
**VILLAGE OF SUGAR GROVE
BOARD REPORT**

TO: VILLAGE PRESIDENT & BOARD OF TRUSTEES
FROM: MATT ANASTASIA, FINANCE DIRECTOR
SUBJECT: AUTHORIZING AN AGREEMENT FOR ACTUARIAL STUDY SERVICES WITH LAUTERBACH & AMEN
AGENDA: FEBRUARY 7, 2023
DATE: FEBRUARY 3, 2023

ISSUE

Shall the Village authorize the execution of a 3-year agreement with Lauterbach & Amen for Actuarial Study Services for the Police Pension Fund for Fiscal Year 2023, 2024 and 2025.

DISCUSSION

The current engagement letter with Lauterbach & Amen has expired with the Actuarial Study completed for FYE April 30, 2022. The Village requested a renewal 3-year proposal from Lauterbach & Amen. The proposal includes completion of the Police Funding Actuarial Valuation and Police GASB 67/68 Actuarial Valuation:

| | <u>FYE2023</u> | <u>FYE2024</u> | <u>FYE2025</u> |
|--|-----------------------|-----------------------|-----------------------|
| Police Funding Actuarial | \$3,170 | \$3,310 | \$3,460 |
| Police GASB 67/68 Actuarial | <u>\$2,580</u> | <u>\$2,700</u> | <u>\$2,820</u> |
| <i>Actuarial Annual Total Cost:</i> | <i>\$5,750</i> | <i>\$6,010</i> | <i>\$6,280</i> |

The final year of the engagement letter had a total cost of \$5,500 for the full Police Pension Fund Actuarial Study. The increase proposed is 4.5% annually, or \$250 in year one, \$260 in year two and \$270 in year three.

Even though the Police Pension Fund has consolidated to a downstate Pension Fund, the local Police Pension Fund is still required to complete an actuarial study for two main reasons:

1. The Consolidated Pension Fund will not be providing the GASB 67/68 Financial Reporting portions of the Actuarial which are required for the Village's annual audit.
2. The Consolidated Pension Fund actuarial study that will be completed only provides one funding level, 90% EAN. While this is statutorily the only amount they are required to

provide, this leaves local governments in a position to have a separate Actuarial Study completed to determine the 100% EAN funding level, as to not continue to increase the unfunded liability.

COST

The cost of the FY2023 Police Pension Actuarial Study would be \$5,750, which would be budgeted for in the FY2024 budget.

RECOMMENDATION

Approve Resolution 20230207D Authorizing Execution of an Agreement with Lauterbach & Amen, LLP. For Actuarial Study Services.



**VILLAGE OF SUGAR GROVE
KANE COUNTY, ILLINOIS**

Resolution No. 20230207D

**A Resolution Approving an Agreement with Lauterbach & Amen for Actuarial
Services
Village of Sugar Grove,
Kane County, Illinois**

Adopted by the
Board of Trustees and President
of the Village of Sugar Grove
this 7th day of February, 2023.

Published in Pamphlet Form
by authority of the Board of Trustees
of the Village of Sugar Grove, Kane County,
Illinois, this 7th day of February, 2023.

RESOLUTION 20230207D

**RESOLUTION AUTHORIZING EXECUTION OF AN AGREEMENT WITH
LAUTERBACH & AMEN, LLP.**

WHEREAS, the Village of Sugar Grove Board of Trustees find that it is in the best interest of the Village to engage the services of Lauterbach & Amen, LLP. to provide professional actuarial services, and to execute the attached agreement;

NOW, THEREFORE, BE IT RESOLVED by the President and Board of Trustees of the Village of Sugar Grove, Kane County, Illinois as follows:

The attached hereto and incorporated herein by reference is an engagement agreement between the Village of Sugar Grove and Lauterbach & Amen, LLP. for actuarial services for fiscal year 2023, 2024 and 2025. And that the Finance Director or the Village Administrator are hereby authorized to execute said agreement on behalf of the Village and to take such further actions as are necessary to fulfill the terms of said agreement.

PASSED AND APPROVED by the President and Board of Trustees of the Village of Sugar Grove, Kane County, Illinois this 7th day of February, 2023.

Jennifer Konen
President of the Board of Trustees
of the Village of Sugar Grove, Kane County, Illinois

| | Aye | Nay | Absent | Abstain |
|-------------------------|-------|-------|--------|---------|
| Trustee Heidi Lendi | _____ | _____ | _____ | _____ |
| Trustee Michael Schomas | _____ | _____ | _____ | _____ |
| Trustee Sean Herron | _____ | _____ | _____ | _____ |
| Trustee James White | _____ | _____ | _____ | _____ |
| Trustee Matthew Bonnie | _____ | _____ | _____ | _____ |
| Trustee Ryan Walter | _____ | _____ | _____ | _____ |

ATTEST: _____
Alison Murphy
Clerk, Village of Sugar Grove



January 6, 2023

Members of the Board of Trustees
Village of Sugar Grove
10 Municipal Drive
Sugar Grove, Illinois 60554

We are pleased to confirm our acceptance and understanding of the services we will provide for the Village of Sugar Grove for the fiscal years ending April 30, 2023 through April 30, 2025. It is our understanding that Lauterbach & Amen, LLP will prepare the Police Funding (Tax Levy) Actuarial Valuation and Police GASB 67/68 Actuarial Valuation for the Village.

You agree to assume all management responsibilities for the actuarial services we provide; you will oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; you will evaluate the adequacy and results of the services and will accept responsibility for them.

Lauterbach & Amen, LLP does not assume any management responsibilities for the Village. These services cannot be relied upon to detect errors, irregularities, or illegal acts that may exist. However, we will inform you of any such matters that may come to our attention.

Costs for our services are as follows:

| | Fiscal Year Ended 04/30/2023 | Fiscal Year Ended 04/30/2024 | Fiscal Year Ended 04/30/2025 |
|--|------------------------------------|------------------------------------|------------------------------------|
| Annual Actuarial Reports | | | |
| • Preparation of Police Funding (Tax Levy) Actuarial Valuation | \$3,170 | \$3,310 | \$3,460 |
| • Preparation of Police GASB 67/68 Actuarial Valuation | \$2,580 | \$2,700 | \$2,820 |
| • Preparation of Audit Friendly Exhibits | Included | Included | Included |
| • Attendance at Meeting to Present Results | Included | Included | Included |
| Total Annual Actuarial Reports | \$5,750 | \$6,010 | \$6,280 |

The fees as depicted above include attendance for up to 2 meetings per year, as requested, to discuss actuarial results. Meeting attendance includes virtual and in-person attendance as mutually determined. Any meeting attendance required above and beyond the 2 included meetings will be billed at the rate of \$250 per meeting.

Out of Scope Services:

Out of scope services will be billed on a time and charges basis. The hourly rate for out of scope services is \$250 per hour. We will provide an estimate of costs for any out of scope services when the service is requested and the scope is defined. You will not be charged any additional costs under this section unless written approval, including email confirmation, is provided ahead of time.

In connection with this agreement, the Village of Sugar Grove authorizes Lauterbach & Amen, LLP to automatically debit the Village's disbursement account at BMO Harris Bank N.A. upon completion of any past, present, or future services for the cost agreed upon in the respective engagement letter. Either the Village or Lauterbach & Amen, LLP may terminate this auto debit arrangement at any time by providing prior written notice to the other.

Either party may terminate all or a portion of the services contemplated by this engagement at any time for any reason upon 30 days written notice to the other. Subcontracting will be disclosed to the Village's Board of Trustees prior to beginning work. This agreement shall be governed by and construed in accordance with the laws of the State of Illinois.

We appreciate the opportunity to be of service to the Village of Sugar Grove and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please indicate your acceptance by signing below and returning it to us.

Cordially,

Lauterbach & Amen, LLP

Lauterbach & Amen, LLP

RESPONSE:

This letter correctly sets forth the understanding of the Village of Sugar Grove:

Accepted by: _____

Title: _____