
**VILLAGE OF SUGAR GROVE
BOARD REPORT**

TO: VILLAGE PRESIDENT & BOARD OF TRUSTEES
FROM: MATT ANASTASIA, FINANCE DIRECTOR
SUBJECT: ACCEPTANCE: POLICE PENSION - 2023 MUNICIPAL COMPLIANCE REPORT
AGENDA: DECEMBER 19, 2023 REGULAR BOARD MEETING
DATE: DECEMBER 13, 2023

ISSUE

Shall the Village Board accept the 2023 Police Pension Municipal Compliance Report.

DISCUSSION

Annually, the Police Pension Board will approve the Municipal Compliance Report to be sent to the Village for their annual Levy request. The 2023 Municipal Compliance Report shows the condition of the Police Pension Fund for the previous year and current year (as of April 30, 2023), as well as the contribution request for the tax year.

Public Act 096-1495 requires that taxes collected, deductions from salaries or wages of police officers and revenues from other sources are equal to the normal cost of the pension funds for the year plus an amount sufficient to bring the total assets of the pension fund up to 90% of the total actuarial liabilities of the pension fund by the end of the municipal fiscal year 2040.

Each year the Village engages an enrolled actuary (Lauterbach & Amen) to update the assumptions, census data and determine the requirement. The Village had Lauterbach & Amen complete a private actuarial study for the pension fund, mainly due to the required GASB 67/68 reporting requirements for the Village audit not being provided by the actuary completed by the State. The Village also has Lauterbach & Amen complete a private actuary study to provide 100% funding level as of 2040, as the State's actuary only provides a funding level at the statutory minimum of Projected Unit Credit (PUC 90%).

The Illinois Police Officers' Pension Investment Fund (IPOPIF) statutorily is also required to complete an actuarial study to determine the statutory required contribution. The statutory requirement is for the Village to fund the Police Pension annually by the contribution level determined from the study completed by IPOPIF, however, can fund at a higher level if it chooses.

The Municipal Compliance report is then completed each year, it shows the required contribution level from each of the actuarial studies completed. This year the report reflects the fund was 55.35% funded per private actuary (up from 48.53% last year) and 54.51% funded from IPOPIF (down from 54.71% last year).

For fiscal year ending April 30, 2023, the recommended municipal contribution/levy levels are:

- Private Actuary – Lauterbach & Amen - \$575,884 (EAN 100%)
- IPOPIF Actuary - \$587,931 (PUC 90%)

The Village contribution level for fiscal year 2023-2024 budget was \$685,056, which was a funding level of EAN 100%. The Village has been committed to funding the Police Pension Fund at EAN 100% in the past few fiscal years. The decrease in required contributions from last fiscal year is the change in Rate of Return assumptions from 6% to 6.8% (Rate of Return set by IPOPIF). Since this is such a drastic decrease, along with the constant change in the workforce within the Police Department, the Village has committed to a transition plan to lower the contribution to the required levels, but at EAN 100% over the next 3 years. Lauterbach & Amen will provide the Village with a contribution level of EAN 100% annually to use for its Tax Levy, rather than the State provided contribution of PUC 90%, unless PUC 90% is a higher contribution level.

For Fiscal year 2024-2025 budget, the contribution amount in the transition plan provided by Lauterbach & Amen for the Police Pension Fund will be \$666,000.

COST

There is no cost to accept the 2023 Police Pension Municipal Compliance Report.

RECOMMENDATION

That the Village Board make a motion to accept the 2023 Police Pension Municipal Compliance Report, and furthermore, use the transition amount of \$666,000 in preparing the FY24-25 Budget.

THE VILLAGE OF SUGAR GROVE,
ILLINOIS
POLICE PENSION FUND

PUBLIC ACT 95-0950
MUNICIPAL COMPLIANCE REPORT

FOR THE FISCAL YEAR ENDED
APRIL 30, 2023



Lauterbach & Amen, LLP

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December 4, 2023

Members of the Pension Board of Trustees
Sugar Grove Police Pension Fund
Sugar Grove, Illinois

Enclosed please find a copy of your Municipal Compliance Report for the Sugar Grove Police Pension Fund for the fiscal year ended April 30, 2023. We have prepared the report with the most recent information available at our office. Should you have more current information, or notice any inaccuracies, we are prepared to make any necessary revisions and return them to you.

The President and Secretary of the Pension Fund are required to sign the report on page 3. If not already included with the enclosed report, please also include a copy of the Pension Fund's most recent investment policy.

The signed Public Act 95-0950 - Municipal Compliance Report must be provided to the Municipality before the tax levy is filed on the last Tuesday in December. We are sending the report via email to promote an environmentally-friendly work atmosphere.

If you have any questions regarding this report, please contact your Client Manager or PSA.

Respectfully submitted,

Lauterbach & Amen, LLP

LAUTERBACH & AMEN, LLP

**THE VILLAGE OF SUGAR GROVE, ILLINOIS
POLICE PENSION FUND**

**Public Act 95-950 - Municipal Compliance Report
For the Fiscal Year Ending April 30, 2023**

The Pension Board certifies to the Board of Trustees of the Village of Sugar Grove, Illinois on the condition of the Pension Fund at the end of its most recently completed fiscal year the following information:

- 1) The total cash and investments, including accrued interest, of the fund at market value and the total net position of the Pension Fund:

	<u>Current Fiscal Year</u>	<u>Preceding Fiscal Year</u>
Total Cash and Investments (including accrued interest)	<u>\$5,306,307</u>	<u>\$5,119,291</u>
Total Net Position	<u>\$5,311,620</u>	<u>\$5,122,671</u>

- 2) The estimated receipts during the next succeeding fiscal year from deductions from the salaries of police officers and from other sources:

Estimated Receipts - Employee Contributions	<u>\$108,600</u>
Estimated Receipts - All Other Sources	
Investment Earnings	<u>\$360,800</u>
Municipal Contribution	<u>\$575,884</u>

- 3) The estimated amount required during the next succeeding fiscal year to (a) pay all pensions and other obligations provided in Article 3 of the Illinois Pension Code, and (b) to meet the annual requirements of the fund as provided in Sections 3-125 and 3-127:

(a) Pay all Pensions and Other Obligations	<u>\$934,300</u>
(b) Annual Requirement of the Fund as Determined by:	
Illinois Police Officers' Pension Investment Fund	<u>\$587,931</u>
Private Actuary - Lauterbach & Amen, LLP	
Recommended Municipal Contribution	<u>\$575,884</u>
Alternative Municipal Contribution	<u>N/A</u>

**THE VILLAGE OF SUGAR GROVE, ILLINOIS
POLICE PENSION FUND**

**Public Act 95-950 - Municipal Compliance Report
For the Fiscal Year Ending April 30, 2023**

- 4) The total net income received from investment of assets along with the assumed investment return and actual investment return received by the fund during its most recently completed fiscal year compared to the total net income, assumed investment return, and actual investment return received during the preceding fiscal year:

	Current Fiscal Year	Preceding Fiscal Year
Net Income Received from Investment of Assets	\$156,019	(\$432,988)
Assumed Investment Return		
Illinois Police Officers' Pension Investment Fund	6.800%	6.800%
Private Actuary - Lauterbach & Amen, LLP	6.800%	6.000%
Actual Investment Return	2.993%	(8.238)%

- 5) The total number of active employees who are financially contributing to the fund:

Number of Active Members	11
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- 6) The total amount that was disbursed in benefits during the fiscal year, including the number of and total amount disbursed to (i) annuitants in receipt of a regular retirement pension, (ii) recipients being paid a disability pension, and (iii) survivors and children in receipt of benefits:

	Number of	Total Amount Disbursed
(i) Regular Retirement Pension	3	\$182,681
(ii) Disability Pension	4	\$197,464
(iii) Survivors and Child Benefits	0	\$0
Totals	7	\$380,145

**THE VILLAGE OF SUGAR GROVE, ILLINOIS
POLICE PENSION FUND**

**Public Act 95-950 - Municipal Compliance Report
For the Fiscal Year Ending April 30, 2023**

- 7) The funded ratio of the fund:

	<u>Current Fiscal Year</u>	<u>Preceding Fiscal Year</u>
Illinois Police Officers' Pension Investment Fund	<u>54.51%</u>	<u>54.71%</u>
Private Actuary - Lauterbach & Amen, LLP	<u>55.35%</u>	<u>48.53%</u>

- 8) The unfunded liability carried by the fund, along with an actuarial explanation of the unfunded liability:

Unfunded Liability:

Illinois Police Officers' Pension Investment Fund	<u>\$4,746,647</u>
Private Actuary - Lauterbach & Amen, LLP	<u>\$4,624,729</u>

The accrued liability is the actuarial present value of the portion of the projected benefits that has been accrued as of the valuation date based upon the actuarial valuation method and the actuarial assumptions employed in the valuation. The unfunded accrued liability is the excess of the accrued liability over the actuarial value of assets.



- 9) Please see attached Investment/Cash Management policy if applicable

Please see Notes Page attached.

CERTIFICATION OF MUNICIPAL POLICE
PENSION FUND COMPLIANCE REPORT

The Board of Trustees of the Pension Fund, based upon information and belief, and to the best of our knowledge, hereby certify pursuant to §3-143 of the Illinois Pension Code 40 ILCS 5/3-143, that the preceding report is true and accurate.

Adopted this 07 day of DEC., 2023

President  Date 12/07/2023
Secretary  Date 12/7/23

**THE VILLAGE OF SUGAR GROVE, ILLINOIS
POLICE PENSION FUND**

**Public Act 95-950 - Municipal Compliance Report
For the Fiscal Year Ending April 30, 2023**

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- 1) Total Cash and Investments - as Reported at Market Value in the Audited Financial Statements for the Years Ended April 30, 2023 and 2022.

Total Net Position - as Reported in the Audited Financial Statements for the Years Ended April 30, 2023 and 2022.

- 2) Estimated Receipts - Employee Contributions as Reported in the Audited Financial Statements for the Year Ended April 30, 2023 plus 3.25% Increase (Actuarial Salary Increase Assumption) Rounded to the Nearest \$100.

Estimated Receipts - All Other Sources:

Investment Earnings - Cash and Investments as Reported in the Audited Financial Statements for the Year Ended April 30, 2023, times 6.8% (Actuarial Investment Return Assumption) Rounded to the Nearest \$100.

Municipal Contributions - Recommended Tax Levy Requirement as Reported by Lauterbach & Amen, LLP, Actuarial Valuation for the Year Ended April 30, 2023.

- 3) (a) Pay all Pensions and Other Obligations - Total Non-Investment Deductions as Reported in the Audited Financial Statements for the Year Ended April 30, 2023, plus a 25% Increase, Rounded to the Nearest \$100.

(b) Annual Requirement of the Fund as Determined by:

Illinois Police Officers' Pension Investment Fund - Suggested Amount of Tax Levy as Reported in the April 30, 2023 Actuarial Valuation.

Private Actuary - Lauterbach & Amen, LLP:

Recommended Amount of Tax Levy as Reported by Lauterbach & Amen, LLP in the April 30, 2023 Actuarial Valuation.

Statutorily Required Amount of Tax Levy - No statutorily required amount has been provided in a April 30, 2023 Private Actuarial Valuation, at the time of this report.

**THE VILLAGE OF SUGAR GROVE, ILLINOIS
POLICE PENSION FUND**

**Public Act 95-950 - Municipal Compliance Report
For the Fiscal Year Ending April 30, 2023**

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- 4) Net Income Received from Investment of Assets - Investment Income (Loss) net of Investment Expense, as Reported in the Audited Financial Statements for the Years Ended April 30, 2023 and 2022.

Assumed Investment Return:

Illinois Police Officers' Pension Investment Fund - Current and Preceding Fiscal Year Interest Rate Assumption as Reported in the Years Ended April 30, 2023 and 2022 Actuarial Valuations.

Private Actuary - Current and Preceding Fiscal Year Interest Rate Assumption as Reported in the Years Ended April 30, 2023 and 2022 Actuarial Valuations.

Actual Investment Return -Net Income Received from Investments as Reported Above as a Percentage of the Average of the Beginning and Ending Balances of the Fiscal Year Cash Investments, Excluding Net Investment Income, Gains, and Losses for the Fiscal Year Return Being calculated, as Reported in the Audited Financial Statements for the Fiscal Years Ended April 30, 2023 and 2022.

- 5) Number of Active Members - Illinois Department of Insurance Annual Statement for April 30, 2023 - Schedule P.
- 6) (i) Regular Retirement Pension - Illinois Department of Insurance Annual Statement for April 30, 2023 - Schedule P for Number of Participants and Expense page 1 for Total Amount Disbursed.
- (ii) Disability Pension - Same as above.
- (iii) Survivors and Child Benefits - Same as above.

**THE VILLAGE OF SUGAR GROVE, ILLINOIS
POLICE PENSION FUND**

**Public Act 95-950 - Municipal Compliance Report
For the Fiscal Year Ending April 30, 2023**

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7) The funded ratio of the fund:

Illinois Police Officers' Pension Investment Fund - Current and Preceding Fiscal Year Net Present Assets as a percentage of Total Assets as Reported in the April 30, 2023 and 2022 Actuarial Valuations.

Private Actuary - Current and Preceding Fiscal Year Net Present Assets as a percentage of Total Assets as Reported in the April 30, 2023 and 2022 Actuarial Valuations.

8) Unfunded Liability:

Illinois Police Officers' Pension Investment Fund - Deferred Asset (Unfunded Accrued Liability) as Reported in the April 30, 2023 Actuarial Valuation.

Private Actuary - Deferred Asset (Unfunded Accrued Liability) as Reported by Lauterbach & Amen, LLP in the April 30, 2023 Actuarial Valuation.