

---

---

**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:** JANUARY 7, 2025 REGULAR BOARD MEETING  
**DATE:** DECEMBER 19, 2024

---

**ISSUE**

Shall the Village Board accept the 2024 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 2024 Municipal Compliance Report shows the condition of the Police Pension Fund for the previous year and current year (as of April 30, 2024), 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 57.11% funded per private actuary (up from 55.35% last year) and 56.40% funded from IPOPIF (up from 54.51% last year).

For fiscal year ending April 30, 2024, the recommended municipal contribution/levy levels are:

- Private Actuary – Lauterbach & Amen - \$627,864 (EAN 100%)
- IPOPIF Actuary - \$581,009 (PUC 90%)

The Village contribution level for fiscal year 2024-2025 budget was \$666,000, which was \$90,116 above a funding level of EAN 100% as calculated by Lauterbach & Amen. The Village has been committed to funding the Police Pension Fund at EAN 100% in the past few fiscal years. The Village Board has shown commitment to reducing the outstanding unfunded liability of the Police Pension Fund. 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.

The current years valuation of actual investment return for FYE 04/30/2024 was 8.995%, above the 6.80% assumed investment return.

For Fiscal year 2025-2026 budget, the contribution amount in the transition plan provided by Lauterbach & Amen for the Police Pension Fund will be \$672,954, above the \$627,864 recommended contribution from L&A.

## **COST**

There is no cost to accept the 2024 Police Pension Municipal Compliance Report.

## **RECOMMENDATION**

That the Village Board make a motion to accept the 2024 Police Pension Municipal Compliance Report, and furthermore, use the transition amount of a minimum of \$672,954 in preparing the FY25-26 Budget.

# REIMER DOBROVOLNY & LABARDI PC

A PUBLIC SAFETY LAW FIRM

\* RICHARD J. REIMER  
JAMES L. DOBROVOLNY  
BRIAN J. LABARDI  
VINCENT C. MANCINI  
NEMURA G. PENCYLA  
CHRIS W. POTTHOFF, JR.  
LUKASZ M. KORNAS

\* SHAREHOLDER



15 SPINNING WHEEL ROAD, SUITE 310, HINSDALE, ILLINOIS 60521  
(630) 654-9547 (630) 654-9676 FAX  
WWW.RDLABORLAW.COM

306 W. GREEN STREET  
URBANA, ILLINOIS 61801  
217-344-2376

December 16, 2024

Jennifer Konen, Village President  
Village of Sugar Grove  
160 S. Municipal Dr., Suite 110  
Sugar Grove, Illinois 60554

***By Priority Mail Delivery Confirmation***

Re: Sugar Grove Police Pension Fund-Annual Tax Levy Requirement -  
Municipal Compliance Report

Dear President Konen:

As you are aware, the undersigned is legal counsel for the Sugar Grove Police Pension Fund. At Friday's Pension Board meeting, the Pension Board Trustees discussed the annual tax levy/municipal contribution requirements for the Pension Fund for the upcoming fiscal year. As you are aware, the Pension Board either relies on an actuarial valuation performed by the Illinois Police Officers' Pension Investment Fund (IPOPIF) or an independent actuary employed by the Pension Board or Village.

In this case, the Pension Board relied upon the Actuarial Valuation of Lauterbach & Amen, an independent actuary, for purposes of determining the "recommended levy". According to this valuation, the amount adopted and recommended by the Police Pension Board in order to satisfy the annual requirements of §3-125 of the Illinois Pension Code for next tax year is \$627,864. A copy of the report is attached for your review.

Accordingly, pursuant to §3-125 of the Pension Code, the Sugar Grove Police Pension Board is requesting the Village of Sugar Grove levy or contribute the amount determined by Lauterbach & Amen for the upcoming tax year in order to satisfy the annual requirements of the Sugar Grove Police Pension. In the event that the Village will not be levying this amount, please advise me.

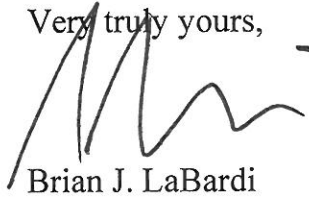
In addition, pursuant to Section 3-143 of the Pension Code, enclosed is copy of the Police Pension Fund's "Municipal Compliance Report".

Finally, the Pension Board wishes to draw your attention to §3-125.1 of the Pension Code and §4402.30 of the Illinois Administrative Code defining salary for pension purposes. Both those authorities refer to pensionable salary as being determined at least in part as that established by the municipality's appropriations ordinance. A

similar conclusion was recently reached by the First District Appellate Court in *Village of Chicago Ridge v. Chicago Ridge Firefighters' Pension Bd. of Trustees*, 2016 IL App (1st) 152089. In light of these authorities, the Pension Board requests the City ensure the appropriate salaries attached to rank for officers covered by Article 3 of the Pension Code are properly reflected in a municipal appropriations ordinance.

Thank you for your anticipated cooperation and assistance in this matter. Please do not hesitate to contact the undersigned should you have any questions concerning this matter.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Brian J. LaBardi', with a stylized, cursive-like script.

Brian J. LaBardi

Enclosures

cc: Officer William Bruno, Secretary  
Sugar Grove Police Pension Board

THE VILLAGE OF SUGAR GROVE,  
ILLINOIS  
POLICE PENSION FUND

---

PUBLIC ACT 95-0950  
MUNICIPAL COMPLIANCE REPORT



FOR THE FISCAL YEAR ENDED  
APRIL 30, 2024

10 South Municipal Drive  
Sugar Grove, IL 60554  
Phone: 630.466.4526  
Fax: 630.466.4521  
[www.sugargroveil.gov](http://www.sugargroveil.gov)



**Lauterbach & Amen, LLP**

CERTIFIED PUBLIC ACCOUNTANTS

668 NORTH RIVER RD. • NAPERVILLE, ILLINOIS 60563

PHONE 630.393.1483 • FAX 630.393.2516

[www.lauterbachamen.com](http://www.lauterbachamen.com)

December 10, 2024

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, 2024. 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, 2024**

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:

	Current Fiscal Year	Preceding Fiscal Year
Total Cash and Investments (including accrued interest)	\$6,189,471	\$5,306,307
Total Net Position	\$6,195,848	\$5,311,620

- 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	\$121,000
Estimated Receipts - All Other Sources	
Investment Earnings	\$420,900
Municipal Contribution	\$627,864

- 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	\$543,800
(b) Annual Requirement of the Fund as Determined by:	
Illinois Police Officers' Pension Investment Fund	\$581,009
Private Actuary - Lauterbach & Amen, LLP	
Recommended Municipal Contribution	\$627,864
Alternative Municipal Contribution	N/A

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

**Public Act 95-950 - Municipal Compliance Report**  
**For the Fiscal Year Ending April 30, 2024**

- 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	\$517,023	\$156,019
Assumed Investment Return		
Illinois Police Officers' Pension Investment Fund	6.800%	6.800%
Private Actuary - Lauterbach & Amen, LLP	6.800%	6.800%
Actual Investment Return	8.995%	2.993%

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

Number of Active Members	11
--------------------------	----

- 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	4	\$204,919
(ii) Disability Pension	4	\$199,789
(iii) Survivors and Child Benefits	0	\$0
Totals	8	\$404,708



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

**Public Act 95-950 - Municipal Compliance Report  
For the Fiscal Year Ending April 30, 2024**

- 7) The funded ratio of the fund:

	<u>Current Fiscal Year</u>	<u>Preceding Fiscal Year</u>
Illinois Police Officers' Pension Investment Fund	<u>56.39%</u>	<u>54.51%</u>
Private Actuary - Lauterbach & Amen, LLP	<u>57.11%</u>	<u>55.35%</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>\$4,933,079</u>
Private Actuary - Lauterbach & Amen, LLP	<u>\$4,820,909</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 13<sup>th</sup> day of Dec, 2024

President  Date 12/13/24

Secretary  Date 12/13/24

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

**Public Act 95-950 - Municipal Compliance Report  
For the Fiscal Year Ending April 30, 2024**

---

**INDEX OF ASSUMPTIONS**

- 1) Total Cash and Investments - as Reported at Market Value in the Audited Financial Statements for the Years Ended April 30, 2024 and 2023.

Total Net Position - as Reported in the Audited Financial Statements for the Years Ended April 30, 2024 and 2023.

- 2) Estimated Receipts - Employee Contributions as Reported in the Audited Financial Statements for the Year Ended April 30, 2024 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, 2024, 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, 2024.

- 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, 2024, 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, 2024 Actuarial Valuation.

Private Actuary - Lauterbach & Amen, LLP:

Recommended Amount of Tax Levy as Reported by Lauterbach & Amen, LLP in the April 30, 2024 Actuarial Valuation.

Statutorily Required Amount of Tax Levy - No statutorily required amount has been provided in a April 30, 2024 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, 2024**

---

INDEX OF ASSUMPTIONS

- 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, 2024 and 2023.

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, 2024 and 2023 Actuarial Valuations.

Private Actuary - Current and Preceding Fiscal Year Interest Rate Assumption as Reported in the Years Ended April 30, 2024 and 2023 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, 2024 and 2023.

- 5) Number of Active Members - Illinois Department of Insurance Annual Statement for April 30, 2024 - Schedule P.
- 6) (i) Regular Retirement Pension - Illinois Department of Insurance Annual Statement for April 30, 2024 - 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, 2024**

---

**INDEX OF ASSUMPTIONS**

**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, 2024 and 2023 Actuarial Valuations.

Private Actuary - Current and Preceding Fiscal Year Net Present Assets as a percentage of Total Assets as Reported in the April 30, 2024 and 2023 Actuarial Valuations.

**8) Unfunded Liability:**

Illinois Police Officers' Pension Investment Fund - Deferred Asset (Unfunded Accrued Liability) as Reported in the April 30, 2024 Actuarial Valuation.

Private Actuary - Deferred Asset (Unfunded Accrued Liability) as Reported by Lauterbach & Amen, LLP in the April 30, 2024 Actuarial Valuation.