



INTERDEPARTMENTAL MEMORANDUM

TO: Streamwood Village Board and Firefighters' Pension Board Members
FROM: Josh Peacock, Treasurer
DATE: October 9, 2023
RE: Report for Tax Levy – Streamwood Firefighters' Pension Fund

Per Illinois Revised Statutes (40 ICS 5) section 4-134 "Report for Tax Levy", the Firefighters' Pension Board shall report annually to the Village Board on the condition of the pension fund at the end of its most recently completed fiscal year. The report shall be made prior to the board meeting held for appropriating and levying taxes for the year for which the report is made.

The Pension Board shall certify and provide the following information:

- (1) Total assets of the fund - As of December 31, 2022, the market value of the Fire Pension Fund's portfolio is \$43,518,610.
- (2) Estimated receipts during the next succeeding year - The following summarizes the various projected revenue sources for the 2024 calendar year:

Property Tax, 2023 Levy (to be paid by taxpayers in 2024)	\$2,869,792
Property Tax, Prior Years Collections	10,000
Personal Property Replacement Tax	20,000
Interest Income	5,000
Net Change in Investments (FPIF)	1,712,000
Employee Contributions	<u>509,000</u>
Total Estimated 2024 Budget Revenues	\$5,125,792
- (3) Estimated amount necessary to meet the annual actuarial requirements – The Village's independently hired actuary has advised the Village that employer contributions for 2024 (2023 tax levy) should be \$2,869,792. This amount is an increase of 48.7% over last year's employer contribution of \$1,929,736. The detailed actuarial report is available under a separate cover. The increase in the Tax Levy is attributable to investment losses in the prior year as well as additional retirements and disability benefits impacting the actuary report. In addition, the State of Illinois mandates the rules for Public Safety Pension Funds which requires us to be 90% funded by 2040.
- (4) Total net income received from investments – In 2022, the Fire Pension Funds investment assets were consolidated into the Illinois Firefighters' Pension Investment Fund (FPIF). The current assumed long-term annual rate of return is 7.0%. For 2022, the Fire Pension Fund's actual investment rate of return was -14.3% compared to 14.2% in 2021. For comparison purposes, the average annual yield over the past ten, twenty, and thirty years is 4.5%, 5.4%, and 6.0% respectively.

- (5) The total number of active employees who are financially contributing to the fund – There are 50 sworn firefighters who are contributing to the Fire Pension Fund.
- (6) The total amount disbursed in benefits to participants (per Actuarial Valuation Report) –
- i) 25 retired annuitants received a total of \$1,871,168
 - ii) 12 disabled annuitants received a total of \$683,158
 - iii) 3 survivor annuitants received a total of \$220,580
 - iv) There were \$95,002 in refund payments to terminated employees in 2022.
- (7) The funded ratio of the fund – The current percent funded ratio for the Fire Pension Fund is decreased to 65.0% this year from 86.8% last year. (Please note that this funding ratio is presented in accordance with Illinois State Statute, which requires use of a 5-year average market value of investments.)
- (8) The unfunded liability carried by the fund, along with the actuarial explanation of the unfunded liability – The actuary uses the Entry Age Normal Cost Method to determine total Accrued Liability. The Unfunded Accrued Liability is the excess of the total Accrued Liability over the Actuarial Value of the Assets.
- For the year beginning January 1, 2023, the total Actuarial Value of Assets was \$43,518,610. The total Accrued Liability was \$66,961,426 therefore the Unfunded Accrued Liability was \$23,442,816.
- (9) Investment policy – The Fire Pension Fund’s Investment Policy is posted on the Village of Streamwood’s website.

The Village is authorized to publish this report on its website.