

VILLAGE OF LOMBARD
REQUEST FOR BOARD OF TRUSTEES ACTION
For Inclusion on Board Agenda

DISTRICT #

- Resolution or Ordinance (Blue) Waiver of First Requested
- Recommendations of Boards, Commissions & Committees (Green)
- Other Business (Pink)

TO : PRESIDENT AND BOARD OF TRUSTEES

FROM : Scott R. Niehaus, Village Manager

DATE : September 10, 2019 **B of T** September 19, 2019

SUBJECT: Fire Pension Fund Municipal Compliance Report

SUBMITTED BY: Terry Davis, Secretary, Lombard Firefighters' Pension Fund

BACKGROUND/POLICY IMPLICATIONS:

Attached is the Lombard Fire Pension Fund's Municipal Compliance Report for the year ended December 31, 2018. The Village of Lombard utilizes an actuarial service to assist in determining the Fire Pension tax levy for the year for which the report is made.

We ask that the Village Board accept and file the report.

Fiscal Impact/Funding Source:

Review (as necessary):

Finance Director _____ Date _____

Village Manager  _____ Date 9/10/19

NOTE: All materials must be submitted to and approved by the Village Manager's Office by 12:00 noon, Wednesday, prior to the Agenda distribution.

THE VILLAGE OF LOMBARD, ILLINOIS
FIREFIGHTERS' PENSION FUND

PUBLIC ACT 95-0950 - MUNICIPAL COMPLIANCE
REPORT

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2018



Lauterbach & Amen, LLP

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July 11, 2019

Members of the Pension Board of Trustees
Lombard Firefighters' Pension Fund
Lombard, Illinois

Enclosed please find a copy of your Municipal Compliance Report for the Lombard Firefighters' Pension Fund for the fiscal year ended December 31, 2018. 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 LOMBARD, ILLINOIS
FIREFIGHTERS' PENSION FUND**

**Public Act 95-950 - Municipal Compliance Report
For the Fiscal Year Ending December 31, 2018**

The Pension Board certifies to the Board of Trustees of the Village of Lombard, 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>\$58,752,916</u>	<u>\$61,256,009</u>
Total Net Position	<u>\$58,711,050</u>	<u>\$61,213,301</u>

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

Estimated Receipts - Employee Contributions	<u>\$640,500</u>
Estimated Receipts - All Other Sources	
Investment Earnings	<u>\$4,112,700</u>
Municipal Contributions	<u>\$2,509,600</u>

- 3) The estimated amount necessary during the fiscal year to meet the annual actuarial requirements of the pension fund as provided in Sections 4-118 and 4-120:

Annual Requirement of the Fund as Determined by:

Illinois Department of Insurance	<u>\$2,574,673</u>
Private Actuary - Nyhart	
Recommended Municipal Contribution	<u>\$2,509,600</u>
Statutory Municipal Contribution	<u>\$1,843,984</u>

**THE VILLAGE OF LOMBARD, ILLINOIS
FIREFIGHTERS' PENSION FUND**

**Public Act 95-950 - Municipal Compliance Report
For the Fiscal Year Ending December 31, 2018**

- 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:

	<u>Current Fiscal Year</u>	<u>Preceding Fiscal Year</u>
Net Income Received from Investment of Assets	<u>(\$2,396,351)</u>	<u>\$7,095,086</u>
Assumed Investment Return		
Illinois Department of Insurance	<u>6.50%</u>	<u>6.50%</u>
Private Actuaries	<u>7.00%</u>	<u>7.00%</u>
Actual Investment Return	<u>(3.99)%</u>	<u>12.25%</u>

- 5) The increase in employer pension contributions that results from the implementation of the provisions of P.A. 93-0689:

Illinois Department of Insurance	<u>N/A</u>
Private Actuary - Nyhart	<u>N/A</u>

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

Number of Active Members	<u>64</u>
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- 7) 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:

	<u>Number of</u>	<u>Total Amount Disbursed</u>
(i) Regular Retirement Pension	<u>35</u>	<u>\$2,708,476</u>
(ii) Disability Pension	<u>11</u>	<u>\$701,836</u>
(iii) Survivors and Child Benefits	<u>5</u>	<u>\$148,439</u>
Totals	<u>51</u>	<u>\$3,558,750</u>

**THE VILLAGE OF LOMBARD, ILLINOIS
FIREFIGHTERS' PENSION FUND**

**Public Act 95-950 - Municipal Compliance Report
For the Fiscal Year Ending December 31, 2018**

8) The funded ratio of the fund:

	<u>Current Fiscal Year</u>	<u>Preceding Fiscal Year</u>
Illinois Department of Insurance	<u>70.64%</u>	<u>72.82%</u>
Private Actuaries	<u>76.07%</u>	<u>75.92%</u>

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

Unfunded Liability:

Illinois Department of Insurance	<u>\$26,091,030</u>
Private Actuary - Nyhart	<u>\$19,856,723</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.

10) The investment policy of the Pension Board under the statutory investment restrictions imposed on the fund.

Investment Policy - See Attached.

Please see Notes Page attached.

CERTIFICATION OF MUNICIPAL FIREFIGHTERS'
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 §4-134 of the Illinois Pension Code 40 ILCS 5/4-134, that the preceding report is true and accurate.

Adopted this _____ day of _____, 2019

President _____ Date _____

Secretary _____ Date _____

**THE VILLAGE OF LOMBARD, ILLINOIS
FIREFIGHTERS' PENSION FUND**

**Public Act 95-950 - Municipal Compliance Report
For the Fiscal Year Ending December 31, 2018**

INDEX OF ASSUMPTIONS

- 1) **Total Cash and Investments - as Reported at Market Value in the Audited Financial Statements for the Years Ended December 31, 2018 and 2017.**

Total Net Position - as Reported in the Audited Financial Statements for the Years Ended December 31, 2018 and 2017.

- 2) **Estimated Receipts - Employee Contributions as Reported in the Audited Financial Statements for the Year Ended December 31, 2018 plus 3.5% 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 December 31, 2018, times 7% (Actuarial Investment Return Assumption) Rounded to the Nearest \$100.

Municipal Contributions - Recommended Tax Levy Requirement as Reported by Nyhart, Actuarial Valuation for the Year Ended December 31, 2018.

- 3) **Annual Requirement of the Fund as Determined by:**

Illinois Department of Insurance - Suggested Amount of Tax Levy as Reported in the December 31, 2018 Actuarial Valuation.

Private Actuary - Nyhart:

Recommended Amount of Tax Levy as Reported by Nyhart in the December 31, 2018 Actuarial Valuation.

Statutorily Required Amount of Tax Levy as Reported by Nyhart in the December 31, 2018 Actuarial Valuation.

**THE VILLAGE OF LOMBARD, ILLINOIS
FIREFIGHTERS' PENSION FUND**

**Public Act 95-950 - Municipal Compliance Report
For the Fiscal Year Ending December 31, 2018**

INDEX OF ASSUMPTIONS - Continued

- 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 December 31, 2018 and 2017.

Assumed Investment Return:

Illinois Department of Insurance - Current and Preceding Fiscal Year Interest Rate Assumption as Reported in the December 31, 2018 and 2017 Actuarial Valuations.

Private Actuary - Current Interest Rate Assumption as Reported in the Nyhart, December 31, 2018 Actuarial Valuation. Preceding Fiscal Year Interest Rate Assumption as Reported in the Timothy W. Sharpe, Actuary, December 31, 2017 Actuarial Valuation.

Actual Investment Return - Net Income Received from Investments as Reported Above as a Percentage of the Average of the Beginning balance of the Cash and Investments and the Ending balance of the Cash and Investments, excluding the fiscal year net investment income, as Reported in the Audited Financial Statements for the Fiscal Years Ended December 31, 2018 and 2017.

- 5) Illinois Department of Insurance - Amount of total suggested tax levy to be excluded from the property tax extension limitation law as contemplated by 35 ILCS 200/18-185.

Private Actuary - No Private Actuarial Valuation amount available at the time of this report.

- 6) Number of Active Members - Illinois Department of Insurance Annual Statement for December 31, 2018 - Schedule P.

- 7) (i) Regular Retirement Pension - Illinois Department of Insurance Annual Statement for December 31, 2018 - 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 LOMBARD, ILLINOIS
FIREFIGHTERS' PENSION FUND**

**Public Act 95-950 - Municipal Compliance Report
For the Fiscal Year Ending December 31, 2018**

INDEX OF ASSUMPTIONS - Continued

8) The funded ratio of the fund:

Illinois Department of Insurance - Current and Preceding Fiscal Year Actuarial Value of Assets as a percentage of Accrued Liability as Reported in the December 31, 2018 and 2017 Actuarial Valuations.

Private Actuary - Current Fiscal Year Actuarial Value of Assets as a percentage of Accrued Liability as Reported in the Nyhart, December 31, 2018 Actuarial Valuation. Preceding Fiscal Year Actuarial Value of Assets as a percentage of Accrued Liability as Reported in the Timothy W. Sharpe, Actuary, December 31, 2017 Actuarial Valuation.

9) Unfunded Liability:

Illinois Department of Insurance - Deferred Asset (Unfunded Accrued Liability) as Reported in the December 31, 2018 Actuarial Valuation.

Private Actuary - Deferred Asset (Unfunded Accrued Liability) as Reported by Nyhart in the December 31, 2018 Actuarial Valuation.