



INTERDEPARTMENTAL MEMORANDUM

TO: Streamwood Village Board and Firefighters' Pension Board Members
FROM: Josh Peacock, Treasurer
DATE: October 1, 2021
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, 2020, the market value of the Fire Pension Fund's portfolio is \$44,802,445.
- (2) Estimated receipts during the next succeeding year - The following summarizes the various projected revenue sources for the 2022 calendar year:

Property Tax, 2021 Levy (to be paid by taxpayers in 2022)	\$1,883,113
Property Tax, Prior Years Collections	7,500
Personal Property Replacement Tax	15,000
Interest Income	300,000
Net Change in Treasury/Mutual Fund Investments	1,600,000
Employee Contributions	<u>465,000</u>
Total Estimated 2022 Budget Revenues	\$4,270,613

- (3) Estimated amount necessary during such period to meet the annual actuarial requirements – The Village's independently hired actuary has advised the Village that employer contributions for 2022 (2021 tax levy) should be \$1,883,113. This amount is a decrease of 0.2% over last year's employer contribution of \$1,886,513. The detailed actuarial report is available under a separate cover. The decrease in the Tax Levy is directly attributable to solid investment returns over the last several years.
- (4) Total net income received from investments – The Fire Pension Fund currently invests approximately 60% of its investments in equities and 40% in fixed income securities. This investment strategy is setup to achieve a 7.0% long-term annual rate of return which is also the actuarial assumed rate of return. The Fire Pension Fund's actual investment rate of return was 7.1% in 2020 compared to 15.9% in 2019. For comparison purposes, the average annual yield over the past five, ten, and thirty years is 5.9%, 5.8%, and 6.6% respectively.

- (5) The total number of active employees who are financially contributing to the fund – There are 52 sworn firefighters who are contributing to the Fire Pension Fund.
- (6) The total amount disbursed in benefits to participants (per Actuarial Valuation Report) –
- i) 11 disabled annuitants received a total of \$602,377
 - ii) 21 retired annuitants received a total of \$1,549,285
 - iii) 3 survivor annuitants received a total of \$220,580
 - iv) 1 terminated employees received a total of \$5,668
- (7) The funded ratio of the fund – The current percent funded ratio for the Fire Pension Fund is up to 80.9% this year from 78.1% 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, 2021, the total Actuarial Value of Assets was \$44,834,969. The total Accrued Liability was \$55,141,584 therefore the Unfunded Accrued Liability was \$10,306,615.
- (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 Internet website.

cc: Joe Enzbigilis, Firefighters’ Pension Board President