VILLAGE OF LAKE BLUFF
FINANCE COMMITTEE MEETING

VIRTUAL MEETING
Monday, September 28, 2020
6:00 PM

Due to the COVID-19 emergency, <u>this meeting will be held primarily virtually.</u> <u>Members of the public may view and participate in the meeting via:</u>

Online (**strongly recommended**): **lakebluff.org/VirtualFinanceCommittee**
OR
Dial-in: **(312) 626-6799**. Enter meeting ID **884 1619 0394**. Press # when prompted for a Participant ID.

IMPORTANT: Additional instructions are available in the agenda packet immediately following the agenda.

As required by law, at least one representative from the Village will be present at Village Hall and the virtual meeting will be simulcast at Village Hall for members of the public who do not wish to view the virtual meeting from another location. Pursuant to Executive Order 2020-38 issued by the Governor, no more than 10 people may gather at Village Hall for the meeting. Accordingly, the opportunity to view the virtual meeting at Village Hall is available on a "first come, first-served" basis.

The meeting will be live-streamed at **lakebluff.org/Channel19** and broadcast live on Comcast Channel 19 with the most recent meeting rebroadcast on Wednesdays at 8:00 a.m. and Mondays at 7:00 p.m.

AGENDA

I. Oral Declaration Regarding In-Person Meetings of Subsidiary Boards and Commissions
 Chair declares that meeting in Person is not practical or prudent.

II. Call to Order – Roll Call

III. Approval of Minutes – June 22, 2020

IV. Non-Agenda Items and Visitors
The Finance Committee allocates fifteen (15) minutes at this time for those individuals who would like the opportunity to address the Committee on any matter not listed on the agenda.

V.   Business Items

   A.   Discussion Regarding 2020 Property Tax Levy Estimates and Police Pension Actuarial Recommendation

   B.   Discussion Regarding Ambulance Fees

   C.   Discussion Regarding an Update to the Local Stimulus Grant Program

VI.   Informational Items

   1.   Cares Act Reimbursement Update

   2.   Review of Investments

VII. Staff Report

VIII. Adjournment

The Village of Lake Bluff is subject to the requirements of the Americans with Disabilities Act of 1990. Individuals with disabilities who plan to attend this meeting and who require certain accommodations in order to allow them to observe and/or participate in this meeting, or who have questions regarding the accessibility of the facilities, are requested to contact R. Drew Irvin at 847-234-0774 or TDD number 847-234-2153 promptly to allow the Village of Lake Bluff to make reasonable accommodations.

I. Call to Order – Roll Call

The Finance Committee of the Village of Lake Bluff was called to order on Monday, June 22, 2020 at 6:00 PM in the Village Hall Board Room, 40 E. Center Ave., Lake Bluff, Illinois.

Members Present: Trustee Barbara Ankenman, Chair
Trustee William Meyer, Member
Trustee Aaron Towle, Member

Others Present: Kathleen O'Hara, Village Board President
Regis Charlot, Village Trustee
Mark Dewart, Village Trustee
Joy Markee, Village Trustee
R. Drew Irvin, Village Administrator
Bettina O'Connell, Finance Director
Marlene Scheibl, Assistant Finance Director
Jeff Hansen, Village Engineer
Glen Cole, Assistant to the Village Administrator
Jake Terlap, Public Works Superintendent
Peter Friedman, Village Attorney

II. Oral Declaration Regarding In-Person Meetings of Subsidiary Boards and Commissions

Chair Ankenman read the following announcement: Pursuant to recently adopted amendments to the Illinois Open Meetings Act included in Public Act 101-0640, public bodies may in certain circumstances hold entirely virtual public meeting without a forum physically present at any one location. On March 18, 2020 the Village President issued a declaration of emergency pursuant to the authority granted by the Village Code, Illinois Municipal Code, and the Illinois Emergency Management Agency Act, to address the health proposed by the COVID19 pandemic. On May 29, 2020 Governor Pritzker issued a disaster Proclamation that declared in-person attendance at public meetings of more than 10 people, at a regular public meeting location, to be infeasible in accordance with the Illinois Open Meetings Act as a Public Act 01-0640. On June 16, 2020 President O'Hara executed a written determination that given the ongoing emergency associated with the COVID19 pandemic, in-person meetings of the Villages Village Board are not practical or prudent at this time until further notice. In accordance with the Governor's disaster proclamation and the Village President's declaration of emergency and determination regarding meetings of the Village Board, I, as Chair of the Finance Committee of the Village of Lake Bluff, hereby determined that in-person meetings of the Lake Bluff Finance are not practical or prudent at this time and until further notice.

III. Approval of Minutes

Member Towle made a motion to approve the minutes of the June 8, 2020 meeting as presented; seconded by Member Meyer and approved unanimously on a roll call vote.

IV. Business Items

A. Continued Discussion Regarding FY21-22 Revenue & Expense Modifications

Chair Ankenman introduced the agenda item and asked Staff for an update.

Village Administrator Irvin said at the last Finance Committee meeting Staff was directed to have a conversation with Mr. Jeff White (Homeowners) to determine if the project could be done this fiscal year. He said the homeowners indicated a willingness to participate financially but was reluctant to provide a cost participation amount and asked that the Village propose an amount instead. He was told that Staff would work to see if there was a rational means to derive a participation figure or cost sharing. Village Administrator Irvin continued that Staff has reviewed essentially three solutions: (1) a pipe solution further down the street with a cost estimate of approximately $270,000; (2) the simplest solution which involves piping the stormwater behind the White's residence and their neighbors to the north into the railroad right-of-way (Village Administrator Irvin elaborated on why the Union Pacific Officials do not think this is a true option); and (3) the alternative where the Village explored moving the stormwater from Mr. White's property over to a neighboring property to the east which would take the water through an overland flow route through the middle of their rear yard and through the other neighbors properties. Village Administrator Irvin said that this version of the project was estimated at approximately $150,000 but the homeowners was not interested in this solution because the White's did not want to impact their neighbors.

Following comments from Village Administrator Irvin, Village Engineer Jeff Hansen confirmed that is the cost and that there were no easement or any other property rights acquisition in that estimated which could have driven the project costs higher.

Village Administrator Irvin said the other alternatives discussed were not feasible. If the Village and the homeowners are interested in doing this project this fiscal year, and given the COVID-19 impact on revenue streams, Village Administrator Irvin stated that the Finance Committee could discuss a cost sharing (50/50) program or wait to see if the project can be reinserted back into the capital program at a later date, should revenue streams adequately recover.

In response to a question from Member Towle, Village Engineer Hansen said the $150,000 project would only solve the homeowners' problem because the repair would occur after the water drained off the roadway onto their property.

Member Meyer asked what would be the cost if the Union Pacific railroad (UPRR) solution was possible. Village Administrator Irvin said the project will cost approximately $100,000 but two easements are needed and he thinks both parties (White and Gallagher) indicated a willingness to participate in this solution.

Member Meyer said that is just a little more than a third of what we are projecting the current cost to be of what seems to otherwise be the project that makes the most senses. He said when one looks at the entire situation there is a gigantic ravine there that can probably take, or is already taken a lot of stormwater, and it seems the

recalcitrance of the Union Pacific railroad in resisting what might be the most simple and fair solution, is to say the least disappointing.

In response to a question from Member Meyer, Village Administrator Irvin said the major issue with the railroad solution is the time needed to secure approval or permit from UPRR. However, there will be no promises in terms of timing and it is difficult to said if UPN would issue a permit to the Village because their preliminary reaction was "no" or "do not even bother to ask."

Village Engineer Hansen said both he and the homeowners have spoken with UPRR and learned that a financial commitment is required upfront and approximately $10,000 in permit fees for UPRR to review and ultimately deny the project.

Trustee Dewart said we should be conscious of the fact that is not strictly speaking a ravine, it is not completely benign in that a question that the railroad would certainly want to understand is whether or not there is potential for erosion of their ballast and anything that might undermine their tracks with some unknown or permit maximal amount of water coming in there and what it might do at the outflow point. It would seem to him that has certain complications with it as well.

Following a request from Village Administrator Irvin, Village Engineer Hansen said the construction window closes in November to get the street patching done because this does not involve cutting the street. He would prefer to allow the contractor scheduling flexibility, but bidding the project in July this would give the contractor at least two or three window to completed the project. Village Engineer Hansen said he thinks it could probably be the last opportunity for the Finance Committee to discuss the project if the intent is to begin this fiscal year because the pool of potential contractors will shrink the longer we wait.

In response to a concern from Chair Ankenman, Village Engineer Hansen said the estimated cost of $270,000 includes approximately $20,000 for engineering inspection. The range that we are going to get as you short the time frame is going to wider to the top end. He said the project can always be put out for bids and then not awarded if the bids are too high.

Chair Ankenman said it seems like the question before the Finance Committee is geared around time. This particular item was taken out of the budget due to the COVID-19 pandemic and putting it back in the budget at this point involves a lot of unknown in terms of what we are going to get for revenues. She said we need to weigh whether we should put it in this year not knowing, having all this information be quite incomplete, or if we want to keep it out of this year and see if it makes the criteria for next year's budget. She said if we are to consider putting it back in for this year, she thinks we should discuss more about cost-sharing and the ways in which we might ask for participation.

Member Meyer said he thinks it has been pointed out that this is quite an issue of timing and asked what the options are, in terms of doing it first thing next year because there will be more information about how COVID-19 is impacting the budget. He asked if there is a possibility of having this be first on the agenda of work next year in relation to the timing of the spring rains that it would make a difference. A discussion followed.

Trustee Charlot asked what the assumed storm event rate is, for the purposes for calculating project timing. In response Member Towle said history has shown that it is less than once per year so if that is the metric being use it is pretty low risk to wait until

next year, because it is three times since 2017. He said obviously there is no guarantee but if we are looking at the risk of waiting until next year there would be some but they would likely be less than one storm event per year. Member Towle said his issue is that he sympathizes with the homeowners because the project was in the budget but a lot of plans have been canceled this year. He would really like to see something done this year, if we can figure out the cost sharing part, if everyone can agree on a good set of numbers then move forward, but if not, then explore it next year and hopefully the Village revenues will be back to where they need to be.

Member Meyer agreed with and said there are risks but if the homeowners participates they can mitigate that risk by paying for part of the project. Whether this makes sense to them or not would be their choice.

Trustee Dewart said the Finance Committee at its last meeting approved two projects and inquired of the cost absorbed and how much funding is available for this project. Village Administrator Irvin said the Village discussed returning a loan to the water fund from the general fund in the amount of $400,000 back to the general fund and it was up to that amount, and the $400,000 has not been generated by that enterprise fund, was certainly helping propping it up. The idea was if we were going to transfer money back to the general fund to pull out at least amount necessary to do it the. The two approved projects are on the Village Board agenda this evening to the sum of $33,100. The pipe solution that we have discussed is approximately $272,000 so that still leaves a little head space between what comes out and goes back to the general fund and leaves a small balance in the water fund.

In response to a question from Trustee Dewart on the health of the Water Fund, Village Administrator Irvin said the water fund balance would be lower than what the policy dictates, if the Village did not raise water rates.

Finance Director Bettina O'Connell said that two years of depreciation is the number being used in the operating Water Fund balance calculation. She the fund balance begins to dip around 2024, but keep in mind that balance number is not net position and that is where the funding dollars for the transfer would come from, so it is a different part of the calculation in the water fund but overall we will be looking at different ways of funding and one of them is through rate increases which we have not done.

Village Administrator Irvin said the Finance Committee discussed putting it off rate increases this year but will probably think about it next year because of the water meter switch. It is not uncommon for people that get new water meters to recognize or see an increase in fees because the new meters are actually capturing the low flows that were not previously being captured and the Board did not want to hit them with a "double-whammy."

Chair Ankenman said it makes sense to see how that new implementation plays out and then reassess how we are doing in terms of water rates.

Finance Director O'Connell said the chart that she showed at the last Finance Committee meeting used a calculation of a repayment of $287,500 and not the full $400,000.

Trustee Markee asked if the Village has ever participated in a cost sharing program. She thinks a lot of people have water issues and she elaborated on why she would be hesitant to set this precedent. Village Administrator Irvin said the Village used to have

50/50 programs where the Village pays 50%, the adjacent property owner pays 50% for both tree planting and sidewalk replacements.

Public Works Superintendent Jake Terlap said definitely tree planting and storm sewer, but he is not sure if we did 50/50 sidewalk share. He said they were trying to put something in for a while because we had bad flooding in the past.

President O'Hara said years ago there was sidewalk cost sharing programs.

Village Administrator Irvin said in terms of other major significant infrastructure the Village has talked about using Special Service Areas (SSA) to install water and sanitary sewers in areas that do not have it or previously were built to a different standard. He said that SSAs are a very common mechanism to implement new infrastructure and that the Village has talked about this particular project, but it did not make sense given the circumstances and that the benefitting parties were a very small universe.

Member Towle said in his scenario the Village is giving them the choice, the cost sharing only accelerates the project whereas if that is not something that they want to do or we just have to wait. He said he does not mind setting that present if people want a project to happen faster than the Village has money for and they want to contribute financially; he added that he thinks that this may be a worthy program going forward.

Chair Ankenman said, in terms of setting a precedent, what if we have based on this issue, then we had ten projects that people want to accomplish and they are willing to cost share but the Village does not have the bandwidth to do those projects. She said everything that we do she is trying to extrapolate and given in the number of places that potentially could have water issues. She do want to be cautious in saying what do we see down the road if we make that move. It makes perfect sense to say if you participate we will move it up for this particular one but we are not really just deciding this one we are setting that precedent and she do not know what the ramifications are on that.

In response to a question from Chair Ankenman, Village Administrator Irvin said he thinks the Village could say that in any situation where the Village is funding a particular program that you can only do it when the money is budgeted, available and it can be subject to whatever parameters you set up. He said he thinks you can come up to that many different ways, and he would not be so concerned with setting a precedent in the COVID-19 pandemic as this is such a unique period of time. He said he cannot think of another time where there has been a project where the Village has stepped back from trying to do something due to financial downturns and did not attempt to put that back into the CIP schedule. He commented on how the Village approached the projects during the 2008 recession and noted that, overtime, the Village got back to reinvesting into its vehicle replacement fund and the fund balance, so it is those types of initiatives that get revisited and private projects are always reexamined, reprioritized based off new initiatives and new possible partnerships or new funding sources. He said he does not think the Village will be setting any precedents.

Trustee Markee said she was looking at it from the standpoint of not projects the Village pointed out but if we are looking at one home that is having an issue, and she is sure there are other homeowners in similar "one-off" situations. Just one home having an issue they are now saying maybe I could go to the Village and split it 50/50

rather than covering it all myself. So it would not be projects that the Village had identified but people bringing their issues to the Village expressing the same treatment.

Trustee Charlot said there may be a project are very necessary for a neighbor or a few houses, but people might not have the funding to cover the cost. These are not cheap projects and people may not be able to afford the cost.

Member Towle said in this case we are setting the precedent of accelerating a project, not cancelling the project if there is no group. In the case of homeowners who do not have the funds will wait in line and be in that standard time frame or whatever timeframe we had originally decided upon, whether it is cost sharing, homeowners, state or federal government then that project can be accelerated. Member Towle said we are looking at this Boardman Court project because the homeowners had a problem, they brought it to the Village, and we were prepared to fund it 100%. He said he thinks this would encourage homeowners with individual problems to come to the Village without any cost sharing possibility and say you funded this one improvement for one homeowners, 100%, why can you not fund my problem the same.

Village Administrator Irvin made the distinction that this is not just a private property issue, and the reason this is on the radar is because of the Village stormwater standards with respect to the roadway. The idea is this improvement will be addressing and curing a Village issue which is one of the standards by which the Village has been participating in projects.

President O'Hara said it is based on the criteria stated but it will depend in future years what kind of criteria has been set to even consider projects that will always be the key.

Trustee Dewart suggested setting up a bidding situation because a classical economist might find that intriguing but that is not the way we run Village business. In terms of cost participation and project ranking, in the his mind, this immediately then begins to beg for the Village to have to sit down and begin to figure out prioritization relative to cost participation. He said we have a sizable portion of our residents in the Village that are seniors who could not begin to afford a cost participation plan but could significantly be injured by stormwater and he thinks from a strategic standpoint it marks a significant shift in how we view our corporate responsibilities in the Village.

Trustee Charlot said if we were to put that on a waiting system we are doing priorities based on number of household affected and Boardman Court would never be considered because this is one house.

Trustee Markee said we need to have some better parameters on how we decide where that money goes because $250,000 is a significant amount of money to fix one home and she would rather see bike path lighting go because it would benefit the entire Village. She understand the homeowners have an issue, but as stewards of taxpayer money we need to make good decisions on how it is spent and it should be spent for the greatest impact. Trustee Markee said she is struggling with just one house being affected with this large amount of money. Trustee Charlot opined that the Village may owe some of the responsibility for issues at this residence. The property owners as a buyer should be responsible for doing some due diligence prior to purchasing the home. She is struggling with where the Village's responsibility falls in this versus the owners and it is a complex problem right and it is not an easy thing for her to discern.

Member Meyer said what is being said resonates very well with him, which is we have responsibilities as stewards of the public funds to make sensible decisions. We have a situation here where we have had to move a project, its timing at least, because of the current economic situation. The Village is seeking solutions or some way to do the good that government does which is to try to accomplish a project given the current challenges. A sensible solution to that is to say to that homeowners, that if you want to mitigate that risk sooner, participates in the cost sharing. As stewards of the public funds that is a very sensible thing to do and to say that trying to find a solution like that is in some way turning our backs on the senior citizens in this Village he take exception to, respectfully. Member Meyer said what he believes we are trying to put together here is a solution to help somebody. He stated that he believes that the Village has at least two primary duties which is to find solutions to help people and be good stewards of the public funds. The idea of cost sharing mentioned is very appealing in that regard and he thinks the concern regarding stewardship is a very important one. Member Meyer said let us see if we can find a way to make this happen to benefit both the property owner and Village and everyone wins by sharing the cost and responsibility.

In response to a question from President O'Hara, Village Engineer Hansen said he believes the logical explanation as to why the house was originally built below standard was to preserve the ash trees in the rear yard.

In response to a question from Village Administrator Irvin, Village Engineer Hansen said he does not believe there are any Village Codes that would regulate final elevations plans should the plans be modified in the field to preserve nature elements.

Chair Ankenman asked if water flow and grade elevations were civil engineering issues. Village Engineer Hansen said the civil engineer who put together the subdivision plan set the grading plan for the whole subdivision and that was not followed in this particular houses case. The past Village stormwater system was not nearly as robust as it is now to look for these things and check on grades as opposed to now where we have three steps of reviews to follow that. He said a house grading plan for that property was not required back then, so it probably was just reviewed by Staff.

Chair Ankenman said she does not know if we want to forensically assign responsibility, it is an important but possibly an unanswerable question. She said somehow the Village may have some role in allowing this to happen, so we are here to address this project that was in the budget, and do we want to reconsider it for this year through a cost sharing program. She said the question is are we wanting to discuss a cost sharing methodology (50/50) to start the conversation.

Member Towle said he would be more comfortable with pushing it back completely until the economic and revenues are better but he thinks the homeowner should be given them option to participate in a cost sharing program if they want to accelerate the project and have it done this year.

In response to a question from Trustee Charlot, Chair Ankenman said she thinks if the project was put off until next year we do not have the crystal ball to know all the items that are going to be on the docket. She said that we currently are aware of many projects that are on the list but there are no guarantees because the list is subject to be reprioritized change based on the project and financial limits. She said this Committee is attempting to advance the discussion to determine is we are willing to

discuss it as an option for this year through cost participation and what would you recommended that participation be.

Trustee Dewart inquired of the apportionment cost between the road and total project. Village Administrator Irvin said the engineers would not make the cost distinction between the pipe size or improvement cost.

Member Towle said the cheapest option to solve the homeowners' problem is the $150,000 to put it into the neighbor's backyard and he think that could be a number that we work with whether the Village can participate at that level and the property owners would be responsible for the remaining cost. Member Meyer concurred with the suggestion.

Chair Ankenman opened the floor to public comments and there were no comments.

Village Engineer Hansen recommended leaving it as a percentage because cost sometimes fluctuates during construction and they might not be able to fix that number based on the bid. Also, there had be the bid number of construction plus our construction, consultations and clarified if they would be considered in that as well.

In response to a question from Chair Ankenman, Village Administrator Irvin said that based on the project funds from the water fund the overland path would be less expensive in terms of impact and given the timing he suggested having a conversation with the homeowners.

Trustee Markee said she comfortable with this.

Trustee Charlot said this is a pretty serious burden to put on the homeowners.

Trustee Dewart said the question then becomes how it is prioritized next year. The Village already have a list of capital projects in ranked order and prioritized and if the cost participation is considered, then we would have to come up with a rubric or methodology to fairly consider these type of projects. Trustee Dewart said we are looking at a strategic shift here and he thinks we will be open ourselves up to this situation down the road. If we do this is should be done with "open eyes" as we fairly consider future projects. He said government is about us strategically determining how much we support the public good.

Member Towle said it would be difference it is was a neighborhood being affected but in this case it is one homeowner and so in the public benefit were are not really benefitting the public in this case we are benefitting one homeowner.

Following an extensive discussion, *Member Towle made a motion to direct Staff to present a cost sharing option that the Village would participate at a cost of 55% and the homeowner 45%. If the homeowner does not agree the project would be evaluated and prioritize for next year's budget, seconded by Member Meyer and approved on an unanimously roll call vote.*

V. Staff Report

Following a request from Village Administrator Irvin, Village Engineer Hansen provided the Finance Committee with an update of the Greenbay Road project and noted based on the State threshold scale the Village will not be eliminable for the State funding program for approximately 5 years.

VI. Adjournment

Member Meyer made a motion to adjourn the meeting at 6:59 PM; seconded by Member Towle and the motion passed on a unanimous roll call vote.

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Respectfully submitted,

Bettina O'Connell
Finance Director

VILLAGE OF LAKE BLUFF

MEMORANDUM

TO: Finance Committee Members
              Kathy O'Hara, Village President
              R. Drew Irvin, Village Administrator

FROM: Bettina K. O'Connell, Director of Finance

DATE: September 24, 2020

SUBJECT: 2020 Property Tax Levy Estimate

Annually the Village is statutorily required to estimate the funds to be raised from taxes on real property in the Village prior to the adoption of the levy. This is an estimate and does not limit the Board's ability to levy a different amount provided it is in compliance with the Truth in Taxation Law and all applicable notice and hearing provisions.

The attached packet includes supporting schedules estimating the 2020 property tax maximum levy under the Property Tax Limitation Act (PTELL) with (i) Alt# 1 a 2020 property tax levy increasing the levy based on the new construction added to the tax rolls (EAV) with, (ii) Alt# 2 without the CPI-U factor of 2.3%, and (iii) Alt# 3 a 2020 property tax levy freeze without any changes to EAV or CPI factored.

Levy Calculation and Estimates – Attachments A, B and C

Attachment A of the package shows the calculation of the tax levy based on the maximum non-referendum tax levy, which takes into account the CPI factor and estimated new construction. **Attachment B** of the package shows the calculation of the tax levy based without CPI. The CPI factor is 2.3%, which is greater than last year. The EAV for 2020 is projected at 100.3% of the 2019 amount and new construction is estimated at $2 million based on historical data.

The estimated maximum amount under the PTELL that could be levied is **$4,567,183** (including the Library portion) representing a **2.64**% increase. While the Village is not subject to tax caps as a home rule municipality the Village Board passed a resolution in 2005 pledging to not increase the aggregate levy in excess of the amount that is allowed under the PTELL. The estimated levy amount foregoing the CPI factor for both the Village and the Library is **$4,464,497** or **0.31%** over the 2019 tax extension. Additionally **attachment C** of the package demonstrates if EAV and CPI were excluded in the calculation for both the Village and the Library that the estimated levy amount of **$4,449,518** would remain the same as 2019.

Below is a table showing the last 10 years' total (Village and Library) tax extension and the current estimated levy under all scenarios

Tax Collection Yr.	Levy Year	Tax Extension	New Dollars	Equalized Assessed Value	Blended Tax Rate	Inc/(Dec) in EAV	Inc/(Dec) in Levy	CPI
2021-22 (1)	2020	4,567,183	117,664	596,094,938	0.7662	0.31%	2.64%	2.3%
2021-22 (2)	2020	4,464,497	14,979	596,094,938	0.7490	0.31%	0.34%	2.3%
2021-22 (3)	2020	4,449,518	23,326	594,260,348	0.7469	0.00%	0.00%	2.3%
2020-21	2019	4,449,518	23,326	594,260,348	0.7469	1.90%	0.54%	1.9%
2019-20	2018	4,323,227	103,676	583,162,534	0.7173	1.61%	2.45%	2.1%
2018-19	2017	4,219,552	111,512	573,943,859	0.7221	3.50%	2.71%	2.1%
2017-18	2016	4,108,007	28,518	554,529,066	0.741	6.27%	0.70%	0.7%
2016-17	2015	4,079,489	55,876	521,831,574	0.782	8.82%	1.39%	0.8%

2015-16	2014	4,023,613	76,386	479,518,737	0.839	-0.98%	1.94%	1.5%
2014-15	2013	3,947,227	96,685	484,263,512	0.815	-4.39%	2.51%	1.7%
2013-14	2012	3,850,542	126,832	506,500,163	0.673	-8.12%	3.41%	3.0%
2012-13	2011	3,723,710	80,146	551,254,954	0.678	-5.91%	2.20%	1.5%
2011-12	2010	3,643,564	147,321	585,899,834	0.624	-7.14%	4.21%	2.7%

[1] Year 2020 Levy, EAV, rate and percentage changes are estimates based on the PTELL calculation and Lake County web site data.
[2] This is the Levy estimate for 2020 without the CPI factor.
[3] This is the Levy estimate for 2020 flat without any changes.

Part III, of Attachments A and B details the new dollars received, the percentage increase, and the tax rate changes compared to the 2019 extension for the Village and the Library separately. With a summary of all three scenarios included in attachment A. Under the PTELL levy, the levy amount would increase $117,664 and the blended tax rate increases to $.7662 from $.75104 per $100 of EAV. By not utilizing the CPI factor, the aggregate levy would increase by $14,979 and the rate would decrease from $.75104 to $.7490 per $100 of EAV.

Levy Breakdown by Fund/Purpose – Attachments D

Attachment D shows the breakdown of the levy by fund/purpose with a comparison to previous years. The shaded column shows the effect of the 2020 levy on the Village funds. Of the total new dollars projected under the PTELL levy, the General fund would realize a **decrease** of **$18,614** over the 2019 extension. If the Finance Committee recommends not using the CPI factor, then the General Fund would realize a **decrease of $98,507** from the 2019 extension.

The Police Pension Board current actuarial valuation as of 5/1/2020 calculated a funding policy contribution requirement of $849,850. The Police Pension Board met on July 16, 2020 and reviewed the 2019 actuarial valuation, prepared by the actuarial firm of MWM Consulting, the calculated recommended minimum Village contribution increased 14.13% from the contribution last year of $744,640. The actuarial recommended levy is based on the Entry Age Normal (EANC) funding method and more conservative assumptions than the minimum levy required by statute. The recommended amount is designed to reduce the unfunded liability each year, to produce a levy that is about 51.5% of covered payroll, and to achieve 95% funding by 2040 (90% funding is required by law.) The plan is 54.14% funded as of May 1, 2020 down from 57.90% at May 1, 2019 under the EANC method. The complete actuarial valuation report is attached. The Illinois Municipal Retirement Fund and Social Security (FICA) levy allocations are based on a projection of the costs for FY2020-21. The Village is mandated to contribute 10.42% and 8.08% for 2020 and 2019 respectively, and an estimated 9.87% for 2021, of salaries for IMRF covered employees. The Village pays 6.2% of salaries up to the annual maximum and 1.45% on total salaries for FICA and Medicare income taxes for all employees.

Impact on a $750,000 Market Value Home

The impact on a home that has a market value of $750,000 (assuming the estimated change in the EAV from 2019 to 2020) is an increase of approximately $25.00 under the PTELL levy estimate and a decrease of approximately $18.00 under the non-CPI levy estimate (capture new EAV growth only).

Library Property Tax Levy

The Library Board has not formally submitted its levy request and has the authority to request an amount that exceeds the PTELL due to the Lake Bluff's home rule status. Since 2006 the Library Board has requested a levy consistent with the PTELL with the exception of FY2012 when they held the levy flat, and also in FY2019 when an additional $20k was requested.

Abatement of both the 2012 & 2019 Refunding Bonds and 2019 Bonds

As has been past practice, this levy does not include an amount for bond payments. This debt requires an abatement ordinance to request that the County NOT levy this tax because Ordinances, 2012-13, 2019-18 and 2019-26 are filed with the County. These ordinances require the County tax extension office to levy the annual bond payment amount unless the Village abates the levy each year.

The abatement ordinance will be submitted to the Board for approval in conjunction with the levy ordinance.

General Information and Tax Levy Legal Adoption Requirements

The Village is required by Statute to prepare a resolution estimating the property tax levy, which will be on the November 9th Village Board meeting agenda. The first reading of the Levy Ordinance, Debt Abatement ordinance, and Public Hearing will be held on November 23rd with final adoption of the levy on December 14th. The levy must be filed with the County Clerk by the last Tuesday in December.

Truth-In-Taxation Law Compliance Is Not Required

The truth in taxation law requires that the corporate authorities comply with specific publication and public hearing requirements if the aggregate tax levy is estimated to be more than 105% of the amount extended the prior year. At this time, the Village and the Library levies are in compliance with the tax cap amount, therefore, compliance with the provisions of this law is not required. However, the Village will hold a public hearing on the budget at the November 23rd Board meeting in accordance with past practice. The public hearing notice will be posted on the Village Hall bulletin board, the website, and printed in a local newspaper the week of November 9th.

VILLAGE OF LAKE BLUFF | Max & Summary | **ATTACHMENT A**

2020 PROPERTY TAX LEVY PRELIMINARY LEVY

I. Calculation of 2020 Estimated EAV & Historical Data

	2015	2016	2017	2018	2019	2020 Estimate
Village EAV	500,638,069	532,150,075	551,599,505	560,523,140	571,379,884	$573,099,726
Sanctuary EAV	21,193,805	22,378,991	22,344,354	22,639,394	22,880,464	$22,995,212
Total Village EAV	$521,831,874	$554,529,066	$573,943,859	$583,162,534	$594,260,348	$596,094,938
Shield's Township EAV	$1,733,267,357	$1,829,818,385	$1,906,304,728	$1,909,637,243	$1,915,537,317	$2,011,314,183
Village % of Township	30.11%	30.31%	30.11%	30.54%	31.02%	29.64%
Village New Construction	$2,937,369	$7,542,595	$2,545,595	$2,276,957	$3,247,137	$2,000,000
Annexed Property						
Township New Construct	$6,154,906	$17,573,176				
Property Tax Extension	$3,926,394	$3,954,934	$4,067,737	$4,187,069	$4,291,337	
Sanctuary Extension	$153,095	$153,073	$151,814	$156,190	$158,181	
Total Village Extension	$4,079,489	$4,108,007	$4,219,552	$4,343,258	$4,449,518	
Tax Rate	0.784	0.743	0.737	0.747	0.751	
Sanctuary Rate	0.722	0.684	0.679	0.690	0.691	

II. Calculation of Maximum Tax Levy

A. Tax Cap Calculation - PTELL MAXIMUM   YEAR 2020 ESTIMATE

CPI Factor 2.3%   2.30%

STEP 1: Prior year Extension less debt * CPI factor

$4,449,518 $4,551,858

STEP 2: Tax Rate Maximum=New Extension (less debt) Divided by Estimated EAV less $594,094,938

STEP 3: Maximum Tax Rate with CPI (Step 1 divided by Step 2)   **0.7662 PTELL Limiting Rate**

STEP 4: Rate * Total EAV = Total levy (less debt)

$4,567,183 **MAXIMUM**   2.644% % Increase

STEP 5: Total Maximum Levy $4,567,183   2.644% % Increase

STEP 6: Add G.O. Debt P **ABATED** $0

STEP 7: Total Maximum Levy & Tax Rate   **$4,567,183**   **0.7662**

III. Comparison 2019 & 2020 Levy - VILLAGE | With CPI | No CPI | FREEZE |

| | | With CPI | No CPI | FREEZE | | | |

A. PTELL Maximum	2019 Tax Ext	2020 Max Levy Est	2020 Estimate	2020 Estimate	WITH CPI $ Change	NO CPI $ Change	FREEZE $ Change
Levy w/o Police Pension	**$2,717,073**	$2,703,502	$2,623,611	$2,611,957	($13,571)	($93,462)	($105,116)
Police Pension Levy	**$744,734**	$849,850	$849,850	$849,850	$105,116	$105,116	$105,116
Total Village Levy	$3,461,807	$3,553,352	$3,473,461	$3,461,807	$91,545	$11,654	$0.22

IV. Library Levy Estimates

	2019 Extension	2020 Max Levy	2020 Estimate	2020 Estimate	$ Change	$ Change	$ Change
Amount per Tax Cap	$987,711	$1,013,829	$991,036	$987,711	$26,118	$3,325	($0)
TOTAL MAXIMUM LEVY	**$4,449,518**	**$4,567,183**	**$4,464,497**	**$4,449,518**	**$117,664**	**$14,979**	**$0.00**

VILLAGE OF LAKE BLUFF | NO CPI | **ATTACHMENT B**

2020 PROPERTY TAX LEVY PRELIMINARY LEVY

I. Calculation of 2020 Estimated EAV & Historical Data

	2015	2016	2017	2018	2019	2020 Estimate
Village EAV	500,638,069	532,150,075	551,599,505	560,523,140	571,379,884	$573,099,726
Sanctuary EAV	21,193,805	22,378,991	22,344,354	22,639,394	22,880,464	$22,995,212
Total Village EAV	$521,831,874	$554,529,066	$573,943,859	$583,162,534	$594,260,348	$596,094,938
Shield's Township EAV	$1,733,267,357	$1,829,818,385	$1,906,304,728	$1,909,637,243	$1,915,537,317	$2,011,314,183
Village % of Township	30.11%	30.31%	30.11%	30.54%	31.02%	29.64%
Village New Construction	$2,937,369	$7,542,595	$2,545,595	$2,276,957	$3,247,137	$2,000,000
Annexed Property						
Township New Construct	$6,154,906	$17,573,176				
Property Tax Extension	$3,926,394	$3,954,934	$4,067,737	$4,187,069	$4,291,337	
Sanctuary Extension	$153,095	$153,073	$151,814	$156,190	$158,181	
Total Village Extension	$4,079,489	$4,108,007	$4,219,552	$4,343,258	$4,449,518	
Tax Rate	0.784	0.743	0.737	0.747	0.751	
Sanctuary Rate	0.722	0.684	0.679	0.690	0.691	

II. Calculation of Maximum Tax Levy

A. Tax Cap Calculation - PTELL MAXIMUM   YEAR 2020 ESTIMATE

CPI Factor 2.3%		0.00%

STEP 1: Prior year Extension less debt * CPI factor
     $4,449,518   **$4,449,518**

STEP 2: Tax Rate Maximum=New Extension (less debt) Divided by Estimated EAV less New
     $594,094,938

STEP 3: Maximum Tax Rate withOUT CPI (Step 1 divided by Step 2)
     0.7490 PTELL Limiting Rate

STEP 4: Rate * Total EAV = Total levy (less debt)
     $4,464,497 **MAXIMUM**   0.337%   % Increase

STEP 5: Total Maximum Levy $4,464,497   0.337%   % Increase

STEP 6: Add G.O. Debt Payi **ABATED** $0

STEP 7: Total Maximum Levy & Tax Rate   **$4,464,497**   **0.7490**

III. Comparison 2019 & 2020 Levy - VILLAGE | NO CPI |

A. PTELL Maximum	2019 Tax Ext	2020 Estimate	$ Change	% Change
Levy w/o Police Pension	$2,717,073	$2,623,611	($93,462)	-3.440%
Police Pension Levy	**$744,734**	$849,850	$105,116	14.115%
Total Village Levy	$3,461,807	$3,473,461	$11,654	0.337%

IV. Library Levy Estimates | NO CPI |

	2019 Extension	2020 Estimate	$ Increase	% Change
Amount Allowed per Tax Ca	$987,711	$991,036	$3,325	0.337%
TOTAL MAXIMUM LEVY	**$4,449,518**	**$4,464,497**	**$14,979**	**0.337%**

2020 PROPERTY TAX LEVY PRELIMINARY LEVY

I. Calculation of 2020 Estimated EAV & Historical Data

	2015	2016	2017	2018	2019	2020 Estimate
Village EAV	500,638,069	532,150,075	551,599,505	560,523,140	571,379,884	$571,379,884
Sanctuary EAV	21,193,805	22,378,991	22,344,354	22,639,394	22,880,464	$22,880,464
Total Village EAV	$521,831,874	$554,529,066	$573,943,859	$583,162,534	$594,260,348	$594,260,348
Shield's Township EAV	$1,733,267,357	$1,829,818,385	$1,921,309,304	$2,017,374,769	$2,118,243,508	$2,118,243,508
Village % of Township	30.11%	30.31%	29.87%	28.91%	28.05%	28.05%
Village New Construction	$2,937,369	$7,542,595	$2,545,595	$2,276,957	$3,247,137	$0
Annexed Property						
Township New Construct	$6,154,906	$17,573,176				
Property Tax Extension	$3,926,394	$3,954,934	$4,067,737	$4,187,069	$4,291,337	
Sanctuary Extension	$153,095	$153,073	$151,814	$156,190	$158,181	
Total Village Extension	$4,079,489	$4,108,007	$4,219,552	$4,343,258	$4,449,518	$0
Tax Rate	0.784	0.743	0.737	0.747	0.751	0.000
Sanctuary Rate	0.722	0.684	0.679	0.690	0.691	0.000

II. Calculation of Maximum Tax Levy

A. Tax Cap Calculation - PTELL MAXIMUM   **YEAR 2019 ESTIMATE**

CPI Factor 2.3%   0.00%

STEP 1: Prior year Extension less debt * CPI factor
    $4,449,518 $4,449,518

STEP 2: Tax Rate Maximum=New Extension
(less debt) Divided by Estimated EAV less $594,260,348

STEP 3: Maximum Tax Rate withOUT CPI
(Step 1 divided by Step 2)   **0.7487 PTELL Limiting Rate**

STEP 4: Rate * Total EAV = Total levy (less debt)
    $4,449,518   **MAXIMUM**   0.000%   % Increase

STEP 5: Total Maximum Levy $4,449,518   0.000%   % Increase

STEP 6: Add G.O. Debt Pa **ABATED** $0

STEP 7: Total Maximum Levy & Tax Rate   **$4,449,518**   **0.7487**

III. Comparison 2019 & 2020 Levy - VILLAGE   FREEZE

A. PTELL Maximum	2019 Tax Ext	2020 Estimate	$ Change	% Change
Levy w/o Police Pension	$2,717,073	$2,611,957	($105,116)	-3.869%
Police Pension Levy	$744,734	$849,850	$105,116	14.115%
Total Village Levy	$3,461,807	$3,461,807	$0	-100.000%

IV. Library Levy Estimates

	2018 Extension	2019 Estimate	$ Increase	% Change
Amount Allowed per Tax	$987,711	$987,711	$0	0.000%
TOTAL MAXIMUM LEVY	**$4,449,518**	**$4,449,518**	**$0**	**-100.000%**

VILLAGE OF LAKE BLUFF
COMPARISON OF PROPERTY TAX LEVIES BY FUND 2014-2019

	FUND TITLE	PROPERTY TAX EXTENSIONS						MAXIMUM PROPERTY TAX	Change Increase/(Decrease)		% of Total
		2014 EXT (FY15-16)	2015 EXT (FY16-17)	2016 EXT (FY17-18)	2017 LEVY (FY18-19)	2018 LEVY (FY19-20)	2019 LEVY (FY20-21)	2020 LEVY (FY20-21)	$ 2019 Extension Compared to 2020 Levy	%	Levy
01	General Fund	$2,169,085	$2,195,629	$2,184,374	$2,213,292	$2,296,021	$2,347,118	$2,328,504	($18,614)	-0.80%	50.98%
07	IL Municipal Retire	150,003	152,004	158,002	175,000	145,000	159,955	165,000	$5,045	3.06%	3.61%
14	Social Security Fund	190,004	195,703	196,004	200,000	210,000	210,000	210,000	$0	0.00%	4.60%
62	Police Pension Fund	640,603	650,103	672,505	709,784	728,089	744,734	849,850	$105,116	12.37%	18.61%
	Subtotal - Village	**$3,149,695**	**$3,193,439**	**$3,210,885**	**$3,298,076**	**$3,379,110**	**$3,461,807**	**$3,553,354**	**$91,547**	**2.58%**	**77.80%**
80	Library Fund	797,398	807,600	814,123	837,975	880,117	915,711	941,829	$26,118	2.77%	20.62%
80	Library IMRF	42,975	44,050	46,000	46,500	47,000	36,000	36,000	$0	0.00%	0.79%
80	Library FICA	33,545	34,400	37,000	37,000	37,000	36,000	36,000	$0	0.00%	0.79%
80	*additional request*					20,000					
	Subtotal - Library	**$873,918**	**$886,050**	**$897,123**	**$921,475**	**$964,117**	**$987,711**	**$1,013,829**	**$26,118**	**2.58%**	**22.20%**
	TOTAL EXTENSION	**$4,023,613**	**$4,079,489**	**$4,108,008**	**$4,219,551**	**$4,343,227**	**$4,449,518**	**$4,567,183**	**$117,664**	**2.58%**	**100.00%**

Residential property represents 90% of the total EAV of the Village.
Commercial, industrial, farm and railroad property combined EAV represents 10%.

Property Tax Extensions by Fund
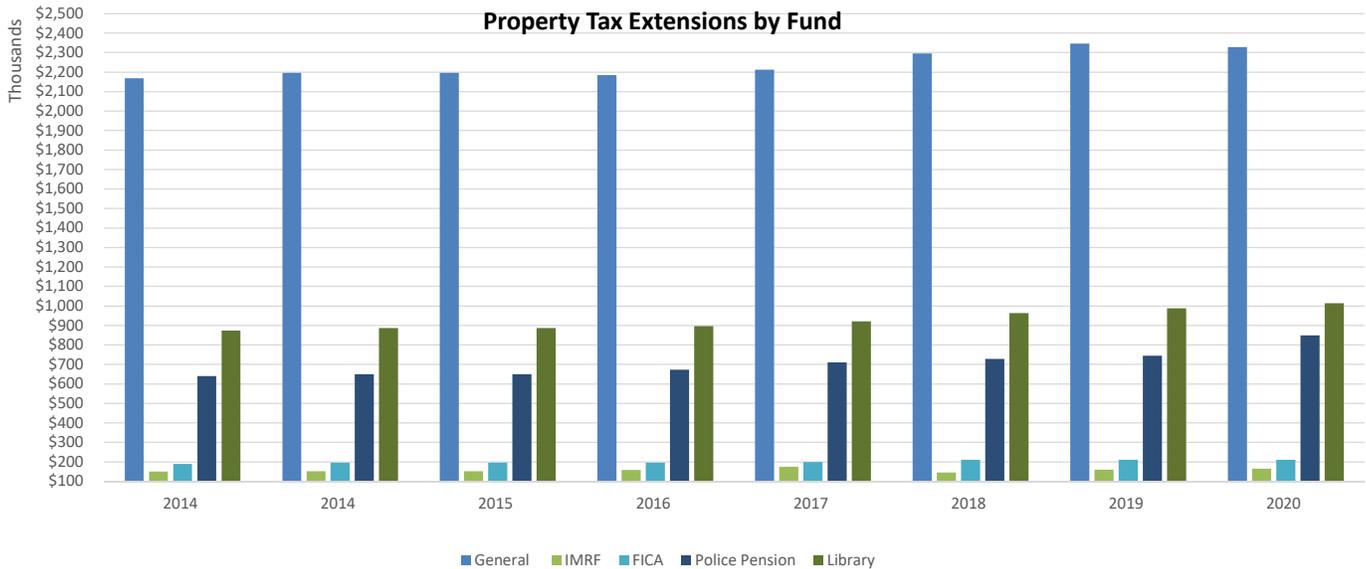
Actuarial Valuation

Village of Lake Bluff
Lake Bluff Police Pension Fund

As of May 1, 2020
For the Year Ending April 30, 2021

MWM Consulting Group
Taking Measure of Tomorrow

Table of Contents

MWM Consulting Group
Taking Measure of Tomorrow

Section 1:   Summary of Principal Valuation   Results

MWM Consulting Group was retained to prepare an actuarial valuation as of May 1, 2020 for the Lake Bluff Police Pension Fund. The purpose of the actuarial valuation was to determine the financial position and the annual actuarial requirements of the pension fund under Illinois statute 40 ILCS 5/3, Section 125, and to develop a recommended minimum contribution amount.

For quick reference, some of the key results of the valuation, along with selected financial and demographic information for the year ending April 30, 2021 are summarized in this overview section along with (for comparison) the results from the prior year.

CONTRIBUTIONS	Item	Current Valuation as of 5/1/2020	Prior Year Valuation as of 5/1/2019
The plan sponsor must contribute at least the statutorily required minimum contribution under Illinois statutes equal to the normal cost plus the amount necessary to amortize the unfunded accrued liability such that by 2040, the liabilities will be 90% funded.	Contribution Required To Prevent Negative Funding	$747,809 (55.1%)	$667,676 (50.9%)
	Actuarially Determined Funding Policy Contribution	$849,850 (62.6%)	$744,640 (56.7%)
Other contribution amounts are shown including Funding Policy Contribution and the contribution required to prevent negative funding.	Statutory Minimum Contribution per 40 ILCS 5/3 Section 125	$611,355 (45.0%)	$518,857 (39.5%)
	() amounts expressed as a percentage of payroll		

STATUTORY MINIMUM FUNDING COST ELEMENTS	Item	Current Valuation as of 5/1/2020	Prior Year Valuation as of 5/1/2019
Illinois statues require employers to contribute at least the amount necessary such that assets will equal at least 90% of the accrued liability by 2040. The minimum amount is determined under the Projected Unit Credit funding method, with smoothed assets, and is equal to the normal cost plus the amortization amount.	Accrued Liability	$ 18,502,025	$ 17,380,473
	Market Value of Assets	$ 10,350,136	$ 10,489,373
	Actuarial (Smoothed) Value of Assets	$ 11,234,161	$ 10,910,502
	Normal Cost (employer)	$ 212,382	$ 181,348
	Amortization Amount	$ 350,177	$ 295,055
	Statutory Minimum Contribution	$ 611,355	$ 518,857

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Village of Lake Bluff Police Pension Fund Actuarial Valuation as of May 1, 2020

FUNDING POLICY CONTRIBUTION COST ELEMENTS

The funding policy contribution amount is determined under the Entry Age Normal funding method, with smoothed assets, and is equal to the normal cost plus the amortization amount. 95% of the unfunded liability is amortized as a level dollar amount on a closed basis over 20 years.

Item	Current Valuation as of 5/1/2020	Prior Year Valuation as of 5/1/2019
Accrued Liability	$ 19,116,054	$ 18,117,563
Market Value of Assets	$ 10,350,136	$ 10,489,373
Actuarial (Smoothed) Value of Assets	$ 11,234,161	$ 10,910,502
Normal Cost (employer)	$ 174,448	$ 143,929
Amortization Amount	$ 611,004	$ 543,486
Actuarially Determined Funding Policy Contribution	$ 849,850	$ 744,640

AMOUNT REQUIRED TO AVOID NEGATIVE FUNDING

The statutory minimum contribution amortization amount is based upon a percentage of increasing payroll and, in the early years of funding, may not be sufficient to cover the interest cost on the unfunded liability. In order to avoid an increase in the unfunded liability (known as negative funding), the minimum amortization amount must be adjusted to be at least equal to the interest on the unfunded liability. The amount shown in the table as "Contribution to Avoid Negative Funding" provides for interest on 100% of the unfunded liability.

Item	Current Valuation as of 5/1/2020	Prior Year Valuation as of 5/1/2019
Accrued Liability	$ 19,116,054	$ 18,117,563
Market Value of Assets	$ 10,350,136	$ 10,489,373
Actuarial (Smoothed) Value of Assets	$ 11,234,161	$ 10,910,502
Normal Cost (employer)	$ 174,448	$ 143,929
Amortization Amount	$ 551,733	$ 504,494
Amount of Contribution Needed to Avoid Negative Funding	$ 747,809	$ 667,604

FINANCIAL THUMBNAIL RATIOS

This chart summarizes traditional financial ratios as applied to the pension plan. This liquidity ratio relates the cash flow position of the Fund by comparing the investment income plus employer and employee contributions to the annual benefit payments. Maintaining a ratio well above 100% prevents the liquidation of assets to cover benefit payments. The increase in benefits paid over the years is generally a result of the maturing of the pension plan.

Coverage of the Accrued Liabilities by the Assets is the Coverage Ratio and is one indication of the long term funding progress of the plan.

Tests	5/1/2020 Valuation	5/1/2019 Valuation
Liquidity Ratio (based upon year ended)	85%	146%
Coverage Ratio (Market Value Assets)	54.14%	57.90%
Annual Benefit Payments (expected)	$ 898,235	$ 869,789
Annual Contributions (expected)		
Members	$ 134,525	$ 130,084
Village	$ 849,850	$ 744,640

Village of Lake Bluff Police Pension Fund Actuarial Valuation as of May 1, 2020

PLAN MATURITY MEASURES

This chart includes financial relationship measures which are meant to help understand the risks associated with the plan.

The ratio of Market Value of Assets to Active Payroll is measure of volatility risk associated with asset losses. The higher the ratio, the greater the volatility in contribution risks.

The Ratio of Accrued Liability to Payroll is a measure of the volatility risk associated with assumption or other changes in liabilities. The higher the ratio, the greater the volatility in contribution risks.

The Ratio of retired life actuarial accrued liability to total actuarial accrued liability is a measure of the maturity of the Plan. A mature plan will have a ratio above 60%.

The Support Ratio (Actives: Retirees). A number less than 1 indicates a more mature plan.

Tests	5/1/2020 Valuation	5/1/2019 Valuation
Ratio of Market Value of Assets to Active Participant Payroll is a measure of volatility risk associated with asset losses	7.62	7.99
Ratio of Accrued Liability to Payroll is a measure of volatility risk associated with changes in assumptions	14.08	13.80
Ratio of retired life Actuarial Accrued Liability to total Actuarial Accrued Liability	0.67	0.69
Percentage of Contributions less Benefit Payments to Market Value of Assets	-0.12%	1.00%
Ratio of Benefit Payments to Contributions	1.01	0.88
Support Ratio: Ratio of Active Participants to Retired Participants	0.76	0.76

PARTICIPANT DATA SUMMARY

The Actuarial Valuation takes into account demographic and benefit information for active employees, vested former employees, and retired pensioners and beneficiaries. The statistics for the past two years are compared in the chart.

Item	Current Year Valuation as of 5/1/2020			Prior Year Valuation as of 5/1/2019		
	Tier 1	Tier 2	Total	Tier 1	Tier 2	Total
Active Members						
Vested	9	0	9	9	0	9
Non-Vested	0	4	4	0	4	4
Total Active	9	4	13	9	4	13
Terminated entitled to future benefits	1	3	4	1	3	4
Retired	8	0	8	8	0	8
Surviving Spouse	0	0	0	0	0	0
Minor Dependent	0	0	0	0	0	0
Disabled	5	0	5	5	0	5
Total	23	7	30	23	7	30

Significant Events, Disclosure Risks and Issues Influencing Valuation Results

Actuarial valuations are snapshot calculations which incorporate and reflect the experience and events of the past year such as changes in the demographics of the plan participants, gains and losses in the plan assets, changes in actuarial assumptions about future experience and outside influences such as legislation. Some of the more significant issues affecting the Plan's contribution level are described here.

Asset Performance for yearend 4/30/2020

The approximate -0.89% return (not time weighted) on net assets was below the actuarial assumption of 7.00% in effect for the 2019/2020 year.

Historical Rates of Return
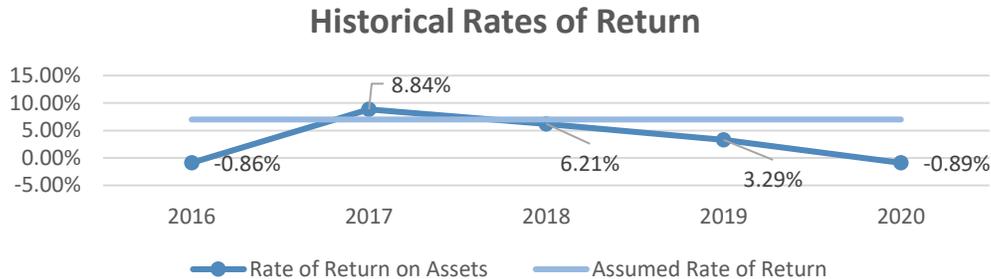
Change in Assumptions

The mortality table was updated to RP2014 projected to 2020 with scale MP2019 and adjusted by the Blue Collar factors.

The assumed retirement age for terminated participants entitled to an annuity benefit was changed from age 65 to age 60, consistent with the information provided in the census data.

Funded Status

The funded ratio measurement presented in the Actuarial Valuation Report for the Fund is the ratio of the actuarial value of fund assets available for benefits compared to the actuarial accrued liability. By monitoring changes in the funding ratio each year, one can determine whether or not funding progress is being made. Please understand that:

- The funded ratio measurement is inappropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan's benefit obligations by transferring the obligations to a unrelated third party in an arm's length market value type transaction, such as purchasing annuities from an insurance company.

- The funded ratio measurement is dependent upon the actuarial cost method which, in combination with the plan's amortization policy, affects the timing and amounts of future contributions. The amounts of future contributions will most certainly differ from those assumed in this report due to future actual experience differing from assumed experience based upon the actuarial assumptions. Attainment of a funded status measurement in the Actuarial Valuation of 90% or 100% is not synonymous with no required future annual contributions. Even if the funded status attained is 100%, the plan would still require future normal cost contributions (i.e., contributions to cover the annual cost of the active membership accruing an additional year of service credit).

Village of Lake Bluff Police Pension Fund Actuarial Valuation as of May 1, 2020

• The funded ratio measurement is a different result depending upon whether the market value of assets or the actuarial value of assets is used.

Funded Percentages

Legend: ■ Funded Ratios - Market Assets   ■ Funded Ratios - Smoothed Assets
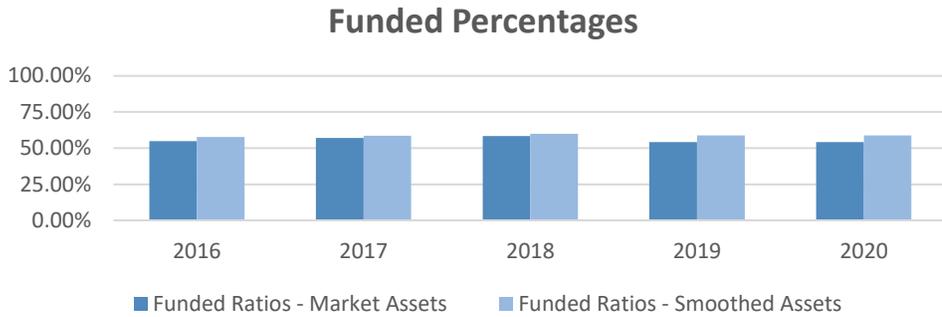
Employer Contributions

The employer contribution is expected to be paid according to the funding policy, which exceeds the required statutory minimum amount. For comparison an additional funding contribution amount is included which determines the amount necessary to prevent negative funding. The current funding policy amount exceeds the amount necessary to avoid negative funding.

Assuming the Funding Policy Contributions are received (and the actuarial assumptions are met) each year through 2040, the Fund's funded ratio is projected to increase to 95% by 2040. If only the Minimum Statutory contributions are made, the Fund's funded ratio would be projected to increase to 90% by 2040.

However, the ability of the fund to reach 95% is heavily dependent on the Village contributing the Funding Policy Employer Contribution each and every year. Actuarial standards do not require the actuary to evaluate the ability of the Village or other contributing entity to make such required contributions to the Fund when due. Such an evaluation is not within the actuary's domain of expertise. Consequently, the actuary performed no such evaluation.

The current Funding Policy amortizes the unfunded amount based upon a level dollar amount. This amortization method develops dollar amounts which are level. The statutory minimum amortization amount is based upon a method in which dollar amounts increase. The dollar amounts towards the end of the closed amortization period are necessarily much larger, and if payroll does not increase as expected, the amortization amount can dramatically increase the contribution as a percentage of payroll.

Since the Funding Policy percentage of payroll amortization is above 7% at this point, the dollar value covers the interest on the unfunded liability.

Village of Lake Bluff Police Pension Fund Actuarial Valuation as of May 1, 2020

ACTUARIAL CERTIFICATION

This is to certify that MWM Consulting Group has prepared an Actuarial Valuation of the Plan as of May 1, 2020 for the purposes of determining statutory contribution requirements for the Fund in accordance with the requirements of 40 ILCS 5/3, Section 125, of determining the funding policy contribution amount (the Actuarially Determined Contribution). The funding policy is selected by the Village. The contributions determined are net of contributions made by active member police officers during the year.

The results shown in this report have been calculated under the supervisions of a qualified Actuary as defined in appropriate State statutes. All results are based upon demographic data submitted by the Fund / Village, financial data submitted by the Fund, applications of actuarial assumptions, and generally accepted actuarial methods.

This valuation report has been prepared at the request of Village of Lake Bluff to assist in administering the Plan and meeting specified financial and accounting requirements. This valuation report may not otherwise be copied or reproduced in any form without the consent of the Fund sponsor and may only be provided to other parties in its entirety. The information and valuation results shown in this report are prepared with reliance upon information and data provided to us, which we believe to the best of our knowledge to be complete and accurate and include:

 • Employee census data submitted by the Village of Lake Bluff. This data was not audited by us but appears to be consistent with prior information, and sufficient and reliable for purposes of this report.

 • Financial data submitted by the Village of Lake Bluff.

The measurements shown in this actuarial valuation may not be applicable for other purposes. Actuarial valuations involve calculations that require assumptions about future events. Certain of the assumptions or methods are mandated for specific purposes. Future actuarial measurements may differ significantly from the current measurements presented in the report due to such factors as experience that deviates from the assumptions, changes in 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, or additional cost or contributions based on the Plan's funded status) and changes in plan provisions or applicable law. This report does not include an analysis of the potential range of such future measurements.

We believe the assumptions and methods used are within the range of possible assumptions that are reasonable and appropriate for the purposes for which they have been used. In our opinion, all methods, assumptions and calculations are in accordance with requirements and the procedures followed and presentation of results are in conformity with generally accepted actuarial principles and practices. The undersigned actuary meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. There is no relationship between the Village of Lake Bluff and MWM Consulting Group that impacts our objectivity. I certify that the results presented in this report are accurate and correct to the best of my knowledge.

MWM CONSULTING GROUP
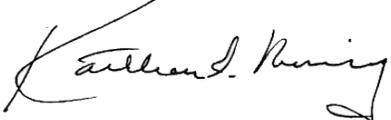
_____   _____   9/14/2020
Kathleen E. Manning, FSA, EA, FCA, MAAA   Karl K. Oman, ASA, EA, FCA, MAAA   Date
Managing Principal and Consulting Actuary   Consulting Actuary

Exhibit 1 - Statement of Market Value of Assets

Item		Plan Year Ending	
		4/30/2020	4/30/2019
1.	**Investments at Fair Value**:		
a.	Cash and Cash equivalents	$ 20,068	$ 29,081
b.	Money Market Mutual Funds	440,423	378,688
c.	Corporate Bonds	2,793,486	1,713,996
d.	Municipal Bonds	0	0
e.	US Government and Agency Bonds	1,245,817	2,331,094
f.	Common and Preferred Stocks	1,000,601	1,744,987
g.	Insurance Contracts (at contract value):	0	0
h.	Mutual Funds	4,849,741	2,952,193
i.	Accrued Interest and receivables	0	0
j.	ETF's & CTF's	0	1,339,334
k.	Subtotal Assets (a + b + c +d + e + f + g+ h+ i +j)	$ 10,350,136	$ 10,489,373
2. Liabilities:			
a.	Expenses Payable	$ 0	$ 0
b.	Liability for benefits due and unpaid	0	0
c.	Other Liabilities	0	0
d.	Total Liabilities	$ 0	$ 0
3. Net Market Value of Assets Available for Benefits: (1k – 2d)		$ 10,350,136	$ 10,489,373

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Village of Lake Bluff Police Pension Fund Actuarial Valuation as of May 1, 2020

Exhibit 2 - Statement of Change in Net Assets

Item	Plan Year Ending	
	4/30/2020	4/30/2019
Additions		
Contributions		
Employer	$ 733,372	$ 714,202
Plan Member	137,033	157,311
Other	0	0
Total Contributions	$ 870,405	$ 871,513
Investment Income		
Realized and Unrealized Gains/(Losses)	$ (324,662)	$ 84,160
Interest	257,668	249,048
Dividends	0	0
Other Income	0	49
Investment Expenses	(26,590)	(25,160)
Net Investment Income	(93,584)	308,097
Total additions	$ 776,821	$ 1,179,610
Deductions		
Benefits	$ 882,497	$ 770,846
Refunds	0	0
Administrative Expenses	28,424	27,915
Total deductions	$ 910,921	$ 798,761
Total increase (decrease)	$ (134,100)	$ 380,849
Net Market Value of Assets Available for Benefits:		
Beginning of year [1]	$ 10,484,236	$ 10,108,524
End of year	$ 10,350,136	$ 10,489,373

[1] The market value of assets as of 5/1/2019 was adjusted after the funding valuation was completed.

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Village of Lake Bluff Police Pension Fund Actuarial Valuation as of May 1, 2020

Exhibit 3 – Actuarial Value of Assets

Under 40 ILCS 5/3, the statutory minimum required contribution is to be determined based upon **Actuarial Value of Assets**, which are asset values which have been smoothed over a five-year period, beginning with the year 2011. The **Actuarial Value of Assets** has been calculated below based upon the market value of assets at May 1, 2020 with adjustments for the preceding year's gains/losses, which are reflected at the rate of 20% per year.

1. Expected Return on Assets		
a. Market Value of Assets as of Beginning of Year	$	10,484,236
b. Income and Disbursements During the year		
i. Contributions Received (weighted 50%)	$	435,203
ii. Benefit Payments and Expenses (weighted 50%)		455,461
iii. Weighted net income (other than investment income) (i) – (ii)		(20,258)
c. Market Value adjusted for income and disbursements	$	10,463,978
d. Expected Return on Assets at assumed rate of 7.00%	**$**	**732,478**
2. Actual Return on Assets for year		
a. Market Value of Assets (Beginning of Year)	$	10,484,236
b. Income (less investment income)		870,405
c. Disbursements		910,921
d. Market Value of Assets (End of Year)		10,350,136
e. Actual Return on Assets (d) – (a) – (b) + (c)		(93,584)
f. Investment Gain/(Loss) for year 2(e) - 1(d)	**$**	**(826,062)**
3. Actuarial Value of Assets		
a. Market Value of Assets as of End of Year	$	10,350,136
b. Deferred Investment gains/(losses)		
i. 80% of 2019 loss of $(826,062)		660,850
ii. 60% of 2018 loss of $(376,005)		225,603
iii. 40% of 2017 loss of $(74,783)		29,913
iv. 20% of 2016 gain of $161,704		(32,341)
v. Total		884,025
c. Actuarial Value of Assets for statutory funding 3(a) + 3(b)(v)	**$**	**11,234,161**

The Chart Below shows the comparison of smoothed to market asseets over the past five years:

Smoothed vs Market Assets

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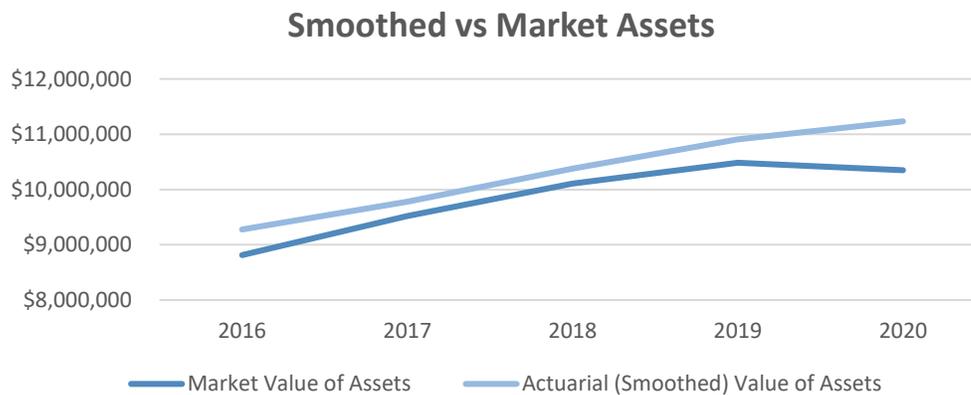
Exhibit 4- Determination of the Statutory Minimum Required Contribution

Under 40 ILCS 5/3, the statutory minimum required contribution is to be determined based upon the Projected Unit Credit actuarial funding method, where the unfunded liability is amortized such that 90% of the liability will be funded as of 2040. Under the statute, 90% of the unfunded liability is to be amortized as a level percentage of payroll over the period through 2040. The mandated funding method, the Projected **Unit Credit funding method, requires** the annual cost of the plan to be developed in two parts: that attributable to benefits allocated to the current year (the normal cost); and that allocated to benefits attributable to prior service (the accrued liability).

Funding Elements for 40 ILCS 5/3

	Present Value of Benefits as of 5/1/2020	Projected Unit Credit (PUC) Normal Cost as of 5/1/2020	PUC Actuarial Accrued Liability as of 5/1/2020
1. Active Officers			
a) Normal & Early Retirement	$ 8,059,088	$ 282,317	$ 4,776,613
b) Vested Withdrawal	567,469	26,910	410,425
c) Pre-Retirement Death	175,727	7,491	114,770
d) Disability	671,839	30,189	426,580
e) Total Active Police Officers	$ 9,474,123	$ 346,907	$ 5,728,388
2. Inactive Police Officers and Survivors:			
a) Normal Retirees	$ 8,843,569		$ 8,843,569
b) Widows (survivors)	0		0
c) Deferred Vested	296,984		296,984
d) Disabled	3,633,084		3,633,084
e) Total - Nonactive	$ 12,773,637		$ 12,773,637
3. Total – All	$ 22,247,760		$ 18,502,025

Minimum Statutory Contribution under 40 ILCS 5/3

Item	Amount
1. Annual Payroll	$ 1,357,472
2. Normal Cost (net of employee/member contributions)	212,382
3. Employee Contributions (expected)	134,525
4. Funding Actuarial Liability	18,502,025
5. 90% of Funding Actuarial Liability	16,651,823
6. Actuarial Value of Assets (Exhibit 3)	11,234,161
7. Unfunded Actuarial Balance	5,417,662
8. Amortization of Unfunded Balance over 20 years as a level percentage of payroll	350,177
9. Interest on (2), (3) and (8)	48,796
10. Minimum statutory tax levy contribution per 40 ILCS 5/3 – (2) + (8) + (9)	**$611,355 (45.0%)**

*() amount as a percent of payroll

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Exhibit 5- Determination of the Funding Policy Contribution

The Tax Levy has been based upon the funding policy actuarially determined contribution, rather than the amount determined as the minimum under 40 ILCS 5/3. The funding policy contribution is developed below, based upon the Entry Age Normal Funding Method, with the unfunded accrued liability amortized as a level dollar amount over the 20 years through 2040. The contribution is then the sum of the Normal Cost (developed under the entry age method, but where the total normal cost is not less than 17.5%) plus the amortization payment.

Funding Elements for Funding Policy Contribution

	Present Value of Benefits as of 5/1/2020	Entry Age Normal Cost as of 5/1/2020	Entry Age Accrued Liability as of 5/1/2020
1. Active Officers			
a) Normal & Early Retirement	$ 8,059,088	$ 231,367	$ 5,745,097
b) Vested Withdrawal	567,469	36,273	181,747
c) Pre-Retirement Death	175,727	9,154	83,500
d) Disability	671,839	32,179	332,073
e) Total Active Police Officers	$ 9,474,123	$ 308,973	$ 6,342,417
2. Inactive Police Officers and Survivors:			
a) Normal Retirees	$ 8,843,569		$ 8,843,569
b) Widows (survivors)	0		0
c) Deferred Vested	296,984		296,984
d) Disabled	3,633,084		3,633,084
e) Total - Nonactive	$ 12,773,637		$ 12,773,637
3. Total – All	$ 22,247,760		$ 19,116,054

Actuarially Determined Funding Policy Contribution for Tax Levy

Item	Amount
1. Normal Cost (net of employee/member contributions)	$ 174,448
2. Employee Contributions (expected)	134,525
3. Funding Actuarial Liability	19,116,054
4. 95% of Funding Actuarial Liability	18,160,251
5. Actuarial Value of Assets (Exhibit 3)	11,234,161
6. Unfunded Actuarial Balance	6,926,090
7. Amortization of Unfunded Balance over 20 years as a level dollar amount	611,004
8. Interest on (1), (2) and (7)	64,398
9. Actuarially Determined Funding Policy Contribution for Tax Levy (1) + (7) + (8)	**$849,850 (62.6%)**

Exhibit 6- Contribution Necessary to Prevent Negative Funding

Item	Amount
1. Normal Cost (net of employee/member contributions)	$ 174,448
2. Employee Contributions (expected)	134,525
3. 100% of Funding Actuarial Liability	19,116,054
4. Actuarial Value of Assets (Exhibit 3)	11,234,161
5. Unfunded Actuarial Balance	7,881,893
6. Interest on Unfunded Liability	551,733
7. Interest on (1), (2)	21,628
8. Contribution Necessary to Prevent Negative Funding (1) + (6) + (7)	**$747,809 (55.1%)**

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Exhibit 7 – Summary of Participant Data as of May 1, 2020

Participant Data

Item	As of 5/1/2020		
	Tier 1	Tier 2	Total
Active Members			
Vested	9	0	9
Non-Vested	0	4	4
Total Actives	9	4	13
Terminated Members entitled to future benefits	1	3	4
Retired Members	8	0	8
Surviving Spouses	0	0	0
Minor Dependents	0	0	0
Disabled Participants	5	0	5
Total	23	7	30

AGE AND SERVICE DISTRIBUTION AS OF MAY 1, 2020

Active Employee Participants

Age Group	Service									Total
	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 - 39	40+	
Under 20										0
20 - 24										0
25 - 29	1									1
30 - 34		2								2
35 - 39		1	2							3
40 - 44				4						4
45 - 49					2					2
50 - 54				1						1
55 - 59										0
60 - 64										0
65 & Over										0
Total	1	3	2	5	2	0	0	0	0	13

Average Age: 39.9 years
Average Length of Service: 13.2 years

Village of Lake Bluff Police Pension Fund Actuarial Valuation as of May 1, 2020

SECTION 4 - SUMMARY OF PRINCIPAL PLAN PROVISIONS

This summary provides a general description of the major eligibility and benefit provisions of the pension fund upon which this valuation has been based. It is not intended to be, nor should it be interpreted as, a complete statement of all provisions

Definitions

Tier 1 – For Police Officers first entering Article 3 prior to January 1, 2011

Tier 2 – For Police Officers first entering Article 3 after December 31, 2010

Police Officer (3-106): Any person appointed to the police force and sworn and commissioned to perform police duties.

Persons excluded from Fund (3-109): Part-time officers, special police officer, night watchmen, traffic guards, clerks and civilian employees of the department. Also, police officers who fail to pay the required fund contributions or who elect the Self-Managed Plan option.

Creditable Service (3-110): Time served by a police officer, excluding furloughs in excess of 30 days, but including leaves of absences for illness or accident and periods of disability where no disability pension payments have been received and also including up to 3 years during which disability payments have been received provided contributions are made.

Pension (3-111)

Normal Pension Age
Tier 1 - Age 50 with 20 or more years of creditable service.

Tier 2 - Age 55 with 10 or more years of creditable service.

Normal Pension Amount
Tier 1 - 50% of the greater of the annual salary held in the year preceding retirement or the annual salary held on the last day of service, plus 2½% of such annual salary for service from 20 to 30 year (maximum 25%)].

Tier 2 - 2½% of Final Average salary for each year of service. Final Average Salary is the highest salary based on the highest consecutive 48 months of the final 60 months of service

Early Retirement at age 50 with 10 or more years of service but with a penalty of ½% for each month prior to age 55.

Annual Salary capped at $106,800 increased yearly by the lesser of the Consumer Price Index- Urban (CPI-U) or 3%. The Salary cap for valuations beginning in 2020 is $115,929.

Minimum Monthly Benefit: $1,000

Maximum Benefit Percentage: 75% of salary

Termination Retirement Pension Date
Separation of service after completion of between 8 and 20 years of creditable service.

Termination Pension Amount
Commencing at age 60, 2½% of annual salary held in the year preceding termination times years of creditable service or refund of contributions, or for persons terminating on or after July 1, 1987, 2½% of annual salary held on the last day of service times years of credible service, whichever is greater.

Pension Increase Non-Disabled
Tier 1 - 3% increase of the original pension amount after attainment of age 55 for each year elapsed since retirement, followed by an additional 3% of the original pension amount on each May 1 thereafter. Effective July 1, 1993, 3% of the amount of pension payable at the time of the increase including increases previously granted, rather than 3% of the originally granted pension amount.

Tier 2 - The lesser of ½ of the Consumer Price Index-Urban (CPI-U) or 3% increase of the original pension amount after attainment of age 60 and an additional such increase of the original pension amount on each May 1 thereafter.

Disabled
3% increase of the original pension amount after attainment of age 60 for each year he or she received pension payments, followed by an additional 3% of the original pension amount in each May 1 thereafter.

Pension to Survivors (3-112)
Death of Retired Member
Tier 1 - 100% of pension amount to surviving spouse (or dependent children).

Tier 2 - 66 2/3% of pension amount to surviving spouse (or dependent children), subject to the following increase: The lesser of ½ of the Consumer Price Index-Urban (CPI-U) or 3% increase of the original pension amount after attainment of age 60 and an additional such increase of the original pension amount on each May 1 thereafter.

Death While in Service (Not in line of duty)
With 20 years of creditable service, the pension amount earned as of the date of death.

With between 10 and 20 years of creditable service, 50% of the salary attached to the rank for the year prior to the date of death.

Death in Line of Duty
100% of the salary attached to the rank for the last day of service year prior to date of death.

Minimum Survivor Pension
$1,000 per month to all surviving spouses.

Disability Pension - Line of Duty (3-114.1)
Eligibility
Suspension or retirement from police service due to sickness, accident or injury while on duty.

Pension
Greater of 65% of salary attached to rank at date of suspension or retirement and the retirement pension available. Minimum $1,000 per month.

Disability Pension - Not on Duty (3-114.2)
Eligibility
Suspension or retirement from police service for any cause other than while on duty.

Pension
50% of salary attached to rank at date of suspension or retirement. Minimum $1,000 per month.

Other Provisions
Marriage after Retirement (3-120)
No surviving spouse benefit available.

Refund (3-124)
At termination with less than 20 years of service, contributions are refunded upon request.

Contributions by Police Officers (3-125.1)
Beginning May 1, 2001, 9.91% of salary including longevity, but excluding overtime pay, holiday pay, bonus pay, merit pay or other cash benefit.

Actuarial Accrued Liability
See **Entry Age Normal Cost** *Method and* **Projected Unit Credit Cost** *Method.*

Actuarial Assumptions
The economic and demographic predictions used to estimate the present value of the plan's future obligations. They include estimates of investment earnings, salary increases, mortality, withdrawal and other related items. The *Actuarial Assumptions* are used in connection with the *Actuarial Cost Method* to allocate plan costs over the working lifetimes of plan participants.

Actuarial Cost Method
The method used to allocate the projected obligations of the plan over the working lifetimes of the plan participants. Also referred to as an *Actuarial Funding Method.*

Actuarial Funding Method
See *Actuarial Cost Method*

Actuarial Gain (Loss)
The excess of the actual *Unfunded Actuarial Accrued Liability* over the expected *Unfunded Actuarial Accrued Liability* represents an *Actuarial Loss.* If the expected *Unfunded Actuarial Accrued Liability* is greater, an *Actuarial Gain* has occurred.

Actuarial Present Value
The value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of *Actuarial Assumptions* .

Actuarial Value of Assets
The asset value derived by using the plan's *Asset Valuation Method.*

Asset Valuation Method
A valuation method designed to smooth random fluctuations in asset values. The objective underlying the use of an asset valuation method is to provide for the long-term stability of employer contributions.

Employee Retirement Income Security Act of 1974 (ERISA)
The primary federal legislative act establishing funding, participation, vesting, benefit accrual, reporting, and disclosure standards for pension and welfare plans.

Entry Age Normal Cost Method
One of the standard actuarial funding methods in which the *Present Value of Projected Plan Benefits* of each individual included in the *Actuarial Valuation* is allocated on a level basis over the earnings of the individual between entry age and assumed exit age(s). The portion of this *Actuarial Present Value* allocated to a valuation year is called the *Normal Cost* . The portion of this *Actuarial Present Value* not provided for at a valuation date by the *Actuarial Present Value* of future *Normal Costs* is called the *Actuarial Accrued Liability* .

Normal Cost

The portion of the *Present Value of Projected Plan Benefits* that is allocated to a particular plan year by the *Actuarial Cost Method* . See *Entry Age Normal Cost Method* for a description of the Normal Cost under the *Entry Age Normal Cost Method.* See *Projected Unit Credit Cost Method* for a description of the Normal Cost under the *Projected Unit Credit Cost Method.*

Present Value of Future Normal Costs

The present value of future normal costs determined based on the *Actuarial Cost Method* for the plan. Under the *Entry Age Normal Cost Method* , this amount is equal to the excess of the *Present Value of Projected Plan Benefits* over the sum of the *Actuarial Value of Assets* and *Unfunded Actuarial Accrued Liability.*

Present Value of Projected Plan Benefits

The present value of future plan benefits reflecting projected credited service and salaries. The present value is determined based on the plan's actuarial assumptions.

Projected Unit Credit Cost Method

One of the standard actuarial funding methods in which the *Present Value of Projected Plan Benefits* of each individual included in the *Actuarial Valuation* is allocated by a consistent formula to valuation years. The *Actuarial Present Value* allocated to a valuation year is called the *Normal Cost* . The *Actuarial Present Value* of benefits allocated to all periods prior to a valuation year is called the *Actuarial Accrued Liability* .

Unfunded Actuarial Accrued Liability

The excess of the *Actuarial Accrued Liability* over the *Actuarial Value of Assets.*

Village of Lake Bluff Police Pension Fund Actuarial Valuation as of May 1, 2020

Nature of Actuarial Calculations

The results documented in this report are estimates based on data that may be imperfect and on assumptions about future events, some of which are mandated assumptions. Certain provisions may be approximated or deemed immaterial and therefore are not valued. Assumptions may be made about participant data or other factors. A range of results, different from those presented in this report could be considered reasonable. The numbers are not rounded, but this is for convenience and should not imply precisions, which is not inherent in actuarial calculations.

Actuarial Assumption	Annual Actuarial Valuation Statutory Minimum	Annual Actuarial Valuation Funding Policy Amount for Tax Levy
Interest	7.00% per annum	7.00% per annum
Mortality	RP2014 Base Rates with Blue Collar Adjustments Projected to 2020 with Scale MP2019	RP2014 Base Rates with Blue Collar Adjustments Projected to 2020 with Scale MP2019
Retirement	Rates of retirement for all ages are: **Tier 1** Age — Age 50 15.00% 61 25.00% 51 15.00% 62 25.00% 52 20.00% 63 25.00% 53 20.00% 64 25.00% 54 20.00% 65 100% 55 25.00% 66 100% 56 25.00% 67 100% 57 25.00% 68 100% 58 25.00% 69 100% 59 25.00% 70 100% 60 25.00% **Tier 2** Age — Age 50 5.00% 61 25.00% 51 5.00% 62 25.00% 52 5.00% 63 25.00% 53 5.00% 64 25.00% 54 5.00% 65 100% 55 40.00% 66 100% 56 25.00% 67 100% 57 25.00% 68 100% 58 25.00% 69 100% 59 25.00% 70 100% 60 25.00%	Rates of retirement for all ages are: **Tier 1** Age — Age 50 15.00% 61 25.00% 51 15.00% 62 25.00% 52 20.00% 63 25.00% 53 20.00% 64 25.00% 54 20.00% 65 100% 55 25.00% 66 100% 56 25.00% 67 100% 57 25.00% 68 100% 58 25.00% 69 100% 59 25.00% 70 100% 60 25.00% **Tier 2** Age — Age 50 5.00% 61 25.00% 51 5.00% 62 25.00% 52 5.00% 63 25.00% 53 5.00% 64 25.00% 54 5.00% 65 100% 55 40.00% 66 100% 56 25.00% 67 100% 57 25.00% 68 100% 58 25.00% 69 100% 59 25.00% 70 100% 60 25.00%
Withdrawal	Rates of termination are based upon age only. Sample rates for selected ages are: Age 25 10.40% 40 1.90% 50 1.50% 55 1.50%	Rates of termination are based upon age only. Sample rates for selected ages are: Age 25 10.40% 40 1.90% 50 1.50% 55 1.50%

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Actuarial Assumption Item	Annual Actuarial Valuation Statutory Minimum	Annual Actuarial Valuation Funding Policy Amount for Tax Levy
Disability	Rates of disability are based upon age only. Sample rates for selected ages are: Age 25 0.03% 40 0.42% 50 0.71% 55 0.90% *60% of disablities are assumed to occur in the line of duty*	Rates of disability are based upon age only. Sample rates for selected ages are: Age 25 0.03% 40 0.42% 50 0.71% 55 0.90% *60% of disablities are assumed to occur in the line of duty*
Salary Increase	Graded by service (11.75% initally to ultimate rate of 4.25%)	Graded by service (11.75% initally to ultimate rate of 4.25%)
Payroll Growth	4.00% per annum	4.00% per annum
Percentage Married	85% are married, females are assumed to be 3 years younger	85% are married, females are assumed to be 3 years younger
Asset Valuation Methods	Assets are valued at fair market value and smoothed over three years, reflecting gains and losses at 20% per year.	Assets are valued at fair market value and smoothed over five years, reflecting gains and losses at 20% per year.
Actuarial Cost Methods	Projected Unit Credit Cost Method This is the mandated actuarial method to be used in determining the statutory contribution requirements and under PA 096-1495. This method determines the present value of projected benefits and prorates the projected benefit by service to date to determine the accrued liability. Amounts attributable to past service are amortized as a level percentage of pay with the goal of reaching 90% of the accrued liability by 2040.	Entry Age Normal Cost Method This method projects benefits from entry age to retirement age and attributes costs over total service, as a level percentage of pay. Amounts attributable to past service have been amortized over 20 years on a closed basis as a level dollar amount.

Village of Lake Bluff Police Pension Fund Actuarial Valuation as of May 1, 2020

VILLAGE OF LAKE BLUFF

MEMORANDUM

TO: Village President and Finance Committee Members

FROM: R. Drew Irvin, Village Administrator
             Bettina O'Connell, Finance Director
             David Graf, Fire Chief

DATE: September 24, 2020

SUBJECT: Discussion Regarding Possible Changes to Village Ambulance Fee Schedule

Background
The Village last examined and modified ambulance fees was in 2011. At that time, the Village was engaged in negotiations with the City of Lake Forest regarding our IGA for Ambulance Service and ultimately decided to (i) cap the Village's subsidy of ambulance services and (ii) shift the burden on the individual service user rather than continue having the taxpayer foot the bill for the greatest portion of the cost. Effective January 1, 2011 everyone using ambulance services was to be billed at a rate of $1,335 per transport with the Village continuing to subsidize a portion of the bill from the general fund ($533 per transport). Consistent with the financial arrangement with the City of Lake Forest, the Village's fee structure was indifferent to the level of service provided whether it was Basic Life Support ("BLS") Services or Advanced Life Support ("ALS") Services.

Situation
➢   The Village has resolved our dispute with the City of Lake Forest and our fee structure more resembles a "Time and Materials" approach (including new rates for Transports, Non-transports [where a person declines transport], Lift-Assist and Cancelled Calls for Service).
➢   Anyone transported by ambulance in Lake Bluff is billed $1,335.
➢   The Fire Department has been providing ALS Services since August 2019 through our volunteer model. As anticipated, departmental expenses have risen with the increased service provision.
➢   Unless we modify the fee schedule, the Village will continue to experience "non-billable" calls for service. The table below shows the volume of billable calls for service. The Village Fire Department also provides services that could be considered billable too.

Verified Lake Bluff Calls for Service Involving Only City of Lake Forest for Period of FY12 through FY19

	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Transport	194	194	208	212	204	214	232	202
No Transport	61	53	55	55	53	71	55	50
Lift Assist	10	4	6	12	8	24	20	11
Cancelled	3	3	3	2	9	8	6	12
TOTAL	268	254	272	281	274	317	313	275

➢   The Federal government currently pays transport only at a rate of $393.70 for BLS and $467.52 for ALS services for Medicare patients; consequently, the Village (or any agency that charges more) cannot collect the difference in billing from the patient.

- According to Andres Medical Billing Ltd., (the firm engaged by Lake Forest to process and collect ambulance fees), more than 50% of the Lake Bluff ambulance patients are Medicare eligible. This results in a 'write-down' that reduces the amount collected. On average current billings are at a collection rate of 45%.
- Medicare rules state that without a transport there is no payable service so collection opportunities for services rendered without transport will be limited.
- Many departments/districts charge fees for services other than transport but there is no uniformity or consistency in approach.

Discussion

Several Chicagoland ambulance service providers bill for a variety of services and levels. It is not uncommon to bill for ALS (at level 1 and/or 2), BLS, mileage, treatment without transport, lift-assist and other specific services (EKG, Oxygen, backboard, etc.), all at different rates for residents and non-residents. The Village could modify its fee schedule to reflect current service demands, better align with the recently adopted IGA structure, and attempt to reduce/offset IGA related Ambulance Service expenses.

Because Lake Forest billing rates to the Village is dynamic (actual rates fluctuate depending on numerous factors including total number of calls), the Village will need to revisit the fee schedule following every annual reconciliation by the City of Lake Forest. The table below shows a proposed service fee schedule.

Possible Rate Structure based on Type of /and/or /Frequency Calls for Service				
Lake Forest Billing Rate to LB		Proposed Schedule		
Transport	$ 1,732.00	Transport	$ 1,732.00	
No Transport	$ 990.00	No Transport [1]	$ 250.00	
List Assist	$ 760.00	List Assist [2]	$ 100.00	
Cancelled	$ 288.00	Cancelled [3]	$ -	
		Mileage [4]	$ 7.27	per mile

[1] For calls where treatment is provided but transport declined.
[2] Progressive billing approach (similar to false alarms): $100 for first call, $150 for second call, and $300 thereafter for all other calls in 12 month period.
[3] Without patient/customer info, billing is an impossibility.
[4] This mileage rate mirrors what the City of Lake Forest is charging.

If implemented as proposed, the Village would (i) capture an estimated $3,000 to $5,000 annually to offset service provision, (ii) be consistent with the established Village fee policy (user fee/Village subsidy), and (iii) reflect current service demands.
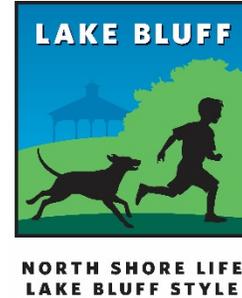
VILLAGE OF LAKE BLUFF

MEMORANDUM

TO: Finance Committee Members
           Kathy O'Hara, Village President
           R. Drew Irvin, Village Administrator

FROM: R. Drew Irvin, Village Administrator
           Bettina K. O'Connell, Director of Finance

DATE: September 28, 2020

SUBJECT: Local Stimulus Grant Program Update

At the April 27, 2020 Finance Committee meeting a grant program offering financial assistance to local businesses negatively impacted by COVID-19 was created and subsequently adopted by the Village Board via Resolution No. 2020-27. As you will recall, that program's guidelines include:

- *Local business reporting sales tax to the Illinois Department of Revenue to the Village's Location Code (reported on ST-1 or ST-2);*
- *Applicants business must be located in the CBD, L-1 L-2, AP-1, or S zoning districts.*
- *Business must have no more than four operating locations;*
- *Applicants shall not be a part of a franchise system, private club, or home occupation;*
- *Applicants must have suffered a minimum 25% decline in revenues;*
- *Applicants must have paid an annual total minimum of $500 in sales tax during CY2019;*
- *The applicant's business location in the Village must have been in operation as of March 21, 2020.*
- *Qualified Applicants may receive a rebate of 10% of their sales tax payments for CY2019 with a $500 minimum and a $5,000 maximum payment, on a **one-time basis**.*

The grant program is financed by the General Fund, with an estimated original maximum financial exposure of $75,000. Currently four businesses have received grant funds for a total of $3,552.44.

To further assist small businesses located within the Village of Lake Bluff who have been impacted by the COVID-19 pandemic, staff recommends that the Finance Committee discuss how the current grant program might be expanded to include financial assistance for the cost of modified business operations related to COVID-19. For example, the program could define qualified expenses as:

1. Tents (purchase or rent) for outdoor dining.
2. Table and chairs (purchase or rent) for outdoor dining.
3. Personal Protective Equipment (PPE) and supplies.
4. Protective barriers.
5. Stanchions and fencing.

If an applicant has met all the existing criteria contained in the current program and not yet reached their maximum payment amount, then they may be eligible to submit receipts from qualified expenses for an additional $1,000 reimbursement. This additional benefit will not change the maximum payment amounts that a qualified applicant can receive but rather offer an extra way to meet the maximum. The supplemental program will create an added financial exposure of $65,000 for a total grant liability of $140,000. The Village's financial exposure risk is calculated based on the maximum number of business who have made the qualifying $500 annual sales tax payments in 2019; however, the actual potential exposure is likely far less since the 25% decline in revenues qualification reduces the number of eligible applicants.