Please contact Nyhart prior to disclosing this report to any other party or relying on its content for any purpose other than that explained above. Failure to do so may result in misrepresentation or misinterpretation of this report.

The results in this report were prepared using information provided to us by other parties. The census information has been provided to us by the employer. Asset information has been provided to us by the administrator. We have reviewed the provided data for reasonableness when compared to prior information provided, but have not audited the data. Where relevant data may be missing, we have made assumptions we believe to be reasonable. We are not aware of any significant issues with and have relied on the data provided. Any errors in the data provided may result in a different result than those provided in this report. A summary of the data used in the valuation is included in this report.

The actuarial assumptions and methods were chosen by the employer. In our opinion, all actuarial assumptions and methods are individually reasonable and in combination represent our best estimate of anticipated experience of the plan. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following:

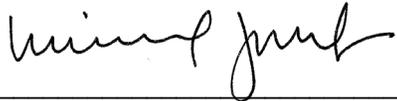
- plan experience differing from that anticipated by the economic or demographic assumptions;
- changes in economic or demographic assumptions;
- increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period);
and
- changes in plan provisions or applicable law.

We did not perform an analysis of the potential range of future measurements due to the limited scope of our engagement. This report has been prepared in accordance with generally accepted actuarial principles and practice.

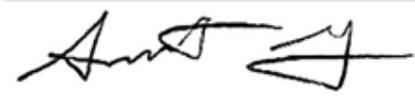
Neither Nyhart nor any of its employees have any relationship with the plan or its sponsor which could impair or appear to impair the objectivity of this report. To the extent that this report or any attachment concerns tax matters, it is not intended to be used and cannot be used by a taxpayer for the purpose of avoiding penalties that may be imposed by law.

The undersigned are compliant with the continuing education requirements of the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States and are available for any questions.

Nyhart



Michael Zurek, EA, FCA, MAAA



Scott Gavin, FSA, EA, MAAA

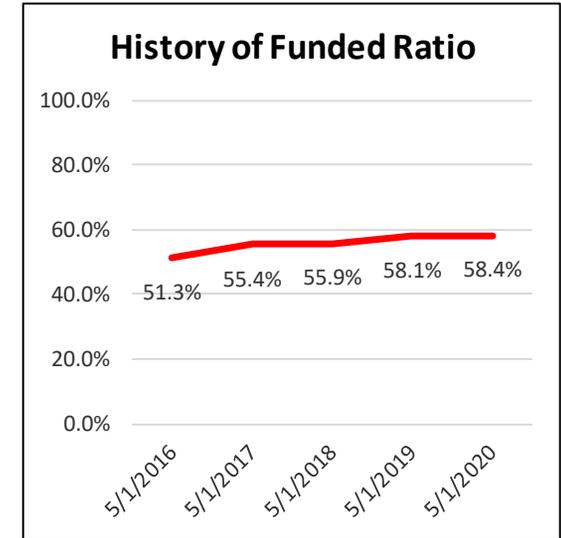
July 1, 2020

Date

Summary Results

The actuarial valuation's primary purpose is to produce a scorecard measure displaying the funding progress of the plan toward the ultimate goal of paying benefits at retirement. The Accrued Liability is based on the Entry Age Normal actuarial cost method.

	May 1, 2019	May 1, 2020
Funded Status Measures		
Accrued Liability	\$ 58,371,275	\$ 60,098,852
Actuarial Value of Assets	33,927,493	35,120,520
Unfunded Accrued Liability	\$ 24,443,782	\$ 24,978,332
Funded Percentage (AVA)	58.1%	58.4%
Funded percentage (MVA)	58.5%	56.2%
Cost Measures		
Recommended Total Pension Contribution	\$ 2,405,113	\$ 2,497,946
Expected Employee Contributions	(417,177)	(413,073)
Recommended Net Village Contribution	\$ 1,987,936	\$ 2,084,873
- as a Percentage of Payroll	48.9%	51.8%
Asset Measures		
Market Value of Assets (MVA)	\$ 34,145,647	\$ 33,748,344
Actuarial Value of Assets (AVA)	\$ 33,927,493	\$ 35,120,520
Actuarial Value/Market Value	99.4%	104.1%
Participant Information		
Active Participants	41	39
Terminated Vested Participants	4	6
Retirees, Beneficiaries, and Disabled Participants	41	42
Total	86	87
Payroll	\$ 4,067,310	\$ 4,027,289



Changes since Prior Valuation and Key Notes

The Tier II benefit changes effective January 1, 2020 under Illinois Public Act 101-610 are included in the valuation. The changes result in an increase in benefit obligations and an increase in the recommended contribution.

The mortality improvement scale was updated from scale MP-2018 to scale MP-2019 and mortality improvements were projected one additional year, to 2020. The change results in a decrease in benefit obligations and a decrease in the recommended contribution.

History of Valuation Results

	5/1/2016	5/1/2017	5/1/2018	5/1/2019	5/1/2020
Plan Funding					
Accrued Liability	\$ 56,521,943	\$ 55,012,713	\$ 57,647,734	\$ 58,371,275	\$ 60,098,852
Actuarial Value of Assets	28,982,370	30,488,798	32,248,677	33,927,493	35,120,520
Unfunded Accrued Liability	\$ 27,539,573	\$ 24,523,915	\$ 25,399,057	\$ 24,443,782	\$ 24,978,332
Funded Percentage	51.3%	55.4%	55.9%	58.1%	58.4%
Normal Cost (NC)	\$ 876,005	\$ 865,772	\$ 847,629	\$ 818,638	\$ 828,212
NC as a Percent of Covered Payroll	23.5%	21.7%	21.3%	20.1%	20.6%
Actual Contribution	\$ 1,747,588	\$ 2,016,850	\$ 2,017,166	\$ 2,064,165	To Be Determined
Recommended Contribution	\$ 2,006,848	\$ 1,967,296	\$ 2,058,130	\$ 1,987,936	\$ 2,084,873
Recommended Contribution (% of Pay)	53.9%	49.4%	51.8%	48.9%	51.8%
Interest Rate	7.00%	7.00%	7.00%	7.00%	7.00%
Rate of Return					
Actuarial Value of Assets	5.9%	6.4%	6.7%	6.6%	5.3%
Market Value of Assets	-0.4%	9.8%	8.1%	7.5%	0.5%
Demographic Information					
Active Participants	38	41	40	41	39
Retired Participants	27	29	31	33	34
Beneficiaries	6	6	6	6	6
Disabled Participants	2	2	2	2	2
Terminated Vested Participants	3	4	4	4	6
Total Participants	76	82	83	86	87
Covered Payroll	\$ 3,725,944	\$ 3,986,275	\$ 3,976,627	\$ 4,067,310	\$ 4,027,289
Average Covered Pay	\$ 98,051	\$ 97,226	\$ 99,416	\$ 99,203	\$ 103,264

Identification of Risks

The results presented in this report are shown as single point values. However, these values are derived using assumptions about future markets and demographic behavior. If actual experience deviates from our assumptions, the actual results for the plan will consequently deviate from those presented in this report. Therefore, it is critical to understand the risks facing this pension plan. The following table shows the risks we believe are most relevant to the Village of Libertyville Police Pension Fund. The risks are generally ordered with those we believe to have the most significance at the top. Also shown are possible methods by which a more detailed assessment of the risk can be performed.

Type of Risk

Method to Assess Risk

Investment Return	Scenario Testing; Asset Liability Study
Participant Longevity	Projections and Contribution Strategy
Early Retirement	
Salary Growth	

Plan Maturity Measures - May 1, 2020

Each pension plan has a distinct life-cycle. New plans promise future benefits to active employees and then accumulate assets to pre-fund those benefits. As the plan matures, benefits are paid and the pre-funded assets begin to decumulate until ultimately, the plan pays out all benefits. A plan's maturity has a dramatic influence on how risks should be viewed. The following maturity measures illustrate where the Village of Libertyville Police Pension Fund falls in its life-cycle.

Duration of Liabilities: 13.3

Duration is the most common measure of plan maturity. It is defined as the sensitivity of the liabilities to a change in the interest rate assumption. The metric also approximates the weighted average length of time, in years, until benefits are expected to be paid. A plan with high duration is, by definition, more sensitive to changes in interest rates. A plan with low duration is more susceptible to risk if asset performance deviates from expectations as there would be less time to make up for market losses in adverse market environments while more favorable environments could result in trapped surplus from gains. Conversely, high duration plans can often take on more risk when investing, and low duration plans are less sensitive to interest rate fluctuations.

Demographic Distribution - Ratio of Actively Accruing Participants to All Participants: 44.8%

A plan with a high ratio is more sensitive to fluctuations in salary (if a salary-based plan) and statutory changes. A plan with a low ratio is at higher risk from demographic experience. Such a plan should pay close attention to valuation assumptions as there will be less opportunity to realize future offsetting gains or losses when current experience deviates from assumptions. Plans with a low ratio also have limited opportunities to make alterations to plan design to affect future funded status.

Asset Leverage - Ratio of Payroll for Plan Participants to Market Value of Assets: 11.9%

Younger plans typically have a large payroll base from which to draw in order to fund the plan while mature plans often have a large pool of assets dedicated to providing benefits to a population primarily consisting of members no longer on payroll. Plans with low asset leverage will find it more difficult to address underfunding, as the contributions needed to make up the deficit will represent a higher percentage of payroll than for a plan with high asset leverage.

Benefit Payment Percentage - Ratio of Annual Benefit Payments to Market Value of Assets: 9.5%

As a plan enters its decumulation phase, a larger percentage of the pre-funded assets are paid out each year to retirees. A high percentage is not cause for alarm as long as the plan is nearly fully funded. However, such a plan is more sensitive to negative asset performance, especially if cash contributions are not an option to make up for losses.

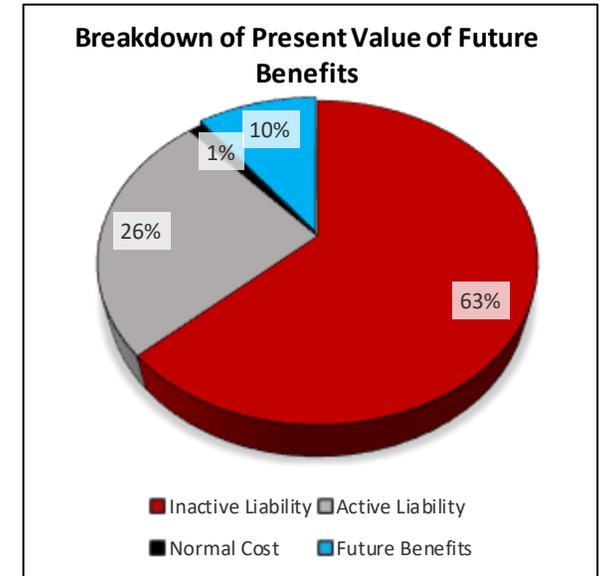
Present Value of Future Benefits

The Present Value of Future Benefits represents the future benefits payable to the existing participants.

May 1, 2020

Present Value of Future Benefits

Active Participants	
Retirement	\$ 22,353,121
Disability	1,478,887
Death	582,731
Termination	591,738
Total Active	\$ 25,006,477
Inactive participants	
Retired Participants	\$ 38,656,555
Beneficiaries	1,818,726
Disabled Participants	1,772,773
Terminated Vested Participants	658,386
Total Inactive	\$ 42,906,440
Total	\$ 67,912,917
Present Value of Future Payrolls	\$ 42,435,158
Present Value of Future Employee Contributions	\$ 4,125,753



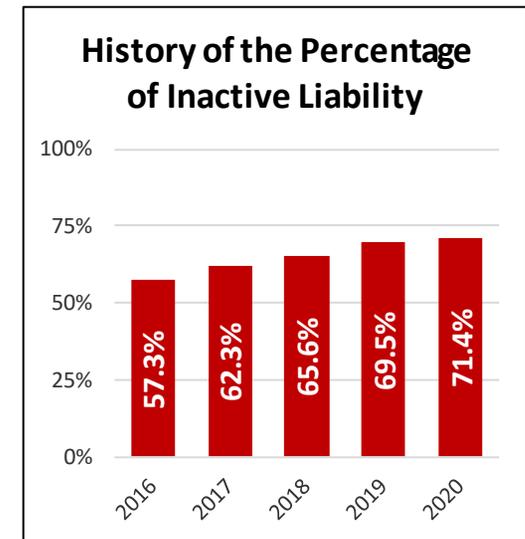
Accrued Liability

The Funding Liability measures the present value of benefits earned as of the valuation date, using the actuarial assumptions described in the assumption section of this report and the Entry Age Normal actuarial cost method.

May 1, 2020

Funding Liabilities

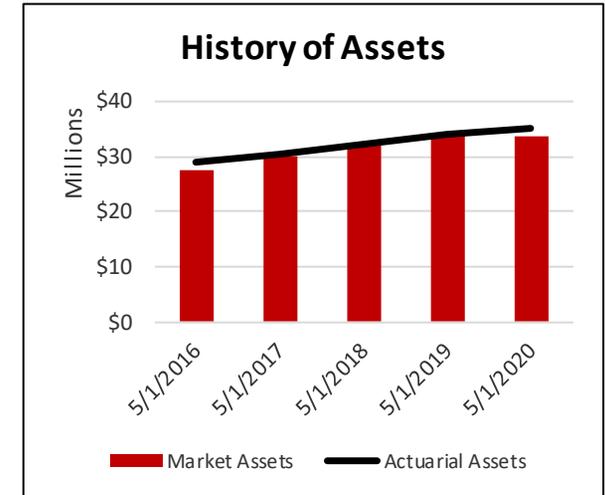
Active Participants	
Retirement	\$ 16,151,181
Disability	601,626
Death	202,923
Termination	<u>236,682</u>
Total Active	\$ 17,192,412
Inactive Participants	
Retired Participants	\$ 38,656,555
Beneficiaries	1,818,726
Disabled Participants	1,772,773
Terminated Vested Participants	<u>658,386</u>
Total Inactive	\$ 42,906,440
Total	\$ 60,098,852
Normal Cost	\$ 828,212



Asset Information

The amount of assets backing the pension promise is the most significant driver of volatility and future costs within a pension plan. The investment performance of the assets directly offsets the ultimate cost.

	May 1, 2020
Market Value Reconciliation	
Market Value of Assets, Beginning of Prior Year	\$ 34,145,647
Contributions	
Employer Contributions	\$ 2,064,165
Member Contributions	398,992
Total	<u>\$ 2,463,157</u>
Investment Income	183,401
Benefit Payments	(3,016,101)
Administrative Expenses	<u>(27,760)</u>
Market Value of Assets, Beginning of Current Year	\$ 33,748,344
Return on Market Value	0.5%
Actuarial value of assets	
Value at Beginning of Current Year	\$ 35,120,520



Asset Information (continued)

Plan Assets are used to develop funded percentages and contribution requirements.

	May 1, 2020
1. Expected Market Value of Assets	
(a) Market Value of Assets, Beginning of Prior Year	\$ 34,145,647
(b) Contributions	2,463,157
(c) Benefit Payments	(3,016,101)
(d) Administrative Expenses	(27,760)
(e) Expected Return	2,369,871
(f) Expected Market Value of Assets, Beginning of Current Year	<u>\$ 35,934,814</u>
2. Market Value of Assets, Beginning of Current Year	\$ 33,748,344
3. Actual Return on Market Value	\$ 183,401
4. Amount Subject to Phase-in [(3)-(1e)]	\$ (2,186,470)
5. Phase-in of Asset Gain/(Loss)	
(a) Current Year [80% x \$ (2,186,470)]	\$ (1,749,176)
(b) First Prior Year [60% x \$ 156,951]	94,171
(c) Second Prior Year [40% x \$ 324,094]	129,638
(d) Third Prior Year [20% x \$ 765,953]	153,191
(e) Total Phase-in	<u>\$ (1,372,176)</u>
6. Actuarial Value of Assets, Beginning of Current Year [(2)-(5e)]	\$ 35,120,520
7. Return on Actuarial Value of Assets	5.3%

Reconciliation of Gain/Loss

May 1, 2020

Liability (Gain)/Loss

Actuarial Liability, Beginning of Prior Year	\$ 58,371,275
Normal Cost	818,638
Benefit Payments	(3,016,101)
Expected Interest	4,037,730
Expected Actuarial Liability, Beginning of Current Year	\$ 60,211,542
Actual Actuarial Liability, Before Changes	\$ 59,855,626
Liability (Gain)/Loss	\$ (355,916)

Asset (Gain)/Loss

Actuarial Value of Assets, Beginning of Prior Year	\$ 33,927,493
Contributions	2,463,157
Benefit Payments and Administrative Expenses	(3,043,861)
Expected Return	2,354,600
Expected Actuarial Value of Assets, Beginning of Current Year	\$ 35,701,389
Actual Actuarial Value of Assets, Beginning of Current Year	\$ 35,120,520
Asset (Gain)/Loss	\$ 580,869

Total (Gain)/Loss

\$ 224,953

Development of Recommended Contribution

The recommended contribution is the annual amount needed to fund the plan to 100% by the end of the 2041 fiscal year as a level percentage of payroll, using the Entry Age Normal actuarial cost method. The recommended contribution is subject to the State statutory minimum, which is the annual amount needed to fund the plan to 90% by the end of the 2040 fiscal year as a level percentage of payroll, using the Projected Unit Credit actuarial cost method.

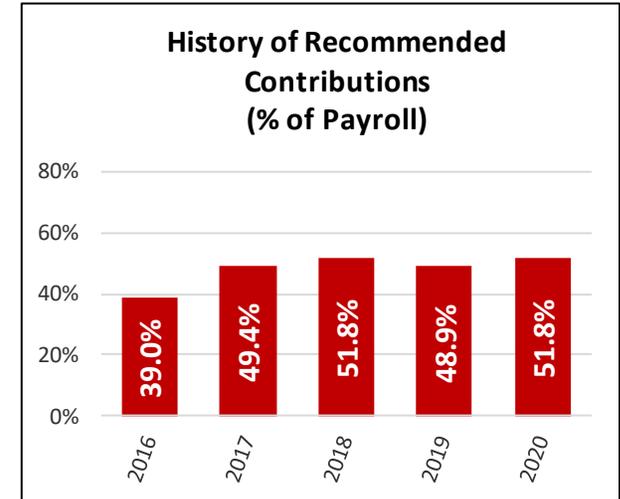
May 1, 2020

Funded Position

1. Entry Age Normal Accrued Liability	\$ 60,098,852
2. 100% of Entry Age Normal Accrued Liability	\$ 60,098,852
3. Actuarial Value of Assets	35,120,520
4. Unfunded Actuarial Accrued Liability (UAAL) (2 – 3)	\$ 24,978,332

Recommended Contribution

1. Normal Cost	\$ 828,212
2. Administrative Expenses	27,760
3. Amortization of UAAL	1,557,502
4. Applicable Interest	84,472
5. Total Recommended Contribution	\$ 2,497,946
6. Expected Employee Contributions	413,073
7. Net Recommended Village Contribution (5 – 6)	\$ 2,084,873
8. Minimum Contribution (Public Act 096-1495 Tax Levy Requirement)	\$ 1,768,466
9. Final Recommended Contribution [max (7,8)]	\$ 2,084,873
As a Percentage of Expected Payroll	51.8%



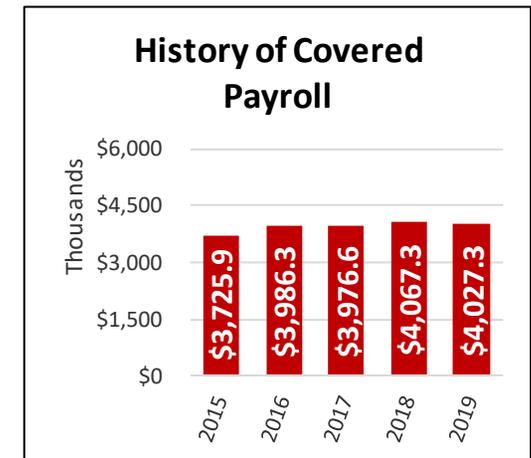
The Plan's Normal Cost plus interest on the Unfunded Actuarial Accrued Liability is \$ 2,132,974 .

A contribution greater than the Normal Cost plus interest on the Unfunded Actuarial Accrued Liability will reduce the Unfunded Actuarial Accrued Liability, if all other assumptions are met. A contribution less than the Normal Cost plus interest on the Unfunded Actuarial Accrued Liability will increase the Unfunded Actuarial Accrued Liability, if all other assumptions are met. Consider making a contribution greater than the Normal Cost plus interest on the Unfunded Actuarial Accrued Liability in order to pay down the Plan's shortfall more rapidly if that amount is greater than your funding policy contribution.

Demographic Information

The foundation of a reliable actuarial report is the participant information provided by the plan sponsor. Monitoring trends in demographic information is crucial for long-term pension planning.

	May 1, 2019	May 1, 2020
Participant Counts		
Active Participants	41	39
Retired Participants	33	34
Beneficiaries	6	6
Disabled Participants	2	2
Terminated Vested Participants	4	6
Total Participants	86	87
Active Participant Demographics		
Average Age	39.5	39.1
Average Service	12.2	11.9
Average Compensation	\$ 99,203	\$ 103,264
Covered Payroll	\$ 4,067,310	\$ 4,027,289



Demographic Information (continued)

	May 1, 2019	May 1, 2020
Retiree Statistics		
Average Age	66.3	66.2
Average Monthly Pension Benefit	\$ 6,420	\$ 6,626
Beneficiary Statistics		
Average Age	76.4	77.4
Average Monthly Pension Benefit	\$ 3,373	\$ 3,373
Disabled Participants Statistics		
Average Age	42.8	43.8
Average Monthly Pension Benefit	\$ 5,063	\$ 5,063
Terminated Participants Statistics		
Average Age	41.7	40.6
Average Monthly Pension Benefit*	\$ 1,929	\$ 1,803

* Average monthly pension benefit does not include participants eligible for a return of contributions only.

Participant Reconciliation

	Active	Terminated Vested	Disabled	Retired	Beneficiaries	Totals
Prior Year	41	4	2	33	6	86
Active						
To Retired	(2)	0	0	2	0	0
To Disabled	0	0	0	0	0	0
To Terminated Vested	(1)	1	0	0	0	0
Terminated Nonvested (return of employee contributions)	0	0	0	0	0	0
Terminated Vested						
To Retired	0	0	0	0	0	0
Return of employee contributions	0	0	0	0	0	0
Retired						
To Death with Beneficiary	0	0	0	0	0	0
To Death without Beneficiary	0	0	0	(1)	0	(1)
Beneficiaries						
To Death	0	0	0	0	0	0
Additions	3	1	0	0	0	4
Departures	(2)	0	0	0	0	(2)
Current Year	39	6	2	34	6	87

Active Participant Schedule

Active participant information grouped based on age and service.

Age Group	Years of Service										Total	Average Pay
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & Up		
Under 25	2										2	68,171
25 to 29		7	2								9	84,575
30 to 34		1	4								5	100,404
35 to 39		1	2	1							4	98,736
40 to 44					3						3	107,425
45 to 49				2	5	4					11	113,313
50 to 54					1		1	1			3	117,496
55 to 59							1				1	132,967
60 to 64			1								1	178,630
65 to 69												
70 & up												
Total	2	9	9	3	9	4	2	1	0	0	39	103,264



Eligibility for Participation

Police Officers of the Village of Libertyville

Accrual of Benefits

For employees hired prior to January 1, 2011, the normal retirement benefit is equal to 50% of the final salary plus 2.5% of any service over 20 years (with a maximum of 30) times the final salary. There is a minimum benefit of \$1,000 per month. The benefit is paid as a 100% joint and survivor benefit with the spouse, children under 18, or dependent parents of the participants as the survivor.

For employees hired after or on January 1, 2011, the normal retirement benefit is equal to 2.5% of the final average salary times benefit service (maximum 30 years.) The benefit is paid as a 66.67% joint and survivor benefit with the spouse, children under 18, or dependent parents of the participants as the survivor.

Benefits

Normal Retirement

Eligibility	For employees hired prior to January 1, 2011, the normal retirement date is the first day of the month on or after completion of 20 years of service and attainment of age 50. For employees hired after or on January 1, 2011, the normal retirement date is the first day of the month on or after completion of 10 years of service and attainment of age 55.
Benefit	Unreduced Accrued Benefit payable immediately.

Early Retirement

Eligibility	For employees hired prior to January 1, 2011 and terminating with less than 20 years of service For employees hired after or on January 1, 2011 who has attained age 50 and has 10 years of service.
Benefit	For those hired prior to January 1, 2011 the Accrued Benefit of 2.5% of final salary times service shall be paid at age 60. For those hired after or on January 1, 2011 the Accrued Benefit is reduced by 0.5% for each month prior to age 55

Termination

Eligibility	Participants terminating before 20 years of service.
Benefit	Refund of Contributions

Disability In The Line of Duty

Eligibility	For participants who become disabled in the line of duty.
Benefit	The greater of 65% of the final salary or the accrued benefit

Disability Not In The Line of Duty

Eligibility	For participants who become disabled outside of the line of duty.
Benefit	50% of the final salary

Death In the Line of Duty

Eligibility	For participants who die in the line of duty.
Benefit	The benefit is 100% of final salary paid to the survivor.

Death Not In the Line of Duty

Eligibility	For participants who die outside of the line of duty.
Benefit	For those hired before 1/1/2011 with greater than 20 years of service, a benefit of 100% of the accrued benefit is paid to the survivor. For those with more than 10 years of service, but less than 20 years of service, a benefit of 50% of the final salary is paid to the survivor. For those hired after 1/1/2011, a benefit equal to the greater of 54% of Final Salary and 66-2/3% of the accrued benefit is paid to the survivor.

Compensation

Final Salary is the salary attached to the rank held on the last day of service, or one year prior to the last day, whichever is greater.

Final Average Salary is the average monthly salary obtained by dividing the total salary of the police officer during the 48 consecutive months of service within the last 60 months of service in which the total salary was the highest by the number of months of service in that period. Salary will not exceed \$106,800 adjusted from January 1, 2011 with the lesser of 3% and 100% of the CPI on November 1.

Credited Service

For Vesting and Benefit Accrual purposes, pension service credit is based on elapsed time from hire.

Employee Contributions

9.91% of Compensation

COLA

Eligibility All Participants

Benefit For employees hired prior to January 1, 2011 a compound COLA of 3% is granted each year after attainment of age 55 and 1 year of payments.

For employees hired after or on January 1, 2011 a simple COLA of the lesser of 3% and 50% of the CPI on November 1 is granted each year after attainment of age 60 and 1 year of payments.

For disabled employees, a simple COLA is available after attainment of age 60 and 1 year of payments. For employees hired prior to January 1, 2011 the COLA is 3%. For employees hired after January 1, 2011, the COLA is the lesser of 3% and 50% of the CPI on November 1.

Plan Provisions Not Included

We are not aware of any plan provisions not included in the valuation

Adjustments Made for Subsequent Events

We are not aware of any event following the measurement date and prior to the date of this report that would materially impact the results of this report.

Except where otherwise indicated, the following assumptions were selected by the plan sponsor with the concurrence of the actuary. Prescribed assumptions are based on the requirements of the relevant law and applicable regulations. The actuary was not able to evaluate the prescribed assumptions for reasonableness for the purpose of the measurement.

Valuation Date	May 1, 2020
Participant and Asset Information Collected as of	May 1, 2020
Actuarial Cost Method (CO)	Entry Age Normal Cost Method
Amortization Method – Recommended Contribution (CO)	Closed level percentage of payroll amortization of 100% of the Unfunded Actuarial Accrued Liability using a 4.00% payroll growth assumption over the period ending on April 30, 2041 (21-year amortization in 2020)
Asset Method	5-year smoothing of asset gains and losses
Interest Rates (CO)	7.00%, net of investment expenses
Inflation (FE)	2.50%
Annual Pay Increases (FE)	5.00%
Ad-hoc Cost-of-living Increases	3.0% (1.25% for those hired after 1/1/2011)
Mortality Rates (FE)	
Healthy	RP-2014 Mortality Table with blue collar adjustment, projected with scale MP-2019 from 2006 to 2020
Disabled	RP-2014 Disabled Mortality Table, projected with scale MP-2019 from 2006 to 2020
	10% of deaths are assumed to be in the line of duty

Retirement Rates (FE)

Recommended rates from the 2017 IDOI experience study:

Tier I		Tier II	
Age	Rate	Age	Rate
50-51	15%	50-54	5%
52-54	20%	55	40%
55-64	25%	56-64	25%
65-69	40%	65-69	40%
70+	100%	70+	100%

Disability Rates (FE)

Recommended rates from the 2017 IDOI experience study. Sample rates include:

Age	Rate
20	0.000%
30	0.140%
40	0.420%
50	0.710%

60% of disabilities are assumed to be in the line of duty

Termination Rates (FE)

Recommended rates from the 2017 IDOI experience study. Sample rates include:

Age	Rate
20	10.40%
30	5.60%
40	1.90%
50	1.50%

Marital Status and Ages (FE)

80% of participants are assumed to be married with female spouses 3 years younger.

Expense Load

Equal to the administrative expenses paid in the prior year.

Funding Policy

Statutory minimum contribution, with additional funding at the discretion of the Village.

FE indicates an assumption representing an estimate of future experience
 MD indicates an assumption representing observations of estimates inherent in market data
 CO indicates as assumption representing a combination of an estimate of future experience and observations of market data

The actuarial report also shows the necessary items required for plan reporting and the any state requirements.

- ✓ Minimum contribution (Public Act 096-1495 Tax Levy Requirement)

Minimum Contribution (Public Act 096-1495 Tax Levy Requirement)

	May 1, 2020
1. Accrued liability using projected unit credit cost method	\$ 58,852,380
2. 90% of Accrued liability	\$ 52,967,142
3. Actuarial value of assets	<u>35,120,520</u>
4. Unfunded liability to be amortized [(2)-(3)]	\$ 17,846,622
5. Total normal cost using projected unit credit cost method	\$ 926,469
6. Administrative expenses	27,760
7. 20-year level pay amortization of (4)	1,153,538
8. Applicable interest	<u>73,772</u>
9. Minimum contribution (5 + 6 + 7 + 8)	\$ 2,181,539
10. Expected employee contributions	<u>413,073</u>
11. Net employer minimum contribution (9 – 10)	\$ 1,768,466

Actuarial Cost Method

Projected Unit Credit

Amortization Method

Closed level percentage of payroll amortization of 90% of Unfunded Actuarial Accrued Liability using a 4.00% payroll growth assumption over the period ending on December 31, 2040 (20-year amortization in 2020)

Asset Method

5-year smoothing of asset gains and losses

Interest Rate

7.00%, net of investment expenses



Village of Libertyville Firefighters' Pension Fund

May 1, 2020
Actuarial Valuation Report

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At the request of the plan sponsor, this report summarizes the Village of Libertyville Firefighters' Pension Fund as of May 1, 2020. The purpose of this report is to communicate the following results of the valuation:

- Funded Status;
- Recommended Village Contribution;
- Statutory Minimum Contribution;

This report has been prepared in accordance with the applicable Federal and State laws. Consequently, it may not be appropriate for other purposes. Please contact Nyhart prior to disclosing this report to any other party or relying on its content for any purpose other than that explained above. Failure to do so may result in misrepresentation or misinterpretation of this report.

The results in this report were prepared using information provided to us by other parties. The census information has been provided to us by the employer. Asset information has been provided to us by the administrator. We have reviewed the provided data for reasonableness when compared to prior information provided, but have not audited the data. Where relevant data may be missing, we have made assumptions we believe to be reasonable. We are not aware of any significant issues with and have relied on the data provided. Any errors in the data provided may result in a different result than those provided in this report. A summary of the data used in the valuation is included in this report.

The actuarial assumptions and methods were chosen by the employer. In our opinion, all actuarial assumptions and methods are individually reasonable and in combination represent our best estimate of anticipated experience of the plan. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following:

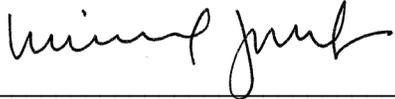
- plan experience differing from that anticipated by the economic or demographic assumptions;
- changes in economic or demographic assumptions;
- increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and
- changes in plan provisions or applicable law.

We did not perform an analysis of the potential range of future measurements due to the limited scope of our engagement. This report has been prepared in accordance with generally accepted actuarial principles and practice.

Neither Nyhart nor any of its employees have any relationship with the plan or its sponsor which could impair or appear to impair the objectivity of this report. To the extent that this report or any attachment concerns tax matters, it is not intended to be used and cannot be used by a taxpayer for the purpose of avoiding penalties that may be imposed by law.

The undersigned are compliant with the continuing education requirements of the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States and are available for any questions.

Nyhart



Michael Zurek, EA, FCA, MAAA



Scott Gavin, FSA, EA, MAAA

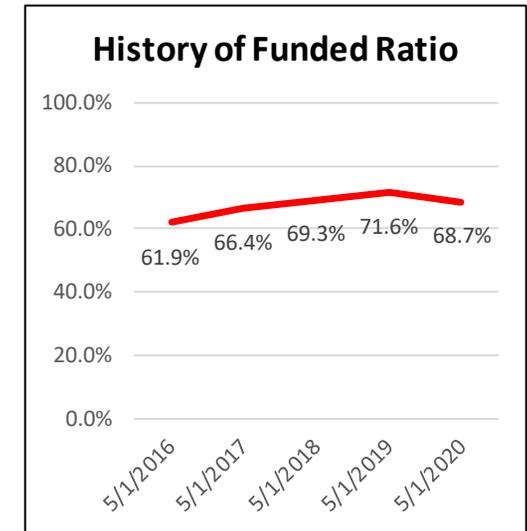
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Date

Summary Results

The actuarial valuation's primary purpose is to produce a scorecard measure displaying the funding progress of the plan toward the ultimate goal of paying benefits at retirement. The Accrued Liability is based on the Entry Age Normal actuarial cost method.

	May 1, 2019	May 1, 2020
Funded Status Measures		
Accrued Liability	\$ 44,922,716	\$ 48,538,587
Actuarial Value of Assets	<u>32,168,537</u>	<u>33,322,949</u>
Unfunded Accrued Liability	\$ 12,754,179	\$ 15,215,638
Funded Percentage (AVA)	71.6%	68.7%
Funded percentage (MVA)	70.2%	63.1%
Cost Measures		
Recommended Total Pension Contribution	\$ 1,900,717	\$ 2,046,915
Expected Employee Contributions	<u>(433,296)</u>	<u>(405,925)</u>
Recommended Net Village Contribution	\$ 1,467,421	\$ 1,640,990
- as a Percentage of Payroll	33.1%	39.6%
Asset Measures		
Market Value of Assets (MVA)	\$ 31,534,711	\$ 30,604,338
Actuarial Value of Assets (AVA)	\$ 32,168,537	\$ 33,322,949
Actuarial Value/Market Value	102.0%	108.9%
Participant Information		
Active Participants	42	39
Terminated Vested Participants	4	5
Retirees, Beneficiaries, and Disabled Participants	<u>28</u>	<u>33</u>
Total	74	77
Payroll	\$ 4,427,747	\$ 4,148,044



Changes since Prior Valuation and Key Notes

The Tier II benefit changes effective January 1, 2020 under Illinois Public Act 101-610 are included in the valuation. The changes result in an increase in benefit obligations and an increase in the recommended contribution.

The mortality improvement scale was updated from scale MP-2018 to scale MP-2019 and mortality improvements were projected one additional year, to 2020. The change results in a decrease in benefit obligations and a decrease in the recommended contribution.

History of Valuation Results

	5/1/2016	5/1/2017	5/1/2018	5/1/2019	5/1/2020
Plan Funding					
Accrued Liability	\$ 42,413,270	\$ 42,341,802	\$ 43,534,538	\$ 44,922,716	\$ 48,538,587
Actuarial Value of Assets	26,269,815	28,106,524	30,167,245	32,168,537	33,322,949
Unfunded Accrued Liability	\$ 16,143,455	\$ 14,235,278	\$ 13,367,293	\$ 12,754,179	\$ 15,215,638
Funded Percentage	61.9%	66.4%	69.3%	71.6%	68.7%
Normal Cost (NC)	\$ 933,922	\$ 971,606	\$ 991,561	\$ 1,023,960	\$ 972,396
NC as a Percent of Covered Payroll	24.4%	24.4%	23.4%	23.1%	23.4%
Actual Contribution	\$ 1,260,294	\$ 1,480,834	\$ 1,497,333	\$ 1,494,200	To Be Determined
Recommended Contribution	\$ 1,470,531	\$ 1,487,098	\$ 1,465,242	\$ 1,467,421	\$ 1,640,990
Recommended Contribution (% of Pay)	38.4%	37.4%	34.6%	33.1%	39.6%
Interest Rate	7.00%	7.00%	7.00%	7.00%	7.00%
Rate of Return					
Actuarial Value of Assets	5.9%	6.6%	6.3%	5.7%	3.8%
Market Value of Assets	-0.3%	9.7%	6.7%	4.9%	-2.7%
Demographic Information					
Active Participants	41	41	42	42	39
Retired Participants	17	18	18	20	23
Beneficiaries	3	3	2	5	6
Disabled Participants	2	2	2	3	4
Terminated Vested Participants	3	5	5	4	5
Total Participants	66	69	69	74	77
Covered Payroll	\$ 3,828,333	\$ 3,976,637	\$ 4,240,766	\$ 4,427,747	\$ 4,148,044
Average Covered Pay	\$ 93,374	\$ 96,991	\$ 100,971	\$ 105,423	\$ 106,360

Identification of Risks

The results presented in this report are shown as single point values. However, these values are derived using assumptions about future markets and demographic behavior. If actual experience deviates from our assumptions, the actual results for the plan will consequently deviate from those presented in this report. Therefore, it is critical to understand the risks facing this pension plan. The following table shows the risks we believe are most relevant to the Village of Libertyville Firefighters' Pension Fund. The risks are generally ordered with those we believe to have the most significance at the top. Also shown are possible methods by which a more detailed assessment of the risk can be performed.

Type of Risk

Method to Assess Risk

Investment Return	Scenario Testing; Asset Liability Study
Participant Longevity	Projections and Contribution Strategy
Early Retirement	
Salary Growth	

Plan Maturity Measures - May 1, 2020

Each pension plan has a distinct life-cycle. New plans promise future benefits to active employees and then accumulate assets to pre-fund those benefits. As the plan matures, benefits are paid and the pre-funded assets begin to decumulate until ultimately, the plan pays out all benefits. A plan's maturity has a dramatic influence on how risks should be viewed. The following maturity measures illustrate where the Village of Libertyville Firefighters' Pension Fund falls in its life-cycle.

Duration of Liabilities: 13.6

Duration is the most common measure of plan maturity. It is defined as the sensitivity of the liabilities to a change in the interest rate assumption. The metric also approximates the weighted average length of time, in years, until benefits are expected to be paid. A plan with high duration is, by definition, more sensitive to changes in interest rates. A plan with low duration is more susceptible to risk if asset performance deviates from expectations as there would be less time to make up for market losses in adverse market environments while more favorable environments could result in trapped surplus from gains. Conversely, high duration plans can often take on more risk when investing, and low duration plans are less sensitive to interest rate fluctuations.

Demographic Distribution - Ratio of Actively Accruing Participants to All Participants: 50.6%

A plan with a high ratio is more sensitive to fluctuations in salary (if a salary-based plan) and statutory changes. A plan with a low ratio is at higher risk from demographic experience. Such a plan should pay close attention to valuation assumptions as there will be less opportunity to realize future offsetting gains or losses when current experience deviates from assumptions. Plans with a low ratio also have limited opportunities to make alterations to plan design to affect future funded status.

Asset Leverage - Ratio of Payroll for Plan Participants to Market Value of Assets: 13.6%

Younger plans typically have a large payroll base from which to draw in order to fund the plan while mature plans often have a large pool of assets dedicated to providing benefits to a population primarily consisting of members no longer on payroll. Plans with low asset leverage will find it more difficult to address underfunding, as the contributions needed to make up the deficit will represent a higher percentage of payroll than for a plan with high asset leverage.

Benefit Payment Percentage - Ratio of Annual Benefit Payments to Market Value of Assets: 7.3%

As a plan enters its decumulation phase, a larger percentage of the pre-funded assets are paid out each year to retirees. A high percentage is not cause for alarm as long as the plan is nearly fully funded. However, such a plan is more sensitive to negative asset performance, especially if cash contributions are not an option to make up for losses.

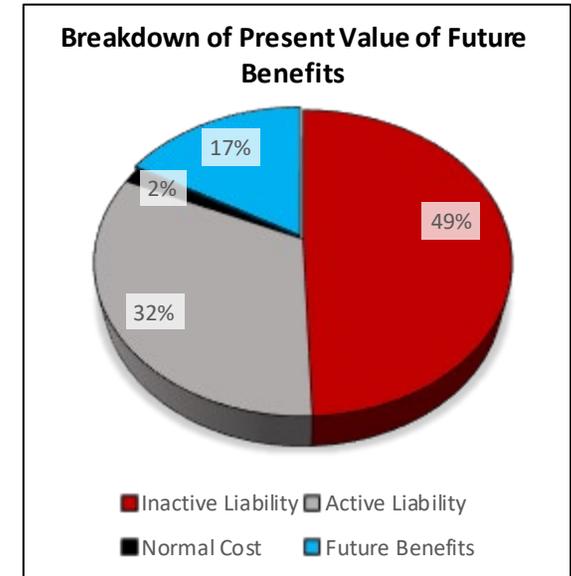
Present Value of Future Benefits

The Present Value of Future Benefits represents the future benefits payable to the existing participants.

May 1, 2020

Present Value of Future Benefits

Active Participants	
Retirement	\$ 25,775,618
Disability	2,587,526
Death	733,481
Termination	953,958
Total Active	\$ 30,050,583
Inactive participants	
Retired Participants	\$ 24,678,113
Beneficiaries	655,522
Disabled Participants	3,898,763
Terminated Vested Participants	98,999
Total Inactive	\$ 29,331,397
Total	\$ 59,381,980
Present Value of Future Payrolls	\$ 48,678,708
Present Value of Future Employee Contributions	\$ 4,537,483



Accrued Liability

The Funding Liability measures the present value of benefits earned as of the valuation date, using the actuarial assumptions described in the assumption section of this report and the Entry Age Normal actuarial cost method.

May 1, 2020

Funding Liabilities

Active Participants

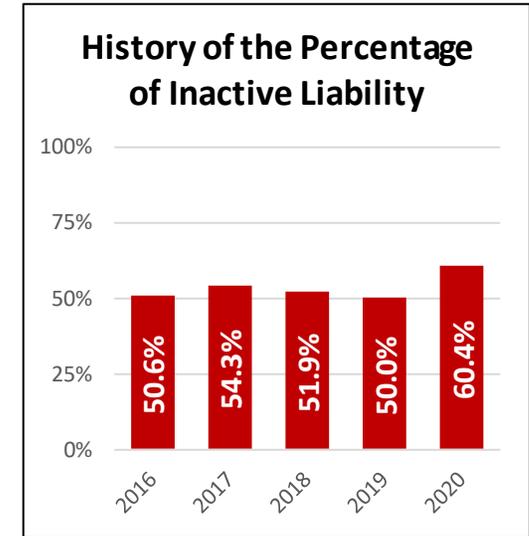
Retirement	\$ 17,332,191
Disability	1,260,438
Death	255,870
Termination	358,691
Total Active	\$ 19,207,190

Inactive Participants

Retired Participants	\$ 24,678,113
Beneficiaries	655,522
Disabled Participants	3,898,763
Terminated Vested Participants	98,999
Total Inactive	\$ 29,331,397

Total \$ 48,538,587

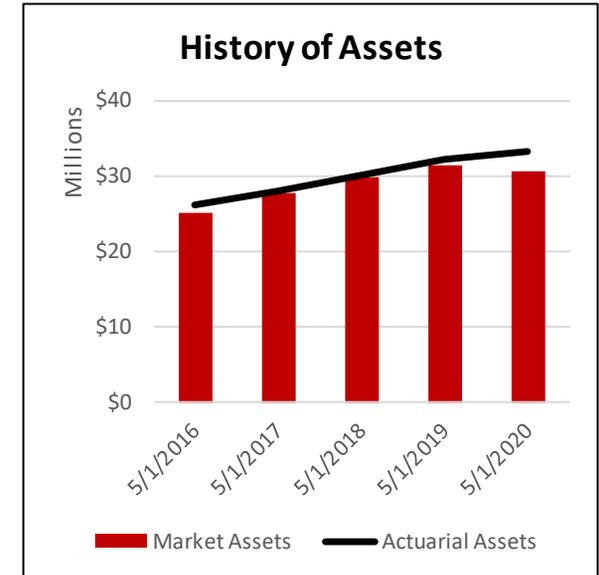
Normal Cost \$ 972,396



Asset Information

The amount of assets backing the pension promise is the most significant driver of volatility and future costs within a pension plan. The investment performance of the assets directly offsets the ultimate cost.

	May 1, 2020
Market Value Reconciliation	
Market Value of Assets, Beginning of Prior Year	\$ 31,534,711
Contributions	
Employer Contributions	\$ 1,494,200
Member Contributions	408,071
Total	\$ 1,902,271
Investment Income	(858,157)
Benefit Payments	(1,917,945)
Administrative Expenses	(56,542)
Market Value of Assets, Beginning of Current Year	\$ 30,604,338
Return on Market Value	-2.7%
Actuarial value of assets	
Value at Beginning of Current Year	\$ 33,322,949



Asset Information (continued)

Plan Assets are used to develop funded percentages and contribution requirements.

	May 1, 2020
1. Expected Market Value of Assets	
(a) Market Value of Assets, Beginning of Prior Year	\$ 31,534,711
(b) Contributions	1,902,271
(c) Benefit Payments	(1,917,945)
(d) Administrative Expenses	(56,542)
(e) Expected Return	2,204,902
(f) Expected Market Value of Assets, Beginning of Current Year	<u>\$ 33,667,397</u>
2. Market Value of Assets, Beginning of Current Year	\$ 30,604,338
3. Actual Return on Market Value	\$ (858,157)
4. Amount Subject to Phase-in [(3)-(1e)]	\$ (3,063,059)
5. Phase-in of Asset Gain/(Loss)	
(a) Current Year [80% x \$ (3,063,059)]	\$ (2,450,447)
(b) First Prior Year [60% x \$ (620,766)]	(372,460)
(c) Second Prior Year [40% x \$ (83,973)]	(33,589)
(d) Third Prior Year [20% x \$ 689,423]	137,885
(e) Total Phase-in	<u>\$ (2,718,611)</u>
6. Actuarial Value of Assets, Beginning of Current Year [(2)-(5e)]	\$ 33,322,949
7. Return on Actuarial Value of Assets	3.8%

Reconciliation of Gain/Loss

May 1, 2020

Liability (Gain)/Loss

Actuarial Liability, Beginning of Prior Year	\$ 44,922,716
Normal Cost	1,023,960
Benefit Payments	(1,917,945)
Expected Interest	3,149,139
Expected Actuarial Liability, Beginning of Current Year	\$ 47,177,870
Actual Actuarial Liability, Before Changes	\$ 48,195,213
Liability (Gain)/Loss	\$ 1,017,343

Asset (Gain)/Loss

Actuarial Value of Assets, Beginning of Prior Year	\$ 32,168,537
Contributions	1,902,271
Benefit Payments and Administrative Expenses	(1,974,487)
Expected Return	2,249,270
Expected Actuarial Value of Assets, Beginning of Current Year	\$ 34,345,591
Actual Actuarial Value of Assets, Beginning of Current Year	\$ 33,322,949
Asset (Gain)/Loss	\$ 1,022,642

Total (Gain)/Loss

\$ 2,039,985

Development of Recommended Contribution

The recommended contribution is the annual amount needed to fund the plan to 100% by the end of the 2041 fiscal year as a level percentage of payroll, using the Entry Age Normal actuarial cost method. The recommended contribution is subject to the State statutory minimum, which is the annual amount needed to fund the plan to 90% by the end of the 2040 fiscal year as a level percentage of payroll, using the Projected Unit Credit actuarial cost method.

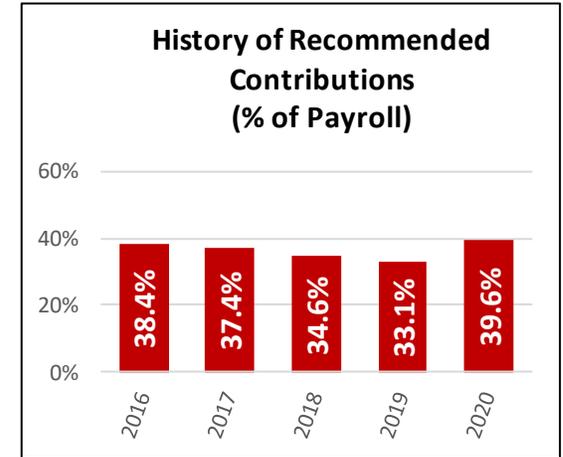
May 1, 2020

Funded Position

1. Entry Age Normal Accrued Liability	\$ 48,538,587
2. 100% of Entry Age Normal Accrued Liability	\$ 48,538,587
3. Actuarial Value of Assets	33,322,949
4. Unfunded Actuarial Accrued Liability (UAAL) (2 – 3)	\$ 15,215,638

Recommended Contribution

1. Normal Cost	\$ 972,396
2. Administrative Expenses	56,542
3. Amortization of UAAL	948,758
4. Applicable Interest	69,219
5. Total Recommended Contribution	\$ 2,046,915
6. Expected Employee Contributions	405,925
7. Net Recommended Village Contribution (5 – 6)	\$ 1,640,990
8. Minimum Contribution (Public Act 096-1495 Tax Levy Requirement)	\$ 1,349,091
9. Final Recommended Contribution [max (7,8)]	\$ 1,640,990
As a Percentage of Expected Payroll	39.6%



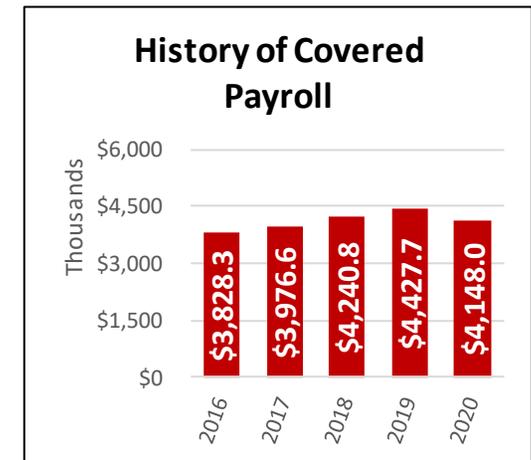
The Plan's Normal Cost plus interest on the Unfunded Actuarial Accrued Liability is \$ 1,628,895 .

A contribution greater than the Normal Cost plus interest on the Unfunded Actuarial Accrued Liability will reduce the Unfunded Actuarial Accrued Liability, if all other assumptions are met. A contribution less than the Normal Cost plus interest on the Unfunded Actuarial Accrued Liability will increase the Unfunded Actuarial Accrued Liability, if all other assumptions are met. Consider making a contribution greater than the Normal Cost plus interest on the Unfunded Actuarial Accrued Liability in order to pay down the Plan's shortfall more rapidly if that amount is greater than your funding policy contribution.

Demographic Information

The foundation of a reliable actuarial report is the participant information provided by the plan sponsor. Monitoring trends in demographic information is crucial for long-term pension planning.

	May 1, 2019	May 1, 2020
Participant Counts		
Active Participants	42	39
Retired Participants	20	23
Beneficiaries	5	6
Disabled Participants	3	4
Terminated Vested Participants	4	5
Total Participants	74	77
Active Participant Demographics		
Average Age	41.6	40.0
Average Service	14.4	13.3
Average Compensation	\$ 105,423	\$ 106,360
Covered Payroll	\$ 4,427,747	\$ 4,148,044



Demographic Information (continued)

	May 1, 2019	May 1, 2020
Retiree Statistics		
Average Age	66.2	64.7
Average Monthly Pension Benefit	\$ 5,779	\$ 6,177
Beneficiary Statistics		
Average Age	83.7	84.1
Average Monthly Pension Benefit	\$ 5,642	\$ 4,965
Disabled Participants Statistics		
Average Age	50.5	51.7
Average Monthly Pension Benefit	\$ 4,897	\$ 5,612
Terminated Participants Statistics		
Average Age	49.6	46.1
Average Monthly Pension Benefit*	\$ 243	\$ 243

* Average monthly pension benefit does not include participants eligible for a return of contributions only.

Participant Reconciliation

	Active	Terminated Vested	Disabled	Retired	Beneficiaries	Totals
Prior Year	42	4	3	20	5	74
Active						
To Retired	(4)	0	0	4	0	0
To Disabled	(1)	0	1	0	0	0
To Terminated Vested	0	0	0	0	0	0
Terminated Nonvested (return of employee contributions)	0	0	0	0	0	0
Terminated Vested						
To Retired	0	0	0	0	0	0
Return of employee contributions	0	0	0	0	0	0
Retired						
To Death with Beneficiary	0	0	0	(1)	1	0
To Death without Beneficiary	0	0	0	0	0	0
Beneficiaries						
To Death	0	0	0	0	0	0
Expired Child Coverage	0	0	0	0	0	0
Additions	2	1	0	0	0	3
Departures	0	0	0	0	0	0
Current Year	39	5	4	23	6	77

Active Participant Schedule

Active participant information grouped based on age and service.

Age Group	Years of Service										Total	Average Pay
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & Up		
Under 25												
25 to 29	2	1	1								4	76,386
30 to 34		2	6								8	94,904
35 to 39		1	6	4	1						12	104,247
40 to 44			1	1	3						5	108,307
45 to 49					3	2					5	120,410
50 to 54							2	1			3	149,530
55 to 59							1		1		2	120,062
60 to 64												
65 to 69												
70 & up												
Total	2	4	14	5	7	3	2	1	1	0	39	106,360

Eligibility for Participation

Firefighters of the Village of Libertyville

Accrual of Benefits

For employees hired prior to January 1, 2011, the normal retirement benefit is equal to 50% of the final salary plus 2.5% of any service over 20 years (with a maximum of 30) times the final salary. There is a minimum benefit of \$1,159.27 per month. The benefit is paid as a 100% joint and survivor benefit with the spouse, children under 18, or dependent parents of the participants as the survivor.

For employees hired after or on January 1, 2011, the normal retirement benefit is equal to 2.5% of the final average salary times benefit service (maximum 30 years.) The benefit is paid as a 66.67% joint and survivor benefit with the spouse, children under 18, or dependent parents of the participants as the survivor.

Benefits

Normal Retirement

Eligibility For employees hired prior to January 1, 2011, the normal retirement date is the first day of the month on or after completion of 20 years of service and attainment of age 50.

For employees hired after or on January 1, 2011, the normal retirement date is the first day of the month on or after completion of 10 years of service and attainment of age 55.

Benefit Unreduced Accrued Benefit payable immediately.

Early Retirement

Eligibility For employees hired prior to January 1, 2011 and terminating with less than 20 years of service
 For employees hired after or on January 1, 2011 who has attained age 50 and has 10 years of service.

Benefit For those hired prior to January 1, 2011 a reduced Accrued Benefit shall be paid at age 60 based on the schedule below.
 For those hired after or on January 1, 2011 the Accrued Benefit is reduced by 0.5% for each month prior to age 55.

Benefit Service	Accrual Percentage	Benefit Service	Accrual Percentage
10	15.0%	15	30.0%
11	17.6%	16	33.6%
12	20.4%	17	37.4%
13	23.4%	18	41.4%
14	26.6%	19	45.6%

Termination

Eligibility	For employees hired prior to January 1, 2011 and terminating with less than 20 years of service For employees hired after or on January 1, 2011 and terminating with less than 10 years of service.
Benefit	Refund of Contributions

Disability In The Line of Duty

Eligibility	For participants who become disabled in the line of duty.
Benefit	The greater of 65% of the final salary or the accrued benefit

Disability Not In The Line of Duty

Eligibility	For participants who become disabled outside of the line of duty.
Benefit	50% of the final salary

Death In the Line of Duty

Eligibility	For participants who die in the line of duty.
Benefit	The benefit is 100% of final salary paid to the survivor.

Death Not In the Line of Duty

Eligibility	For participants who die outside of the line of duty.
Benefit	For those hired before 1/1/2011 with greater than 20 years of service, a benefit of 100% of the accrued benefit is paid to the survivor. For those with more than 10 years of service, but less than 20 years of service, a benefit of 54% of the final salary is paid to the survivor. For those hired after 1/1/2011, a benefit equal to the greater of 54% of Final Salary and 66-2/3% of the accrued benefit is paid to the survivor.

Compensation

Final Salary is the salary attached to the rank held on the last day of service, or one year prior to the last day, whichever is greater.

Final Average Salary is the average monthly salary obtained by dividing the total salary of the firefighter during the 48 consecutive months of service within the last 60 months of service in which the total salary was the highest by the number of months of service in that period. Salary will not exceed \$106,800 adjusted from January 1, 2011 with the lesser of 3% and 100% of the CPI on November 1.

Credited Service

For Vesting and Benefit Accrual purposes, pension service credit is based on elapsed time from hire.

Employee Contributions

9.455% of Compensation

COLA

Eligibility All Participants

Benefit For employees hired prior to January 1, 2011 a compound COLA of 3% is granted each year after attainment of age 55 and 1 year of payments.

For employees hired after or on January 1, 2011 a simple COLA of the lesser of 3% and 50% of the CPI on November 1 is granted each year after attainment of age 60 and 1 year of payments.

For disabled employees, a simple COLA is available after attainment of age 60 and 1 year of payments. For employees hired prior to January 1, 2011 the COLA is 3%. For employees hired after January 1, 2011, the COLA is the lesser of 3% and 50% of the CPI on November 1.

Plan Provisions Not Included

We are not aware of any plan provisions not included in the valuation

Adjustments Made for Subsequent Events

We are not aware of any event following the measurement date and prior to the date of this report that would materially impact the results of this report.

Except where otherwise indicated, the following assumptions were selected by the plan sponsor with the concurrence of the actuary. Prescribed assumptions are based on the requirements of the relevant law and applicable regulations. The actuary was not able to evaluate the prescribed assumptions for reasonableness for the purpose of the measurement.

Valuation Date	May 1, 2020
Participant and Asset Information Collected as of	May 1, 2020
Actuarial Cost Method (CO)	Entry Age Normal Cost Method
Amortization Method – Recommended Contribution (CO)	Closed level percentage of payroll amortization of 100% of the Unfunded Actuarial Accrued Liability using a 4.00% payroll growth assumption over the period ending on April 31, 2041 (21-year amortization in 2020)
Asset Method	5-year smoothing of asset gains and losses
Interest Rates (CO)	7.00%, net of investment expenses
Inflation (FE)	2.50%
Annual Pay Increases (FE)	5.00%
Ad-hoc Cost-of-living Increases	3.0% (1.25% for those hired after 1/1/2011)
Mortality Rates (FE)	
Healthy	RP-2014 Mortality Table with blue collar adjustment, projected with scale MP-2019 from 2006 to 2020
Disabled	RP-2014 Disabled Mortality Table, projected with scale MP-2019 from 2006 to 2020
	10% of deaths are assumed to be in the line of duty

Retirement Rates (FE)

Recommended rates from the 2017 IDOI experience study:

Tier I		Tier II	
Age	Rate	Age	Rate
50-51	10%	50-54	3%
52-53	12%	55	30%
54-55	15%	56-59	20%
56-59	20%	60-62	25%
60-62	25%	63-64	33%
63-64	33%	65-69	50%
65-69	50%	70+	100%
70+	100%		

Disability Rates (FE)

Recommended rates from the 2017 IDOI experience study. Sample rates include:

Age	Rate
20	0.010%
30	0.068%
40	0.420%
50	0.900%

80% of disabilities are assumed to be in the line of duty

Termination Rates (FE)

Recommended rates from the 2017 IDOI experience study. Sample rates include:

Age	Rate
20	5.80%
30	3.50%
40	1.10%
50	1.00%

Marital Status and Ages (FE)

80% of participants are assumed to be married with female spouses 3 years younger.

Expense Load

Equal to the administrative expenses paid in the prior year.

Funding Policy

Statutory minimum contribution, with additional funding at the discretion of the Village.

FE indicates an assumption representing an estimate of future experience

MD indicates an assumption representing observations of estimates inherent in market data

CO indicates as assumption representing a combination of an estimate of future experience and observations of market data

The actuarial report also shows the necessary items required for plan reporting and the any state requirements.

- ✓ Minimum contribution (Public Act 096-1495 Tax Levy Requirement)

Minimum Contribution (Public Act 096-1495 Tax Levy Requirement)

	May 1, 2020
1. Accrued liability using projected unit credit cost method	\$ 47,606,782
2. 90% of Accrued liability	\$ 42,846,104
3. Actuarial value of assets	<u>33,322,949</u>
4. Unfunded liability to be amortized [(2)-(3)]	\$ 9,523,155
5. Total normal cost using projected unit credit cost method	\$ 1,023,585
6. Administrative expenses	56,542
7. 20-year level pay amortization of (4)	615,541
8. Applicable interest	<u>59,348</u>
9. Minimum contribution (5 + 6 + 7 + 8)	\$ 1,755,016
10. Expected employee contributions	<u>405,925</u>
11. Net employer minimum contribution (9 – 10)	\$ 1,349,091

Actuarial Cost Method

Projected Unit Credit

Amortization Method

Closed level percentage of payroll amortization of 90% of Unfunded Actuarial Accrued Liability using a 4.00% payroll growth assumption over the period ending on December 31, 2040 (20-year amortization in 2020)

Asset Method

5-year smoothing of asset gains and losses

Interest Rate

7.00%, net of investment expenses

MEMORANDUM

TO: CHAIRMAN MORAS AND FINANCE COMMITTEE

FROM: NICHOLAS MOSTARDO, FINANCE DIRECTOR

SUBJECT: PROPOSED FY 2021-2022 BUDGET CALENDAR

DATE: 10/13/2020

Background

The annual budget process normally begins in the autumn and concludes in the spring of each year in advance of the fiscal year start date of May 1st. Budget planning for FY 2021-2022 will be more complex than in prior years due to the ongoing effects of the COVID-19 pandemic. Specifically, forecasting will be difficult due to the fluidity of current national, state, and local circumstances. As a result, staff are proposing several changes to the budget planning schedule for FY 2021-2022.

Budget Environment Uncertainty

There are a number of elements that are adding uncertainty into the upcoming budget process that necessitate a modification of the traditional schedule. These include:

1. Developing a five-year financial forecast within the next one to two months is unrealistic on account of the COVID-19 pandemic. At this point, forecasting even five months into the future is difficult.
2. Uncertainty pertaining to available resources for capital projects in FY 2021-2022 since it is unclear how COVID-19 will impact non-home rule sales tax revenues.
3. The Village may need to address Trimm/Lexington, Stormwater, and the GLC/FEC sale in FY 2021-2022. At this point, it is not expected that there will be a significant amount of clarity with respect to those policy objectives, with the exception of stormwater, until close to the end of the calendar year.
4. The mid-year budget amendment process undertaken in September/October should be allowed to play out before jumping back into a new budget process in order to afford staff the ability to make more accurate year-end projections.
5. There is still a chance the Village might receive federal relief by the end of the fiscal year. More clarity on that possibility will be needed prior to finalizing the FY 2021-2022 budget.

Five-Year Financial Forecast and Tax Levy

The first major budget milestones, the five-year financial forecast and tax levy preparation, generally take place in October or November. As noted above, developing a five-year financial forecast this point in time is unrealistic and would serve very little analytical purpose in preparing the FY 2021-2022 budget. It would be more prudent in staff's estimation to conduct the five-year financial forecast process after the first of the calendar year. Presumably, more information will be known at that time about the future economic and political situation in the country as well as the progression of the pandemic during the cold winter months. As a result, staff recommends shifting the presentation of the five-year financial forecast **from early November to January 12, 2021**, which is the date of the first Board meeting of the year.

There is far less flexibility with the tax levy process due to statutory deadlines. While the Village has previously relied upon the five-year financial forecast to drive the tax levy discussion, the increases in the contributions to the pension funds discussed previously will require the Village to utilize both the CPI and new growth in EAV in order to fund the pensions and avoid reducing amounts in other levy line items.

Simply put, due to pension contribution increases, there really is only one viable option with the respect to the upcoming tax levy. As a result, staff propose the following schedule for the tax levy process this autumn:

1. November 10 Finance Committee – Tax levy presentation, formal estimate of levy as required by statute
2. November 24 Regular Board Meeting – Tax levy public hearing (not required, but Village has held in the past)
3. December 8 Board Meeting – Approval of tax levy

This proposed schedule reflects that same timeline that was used to approve the tax levy in 2019.

Capital Projects Funding

In 2019, staff developed a capital improvement plan (CIP) document that the Village Board formally adopted. While the plan laid out ten years of project capital expenses, it was communicated to the Village Board and public that annual capital project appropriations derived from the CIP would be part of the annual budget process. In December 2019, the Village Board and staff facilitated the first annual capital appropriations budget meeting for the purposes of planning for FY 2020-2021. As noted above, there is significant uncertainty related to how much available resources the Village will have for capital projects in FY 2021-2022. The economic downturn will likely affect non-home rule sales tax revenues which will in turn impact the number of capital projects the Village is able to fund in FY 2021-2022.

Non-home rule sales tax experience through December is inadequate to forecast capital funding capacity for FY 2021-2022. Staff recommend an additional month of experience in order to develop better projections. As a result, staff recommend shifting the annual capital project presentation **from early December to January 19, 2021**, which is the date of a normally scheduled Finance Committee meeting.

Staff Milestones

Staff milestones will shift slightly based on the changes to the meetings above. However, the proposed budget calendar still has the draft budget document delivered to the Village Board in February and, similar to previous years, two weeks in advance of the Saturday operating budget review meeting.

Budget Review and Adoption

The proposed calendar shifts the Village Board budget review meetings one week later than in the prior year to account for the changes noted above. In the past, these meetings started on the final Saturday in February and were continued during the first Tuesday in March. The proposed FY 2021-2022 calendar shifts these meetings to the first Saturday in March and the second Tuesday in March, the latter of which corresponds to a regular Village Board meeting.

All budget adoption milestones remain consistent with prior years, where a public hearing is conducted during the second meeting in March and the budget is formally adopted during the first meeting in April.

Recommendations

1. Provide policy direction related to the proposed FY 2021-2022 budget schedule.
2. Direct staff to prepare the tax year 2020 (payable in 2021) tax levy in accordance with the tax levy schedule noted above.

Attachments

1. FY 2021-2022 Budget Timeline - Draft

To: All Department Heads
 From: Nicholas A. Mostardo, Director of Finance
 Date: October 5, 2020 - **Draft**
 Re: FY 2021-2022 Budget Timeline

The timeline for the FY 2021-2022 budget is as follows:

Staff Milestones

<u>OK</u>	<u>Date</u>	<u>Items needed</u>
___	10/1-10/31	Finance Department prepares tax levy recommendation.
___	12/14/2020	<u>Capital</u> project estimation sheets distributed to departments.
___	12/14/2020	Access to BS&A made available for data entry (projected 2020-21 amounts and requested budget for 2021-22).
___	12/30/2020	<u>Capital</u> project estimation sheets due to Finance.
___	1/4-1/8/2021	<u>Capital</u> needs/funding review with departments.
___	1/15/2021	Finance department enters proposed FY 2020-21 payroll for departments.
___	1/15/2021	<u>Operating</u> budget requests and 2020-21 year-end operating projections due to Village Administrator and Finance Director. BS&A department budget entry closed.
___	1/18-1/22/2021	Finance Department review of operating budgets and cash flows.
___	1/22/2021	Finance Department prepares reports and handouts for Department Head meetings.
___	1/25-1/29/2021	Administration/Department Head meetings to review proposed budgets. Updated goals/performance measures due during budget meetings.
___	2/2/2021	Department Head team meeting to review the final proposed budget (prior to Staff Meeting).
___	2/5/2021	Budget numbers finalized by Village Administrator and Finance Director.
___	2/19/2021	Finance Department prepares budget document, exhibits, appendix, and paginates document. Copies of proposed budget are distributed to the Village Board.
___	2/22-3/5/21	Department budget practice presentations for Village Board review meeting.

Village Board Budget Review Meetings

<u>OK</u>	<u>Date</u>	<u>Items needed</u>
___	11/10/2020	Tax Levy Discussion – Finance Committee, 7:00pm
___	11/24/2020	Tax Levy Public Hearing – 8:00pm
___	12/8/2020	Tax Levy Adoption – 8:00pm
___	1/12/2021	Five-Year Financial Forecast – 7:00pm Start
___	1/19/2021	FY 2021-2022 Capital Project Funding – Finance Committee, 6:00pm
___	3/6/2021	Budget Review meeting – 8:00am Start
___	3/9/2021	Budget Review meeting (continued, if needed) – 6:00pm Start

Budget Approval Milestones

<u>OK</u>	<u>Date</u>	<u>Items needed</u>
___	3/9/2021	A notice is placed in the 3/11 edition of the Daily Herald indicating a public hearing on the budget will take place on 3/23.
___	3/23/2021	Public Hearing on the budget (Agenda materials due 3/17)
___	3/23/2021	Post compensation package for each IMRF employee with compensation exceeding \$150,000 on Village website. Required to post at least six (6) days before budget approval.
___	4/13/2021	Budget adopted by ordinance (Agenda materials due 4/7)
___	4/13/2021	Fee ordinance approved (Agenda materials due 4/7)
___	4/14/2021	Post total compensation package for all full-time Village employees on Village website.
___	4/14/2021	Final approved budget document distributed to staff.
___	5/1/2021	File budget with Lake County (within 30 days of passage).

