

EAST DUNDEE

Committee of the Whole Meeting
Monday, November 8, 2021
6:00 PM

East Dundee Police Station, 2nd Floor Meeting Room
115 E. 3rd Street, East Dundee, IL 60118

1. Call to Order
2. Roll Call
3. Public Comment on Agenda Items Only
Please keep comments to 5 minutes or less
4. Agenda Items
 - a. [Police Pension Fund Actuarial Presentation and Discussion by Lauterbach & Amen](#)
5. Public Comment on Non-Agenda Items
Please keep comments to 5 minutes or less and relevant to Village Business
6. Executive Session
Closed to the public and media under the provisions of the Illinois Open Meetings Act, 5ILCS, 120/2, (c)(21) Discussion of Minutes, (c)(11) Pending Litigation, (c)(1) Personnel and Legal Counsel, (c)(5) Acquisition of Property, (c)(6) Sale of Property, (c)(3) Appointments and (c)(2) Collective Negotiating Matters.
 - a. (c)(1) Personnel
 - b. (c)(3) Appointments
7. Adjournment



Lauterbach & Amen, LLP

CERTIFIED PUBLIC ACCOUNTANTS

East Dundee Police Pension Fund Reporting

For the Contribution Year Ending April 30, 2022 for Funding Purposes
For the Fiscal Year Ending April 30, 2021 for Financial Statement Reporting

Presented by:
Robert Rietz, Enrolled Actuary

Actuarial

Audit

**Financial
Services**

Pension

Tax

Recommended Contribution & Funded Status

Page 4 in Report

	Prior Valuation	Current Valuation	Difference
Recommended Contribution	\$992,699	\$1,119,740	\$127,041 (12.80% Increase)
Market Value of Assets (MVA)	\$9,520,000	\$11,430,000	\$1,910,000
Actuarial Value of Assets (AVA)	\$9,803,000	\$10,430,000	\$627,000
Actuarial Accrued Liability	\$19,260,000	\$20,850,000	\$1,590,000
EAN Unfunded Actuarial Accrued Liability/(Surplus)	\$9,454,000	\$10,420,000	\$966,000
Percent Funded (AVA)	50.91%	50.03%	(0.88%)
Percent Funded (MVA)	49.44%	54.81%	5.37%

Current Funding Policy is Level % Pay Contributions to a 100% Funding Target Over a Layered Amortization Period of 15 Years.

Demographic Changes

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- There was 1 Member who retired during the year. This increased the Recommended Contribution by approximately \$35,000.
- There were 13 inactive Members who continued to collect benefits. This increased the Recommended Contribution by approximately \$5,000.
- Other demographic changes experienced during the year were minimal.

Funding Policy Changes

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- The Funding Policy was changed from the prior valuation:
 - Prior Valuation: 16-year level % payroll amortization
 - Current Valuation: 15-year layered amortization

Recommended Contribution Reconciliation

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	Actuarial Liability	Recommended Contribution
Expected Changes	\$660,000	\$32,300
Salary Increases Greater than Expected	(\$19,900)	\$1,400
Actuarial Experience	\$954,000	\$82,500
Funding Policy Changes	\$0	\$0
Asset Return Greater than Expected	\$0	(\$18,400)
Contributions Less than Expected	\$0	\$29,300
Net Increase/(Decrease)	\$1,594,000	\$127,000

Recommended Contribution Breakdown

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	Prior Valuation	Current Valuation	Difference
Employer Normal Cost (with interest)	\$206,800	\$209,018	\$2,218
Amortization of Unfunded Accrued Liability/(Surplus)	\$785,900	\$910,722	\$124,822
Recommended Contribution	\$992,699	\$1,119,740	\$127,041

The Recommended Contribution has Increased by 12.80% from the Prior Valuation.

Change in Market Value of Assets

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Current Valuation	
Beginning Market Value of Assets	\$9,520,000
Employer Contributions	\$666,000
Member Contributions	\$104,000
Return on Investments	\$2,139,000
Benefits and Refunds	(\$967,000)
Other Expenses	(\$34,100)
Change in Market Value	\$1,908,000
Ending Market Value of Assets	\$11,430,000

The Rate of Return on Investments on a Market Value of Assets Basis for the Fund was Approximately 22.34% Net of Administrative Expense. The Expected Rate of Return on Investments is 6.50%.

Expected Benefit Payments

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Current Valuation	
Total Active Members	11
Total Inactive Members	15
Current Benefit Payments	\$967,000
Expected Benefit Payments in 5 Years	\$1,210,000
Expected Benefit Payments in 10 Years	\$1,486,000

Benefit Payments are Anticipated to Increase 25% in the Next 5 Years and 54% in the Next 10 Years.

Risk Management

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- The Market Value of Assets (\$11.4M) is less than the Actuarial Accrued Liability for inactive Members (\$17.2M).
- The ratio of benefit payments to the Market Value of Assets is 8.46%, compared to an Expected Rate of Return on Investments of 6.50%.
- Based on the number of active Members in the Plan, there is a moderate demographic risk.
- Reducing the Expected Rate of Return on Investments by 25 basis points produces a Recommended Contribution that is 7.36% higher than currently shown.

Illinois Statutory Minimum Contribution

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	Prior Valuation	Current Valuation	Difference
Statutory Minimum Contribution	\$726,107	\$790,478	\$64,371 (8.87% Increase)
PUC Unfunded Actuarial Accrued Liability/(Surplus)	\$8,936,000	\$10,640,000	\$1,704,000
Statutory Minimum Funded Percentage (AVA)	52.31%	49.51%	(2.80%)

*Statutory Minimum
Funding Policy is
Level % Pay
Contributions to a
90% Funding
Target Over the
Remaining 19
Years.*

Five-Year Employer Contribution History

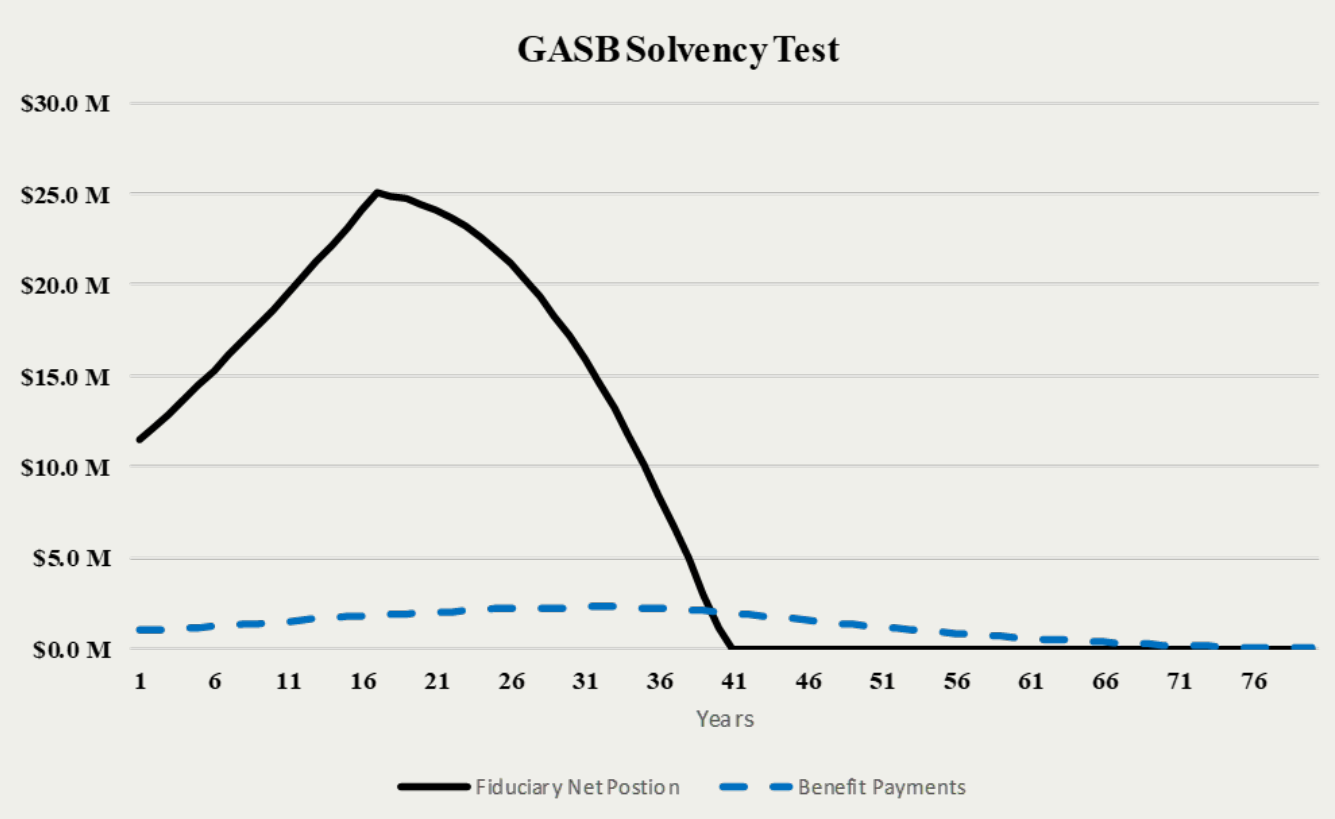
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Fiscal Year End	Employer Contribution	Actuarially Determined Contribution (ADC)	% of ADC
4/30/2021	\$665,855	\$841,720	79.11%
4/30/2020	\$789,177	\$789,177	100.00%
4/30/2019	\$653,029	\$749,982	87.07%
4/30/2018	\$543,025	\$692,028	78.47%
4/30/2017	\$570,288	\$625,773	91.13%
		5 - Year Average	87.16%

The Actuarially Determined Contribution for the Current Year is the Recommended Contribution from the May 1, 2019 Actuarial Valuation Completed by Lauterbach & Amen, LLP.

GASB Solvency Test

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*The Plan's Projected
Fiduciary Net
Position is
Anticipated to Cover
Projected Benefit
Payments in Full for
the Current
Employees Through
the Year 2061.*



Actuarial Certification

- The valuation results summarized in this presentation are from the May 1, 2021 Actuarial Funding Report & May 1, 2021 GASB 67/68 Report dated July 19, 2021 & October 20, 2021, respectively, which have been reviewed by Actuarial Consultants that meet the Qualification Standards of the American Academy of Actuaries.
 - This report is not intended for purposes other than determining the Recommended Contribution, under the selected Funding Policy and Statutory Minimum guidelines.
 - This report contains the full description of the data, assumptions, methods, and provisions used to produce these actuarial results.
 - For any rounded figures shown in this presentation, please refer to the Actuarial Funding Report for more exact figures.