

**Village of North Riverside, IL**  
**Administrative Committee Agenda**

**November 20, 2023**

**6pm**

**Location: NR Board Room**

**Meeting and Public Comment Procedures:**

The Administrative Committee will meet in person. Public comments shall be limited to no more than a total of 30 minutes. Persons seeking to address the Committee shall be limited to 3 minutes. Public comments are welcome on any topic related to the business of the Administrative Committee during the portion of the meeting designated for public comments. Individuals who wish to comment must first be recognized by the Committee Chair and then identify themselves prior to speaking.

**Committee of the Whole Structure:**

Trustee Sarro, Chairwoman

- I. Call to Order**
- II. Roll Call**
- III. Approval of Minutes**
  1. November 6, 2023
- IV. Public Comments**
- V. New Business**
  1. Audit Presentation – FY23
  2. Police & Fire Actuary Presentations – FY23
- VI. Adjournment**

Posted: November 17, 2023

Village of North Riverside  
Administrative Committee Meeting Minutes  
November 6, 2023

**Committee Members Present:**

Trustee Sarro, Chairwoman  
Trustee Bianco  
Trustee Czajka  
Trustee Flores  
Trustee Santucci  
Trustee Tricoci

Others in attendance were Mayor Mengoni, Administrator Scarpiniti, Finance Director Lawler, Fire Chief McDermott and Recreation Director Broderick.

Trustee Sarro called the meeting to order at 6:02 pm. The following is a summary of the meeting:

**Approval of Minutes:** Minutes of the Administrative Committee meeting of September 12, 2023 were unanimously approved.

**Public Comments:** The floor was opened for public comments and there were none.

**Agenda 1: Discussion of 2023 Tax Levy.** The Administrator and Finance Director led a detailed discussion of the 2023 levy process and viable levy strategies for consideration. Comparative property tax data was provided to the Committee from neighboring towns to illustrate assessment trends, tax levy information, and municipal revenue collections. Finance Director Lawler also provided an overview of the impact of current economic conditions and pension obligations on the operations of the Village. Due to these factors, staff recommended an increase of 4.99% to the property tax levy for the 2023 Tax Levy.

Staff also presented on and requested the approval of a Special Recreation Assessment (SRA). The new tax levy would generate approximately \$100,000 in additional property tax revenue dedicated to special recreation services in the community.

The Chairwoman led the committee discussion on the topic and committee members directed questions to the appropriate staff members for clarification. The Committee then unanimously concurred with both staff recommendations. The approval of the 2023 Tax Levy is scheduled for Village Board consideration at the December 11<sup>th</sup> board meeting.

The meeting was adjourned at 6:46 pm.

Respectfully submitted,

*Terri Sarro*

Trustee Terri Sarro, Chairwoman



Lauterbach & Amen, LLP

CERTIFIED PUBLIC ACCOUNTANTS

# North Riverside Firefighters' & Police Pension Fund Reporting

For the Contribution Year Ending April 30, 2024 for Funding Purposes  
For the Fiscal Year Ending April 30, 2023 for Financial Statement Reporting

Presented by:  
Kevin Cavanaugh, Principal

**Actuarial**

**Audit**

**Financial  
Services**

**Pension**

**Tax**

# Recommended Contribution & Funded Status

Page 8 in Report

	Fire	Police	Total
Current Valuation Recommended Contribution	\$1,776,777	\$2,648,607	\$4,425,384
Prior Valuation Recommended Contribution	\$1,621,366	\$2,501,506	\$4,122,872
Current Valuation EAN Unfunded Liability	\$19,407,200	\$28,193,000	\$47,600,200
Prior Valuation EAN Unfunded Liability	\$18,626,000	\$27,820,600	\$46,446,600
Current Valuation Percent Funded (AVA)	39.93%	43.92%	42.36%
Prior Valuation Percent Funded (AVA)	40.01%	42.95%	41.81%

*The Total Recommended Contribution has Increased by \$302,512 (7.34%) from the Prior Valuation.*

# Recommended Contribution Reconciliation

## Page 16 in Report

	Fire	Police	Total
Expected Changes	\$52,700	\$75,000	\$127,700
Salary Increases Greater/(Less) than Expected	\$11,400	\$26,700	\$38,100
Actuarial Experience	\$85,700	\$36,500	\$122,300
Assumption Changes	\$0	\$0	\$0
Plan Changes	(\$9,100)	(\$9,200)	(\$18,300)
Asset Return (Greater)/Less than Expected	\$19,600	\$22,600	\$42,200
Contributions (Greater)/Less than Expected	(\$5,000)	(\$4,500)	(\$9,500)
Net Increase/(Decrease) in Recommended Contribution	\$155,400	\$147,100	\$302,500

*Current Funding Policy is Level % Pay Contributions to a 100% Funding Target Over the Remaining 17 Years.*

# Recommended Contribution Breakdown

Page 27 in Report

	Fire	Police	Total
Employer Normal Cost (with interest)	\$206,672	\$327,678	\$534,350
Amortization of Unfunded Accrued Liability/(Surplus)	\$1,570,105	\$2,320,929	\$3,891,034
Recommended Contribution	\$1,776,777	\$2,648,607	\$4,425,384

*The Total  
Recommended  
Contribution has  
Increased by 7.34%  
from the Prior  
Valuation.*

# Demographic Changes - Fire

Page 13-14 in Report

- There were 5 Members who were hired during the year. This increased the Recommended Contribution by approximately \$49,000.
- There was 1 Member who became disabled during the year. This increased the Recommended Contribution by approximately \$5,100.
- There were 24 inactive Members who continued to collect benefits. This increased the Recommended Contribution by approximately \$28,900.
- Other demographic changes experienced during the year were minimal.

# Demographic Changes - Police

Page 13-14 in Report

- There was 1 Member who was hired during the year. This increased the Recommended Contribution by approximately \$6,500.
- There were 35 inactive Members continued to collect benefits. This increased the Recommended Contribution by approximately \$32,800.
- Other demographic changes experienced during the year were minimal.



# Age and Service Distribution - Fire

## Page 36 in Report

5/1/2023 Age and Service Distribution - Tier 1 Tier 2 Active Members												
	Service	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	Total
Age												
Under 25		0 1										0 1
25 to 29		0 2		0 1								0 3
30 to 34		0 1	0 1	0 1								0 3
35 to 39		0 1	0 1									0 2
40 to 44					0 1		1 0					1 1
45 to 49							2 0					2 0
50 to 54							1 0	1 0				2 0
55 to 59												
60 to 64												
65 to 69												
70 & up												
Total		0 5	0 2	0 2	0 1		4 0	1 0				5 10



# Age and Service Distribution - Police

Page 36 in Report

5/1/2023 Age and Service Distribution - Tier 1 Tier 2 Active Members												
	Service	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	Total
Age												
Under 25												
25 to 29		0 1	0 3	0 1								0 5
30 to 34			0 2	0 2								0 4
35 to 39			0 1	0 3	1 2	1 0						2 6
40 to 44					0 1	3 0	1 0					4 1
45 to 49												
50 to 54							1 0					1 0
55 to 59								2 0				2 0
60 to 64												
65 to 69												
70 & up												
Total		0 1	0 6	0 6	1 3	4 0	2 0	2 0				9 16



# Expected Benefit Payments

Page 9 & 35 in Report

	Fire	Police	Total
Total Active Members	15	25	40
Total Inactive Members	29	38	67
Current Benefit Payments	\$1,853,300	\$2,741,900	\$4,595,200
Expected Benefit Payments in 5 Years	\$2,234,900	\$3,205,200	\$5,440,100
Expected Benefit Payments in 10 Years	\$2,578,100	\$3,663,000	\$6,241,100

*Benefit Payments  
are Anticipated to  
Increase 18% in the  
Next 5 Years and  
36% in the Next 10  
Years.*

# Assumption Changes – Fire

Page 14 in Report

- The year over year step increases dictated by the salary schedule did change from the prior salary schedule; therefore, we have updated the individual pay increases assumption.

# Plan Changes

## Page 14 in Report

- For the Police Pension Fund, Public Act 102-0811 passed on May 13, 2022 and is effective as of January 1, 2023 for Article 3 Pension Funds. The Act establishes that a surviving spouse of a deceased police retiree may be eligible for a survivor's pension of up to 15 years of benefit payments if (a) the surviving spouse has attained age 62 and (b) if the police officer was married to the surviving spouse after retirement, and for at least 5 years prior to the officer's death.
  - Previously, there was no survivor's pension for spouses married after retirement.
  - For any current retirees who were married after retirement and have been married for at least 5 years, as well as any surviving spouses currently in receipt of benefits under this provision, we have valued the liability of the benefit granted.
- For the Fire & Police Pension Funds, late in 2022, the IDOI Public Pension Division issued an unofficial opinion that Tier II disabled Members are entitled to an initial COLA increase on the later of the January 1<sup>st</sup> after the pensioner turns age 60 or the January 1<sup>st</sup> after the benefit date anniversary equal to the lesser of 3% of the original benefit or ½ CPI-U. The prior interpretation from the IDOI Public Pension Division was that Tier II disabled members were entitled to an initial COLA increase on the later of the January 1<sup>st</sup> after the pensioner turns age 60 or the January 1<sup>st</sup> after the benefit date anniversary equal to 3% of the original monthly benefit *for each full year that has passed since the pension began*.
  - In accordance with the new opinion, we have included a change in liability due to a change in the substantive plan, which includes written provisions as well as administrative interpretations.

# Change in Fair Value of Assets

Page 18 in Report

	Fire	Police	Total
Beginning Fair Value of Assets	\$11,931,800	\$20,354,600	\$32,286,400
Employer Contributions	\$1,679,000	\$2,541,000	\$4,220,000
Member Contributions	\$112,500	\$272,000	\$384,500
Return on Investments	\$68,700	\$521,400	\$590,100
Benefits and Refunds	(\$1,856,300)	(\$2,741,900)	(\$4,598,100)
Other Expenses	(\$41,800)	(\$36,000)	(\$77,800)
Change in Fair Value	(\$37,900)	\$556,600	\$518,600
Ending Fair Value of Assets	\$11,893,800	\$20,911,200	\$32,805,000

*The Rate of Return on Investments on a Fair Value of Assets Basis for the Fund was Approximately 0.23% for Fire and 2.38% for Police Net of Administrative Expense.*

# Risk Management

Page 11, 13 & 24 in Report

## Fire

- The Fair Value of Assets (\$11.9M) is less than the Actuarial Accrued Liability for inactive Members (\$26.8M).
- The ratio of benefit payments to the Fair Value of Assets is 15.58%, compared to an Expected Rate of Return on Investments of 6.75%.
- Based on the number of active Members in the Plan, there is a moderate demographic risk.

	0.25% Decrease (6.50%)	Current Expected Rate of Return on Investments (6.75%)	0.25% Increase (7.00%)
Recommended Contribution	\$1,842,931	\$1,776,777	\$1,713,040
Dollar Impact	\$66,154		(\$63,737)
Percentage Impact	3.72%		(3.59%)

## Police

- The Fair Value of Assets (\$20.9M) is less than the Actuarial Accrued Liability for inactive Members (\$40.2M).
- The ratio of benefit payments to the Fair Value of Assets is 13.11%, compared to an Expected Rate of Return on Investments of 6.75%.
- Based on the number of active Members in the Plan, there is a moderate demographic risk.

	0.25% Decrease (6.50%)	Current Expected Rate of Return on Investments (6.75%)	0.25% Increase (7.00%)
Recommended Contribution	\$2,773,697	\$2,648,607	\$2,528,390
Dollar Impact	\$125,090		(\$120,217)
Percentage Impact	4.72%		(4.54%)

# Alternative Contribution

## Page 31 in Report

	Fire	Police	Total
Alternative Contribution	\$1,535,996	\$2,202,378	\$3,738,374
PUC Unfunded Actuarial Liability	\$20,271,200	\$28,696,100	\$48,967,300
Alternative Contribution Funded Percentage (AVA)	38.89%	43.49%	41.67%



# Five-Year Employer Contribution History - Fire

Page 33 in GASB 67/68 Report

Fiscal Year End	Employer Contribution	Actuarially Determined Contribution (ADC)	% of ADC
4/30/2023	\$1,679,000	\$1,606,000	104.55%
4/30/2022	\$1,711,490	\$1,503,000	113.87%
4/30/2021	\$1,775,000	\$1,388,000	127.88%
4/30/2020	\$1,260,101	\$1,260,061	100.00%
4/30/2019	\$1,250,000	\$1,200,581	104.12%
		<b>5 - Year Average</b>	<b>110.08%</b>

*The Actuarially Determined Contribution for the Current Year is the Transition Contribution from the May 1, 2021 Actuarial Valuation Completed by Lauterbach & Amen, LLP.*

There is a Formal Funding Policy that exists between the Pension Board and the Village. See page 32 in the GASB 67/68 Actuarial Report for a detailed explanation of the Formal Funding Policy.

# Five-Year Employer Contribution History - Police

Page 33 in GASB 67/68 Report

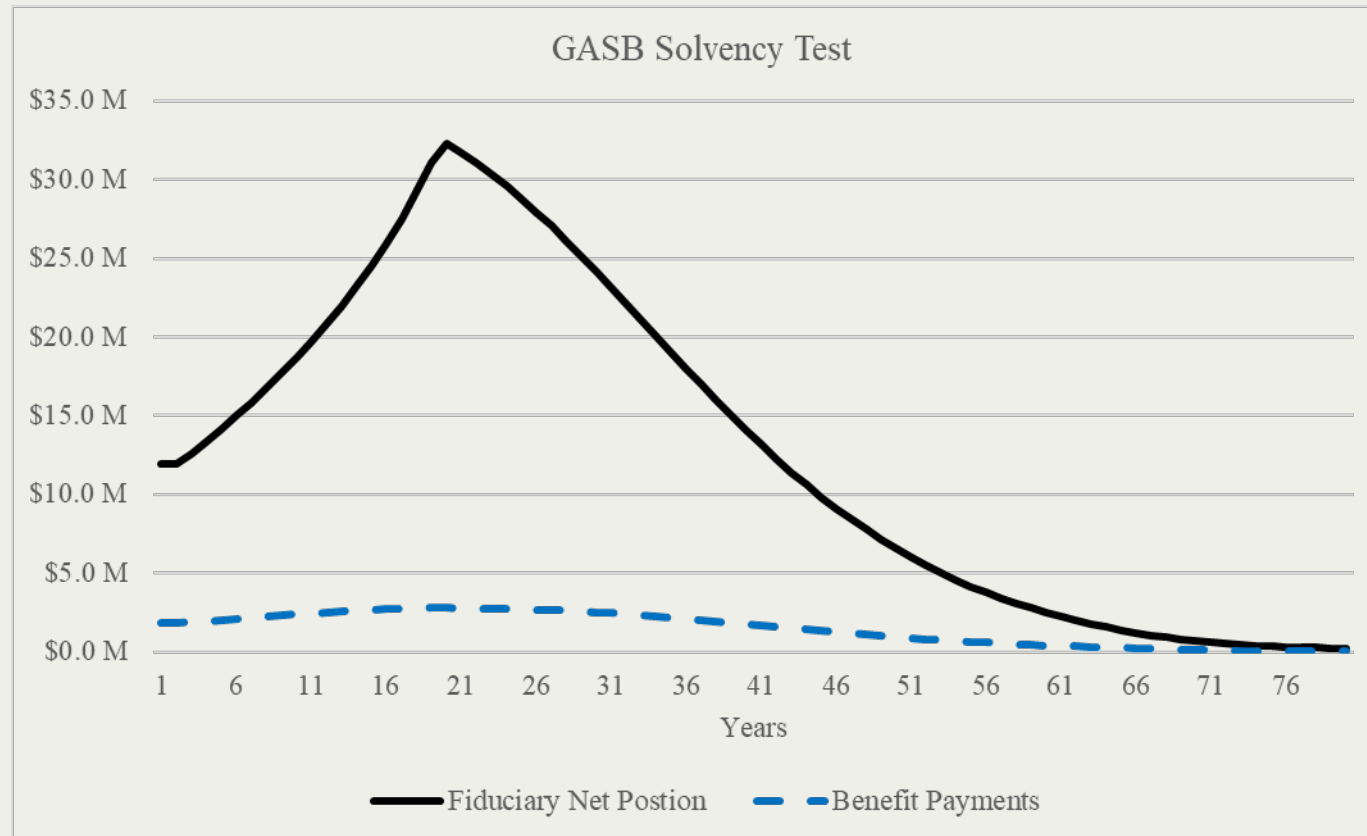
Fiscal Year End	Employer Contribution	Actuarially Determined Contribution (ADC)	% of ADC
4/30/2023	\$2,541,000	\$2,207,000	115.13%
4/30/2022	\$2,483,829	\$2,065,000	120.28%
4/30/2021	\$2,426,838	\$1,902,000	127.59%
4/30/2020	\$1,777,501	\$1,777,288	100.01%
4/30/2019	\$1,700,000	\$1,624,735	104.63%
		<b>5 - Year Average</b>	<b>113.53%</b>

*The Actuarially Determined Contribution for the Current Year is the Transition Contribution from the May 1, 2021 Actuarial Valuation Completed by Lauterbach & Amen, LLP.*

There is a Formal Funding Policy that exists between the Pension Board and the Village. See page 32 in the GASB 67/68 Actuarial Report for a detailed explanation of the Formal Funding Policy.

# GASB Solvency Test - Fire

Page 42 in GASB 67/68 Report

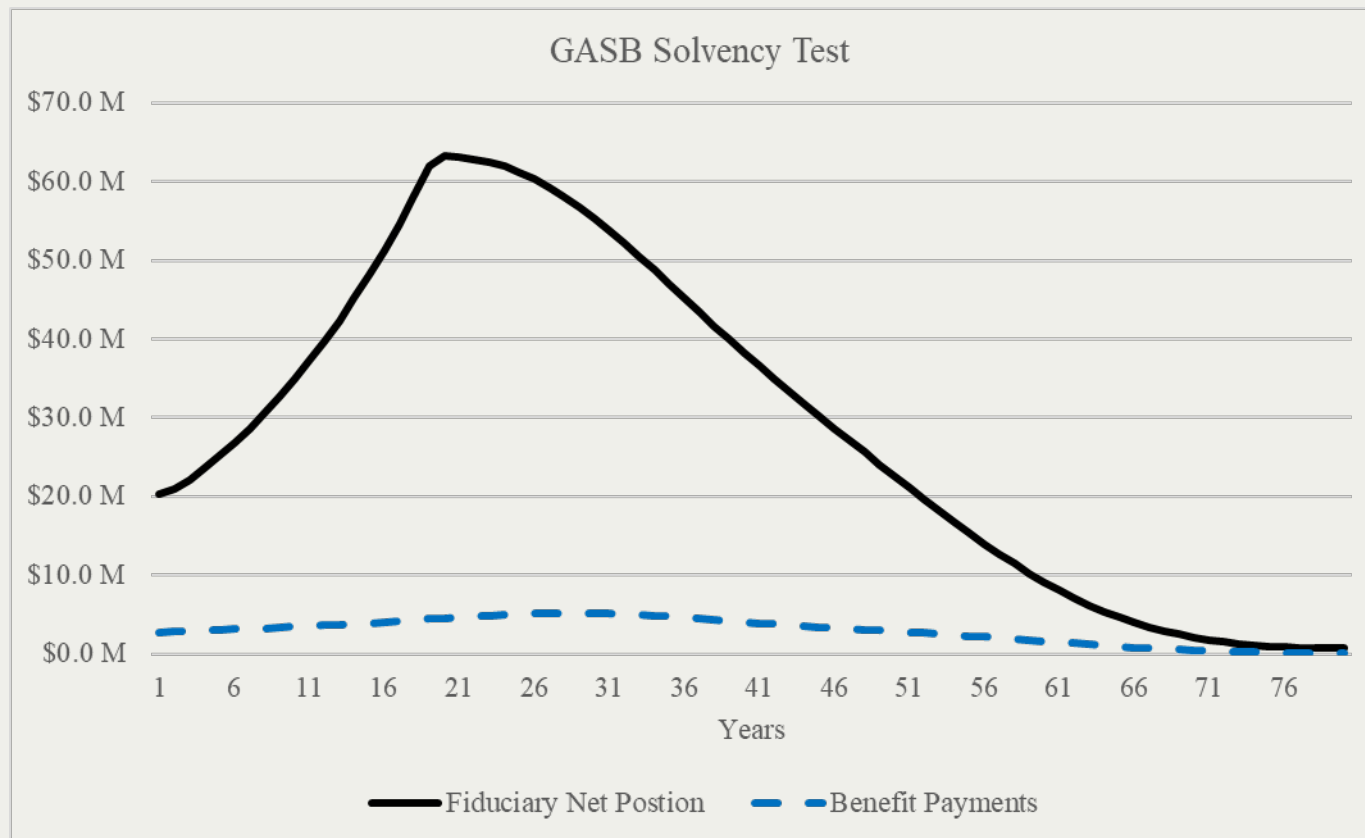


*The Plan's Projected Fiduciary Net Position is Anticipated to Cover Projected Benefit Payments in Full for the Current Employees.*



# GASB Solvency Test - Police

Page 42 in GASB 67/68 Report



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



# Actuarial Certification

- The valuation results summarized in this presentation are from the May 1, 2023 Firefighters' and Police Actuarial Funding Reports & May 1, 2022 Firefighters' and Police GASB 67/68 Reports, 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 Contributions, under the selected Funding Policies, and the Alternative Contributions.
  - 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.