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**VILLAGE OF GRAYSLAKE  
POLICE PENSION FUND  
LAKE COUNTY, ILLINOIS**

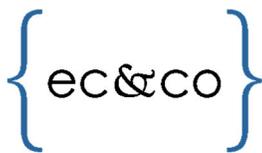
**ANNUAL FINANCIAL REPORT**

**APRIL 30, 2021**

eder, casella & co

VILLAGE OF GRAYSLAKE POLICE PENSION FUND  
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APRIL 30, 2021

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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Village of Grayslake Police Pension Fund  
Grayslake, Illinois

We have audited the accompanying financial statements of the Village of Grayslake Police Pension Fund (the Fund), a fiduciary fund of the Village of Grayslake, Illinois as of and for the year ended April 30, 2021, and the related notes to the financial statements, which collectively comprise the Fund's financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fund's preparation and fair presentation of the financial statements 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 Fund's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net position of the Village of Grayslake Police Pension Fund as of April 30, 2021, and the respective changes in plan net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Schedule of Changes in the Employer's Net Pension Liability and Related Ratios and Schedule of Employer Contribution, as listed on the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted Management's Discussion and Analysis as required supplementary information that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

*Eder, Casella & Co.*

EDER, CASELLA & CO.  
Certified Public Accountants

McHenry, Illinois  
October 27, 2021

## FINANCIAL STATEMENTS

VILLAGE OF GRAYSLAKE  
POLICE PENSION FUND  
STATEMENT OF FIDUCIARY NET POSITION  
APRIL 30, 2021

ASSETS	
Cash and Cash Equivalents	\$ 2,489,311
Investments, at fair value	
Corporate Bonds	2,946,891
Mutual Funds	19,957,401
Mortgages	49,970
U.S. Agency Obligations	445,511
U.S. Treasury Obligations	4,903,884
Accrued Interest Receivable	45,640
Due from the Village	13,329
TOTAL ASSETS	<u>\$ 30,851,937</u>
LIABILITIES	<u>\$ -</u>
NET POSITION	<u><u>\$ 30,851,937</u></u>

The Notes to the Financial Statements are an integral part of this statement.

VILLAGE OF GRAYSLAKE  
POLICE PENSION FUND  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED APRIL 30, 2021

ADDITIONS	
Contributions	
Village of Grayslake	\$ 909,621
Plan Members	343,612
Miscellaneous Revenue	50
Total Contributions	<u>\$ 1,253,283</u>
Investment and Other Income	
Net Appreciation/(Depreciation) in	
Fair Value of Investments	\$ 7,071,040
Interest and Dividends	266,310
	<u>\$ 7,337,350</u>
Less: Investment Management Fees	55,829
Net Investment and Other Income	<u>\$ 7,281,521</u>
TOTAL ADDITIONS	<u>\$ 8,534,804</u>
DEDUCTIONS	
Benefits	\$ 831,301
Administration	28,403
TOTAL DEDUCTIONS	<u>\$ 859,704</u>
NET INCREASE/(DECREASE)	\$ 7,675,100
NET POSITION - MAY 1, 2020	<u>23,176,837</u>
NET POSITION - APRIL 30, 2021	<u><u>\$ 30,851,937</u></u>

The Notes to the Financial Statements are an integral part of this statement.

VILLAGE OF GRAYSLAKE  
POLICE PENSION FUND  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2021

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Village of Grayslake Police Pension Fund (the Fund), a fiduciary fund of the Village of Grayslake, have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units (hereinafter referred to as generally accepted accounting principles or GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Fund's more significant accounting policies are discussed below.

*A. Reporting Entity*

The Fund is a fiduciary fund of the Village of Grayslake (the Village) pursuant to GASB Statement No. 61.

The Village's police employees participate in the Police Pension Employees Retirement System (PPERS). PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the Village's Mayor, one elected pension beneficiary, and two elected police officers constitute the Pension Board. The Village and PPERS participants are obligated to fund all PPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the Village is authorized to approve the actuarial assumptions used in the determination of contributions levels.

*B. Financial Statements – Fund Financial Statements*

The financial transactions of the Fund are reported in set of self-balancing accounts that comprise its assets, liabilities, net position, revenues and expenditures/expenses. The Fund financial statements are classified as a Fiduciary Fund.

Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and, therefore, are not available to support the Village's programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to propriety funds.

*C. Measurement Focus*

Pension trust funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determinations for changes in fiduciary net position. All assets/deferred outflows and liabilities/deferred inflows (whether current or noncurrent) associated with their activities are reported. Pension trust fund equity is classified as fiduciary net position restricted for pensions.

*D. Basis of Accounting*

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual

The financial statements are presented on the accrual basis of accounting. Additions to net position are recognized when earned and deductions from net position are recognized when incurred. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are

## NOTES TO FINANCIAL STATEMENTS (Continued)

recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

### *E. Cash and Cash Equivalents and Investments*

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are stated at market value. Market value is determined by quoted market prices. Gains or losses on the sale of investments are recognized as they are incurred.

### *F. Receivables*

Receivables mainly consist of all revenues earned at year-end and not yet received.

During the course of operations, numerous transactions occur between the Fund and the Village (mainly due to contributions due from the Village). These receivables, if any, are classified as "Due from the Village" on the financial statements.

### *G. Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

## **NOTE 2 - DEPOSITS AND INVESTMENTS**

The deposits and investments of the Fund are held separately from those of other Village funds. Statutes authorize the Fund to make deposits/invest in interest bearing direct obligations of the United States of America; obligations that are fully guaranteed or insured as to the payment of principal and interest by the United States of America; bonds, notes, debentures, or similar obligations of agencies of the United States of America; savings accounts or certificates of deposit issued by banks or savings and loan associations chartered by the United States of America or by the State of Illinois, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; credit unions, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; State of Illinois bonds; pooled accounts managed by the Illinois Funds Market Fund (Formerly known as IPTIP, Illinois Public Treasurer's Investment Pool), or by banks, their subsidiaries or holding companies, in accordance with the laws of the State of Illinois; bonds or tax anticipation warrants of any county, township, or municipal corporation of the State of Illinois; direct obligations of the State of Israel; money market mutual funds managed by investment companies that are registered under the Federal Investment Company Act of 1940 and the Illinois Securities Law of 1953 and are diversified, open-ended management investment companies, provided the portfolio is limited to specified restrictions; general accounts of life insurance companies; and separate accounts of life insurance companies and mutual funds, the mutual funds must meet specific restrictions, provided the investment in separate accounts and mutual funds does not exceed ten percent of the Fund's net position; and corporate bonds managed through an investment advisor, rated as investment grade by one of the two largest rating services at the time of purchase. Pension funds with a net position of \$2.5 million or more may invest up to forty-five percent of their net position in separate accounts of life insurance companies and mutual funds. Pension funds with a net position of at least \$5 million that have appointed an investment advisor may, through that investment advisor, invest up to forty-five percent of the plan net position in common and preferred stocks that meet specific restrictions. In addition, pension funds with a net position of at least \$10 million that have appointed an investment advisor may invest up to fifty percent of its net plan position in common and preferred stocks and mutual funds that meet specific restrictions effective July 1, 2011 and up to sixty-five percent effective July 1, 2012.

## NOTES TO FINANCIAL STATEMENTS (Continued)

The Plan's investment policy in accordance with ILCS establishes the following target allocation across asset classes:

	Long-Term Expected Rate of Return	Long-Term Inflation Expectations	Long-Term Expected Real Rate of Return	Target Allocation
Large Cap Domestic Equity	8.80%	2.60%	6.20%	35.00%
Small Cap Domestic Equity	10.60%	2.60%	8.00%	10.00%
International Equity	9.30%	2.60%	6.70%	5.00%
Fixed Income	3.80%	2.60%	1.20%	50.00%

As of April 30, 2021, the Fund had the following investments and maturities:

Investment	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	5-10	More than 10
Corporate Bonds	\$ 2,946,891	\$ 390,110	\$ 1,527,316	\$ 1,029,465	\$ -
Mutual Funds	19,957,401	19,957,401	-	-	-
Mortgages	49,970	-	-	-	49,970
U.S. Agency Obligations	445,511	-	-	116,162	329,349
U.S. Treasury Obligations	4,903,884	253,760	2,759,126	1,890,998	-
	<u>\$ 28,303,657</u>	<u>\$ 20,601,271</u>	<u>\$ 4,286,442</u>	<u>\$ 3,036,625</u>	<u>\$ 379,319</u>

### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the Fund's investment policy, the Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for all reasonably anticipated operating requirements while providing a reasonable rate of return based on the current market.

### Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Fund's investment policy requires all fixed income investments to be of investment grade quality or higher at purchase. Also, according to the provisions of the Illinois Compiled Statutes, fixed income purchases shall be limited to obligations issued or guaranteed as to principal and interest by the U.S. Government or any agency or instrumentality thereof, or to corporate and municipal issues. All securities shares must be of "investment grade" quality; that is, at the time of purchase, rated no lower than "Baa" by Moody's and no lower than "BBB" by Standard and Poor's. The Board, at their discretion, may impose a higher standard on an individual investment manager basis as circumstances or investment objectives dictate.

As of April 30, 2021, the Fund's investments were rated as follows:

Investment	Credit Rating	Rating Source
Corporate Bonds	Baa3 to Aaa	Moody's
Mutual Funds	N/A	Not Rated
Mortgages	Aaa	Moody's
U.S. Agency Obligations	N/A	Not Rated
U.S. Treasury Obligations	Aaa	Moody's

### Custodial Credit Risk

For deposits, the Fund's investment policy does not address custodial credit risk. In the case of investments, the Fund's investment policy requires that all amounts in excess of any insurance limits be collateralized by securities eligible for Police Pension Trust Fund investment or any other high-quality, interest-bearing security rated at least AA/Az by one or more standard rating service to include Standard

## NOTES TO FINANCIAL STATEMENTS (Continued)

and Poor's, Moody's or Fitch. The market value of the pledge securities shall equal or exceed the portion of the deposit requiring collateralization. At year-end, the entire carrying amount of the bank balance of deposits is covered by federal depository or equivalent insurance.

### *Concentration of Credit Risk*

The Fund's investment policy limits the amount it may invest in U.S. Government guaranteed obligations or investment guaranteed by federal agencies of the U.S. Government. Although no specific clause within the Pension Board's investment policy limits the amount it may invest in any one issuer, the Pension Board actively monitors the holdings selected by the investment advisor.

At year-end, the Fund does not have over 5% of net plan assets available for retirement benefits (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

### *Rate of Return*

For the year ended April 30, 2021, the annual money-weighted rate of return on pension investments, net of pension plan investment expense, was 30.95%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amount actually invested.

## **NOTE 3 - FAIR VALUE MEASUREMENT**

The Fund categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Fund has the following recurring fair value measurements as of April 30, 2021:

Investments by fair value level	4/30/2021	Fair Value Measurements Using:	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)
Debt Securities:			
Corporate Bonds	\$ 2,946,891	\$ -	\$ 2,946,891
Mortgages	49,970	-	49,970
U.S. Agency Obligations	445,511	-	445,511
U.S. Treasury Obligations	4,903,884	4,903,884	-
Total Debt Securities	<u>\$ 8,346,256</u>	<u>\$ 4,903,884</u>	<u>\$ 3,442,372</u>
Equity Securities:	<u>\$ 19,957,401</u>	<u>\$ 19,957,401</u>	<u>\$ -</u>
Total Investments by fair value level	<u>\$ 28,303,657</u>	<u>\$ 24,861,285</u>	<u>\$ 3,442,372</u>

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

## **NOTE 4 - CONTINGENCIES**

The Fund is subject to a compliance audit by the Illinois Department of Insurance. The audit for the year ended April 30, 2021 has not yet been conducted. The Fund has not had significant compliance issues in the past and does not expect any significant compliance issues in the current year, which would be material to the financial statements.

**NOTE 5 - RETIREMENT FUND COMMITMENTS OF THE VILLAGE**

*Police Pension Fund*

Plan Administration

The Fund is a single-employer defined benefit pension plan that covers all sworn police personnel. The defined benefits and employee and minimum employer contributions levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature.

The Plan is governed by a five-member Board of Trustees. Two members of the Board are appointed by the Village Mayor, one member is elected by pension beneficiaries, and two members are elected by active police employees.

Plan Membership

At May 1, 2020, the Valuation date, membership consisted of:

Inactive plan members or beneficiaries currently receiving benefits	11
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	31
Total	<u>42</u>

Benefits Provided

The Plan provides retirement, disability, and death benefits to Plan members and their beneficiaries. Chapter 40-Pensions-Act 5/Article 3 of the Illinois Compiled Statutes assigns the authority to establish and amend the benefit provisions of the Plan to the Illinois legislature.

Covered employees hired before January 1, 2011 (Tier 1) attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years, and 1% of such salary for each additional year of service over 30 years, to a maximum of 75% of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3 percent of the original pension and 3 percent compounded annually thereafter.

Covered employees hired on or after January 1, 2011 (Tier 2) attaining the age of 55 or more with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officer salary for the pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3 percent compounded. The annual benefit shall be increased by 2.5 percent of such a salary for each additional year of service over 20 years up to 30 years to a maximum of 75 percent of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e., ½ percent for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1<sup>st</sup> after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3% or ½ of the change in the Consumer Price Index for the proceeding calendar year.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### Contributions

Employees are required by Illinois Compiled Statutes (ILCS) to contribute 9.91% of their base salary to the Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. Effective January 1, 2011, the Village has until the year 2040 to fund 90% of the past service cost for the Plan. For the year-ended April 30, 2021, the Village's contribution was 29.17% of covered payroll.

### Net Pension Liability

The components of the net pension liability of the Village as of April 30, 2021, calculated in accordance with GASB Statement No. 68, were as follows:

Total Pension Liability	\$ 32,050,118
Plan Fiduciary Net Position	30,851,937
Police Pension's Net Pension Liability	1,198,181
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	96.26%

See the Schedule of Changes in the Employer's Net Pension Liability and Related Ratios in the Required Supplementary Information for additional information related to the funded status of the Plan.

### Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of April 30, 2021 using the following actuarial methods and assumptions.

Actuarial Valuation Date	May 1, 2020
Actuarial Cost Method	Entry Age Normal
Amortization Method	Straight Line
Remaining Amortization Period	21 Years
Actuarial Experience and Changes in Assumptions	7.89 Years
Asset Experience	5 Years
Assumptions	
Inflation	2.50%
Salary Increases	3.75% - 15.60%
Interest Rate	7.00%
Payroll Growth	3.50%
Cost of Living Adjustments	2.50%
Asset Valuation Method	Market Value

Active Mortality follows the Sex Distinct Raw Rates as developed in the PubS-2010(A) Study. Mortality improvement uses MP-2019 Improvement Rates applied on a fully generational basis. 50% of active Member deaths are assumed to be in the Line of Duty. Retiree Mortality follows the L&A Assumption Study for Police 2020. These rates are experience weighted with the Sex Distinct Raw Rates as developed in the PubS-2010(A) Study improved to 2017 using MP-2019 Improvement Rates. These rates are then improved fully generationally using MP-2019 Improvement Rates. Disabled Mortality follows the Sex Distinct Raw Rates as developed in the PubS-2010 Study for disabled participants. Mortality improvement uses MP-2019 Improvement Rates applied on a fully generational basis. Spouse Mortality follows the Sex Distinct Raw Rates as developed in the PubS-2010(A) Study for contingent survivors. For all rates not provided there (ages 45 and younger) the PubG-2010 Study for general employees was used. Mortality improvement uses MP-2019 Improvement Rates applied on a fully generational basis. Other actuarial assumptions (demographic) rates are based on a review of the L&A Assumption Study for Police 2020.

Discount Rate

The discount rate used in the determination of the Total Pension Liability is based on a combination of the expected long-term rate of return on plan investments and the municipal bond rate.

The discount rate used to measure the total pension liability was 7.00%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that Village contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund’s fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the Village calculated using the discount rate of 7.00% as well as what the Village’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net Pension Liability	\$ 6,818,398	\$ 1,198,181	\$ (3,283,605)

**NOTE 6 - SUBSEQUENT EVENTS**

Since March 2020, the COVID-19 outbreak in the United States has created disruptions in various governments and has continued to impact these organizations. The Plan was impacted during the year ended April 30, 2021. However, the extent of any additional impact on the Plan is uncertain and cannot be reasonably estimated at this time.

In addition to this, on December 18, 2019, Governor JB Pritzker signed SB1300. The law, a Public Act (P.A.), 101-0610, represents the culmination of more than a decade of work by the Illinois Municipal League (IML). The law consolidates the assets of the state’s more than 650 downstate and suburban public safety pension funds into two consolidated investment funds, one for police officers (Article 3) and one for firefighters (Article 4), which will improve investment returns, eliminate unnecessary and redundant administrative costs, ensure more money is available to fund pension benefits and reduce the burden on local taxpayers. The law was effective as of January 1, 2020. All pension fund assets, currently reported within the fiduciary fund statements of the Plan, will be transferred to the police pension investment fund no later than 30 months after the effective date of the transitions. This may change the reporting of the Plan as a fiduciary fund in future reporting periods.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF GRAYSLAKE, ILLINOIS  
POLICE PENSION PLAN  
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION  
LIABILITY AND RELATED RATIOS  
APRIL 30, 2021

	4/30/2021	4/30/2020	4/30/2019	4/30/2018	4/30/2017	4/30/2016	4/30/2015
<b>TOTAL PENSION LIABILITY</b>							
Service Cost	\$ 834,830	\$ 822,337	\$ 789,479	\$ 732,378	\$ 684,465	\$ 579,888	\$ 742,034
Interest	2,067,507	1,925,597	1,812,016	1,683,803	1,591,878	1,625,127	1,340,818
Changes in Benefit Terms	-	10,468	-	-	-	-	-
Differences Between Expected and Actual Experience	(992,874)	421,554	(327,612)	1,301	305,208	82,963	-
Changes in Assumptions	-	627,194	-	-	(730,384)	(2,269,945)	-
Benefit Payments, Including Refunds of Member Contributions	(831,301)	(687,441)	(615,150)	(556,595)	(519,327)	(466,681)	(379,974)
Net Change in Total Pension Liability	\$ 1,078,162	\$ 3,119,709	\$ 1,658,733	\$ 1,860,887	\$ 1,331,840	\$ (448,648)	\$ 1,702,878
Total Pension Liability - Beginning	30,971,956	27,852,247	26,193,514	24,332,627	23,000,787	23,449,435	21,746,557
Total Pension Liability - Ending	\$ 32,050,118	\$ 30,971,956	\$ 27,852,247	\$ 26,193,514	\$ 24,332,627	\$ 23,000,787	\$ 23,449,435
<b>PLAN FIDUCIARY NET POSITION</b>							
Contributions - Employer	\$ 909,672	\$ 793,024	\$ 886,668	\$ 811,181	\$ 588,852	\$ 748,319	\$ 931,452
Contributions - Member	343,612	312,566	308,461	300,383	296,837	288,233	283,529
Contributions - Other	-	72,082	-	-	-	-	-
Net Investment Income	7,281,520	(81,657)	1,382,370	1,427,964	1,702,505	(25,302)	1,098,394
Benefit Payments, Including Refunds of Member Contributions	(831,301)	(687,441)	(615,150)	(556,595)	(519,327)	(466,681)	(379,974)
Administrative Expenses	(28,403)	(66,528)	(28,686)	(30,024)	(21,274)	(41,209)	(23,845)
Prior Period Audit Adjustment	-	-	-	(72)	-	-	-
Net Change in Plan Fiduciary Net Position	\$ 7,675,100	\$ 342,046	\$ 1,933,663	\$ 1,952,837	\$ 2,047,593	\$ 503,360	\$ 1,909,556
Plan Net Position - Beginning	23,176,837	22,834,791	20,901,128	18,948,291	16,900,698	16,397,338	14,487,782
Plan Net Position - Ending	\$ 30,851,937	\$ 23,176,837	\$ 22,834,791	\$ 20,901,128	\$ 18,948,291	\$ 16,900,698	\$ 16,397,338
Village's Net Pension Liability	\$ 1,198,181	\$ 7,795,119	\$ 5,017,456	\$ 5,292,386	\$ 5,384,336	\$ 6,100,089	\$ 7,052,097
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	96.26%	74.83%	81.99%	79.80%	77.87%	73.48%	69.93%
Covered Payroll	\$ 3,118,921	\$ 3,020,747	\$ 3,127,702	\$ 3,096,609	\$ 3,389,186	\$ 3,296,119	\$ 2,859,924
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	38.42%	258.05%	160.42%	170.91%	158.87%	185.07%	246.58%
	2021	2020	2019	2018	2017	2016	2015
Annual Money-Weighted Rate of Return, Net of Investment Expenses	30.95%	5.31%	6.21%	7.40%	10.06%	-0.42%	7.33%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, information is presented for those years for which information is available.

See Accompanying Independent Auditor's Report

VILLAGE OF GRAYSLAKE, ILLINOIS  
POLICE PENSION PLAN  
SCHEDULE OF EMPLOYER CONTRIBUTION  
LAST TEN FISCAL YEARS

	4/30/2021	4/30/2020	4/30/2019	4/30/2018	4/30/2017	4/30/2016	4/30/2015
Actuarially-Determined Contribution	\$ 821,545	\$ 788,000	\$ 742,216	\$ 670,888	\$ 564,912	\$ 586,805	\$ 500,917
Contributions in relation to Actuarially-Determined Contribution	909,672	793,024	886,668	811,181	588,852	722,699	931,452
Contribution deficiency/(excess)	<u>\$ (88,127)</u>	<u>\$ (5,024)</u>	<u>\$ (144,452)</u>	<u>\$ (140,293)</u>	<u>\$ (23,940)</u>	<u>\$ (135,894)</u>	<u>\$ (430,535)</u>
Covered Payroll	\$ 3,118,921	\$ 3,020,747	\$ 3,127,702	\$ 3,096,609	\$ 3,389,186	\$ 3,296,119	\$ 2,859,924
Contributions as a percentage of Covered-Employee Payroll	29.17%	26.25%	28.35%	26.20%	17.37%	21.93%	32.57%

**Notes to Schedule:**

The Actuarially Determined Contribution shown above for the current year is the Recommended Contribution from the May 1, 2019 Actuarial Valuation completed by Lauterbach & Amen, LLP for the December 2019 tax levy. The methods and assumptions shown below are based on the same Actuarial Valuation. For more detail on the age-based and service based rates disclosed below, please see the Actuarial Valuation.

**Amortization Method:** Level percentage of payroll

**Amortization Target:** 100% Funded over 21 years

**Asset Valuation Method:** 5-year smoothed market value

**Inflation:** 2.50%

**Wage Growth:** 3.50%

**Salary Increases:** 3.75% - 15.60%

**Investment Rate of Return:** 7.00%

**Mortality Rates:** RP-2014 Adjusted for Plan Status, Collar, and Illinois Public Pension Data, as Appropriate

**Retirement Rates:** 100% of L&A 2016 Illinois Police Retirement Rates Capped at Age 65

**Termination Rates:** 100% of L&A 2016 Illinois Police Termination Rates

**Disability Rates:** 100% of L&A 2016 Illinois Police Disability Rates

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