Meeting Held Electronically

COMMITTEE OF THE WHOLE MEETING
MONDAY, OCTOBER 18, 2021
(Immediately following the Village Board Meeting)

AGENDA

CALL TO ORDER

ROLL CALL

AUDIENCE COMMENTS

TRUSTEE COMMENTS

DISCUSSION

1. 2021 Property Tax Levy Estimate and Police Pension Actuarial Valuation
2. North Aurora Days 2022
3. Liquor Code Video Gaming Provisions
4. Mobile Food Vendors

EXECUTIVE SESSION

1. Collective Bargaining

ADJOURN

Initials: SB

Village of North Aurora Memorandum

To: President and Village Board of Trustees

From: Bill Hannah, Finance Director

CC: Steven Bosco, Village Administrator

Date: October 12, 2021

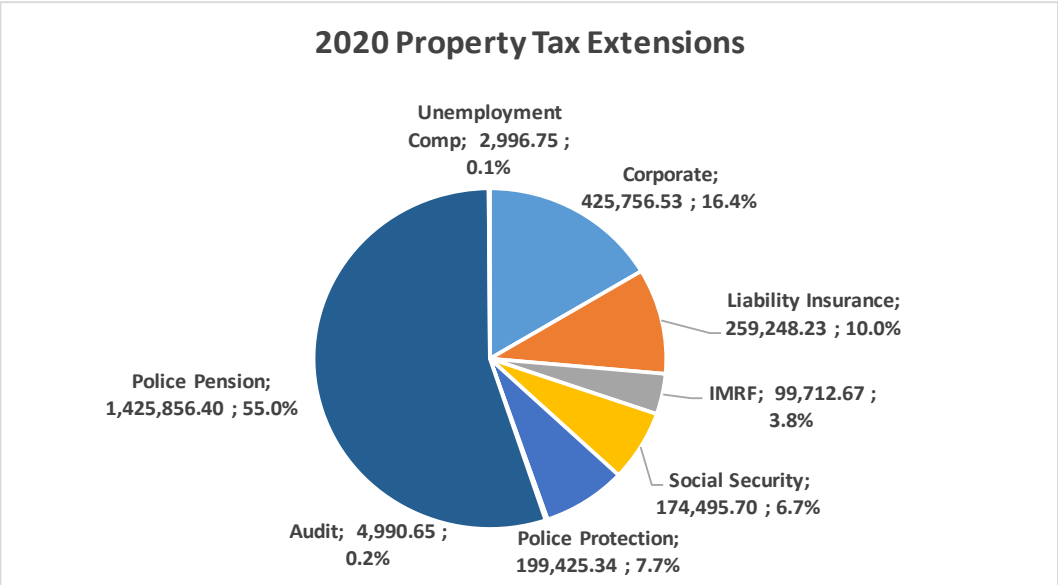
RE: Estimate of Tax Levy for Purposes of Truth in Taxation

Attached is a summary of information for discussion on the proposed property tax levy estimate for 2021. Village Board approval of an estimate is required for the **November 1st** Village Board meeting. Actual Village Board approval of all regular and special service area tax levies is scheduled for **December 6th.**

Summary

Property taxes represent about 18% of all General Fund revenues and are a key revenue source to fund Village services and pension obligations. Current State law restricts any increases in total property taxes extended to the rate of inflation as described below. This inflation allowance cannot be deferred to a future year.

To recap, the total 2020 property tax extensions received during calendar 2021 were $2,592,482. This was broken out by specific levies as follows:



The Village is a non-home rule municipality that is also subject to the Property Tax Extension Limitation Law (PTELL) as dictated by the State. The statutes limit the increase in the total amount of property taxes that can be extended (for capped funds) to the **annual change in the applicable Consumer Price Index which for this levy year is 1.4%**, or 5%, whichever is less.

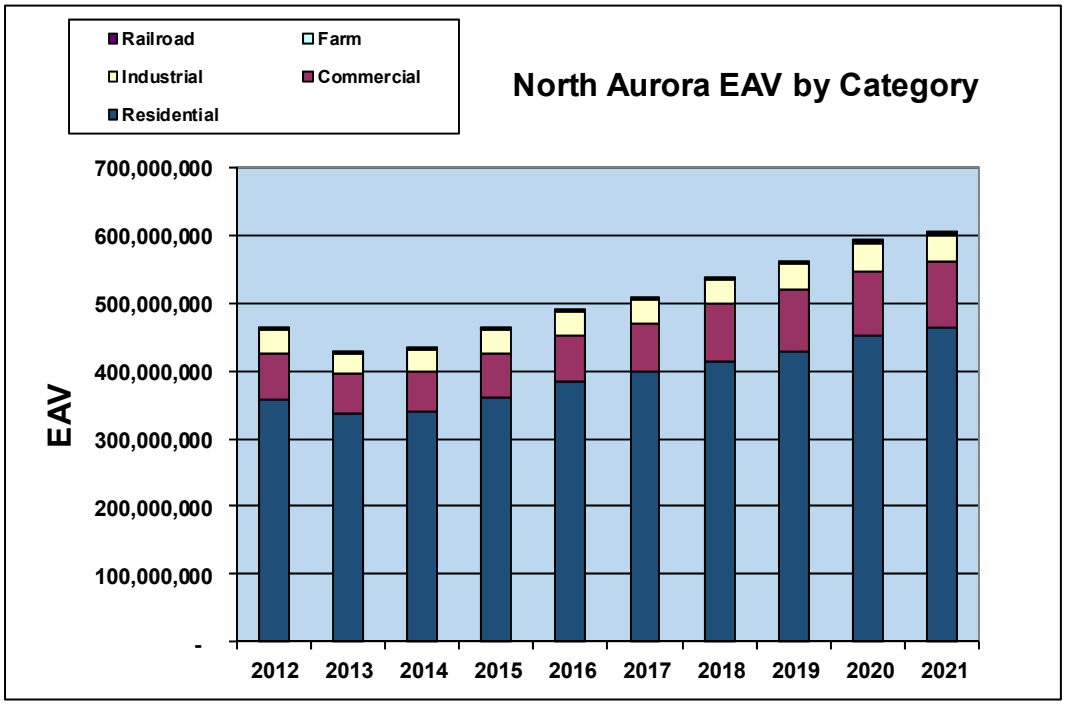
In addition, the Village is allowed to "capture" the increase in the equalized assessed valuation (EAV) of the Village that is attributable to new construction. In order to "capture" this new growth within its tax base, the Village has typically passed a levy higher than what is expected to be extended by the County **(through the CPI and new construction increases)** in order to ensure that the allowable increase due to new construction of residential, commercial and industrial growth are fully realized.

The following summarizes the estimated calculations for this year's potential extensions for consideration by the Village:

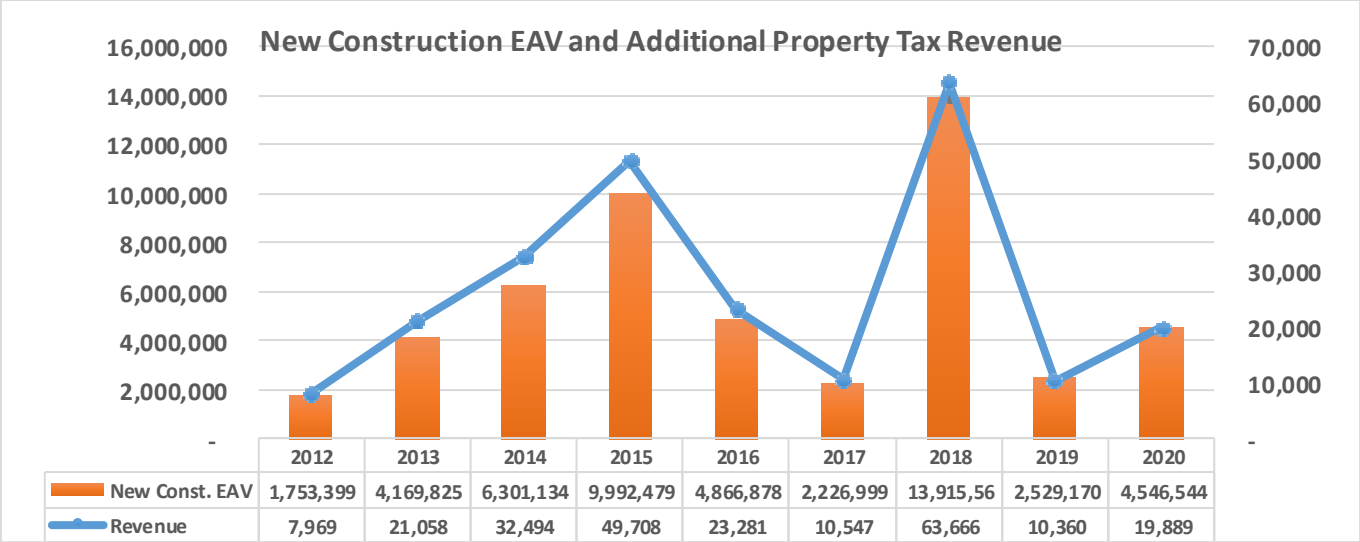
Last Year's Total Property Tax Extensions:	$2,592,482	
Est. Increase Due to Inflation (1.4%)	$ 36,295	
Est. Increase Due to New Construction:	$ 22,341	(5,068,437 New EAV)
Est. Increase Due to Recovered EAV:	$ 8,816	(2,000,000 Rec. EAV)
Total Est. Available Extensions:	**$2,659,934**	

EAV Change and New Construction

The 2021 taxable EAV is currently estimated to increase 2.29% to $603,440,479. The 2021 estimate is based on preliminary data from the County Clerk's office. This number will change and likely lower slightly as final appeals and adjustments are made. The 2021 estimated EAV is based on property sales that occurred during the last three years.



The 2021 estimated EAV includes an estimated $5,068,437 in new construction EAV. The following chart shows the amount of new construction EAV over the last several years and the resulting additional property tax revenue made available as a result.



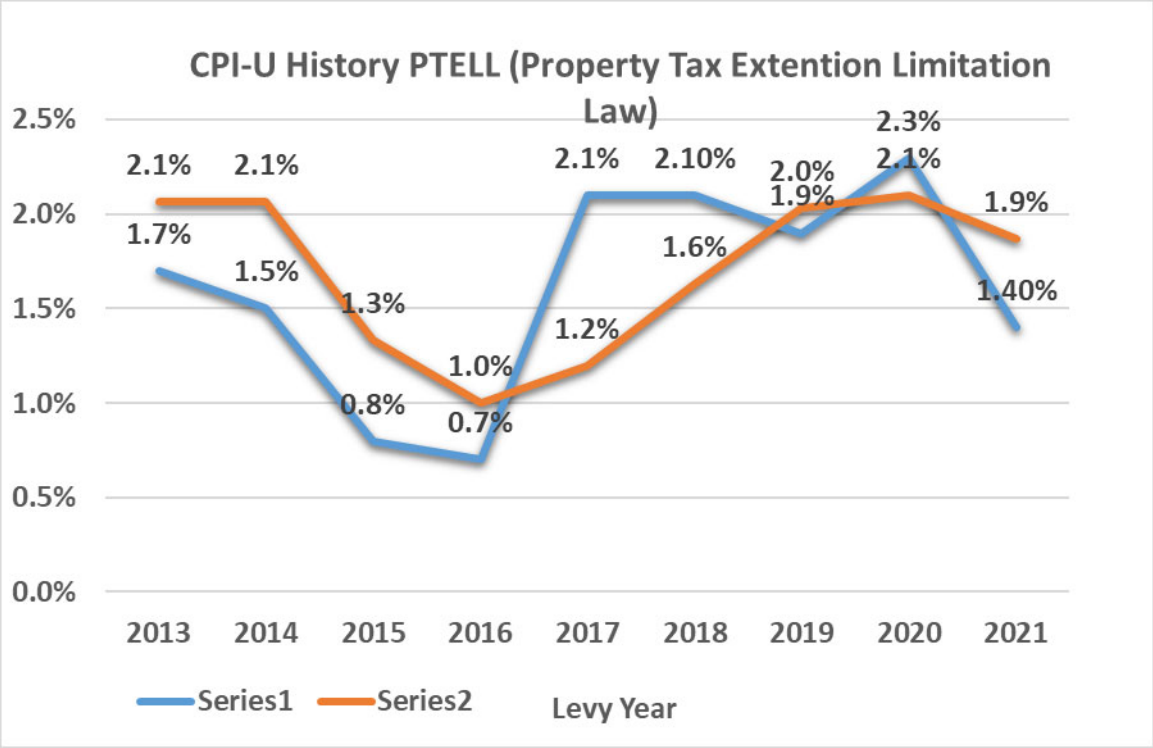
	2012	2013	2014	2015	2016	2017	2018	2019	2020
New Const. EAV	1,753,399	4,169,825	6,301,134	9,992,479	4,866,878	2,226,999	13,915,56	2,529,170	4,546,544
Revenue	7,969	21,058	32,494	49,708	23,281	10,547	63,666	10,360	19,889

Recovered EAV

New this year in the illustrative calculations is Recovered EAV. Due to the partial consolidation of the Village's TIF's into a new TIF in July, a certain amount if EAV is returned to the "tax rolls" that benefits all Taxing Districts and presents additional EAV, treated very similarly to new construction, that provides additional tax extensions if the taxing District levies for it. This additional recovered EAV is estimated to be about $2,000,000 and provides an additional estimated $8,816 in additional, possible extensions.

Application of Consumer Price Index

The index used to determine the increase is the CPI-U or the Consumer Price Index for All Urban Consumers. For the December 2021 levy payable in 2022 this increase is 1.4%. Section 18-185 of the Property Tax Code defines "extension limitation" as "…the lesser of 5% or the percentage increase in the Consumer Price Index during the 12-month calendar year preceding the levy year…" This change was measured from December 2019 to December 2020.



SSA's

Last year the Village levied the following amounts for the various SSA's for the 2020 tax levy year.

1.	Waterford Oaks	$ 8,600 (Mowing)
2.	Oak Hill	$ 10,000 (Drainage Improvements)
3.	Timber Oaks	$ 7,500 (Mowing)
4.	Pinecreek III	$ 2,000 (Mowing)
5.	Willow Lakes	$ 200 (Mowing)
6.	North Aurora Towne Center	$30,000 (Wetland/Basin Maint)

Staff will be evaluating the SSA amounts necessary to levy over the next several weeks and bring more information to the Board for discussion. State law now requires that the Village hold a separate public hearing if an SSA levy is anticipated to increase more than 5% from last year, or if an inactive SSA is planned on being activated. It is currently anticipated that all of current SSA's will have to be significantly increased to address updated costs of maintenance.

Police Pension Valuation

The May 31, 2021 police pension valuation was also recently completed. Over the last several years the Village, in consultation with the actuary, has made many assumption changes including:

1. New Mortality rates using the Public Safety table (2019)
2. Adopted new retirement, disability and termination rates based on (delayed retirement and lower withdrawal assumptions) (2018)

3. Adopted revised salary increase assumption tables (slightly lowers assumed future increases) (2018)
4. Lowered the Interest/Investment assumption rate from the current 7.0% to 6.5%. (2018)
5. Lowered the payroll growth rate assumption from 5% to 3% (2017)
6. Updated mortality tables (2017)

For the attached June 1, 2021 actuarial valuation, the actuary had **no assumption or method** changes for the valuation as of June 1, 2021.

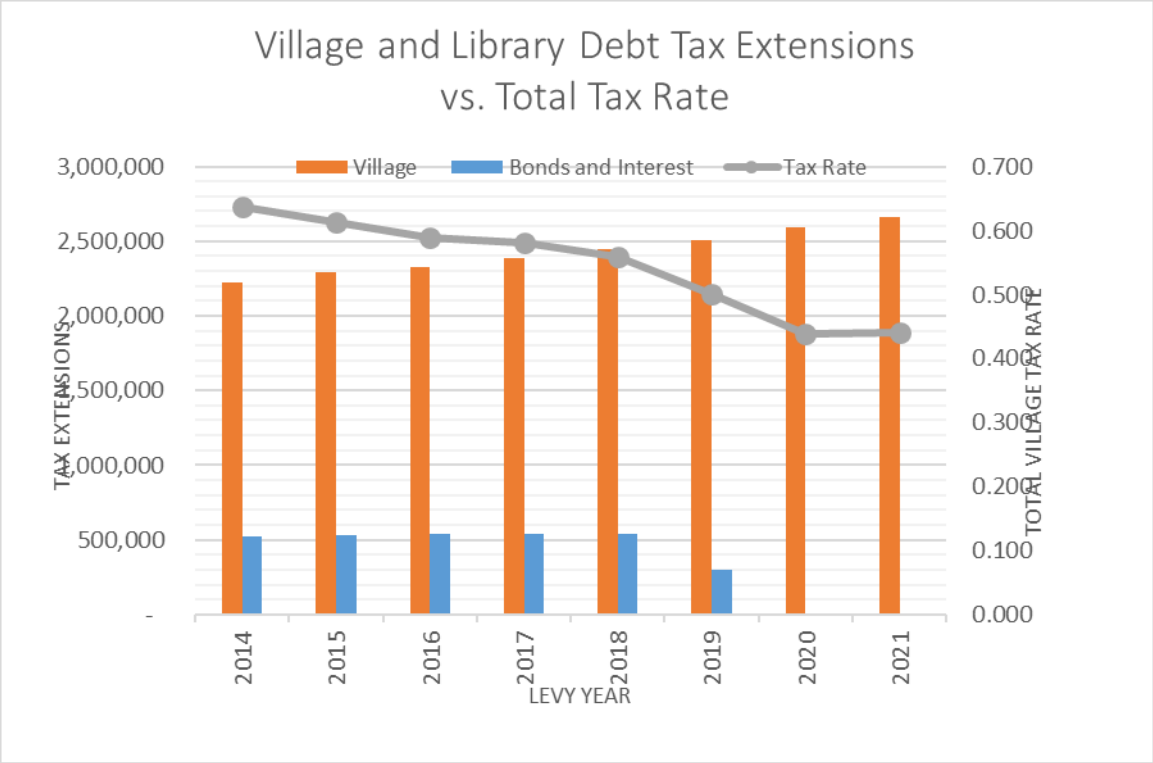
This results of the valuation resulted in an increase in Village required contributions from $1,429,357 to $1,443,240 for the 2021 tax levy, a minor increase of $13,883 or 0.98%. During the last year investment experience for the fund was 19.44% versus the assumption of 6.5% and salary increases were 3.32% versus the assumption of 4.29%. Due to the smoothing of gains and losses over a five-year period one-fifth of the investment gain/(loss) is recognized in the current year. The actuarial investment return for the fund for the year was then calculated to be 8.50%.

The valuation continues the Board Pension Funding Policy (adopted in 2011) of a 100% funding goal with a remaining 20 year closed amortization period. This is higher than the State minimum requirement which incorporates a 90% funding goal by 2040. The comparative State minimum for funding would have been $1,322,990. The Net Position as a Percentage of the Total Pension Liability went from 59.10% to 69.20%. The Total Pension Liability was $34,800,262 and the Fiduciary Net Position was $24,080,719 creating a Net Pension Liability of $10,719,543.

Library Debt Tax Levy

As the Board is aware, the Village made the final payment for the Library bonds with the 2019 levy and the Library GO Bonds have now been fully paid off.

Anticipated Library tax levy amounts for operating purposes have been included in the attached calculations as the Village is responsible for formally adopting those on an annual basis. The tentative Levy for the Library is $1,970,000.

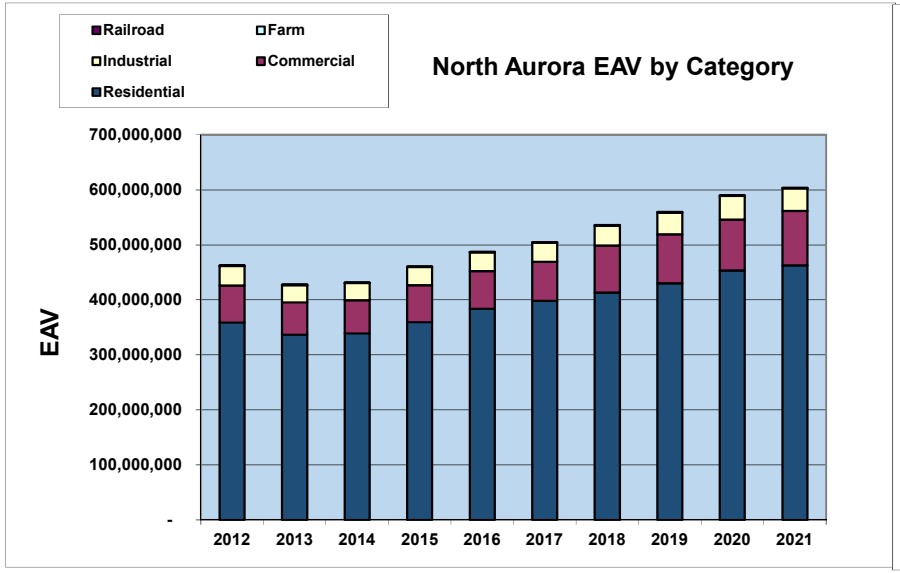


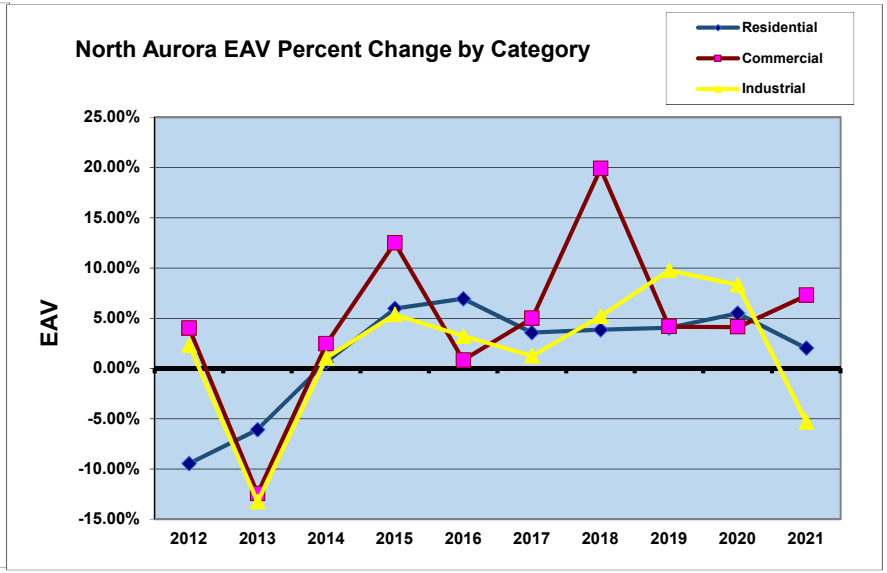
Summary

If the Village adopts a levy which when extended by the County after complying with PTELL law realizes all of the allowances provided by CPI, new construction and recovered EAV, the total general property tax revenue that would be estimated to be received would be an increase of $67,452, (estimated) or an increase of 2.60% to $2,659,934.

Village of North Aurora
Taxable Equalized Assessed Valuation

Category	Levy Year 2012	Levy Year 2013	Levy Year 2014	Levy Year 2015	Levy Year 2016	Levy Year 2017	Levy Year 2018	Levy Year 2019	Levy Year 2020	Levy Year 2021
Residential	358,899,978	337,016,726	339,111,156	359,301,370	384,212,041	397,846,748	413,107,645	429,754,775	453,288,800	462,387,134
Commercial	66,774,379	58,444,313	59,859,375	67,329,121	67,873,407	71,244,763	85,401,844	88,936,953	92,590,660	99,316,036
Industrial	35,772,199	31,023,446	31,341,315	33,018,080	34,089,473	34,513,524	36,298,576	39,835,901	43,147,035	40,841,872
Farm	338,753	336,302	244,838	248,169	275,248	288,822	303,874	320,200	337,350	348,192
Railroad	286,904	312,020	316,153	330,034	374,889	362,886	389,917	452,344	547,245	547,245
TOTAL EAV	**462,072,213**	**427,132,807**	**430,872,837**	**460,226,774**	**486,825,058**	**504,256,743**	**535,501,856**	**559,300,173**	**589,911,090**	**603,440,479**
Estimated Actual Value	**1,386,216,639**	**1,281,398,421**	**1,292,618,511**	**1,380,680,322**	**1,460,475,174**	**1,512,770,229**	**1,606,505,568**	**1,677,900,519**	**1,769,733,270**	**1,810,321,437**
Percent of Total										
Residential	77.67%	78.90%	78.70%	78.07%	78.92%	78.90%	77.14%	76.84%	76.84%	76.63%
Commercial	14.45%	13.68%	13.89%	14.63%	13.94%	14.13%	15.95%	15.90%	15.70%	16.46%
Industrial	7.74%	7.26%	7.27%	7.17%	7.00%	6.84%	6.78%	7.12%	7.31%	6.77%
Farm	0.07%	0.08%	0.06%	0.05%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%
Railroad	0.06%	0.07%	0.07%	0.07%	0.08%	0.07%	0.07%	0.08%	0.09%	0.09%
TOTAL	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**
Percent Increase										
Residential	-9.47%	-6.10%	0.62%	5.95%	6.93%	3.55%	3.84%	4.03%	5.48%	2.01%
Commercial	3.99%	-12.47%	2.42%	12.48%	0.81%	4.97%	19.87%	4.14%	4.11%	7.26%
Industrial	2.30%	-13.27%	1.02%	5.35%	3.24%	1.24%	5.17%	9.75%	8.31%	-5.34%
Farm	-12.04%	-0.72%	-27.20%	1.36%	10.91%	4.93%	5.21%	5.37%	5.36%	3.21%
Railroad	6.94%	8.75%	1.32%	4.39%	13.59%	-3.20%	7.45%	16.01%	20.98%	0.00%
TOTAL	***-6.90%***	***-7.56%***	***0.88%***	***6.81%***	***5.78%***	***3.58%***	***6.20%***	***4.44%***	***5.47%***	***2.29%***





Village of North Aurora
Preliminary Calculations for 2021 Property Tax Levy

Taxable Rate Setting EAV Estimations		Percent Increase	
Total 2020 EAV	589,911,090		
Estimated 2021 New Construction	5,068,437	0.86%	Based on 9/10/21 Est EAV Report
Recovered TIF EAV	2,000,000	0.34%	Based on May, 2021 Prelim Assumptions
Change in 2021 Current EAV/Other	6,460,952	1.10%	Based on 9/10/21 Est EAV Report
Total 2021 Estimated Taxable EAV	**603,440,479**	2.29%	Based on 9/10/21 Est EAV Report

	Total Property Taxes Subject to Cap	Village Debt Service Not Subject to Cap	TOTAL VILLAGE	Messenger Public Library	TOTAL VILLAGE AND LIBRARY
2020 Property Tax Extensions	2,592,482.27	-	**2,592,482.27**	1,892,257.80	**4,484,740.07**
Est. Increase Due to CPI of 1.4%	36,294.75	-	**36,294.75**	26,491.61	**62,786.36**
2021 Property Tax Extension After Applicable CPI Increase of 1.40%	2,628,777.02	-	**2,628,777.02**	1,918,749.41	**4,547,526.43**
Additional Est. Extensions Due to New Construction (Estimated)	22,341.42	-	**22,341.42**	16,307.04	**38,648.45**
Additional Est. Extensions Due to TIF EAV Recovery	8,815.90	-	**8,815.90**	6,434.74	**15,250.64**
TOTAL 2021 Tax Extensions (Preliminary Estimate)	**2,659,934.34**	**-**	**2,659,934.34**	**1,941,491.19**	**4,601,425.52**
2020 Property Tax Rate	0.439470	-	**0.439470**	0.320770	**0.760240**
2021 Property Tax Rate (Estimated)	0.440795	-	**0.440795**	0.321737	**0.762532**
Percent Change in Property Tax Rate	0.30%		**0.30%**	0.30%	**0.30%**
Proposed 2021 Property Tax Levy	2,690,000.00	-	**2,690,000.00**	1,970,000.00	**4,660,000.00**
Percent Increase 2021 Proposed Levy	3.76%		**3.76%**	4.11%	**3.91%**
Versus Last Year's 2020 Extensions	97,517.73			77,742.20	
2021 Est. Extensions vs. 2020 Extensions	2.60%		2.60%	2.60%	2.60%
2021 Levy vs 2020 Ext	3.76%		3.76%	4.11%	3.91%
2021 Est Ext vs 2020 Actual Ext	67,452.07	-	67,452.07	49,233.39	116,685.45

VILLAGE OF NORTH AURORA
POLICE PENSION FUND

ACTUARIAL VALUATION
AS OF JUNE 1, 2021

CONTRIBUTIONS APPLICABLE TO THE
PLAN/FISCAL YEAR ENDING MAY 31, 2023

GASB 67/68 DISCLOSURE INFORMATION
AS OF MAY 31, 2021

FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

August 12, 2021

Mr. Bill Hannah
Village of North Aurora Police Pension Fund

Re: Actuarial Valuation Report (including GASB Statements No. 67 and No. 68) – Village of North Aurora Police Pension Fund

Dear Mr. Hannah

We are pleased to present to the Village this report of the annual actuarial valuation of the Village of North Aurora Police Pension Fund. Included are the related results for GASB Statements No. 67 and No. 68. The funding valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and to develop the appropriate funding requirements for the applicable plan year. The calculation of the liability for GASB results was performed for the purpose of satisfying the requirements of GASB Statements No. 67 and No. 68. Use of the results for other purposes may not be applicable and could produce significantly different results.

The valuations have been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board, and reflect laws and regulations issued to date pursuant to the provisions of Article 3, Illinois Pension Code, as well as applicable federal laws and regulations. In our opinion, the assumptions used in this valuation, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience. Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations. Due to the limited scope of the valuations, we did not perform an analysis of the potential range of such future measurements.

The funding percentages and unfunded accrued liability as measured based on the actuarial value of assets will differ from similar measures based on the market value of assets. These measures, as provided, are appropriate for determining the adequacy of future contributions, but may not be appropriate for the purpose of settling a portion or all of its liabilities.

In conducting the valuations, we have relied on personnel, plan design, and asset information supplied by the Village, financial reports prepared by the custodian bank and the actuarial assumptions and methods described in the Actuarial Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

The total pension liability, net pension liability, and certain sensitivity information shown in the GASB results are based on an actuarial valuation performed as of the valuation date.

In performing the analysis, we used third-party software to model (calculate) the underlying liabilities and costs. These results are reviewed in the aggregate and for individual sample lives. The output from the software is either used directly or input into internally developed models to generate the costs. All internally developed models are reviewed as part of the process. As a result of this review, we believe that the models have produced reasonable results. We do not believe there are any material inconsistencies among assumptions or unreasonable output produced due to the aggregation of assumptions.

The undersigned are familiar with the immediate and long-term aspects of pension valuations and meet the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the actuarial opinions.

To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the Village of North Aurora, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the Village of North Aurora Police Pension Fund. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

If there are any questions, concerns, or comments about any of the items contained in this report, please contact us at 630-620-0200.

Respectfully submitted,

Foster & Foster, Inc.

By: Jason L. Franken

Jason L. Franken, FSA, EA, MAAA

By: Heidi Andorfer

Heidi E. Andorfer, FSA, EA, MAAA

JLF/lke
Enclosures

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SUMMARY OF REPORT

The regular annual actuarial valuation of the Village of North Aurora Police Pension Fund, performed as of June 1, 2021, has been completed and the results are presented in this Report. The contribution amounts set forth herein are applicable to the plan/fiscal year ended May 31, 2023.

The contribution requirements, compared with those set forth in the June 1, 2020 actuarial report, are as follows:

Valuation Date	6/1/2021	6/1/2020
Applicable to Fiscal Year Ending	5/31/2023	5/31/2022
Total Recommended Contribution	$1,746,526	$1,709,655
% of Projected Annual Payroll	57.1%	60.4%
Member Contributions (Est.)	(303,286)	(280,298)
% of Projected Annual Payroll	(9.9%)	(9.9%)
Village Recommended Contribution	1,443,240	1,429,357
% of Projected Annual Payroll	47.2%	50.5%

As you can see, the Total Recommended Contribution shows an increase when compared to the results determined in the June 1, 2020 actuarial valuation report. The increase is primarily attributable to the natural increase in the amortization payment due to the payroll growth assumption.

Plan experience was favorable overall on the basis of the plan's actuarial assumptions. Sources of favorable experience included an investment return of 8.50% (Actuarial Asset Basis) which exceeded the 6.50% assumption and an average salary increase of 3.32% which fell short of the 4.29% assumption. There were no significant sources of unfavorable experience.

CHANGES SINCE PRIOR VALUATION

Plan Changes Since Prior Valuation

There were no plan changes since the prior valuation.

Actuarial Assumption/Method Changes Since Prior Valuation

There were no assumption or method changes since the prior valuation.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	6/1/2021	6/1/2020
A. Participant Data		
Number Included		
Actives	31	29
Service Retirees	11	11
Beneficiaries	2	2
Disability Retirees	0	0
Terminated Vested	3	2
Total	47	44
Total Annual Payroll	$3,060,402	$2,828,440
Payroll Under Assumed Ret. Age	3,060,402	2,828,440
Annual Rate of Payments to:		
Service Retirees	817,596	788,936
Beneficiaries	113,900	113,900
Disability Retirees	0	0
Terminated Vested	31,173	31,173
B. Assets		
Actuarial Value	22,325,202	19,860,276
Market Value	24,080,719	19,476,564
C. Liabilities		
Present Value of Benefits		
Actives		
Retirement Benefits	24,183,208	22,260,108
Disability Benefits	1,623,001	1,582,579
Death Benefits	217,665	200,367
Vested Benefits	1,342,969	1,345,943
Service Retirees	12,718,416	12,635,167
Beneficiaries	883,015	918,421
Disability Retirees	0	0
Terminated Vested	530,662	466,101
Total	41,498,936	39,408,686

C. Liabilities - (Continued)	6/1/2021	6/1/2020
Present Value of Future Salaries	27,589,235	25,612,563
Present Value of Future Member Contributions	2,734,093	2,538,205
Normal Cost (Retirement)	574,092	544,245
Normal Cost (Disability)	99,362	93,580
Normal Cost (Death)	10,782	9,935
Normal Cost (Vesting)	66,125	65,595
Total Normal Cost	750,361	713,355
Present Value of Future Normal Costs	6,217,356	5,994,509
Accrued Liability (Retirement)	19,323,329	17,531,989
Accrued Liability (Disability)	782,473	779,257
Accrued Liability (Death)	116,505	113,983
Accrued Liability (Vesting)	927,180	969,259
Accrued Liability (Inactives)	14,132,093	14,019,689
Total Actuarial Accrued Liability	35,281,580	33,414,177
Unfunded Actuarial Accrued Liability (UAAL)	12,956,378	13,553,901
Funded Ratio (AVA / AL)	63.3%	59.4%

	6/1/2021	6/1/2020
D. Actuarial Present Value of Accrued Benefits		
Vested Accrued Benefits		
Inactives	14,132,093	14,019,689
Actives	8,233,019	6,406,722
Member Contributions	3,504,737	3,249,347
Total	25,869,849	23,675,758
Non-vested Accrued Benefits	977,232	1,257,289
Total Present Value Accrued Benefits	26,847,081	24,933,047
Funded Ratio (MVA / PVAB)	89.7%	78.1%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
Plan Experience	1,237,357	
Benefits Paid	(914,258)	
Interest	1,590,935	
Other	0	
Total	1,914,034	

Valuation Date	6/1/2021	6/1/2020
Applicable to Fiscal Year Ending	5/31/2023	5/31/2022
E. Pension Cost		
Normal Cost [1]	$799,134	$759,723
% of Total Annual Payroll [1]	26.1	26.9
Administrative Expenses [1]	17,059	9,204
% of Total Annual Payroll [1]	0.6	0.3
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 20 years (as of 6/1/2021) [1]	930,333	940,728
% of Total Annual Payroll [1]	30.4	33.2
Total Recommended Contribution	1,746,526	1,709,655
% of Total Annual Payroll [1]	57.1	60.4
Expected Member Contributions [1]	(303,286)	(280,298)
% of Total Annual Payroll [1]	(9.9)	(9.9)
Expected Village Contribution	1,443,240	1,429,357
% of Total Annual Payroll [1]	47.2	50.5

F. Past Contributions

Plan Years Ending:	5/31/2021
Total Recommended Contribution	1,638,406
Village Requirement	1,348,024
Actual Contributions Made:	
Members (excluding buyback)	290,382
Village	1,385,904
Total	1,676,286

G. Net Actuarial (Gain)/Loss	(517,709)

[1] Contributions developed as of 6/1/2021 displayed above have been adjusted to account for assumed interest.

H. Schedule Illustrating the Amortization of the Total Unfunded Actuarial Accrued Liability as of:

Year	Projected Unfunded Accrued Liability
2021	12,956,378
2022	12,868,210
2023	12,746,400
2028	11,518,809
2032	9,556,652
2037	5,336,731
2041	0

I. (i) 5 Year Comparison of Actual and Assumed Salary Increases

		Actual	Assumed
Year Ended	5/31/2021	3.32%	4.29%
Year Ended	5/31/2020	4.44%	4.58%
Year Ended	5/31/2019	4.86%	4.82%
Year Ended	5/31/2018	2.75%	5.43%
Year Ended	5/31/2017	2.05%	5.00%

(ii) 5 Year Comparison of Investment Return on Actuarial Value

		Actual MVA	Actual AVA	Assumed
Year Ended	5/31/2021	19.44%	8.50%	6.50%
Year Ended	5/31/2020	6.25%	4.80%	6.50%
Year Ended	5/31/2019	3.02%	4.66%	6.50%
Year Ended	5/31/2018	6.17%	6.11%	7.00%
Year Ended	5/31/2017	9.56%	6.66%	7.00%

DEVELOPMENT OF JUNE 1, 2021 AMORTIZATION PAYMENT

(1)	Unfunded Actuarial Accrued Liability as of June 1, 2020	$13,553,901
(2)	Sponsor Normal Cost developed as of June 1, 2020	433,057
(3)	Expected administrative expenses for the year ended May 31, 2021	8,642
(4)	Expected interest on (1), (2) and (3)	909,433
(5)	Sponsor contributions to the System during the year ended May 31, 2021	1,385,904
(6)	Expected interest on (5)	45,042
(7)	Expected Unfunded Actuarial Accrued Liability as of May 31, 2021, (1)+(2)+(3)+(4)-(5)-(6)	13,474,087
(8)	Change to UAAL due to Benefits/Assumption Change	0
(9)	Change to UAAL due to Actuarial (Gain)/Loss	(517,709)
(10)	Unfunded Accrued Liability as of June 1, 2021	12,956,378
(11)	UAAL Subject to Amortization (100% AAL less Actuarial Assets)	12,956,378

Date Established	Years Remaining	6/1/2021 Amount	Amortization Amount
6/1/2021	20	12,956,378	873,552

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1)	Unfunded Actuarial Accrued Liability (UAAL) as of June 1, 2020	$13,553,901
(2)	Expected UAAL as of June 1, 2021	13,474,087
(3)	Summary of Actuarial (Gain)/Loss, by component:	
	Investment Return (Actuarial Asset Basis)	(403,753)
	Salary Increases	(200,191)
	Active Decrements	(46,000)
	Inactive Mortality	104,898
	Other	27,337
	Change in UAAL due to (Gain)/Loss	(517,709)
	Change to UAAL due to Benefits/Assumption Change	0
(4)	Actual UAAL as of June 1, 2021	$12,956,378

RECONCILIATION OF CHANGES IN CONTRIBUTION REQUIREMENT

(1)	Contribution Determined as of June 1, 2020	$ 1,429,357
(2)	Summary of Contribution Impact by component:	
	Change in Normal Cost	39,411
	Change in Assumed Administrative Expense	7,855
	Investment Return (Actuarial Asset Basis)	(28,991)
	Salary Increases	(14,375)
	New Entrants	979
	Active Decrements	(3,303)
	Inactive Mortality	7,532
	Contributions (More) or Less than Recommended	(2,808)
	Increase in Amortization Payment Due to Payroll Growth Assumption	28,222
	Change in Expected Member Contributions	(22,988)
	Benefits/Assumption Change	-
	Other	2,349
	Total Change in Contribution	13,883
(3)	Contribution Determined as of June 1, 2021	$1,443,240

STATUTORY MINIMUM REQUIRED CONTRIBUTION

Contribution requirements shown on this page are calculated according to statutory minimum funding requirements of the Illinois Pension Code. We do not believe this method is sufficient to fund future benefits; as such, we recommend funding according to the contributions developed in Section E of this report.

Valuation Date	6/1/2021	6/1/2020
Applicable to Fiscal Year Ending	5/31/2023	5/31/2022
Actuarial Accrued Liability (PUC)	33,271,535	31,363,306
Actuarial Value of Assets	22,325,202	19,860,276
Unfunded Actuarial Accrued Liability (UAAL)	10,946,333	11,503,030
UAAL Subject to Amortization	7,619,180	8,366,699
Normal Cost [1]	$1,041,848	$993,385
% of Total Annual Payroll [1]	34.0	35.1
Administrative Expenses [1]	17,059	9,204
% of Total Annual Payroll [1]	0.6	0.3
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 19 years (as of 6/1/2021) [1]	567,369	600,771
% of Total Annual Payroll [1]	18.5	21.3
Total Required Contribution	1,626,276	1,603,360
% of Total Annual Payroll [1]	53.1	56.7
Expected Member Contributions [1]	(303,286)	(280,298)
% of Total Annual Payroll [1]	(9.9)	(9.9)
Expected Village Contribution	1,322,990	1,323,062
% of Total Annual Payroll [1]	43.2	46.8

Assumptions and Methods:

Actuarial Cost Method	Projected Unit Credit
Amortization Method	90% Funding by 2040

All other assumptions and methods are as described in the Actuarial Assumptions and Methods section.

[1] Contributions developed as of 6/1/2021 displayed above have been adjusted to account for assumed interest.

PROJECTION OF BENEFIT PAYMENTS

Year	Payments for Current Actives	Payments for Current Inactives	Total Payments
2021	79,890	958,661	1,038,551
2022	181,479	940,690	1,122,169
2023	277,057	987,561	1,264,618
2024	398,826	1,003,181	1,402,007
2025	531,660	1,017,468	1,549,128
2026	657,009	1,030,280	1,687,289
2027	803,547	1,041,491	1,845,038
2028	963,148	1,051,006	2,014,154
2029	1,117,414	1,058,742	2,176,156
2030	1,286,880	1,064,627	2,351,507
2031	1,473,794	1,068,598	2,542,392
2032	1,651,383	1,070,626	2,722,009
2033	1,830,260	1,070,681	2,900,941
2034	2,000,130	1,068,726	3,068,856
2035	2,163,179	1,064,720	3,227,899
2036	2,321,001	1,058,594	3,379,595
2037	2,463,420	1,050,226	3,513,646
2038	2,589,539	1,039,463	3,629,002
2039	2,719,378	1,026,179	3,745,557
2040	2,837,112	1,010,277	3,847,389
2041	2,948,879	991,707	3,940,586
2042	3,056,419	970,482	4,026,901
2043	3,156,611	946,634	4,103,245
2044	3,290,254	920,188	4,210,442
2045	3,392,356	891,167	4,283,523
2046	3,557,428	859,573	4,417,001
2047	3,697,264	825,375	4,522,639
2048	3,856,166	788,515	4,644,681
2049	3,957,742	748,916	4,706,658
2050	4,070,551	706,531	4,777,082
2051	4,148,566	661,436	4,810,002
2052	4,212,642	613,838	4,826,480
2053	4,262,807	564,078	4,826,885
2054	4,300,960	512,731	4,813,691
2055	4,323,853	460,545	4,784,398
2056	4,333,074	408,363	4,741,437
2057	4,325,778	357,098	4,682,876
2058	4,301,422	307,680	4,609,102
2059	4,257,808	260,924	4,518,732
2060	4,194,496	217,537	4,412,033

ACTUARIAL ASSUMPTIONS AND METHODS

Interest Rate	6.50% per year compounded annually, net of investment related expenses. We will continue to monitor this assumption in light of the target asset allocation of the trust and the expected long-term return by asset class.
Mortality Rate	***Active Lives:*** PubS-2010 Employee mortality, projected 5 years past the valuation date with Scale MP-2020. 10% of active deaths are assumed to be in the line of duty. ***Inactive Lives:*** PubS-2010 Healthy Retiree mortality, projected 5 years past the valuation date with Scale MP-2020. ***Beneficiaries:*** PubS-2010 Survivor mortality, projected 5 years past the valuation date with Scale MP-2020. ***Disabled Lives:*** PubS-2010 Disabled mortality, projected 5 years past the valuation date with Scale MP-2020. The mortality assumptions sufficiently accommodate anticipated future mortality improvements.
Retirement Age	See table later in this section. This is based on a 2017 experience study performed for the State of Illinois Department of Insurance.
Disability Rate	See table later in this section. 60% of the disabilities are assumed to be in the line of duty. This is based on a 2017 experience study performed for the State of Illinois Department of Insurance.
Termination Rate	See table later in this section. This is based on a 2017 experience study performed for the State of Illinois Department of Insurance.
Inflation	2.50%.
Cost-of-Living Adjustment	Tier 1: 3.00% per year after age 55. Those that retire prior to age 55 receive an increase of 1/12 of 3.00% for each full month since benefit commencement upon reaching age 55. Tier 2: 1.25% per year after the later of attainment of age 60 or first anniversary of retirement.

Salary Increases	See table below. This is based on a 2017 experience study performed for the State of Illinois Department of Insurance.

Salary Scale

Service	Rate
0	11.00%
1	10.75%
2	8.75%
3	8.50%
4	7.00%
5	6.25%
6	5.25%
7	4.25%
8 - 16	4.00%
17 - 32	3.75%
32+	3.50%

Marital Status	80% of Members are assumed to be married.
Spouse's Age	Males are assumed to be three years older than females.
Funding Method	Entry Age Normal Cost Method.
Actuarial Asset Method	Investment gains and losses are smoothed over a 5-year period. In the first year, 20% of the gain or loss is recognized. In the second year 40%, in the third year 60%, in the fourth year 80%, and in the fifth year 100% of the gain or loss is recognized. The actuarial investment gain or loss is defined as the actual return on investments minus the actuarial assumed investment return. Actuarial Assets shall not be less than 80% nor greater than 120% of the Market Value of Assets.
Funding Policy Amortization Method	The UAAL is amortized according to a Level Percentage of Payroll method over a period ending in 2041. The initial amortization amount is 100% of the Accrued Liability less the Actuarial Value of Assets.
Payroll Growth	3.00% per year.
Administrative Expenses	Expenses paid out of the fund other than investment-related expenses are assumed to be equal to those paid in the previous year.

Decrement Tables

% Terminating During the Year	
Age	Rate
20	14.00%
25	10.40%
30	5.60%
35	3.10%
40	1.90%
45	1.50%
50	1.50%
56+	0.00%

% Becoming Disabled During the Year	
Age	Rate
20	0.000%
25	0.030%
30	0.140%
35	0.260%
40	0.420%
45	0.590%
50	0.710%
55	0.900%
60	1.150%

% Retiring During the Year (Tier 1)	
Age	Rate
50 - 51	15%
52 - 54	20%
55 - 64	25%
65 - 69	40%
70+	100%

% Retiring During the Year (Tier 2)	
Age	Rate
50 - 54	5%
55	40%
56 - 64	25%
65 - 69	40%
70+	100%

GLOSSARY

Total Annual Payroll is the projected annual rate of pay for the fiscal year following the valuation date of all covered members.

Present Value of Benefits is the single sum value on the valuation date of all future benefits to be paid to current Members, Retirees, Beneficiaries, Disability Retirees and Vested Terminations.

Normal (Current Year's) Cost is the current year's cost for benefits yet to be funded.

Unfunded Accrued Liability is a liability which arises when a pension plan is initially established or improved and such establishment or improvement is applicable to all years of past service.

Total Recommended Contribution is equal to the Normal Cost plus an amount sufficient to amortize the Unfunded Accrued Liability over a period ending in 2041. The recommended amount is adjusted for interest according to the timing of contributions during the year.

Entry Age Normal Cost Method - Under this method, the normal cost is the sum of the individual normal costs for all active participants. For an active participant, the normal cost is the participant's normal cost accrual rate, multiplied by the participant's current compensation.

(a) The normal cost accrual rate equals:

(i) the present value of future benefits for the participant, determined as of the participant's entry age, divided by

(ii) the present value of the compensation expected to be paid to the participant for each year of the participant's anticipated future service, determined as of the participant's entry age.

(b) In calculating the present value of future compensation, the salary scale is applied both retrospectively and prospectively to estimate compensation in years prior to and subsequent to the valuation year based on the compensation used for the valuation.

(c) The accrued liability is the sum of the individual accrued liabilities for all participants and beneficiaries. A participant's accrued liability equals the present value, at the participant's attained age, of future benefits less the present value at the participant's attained age of the individual normal costs payable in the future. A beneficiary's accrued liability equals the present value, at the beneficiary's attained age, of future benefits. The unfunded accrued liability equals the total accrued liability less the actuarial value of assets.

(d) Under this method, the entry age used for each active participant is the participant's age at the time he or she would have commenced participation if the plan had always been in existence under current terms, or the age as of which he or she first earns service credits for purposes of benefit accrual under the current terms of the plan.

DISCUSSION OF RISK

ASOP No. 51, Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions, states that the actuary should identify risks that, in the actuary's professional judgment, may reasonably be anticipated to significantly affect the plan's future financial condition.

Throughout this report, actuarial results are determined under various assumption scenarios. These results are based on the premise that all future plan experience will align with the plan's actuarial assumptions; however, there is no guarantee that actual plan experience will align with the plan's assumptions. It is possible that actual plan experience will differ from anticipated experience in an unfavorable manner that will negatively impact the plan's funded position.

Below are examples of ways in which plan experience can deviate from assumptions and the potential impact of that deviation. Typically, this results in an actuarial gain or loss representing the current-year financial impact on the plan's unfunded liability of the experience differing from assumptions; this gain or loss is amortized over a period of time determined by the plan's amortization method. When assumptions are selected that adequately reflect plan experience, gains and losses typically offset one another in the long term, resulting in a relatively low impact on the plan's contribution requirements associated with plan experience. When assumptions are too optimistic, losses can accumulate over time and the plan's amortization payment could potentially grow to an unmanageable level.

- Investment Return: When the rate of return on the Actuarial Value of Assets falls short of the assumption, this produces a loss representing assumed investment earnings that were not realized. Further, it is unlikely that the plan will experience a scenario that matches the assumed return in each year as capital markets can be volatile from year to year. Therefore, contribution amounts can vary in the future.

- Salary Increases: When a plan participant experiences a salary increase that was greater than assumed, this produces a loss representing the cost of an increase in anticipated plan benefits for the participant as compared to the previous year. The total gain or loss associated with salary increases for the plan is the sum of salary gains and losses for all active participants.

- Payroll Growth: The plan's payroll growth assumption, if one is used, causes a predictable annual increase in the plan's amortization payment in order to produce an amortization payment that remains constant as a percentage of payroll if all assumptions are realized. If payroll does not increase according to the plan's payroll growth assumption, the plan's amortization payment can increase significantly as a percentage of payroll even if all assumptions other than the payroll growth assumption are realized.

- Demographic Assumptions: Actuarial results take into account various potential events that could happen to a plan participant, such as retirement, termination, disability, and death. Each of these potential events is assigned a liability based on the likelihood of the event and the financial consequence of the event for the plan. Accordingly, actuarial liabilities reflect a blend of financial consequences associated with various possible outcomes (such as retirement at one of various possible ages). Once the outcome is known (e.g. the participant retires) the liability is adjusted to reflect the known outcome. This adjustment produces a gain or loss depending on whether the outcome was more or less favorable than other outcomes that could have occurred.

- Contribution Risk: This risk results from the potential that actual employer contributions may deviate from actuarially determined contributions, which are determined in accordance with the Board's funding policy. The funding policy is intended to result in contribution requirements that if paid when due, will result in a reasonable expectation that assets will accumulate to be sufficient to pay plan benefits when due. Contribution deficits, particularly large deficits and those that occur repeatedly, increase future contribution requirements and put the plan at risk for not being able to pay plan benefits when due.

Impact of Plan Maturity on Risk

For newer pension plans, most of the participants and associated liabilities are related to active members who have not yet reached retirement age. As pension plans continue in operation and active members reach retirement ages, liabilities begin to shift from being primarily related to active members to being shared amongst active and retired members. Plan maturity is a measure of the extent to which this shift has occurred. It is important to understand that plan maturity can have an impact on risk tolerance and the overall risk characteristics of the plan. For example, plans with a large amount of retired liability do not have as long of a time horizon to recover from losses (such as losses on investments due to lower than expected investment returns) as plans where the majority of the liability is attributable to active members. For this reason, less tolerance for investment risk may be warranted for highly mature plans with a substantial inactive liability. Similarly, mature plans paying substantial retirement benefits resulting in a small positive or net negative cash flow can be more sensitive to near term investment volatility, particularly if the size of the fund is shrinking, which can result in less assets being available for investment in the market.

To assist with determining the maturity of the plan, we have provided some relevant metrics in the table following titled "Plan Maturity Measures and Other Risk Metrics". Highlights of this information are discussed below:

- The Support Ratio, determined as the ratio of active to inactive members, has increased from 181.3% on June 1, 2018 to 193.8% on June 1, 2021, indicating that the plan has experienced growth in active population.

- The Accrued Liability Ratio, determined as the ratio of the Inactive Accrued Liability, which is the liability associated with members who are no longer employed but are due a benefit from the plan, to the Total Accrued Liability, is 40.1%. With a plan of this maturity, losses due to lower than expected investment returns or demographic factors can be made up over a longer time horizon than would be needed for a more mature plan.

- The Funded Ratio, determined as the ratio of the Actuarial Value of Assets to the Total Accrued Liability, has increased from 61.5% on June 1, 2018 to 63.3% on June 1, 2021, due mainly to favorable plan experience.

- The Net Cash Flow Ratio, determined as the ratio of the Net Cash Flow (contributions minus benefit payments and administrative expenses) to the Market Value of Assets, increased from 2.1% on June 1, 2018 to 3.1% on June 1, 2021. The current Net Cash Flow Ratio of 3.1% indicates that contributions are generally in excess of the plan's benefit payments and administrative expenses.

It is important to note that the actuary has identified the risks above as the most significant risks based on the characteristics of the plan and the nature of the project, however, it is not an exhaustive list of potential risks that could be considered. Additional advanced modeling, as well as the identification of additional risks, can be provided at the request of the audience addressed on page 2 of this report.

PLAN MATURITY MEASURES AND OTHER RISK METRICS

	6/1/2021	6/1/2020	6/1/2019	6/1/2018
Support Ratio				
Total Actives	31	29	29	29
Total Inactives	16	15	16	16
Actives / Inactives	193.8%	193.3%	181.3%	181.3%
Asset Volatility Ratio				
Market Value of Assets (MVA)	24,080,719	19,476,564	18,349,111	17,262,779
Total Annual Payroll	3,060,402	2,828,440	2,708,303	2,582,783
MVA / Total Annual Payroll	786.8%	688.6%	677.5%	668.4%
Accrued Liability (AL) Ratio				
Inactive Accrued Liability	14,132,093	14,019,689	14,540,108	13,838,054
Total Accrued Liability	35,281,580	33,414,177	31,669,254	28,605,538
Inactive AL / Total AL	40.1%	42.0%	45.9%	48.4%
Funded Ratio				
Actuarial Value of Assets (AVA)	22,325,202	19,860,276	18,967,556	17,579,037
Total Accrued Liability	35,281,580	33,414,177	31,669,254	28,605,538
AVA / Total Accrued Liability	63.3%	59.4%	59.9%	61.5%
Net Cash Flow Ratio				
Net Cash Flow [1]	746,010	(17,982)	556,740	360,569
Market Value of Assets (MVA)	24,080,719	19,476,564	18,349,111	17,262,779
Ratio	3.1%	-0.1%	3.0%	2.1%

[1] Determined as total contributions minus benefit payments and administrative expenses.

STATEMENT OF FIDUCIARY NET POSITION
May 31, 2021

ASSETS	MARKET VALUE
Cash and Cash Equivalents:	
Cash and Cash Equivalents	1,136,045
Total Cash and Equivalents	1,136,045
Receivables:	
Accrued Past Due Interest	98,466
Total Receivable	98,466
Investments:	
Municipal Obligations	462,530
Corporate Bonds	6,853,043
U.S. Gov't and Agency Obligations	3,125,009
Stocks	1,643,223
Mutual Funds	10,763,508
Total Investments	22,847,313
Total Assets	24,081,824
LIABILITIES	
Liabilities:	
Payable:	
Expenses	1,105
Total Liabilities	1,105
Net Assets:	
Active and Retired Members' Equity	24,080,719
NET POSITION RESTRICTED FOR PENSIONS	24,080,719
TOTAL LIABILITIES AND NET ASSETS	24,081,824

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED May 31, 2021
Market Value Basis

ADDITIONS		
Contributions:		
Member	290,382	
Village	1,385,904	
Total Contributions		1,676,286
Investment Income:		
Net Increase in Fair Value of Investments		3,204,574
Interest & Dividends		682,518
Less Investment Expense [1]		(28,947)
Net Investment Income		3,858,145
Total Additions		5,534,431
DEDUCTIONS		
Distributions to Members:		
Benefit Payments	914,258	
Total Distributions		914,258
Administrative Expenses		16,018
Total Deductions		930,276
Net Increase in Net Position		4,604,155
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		19,476,564
End of the Year		24,080,719

[1] Investment Related expenses include investment advisory, custodial and performance monitoring fees.

ACTUARIAL ASSET VALUATION
May 31, 2021

Development of Actuarial Value of Assets

Market Value of Assets, 5/31/2021	24,080,719
(Gains)/Losses Not Yet Recognized	(1,755,517)
Actuarial Value of Assets, 5/31/2021	22,325,202
5/31/2021 Limited Actuarial Assets:	22,325,202

Development of Investment Gain/Loss

Market Value of Assets, 5/31/2020	19,476,564
Contributions Less Benefit Payments & Administrative Expenses	746,010
Expected Investment Earnings[1]	1,290,222
Actual Net Investment Earnings	3,858,145
2021 Actuarial Investment Gain/(Loss)	2,567,923

[1] Expected Investment Earnings = 6.50% x (19,476,564 + 0.5 x 746,010)

Gains/(Losses) Not Yet Recognized

Plan Year		Amounts Not Yet Recognized by Valuation Year				
Ending	Gain/(Loss)	2021	2022	2023	2024	2025
5/31/2018	(132,921)	(26,584)	0	0	0	0
5/31/2019	(610,583)	(244,233)	(122,117)	0	0	0
5/31/2020	(46,673)	(28,004)	(18,669)	(9,335)	0	0
5/31/2021	2,567,923	2,054,338	1,540,754	1,027,169	513,585	0
Total		1,755,517	1,399,968	1,017,834	513,585	0

Development of Asset Returns

(A) 5/31/2020 Actuarial Assets:	19,860,276
(I) Net Investment Income:	
1. Interest and Dividends	682,518
2. Realized Gains (Losses)	0
3. Change in Actuarial Value	1,065,345
4. Investment Expenses	(28,947)
Total	1,718,916
(B) 5/31/2021 Actuarial Assets:	22,325,202
Actuarial Asset Rate of Return = (2 x I) / (A + B - I):	8.50%
Market Value of Assets Rate of Return:	19.44%
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)	403,753

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
May 31, 2021
Actuarial Asset Basis

INCOME		
Contributions:		
Member	290,382	
Village	1,385,904	
Total Contributions		1,676,286
Earnings from Investments		
Interest & Dividends	682,518	
Change in Actuarial Value	1,065,345	
Total Earnings and Investment Gains		1,747,863
EXPENSES		
Administrative Expenses:		
Investment Related[1]	28,947	
Other	16,018	
Total Administrative Expenses		44,965
Distributions to Members:		
Benefit Payments	914,258	
Total Distributions		914,258
Change in Net Assets for the Year		2,464,926
Net Assets Beginning of the Year		19,860,276
Net Assets End of the Year[2]		22,325,202

[1] Investment Related expenses include investment advisory, custodial and performance monitoring fees.
[2] Net Assets may be limited for actuarial consideration.

STATISTICAL DATA

	6/1/2021	6/1/2020	6/1/2019	6/1/2018
Actives - Tier 1				
Number	23	23	23	23
Average Current Age	45.9	44.9	43.9	42.9
Average Age at Employment	25.9	25.9	26.4	26.4
Average Past Service	20.0	19.0	17.5	16.5
Average Annual Salary	$104,969	$102,074	$98,447	$94,469
Actives - Tier 2				
Number	8	6	6	6
Average Current Age	31.1	34.1	33.1	32.1
Average Age at Employment	27.3	29.3	29.8	29.8
Average Past Service	3.8	4.8	3.3	2.3
Average Annual Salary	$80,765	$80,123	$74,004	$68,334
Service Retirees				
Number	11	11	12	12
Average Current Age	67.8	66.8	67.1	66.1
Average Annual Benefit	$74,327	$71,721	$69,707	$67,500
Beneficiaries				
Number	2	2	1	1
Average Current Age	78.5	77.5	75.5	74.5
Average Annual Benefit	$56,950	$56,950	$42,508	$42,508
Disability Retirees				
Number	0	0	0	0
Average Current Age	N/A	N/A	N/A	N/A
Average Annual Benefit	N/A	N/A	N/A	N/A
Terminated Vested				
Number	3	2	3	3
Average Current Age	49.1	57.2	57.4	56.4
Average Annual Benefit [1]	$15,587	$15,587	$20,258	$20,258

[1] Average Annual Benefit for Terminated Vested members reflects the benefit for members entitled to a future annual benefit from the plan.

AGE AND SERVICE DISTRIBUTION

PAST SERVICE

AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	0	0	0	0	0	0	0	0	0	0	0	0
25 - 29	2	0	0	1	0	1	0	0	0	0	0	4
30 - 34	1	0	0	0	1	1	0	0	0	0	0	3
35 - 39	0	0	0	0	0	0	1	1	0	0	0	2
40 - 44	0	0	0	0	0	0	1	6	1	0	0	8
45 - 49	0	0	0	0	0	1	1	1	5	1	0	9
50 - 54	0	0	0	0	0	0	0	0	2	2	0	4
55 - 59	0	0	0	0	0	0	0	0	1	0	0	1
60 - 64	0	0	0	0	0	0	0	0	0	0	0	0
65+	0	0	0	0	0	0	0	0	0	0	0	0
Total	3	0	0	1	1	3	3	8	9	3	0	31

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 6/1/2020	29
b. Terminations	
i. Vested (partial or full) with deferred benefits	(1)
ii. Non-vested or full lump sum distribution received	0
iii. Transferred service to other fund	0
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	0
f. Continuing participants	28
g. New entrants	3
h. Total active life participants in valuation	31

2. Non-Active lives (including beneficiaries receiving benefits)

	Service Retirees, Vested Receiving Benefits	Receiving Death Benefits	Receiving Disability Benefits	Vested Deferred	Total
a. Number prior valuation	11	2	0	2	15
Retired	0	0	0	0	0
Vested Deferred	0	0	0	1	1
Death, With Survivor	0	0	0	0	0
Death, No Survivor	0	0	0	0	0
Disabled	0	0	0	0	0
Refund of Contributions	0	0	0	0	0
Rehires	0	0	0	0	0
Expired Annuities	0	0	0	0	0
Data Corrections	0	0	0	0	0
Hired/Termed in Same Year	0	0	0	0	0
b. Number current valuation	11	2	0	3	16

SUMMARY OF CURRENT PLAN

Article 3 Pension Fund	The Plan is established and administered as prescribed by "Article 3. Police Pension Fund – Municipalities 500,000 and Under" of the Illinois Pension Code.
Plan Administration	The Plan is a single employer defined benefit pension plan administered by a Board of Trustees comprised of: a.) Two members appointed by the Municipality, b.) Two active Members of the Police Department elected by the Membership, and c.) One retired Member of the Police Department elected by the Membership.
Credited Service	Complete years of service as a sworn police officer employed by the Municipality.
Normal Retirement	
Date	**Tier 1**: Age 50 and 20 years of Credited Service. **Tier 2:** Age 55 with 10 years of Credited Service.
Benefit	**Tier 1:** 50% of annual salary attached to rank on last day of service plus 2.50% of annual salary for each year of service over 20 years, up to a maximum of 75% of salary. The minimum monthly benefit is $1,000 per month. **Tier 2**: 2.50% per year of service times the average salary for the 48 consecutive months of service within the last 60 months of service in which the total salary was the highest prior to retirement times the number of years of service, up to a maximum of 75% of average salary. The minimum monthly benefit is $1,000 per month. For Tier 2 participants, the salary is capped at a rate of $106,800 as of 2011, indexed annually at a rate of CPI-U, but not to exceed 3.00%.
Form of Benefit	**Tier 1:** For married retirees, an annuity payable for the life of the Member; upon the death of the member, 100% of the Member's benefit payable to the spouse until death. For unmarried retirees, the normal form is a Single Life Annuity. **Tier 2**: Same as above, but with 66 2/3% of benefit continued to spouse.

Early Retirement

Date	**Tier 1**: Age 60 and 8 years of Credited Service. **Tier 2:** Age 50 with 10 years of Credited Service.
Benefit	**Tier 1:** Normal Retirement benefit with no minimum. **Tier 2**: Normal Retirement benefit, reduced 6.00% each year before age 55, with no minimum benefit.
Form of Benefit	Same as Normal Retirement

Disability Benefit

Eligibility	Total and permanent as determined by the Board of Trustees.
Benefit Amount	A maximum of: a.) 65% of salary attached to the rank held by Member on last day of service, and; b.) The monthly retirement pension that the Member is entitled to receive if he or she retired immediately. For non-service connected disabilities, a benefit of 50% of salary attached to rank held by Member on last day of service.
Cost-of-Living Adjustment	**Tier 1:** *Retirees:* An annual increase equal to 3.00% per year after age 55. Those that retire prior to age 55 receive an increase of 1/12 of 3.00% for each full month since benefit commencement upon reaching age 55. *Disabled Retirees*: An annual increase equal to 3.00% per year of the original benefit amount beginning at age 60. Those that become disabled prior to age 60 receive an increase of 3.00% of the original benefit amount for each year since benefit commencement upon reaching age 60. **Tier 2**: An annual increase each January 1 equal to 3.00% per year or one-half of the annual unadjusted percentage increase in the consumer price index-u for the 12 months ending with the September preceding each November 1, whichever is less, of the original pension after the attainment of age 60 or first anniversary of pension start date whichever is later.

Pre-Retirement Death Benefit

Service Incurred	100% of salary attached to rank held by Member on last day of service.
Non-Service Incurred	A maximum of: a.) 54% of salary attached to the rank held by Member on last day of service, and; b.) The monthly retirement pension earned by the deceased Member at the time of death, regardless of whether death occurs before or after age 50. For non-service deaths with less than 10 years of service, a refund of member contributions is provided.

Vesting (Termination)

Vesting Service Requirement	**Tier 1:** 8 years. **Tier 2**: 10 years.
Non-Vested Benefit	Refund of Member Contributions.
Vested Benefit	Either the termination benefit, payable upon reaching age 60 (55 for Tier 2), provided contributions are not withdrawn, or a refund of member contributions. The termination benefit is 2.50% of annual salary held in the year prior to termination (8-year final average salary for Tier 2) times creditable service.

Contributions

Employee	9.91% of Salary.
Municipality	Remaining amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability.

SUMMARY

Valuation Date		6/1/2021		6/1/2020
Measurement Date		5/31/2021		5/31/2020
Plan Membership:				
Inactives Currently Receiving Benefits		13		13
Inactives Not Yet Receiving Benefits		3		2
Active Plan Members		31		29
Total		47		44
Covered Payroll	$	3,060,402	$	2,828,440
Net Pension Liability				
Total Pension Liability	$	34,800,262	$	32,954,021
Plan Fiduciary Net Position		24,080,719		19,476,564
Net Pension Liability	$	10,719,543	$	13,477,457
Plan Fiduciary Net Position As a Percentage of Total Pension Liability		69.20%		59.10%
Net Pension Liability As a Percentage of Covered Payroll		350.27%		476.50%
Total Pension Expense	$	1,278,372	$	2,049,942
Development of Single Discount Rate				
Single Discount Rate		6.50%		6.50%
Long-Term Expected Rate of Return		6.50%		6.50%
High-quality Municipal Bond Rate		1.59%		2.63%
Number of Years Future Benefit Payments Are Expected to be Paid		99		99

SCHEDULE OF CHANGES IN NET PENSION LIABILITY
PLAN AND VILLAGE REPORTING

GASB 68 Reporting Period Ending	05/31/2021	05/31/2020
Measurement Date	05/31/2021	05/31/2020
Total Pension Liability		
Service Cost	735,774	724,282
Interest	2,160,123	2,028,438
Changes of Benefit Terms	-	81,708
Differences Between Expected and Actual Experience	(135,398)	372,800
Changes of Assumptions	-	-
Benefit Payments, Including Refunds of Employee Contributions	(914,258)	(1,471,315)
Net Change in Total Pension Liability	1,846,241	1,735,913
Total Pension Liability - Beginning	32,954,021	31,218,108
Total Pension Liability - Ending (a)	$ 34,800,262	$ 32,954,021
Plan Fiduciary Net Position		
Contributions - Employer	1,385,904	1,184,459
Contributions - Employee	290,382	277,516
Net Investment Income	3,858,145	1,145,435
Benefit Payments, Including Refunds of Employee Contributions	(914,258)	(1,471,315)
Administrative Expense	(16,018)	(8,642)
Net Change in Plan Fiduciary Net Position	4,604,155	1,127,453
Plan Fiduciary Net Position - Beginning	19,476,564	18,349,111
Plan Fiduciary Net Position - Ending (b)	$ 24,080,719	$ 19,476,564
Net Pension Liability - Ending (a) - (b)	$ 10,719,543	$ 13,477,457
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.20%	59.10%
Covered Payroll	$ 3,060,402	$ 2,828,440
Net Pension Liability as a Percentage of Covered Payroll	350.27%	476.50%

STATEMENT OF CHANGES IN NET PENSION LIABILITY
VILLAGE REPORTING

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at May 31, 2020	$ 32,954,021	$ 19,476,564	$ 13,477,457
Changes for a Year:			
Service Cost	735,774	-	735,774
Interest	2,160,123	-	2,160,123
Differences Between Expected and Actual Experience	(135,398)	-	(135,398)
Changes of Assumptions	-	-	-
Changes of Benefit Terms	-	-	-
Contributions - Employer	-	1,385,904	(1,385,904)
Contributions - Employee	-	290,382	(290,382)
Net Investment Income	-	3,858,145	(3,858,145)
Benefit Payments, Including Refunds of Employee Contributions	(914,258)	(914,258)	-
Administrative Expense	-	(16,018)	16,018
Net Changes	1,846,241	4,604,155	(2,757,914)
Balances at May 31, 2021	$ 34,800,262	$ 24,080,719	$ 10,719,543

Sensitivity of Net Pension Liability to changes in the Discount Rate:

	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Sponsor's Net Pension Liability	$ 16,435,403	$ 10,719,543	$ 6,104,400

Pension Plan Fiduciary Net Position
Detailed information about the Pension Plan's Fiduciary Net Position is available in a separately issued Plan financial report.

PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS
YEAR-END MAY 31, 2021

For the year ended May 31, 2021, the Sponsor will recognize a pension expense of $1,278,372.
On May 31, 2021, the Sponsor reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	551,735	309,308
Changes of assumptions	1,537,876	202,132
Net difference between projected and actual earnings on pension plan investments	0	1,755,517
Total	$2,089,611	$2,266,957

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year-ended May 31:	
2022	$20,200
2023	($6,384)
2024	($98,199)
2025	($107,534)
2026	$33,914
Thereafter	($19,343)

COMPONENTS OF PENSION EXPENSE
YEAR-END MAY 31, 2021

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning Balance	$ 13,477,457	$ 653,068	$ 3,126,104	
Total Pension Liability Factors:				
Service Cost	735,774	-	-	735,774
Interest	2,160,123	-	-	2,160,123
Changes in Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience With Regard to Economic or Demographic Assumptions	(135,398)	135,398	-	-
Current Year Amortization	-	(102,816)	(139,571)	36,755
Changes in Assumptions About Future Economic or Demographic Factors or Other Inputs	-	-	-	-
Current Year Amortization	-	(101,066)	(440,063)	338,997
Benefit Payments, Including Refunds of Employee Contributions	(914,258)	-	-	-
Net Change	1,846,241	(68,484)	(579,634)	3,271,649
Plan Fiduciary Net Position:				
Contributions - Employer	1,385,904	-	-	-
Contributions - Employee	290,382	-	-	(290,382)
Projected Net Investment Income	1,290,222	-	-	(1,290,222)
Difference Between Projected and Actual Earnings on Pension Plan Investments	2,567,923	2,567,923	-	-
Current Year Amortization	-	(586,727)	(158,036)	(428,691)
Benefit Payments, Including Refunds of Employee Contributions	(914,258)	-	-	-
Administrative Expenses	(16,018)	-	-	16,018
Net Change	4,604,155	1,981,196	(158,036)	(1,993,277)
Ending Balance	$ 10,719,543	$ 2,565,780	$ 2,388,434	$ 1,278,372

AMORTIZATION SCHEDULE – EXPERIENCE

Year Base Established	Differences Between Expected and Actual Experience	Recognition Period (Years)	Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Differences between Expected and Actual Experience					
			2021	2022	2023	2024	2025	Thereafter
2021	$ (135,398)	7	$ (19,340)	$ (19,343)	$ (19,343)	$ (19,343)	$ (19,343)	$ (38,686)
2020	$ 372,800	7	$ 53,257	$ 53,257	$ 53,257	$ 53,257	$ 53,257	$ 53,257
2019	$ 394,877	7	$ 56,411	$ 56,411	$ 56,411	$ 56,411	$ 56,411	$ -
2018	$ (105,189)	8	$ (13,149)	$ (13,149)	$ (13,149)	$ (13,149)	$ (13,149)	$ -
2017	$ 209,323	7	$ 29,903	$ 29,903	$ 29,903	$ -	$ -	$ -
2016	$ (562,619)	8	$ (70,327)	$ (70,327)	$ (70,327)	$ -	$ -	$ -
Net Increase (Decrease) in Pension Expense			36,755	36,752	36,752	77,176	77,176	14,571

AMORTIZATION SCHEDULE – CHANGES OF ASSUMPTIONS

Year Base Established	Effects of Changes in Assumptions	Recognition Period (Years)	Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Changes of Assumptions					
			2021	2022	2023	2024	2025	Thereafter
2019	$ 999,483	7	$ 142,783	$ 142,783	$ 142,783	$ 142,783	$ 142,783	$ -
2018	$ 1,488,739	8	$ 186,092	$ 186,092	$ 186,092	$ 186,092	$ 186,092	$ -
2017	$ (707,460)	7	$ (101,066)	$ (101,066)	$ (101,066)	$ -	$ -	$ -
2016	$ 889,503	8	$ 111,188	$ 111,188	$ 111,188	$ -	$ -	$ -
Net Increase (Decrease) in Pension Expense			$ 338,997	$ 338,997	$ 338,997	$ 328,875	$ 328,875	$ -

AMORTIZATION SCHEDULE – INVESTMENTS

Year Base Established	Differences Between Projected and Actual Earnings	Recognition Period (Years)	Increase (Decrease) in Pension Expense Arising from the Recognition of the Differences Between Projected and Actual Earnings on Pension Plan Investments					
			2021	2022	2023	2024	2025	Thereafter
2021	$ (2,567,923)	5	$ (513,583)	$ (513,585)	$ (513,585)	$ (513,585)	$ (513,585)	$ -
2020	$ 46,673	5	$ 9,335	$ 9,335	$ 9,335	$ 9,335	$ -	$ -
2019	$ 610,583	5	$ 122,117	$ 122,117	$ 122,117	$ -	$ -	$ -
2018	$ 132,921	5	$ 26,584	$ 26,584	$ -	$ -	$ -	$ -
2017	$ (365,718)	5	$ (73,144)	$ -	$ -	$ -	$ -	$ -
Net Increase (Decrease) in Pension Expense			$ (428,691)	$ (355,549)	$ (382,133)	$ (504,250)	$ (513,585)	$ -

SCHEDULE OF CONTRIBUTIONS

Plan Year-End	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
05/31/2021	1,348,024	1,385,904	(37,880)	3,060,402	45.29%
05/31/2020	1,166,171	1,184,459	(18,288)	2,828,440	41.88%

The following assumptions were used to determine the Actuarially Determined Contribution for the plan year ending May 31, 2021:

Calculation Timing	The Actuarially Determined Contribution is calculated using a June 1, 2019 valuation date.
Interest Rate	6.50%
Mortality Rate	***Active Lives:*** PubS-2010 Employee mortality, projected 5 years past the valuation date with Scale MP-2018. 10% of active deaths are assumed to be in the line of duty. ***Inactive Lives:*** PubS-2010 Healthy Retiree mortality, projected 5 years past the valuation date with Scale MP-2018. ***Beneficiaries:*** PubS-2010 Survivor mortality, projected 5 years past the valuation date with Scale MP-2018. ***Disabled Lives:*** PubS-2010 Disabled mortality, projected 5 years past the valuation date with Scale MP-2018.
Assumptions	All other assumptions and methods used for determining the Actuarially Determined Contribution can be found in the June 1, 2019 Actuarial Valuation Report for the Village of North Aurora Police Pension Fund prepared by Foster & Foster Actuaries and Consultants.

SCHEDULE OF INVESTMENT RETURNS

For the year ended May 31, 2021, the annual money-weighted return on Pension Plan investments, net of pension plan investment expense, was 19.20 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Plan Year-End	Annual Money-Weighted Rate of Return Net of Investment Expense
05/31/2021	19.20%
05/31/2020	6.24%

ASSUMPTIONS – GASB PENSION LIABILITY AND PENSION EXPENSE

The GASB 67/GASB 68 Pension Liability as of May 31, 2021 and GASB 68 Pension Expense were determined as follows:

Valuation Date	June 1, 2021
Measurement Date	May 31, 2021
GASB 68 Expense Measurement Period	June 1, 2020 - May 31, 2021
Reporting Period	June 1, 2020 - May 31, 2021
Discount Rate	6.50%
Inflation	2.50%
Salary Increases	Service-based rates
Other Assumptions	A summary of complete assumptions can be found in the accompanying Actuarial Valuation as of June 1, 2021 for the Village of North Aurora Police Pension Fund prepared by Foster & Foster Actuaries and Consultants.

NOTES TO THE FINANCIAL STATEMENTS

Support for Long-Term Expected Rate of Return

The Long-Term Expected Rate of Return on Pension Plan investments can be determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Pension Plan investment expenses and inflation) are developed for each major asset class.

These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the Pension Plan's target asset allocation adopted as of May 31, 2021, as provided by Fifth Third Institutional Services, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return[1]
Cash and Equivalents	4.55%	-1.87%
High Quality Domestic Bonds	33.07%	-2.27%
Developed International Bonds	10.55%	-2.67%
Small & Mid Cap Domestic Stocks	5.56%	3.93%
Large Cap Domestic Stocks	26.88%	3.43%
Developed International Stocks	11.66%	6.33%
Emerging Markets Stocks	5.63%	4.13%
REITS	2.10%	3.23%
Total	100.00%	

[1] Please note that the implied long-term expected return of the total portfolio provided by the investment advisor would suggest that the Discount Rate is not supported. We will continue to monitor this in light of longer time horizons and the impact of Consolidation.

Inflation rate of investment advisor	2.27%

Concentrations

The Plan did not hold investments in any one organization that represent 5 percent or more of the Pension Plan's fiduciary net position.

Discount Rate

The Discount Rate used to measure the Total Pension Liability was 6.50 percent.

The projection of cash flows used to determine the Discount Rate assumed that Plan Member contributions will be made at the current contribution rate and that Sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the Member rate. Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the Long-Term Expected Rate of Return on Pension Plan investments (6.50 percent) was applied to all periods of projected benefit payments to determine the Total Pension Liability.

For the purpose of this valuation, the expected rate of return on pension plan investments is 6.50 percent. The municipal bond rate is 1.59 percent (based on the daily rate closest to, but not later than the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index). The resulting single discount rate is 6.50 percent.

SUMMARY OF CURRENT PLAN

Article 3 Pension Fund	The Plan is established and administered as prescribed by "Article 3. Police Pension Fund – Municipalities 500,000 and Under" of the Illinois Pension Code.
Plan Administration	The Plan is a single employer defined benefit pension plan administered by a Board of Trustees comprised of: a.) Two members appointed by the Municipality, b.) Two active members of the Police Department elected by the Membership. c.) One retired member of the Police Department elected by the Membership.
Benefits Provided	The Plan provides retirement, termination, disability and death benefits. A summary of the benefit provisions can be found in the accompanying Actuarial Valuation as of June 1, 2021 for the Village of North Aurora Police Pension Fund prepared by Foster & Foster Actuaries and Consultants.

Memorandum

To: Village President and Village Board of Trustees
From: Steven Bosco, Village Administrator
Date: 10-12-21
Re: North Aurora Days 2022

In recent years North Aurora Days has been held at the Clock Tower Plaza located at the southeast corner of Randall Road and Oak Street. It is important to note that the Clock Tower Plaza is private property and requires a license agreement for the Village to host the event on the property. The event was cancelled in 2020 due to the COVID-19 pandemic. The Village Board reviewed the opportunity to host the 2021 North Aurora Days event earlier this when the state was yet to fully reopen without COVID-19 restrictions and ultimately chose to revisit the issue after the North Aurora Days Committee had a chance to meet again to discuss options for a possible modified event later in the year. In May, the Village Board agreed to move forward with a recommendation from the North Aurora Days Committee to have a one-day modified event in the fall at North Aurora Riverfront Park. The event was named the Fall Fest on the Fox and was held on September 18th. The event featured bands, food and a beer tent.

The North Aurora Days Committee held its regular meeting on October 11th and discussed both the recent Fall Fest on the Fox and the upcoming 2022 North Aurora Days event. The group discussed moving North Aurora Days to North Aurora Riverfront Park in the future as well as whether the date of the event should go back to the normal North Aurora Days dates of the first weekend in August or if consideration should be given to hosting the event in September. After the discussion, the North Aurora Days Committee recommended moving the event to North Aurora Riverfront Park and continuing holding the event the first week of August as in past years.

The North Aurora Days Committee is looking for feedback from the Village Board on moving the event to North Aurora Riverfront Park and whether there are any concerns with hosting the event in August as in years past.

Memorandum

To: Village President and Village Board of Trustees
From: Steven Bosco, Village Administrator
Date: 10-11-21
Re: Liquor Code Video Gaming Provisions

Purpose of Discussion

The Village President (Mayor) of North Aurora acts as the Liquor Commissioner for the Village. The Mayor has conveyed to staff that he would like feedback from the Village Board on the current video gaming (video gambling) environment in the community as regulated through the Village's liquor code.

Background

As a non-home rule municipality, the Village cannot regulate video gaming directly. However, the Village can limit the liquor license classifications that allow video gaming in the liquor code. With the exception of a qualified truck stop, all establishments by state law are required to have a liquor license to have video gaming. By indirectly regulating video gaming through the liquor code, the Village can treat violations involving video gaming as a violation of an establishment's liquor license. Violations of an establishment's liquor license can lead to a fine, suspension or revocation of a liquor license.

Video gaming is currently allowed in the following liquor license classes: Class A (Large Restaurant), Class B (Small Restaurant), Class C (Limited Restaurant), Class J-1 (Brewpub) and Class T (Tavern). Video gaming is not currently allowed in the J-2 (Craft Brewery) and J-3 (Microbrewery) liquor license classifications.

In past years, the Village Board had indicated they did not favor having video gaming parlors in the Village. The Village currently does not allow video gaming parlors, but does not currently define video gaming parlors in the liquor code. Video gaming parlors essentially are places where video gaming appears to be the primary focus of the business, with liquor and food (if served at all) being more ancillary. These establishments often include a limited menu of food that may not require a cook or full-operating kitchen and a limited selection of liquor options.

In 2018, the Village Board made liquor license classification changes to try to preclude video gaming parlors. As part of the approved changes to the liquor code, language was added to the restaurant liquor classifications to further define a restaurant for video gaming purposes.

Video gaming establishment requirements were also added to the Class J-1 (Brewpub) liquor license class. A number of years in business requirement was added and intended to allow existing businesses to have video gaming while making sure that a business claiming to be a restaurant was not really a front for a video gaming business. As in the past, the Village can further limit video gaming parlors by choosing not to create an available license for a business that focuses primarily on video gaming. The Village President/Mayor as Liquor Commissioner can also choose not to issue a liquor license to an applicant as well.

Current Liquor License Classes Allowing Video Gaming

The following is a summary of language in the liquor code that helps define the type of liquor serving establishment and any requirements for video gaming by liquor license classification.

1. Class A (Large Restaurant) – food is to be cooked, prepared and served from a kitchen with a full-time cook on premises and a minimum indoor seating capacity for food service of 125 for a standalone building or a minimum of 75 for a premises in a multi-space building.

    a. Video gaming is allowed with a separate video gaming license subject to all of the state and local video gaming provisions

2. Class B (Small Restaurant) – food is to be cooked, prepared and served from a kitchen with a full-time cook on the premises, and indoor seating of less than 125 for a standalone building or less than 75 for a premises in a multi-space building.

    a. Video gaming is allowed with a separate video gaming license subject to all of the state and local video gaming provisions providing that there is a minimum indoor seating capacity of 75 for food service or a minimum indoor seating capacity of 50 for food service and the establishment has been in continuous business selling food for at least two years.

3. Class C (Limited Restaurant) – allows the sale of beer and wine only with food cooked, prepared and served from a kitchen with a full-time cook on the premises.

    a. Video gaming is allowed with a separate video gaming license subject to all of the state and local video gaming provisions providing that there is a minimum indoor seating capacity of 75 for food service or a minimum indoor seating capacity of 50 for food service and the establishment has been in continuous business selling food for at least two years.

4. Class J-1 (Brewpub) – allows the holder of a state brew pub license to manufacture and store beer on premises, sell its beer at retail in original packaging and/or for consumption on premises and requires the premises remain as a bona fide eating establishment with suitable food preparation facilities.

a. Video gaming is allowed with a separate video gaming license subject to all of the state and local gaming provisions providing that there is a minimum indoor seating capacity of 75 or a minimum indoor seating capacity of 50 for food service and the establishment has been in continuous business selling food for at least two years.

5. Class T (Tavern) – allows for the sale of food ancillary to the sale of liquor.

    a. Video gaming is allowed with a separate video gaming license subject to all of the state and local video gaming provisions providing that the establishment has been in continuous business for at least five years.

Considerations

Food establishments seeking a liquor license often discuss having video gaming as part of their initial operation. In some cases, the businesses are looking to establish primarily as a video gaming parlor. In other instances businesses may be seeking video gaming ancillary to the primary business as a way to help generate revenue for the business to sustain itself. It can be difficult at times to discern which is which. Having the aforementioned language above regarding video gaming requirements by liquor classification helps determine if a business is primarily for video gaming, but can also preclude businesses that may actually be a restaurant from being able to have video gaming.

Video gaming regulations vary in municipalities. There are municipalities that ban video gaming outright, some regulate video gaming in certain manners and others may allow video gaming per state law with no additional restrictions. Restrictions on video gaming for restaurants may be a factor in a restaurant deciding where to locate their business.

All of the liquor license classifications that allow video gaming have a minimum seating requirement. This can be effective at helping to limit video gaming parlors, but ultimately may limit businesses that are operating in locations too small to have the minimum seating capacities from ever being eligible to have video gaming. Staff believes there are currently multiple restaurants that are too small to ever have video gaming should they pursue it.

Below are some questions for consideration.

1) Does the Village want to allow video gaming parlors?

- If yes, the Village can create a definition for video gaming parlors and create a liquor license class specifically for video gaming parlors with any restrictions the Village Board would like to include.

- If no, the Village can strengthen the Village's liquor code by defining video gaming parlors so it is clear how the Village defines them and then specifically state that video gaming is

only allowed in liquor license classifications in which video gaming is ancillary to the primary business.

2) Should the Village change the definition of a restaurant?

- If yes, the language defining a restaurant in the liquor code for the purpose of video gaming can be changed to either strengthen the requirements to prove a business is working as a restaurant or can be more lenient to all businesses (for instance, eliminating the requirement to have a full-time cook or to prepare all food inside a kitchen within the building). In the event that the Village Board chooses to make the language more lenient for businesses to have video gaming, but does not want to have video gaming parlors, the Village can create a definition for video gaming parlors and state they cannot operate in each liquor license classification that allows video gaming.

- If no, the language in the liquor code would stay the same, unless the Village Board had other considerations regarding the seating requirement or number of years in business before video gaming is allowed.

3) Should the Village continue to have a seating requirement to allow video gaming?

- If yes, the Village Board can decide whether to keep the seating minimum requirements the same or modify the limits as they deem appropriate.

- If no, the seating requirement can be removed from each liquor license classification that allows video gaming.

4) Should the Village continue having a minimum years in business requirement for small restaurants, breweries and taverns to allow video gaming?

- If yes, the Village Board can decide whether to keep minimum number of years required the same or modify the limits as they deem appropriate.

- If no, the number of year requirement can be removed from each liquor license classification that allows video gaming.

Staff is seeking feedback from the Village Board regarding video gaming provisions in the Village's liquor code.

VILLAGE OF NORTH AURORA
BOARD REPORT

TO: VILLAGE PRESIDENT & BOARD OF TRUSTEES

CC: STEVE BOSCO, VILLAGE ADMINISTRATOR

FROM: MIKE TOTH, COMMUNITY & ECONOMIC DEVELOPMENT DIRECTOR

SUBJECT: MOBILE FOOD VENDORS

AGENDA: OCTOBER 18, 2021 COMMITTEE OF WHOLE MEETING

DISCUSSION

On December 5, 2016, the Village Board approved regulations officially allowing mobile food vendors (food trucks, trailers, etc.) to operate within the Village. The mobile food vendor provisions were later revisited in 2020 in order to address certain trends occurring at that time. On August 3, 2020, the Village Board approved amendments to the mobile food vendor provisions. One of the changes that resulted from the 2020 amendments was the maximum time a food truck could operate on a property – a limit of two (2) hours at a time on a property unless serving as an approved vendor as part of a special event approved by the Village Board or catering a private event for which food or beverages are provided to guests free of charge.

Staff is now soliciting feedback from the Village Board on an amendment that would allow mobile food vendors to be utilized on a continual basis as part of a business model, with some restrictions, within the Route 31 corridor as a way to encourage new businesses on Route 31. Along with an exemption for mobile food vendors catering to guests at a private event, mobile food vendors would be allowed to operate in the Route 31 corridor as long as the own or maintain a lease on the property where they are operating.

Staff notes the geographic area used as part of the aforementioned exemption provision originated from the boundary description used for the Lincoln Highway (Route 31) special sign district included in the Sign Ordinance. It is the intention that every mobile food vendor operating in the Village would still be required to obtain a permit from the North Aurora Police Department, regardless of exemption status.

In order to illustrate the proposed changes and provide background on the mobile food vendor provisions, staff has prepared a draft ordinance for review.

ORDINANCE NO._____

AN ORDINANCE AMENDING CHAPTER 5.35 OF THE NORTH AURORA MUNICIPAL CODE REGULATING MOBILE FOOD VENDING IN THE VILLAGE OF NORTH AURORA

NOW, THEREFORE, BE IT ORDAINED by the President and Board of Trustees of the Village of North Aurora, Kane County, Illinois, as follows:

1. Chapter 5.35 of the North Aurora Municipal Code is hereby amended as follows:

Chapter 5.35 – MOBILE FOOD VENDORS

5.35.010 – Definitions

The following definitions shall apply to this Chapter:

"Catering" to provide food or beverage at a private event or gathering, where guests are served free-of-charge.

"Mobile Food Vendor" means any person that operates a vehicle (including, but not limited to, motorized vehicles, non-motorized vehicles, carts, bicycles, trailers and other similar devices whether self-propelled, propelled by other vehicles or propelled by humans/animals) for the purpose of selling food and beverage items.

"Person" means any individual, firm, co-partnership, partnership, corporation (for profit or not for profit), company, association, church, organization, trust or other entity.

5.35.020 – Mobile Food Vendor Permit Required

No person shall engage in the activities of a mobile food vendor and offer food and/or beverages for sale in the Village of North Aurora without a valid, current, written permit issued by the North Aurora Police Department.

5.35.030 - General Regulations

A. Each Mobile Food Vendor shall supply a trash receptacle for use by the customers. Prior to leaving each stop, the vendor shall remove any litter left at the stop by consumers.

B. Sales of items other than food and beverage items are prohibited.

C. No Mobile Food Vendor shall stop at any time for the purpose of making sales on private property without the prior consent of the property owner.

D. Mobile Food Vendors shall observe all local, county and state traffic codes and parking regulations and observe all other relevant municipal ordinances.

E. Unless serving as an approved vendor as part of a special event approved by the village board, no mobile food vendor shall stop and remain on any property in the Village for the purpose of making sales of food or beverages for more than one (1) day for a maximum of two (2) hours in a calendar week. The following shall be exempt from this provision:

   a. Mobile food vendors catering to guests at a private event ~~shall be exempt from this provision~~.

   b. Mobile food vendors operating on private, non-residential property along the Route 31 corridor between Sullivan Road and Oak Street and those private, non-residential properties located within one quarter mile east and west of Route 31 corridor that are considered to be part of the corridor. In order to qualify for this exemption, the mobile food vendor shall either own the property or maintain leasehold interest in the property where operating.

F. Unless serving as an approved vendor as part of a special event approved by the village board, no more than one (1) mobile food vendor shall stop and remain on any property in the Village in a day or no more than one (1) mobile food vendor shall stop and remain on any property in the Village at a time.

G. No mobile food vendor shall stop and remain for the purpose of making sales on Airport Road, Alder Drive, Banbury Road, Deerpath Road, Hart Road, Ice Cream Drive, Illinois Route 25, Illinois Route 31, Illinois Route 56, Mitchell Road, Mooseheart Road, Oak Street, Orchard Gateway Boulevard, Orchard Road, Sullivan Road, Tanner Road or Randall Road.

H. Signage shall be limited to the surface of the vehicle.

I. The mobile food vending permit shall be kept in the vehicle and be shown to all people who ask to see the permit at all times that the mobile food vendor is engaging in sales.

J. All mobile food vendors shall meet the following minimum insurance requirements:

   1. General liability insurance with minimum coverage of $1,000,000;

   2. Business auto insurance on any business vehicle from which the food or beverages are sold directly from the vehicle with minimum coverage of at least $1,000,000; and

   3. Personal auto insurance on any personal vehicle pulling a trailer from which food or beverages are sold with minimum coverage of at least $500,000.

5.35.040 - Permit Requirements

A. Every person required to obtain a mobile food vendor permit shall make a written application for a mobile food vendor permit, pay the permit fee and obtain a permit prior to engaging in the mobile food vending business within the Village.

B. No mobile food vendor permit will be issued without a permit issued by the Kane County Department of Health.

C. A fee of fifty dollars ($50.00) shall be charged for every mobile food vendor permit application and renewal application to cover the cost of processing the application.

D. Mobile food vending permits shall be good for one year from the date of issuance and must be renewed as of the anniversary date of the original date of issuance by applying for a renewal permit, paying the annual fee and obtaining a renewal permit.

5.35-050 – Mobile Food Vending Permit Application

Application for a mobile food vendor permit shall be accompanied by the proper documentation necessary to complete the application. The applicant shall truthfully state in full the following information requested on the application:

A. Full name, date of birth, address and telephone phone number of the business owner as it appears on a driver's license, state ID, social security card or birth certificate, birth date, mailing address;

B. The names, dates of birth, addresses and telephone phone numbers of the operators of any mobile food vending vehicles or wheeled carts, if different than the owners, as it appears on a driver's license, state ID, social security card or birth certificate, birth date, mailing address;

C. All addresses of places of residence of the persons identified in Subsections A and B if those persons have resided in other places during the past three years;

D. Physical description of the owner, including sex, height, weight, hair color and eye color;

E. A valid vehicle registration, driver’s license and proof of required insurance;

F. Whether the applicant has ever been convicted of the commission of a felony and/or any crime involving moral turpitude under the laws of this state or any other state or federal law of the United States;

G. Such additional information and any documentation as the chief of police may deem necessary to process the application.

5.35.060 – Penalty and Enforcement

A. Any person violating or aiding or abetting the violation of any provision of this Chapter is guilty of a misdemeanor and shall be fined not less than fifty dollars ($50.00) nor more than seven hundred fifty dollars ($750.00). Each day that a violation occurs shall be considered a separate violation. The Police Department and any Code Enforcement Officers shall have concurrent authority to enforce the provisions of this Chapter and may give written notice of any violation and the fine imposed for the violation by serving a citation in person or by certified U.S. mail return receipt requested on any violator. All complaints from citizens regarding violations of this chapter shall be directed to the village code enforcement officer(s).

B. The acts of any employee, partner other agent (hereinafter "agent") shall be attributed to and considered the acts of the employer, partnership, corporation, limited liability company or other principal on whose behalf, or at whose direction or by whose authority or consent (hereinafter "principal") the agent was engaging in mobile food vending, and any violation of this Chapter by

an agent shall be enforceable against the principal and/or the agent jointly or severally. The act of engaging in mobile food vending for another person shall be presumed to create an agency relationship for purposes of this Chapter.

2. If any section, subsection, subdivision, paragraph, sentence, clause or phrase of this Ordinance or any part thereof is for any reason held to be unconstitutional or invalid or ineffective by any court of competent jurisdiction, such decision shall not affect the validity or effectiveness of the remaining portions of this Ordinance, or any part thereof. The Village Board of Trustees hereby declares that it would have passed each section, subsection, subdivision, paragraph, sentence, clause or phrase thereof irrespective of the fact that anyone or more sections, subsections, subdivisions, paragraphs, sentences, clauses or phrases be declared unconstitutional, invalid or ineffective.

3. This Ordinance shall take immediate full force and effect from and after its passage, approval, publication and such other acts as required by law.

Presented to the Board of Trustees of the Village of North Aurora, Kane County, Illinois this ____ day of _____, 2021 A.D.

Passed by the Board of Trustees of the Village of North Aurora, Kane County, Illinois this _____ day of _____, 2021, A.D.

Mark Carroll	_____	Laura Curtis	_____
Mark Guethle	_____	Michael Lowery	_____
Todd Niedzwiedz	_____	Carolyn Salazar	_____

Approved and signed by me as President of the Board of Trustees of the Village of North Aurora, Kane County, Illinois this _____ day of _____, 2021, A.D.

_____
Mark Gaffino, Village President

ATTEST:

_____
Jessi Watkins, Village Clerk