



**VILLAGE OF LAKE BLUFF, ILLINOIS**

REPORT ON ALLOCATION OF PENSION  
AMOUNTS FOR THE ILLINOIS MUNICIPAL  
RETIREMENT FUND

For the Year Ended April 30, 2022



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**VILLAGE OF LAKE BLUFF, ILLINOIS**  
**REPORT ON ALLOCATION OF PENSION AMOUNTS**  
**FOR THE ILLINOIS MUNICIPAL RETIREMENT FUND**  
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## **INDEPENDENT AUDITOR'S REPORT**

The Honorable Village President  
Members of the Board of Trustees  
Village of Lake Bluff, Illinois

### **Opinions**

We have audited the accompanying Schedule of Employer Allocations and Schedule of Pension Amounts by Employer (Schedules) of the Village of Lake Bluff, Illinois (the Village) as of and for the year ended April 30, 2022 and the related notes to the Schedule of Employer Allocations and Schedule of Pension Amounts by Employer. We have also audited the total for all entities of the columns net pension liability (asset) as of December 31, 2021, total deferred outflows of resources, total deferred inflows of resources, and total pension expense subject to allocation (specified column totals) included in the accompanying Schedule of Pension Amounts by Employer (Schedules) of the Village for the year ended December 31, 2021.

In our opinion, the schedules referred to above present fairly, in all material respect, the employer allocations as of and for the year ended April 30, 2022 and the total of all participating entities of the Village of Lake Bluff, Illinois for net pension liability (asset) as of December 31, 2021, total deferred outflows of resources, total deferred inflows of resources and total pension expense subjected to allocation for the total of all participating entities for the Village's participation in the Illinois Municipal Retirement Fund (IMRF) as of and for the fiscal year ended April 30, 2022.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under these standards are further described in the Auditor's Responsibilities for the Audit of the schedule of employer allocations and specified column totals included in the schedules section of our report. We are required to be independent of the Village and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Responsibilities of Management for the Schedule of Employer Allocations**

Management is responsible for the preparation and fair presentation of these Schedules in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Schedules that are free from material misstatement, whether due to fraud or error.

## **Auditor's Responsibility for the Audit of the Schedules**

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

## **Other Matter**

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the Village as of and for the year ended April 30, 2022, and our report thereon, dated November 7, 2022, expressed an unmodified opinion on those financial statements.

## **Restriction on Use**

Our report is intended solely for the information and use of the Village of Lake Bluff and the Lake Bluff Public Library and is not intended to be, and should not be, used by anyone other than these specified parties.

*Sikich LLP*

Naperville, Illinois  
November 7, 2022

**VILLAGE OF LAKE BLUFF, ILLINOIS**

**SCHEDULE OF EMPLOYER ALLOCATIONS  
ILLINOIS MUNICIPAL RETIREMENT FUND**

For the Year Ended April 30, 2022

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	<u>Contributions</u>	<u>Average</u>
<b>EMPLOYER</b>		
Village of Lake Bluff	\$ 166,636	84.50%
Lake Bluff Public Library	30,561	15.50%
	<hr/>	<hr/>
<b>TOTAL</b>	<u>\$ 197,197</u>	<u>100.00%</u>

Note: The fiscal year 2022 contributions above are used for the allocation.

VILLAGE OF LAKE BLUFF, ILLINOIS

SCHEDULE OF PENSION AMOUNTS BY EMPLOYER  
ILLINOIS MUNICIPAL RETIREMENT FUND

As of and For the Year Ended December 31, 2021

Entity	Net Pension Liability (Asset)	Deferred Outflows of Resources				Deferred Inflows of Resources				Proportionate Share of Plan Pension Expense
		Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Changes of Assumptions	Total Deferred Outflows of Resources	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Changes of Assumptions	Total Deferred Inflows of Resources	
Village	\$ (2,250,621)	\$ -	\$ -	\$ -	\$ -	\$ 149,575	\$ 25,260	\$ 1,864,929	\$ 2,039,764	\$ (358,129)
Library	(412,836)	-	-	-	-	27,437	4,633	342,088	374,158	(65,692)
<b>TOTAL</b>	<b>\$ (2,663,457)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 177,012</b>	<b>\$ 29,893</b>	<b>\$ 2,207,017</b>	<b>\$ 2,413,922</b>	<b>\$ (423,821)</b>

(See independent auditor's report.)

# VILLAGE OF LAKE BLUFF, ILLINOIS

## NOTES TO THE SCHEDULE OF EMPLOYER ALLOCATIONS AND PENSION AMOUNTS BY EMPLOYER

April 30, 2022

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Lake Bluff, Illinois (the Village) contributes to the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system. The benefits, benefit levels, employee contributions and employer contributions for all three plans are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly. IMRF issues a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained from the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523 or at <https://www.imrf.org/>. As noted above, IMRF is an agent multiple-employer defined benefit pension plan. The Village and the Lake Bluff Public Library (the Library), a non-employer contributing entity, both participate in the plan and therefore, the plan is treated as a cost-sharing plan.

All employees (other than those covered by the Police Pension Plan, a single employer defined benefit plan administered by the Village) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members.

#### a. Nature of Schedules

Employers participating in a cost-sharing pension plan are required to recognize their proportionate share of the collective pension amounts for pension benefits provided to members through the IMRF plan.

GASB Statement No. 68, paragraph 92, states that in determining the employer's portion of the collective net pension liability (NPL), the basis should be consistent with the manner in which contributions to the pension plan, excluding those to separately finance specific liabilities of the individual employer to the Plan, are determined, which is consistent with paragraphs 48-51. GASB Statement No. 68, paragraph 92 further states that in determining the non-employer's proportion of the collective NPL and corresponding pension amounts, the Village should follow the terms to determine the specific relationship of the contribution requirements of the non-employer contributing entity (the Library) to those of the employer (the Village).

The Schedule of Employer Allocations presents the actual fiscal year 2022 contributions used within the proportionate share calculation for the Village and the Library and respective allocation percentage. This percentage was also used to allocate the opening net position.



**VILLAGE OF LAKE BLUFF, ILLINOIS**  
**NOTES TO THE SCHEDULE OF EMPLOYER ALLOCATIONS**  
**AND PENSION AMOUNTS BY EMPLOYER (Continued)**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

a. Nature of Schedules (Continued)

The Schedule of Pension Amounts by Employer presents the proportionate share of total net pension liability, total deferred outflows of resources, total deferred inflows of resources and total pension expense. The pension expense includes the amortization of the differences between expected and actual economic and demographic experience, differences between actual and projected investment earnings (net) on investments and the impact of changes of assumptions and future economic or demographic factors or other inputs.

b. Measurement Focus and Basis of Accounting

The financial transactions are recorded using the economic resources measurement focus and the accrual basis of accounting.

c. Use of Estimates in the Preparation of the Schedules

The preparation of the IMRF schedules in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts, and the changes therein, and disclosures. Actual results could differ from those estimates and differences could be material. IMRF uses an actuary to determine the total pension liability for the defined benefit plan and to calculate the actuarially determined contributions of the Village and Library.

d. Basis of Allocation

In determining the proportionate share of the net pension liability (asset) and corresponding employer pension amounts for a cost-sharing plan, the basis should be consistent with the manner in which contributions to IMRF are determined. The Village has determined that the actual contributions made to IMRF during fiscal year 2022 are appropriate as the basis because they are representative of future contributions.

The net pension liability (asset) is the Village's total pension liability less the fiduciary net position. The net pension liability (asset) was determined by an actuarial valuation measured as of December 31, 2021. The Village allocates a portion of the net pension liability (asset) to the Library based on the allocation percentage calculated within the Schedule of Employer Allocations.

**VILLAGE OF LAKE BLUFF, ILLINOIS**  
**NOTES TO THE SCHEDULE OF EMPLOYER ALLOCATIONS**  
**AND PENSION AMOUNTS BY EMPLOYER (Continued)**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

e. Pension Expense and Amortization of Expense

Pension expense, as well as deferred outflows of resources and deferred inflows of resources related to pensions, should be recognized for the Village and Library's proportionate shares of collective pension expense and collective deferred outflows of resources and deferred inflows of resources related to pensions.

Deferred outflows of resources are the consumption of net assets that is applicable to future reporting periods. Deferred outflows of resources have a positive effect on net position. Deferred inflows of resources are the acquisition of net position that is applicable to future reporting periods. Deferred inflows of resources have a negative effect on net assets. Other than differences between projected and actual investment earnings, deferred inflows and outflows of resources are recognized in pension expense beginning in the current period, using a straight line method over a closed period equal to the average expected remaining service lives of all employees that are provided with pensions through IMRF (active or inactive), determined as of the beginning of the measurement period.

Net deferred inflows (or outflows) of resources pertaining to differences between projected and actual investment earnings are similarly recognized over a closed five year period.

The components of pension expense are:

Service cost	\$ 200,859
Interest	1,112,332
Difference between expected and actual experience	(254,219)
Changes in assumptions	-
Employee contributions	(95,740)
Net investment income	(2,831,624)
Other (net transfer)	438,390
Recognition of deferred outflows and inflows	<u>1,006,181</u>
 TOTAL	 <u><u>\$ (412,821)</u></u>

The average of the expected remaining service lives of all members for fiscal year 2022 is 3.0594 years.

**VILLAGE OF LAKE BLUFF, ILLINOIS**  
**NOTES TO THE SCHEDULE OF EMPLOYER ALLOCATIONS**  
**AND PENSION AMOUNTS BY EMPLOYER (Continued)**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

f. Net Pension Liability (Asset)

The net pension liability (asset) for fiscal year 2022 (measurement date December 31, 2021) is set forth in the following table:

NET PENSION LIABILITY (ASSET) (BEGINNING)	\$ (1,009,758)
Total pension expense	(423,821)
Deferred outflows and inflows of resources	(1,006,181)
Employer contributions	<u>(223,697)</u>
NET PENSION LIABILITY (ASSET) (ENDING)	<u>\$ (2,663,457)</u>