President
Michael Foster
P. O. Box 49
Mt. Zion, IL 62549

Treasurer
Corey McKenzie
1400 Mt. Zion Parkway
Mt. Zion, IL 62549

Mount Zion Police Pension Fund

NOTICE OF A REGULAR MEETING OF THE BOARD OF TRUSTEES

The Mt. Zion Police Pension Fund Board of Trustees will conduct a regular meeting on **Tuesday, April 16, 2024 at 3:00 p.m.** in the Village Hall located at 1400 Mt. Zion Parkway, Mt. Zion, Illinois 62549, for the purposes set forth in the following agenda:

Members of the public may monitor the meeting by joining the conference call as follows:

Teleconference: 1-800-791-2345 Code: 37889#

AGENDA

1. Call to Order
2. Roll Call
3. Public Comment
4. Approval of Meeting Minutes
   a.) January 16, 2024 Regular Meeting
5. Accountant's Report – Lauterbach & Amen, LLP
   a.) Monthly Financial Report
   b.) Presentation and Approval of Bills
   c.) Additional Bills, if any
      i. Cavanagh & O'Hara, LLP Legal Service Invoices
   d.) Review/Update – Cash Management Policy
6. Investment Report
   a.) IPOPIF – Verus Advisory, Inc
      i. State Street Statement
7. Communications and Reports
   a.) Statements of Economic Interest
8. Trustee Training Updates
   a.) Approval of Trustee Training Registration Fees and Reimbursable Expenses
9. Applications for Membership/Withdrawals from Fund
10. Applications for Retirement/Disability Benefits
11. Old Business
12. New Business
    a.) Review/Approve – Fiduciary Liability Insurance Renewal
    b.) Certify Board Election Results – Active and Retired Member Positions
    c.) Appointed Member Term Expiration – Dan Martini
    d.) Review Preliminary Actuarial Valuation
    e.) IDOI Annual Statement
13. Attorney's Report – Cavanagh & O'Hara, LLP
    a.) Legal Updates
14. Closed Session, if needed
15. Adjournment

MINUTES OF A REGULAR MEETING OF THE MT. ZION POLICE PENSION FUND BOARD OF TRUSTEES JANUARY 16, 2024

A regular meeting of the Mt. Zion Police Pension Fund Board of Trustees was held on Tuesday, January 16, 2024 at 3:00 p.m. in the Village Hall located at 1400 Mt. Zion Parkway, Mt. Zion, Illinois 62549, pursuant to notice.

CALL TO ORDER: Trustee Foster called the meeting to order at 3:01 p.m.

ROLL CALL:

PRESENT:	Trustees Mike Foster, Seth Baker, Matt Travis, Jim Stevens *(arrived at 3:05 p.m.)*, and Dan Martini *(via teleconference)*
ABSENT:	None
ALSO PRESENT:	Treasurer Corey McKenzie, Village of Mt. Zion; Attorney John Wolters *(via teleconference)* and Hayden Eddings *(via teleconference)*, Cavanagh & O'Hara, LLP; Catelyn Vail, Lauterbach & Amen, LLP (L&A)

Meeting Note: Trustee Martini attended the meeting remotely and was therefore required to abstain from all voting due to not having the privilege to vote remotely.

PUBLIC COMMENT: There was no public comment.

APPROVAL OF MEETING MINUTES: *October 17, 2023 Regular Meeting:* The Board reviewed the October 17, 2023 regular meeting minutes. A motion was made by Trustee Foster and seconded by Trustee Travis to approve the October 17, 2023 regular meeting minutes as written. Motion carried unanimously by voice vote with Trustee Martini abstaining.

Semi-Annual Review of Closed Session Meeting Minutes: There were no closed session meeting minutes for review.

Trustee Stevens arrived at 3:05 p.m.

ACCOUNTANT'S REPORT – LAUTERBACH & AMEN, LLP: *Monthly Financial Report and Presentation and Approval of Bills:* The Board reviewed the Monthly Financial Report for the eleven-month period ending November 30, 2023 prepared by L&A. As of November 30, 2023, the net position held in trust for pension benefits is $3,543,712.74 for a change in position of $437,064.87. The Board also reviewed the Cash Analysis Report, Revenue Report, Expense Report, Member Contribution Report, Payroll Journal, Quarterly Deduction Report, Quarterly Transfer Report and the Quarterly Disbursement Report for the period September 1, 2023 through November 30, 2023 for total disbursements of $4,144.66. A motion was made by Trustee Foster and seconded by Trustee Stevens to accept the Monthly Financial Report as presented and to approve the disbursements shown on the Quarterly Disbursement Report in the amount of $4,144.66. Motion carried by roll call vote.

AYES:	Trustees Foster, Baker, Travis, and Stevens
NAYS:	None
ABSENT:	None
ABSTAIN:	Trustee Martini

Additional Bills, if any: The Board reviewed the following additional bills for approval:

- Lauterbach & Amen, LLP invoice #83869 in the amount of $500.00 for preparation of the Municipal Compliance Report for fiscal year ended December 31, 2022
- Lauterbach & Amen, LLP invoice #84450 in the amount of $750.00 for benefits, payroll and PSA services for the month of October 2023

- Lauterbach & Amen, LLP invoice #85457 in the amount of $750.00 for benefits, payroll and PSA services for the month of November 2023
- Lauterbach & Amen, LLP invoice #86254 in the amount of $750.00 for benefits, payroll and PSA services for the month of December 2023
- Cavanagh & O'Hara, LLP invoice #145 in the amount of $2,058 for legal services rendered
- Cavanagh & O'Hara, LLP invoice #146 in the amount of $22.45 for legal services rendered

A motion was made by Trustee Foster and seconded by Trustee Travis to approve the additional bills as presented. Motion carried by roll call vote.

AYES: Trustees Foster, Baker, Travis, and Stevens
NAYS: None
ABSENT: None
ABSTAIN: Trustee Martini

Review/Update – Cash Management Policy: The Board discussed the Cash Management Policy and determined that no changes are required at this time.

INVESTMENT REPORT: *IPOPIF – Verus Advisory, Inc:* The Board reviewed the IPOPIF Investment Performance Review prepared by Verus Advisory, Inc. for the period ending December 31, 2023. As of December 31, 2023, the one-month net return is 4.6% and the year-to-date total net return is 13.7% for an ending market value of $10,001,345,755.

State Street Statement: The Board reviewed the State Street Statement for the period ending December 31, 2023. The beginning value was $3,493,497.18, the ending value was $3,654,907.74 and the net return was 4.62%.

COMMUNICATIONS AND REPORTS: *Affidavits of Continued Eligibility:* The Board noted that all 2024 Affidavits of Continued Eligibility have been received by L&A and the originals were given to the Board for their recordkeeping.

Statements of Economic Interest: The Board noted that the List of Filers must be submitted to the County by the Village by February 1, 2024. Statements of Economic Interest will be sent to all registered filers who will need to respond by the deadline of May 1, 2024.

TRUSTEE TRAINING UPDATES: The Board reviewed the Trustee Training Summary and discussed upcoming training opportunities. Trustees were reminded to submit any certificates of completion to L&A for recordkeeping.

Approval of Trustee Training Registration Fees and Reimbursable Expenses: There were no trustee training registration fees or reimbursable expenses presented for approval.

APPLICATIONS FOR MEMBERSHIP/WITHDRAWALS FROM FUND: *Application for Membership – Noah Ruenger:* The Board reviewed the Application for Membership submitted by Noah Ruenger. A motion was made by Trustee Foster and seconded by Trustee Stevens to accept Noah Ruenger into the Mt. Zion Police Pension Fund effective December 11, 2023 as a Tier II participant. Motion carried unanimously by voice vote.

APPLICATIONS FOR RETIREMENT/DISABILITY BENEFITS: There were no applications for retirement or disability benefits.

OLD BUSINESS: There was no old business to discuss.

NEW BUSINESS: *Approve Annual Cost of Living Adjustments for Pensioners*: The Board reviewed the 2024 Cost of Living Adjustments calculated by L&A. A motion was made by Trustee Travis and seconded by Trustee Stevens to approve the 2024 Cost of Living Adjustments as required by statute and calculated by L&A. Motion carried by roll call vote.

AYES:	Trustees Foster, Baker, Travis, and Stevens
NAYS:	None
ABSENT:	None
ABSTAIN:	Trustee Martini

Review Trustee Term Expirations and Election Procedures: The Board noted that the active member terms currently held by Trustee Foster and Trustee Travis and the retired member term currently held by Trustee Stevens are expiring in May 2024. Trustees Foster, Travis and Stevens expressed their interest to remain on the Board if nominated. L&A will conduct an election on behalf of the Pension Fund for two of the active member Trustee positions and the retired member Trustee position. The Board also noted that the appointed member position held by Trustee Martini is expiring in May 2024 and he is interested in remaining on the Board. The Board will contact the Village and seek reappointment of Trustee Martini.

ATTORNEY'S REPORT – CAVANAGH & O'HARA: *Legal Updates:* Attorney Wolters provided legislative updates pertaining to Article 3 Pension Funds; including recent court cases and decisions, as well as general pension matters.

CLOSED SESSION, IF NEEDED: There was no need for closed session.

ADJOURNMENT: A motion was made by Trustee Travis and seconded by Trustee Stevens to adjourn the meeting at 3:24 p.m. Motion carried unanimously by voice vote.

The next regular meeting is scheduled for April 16, 2024 at 3:00 p.m.

____
Board President or Secretary

Minutes approved by the Board of Trustees on ____________________

Minutes prepared by Catelyn Vail, Professional Services Administrator, Lauterbach & Amen, LLP

Mount Zion Police Pension Fund

Monthly Financial Report

For the Month Ended

February 29, 2024

Prepared By

Lauterbach & Amen, LLP

CERTIFIED PUBLIC ACCOUNTANTS

668 N. RIVER ROAD • NAPERVILLE, ILLINOIS 60563

PHONE 630.393.1483 • FAX 630.393.2516

www.lauterbachamen.com

Mount Zion Police Pension Fund

Table of Contents

	Starting on Page
Accountants' Compilation Report	1-1
Financial Statements	
Statement of Net Position - Modified Cash Basis	2-1
Statement of Changes in Net Position - Modified Cash Basis	2-2
Other Supplementary Information	
Cash & Investments - Pie Chart	3-1
Cash Analysis Report	4-1
Cash Analysis Summary - Graph	5-1
Revenue Report	6-1
Expenses - Bar Chart	7-1
Expense Report	8-1
Member Contribution Report	9-1
Payroll Batch Report	10-1
Quarterly Disbursement Report	11-1
Quarterly Deduction Report	12-1
Quarterly Transfer Report	13-1

Accountants' Compilation Report

Lauterbach & Amen, LLP
CERTIFIED PUBLIC ACCOUNTANTS
668 N. RIVER ROAD • NAPERVILLE, ILLINOIS 60563
PHONE 630.393.1483 • FAX 630.393.2516
www.lauterbachamen.com

March 28, 2024

Mount Zion Police Pension Fund
1400 Mount Zion Parkway
Mt. Zion, IL 62549

To Members of the Pension Board:

Management is responsible for the accompanying interim financial statements of the Mount Zion Police Pension Fund which comprise the statement of net position - modified cash basis as of February 29, 2024 and the related statement of changes in net position - modified cash basis for the two months then ended in accordance with the modified cash basis of accounting and for determining that the modified cash basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the interim financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these interim financial statements.

The interim financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all of the disclosures ordinarily included in interim financial statements prepared in accordance with the modified cash basis of accounting. If the omitted disclosures were included in the interim financial statements and other supplementary information, they might influence the user's conclusions about the Pension Fund's assets, liabilities, net position, additions and deductions. Accordingly, the interim financial statements and other supplementary information are not designed for those who are not informed about such matters.

Other Matter

The other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. The other supplementary information was subject to our compilation engagement. We have not audited or reviewed the other supplementary information nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the other supplementary information.

Cordially,

Lauterbach & Amen, LLP

Lauterbach & Amen, LLP

Financial Statements

Mount Zion Police Pension Fund
Statement of Net Position - Modified Cash Basis
As of February 29, 2024

Assets		
Cash and Cash Equivalents	$	49,352.15
Investments at Fair Market Value		
Pooled Investments		3,719,520.73
Total Cash and Investments		3,768,872.88
Total Assets		**3,768,872.88**
Net Position Held in Trust for Pension Benefits		**3,768,872.88**

See Accountants' Compilation Report

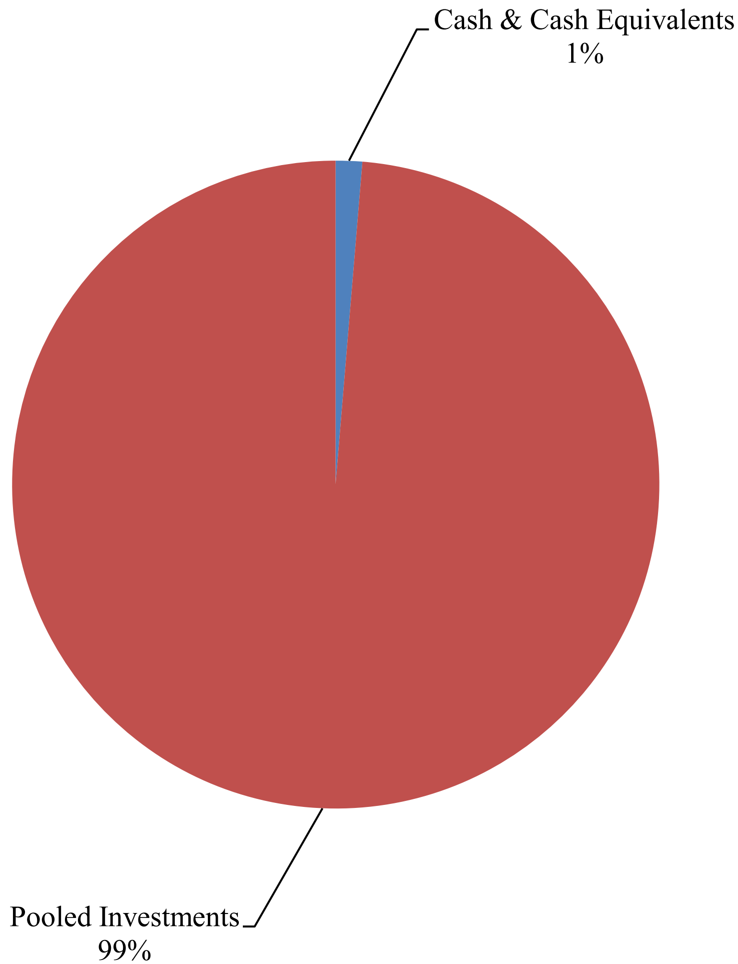
Mount Zion Police Pension Fund
Statement of Changes in Net Position - Modified Cash Basis
For the Two Months Ended February 29, 2024

Additions	
Contributions - Municipal	$ 0.00
Contributions - Members	15,069.44
Total Contributions	15,069.44
Investment Income	
Interest and Dividends Earned	2,505.66
Net Change in Fair Value	62,376.69
Total Investment Income	64,882.35
Less Investment Expense	(320.09)
Net Investment Income	64,562.26
Total Additions	**79,631.70**
Deductions	
Administration	5,745.45
Pension Benefits and Refunds	
Pension Benefits	10,637.24
Refunds	0.00
Total Deductions	**16,382.69**
Change in Position	**63,249.01**
Net Position Held in Trust for Pension Benefits	
Beginning of Year	3,705,623.87
End of Period	**3,768,872.88**

See Accountants' Compilation Report

Other Supplementary Information

Cash and Investments

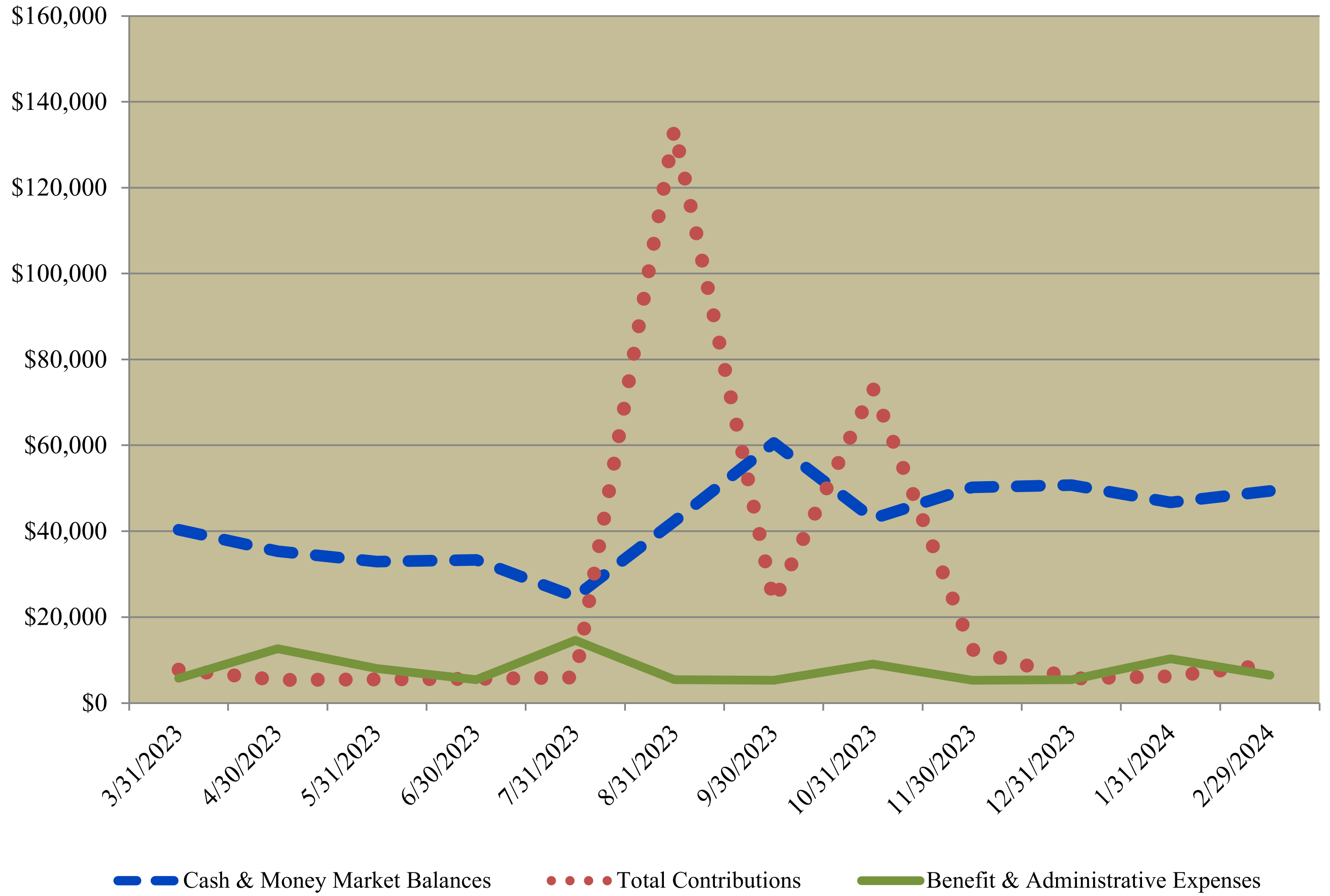


Mount Zion Police Pension Fund
Cash Analysis Report
For the Twelve Periods Ending February 29, 2024

	03/31/23	04/30/23	05/31/23	06/30/23	07/31/23	08/31/23	09/30/23	10/31/23	11/30/23	12/31/23	01/31/24	02/29/24
Financial Institutions												
BMO Bank - CK	$ 40,358	35,294	32,893	33,301	24,771	42,323	60,599	42,934	50,216	50,716	46,722	49,352
	40,358	35,294	32,893	33,301	24,771	42,323	60,599	42,934	50,216	50,716	46,722	49,352
Total	**40,358**	**35,294**	**32,893**	**33,301**	**24,771**	**42,323**	**60,599**	**42,934**	**50,216**	**50,716**	**46,722**	**49,352**
Contributions												
Current Tax	-	-	-	-	-	9,339	17,782	67,553	6,740	-	-	-
Personal Property Replacement Tax	-	-	-	-	-	116,151	-	-	-	-	-	-
Contributions - Current Year	7,750	5,365	5,465	5,589	5,941	8,249	5,658	5,706	5,717	5,678	6,166	8,903
	7,750	5,365	5,465	5,589	5,941	133,739	23,440	73,259	12,457	5,678	6,166	8,903
Expenses												
Pension Benefits	5,164	5,164	5,164	5,164	5,164	5,164	5,164	5,164	5,164	5,164	5,319	5,319
Administration	559	7,459	2,819	262	9,470	218	128	3,880	137	260	4,956	1,110
	5,723	12,623	7,983	5,426	14,634	5,382	5,292	9,044	5,301	5,424	10,275	6,429
Total Contributions less Expenses	**2,027**	**(7,258)**	**(2,518)**	**163**	**(8,693)**	**128,357**	**18,148**	**64,215**	**7,156**	**254**	**(4,109)**	**2,474**

Mount Zion Police Pension Fund

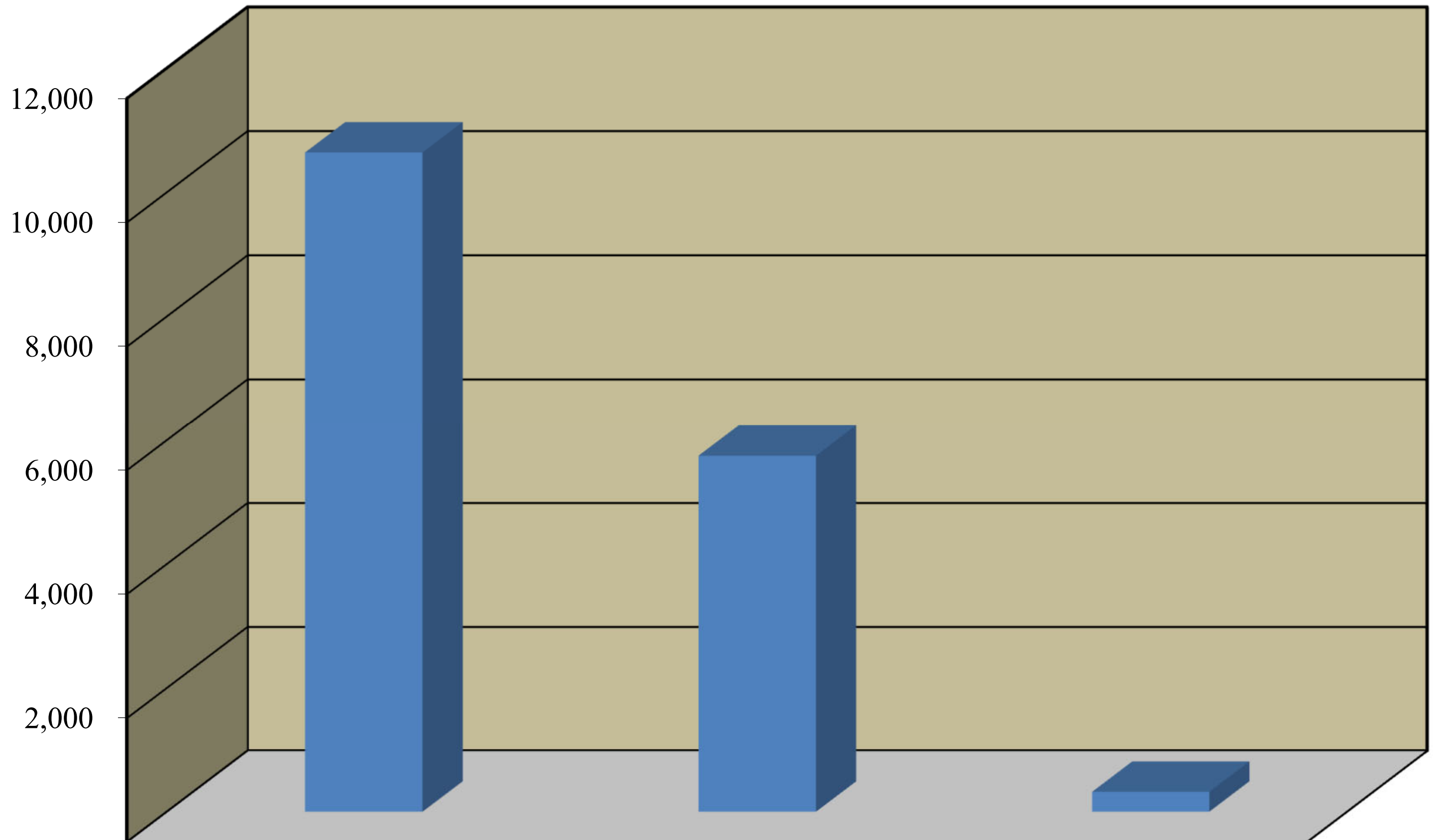
Cash Analysis Summary



Mount Zion Police Pension Fund
Revenue Report as of February 29, 2024

	Received this Month	Received this Year
Contributions		
Contributions - Members		
41-410-00 - Contributions - Current Year	8,903.16	15,069.44
	8,903.16	15,069.44
Total Contributions	**8,903.16**	**15,069.44**
Investment Income		
Interest and Dividends		
43-800-01 - IPOPIF Consolidated Pool Income	1,623.33	2,505.66
	1,623.33	2,505.66
Gains and Losses		
44-800-01 - IPOPIF Consolidated Pool - Unrealized	75,197.48	56,621.51
44-800-02 - IPOPIF Consolidated Pool - Realized	3,010.46	5,755.18
	78,207.94	62,376.69
Total Investment Income	**79,831.27**	**64,882.35**
Total Revenue	**88,734.43**	**79,951.79**

Pension Benefits and Expenses



	Service	Professional Services	Investment
Expenses	10,637	5,745	320

Mount Zion Police Pension Fund
Expense Report as of February 29, 2024

	Expended this Month	Expended this Year
Pensions and Benefits		
51-020-00 - Service Pensions	$ 5,318.62	10,637.24
Total Pensions and Benefits	**5,318.62**	**10,637.24**
Administrative		
Professional Services		
52-170-03 - Accounting & Bookkeeping Services	585.00	2,360.00
52-170-05 - Legal Services	0.00	2,080.45
52-170-06 - PSA/Court Reporter	330.00	1,305.00
	915.00	5,745.45
Investment		
52-190-04 - Bank Fees	39.72	50.73
52-195-02 - Administrative Expense (IPOPIF)	62.38	118.00
52-195-03 - Investment Expense (IPOPIF)	88.73	143.37
52-195-04 - Investment Manager Fees (IPOPIF)	4.12	7.99
	194.95	320.09
Total Administrative	**1,109.95**	**6,065.54**
Total Expenses	**6,428.57**	**16,702.78**

Mount Zion Police Pension Fund
Member Contribution Report
As of Month Ended February 29, 2024

Name		Thru Prior Fiscal Year	Current Fiscal Year	Service Purchase	Refunds	Total Contributions
Buscher, Brock P.	$	5,396.99	1,092.88	0.00	0.00	6,489.87
Floyd, Gaige W.M.		8,391.10	1,178.60	0.00	0.00	9,569.70
Foster, Michael R.		91,709.61	1,669.65	0.00	0.00	93,379.26
Halsey, Keaton L.		3,411.56	1,099.23	0.00	0.00	4,510.79
Higgins, Sean K.		31,253.00	1,335.35	0.00	0.00	32,588.35
Janes, Corey A.		46,865.56	1,310.16	0.00	0.00	48,175.72
Layendecker, Jonathan R.		29,566.72	1,303.64	0.00	0.00	30,870.36
Ruenger, Noah G.		95.29	1,040.34	0.00	0.00	1,135.63
Skundberg, Adam J.		116,365.59	1,882.60	0.00	0.00	118,248.19
Stevens, James R.		75,220.65	1,520.23	0.00	0.00	76,740.88
Travis, Matthew N.		81,202.63	1,636.76	0.00	0.00	82,839.39
Totals		**489,478.70**	**15,069.44**	**0.00**	**0.00**	**504,548.14**

Mount Zion Police Pension Fund

Multiple Batch Report

Check Date 2/29/2024

SSN	Family ID	Employee Name / Alt Payee Name	ACH	Retro / Check #	Net Amount	Member Gross	Federal Tax
Service							
***-**9394							
	123032	Stenger, Christopher L.	☑	☐	$4,315.96	$5,318.62	$1,002.66
				0			
			***-**9394 Subtotal:		$4,315.96	$5,318.62	$1,002.66
			Service Subtotal:		$4,315.96	$5,318.62	$1,002.66

Multiple Batch Report

Check Date 2/29/2024 ·

SSN	Family ID	Employee Name Alt Payee Name	ACH	Retro Check #	Net Amount	Member Gross	Federal Tax

Totals

ACH Flag	Payments	Net Payment Total	Gross	Federal Tax
Yes	1	$4,315.96	$5,318.62	$1,002.66
No	0	$0.00	$0.00	$0.00
Grand Total	1	$4,315.96	$5,318.62	$1,002.66

Mount Zion Police Pension Fund
Quarterly Disbursement Report

All Bank Accounts

December 1, 2023 - February 29, 2024

Date	Check Number	Vendor Name		Invoice Amount	Check Amount
12/22/23	50024	**BMO Bank**			
		52-190-04	Bank Fee	13.71	
			Check Amount		13.71
12/31/23	50025	**IPOPIF**			
		52-195-02	Administrative Expense	91.93	
		52-195-03	Investment Expense	42.57	
		52-195-04	Investment Manager Fees	111.79	
			Check Amount		246.29
01/22/24	50027	**BMO Bank**			
		52-190-04	Bank Fee	11.01	
			Check Amount		11.01
01/24/24	30041	**Cavanagh & O'Hara, LLP**			
		52-170-05	#145 Legal Service	2,058.00	
		52-170-05	#146 Legal Service	22.45	
			Check Amount		2,080.45
01/29/24	30040	**Lauterbach & Amen, LLP**			
		52-170-03	#83869 FYE22 MCR	500.00	
		52-170-03	#84450 10/23 Accounting Services	400.00	
		52-170-03	#84450 10/23 Benefits Administration	25.00	
		52-170-06	#84450 10/23 PSA	325.00	
		52-170-03	#85457 11/23 Accounting Services	400.00	
		52-170-03	#85457 11/23 Benefits Administration	25.00	
		52-170-06	#85457 11/23 PSA	325.00	
		52-170-03	#86254 12/23 Accounting Services	400.00	
		52-170-03	#86254 12/23 Benefits Administration	25.00	
		52-170-06	#86254 12/23 PSA	325.00	
			ACH Amount (Direct Deposit)		2,750.00
01/31/24	50026	**IPOPIF**			
		52-195-02	Administrative Expense	55.62	
		52-195-03	Investment Expense	54.64	
		52-195-04	Investment Manager Fees	3.87	
			Check Amount		114.13
02/20/24	30042	**Lauterbach & Amen, LLP**			
		52-170-03	#87038 01/24 Accounting Service	410.00	
		52-170-03	#87038 01/24 Benefits Administration	25.00	
		52-170-06	#87038 01/24 PSA	330.00	
			ACH Amount (Direct Deposit)		765.00

Mount Zion Police Pension Fund
Quarterly Disbursement Report

All Bank Accounts
December 1, 2023 - February 29, 2024

Date	Check Number	Vendor Name		Invoice Amount	Check Amount
02/22/24	50028	**BMO Bank**			
		52-190-04	Bank Fee	39.72	
				Check Amount	39.72
02/28/24	30044	**Lauterbach & Amen, LLP**			
		52-170-03	#87520 FYE23 1099s	150.00	
				ACH Amount (Direct Deposit)	150.00
02/29/24	50029	**IPOPIF**			
		52-195-02	Administrative Expense	62.38	
		52-195-03	Investment Expense	88.73	
		52-195-04	Investment Manager Fees	4.12	
				Check Amount	155.23
				Total Payments	6,325.54

Mount Zion Police Pension Fund
Quarterly Deduction Report

All Bank Accounts
December 1, 2023 - February 29, 2024

Date	Check Number	Vendor Name	Invoice Amount	Check Amount
12/29/23	30038	**Internal Revenue Service**		
		20-230-00 Internal Revenue Service	1,002.66	
		ACH Amount (Direct Deposit)		1,002.66
01/31/24	30039	**Internal Revenue Service**		
		20-230-00 Internal Revenue Service	1,002.66	
		ACH Amount (Direct Deposit)		1,002.66
02/29/24	30043	**Internal Revenue Service**		
		20-230-00 Internal Revenue Service	1,002.66	
		ACH Amount (Direct Deposit)		1,002.66
		Total Payments		3,007.98

Mount Zion Police Pension Fund
Quarterly Transfer Report

All Bank Accounts

December 1, 2023 - February 29, 2024

Date	Check Number	Vendor Name	Invoice Amount	Check Amount
			Total Payments	0.00

RECEIVED FEB 05 2024

Cavanagh | O'Hara LLP

ATTORNEYS AT LAW

Mt. Zion Police Pension Fund
Village Treasurer, Corey McKenzie
1400 Mt. Zion Parkway
Mt. Zion, IL 62549

Page: 1
January 31, 2024
Statement No. 148
Account No. 710.00

General

		Previous Balance		$2,080.45
		Fees		
			Hours	
01/15/2024	JAW	Review meeting materials for 1/16/24 meeting and review status of legislation and supreme court case for status report at meeting.	1.00	
01/16/2024	JAW	Attend 1st quarter Board meeting.	0.50	
		For Current Services Rendered	1.50	292.50

Recapitulation

Hours	Rate	Total
1.50	$195.00	$292.50

	Total Current Work	292.50
	Payments	
01/31/2024	Payment - Thank you!	-2,080.45
	Balance Due	$292.50

Please **check** and include your **Account Number** when remitting your payment. If you have any questions or if you would prefer to receive your statement via email , please call Amy at (217) 544-1771 or email amy@cavanagh-ohara.com.

RECEIVED MAR 0 7 2024

Cavanagh | O'Hara LLP

ATTORNEYS AT LAW

February 29, 2024

Statement No. 149

Account No. 710.00

Mt. Zion Police Pension Fund
Village Treasurer, Corey McKenzie
1400 Mt. Zion Parkway
Mt. Zion, IL 62549

General

		Previous Balance		$292.50

Fees

Date		Description	Hours	Amount
02/01/2024	JAW	Review of email from Corey McKenzie and lengthy email from Kevin Kavanaugh at Lauterback re proposal to prepare alternative tax levy calculation, review IPOPIF and DOI statutes for proper statutory citation and prepare email to Corey and Mike Foster recommending continued use of Foster & Foster estimate as required by statute.	0.50	
		For Current Services Rendered	0.50	97.50

Recapitulation

Hours	Rate	Total
0.50	$195.00	$97.50

Expenses

02/07/2024	Conference Call (01/16/24) - Board of Trustees' Meeting	22.73
	Total Expenses	22.73
	Total Current Work	120.23
	Balance Due	$412.73

Please **check** and include your **Account Number** when remitting your payment. If you have any questions or if you would prefer to receive your statement via email , please call Amy at (217) 544-1771 or email amy@cavanagh-ohara.com.

2319 West Jefferson Street, Springfield, Illinois 62702
Telephone: (217) 544.1771 Fax: (217) 544.9894
FEIN: 37-1259635

Mt. Zion Police Pension Fund
Cash Management

BMO Bank Account

Target Balance: $40,000
Maximum Balance: $80,000
Repeat Monthly Withdrawals from IPOPIF: $XXX

Authorized Agents
1) Michael Foster
2) Corey McKenzie

State Street Authorized Users
1) Michael Foster
2) Corey McKenzie
3) Susan Hill - L&A Representative

	Market Value	% of Portfolio	Target (%)	1 Mo	Fiscal YTD	YTD	1 Yr	2023	Since Inception	Inception Date
Total Fund with Member and Transition Accounts	**10,157,016,823**	**100.0**	**100.0**	**2.2**	**8.1**	**1.8**	**12.5**	**13.7**	**3.0**	**03/01/22**
Policy Index				*2.3*	*8.4*	*1.9*	*13.2*	*14.4*	*3.1*	
Policy Index- Broad Based				*2.6*	*9.0*	*2.3*	*16.0*	*16.8*	*2.5*	
IPOPIF Investment Portfolio	**10,157,016,823**	**100.0**	**100.0**	**2.2**	**8.1**	**1.8**	**12.5**	**13.7**	**2.8**	**04/01/22**
Policy Index				*2.3*	*8.4*	*1.9*	*13.2*	*14.4*	*3.0*	
Policy Index- Broad Based				*2.6*	*9.0*	*2.3*	*16.0*	*16.8*	*2.3*	
Growth	**5,834,907,220**	**57.4**	**58.0**	**3.8**	**10.6**	**3.4**	**18.0**	**19.4**	**3.9**	**04/01/22**
Growth Benchmark				*3.8*	*10.7*	*3.4*	*18.1*	*19.5*	*3.7*	
RhumbLine Russell 1000 Index	2,335,671,022	23.0	23.0	5.4	15.8	6.9	29.8	26.5	12.1	03/15/22
Russell 1000 Index				*5.4*	*15.9*	*6.9*	*29.8*	*26.5*	*12.3*	
RhumbLine Russell 2000 Index	521,418,826	5.1	5.0	5.6	9.7	1.5	9.9	16.8	4.1	03/15/22
Russell 2000 Index				*5.7*	*9.9*	*1.5*	*10.0*	*16.9*	*4.5*	
SSgA Non-US Developed Index	1,792,931,472	17.7	18.0	1.7	8.3	2.2	14.4	18.3	7.8	03/10/22
MSCI World ex U.S. (Net)				*1.7*	*8.2*	*2.1*	*14.0*	*17.9*	*7.5*	
SSgA Non-US Developed SC Index	360,802,103	3.6	2.5	0.3	5.3	-1.4	6.1	12.9	0.5	03/10/22
MSCI World ex U.S. Small Cap Index (Net)				*0.3*	*5.2*	*-1.4*	*5.7*	*12.6*	*0.3*	
Acadian ACWI ex US Small-Cap Fund	132,454,753	1.3	2.5	2.7	-	-	-	-	2.1	01/30/24
MSCI AC World ex USA Small Cap (Net)				*1.0*	-	-	-	-	*1.7*	
SSgA Emerging Markets Equity Index	691,629,043	6.8	7.0	4.8	4.1	-0.2	8.6	9.6	-1.5	03/10/22
MSCI Emerging Markets (Net)				*4.8*	*4.6*	*-0.1*	*8.7*	*9.8*	*-0.6*	
Income	**1,604,099,511**	**15.8**	**16.0**	**0.6**	**7.6**	**0.2**	**10.9**	**12.8**	**1.4**	**04/01/22**
Income Benchmark				*0.5*	*7.5*	*0.2*	*10.7*	*12.6*	*2.6*	
SSgA High Yield Corporate Credit	993,858,980	9.8	10.0	0.3	8.1	0.3	11.3	13.8	3.0	03/18/22
Spliced SSgA U.S. High Yield Index				*0.3*	*8.0*	*0.3*	*11.0*	*13.5*	*3.0*	
SSgA EMD Hard Index Fund	610,240,531	6.0	6.0	1.0	6.7	-0.1	10.1	11.2	1.2	03/14/22
Spliced SSgA EMD Hard Index				*1.0*	*6.7*	*-0.1*	*10.1*	*11.1*	*1.3*	
Inflation Protection	**859,823,325**	**8.5**	**9.0**	**0.7**	**2.3**	**-1.2**	**1.9**	**5.4**	**-2.8**	**04/01/22**
Inflation Protection Benchmark				*0.8*	*4.4*	*-0.8*	*3.7*	*7.5*	*-3.0*	
SSgA US TIPS Index	280,443,218	2.8	3.0	-0.2	3.3	0.2	4.4	4.6	0.3	03/17/22
Blmbg. U.S. TIPS 0-5 Year				*-0.2*	*3.3*	*0.2*	*4.5*	*4.6*	*0.5*	
SSgA REITs Index	418,214,008	4.1	4.0	1.9	5.3	-2.3	5.6	13.9	-5.3	03/16/22
Dow Jones U.S. Select REIT Total Return Index				*1.9*	*5.3*	*-2.2*	*5.6*	*14.0*	*-5.2*	
Principal USPA	161,166,099	1.6	2.0	-0.9	-6.8	-0.8	-10.7	-10.7	-7.7	04/06/22

The Principal USPA Real Estate Fund is benchmarked against the NCREIF ODCE index on a quarterly basis and against itself for the purpose of monthly flash reports due to quarterly index data availability.

	Market Value	% of Portfolio	Target (%)	1 Mo	Fiscal YTD	YTD	1 Yr	2023	Since Inception	Inception Date
Risk Mitigation	**1,858,085,891**	**18.3**	**17.0**	**-0.5**	**3.1**	**-0.2**	**4.5**	**5.1**	**1.0**	**04/01/22**
Risk Mitigation Benchmark				*-0.5*	*3.2*	*-0.2*	*4.5*	*5.0*	*1.0*	
SSgA Core Fixed Income Index	376,864,257	3.7	3.0	-1.4	1.6	-1.6	3.4	5.6	-2.3	03/17/22
Blmbg. U.S. Aggregate Index				*-1.4*	*1.6*	*-1.7*	*3.3*	*5.5*	*-2.3*	
SSgA Short-Term Gov't/Credit Index	1,324,646,330	13.0	13.0	-0.4	3.5	0.0	4.6	4.6	1.5	03/17/22
Bloomberg U.S. Gov/Credit 1-3 Year Index				*-0.4*	*3.5*	*0.0*	*4.6*	*4.6*	*1.4*	
Cash	156,575,304	1.5	1.0	0.4	3.5	0.8	5.3	5.0	3.4	03/22/22
90 Day U.S. Treasury Bill				*0.4*	*3.6*	*0.8*	*5.2*	*5.0*	*3.8*	
IPOPIF Pool Fixed Income Transition	**100,876**	**0.0**	**-**							
Member Funds	**-**	**0.0**	**-**							

The Principal USPA Real Estate Fund is benchmarked against the NCREIF ODCE index on a quarterly basis and against itself for the purpose of monthly flash reports due to quarterly index data availability. Cash balance includes $60,00,200 that was transferred to Ares, Aristotle, LSV and WCM on 2/26 and 2/27 for 3/1 funding.

Performance Return Calculations

Performance is calculated using Time Weighted Rates of Return (TWRR) methodologies. Monthly returns are geometrically linked and annualized for periods longer than one year.

Data Source

Verus is an independent third party consulting firm and calculates returns from best source book of record data. Returns calculated by Verus may deviate from those shown by the manager in part, but not limited to, differences in prices and market values reported by the custodian and manager, as well as significant cash flows into or out of an account. It is the responsibility of the manager and custodian to provide insight into the pricing methodologies and any difference in valuation.

Manager Line Up

Manager	Inception Date	Data Source
RhumbLine Russell 1000 Index Fund	3/15/2022	State Street
RhumbLine Russell 2000 Index Fund	3/15/2022	State Street
SSgA Non-US Developed Index Fund	3/10/2022	State Street
SSgA Non-US Developed SC Index Fund	3/10/2022	State Street
Acadian ACWI ex US Small-Cap Fund	1/30/2024	State Street
SSgA Emerging Markets Equity Index Fund	3/10/2022	State Street
SSgA High Yield Corporate Credit	3/18/2022	State Street

Manager	Inception Date	Data Source
SSgA EMD Hard Index Fund	3/14/2022	State Street
SSgA US TIPS Index Fund	3/17/2022	State Street
Principal USPA	4/6/2022	State Street
SSgA REITs Index Fund	3/10/2022	State Street
SSgA Core Fixed Income Index Fund	3/17/2022	State Street
SSgA Short-Term Gov't/Credit Index Fund	3/17/2022	State Street
Cash	3/22/2022	State Street

Policy Index Composition

As of 5/1/2023	Policy Index	Growth	Income	Inflation Protection	Risk Mitigation
Russell 1000	23%	39.7%			
Russell 2000	5%	8.6%			
MSCI World ex U.S.	18%	31.0%			
MSCI World ex U.S. Small Cap	5%	8.6%			
MSCI Emerging Markets	7%	12.1%			
Bloomberg US Aggregate Index	3%				17.6%
Bloomberg 1-3 Year Gov/Credit Index	13%				76.5%
Bloomberg US Corporate High Yield Index	10%		62.5%		
Bloomberg US TIPS 0-5 Year	3%			33.3%	
JPM EMBI Global Diversified Index	6%		37.5%		
NFI-ODCE Equal-Weighted Index	2%			22.2%	
Wilshire US REIT Index	4%			44.5%	
90 Day US Treasury Bill Index	1%				5.9%

As of 1/1/2023	Policy Index	Growth	Income	Inflation Protection	Risk Mitigation
Russell 1000	18%	36.0%			
Russell 2000	5%	10.0%			
MSCI World ex U.S.	15%	30.0%			
MSCI World ex U.S. Small Cap	5%	10.0%			
MSCI Emerging Markets	7%	14.0%			
Bloomberg US Aggregate Index	7%				28.0%
Bloomberg 1-3 Year Gov/Credit Index	15%				60.0%
Bloomberg US Corporate High Yield Index	10%		62.5%		
Bloomberg US TIPS 0-5 Year	3%			33.3%	
JPM EMBI Global Diversified Index	6%		37.5%		
NFI-ODCE Equal-Weighted Index	2%			22.2%	
Wilshire US REIT Index	4%			44.5%	
90 Day US Treasury Bill Index	3%				12.0%

As of 3/31/2022	Policy Index	Growth	Income	Inflation Protection	Risk Mitigation
Russell 3000	23%	46.0%			
MSCI ACWI ex USA IMI	20%	40.0%			
MSCI Emerging Markets IMI	7%	14.0%			
Bloomberg US Aggregate Index	7%				28.0%
Bloomberg 1-3 Year Gov/Credit Index	15%				60.0%
Bloomberg US Corporate High Yield Index	10%		62.5%		
Bloomberg US TIPS 0-5 Year	3%			33.3%	
50% JPM EMBI GD/50% JPM GBI EM GD	6%		37.5%		
NCREIF Property Index	2%			22.2%	
Wilshire US REIT Index	4%			44.5%	
90 Day US Treasury Bill Index	3%				12.0%

Custom Benchmark Composition

Benchmark	Time period	Composition
Policy Index -Broad Benchmark	4/1/2022 - Present	70% MSCI ACWI IMI (Net) and 30% Bloomberg Global Multiverse.
Spliced SSgA EMD Hard Benchmark	7/1/2023 - Present	100% JPM EMBI Global Diversified Index
Spliced SSgA EMD Hard Benchmark	3/14/2022 - 6/30/222	100% JPM EMBI Global Core Index
Spliced SSgA U.S. High Yield Index	12/1/2022 - Present	100% ICE BofA US High yield Master II Constrained
Spliced SSgA U.S. High Yield Index	4/1/2022 - 11/30/2022	100% Bloomberg U.S. High Yield Very Liquid Index

Market Value Summary:

	Current Period	Year to Date
Beginning Balance	$3,639,844.69	$3,654,907.74
Contributions	$0.00	$0.00
Withdrawals	$0.00	$0.00
Transfers In/Out	$0.00	$0.00
Income	$1,623.33	$2,505.66
Administrative Expense	($62.38)	($118.00)
Investment Expense	($88.73)	($143.37)
Investment Manager Fees	($4.12)	($7.99)
IFA Loan Repayment	$0.00	$0.00
Adjustment	$0.00	$0.00
Realized Gain/Loss	$3,010.46	$5,755.18
Unrealized Gain/Loss	$75,197.48	$56,621.51
Ending Balance	$3,719,520.73	$3,719,520.73

Performance Summary:

	MTD	QTD	YTD	One Year	Three Years	Five Years	Ten Years	Inception to Date	Participant Inception Date
Net of Fees:	2.19%	1.77%	1.77%	12.44%	N/A	N/A	N/A	6.37%	05/02/2022

Contact Information: Illinois Police Officers' Pension Investment Fund, 456 Fulton Street, Suite 402 Peoria, Illinois 61602 Phone: (309) 280-6464 Email: Info@ipopif.org

MT ZION POLICE PENSION FUND

Fund Name: IPOPIF Pool

Month Ended: February 29, 2024

Market Value Summary:

	Current Period	Year to Date
Beginning Balance	$3,639,844.69	$3,654,907.74
Contributions	$0.00	$0.00
Withdrawals	$0.00	$0.00
Transfers In/Out	$0.00	$0.00
Income	$1,623.33	$2,505.66
Administrative Expense	($62.38)	($118.00)
Investment Expense	($88.73)	($143.37)
Investment Manager Fees	($4.12)	($7.99)
IFA Loan Repayment	$0.00	$0.00
Adjustment	$0.00	$0.00
Realized Gain/Loss	$3,010.46	$5,755.18
Unrealized Gain/Loss	$75,197.48	$56,621.51
Ending Balance	$3,719,520.73	$3,719,520.73

Unit Value Summary:

	Current Period	Year to Date
Beginning Units	339,434.350	339,434.350
Unit Purchases from Additions	0.000	0.000
Unit Sales from Withdrawals	0.000	0.000
Ending Units	339,434.350	339,434.350
Period Beginning Net Asset Value per Unit	$10.723266	$10.767643
Period Ending Net Asset Value per Unit	$10.957997	$10.957997

Performance Summary:

MT ZION POLICE PENSION FUND

	MTD	QTD	YTD	One Year	Three Years	Five Years	Ten Years	Inception to Date	Participant Inception Date
Net of Fees:	2.19%	1.77%	1.77%	12.44%	N/A	N/A	N/A	7.64%	05/18/2022

Statement of Transaction Detail for the Month Ending 02/29/2024

MT ZION POLICE PENSION FUND

Trade Date	Settle Date	Description	Amount	Unit Value	Units
		No Activity for the Month Ending 02/29/2024			

February 2024 Statement Supplement

IPOPIF Total Monthly Asset Flows

New Asset Transfers	Cash Contributions	Cash Withdrawals
Zero	$35.99 million	$44.7 million

IPOPIF Total Monthly Expenses Paid

Administrative Expenses	Investment Expenses	Investment Manager Fees
$170,504.45	$242,500.38	$11,247.00

- Expenses are paid from the IPOPIF Pool and allocated proportionately by member value.
- Investment expenses exclude investment manager fees.

IPOPIF Investment Pool Details

Date	Units	Value	Unit Price
01/31/24	927,715,440.0322	9,948,139,061.19	10.723266
02/29/24	926,904,588.2057	10,157,018,083.52	10.957997

A spreadsheet with complete unit and expense detail history is linked on the Article 3 Fund Reports page as -*IPOPIF Trust Fund Unit Details*-

NAV and Receivable Calculations Under Development

The IPOPIF Valuation and Cost Rule, AR-2022-01, stipulates that the Net Asset Value (NAV) for each Participating Police Pension Fund will include receivables representing proportionate amounts due from late-transferring pension funds for all Costs, IFA Loan Repayments, and interest. These calculations are under development.

Resources

- Monthly statement overview: https://www.ipopif.org/reports/article-3-reports/
- Monthly financial reports: https://www.ipopif.org/reports/monthly-financial-reports/
- Monthly and quarterly investment reports: https://www.ipopif.org/reports/investment-reports/
- IPOPIF Board Meeting Calendar: https://www.ipopif.org/meetings/calendar/
- Daily value and transaction information for Participating Police Pension Funds is available to account representatives via the NRS reporting portal.

Illinois Police Officers' Pension Investment Fund
456 Fulton Street, Suite 402
Peoria, Illinois 61602

309-280-6464
info@ipopif.org

STAY INFORMED!

Just scan below to receive updates from Lauterbach & Amen about topics such as:

- New Service Transfer & Purchase Opportunities
- Statutory Benefit Changes
- Tier 2 Annual COLA / Salary Cap Amounts
- IRS Mileage Reimbursements
- Tax Liabilities for Re-Employed Pensioners
- Actuarial Funding and Reporting Requirements
- IDOI Report Filings and Compliance Audit Changes
- Training Opportunities
- Records Retention, Member Workshops, & Other Services

POLICE	FIRE

Certified Trustee Training

Organization: **Mt. Zion Police Pension Fund** Year: **2024**

Mike Foster

	Hours Required	Type of Training	Hours Completed	Date Completed	Cert on File
1	8	FOIA		2/29/2024	Yes
2		OMA		2/29/2024	Yes
3					
4					
5					
6					

Seth Baker

	Hours Required	Type of Training	Hours Completed	Date Completed	Cert on File
1	8				
2					
3					
4					
5					
6					

Dan Martini

	Hours Required	Type of Training	Hours Completed	Date Completed	Cert on File
1	8				
2					
3					
4					
5					
6					

Matt Travis

	Hours Required	Type of Training	Hours Completed	Date Completed	Cert on File
1	8				
2					
3					
4					
5					
6					

Jim Stevens

	Hours Required	Type of Training	Hours Completed	Date Completed	Cert on File
1	8				
2					
3					
4					
5					
6					

	Hours Required	Type of Training	Hours Completed	Date Completed	Cert on File
1					
2					
3					
4					
5					
6					

2024 IPPFA Trustee Training Opportunities

IPPFA ONLINE SEMINAR COURSE

WHEN: Ongoing

- Online 8 hr. seminar (Recorded from the 2023 MidAmerican Pension Conference)

WHERE: IPPFA Website:
www.ippfa.org/education/online-classes/

COST: IPPFA MEMBER: $285.00/seminar IPPFA
NON-MEMBER: $570.00/seminar

This online seminar agenda includes:

- School's in Session - How to Ace your Fund Administration
- Retirement Healthcare Funding
- Private vs. Public Pensions
- Pension Funding Policy
- Legal Updates and Recent Court Cases
- Ask Your Attorney
- Fiduciary Liability Insurance vs. Directors and Officers Insurance
- Benefit Enhancements to Attract and Retain Public Safety Officers
- Consolidation Update
- The Wonderfully Weird World of Administrative Review

- this online seminar satisfies 8 hours of the required continuing pension trustee training

16-hour Certified Trustee Programs* offered through IPPFA

IPPFA ONLINE Certified Trustee Program

COST: IPPFA MEMBER: $ 550.00
IPPFA NON-MEMBER: $1,100.00

Registration is online at the IPPFA website www.ippfa.org/education/trustee-program/

IPPFA In-Person Certified Trustee Program

WHEN: December 2, 2024 - December 3, 2024

WHERE: NIU Outreach Campus
1120 E. Diehl Rd., Room 266
Naperville, IL 60563

COST: IPPFA MEMBER: $500.00
IPPFA NON-MEMBER: $1,000.00

***On December 18, 2019, Governor J.B. Pritzker signed SB 1300, making it Public Act 101-0610. This act will consolidate all Article 3 and 4 pension fund's investment assets. Under Public Act 101-0610, **training requirements have now been reduced from 32-hours to 16-hours of new trustee training**, however all pension trustees will still need 4-hours of mandatory consolidation transition training.

All Article 3 & 4 Pension Trustees elected or appointed are required to complete the 16-hour trustee certification course within 18 months of election or appointment to the board.

2024 IPPFA Illinois Pension Conference

May 8 - 10, 2024

1:00PM - 12:00PM

444 Eagle Ridge Drive, Galena, IL 61036

Julie Guy

REGISTER HERE

May 7 – 10, 2024

To register for the Heroes Family Fund Golf Outing please click here.

Eagle Ridge Resort

444 Eagle Ridge Drive

Galena, IL 61036

Room rates starting at $149 per night for standard 2 queen courtyard view.

One and two bedroom villas available starting at $169 per night.

Three bedroom villas starting at $249 per night.

Four bedroom villas starting at $419 per night.

To make room reservation, please call 1-800-892-2269, option 1, mention IPPFA.

Online reservations will not be accepted, you must call the resort

Overflow Accommodations

Irish Cottage Inn

9853 US-20

Galena, IL 61036

Room rate $109 per night

To make a reservation call (866) 284-7474 and ask for the IPPFA Illinois Pension Conference Room Block. To make an online reservation click here.

Use Group Code IPPFA24

2024 MidAmerican Pension Conference

September 24 - 27, 2024

12:00PM - 12:00PM

10 Marriott Drive, Lincolnshire, IL 60069

Julie Guy

REGISTRATION IS NOT OPEN AT THIS TIME.

The MidAmerican Pension Conference is the perfect way to complete your 8-hours of pension trustee training. Highlights include dynamic speakers, informative exhibits, and many networking opportunities. For over 30 years, the IPPFA has given attendees the very best training in ethics, fiduciary responsibilities, and legal and legislative updates, all covering every aspect of pension trustee training.

2024 MidAmerican Pension Conference

- The 2024 MidAmerican Pension Conference will be held at the Marriott Lincolnshire Resort
- September 24 – 27, 2024
- The IPPFA room rate starts at $189.00 per night, plus taxes and fees
- Check-in 4:00 pm, Check-out 12:00 pm
- To make a room reservation call 1 (800) 228-9290 and mention IPPFA Room Block

Golf registration is not open at this time. Please check back

Tuesday, September 24, 2024
Crane's Landing Golf club
10 Marriott Drive
Lincolnshire, IL 60069
$130 per golfer, $500 per foursome

2024 IPFA SPRING PENSION SEMINAR
Friday May 3, 2024 Black Shift

Empress Banquets 200 East Lake Street Addison, IL 60101 630-279-5900

IN-PERSON SEMINAR REGISTRATION FORM

(please print or type)

Municipality, District, or Firm: ______________________ Address: ______________________

City: ______________________ , IL Zip: __________ Phone: ______________________

SEMINAR FEES: ***IPFA Members: $ 210.00*** ***Non - Members: $ 260.00*** ***Walk-In Registration: $ 290.00***

Avoid the walk-in surcharge – register on or before Monday, April 29, 2024 *Registration opens at 07:00, event begins at 08:00, & ends at 16:00*

First Name:	Last Name:	e-mail Address:	Member	Non-Member
________	________	________	$______.___	$______.___
________	________	________	$______.___	$______.___
________	________	________	$______.___	$______.___
________	________	________	$______.___	$______.___
________	________	________	$______.___	$______.___

TOTAL CHECK ENCLOSED $______.___

Payment must accompany this Registration Form and be received in our office **on or before** April 29, 2024 to qualify for lower rates. Reservations received after the above date will be charged walk-in registration fee. Requests for refunds must be received on or before Monday, April 29, 2024 for full fee credit. **No credits** of seminar fees after this date. Please mail the completed form to IPFA, 188 Industrial Drive, Suite 134, Elmhurst, IL 60126-1608, fax it to 630-833-2412, or scan & e-mail to *ipfa@aol.com*. Any questions, call 630-833-2405. For Tax Reporting Purposes our Federal I.D. Number is: 36-2650496.

The Illinois Pension Statute requires continuing education for all pension board trustees. ***This seminar provides up to 8 hours of credits.***

For IPFA Office Use: Date: __________ *Check #:* __________ *Amount:* __________ *Payer:* ______________________

FACT SHEET

May 11, 2023

ARTICLE 3 AND ARTICLE 4 PENSION TRUSTEE CERTIFICATION

All elected and appointed Article 3 (police) and Article 4 (firefighters) local pension board trustees are required to participate in state-mandated trustee certification training.

WHAT IS THE FIRST YEAR CERTIFICATION REQUIREMENT?

The trustee certification training requirement for a first year trustee is at least 16 hours.

WHAT IS THE ANNUAL CERTIFICATION REQUIREMENT?

Annually, all trustees must complete a minimum of eight hours of continuing trustee education.

WHERE CAN TRUSTEES RECEIVE THEIR TRAINING?

The Illinois Municipal League provides this certification training at no charge to all trustees.

More information is available at iml.org/pensiontrustees.

Trustee certification training is provided online and in accordance with all statutory requirements. If you have questions regarding pension trustee certification, please contact us by email at pensiontrustees@iml.org.

HOW MUCH DOES THE TRAINING COST?

$0. The Illinois Municipal League provides this certification training at no charge. Really — it's free = no charge.

WHAT ARE SOME TRUSTEE EDUCATION TOPICS?

- Articles 3 and 4 Pension Disability Pension Overview
- Duties and Ethical Obligations of a Pension Fund Fiduciary
- Board Oversight of Cyber Risk: Before a Breach
- Illinois Public Employee Disability Act and Public Safety Employee Benefits Act
- Developments and Potential Changes in Federal and Illinois Labor and Employment Laws
- Qualified Domestic Relations Order
- Pension Plan Funding 101
- Pension Plan Assumptions 101
- Freedom of Information Act and Open Meetings Act
- Cyber Security Best Practices
- Managing Generational Differences and Unconscious Bias in the Workplace
- How to Identify, Address and Prevent Sexual Harassment and Discrimination
- Let Me Ask You a Question
- Public Pension Fund Accounting Principles

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ARTICLE 3 AND ARTICLE 4
Pension Trustee Certification

All elected and appointed Article 3 (Police) and Article 4 (Firefighters) local pension board trustees are required to participate in state-mandated trustee certification training that consists of at least 16 hours in their first year as a trustee. In addition, trustees must complete a minimum of eight hours of continuing trustee education annually thereafter.

The Illinois Municipal League provides this certification training at no charge to all trustees.

Click here to begin your pension trustee training.

This training is provided online and in accordance with statutory requirements.

Pension Trustee Certification Fact Sheet

in partnership with

If you have questions regarding Article 3 or Article 4 pension trustee certification, please contact us by email at pensiontrustees@iml.org.

Mt. Zion Police Pension Fund
Board of Trustees

Notice of Election Results

April 2024 Election
Active Member Positions

Nominations are closed and have resulted in:

Michael Foster and Matthew Travis

running unopposed for the positions of:

Active Member Trustees
Two-Year Terms Expiring May 12, 2026

Mr. Foster & Mr. Travis have accepted the positions as members of the Board of Trustees and have agreed to uphold the duties required.

Elections conducted by Catelyn Vail, Professional Services Administrator
Lauterbach & Amen, LLP

Mt. Zion Police Pension Fund
Board of Trustees

Notice of Election Results

April 2024 Election
Retired Member Position Held by An Active Member

Nominations are closed and have resulted in:

Jim Stevens

running unopposed for the position of:

Retired Member Trustee
Two-Year Term Expiring May 12, 2026

Mr. Stevens has accepted the position as a member of the Board of Trustees and has agreed to uphold the duties required.

Elections conducted by Catelyn Vail, Professional Services Administrator
Lauterbach & Amen, LLP

MOUNT ZION POLICE PENSION FUND

FUNDING ACTUARIAL VALUATION AS OF JANUARY 1, 2024

FOR THE CONTRIBUTION YEAR JANUARY 1, 2024 TO DECEMBER 31, 2024

668 N. River Road
Naperville, IL 60563
Phone: 630.393.1483
Fax: 630.393.2516
lauterbachamen.com

Actuarial Funding Report

Lauterbach & Amen, LLP

CERTIFIED PUBLIC ACCOUNTANTS

MOUNT ZION POLICE PENSION FUND

Contribution Year Ending: December 31, 2024
Actuarial Valuation Date: January 1, 2024
Data Date: December 31, 2023

Contact:

Todd A. Schroeder
Partner
March 14, 2024

LAUTERBACH & AMEN, LLP

TABLE OF CONTENTS

ACTUARIAL CERTIFICATION 5

MANAGEMENT SUMMARY 7
- Recommended Contribution 8
- Funded Status 8
- Management Summary – Comments and Analysis 9
- Actuarial Recommended Contribution – Reconciliation 16

VALUATION OF FUND ASSETS 17
- Fair Value of Assets 18
- Fair Value of Assets (Gain)/Loss 19
- Development of the Actuarial Value of Assets 20
- Actuarial Value of Assets (Gain)/Loss 20
- Historical Asset Performance 21

RECOMMENDED CONTRIBUTION DETAIL 24
- Actuarial Accrued Liability 25
- Funded Status 25
- Development of the Employer Normal Cost 26
- Normal Cost as a Percentage of Expected Payroll 26
- Recommended Contribution Breakdown 26
- Schedule of Amortization – New Unfunded Actuarial Accrued Liability 27
- Schedule of Amortization – Total Unfunded Actuarial Accrued Liability 28
- Actuarial Methods – Recommended Contribution 29

ALTERNATIVE CONTRIBUTION 30
- Alternative Contribution 31
- Funded Status – Alternative Contribution 31
- Actuarial Methods – Alternative Contribution 33

ACTUARIAL VALUATION DATA 34
- Active Members 35
- Inactive Members 35
- Summary Of Monthly Benefit Payments 35
- Age and Service Distribution 36

ACTUARIAL FUNDING POLICIES 37
- Actuarial Cost Method 38
- Financing Unfunded Actuarial Accrued Liability 38
- Actuarial Value of Assets 40

TABLE OF CONTENTS

ACTUARIAL ASSUMPTIONS 41
Nature of Actuarial Calculations 42
Selection of Actuarial Assumptions 42
Actuarial Assumptions in the Valuation Process 43
Assessment of Risk Exposures 44
Limitations of Risk Analysis 44
Assessment and Use of Actuarial Models 45
Actuarial Assumptions Utilized 46

LOW-DEFAULT-RISK OBLIGATION MEASURE 49
Low-Default-Risk Obligation Measure - Purpose 50
Low-Default-Risk Obligation Measure 50
Low Default Risk Obligation Measure vs Actuarial Liability 52

SUMMARY OF PRINCIPAL PLAN PROVISIONS 53
Establishment of the Fund 54
Administration 54
Member Contributions 54
Regular Retirement Pension Benefit 54
Regular Retirement Pension Benefit - Continued 55
Early Retirement Pension Benefit 55
Surviving Spouse Benefit 56
Surviving Spouse Benefit - Continued 57
Termination Benefit – Vested 57
Disability Benefit 58

GLOSSARY OF TERMS 59
Glossary of Terms 60

Lauterbach & Amen, LLP
CERTIFIED PUBLIC ACCOUNTANTS
668 NORTH RIVER RD. • NAPERVILLE, ILLINOIS 60563
PHONE 630.393.1483 • FAX 630.393.2516
www.lauterbachamen.com

ACTUARIAL CERTIFICATION

This report documents the results of the Actuarial Valuation for the Mount Zion Police Pension Fund. The information was prepared for use by the Mount Zion Police Pension Fund and the Village of Mount Zion, Illinois for determining the Recommended Contribution, under the selected Funding Policy, and the Alternative Contribution for the Contribution Year January 1, 2024 to December 31, 2024. It is not intended or suitable for other purposes. Determinations for purposes other than the Employer's Actuarial Recommended Contribution may be significantly different from the results herein.

The results in this report are based on the demographic data and financial information submitted by the Mount Zion Police Pension Fund, and may include results from the prior Actuary. We did not prepare the Actuarial Valuations for the years prior to January 1, 2019. Those valuations were prepared by the prior Actuary whose reports have been furnished to us, and our disclosures are based on those reports. An audit of the prior Actuary's results was not performed, but high-level reviews were completed for general reasonableness, as appropriate, based on the purpose of this valuation. The accuracy of the results is dependent on the precision and completeness of the underlying information.

In addition, the results of the Actuarial Valuation involve certain risks and uncertainty as they are based on future assumptions, market conditions, and events that may never materialize as assumed. For this reason, certain assumptions and future results may be materially different than those presented in this report. See the *Management Summary* section of this report for a more detailed discussion of the Defined Benefit Plan Risks, as well as the limitations of this Actuarial Valuation on assessing those risks. We are not aware of any known events subsequent to the Actuarial Valuation Date, which are not reflected in this report but should be valued, that may materially impact the results.

The valuation results summarized in this report involve actuarial calculations that require assumptions about future events. The Mount Zion Police Pension Fund selected certain assumptions, while others were the result of guidance and/or judgment from the Plan's Actuary or Advisors. We believe that the assumptions used in this valuation are reasonable and appropriate for the purposes for which they have been used. The selected assumptions represent our best estimate of the anticipated long-term experience of the Plan, and meet the guidelines set forth in the Actuarial Standards of Practice.

In preparing the results, our Actuaries used commercially available software (ProVal) developed by Winklevoss Technologies, LLC. This software is widely used for the purpose of performing Actuarial Valuations. Our Actuaries coded the plan provisions, assumptions, methods, and demographic data summarized in this report, and reviewed the liability and cost outputs for reasonableness. We are not aware of any material weaknesses or limitations in the software, and have determined it is appropriate for performing this valuation.

To the best of our knowledge, all calculations are in accordance with the applicable funding requirements, and the procedures followed and presentation of results conform to generally accepted actuarial principles and practices as prescribed by the Actuarial Standards Board. The undersigned consultants of Lauterbach & Amen, LLP, with actuarial credentials, meet the Qualification Standards of the American Academy of Actuaries to render this Actuarial Certification. There is no relationship between the Mount Zion Police Pension Fund and Lauterbach & Amen, LLP that impairs our objectivity.

Respectfully Submitted,

LAUTERBACH & AMEN, LLP

Todd A. Schroeder, ASA, FCA, EA, MAAA

Robert L. Rietz, Jr., FCA, EA, MAAA

MANAGEMENT SUMMARY

Recommended Contribution
Funded Status
Management Summary – Comments and Analysis
Actuarial Recommended Contribution – Reconciliation

Recommended Contribution

	Prior Valuation	Current Valuation
Recommended Contribution	$119,028	$117,338
Expected Payroll	$659,383	$734,489
Recommended Contribution as a Percent of Expected Payroll	18.05%	15.98%

The Recommended Contribution has Decreased by $1,690 from the Prior Valuation.

Funded Status

	Prior Valuation	Current Valuation
Normal Cost	$138,792	$152,000
Fair Value of Assets	$3,106,648	$3,705,624
Actuarial Value of Assets	$3,417,313	$3,826,438
Actuarial Accrued Liability	$3,881,767	$4,179,282
Unfunded Actuarial Accrued Liability/(Surplus)	$464,454	$352,844
Percent Funded		
Actuarial Value of Assets	88.03%	91.56%
Fair Value of Assets	80.03%	88.67%

The Percent Funded has Increased by 3.53% on an Actuarial Value of Assets Basis.

MANAGEMENT SUMMARY – COMMENTS AND ANALYSIS

Contribution Results

The Recommended Contribution is based on the selected Funding Policy and methods that are outlined in the *Actuarial Funding Policies* section of this report.

"Contribution Risk" is defined by the Actuarial Standards of Practice as the potential for actual future contributions to deviate from expected future contributions. For example, when actual contributions are not made in accordance to the Plan's Funding Policy, or when future experience deviates materially from assumed. While it is essential for the Actuary and Plan Sponsor to collaborate on implementing a sound and financially feasible Funding Policy, it is important to note that the Actuary is not required, and is not in the position to, evaluate the ability or willingness of the Plan Sponsor to make the Recommended Contribution under the selected Funding Policy.

As a result, while Contribution Risk may be a significant source of risk for the Plan, this Actuarial Valuation makes no attempt to assess the impact of future contributions falling short of those recommended under the selected Funding Policy. Notwithstanding the above, see the *Actuarial Recommended Contribution – Reconciliation* section of this report for the impact on the current Recommended Contribution of any contribution shortfalls or excesses from the prior year.

Defined Benefit Plan Risks

Asset Growth:

Pension funding involves preparing Fund assets to pay for benefits when Members retire. During their working careers, assets grow with contributions and investment earnings; and then, the Pension Fund distributes assets in retirement. Based on the Plan's current mix of Members and Funded Status, the Plan should experience positive asset growth, on average, if the Recommended Contributions are made and expected investment earnings come in. In the current year, the Fund asset growth was positive by approximately $599,000.

Asset growth is important in the long-term. Long-term cash flow out of the Pension Fund is primarily benefit payments, and expenses are a smaller portion. The Plan should monitor the impact of expected benefit payments on future asset growth. We assess and project all future benefit payments as part of the determination of liability. The assessment is made on all current Members of the Fund, both active and inactive. For active Members, the assessment includes the probability that Members terminate or retire and begin receiving benefits. In the next 5 years, benefit payments are anticipated to increase 125-130%, or approximately $78,400. In the next 10 years, the expected increase in benefit payments is 355-360%, or approximately $222,500. The estimated increase in benefit payments is being compared against the benefits paid to inactive Members during the fiscal year, excluding any refunds of Member Contributions.

Furthermore, plans with a large number of inactive Members have an increased "Longevity Risk". Longevity Risk is the possibility that inactive Members may live longer than projected by the Plan's mortality assumption. As shown in the previous paragraph, benefit payments are expected to increase over the next 5-year and 10-year horizons. The projected increases assume that current inactive Members pass away according to the Plan's mortality assumption. To the extent that current inactive Members live longer than expected, the future 5-year and 10-year benefit projections may be larger than the amounts disclosed in the previous paragraph. Higher levels of benefit payments, payable for a longer period of time, may cause a significant strain on the Plan's cash flow, future Recommended Contributions, and may lead to Plan insolvency.

Unfunded Liability:
Unfunded Liability represents the financial shortfall of the Actuarial Value of Assets compared to the Actuarial Accrued Liability. To the extent that Unfunded Liability exists, the Plan is losing potential investment earnings due to the financial shortfall. Contributions towards Unfunded Liability pay for the lost investment earnings, as well as the outstanding unfunded amount. If payments towards Unfunded Liability are not made, the Unfunded Liability will grow.

In the early 1990s, many Pension Funds in Illinois adopted an increasing payment towards Unfunded Liability due to a change in legislation. The initial payment decreased, and future payments are anticipated to increase annually after that. In many situations, payments early on were less than the interest on Unfunded Liability, which means that Unfunded Liability increased even though contributions were made at the recommended level.

The current Recommended Contribution includes a payment towards Unfunded Liability that is approximately $7,500 greater than the interest on Unfunded Liability. All else being equal, and contributions being made, Unfunded Liability is expected to decrease. The Employer and Fund should anticipate improvement in the current Percent Funded in the short-term. The Employer and Fund should understand this impact as we progress forward to manage expectations.

Actuarial Value of Assets:
The Pension Fund smooths investment returns that vary from expectations over a 5-year period. The intention over time is that investment returns for purposes of funding recommendations are a combination of several years. The impact is intended to smooth out the volatility of Recommended Contributions over time, but not necessarily increase or decrease the level of contributions over the long-term.

When investment returns are smoothed, there are always gains or losses on the Fair Value of Assets that are going to be deferred for current funding purposes, and recognized in future years. Currently, the Pension Fund is deferring approximately $120,800 in losses on the Fair Value of Assets. These are asset losses that will be recognized in upcoming periods, independent of the future performance of the Fair Value of Assets.

Cash Flow Risk:
Assets, liabilities, and Funded Status are good metrics to monitor over time to assess the progress of the Funding Policy. However, these metrics may provide limited forward-looking insights. Specifically, the maturity of a Pension Fund can pose certain risks that often cannot be assessed with a point-in-time metric such as Percent Funded.

For example, two different Pension Funds could have the same Percent Funded, but have completely different risk profiles. One Fund might mostly cover active Members with little to no Members in pay status, whereas a second Fund might mostly cover inactive Members with a significant level of annual benefit payments. The latter Fund has a greater "Cash Flow Risk", i.e. a more significant chance that negative cash flows could lead to a deteriorating, rather than improving, Percent Funded over time.

It is important to note that, in general, positive net cash flows are good, but also need to be sufficient to cover the growth in the liabilities (i.e. the Normal Cost as well as interest on the Actuarial Accrued Liability). Typically, when cash flows are assumed to be insufficient to cover the growth in liabilities, the Percent Funded will decline, while future Recommended Contributions will increase.

Benefit Payment Risk:
Ideally, plans in a sound financial position will have the ratio of annual benefits payments to the Fair Value of Assets to be less than the Expected Rate of Return on Investments assumption (i.e., 6.80%). Theoretically, in this case it can be considered that investment returns will fully cover the annual benefit payments, and therefore, all Employer and Member Contributions made to the Fund will be used to pay for future benefit accruals and pay down the existing Unfunded Liability. To the extent that the ratio of the annual benefit payments to the Fair Value of Assets increases to above the Expected Rate of Return on Investments assumption, the Plan may experience some additional risks, such as the need to keep assets in more liquid investments, inability to pay down Unfunded Liability, and may lead to Plan insolvency.

As of the Valuation Date, the Mount Zion Police Pension Fund has a ratio of benefit payments to the Fair Value of Assets of 1.67%. In this case, the Plan is currently in a sound financial position and has a reduced amount of Benefit Payment Risk and Cash Flow Risk. It would be expected that adherence to the current Funding Policy would lead to an increasing Percent Funded.

<u>Fund Assets</u>

The results in this report are based on the assets held in the Pension Fund. Assets consist of funds held for investment and for benefit payments as of the Actuarial Valuation Date. In addition, assets may be adjusted for other events representing dollars that are reasonably expected to be paid out from the Pension Fund or deposited into the Pension Fund after the Actuarial Valuation Date as well.

The current Fund assets are unaudited. As of the date of this report, the audit of the Fund assets is not complete, not available, or has not been provided.

The Fund Assets Used in this Report are Unaudited.

The current Fund assets are based on the year-end financials as prepared by the Pension Fund Accountant. The year-end financials represent a full accrual version of the fiduciary fund as of the end of the Fiscal Year, prepared in preparation for the audit. The changes to the fund cash balance as of the Fiscal Year End are non-cash items that can include accrued interest, due/unpaid expenses, prepaids, and other adjustments.

The Actuarial Value of Assets under the Funding Policy is equal to the Fair Value of Assets, with unexpected gains and losses smoothed over 5 years. More detail on the Actuarial Value of Assets can be found in the *Actuarial Funding Policies* section of this report.

<u>Demographic Data</u>
Demographic factors can change from year to year within the Pension Fund. Changes in this category include hiring new Members, Members retiring or becoming disabled, inactive Members passing away, and other changes. Demographic changes can cause an actuarial gain (contribution that is less than expected compared to the prior year) or an actuarial loss (contribution that is greater than expected compared to the prior year).

Demographic gains and losses occur when the assumptions over the one-year period for Member changes do not meet our long-term expectation. For example, if no Members become disabled during the year, we would expect a liability gain. If more Members become disabled than anticipated during the year, we would expect a liability loss. Generally, we expect short-term fluctuations in demographic experience to create gains or losses of 1%-3% of the Actuarial Accrued Liability in any given year, but to balance out in the long-term.

"Demographic Risk" occurs when Plan demographic experience differs significantly from expected. Similar to Longevity Risk discussed previously, additional risk is created when demographic experience differs from the assumed rates of disability, retirement, or termination. Under the chosen assumptions, actuarial gains and/or losses will always occur, as the assumptions will never be exactly realized. However, the magnitude of the gain and/or loss and its influence on the Recommended Contribution largely depends on the size of the Plan.

A key Demographic Risk is mortality improvement differing from expected. While the actuarial assumptions reflect small, continuous improvements in mortality experience and these assumptions are refined upon the completion of each actuarial experience study, the risk arises because there is a possibility of a sudden shift in mortality experience. This report reflects the impact of COVID-19 experience that has been accounted for in the underlying demographic data. This report does not reflect the ongoing impact of COVID-19, which is likely to influence demographic and economic experience, at least in the short-term. We will continue to monitor these developments and their impact on the Plan. Actual future experience will be reflected in each subsequent Actuarial Valuation, as experience emerges.

Based on the number of active Members in the Plan, the Recommended Contribution has a moderate risk of having a significant increase due to demographic experience. For example, 1 new disabled Member would typically generate a substantial increase to the Actuarial Accrued Liability, which in turn, may increase the Recommended Contribution.

In the current report, the key demographic changes were as follows:

New Hires: There were 2 Members of the Fund who were hired during the year. When a Member is admitted to the Pension Fund, the Employer Contribution will increase to reflect the new Member. The increase in the Recommended Contribution in the current year due to the new Member experience is approximately $7,300.

Termination: There was 1 Member of the Fund who terminated employment during the year. The Fund may be obligated to pay a benefit or a refund of Member Contributions to the Member in the future. The decrease in the Recommended Contribution in the current year due to the termination experience is approximately $3,800.

Mortality: As inactive Members age and continue to collect benefits, the Fund liability will increase. In the current year, there was 1 inactive Member who maintained their benefit collection status throughout the year. The increase in the Recommended Contribution in the current year due to the mortality experience is approximately $400.

Salary Increases: Salary increases were less than anticipated in the current year. This caused a decrease in the Recommended Contribution in the current year of approximately $1,400.

Assumption Changes

The assumptions were not changed from the prior valuation.

Plan Changes

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. In our opinion, under a prudent interpretation of the provisions, we believe the impact to be de minimis. The legal community has suggested some uncertainty about multiple provisions contained in the Act, and the IDOI Public Pension Division has not provided an interpretation. The client has not made an administrative interpretation as to how the provisions of the Act will impact future surviving spouses. Due to the uncertainty around the interpretation and the expected *de minimis* impact, we have not valued this contingency separately for active Members. However, 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.

Funding Policy Changes

The Funding Policy was changed from the prior valuation. The payments towards Unfunded Liability in the prior valuation were being amortized over a 16-year period as a level percentage of payroll. The current Funding Policy features a layered amortization of changes in the Unfunded Liability. The current Funding Policy represents a better fit for the goals of pension funding for all stakeholders. See the *Recommended Contribution Detail* section of this report for further details. This Funding Policy change had no impact on the current Recommended Contribution.

Output Smoothing
Contributions are determined annually by allocating dollars over a specified period of time. Procedures that are used to allocate contributions over a period of time may include asset smoothing, amortization period, and output smoothing. Each procedure becomes part of the Actuarial Methodology. Output smoothing involves measuring the impact of a specific result on a contribution and recognizing the result. The final contribution should maintain a reasonable relationship to the full Actuarially Determined Contribution.

The current results shown throughout the report reflect the full Actuarially Determined Contribution.

ACTUARIAL RECOMMENDED CONTRIBUTION – RECONCILIATION

Actuarial Accrued Liability is expected to increase each year for both interest for the year and as active Members earn additional service years towards retirement. Similarly, Actuarial Accrued Liability is expected to decrease when the Fund pays benefits to inactive Members.

Contributions are expected to increase as expected pay increases under the Funding Policy for the Fund.

	Actuarial Liability	Recommended Contribution
Prior Valuation	$ 3,881,767	$ 119,028
Expected Changes	295,453	3,867
Initial Expected Current Valuation	$ 4,177,220	$ 122,895

Other increases or decreases in Actuarial Accrued Liability (key changes noted below) will increase or decrease the amount of Unfunded Liability in the Plan. To the extent that Unfunded Liability increases or decreases unexpectedly, the contribution towards Unfunded Liability will also change unexpectedly.

	Actuarial Liability	Recommended Contribution
Salary Increases Less than Expected	$ (18,268)	$ (1,412)
Actuarial Experience	20,330	751
Plan Changes	-	-
Funding Policy Changes	-	-
Investment Return Less than Expected*	-	4,564
Contributions Greater than Expected	-	(9,460)
Total Increase/(Decrease)	$ 2,062	$ (5,557)
Current Valuation	$ 4,179,282	$ 117,338

*Impact on the Recommended Contribution due to investment return is on an Actuarial Value of Assets basis.

The Actuarial Experience can be attributable to several factors including, but not limited to, demographic changes and benefit payment experience compared to expectation. Key demographic changes were discussed in the *Demographic Data* section of this report.

VALUATION OF FUND ASSETS

Fair Value of Assets
Fair Value of Assets (Gain)/Loss
Development of the Actuarial Value of Assets
Actuarial Value of Assets (Gain)/Loss
Historical Asset Performance

FAIR VALUE OF ASSETS

Statement of Assets

	Prior Valuation	Current Valuation
Cash and Cash Equivalents	$ 633,980	$ 50,716
Pooled Investment Accounts	2,472,668	3,654,908
Total Fair Value of Assets	$ 3,106,648	$ 3,705,624

The Total Fair Value of Assets has Increased by Approximately $599,000 from the Prior Valuation.

Statement of Changes in Assets

Total Fair Value of Assets - Prior Valuation	$ 3,106,648
Plus - Employer Contributions	217,565
Plus - Member Contributions	71,751
Plus - Return on Investments	400,936
Less - Benefit Payments and Refunds	(61,965)
Less - Other Expenses	(29,311)
Total Fair Value of Assets - Current Valuation	$ 3,705,624

The Rate of Return on Investments on a Fair Value of Assets Basis for the Fund was Approximately 11.54% Net of Administrative Expense.

The Rate of Return on Investments shown above has been determined as a percent of the average of the prior and current Fair Value of Assets on the Statement of Changes in Assets. The Return on Investments is net of Other Expenses, and has been excluded from the Total Fair Value of Assets at the end of the Fiscal Year for this calculation.

FAIR VALUE OF ASSETS (GAIN)/LOSS

Current Year (Gain)/Loss on Fair Value of Assets

Total Fair Value of Assets - Prior Valuation	$ 3,106,648
Employer and Member Contributions	289,316
Benefit Payments and Refunds	(61,965)
Expected Return on Investments	218,982
Expected Total Fair Value of Assets - Current Valuation	$ 3,552,981
Actual Total Fair Value of Assets - Current Valuation	3,705,624
Current Fair Value of Assets (Gain)/Loss	$ (152,643)
Expected Return on Investments	$ 218,982
Actual Return on Investments (Net of Expenses)	371,625
Current Fair Value of Assets (Gain)/Loss	$ (152,643)

The Actual Return on Investments on a Fair Value of Assets Basis was Greater than Expected for the Current Year.

The (Gain)/Loss on the current Fair Value of Assets has been determined based on the Expected Rate of Return on Investments as shown in the *Actuarial Assumptions* section of this report.

DEVELOPMENT OF THE ACTUARIAL VALUE OF ASSETS

Total Fair Value of Assets - Current Valuation		$ 3,705,624
Adjustment for Prior (Gains)/Losses		
	Full Amount	Deferral
FYE 12/31/2023	$ (152,643)	(122,114)
FYE 12/31/2022	492,544	238,818
FYE 12/31/2021	(2,943)	(1,177)
FYE 12/31/2020	32,712	5,287
Total Deferred (Gain)/Loss		120,814
Initial Actuarial Value of Assets - Current Valuation		$ 3,826,438
Less Contributions for the Current Year and Interest		-
Adjustment for the Corridor		-
Total Actuarial Value of Assets - Current Valuation		$ 3,826,438

The Actuarial Value of Assets is Equal to the Fair Value of Assets with Unanticipated (Gains)/Losses Recognized Over 5 Years. The Actuarial Value of Assets is 103.26% of the Fair Value of Assets.

ACTUARIAL VALUE OF ASSETS (GAIN)/LOSS

Total Actuarial Value of Assets - Prior Valuation	$ 3,417,313
Plus - Employer Contributions	217,565
Plus - Member Contributions	71,751
Plus - Return on Investments	211,085
Less - Benefit Payments and Refund	(61,965)
Less - Other Expenses	(29,311)
Total Actuarial Value of Assets - Current Valuation	$ 3,826,438

The Rate of Return on Investments on an Actuarial Value of Assets Basis for the Fund was Approximately 5.15% Net of Administrative Expense.

The Actuarial Value of Assets incorporates portions of gains and losses over multiple years.

HISTORICAL ASSET PERFORMANCE

The chart below shows the historical Rates of Return on Investments for both Fair Value of Assets and Actuarial Value of Assets.

	Fair Value of Assets	Actuarial Value of Assets
FYE 12/31/2023	11.54%	5.15%
FYE 12/31/2022	(9.46%)	0.19%
FYE 12/31/2021	5.11%	4.81%
FYE 12/31/2020	3.60%	4.72%
FYE 12/31/2019	7.45%	2.73%
FYE 12/31/2018	(1.58%)	1.13%
6-Year Arithmetic Average	2.78%	3.12%
6-Year Geometric Average	2.55%	3.10%

The historical Rates of Return on Investments shown above were calculated based on the annual Return on Investments, as a percentage of the average value of the assets for the year. The historical Rates of Return on Investments shown above may not reflect the current investment allocation of the Pension Fund.

For purposes of determining the average value of assets for the year, the ending Fair Value of Assets has been adjusted to net out to the portion related to the Return on Investments themselves. All other cash flows are included.

For purposes of determining the annual Return on Investments we have adjusted the figures shown on the preceding pages. The figures shown on the preceding pages are net of Investment Expenses. We have made an additional adjustment to net out Administrative Expenses. Netting out Administrative Expenses allows us to capture returns for the year that can be used to make benefit payments as part of the ongoing actuarial process.

The adjustments we made are for actuarial reporting purposes only. By netting out Administrative Expenses and capturing Return on Investments that are available to pay benefits, it provides us a comparison to the Expected Rate of Return on Investments, but does not provide a figure that would be consistent with the rates of return that are determined by other parties. Therefore, this calculated Return on Investments should not be used to analyze investment performance of the Fund or the performance of the investment professionals.

Expected Rate of Return on Investments Assumption

The Expected Rate of Return on Investments for this valuation is 6.80%. Lauterbach & Amen, LLP does not provide investment advice. We look at a variety of factors when reviewing the Expected Rate of Return on Investments assumption selected by the client. These factors include: historical Rates of Return on Investments, capital market projections performed by the Consolidated Board's investment advisors, the Consolidated Board's investment policy, capital market forward-looking benchmark expected returns by independent investment companies, rates used by comparable pension systems, and other factors identified in the Actuarial Standards of Practice.

Generally speaking, the ideal assumption for Expected Rate of Return on Investments is one that has a 50% chance of being met over the long-term. Recently, we have observed the following factors that impact Expected Rate of Return on Investments:

- Volatility in the market has been high which drags down long-term geometric returns.

- Similar pension systems are looking to reduce future expectations. We generally see about 95% of similar pension systems using an Expected Rate of Return on Investments that is between 6.00% and 7.25%.

- We have reviewed studies conducted by Firms who gather information from multiple investment advisors who provide models and opinions on capital market returns. Those studies help guide us to see if the assumption is expected to have a 50% chance of being met over the long-term. Plans are generally aiming towards 40^{th} to 60^{th} percentile returns, which can help define a range of reasonableness.

- We have reviewed an index of high-quality fixed income rates that takes into consideration the pattern of your benefit payments. The purpose of the review is to provide additional disclosure in Funding Actuarial Valuations for the Low-Default-Risk Obligation Measure. The rates in this measure are low-risk and are being used as an approximate for risk-free rates. Investment funds that incorporate diversified investments which build in more risk would be expected to earn a positive risk premium, over and above the risk-free rates.

If actual returns going forward come in less than expected, the pension system risks deferring contributions to the future that should be made today and creating additional contribution volatility. Below is a chart detailing the impact on the Recommended Contribution by decreasing or increasing the Expected Rate of Return on Investments by 25 basis points:

	0.25% Decrease (6.55%)	Current Expected Rate of Return on Investments (6.80%)	0.25% Increase (7.05%)
Recommended Contribution	$143,402	$117,338	$92,396

Currently, the client has selected an Expected Rate of Return assumption that falls within a reasonable range. We recommend the client review the Expected Rate of Return on Investments annually to ensure the selected rate remains within a reasonable range as market conditions change year-to-year.

"Investment Risk" is the potential that the actual Return on Investments will be different from what is expected. The selected Expected Rate of Return on Investments assumption is chosen to be a long-term assumption, producing a return that, on average, would produce a stable rate of return over a long-term horizon. Actual investment returns in the short-term may deviate from this long-term assumption due to current market conditions. Furthermore, establishing the Expected Rate of Return on Investments assumption may be dependent on the Illinois State Statutes pertaining to the limitations on types of investments Plan Sponsors may use. If the actual annual rates of return are less than the Expected Rate of Return on Investments, actuarial losses will be produced, thus increasing the Plan's Unfunded Liability and, subsequently, future Recommended Contributions.

"Asset/Liability Mismatch" risk is a similar concept as Investment Risk, as it relates to setting the Expected Rate of Return on Investments assumption compared to the actual Return on Investments achieved. The Interest Rate used to discount future Plan liabilities is set equal to the Expected Rate of Return on Investments. It is expected that the selected Interest Rate be a rate that is reasonably expected to be achieved over the long-term. To the extent that the selected Interest Rate to value Plan liabilities is unreasonable, or significantly different than the actual Return on Investments earned over an extended period of time, additional Interest Rate risk is created. For example, determining Plan liabilities at an Interest Rate higher than what is expected to be achieved through investment returns results in Unfunded Liability that is not a true representation of the Plan's condition and Percent Funded. As a result, the Actuarial Accrued Liability determined is an amount smaller than the liability that would be produced with an Interest Rate more indicative of future Expected Rate of Return on Investments. Therefore, the Recommended Contributions under the established Funding Policy may not be sufficient to appropriately meet the true pension obligations.

RECOMMENDED CONTRIBUTION DETAIL

Actuarial Accrued Liability
Funded Status
Development of the Employer Normal Cost
Normal Cost as a Percentage of Expected Payroll
Recommended Contribution Breakdown
Schedule of Amortization – New Unfunded Actuarial Accrued Liability
Schedule of Amortization – Total Unfunded Actuarial Accrued Liability
Actuarial Methods – Recommended Contribution

ACTUARIAL ACCRUED LIABILITY

	Prior Valuation	Current Valuation
Active Members	$ 2,402,208	$ 2,648,216
Inactive Members		
Terminated Members	429,424	467,621
Retired Members	1,050,135	1,063,445
Disabled Members	-	-
Other Beneficiaries	-	-
Total Inactive Members	1,479,559	1,531,066
Total Actuarial Accrued Liability	$ 3,881,767	$ 4,179,282

The Total Actuarial Accrued Liability has Increased by Approximately $297,500 from the Prior Valuation.

FUNDED STATUS

	Prior Valuation	Current Valuation
Total Actuarial Accrued Liability	$ 3,881,767	$ 4,179,282
Total Actuarial Value of Assets	3,417,313	3,826,438
Unfunded Actuarial Accrued Liability	$ 464,454	$ 352,844
Total Fair Value of Assets	$ 3,106,648	$ 3,705,624
Percent Funded		
Actuarial Value of Assets	88.03%	91.56%
Fair Value of Assets	80.03%	88.67%

The Percent Funded as of the Actuarial Valuation Date is Subject to Volatility on Assets and Liability in the Short-Term.

RECOMMENDED CONTRIBUTION DETAIL

Development of the Employer Normal Cost

	Prior Valuation	Current Valuation
Total Normal Cost	$ 138,792	$ 152,000
Estimated Member Contributions	(64,300)	(71,624)
Employer Normal Cost	$ 74,492	$ 80,376

At a 100% Funding Level, the Normal Cost Contribution is Still Required.

Normal Cost as a Percentage of Expected Payroll

	Prior Valuation	Current Valuation
Expected Payroll	$ 659,383	$ 734,489
Member Normal Cost Rate	9.910%	9.910%
Employer Normal Cost Rate	11.14%	10.78%
Total Normal Cost Rate	21.05%	20.69%

Ideally, the Employer Normal Cost Rate will Remain Stable.

Recommended Contribution Breakdown

	Prior Valuation	Current Valuation
Employer Normal Cost*	$ 79,557	$ 85,842
Amortization of Unfunded Accrued Liability/(Surplus)	39,471	31,496
Recommended Contribution	$ 119,028	$ 117,338

The Recommended Contribution has Decreased by 1.42% from the Prior Valuation.

*Employer Normal Cost Contribution includes interest through the end of the Fiscal Year.

SCHEDULE OF AMORTIZATION – NEW UNFUNDED ACTUARIAL ACCRUED LIABILITY

Below is the schedule of remaining amortization balances for the new Unfunded Liability incurred in the current year.

Unfunded Liability Base	Initial Balance	Date Established	Current Balance	Years Remaining	Payment
Investment (Gain)/Loss	$ 51,136	12/31/2023	$ 51,136	15	$ 4,564
Actuarial (Gain)/Loss	(151,885)	12/31/2023	(151,885)	15	(13,555)
Contribution Experience	$ (2,974)	12/31/2023	$ (2,974)	15	$ (265)
Total	**$ (103,723)**		**$ (103,723)**		**$ (9,256)**

The Actuarial (Gain)/Loss can be attributable to several factors including, but not limited to, demographic changes, Employer Contribution timing, Member Contribution experience, benefit payment experience, and salary increase experience compared to expectation.

SCHEDULE OF AMORTIZATION – TOTAL UNFUNDED ACTUARIAL ACCRUED LIABILITY

Below is the schedule of remaining amortization balances for the Unfunded Liability incurred in the current and prior years.

Unfunded Liability Base	Initial Balance	Date Established	Current Balance	Years Remaining	Payment
FYE 12/31/2023	$ (103,723)	12/31/2023	$ (103,723)	15	$ (9,256)
FYE 12/31/2022	(557,552)	12/31/2022	(548,086)	15	(48,919)
FYE 12/31/2021	(973,144)	12/31/2021	(940,064)	15	(83,904)
FYE 12/31/2020	(214,347)	12/31/2020	(203,533)	15	(18,166)
FYE 12/31/2019	(54,163)	12/31/2019	(50,711)	15	(4,526)
FYE 12/31/2018	$ 2,397,442	12/31/2018	$ 2,198,961	15	$ 196,267
Total	**$ 494,513**		**$ 352,844**		**$ 31,496**

The equivalent single amortization period based on the layered amortization of Unfunded Liability is 15.00 years for the current valuation.

ACTUARIAL METHODS – RECOMMENDED CONTRIBUTION

Actuarial Valuation Date	January 1, 2024
Data Collection Date	December 31, 2023
Actuarial Cost Method	Entry Age Normal (Level % Pay)
Amortization Method	Level % Pay (Closed)
Amortization Target	Layered Targeting 100% Funded - See Previous Page
Asset Valuation Method	5-Year Smoothed Fair Value

The above methods constitute a sound Actuarially Determined Contribution under the parameters of Actuarial Standards of Practice.

The contributions and benefit values of the Pension Fund are calculated by applying actuarial assumptions to the benefit provisions and demographic data furnished, using the Actuarial Cost Method described. The Actuarial Cost and Amortization Methods allocate the projected obligations of the Plan over the working lifetimes of the Plan Members.

The Recommended Contribution amount shown in this report is based on the methods summarized above. The *Actuarial Funding Policies* section of this report includes a more detailed description of the Actuarial Funding Methods being used.

The Actuarial Funding Methods are meant to provide a systematic process for determining contributions on an annual basis. The methods do not impact the expectation of future benefit payments. The methods only impact the way contributions are made towards future benefit payments.

Different Actuarial Funding Methods may achieve funding goals with differing levels of success. Certain methods are more efficient and more stable on an annual basis.

In the current valuation, the Plan Sponsor has elected to use a 10% corridor in the determination of the Actuarial Value of Assets for both the Recommended and Alternative Contributions. In the event that the Actuarial Value of Assets exceeds 110% of the Fair Value of Assets or falls below 90% of the Fair Value of Assets, the excess gains or losses will be recognized immediately.

ALTERNATIVE CONTRIBUTION

Alternative Contribution
Funded Status – Alternative Contribution
Actuarial Methods – Alternative Contribution

ALTERNATIVE CONTRIBUTION

	Prior Valuation	Current Valuation
Alternative Contribution	$82,074	$79,614
Expected Payroll	$659,383	$734,489
Alternative Contribution as a Percent of Expected Payroll	12.45%	10.84%

FUNDED STATUS – ALTERNATIVE CONTRIBUTION

	Prior Valuation	Current Valuation
Normal Cost	$130,747	$143,447
Fair Value of Assets	$3,106,648	$3,705,624
Actuarial Value of Assets	$3,417,313	$3,826,438
Actuarial Accrued Liability	$3,955,505	$4,291,373
Unfunded Actuarial Accrued Liability/(Surplus)	$538,192	$464,935
Percent Funded		
Actuarial Value of Assets	86.39%	89.17%
Fair Value of Assets	78.54%	86.35%

ALTERNATIVE CONTRIBUTION

The Alternative Contribution is based on Actuarial Funding Methods and funding parameters outlined in the Illinois State Statutes for pension funding. The resulting contribution is lower than the Recommended Contribution for the current year. The Alternative Contribution amount is not recommended because it represents only a deferral of contributions when compared to the Recommended Contribution method.

Actuarial Funding Methods for pensions are best applied to provide a balance between the long-term goals of a variety of stakeholders:

1. Members – the Members are interested in benefit security and having the funds available to pay benefits when retired

2. Employers – cost control and cost stability over the long-term

3. Taxpayers – paying for the services they are receiving from active Members

The Alternative Contribution methods are not intended to provide a better system in any of the above categories long-term. The parameters are not recommended for a long-term funding strategy.

The funding methods and parameters put into place in the Illinois State Statutes in 2011 were intended to provide short-term budget relief for Employer Contributions. An Employer using the parameters outlined in the Illinois State Statutes for current funding should view the contributions as short-term relief. Our recommendation in this situation is for a Pension Fund and an Employer to work towards a long-term funding strategy that better achieves the long-term funding goals, over a period that does not exceed 3-5 years.

The Securities and Exchange Commission in 2013 used the phrase "Statutory Underfunding" to describe situations where contributions appear to be more manageable in the short-term, but set up future Recommended Contributions that are less likely to be manageable.

ACTUARIAL METHODS – ALTERNATIVE CONTRIBUTION

Actuarial Valuation Date	January 1, 2024
Data Collection Date	December 31, 2023
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level % Pay (Closed)
Amortization Target	90% Funded Over 17 Years
Asset Valuation Method	5-Year Smoothed Fair Value

The contribution and benefit values of the Pension Fund are calculated by applying actuarial assumptions to the benefit provisions and demographic data furnished, using the Actuarial Cost Method described. The Actuarial Cost and Amortization methods allocate the projected obligations of the Plan over the working lifetimes of the Plan Members.

The Actuarial Funding Methods are meant to provide a systematic process for determining contributions on an annual basis. The methods do not impact the expectation of future benefit payments. The methods only impact the way contributions are made towards future benefit payments.

Different Actuarial Funding Methods may achieve funding goals with differing levels of success. Certain methods are more efficient and more stable on an annual basis.

The guidelines in the Illinois State Statutes for pension funding are silent on the use of a corridor on the Fair Value of Assets in determination of the Actuarial Value of Assets. In the current valuation, the Plan Sponsor has elected to use a 10% corridor in the determination of the Actuarial Value of Assets for both the Alternative Contribution and the Recommended Contribution. In the event that the Actuarial Value of Assets exceeds 110% of the Fair Value of Assets or falls below 90% of the Fair Value of Assets, the excess gains or losses will be recognized immediately.

ACTUARIAL VALUATION DATA

Active Members
Inactive Members
Summary of Monthly Benefit Payments
Age and Service Distribution

ACTIVE MEMBERS

	Prior Valuation	Current Valuation
Tier I	4	4
Tier II	6	7
Total Active Members	10	11
Total Payroll	$ 648,839	$ 722,744

INACTIVE MEMBERS

	Prior Valuation	Current Valuation
Terminated Members	7	8
Retired Members	1	1
Disabled Members	0	0
Other Beneficiaries	0	0
Total Inactive Members	8	9

SUMMARY OF MONTHLY BENEFIT PAYMENTS

	Prior Valuation	Current Valuation
Retired Members	$ 5,013	$ 5,164
Disabled Members	-	-
Other Beneficiaries	-	-
Total Inactive Members	$ 5,013	$ 5,164

Age and Service Distribution

1/1/2024 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									0|2
25 to 29		0|1	0|1									0|2
30 to 34												
35 to 39				0|3								0|3
40 to 44						1|0	1|0					2|0
45 to 49						1|0						1|0
50 to 54								1|0				1|0
55 to 59												
60 to 64												
65 to 69												
70 & up												
Total		0|2	0|2	0|3		2|0	1|0	1|0				4|7

ACTUARIAL FUNDING POLICIES

Actuarial Cost Method
Financing Unfunded Actuarial Accrued Liability
Actuarial Value of Assets

ACTUARIAL COST METHOD

The Actuarial Cost Method allocates the projected obligations of the Plan over the working lifetimes of the Plan Members.

In accordance with the Pension Fund's Funding Policy, the Actuarial Cost Method for the Recommended Contribution basis is Entry Age Normal (Level Percent of Pay). The Entry Age Normal Cost Method is a method under which the Actuarial Present Value of the projected benefits of each individual included in an Actuarial Valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age. The portion of this Actuarial Present Value allocated to a valuation year is called Normal Cost. The portion of the Actuarial Present Value not provided at an Actuarial Valuation Date by the Actuarial Present Value of future Normal Costs is called the Actuarial Accrued Liability.

The Entry Age Normal method attempts to create a level cost pattern. In contrast to other Actuarial Cost Methods which inherently lead to uneven or less predictable cost patterns, the Entry Age Normal method is generally understood to be less risky in terms of contribution stability from year to year.

The Conference of Consulting Actuaries Public Plans Community produced a "white paper" detailing Funding Policy model practices for public sector pension plans. Under the Level Cost Actuarial Methodology ("LCAM"), one of the principal elements to a Funding Policy is the Actuarial Cost Method. When deciding which Actuarial Cost Method to use, several objectives may be considered, such as the following:

- Each Member's benefit should be funded under a reasonable allocation method by the expected retirement date
- Pay-related benefit costs should reflect anticipated pay at retirement
- The expected cost of each year of service (i.e. Normal Cost) for each active Member should be reasonably related to the expected cost of that Member's benefit
- The Member's Normal Cost should emerge as a level percent of Member compensation
- No gains or losses should occur if all assumptions are met.

Following these criteria, the use of the Entry Age Normal Cost Method (Level Percent of Pay) is a model practice.

FINANCING UNFUNDED ACTUARIAL ACCRUED LIABILITY

The Unfunded Actuarial Accrued Liability may be amortized over a period either in level dollar amounts or as a level percentage of payroll.

When amortizing the Unfunded Actuarial Accrued Liability as a level percentage of payroll, additional risk is incurred since the amortization payments in the early years of the payment period may not be large enough to cover the interest accrued on the existing Unfunded Liability. As a result, the Unfunded Liability may increase initially, before the amortization payments grow large enough to cover all interest accruals. Generally speaking, the Plan Sponsor will be required to contribute a larger total contribution amount over the course of the funding period under a level percentage of payroll basis as compared to a level dollar payroll schedule.

The Government Finance Officers Association notes that best practices in public pension finance include utilizing amortization periods that do not exceed 20 years. Longer amortization periods elevate the risk of failing to reduce any Unfunded Liability. For example, when the amortization payment in full only covers interest on the Unfunded Liability, but does not reduce the existing Unfunded Liability, the required contribution will increase in future years.

A second principal element under the Level Cost Actuarial Methodology described above is to establish an Amortization Policy that determines the length of time and the structure of the increase or decrease in contributions required to systematically fund the Unfunded Actuarial Accrued Liability. When deciding on the Amortization Policy, several objectives may be considered, such as the following:

- Variations in the source of liability changes (i.e. gains or losses, Plan changes, assumption changes) should be funded over periods consistent with an appropriate balance between the policy objectives of demographic matching and volatility management
- The cost changes in Unfunded Actuarial Accrued Liability should emerge as a level percentage of Member compensation

The LCAM model practices for the Amortization Policy include the following:

- Layered fixed period amortization by source
- Level percent of pay amortization
- An amortization period ranging from 15-20 years for experience gains or losses
- An amortization period of 15-25 years for assumption changes

In accordance with the Pension Fund's Funding Policy for the Recommended Contribution, the Unfunded Actuarial Accrued Liability is amortized by level percent of payroll contributions to a 100% funding target over a layered amortization period of 15 years. See the *Actuarial Methods – Recommended Contribution* section of this report for more detail.

The equivalent single amortization period based on the layered amortization of Unfunded Liability is 15.00 years for the current valuation.

We believe that the amortization period is appropriate for the purpose of this valuation.

ACTUARIAL VALUE OF ASSETS

The Pension Fund is an ongoing plan. The Employer wishes to smooth the effect of volatility in the Fair Value of Assets on the annual contribution. Therefore, the Actuarial Value of Assets is equal to the Fair Value of Assets with unanticipated gains/losses recognized over a five-year period.

The Asset Valuation Method is intended to create an Actuarial Value of Assets that remains reasonable in relation to the Fair Value of Assets over time. The method produces results that can fall either above or below the Fair Value of Assets. The period of recognition is short.

It is intended that the period of recognition is short enough to keep the Actuarial Value of Assets within a decent range of the Fair Value of Assets. In the event that the Actuarial Value of Assets exceeds or falls below a 10% corridor of the Fair Value of Assets, the additional gain or loss will be recognized immediately.

ACTUARIAL ASSUMPTIONS

Nature of Actuarial Calculations
Selection of Actuarial Assumptions
Actuarial Assumptions in the Valuation Process
Assessment of Risk Exposures
Limitations of Risk Analysis
Assessment and Use of Actuarial Models
Actuarial Assumptions Utilized

NATURE OF ACTUARIAL CALCULATIONS

The results documented in this report are estimates based on data that may be imperfect and on assumptions about future events. Certain Plan Provisions may be approximated or deemed immaterial, and, therefore, are not valued. Assumptions may be made about demographic data or other factors. Reasonable efforts were made in this valuation to ensure that significant items in the context of the Actuarial Accrued Liability or costs are treated appropriately, and not excluded or included inappropriately.

Actual future experience will differ from the assumptions used in the calculations. As these differences arise, the expense for accounting purposes will be adjusted in future valuations to reflect such actual experience.

A range of results different from those presented in this report could be considered reasonable. The numbers are not rounded, but this is for convenience only and should not imply precision which is not inherent in actuarial calculations.

SELECTION OF ACTUARIAL ASSUMPTIONS

Actuaries and other service providers provide guidance to their clients in the selection of assumptions used in the Actuarial Valuation based on their industry-specific training and experience. The Actuaries' expertise is used in the determination of demographic assumptions as it relates to future expectations of Plan demographic activity, such as mortality, termination, and retirement rates. The selection of economic assumptions, such as Expected Rate of Return on Investments or the assumed inflation rate, is more subjective. Investment advisors and other services providers utilize their expertise and knowledge of capital markets to model future expectations. Some assumptions may have an influence on other assumptions. The role of the Actuary in the selection of the economic assumptions is to review available market information including historical economic information and forward-looking capital market projections from investment professionals and to assess whether or not sufficient backup exists to deem the assumption reasonable. The selection of economic assumptions is the responsibility of the client. For example, the inflation rate (an economic assumption) may directly correlate to the active member salary increase assumption (a demographic assumption). Once all demographic and economic assumptions have been determined, the Actuary will create various sets of assumptions which take into account the proposed assumptions individually and in the aggregate. The client will then make the final decision of which assumption set to use.

ACTUARIAL ASSUMPTIONS IN THE VALUATION PROCESS

The contributions and benefit values of the Pension Fund are calculated by applying actuarial assumptions to the benefit provisions and demographic data furnished, using the Actuarial Cost Method described in the *Actuarial Funding Policies* section of this report.

The principal areas of financial risk which require assumptions about future experience are:

- Expected Rate of Return on Investments
- Patterns of Pay Increases for Members
- Rates of Mortality Among Active and Inactive Members
- Rates of Termination Among Active Members
- Rates of Disability Among Active Members
- Age Patterns of Actual Retirements

Actual experience of the Pension Fund will not coincide exactly with assumed experience. Each valuation provides a complete recalculation of assumed future experience and takes into account all past differences between assumed and actual experience. The result is a continual series of adjustments to the computed Recommended Contribution.

Details behind the selection of the actuarial assumptions can be found in the Actuarial Assumption Summary document provided to the client upon request. The client has reviewed and approved the assumptions as a reasonable expectation of the future anticipated experience under the Plan.

ASSESSMENT OF RISK EXPOSURES

From time to time it becomes appropriate to modify one or more of the assumptions, to reflect experience trends (but not random year-to-year fluctuations). In addition, Actuarial Standards of Practice require that the Actuary minimally perform a qualitative assessment of key financial and demographic risks as part of the risk assessment process with each annual Actuarial Valuation. The risk assessments we perform include, but are not limited to, the following:

- Periodic demographic experience studies every 3 to 5 years to confirm the ongoing appropriateness of actuarial assumptions
- Highlight the impact of demographic experience over the past year, as well as other sources of change and volatility in the *Actuarial Recommended Contribution – Reconciliation* section of this report
- Detail year-over-year changes in contribution levels, assets, liabilities, and Funded Status in the *Recommended Contribution* and *Funded Status* sections in the *Management Summary* section of this report
- Review any material changes in the demographic data as summarized in the *Actuarial Valuation Data* section of this report
- Provide and discuss the Actuarial Assumption Summary document highlighting the rationale for each key assumption chosen by the client
- Identify potential Cash Flow Risk by highlighting expected benefit payments over the next 5-year and 10-year periods in the *Asset Growth* section in the *Management Summary* section of this report
- Describe the impact of any assumption, method, or policy change in the *Management Summary* section of this report
- Utilize supplemental information, such as the GASB Discount Rate sensitivity disclosures to understand, for example, what impact an alternative Expected Rate of Return on Investments assumption might have on the estimation of Actuarial Accrued Liability and Funded Status
- Utilize supplemental information, such as the GASB solvency test, to better understand the Cash Flow Risk and long-term sustainability of the Plan

LIMITATIONS OF RISK ANALYSIS

Since future experience may never be precisely as assumed, the process of selecting funding methods and actuarial assumptions may inherently create risk and volatility of results. A more detailed evaluation of the above risk exposures is beyond the scope and nature of the annual Actuarial Valuation process. For example, scenario tests, sensitivity tests, stress tests, and/or stochastic modeling for multi-year projections to assess the impact of alternative assumptions and methods, or modeling future experience different from the assumptions in these results, are not included in this Actuarial Valuation.

The Mount Zion Police Pension Fund and/or the Village of Mount Zion, Illinois should contact the Actuary if they desire a more detailed assessment of any of these forward-looking risk exposures.

Assessment and Use of Actuarial Models

Actuarial Valuations rely upon the use of actuarial modeling software to predict the occurrence of future events, which include specific demographic and financial potential outcomes. Actuarial assumptions are established to provide a guideline to use for such modeling.

- The model used in this Actuarial Valuation is intended to determine the Recommended Contribution, under the selected Funding Policy. The actuarial assumptions used were developed with this goal in mind.
- There are no known material limitations or inconsistencies among the actuarial assumptions or methods.
- The output from the model is reasonable based on the individual actuarial assumptions and based on the actuarial assumptions in the aggregate.
- The actuarial software used to calculate plan liabilities has been purchased from an outside vendor. We have performed thorough testing of the software, including review of sample participants, to ensure the intended purpose of the model, the operation of the model, sensitivities and dependencies, and strengths and limitations of the model are sufficient for this purpose.
- Demographic data and financial information have been provided by client professionals, financial advisors, and/or auditors, who are known to be experts in their respective fields. We rely on the fact that the information provided by these experts has been given for the intended purpose of this Actuarial Valuation.
- Where applicable, certain actuarial assumptions and Funding Policy may be required as prescribed by law. In such instances, we have followed legal guidance to ensure conformity.
- The Expected Rate of Return on Investments assumption has been chosen using input from several sources; including, but not limited to: client professionals, financial advisors, auditors, and other capital market outlooks. We have relied on the information provided, in the aggregate, to settle on the selected Expected Rate of Return on Investments assumption.

As stated in the *Limitations of Risk Analysis* section, future experience may never be precisely as assumed. As a result, the funding methods and actuarial assumptions used in the model may create volatility in the results when compared year after year. A more detailed evaluation of this volatility is beyond the scope and nature of the annual Actuarial Valuation process. In such cases, additional scenario tests, sensitivity tests, stress tests, and/or stochastic modeling for multi-year projections to assess the impact of alternative assumptions and methods, or modeling future experience different from the assumptions in these results, may be performed to determine a range of reasonable results.

ACTUARIAL ASSUMPTIONS UTILIZED

Expected Rate of Return on Investments 6.80% Net of Administrative Expense

CPI-U 2.25%

Total Payroll Increases 3.25%

Individual Pay Increases* 2.25% - 10.75%

Individual pay increases include a long-term average increase for inflation, average annual increases for promotions, and any additional increases for a step program. Sample rates are as follows:

Service	Rate	Service	Rate
0	10.75%	8	3.75%
1	8.77%	9	3.75%
2	2.25%	10	3.75%
3	8.37%	15	3.75%
4	2.25%	20	3.75%
5	6.37%	25	3.75%
6	3.75%	30	3.75%
7	3.75%	35	3.75%

*Individual pay increases for active Members hired at age 40 or older are assumed annual increases at the ultimate rate reduced by 50 basis points, without adjustments in early service years.

ACTUARIAL ASSUMPTIONS

Retirement Rates

100% of the L&A Assumption Study for Police 2020 Cap Age 65. Sample rates are as follows:

Age	Rate	Age	Rate
50	11.00%	58	16.25%
51	11.55%	59	16.25%
52	12.13%	60	16.25%
53	12.73%	61	16.25%
54	13.37%	62	18.00%
55	14.04%	63	20.00%
56	14.74%	64	20.00%
57	15.48%	65	100.00%

Termination Rates

100% of the L&A Assumption Study for Police 2020. Sample rates are as follows:

Age	Rate	Age	Rate
25	8.00%	40	2.17%
30	3.40%	45	1.56%
35	2.79%	50	0.46%

Disability Rates

100% of the L&A Assumption Study for Police 2020. Sample rates are as follows:

Age	Rate	Age	Rate
25	0.00%	40	0.38%
30	0.06%	45	0.53%
35	0.18%	50	0.48%

65% of active Members who become disabled are assumed to be in the Line of Duty.

Mortality Rates

Active Mortality follows the Sex Distinct Raw Rates as developed in the PubS-2010(A) Study. Mortality improvement uses MP-2019 Improvement Rates applied on a fully generational basis.

50% of active Member deaths are assumed to be in the Line of Duty.

Retiree Mortality follows the L&A Assumption Study for Police 2020. These rates are experience weighted with the Sex Distinct Raw Rates as developed in the PubS-2010(A) Study improved to 2017 using MP-2019 Improvement Rates. These rates are then improved fully generationally using MP-2019 Improvement Rates.

Disabled Mortality follows the Sex Distinct Raw Rates as developed in the PubS-2010 Study for disabled participants. Mortality improvement uses MP-2019 Improvement Rates applied on a fully generational basis.

Spouse Mortality follows the Sex Distinct Raw Rates as developed in the PubS-2010(A) Study for contingent survivors. For all rates not provided there (ages 45 and younger) the PubG-2010 Study for general employees was used. Mortality improvement uses MP-2019 Improvement Rates applied on a fully generational basis.

Marital Assumptions

Active Members: 80% of active Members are assumed to be married. Female spouses are assumed to be 3 years younger than male spouses.

Retiree and Disabled Members: Actual spousal data was utilized for retiree and disabled Members.

LOW-DEFAULT-RISK OBLIGATION MEASURE

Low-Default-Risk Obligation Measure – Purpose
Low-Default-Risk Obligation Measure
Low-Default-Risk Obligation Measure vs Actuarial Liability

LOW-DEFAULT-RISK OBLIGATION MEASURE - PURPOSE

The Pension Committee of the Actuarial Standards Board adopted changes to Actuarial Standards of Practice No. 4 (“ASOP 4”). ASOP 4 is titled “Measuring Pension Obligations and Determining Pension Plan Costs or Contributions”. The changes were adopted by the Actuarial Standards Board in December 2021 and are effective for reporting and Measurement Dates on or after February 15, 2023.

One change is the requirement for all Funding Actuarial Valuations to include a Low-Default-Risk Obligation Measure (“LDROM”). In its simplest form, the LDROM is a measure of Actuarial Liability determined using a low-risk Expected Rate of Return on Investments. The LDROM is not intended to replace the Actuarial Liability used to determine the Recommended Contribution amount calculated in this report. The intention is to provide additional information on the Funded Status of the Plan and benefit security.

The Low-Default-Risk Obligation Measure is shown below as of the Measurement Date. The discussion that follows provides more information on the assumptions and methods used to determine the LDROM and some interpretation of the results.

LOW-DEFAULT-RISK OBLIGATION MEASURE

	Current Valuation
Low-Default-Risk Obligation Measure	$ 5,906,330
Fair Value of Assets	3,705,624
Obligation not Covered by Current Assets	$ 2,200,706

The Low-Default-Risk Obligation Measure is Not Intended to Replace the Actuarial Liability Used to Determine the Recommended Contribution.

The Obligation not Covered by Current Assets shown above is for illustration of the Low-Default-Risk Obligation Measure only and is not intended for any other purposes. The amount of Obligation not Covered by Current Assets should not be used for pension funding or financial statement reporting purposes. In addition, the Obligation not Covered by Current Assets amount should not be used for any other assessments related to pension funding, such as assessing Unfunded Liability for the purpose of issuing Pension Obligation Bonds. Discussion of any of these items should be handled separately.

Selection of the Discount Rate

Under Actuarial Standards, a Discount Rate should be selected from a source that develops the rate using low-default-risk fixed income securities. In addition, the fixed income securities should be reasonably consistent with the pattern of expected benefit payments from the Fund.

The Low-Default-Risk Obligation Measure has been valued using the FTSE Pension Discount Curve. The FTSE Pension Discount Curve is determined using rates from corporate bonds that are rated AA (from the FTSE U.S. Broad Investment Grade Bond Index) and yields from the FTSE Russell's Treasury model curve. The result is a set of investment grade zero coupon bond rates with maturities from 6 months to 30 years.

The equivalent single discount rate that would produce the same liability as the FTSE Pension Discount Curve is 4.85%.

There are other indices constructed that are appropriate for this disclosure as well. They could produce Discount Rates that are higher or lower than the LDROM shown here. An increase/decrease in the discount rate of 50 basis points (0.50%) would decrease/increase the LDROM by (8.85%)/10.03%, respectively. In our opinion, the FTSE Pension Discount Curve meets the requirements of the disclosure of the LDROM. The curve is constructed using investment grade corporate bonds. In addition, the rates are updated monthly and the current rates used (as of the Measurement Date of this report) are reflective of current market conditions. Finally, the use of a yield curve as opposed to a single rate allows the flexibility for the LDROM to be determined in a manner consistent with the pattern of expected benefit payments.

The Discount Rate is intended for the current Measurement Date only. In order to stay consistent with the prevailing market conditions, the Discount Rate will be assessed and updated each year at each new Measurement Date.

Selection of the Actuarial Cost Method

The Standard requires the use of an immediate-gain Actuarial Cost Method. We have elected to use the Entry Age Normal cost method for measurement of the LDROM. Entry Age Normal is being applied on a percent of pay basis. The Cost Method is the same method used for the determination of the Recommended Contribution in this report.

Other immediate-gain Actuarial Cost Methods are available and acceptable for use in the determination of the LDROM. Other acceptable methods include benefits-based methods and accrued benefit methods. We selected the Entry Age Normal method due to the fact that benefit liability in this Fund is not typically settled with one-time payments. For example, the Plan does not pay lump sums (except refunds of Member Contributions) and is not anticipated to settle liability through the purchase of annuity contracts. Therefore, the usefulness of a benefits-based method is much more limited in interpretation of this measure as it relates to benefit security.

Interpretation of the LDROM

The Low-Default-Risk Obligation Measure is higher than the liability used for the Recommended Contribution determination by $1,727,048.

Actuarial Liability is determined in different ways based on the purpose of the measurement. The Actuarial Liability for Recommended Contribution purposes is used to develop a contribution amount that, when combined with other sources of funding (including Member Contributions and expected investment returns), would pay all future expected benefits. The expected investment returns under this scenario are based on the current asset allocation and capital market expectations of the Fund. Assets are invested in a way that involves risk. Actual returns can vary significantly year-to-year above and below expectations. The trade-off is a risk-premium over the long-term and above low-risk market rates.

The LDROM, by contrast, is developed using low-risk returns available in the market. These returns could be obtained theoretically with low-risk of deviation from expectation, and lower expectation (i.e. there is no risk-premium). The LDROM, then, can be thought of as the amount of money that should be set aside today to appropriately fund and prepare for all future benefit payments, if the assets were invested in relatively low volatility assets available in the market today.

The expected decrease in the liability for funding purposes as compared to the LDROM can be thought of as cost savings from investing in riskier assets, with higher long-term return expectations. At the same time, this difference also represents a risk factor for the Pension Fund as the Fund is reliant on receiving the expected return on investments, including a risk premium. Contributions, combined with these investment returns, are required in order to fund future benefit payments.

Low Default Risk Obligation Measure vs Actuarial Liability

	Current Valuation
Low-Default-Risk Obligation Measure	$ 5,906,330
Actuarial Accrued Liability (Entry Age Normal)	4,179,282
Difference	$ 1,727,048

The Low-Default-Risk Obligation Measure is Not Intended to Replace the Actuarial Liability Used to Determine the Recommended Contribution.

SUMMARY OF PRINCIPAL PLAN PROVISIONS

Establishment of the Fund
Administration
Member Contributions
Regular Retirement Pension Benefit
Early Retirement Pension Benefit
Surviving Spouse Benefit
Termination Benefit – Vested
Disability Benefit

ESTABLISHMENT OF THE FUND

The Police Pension Fund is established and administered as prescribed by "Article 3 – Police Pension Fund – Municipalities 500,000 and Under" of the Illinois Pension Code.

ADMINISTRATION

The Police Pension Fund is administered by a Board of Trustees whose duties are to manage the Pension Fund, determine applications for pensions, authorize payment of pensions, establish rules, pay expenses, and keep records.

MEMBER CONTRIBUTIONS

Members contribute 9.910% of their pensionable salary.

REGULAR RETIREMENT PENSION BENEFIT

Tier I

Eligibility: Age 50 with at least 20 years of creditable service.

Benefit: 50% of final salary for the first 20 years of service, plus an additional 2.5% of final salary for each year of service beyond 20 years of service, and not to exceed 75% of final salary. "Final salary" is based on the police officer's pensionable salary attached to rank held on the last day of service, unless the pensionable salary was greater at some point within the year prior to the last day of service. If so, the pensionable salary is averaged over the last 12 months.

Annual Increase in Benefit: A police officer is entitled to receive an initial increase equal to 1/12 of 3% of the original monthly benefit for each full month that has passed since the pension began. The initial increase date will be the later of the first day of the month after the pensioner turns age 55 or the first day of the month after the benefit date anniversary. Subsequent increases of 3% of the current monthly benefit will be granted every January 1st thereafter.

REGULAR RETIREMENT PENSION BENEFIT - CONTINUED

Tier II

Eligibility: Age 55 with at least 10 years of creditable service.

Benefit: 2.5% of final average salary for each year of service, and not to exceed 75% of final average salary. "Final average salary" is determined by dividing the total pensionable salary during 48 consecutive months of service within the last 60 months of service in which total pensionable salary was the highest, by the number of months of service in that period (or by dividing the total pensionable salary during 96 consecutive months of service within the last 120 months of service in which total pensionable salary was the highest, by the number of months of service in that period, if greater). Annual salary for this purpose will not exceed the salary cap, indexed by the lesser of 3% or the CPI-U for the 12 months ending with the September preceding each November 1st. The salary cap will not decrease.

Annual Increase in Benefit: The initial increase date will be the later of the January 1st after the pensioner turns age 60 or the January 1st after the benefit date anniversary. Subsequent increases will be granted every January 1st thereafter. The initial increase and subsequent increases will be the lesser of 3% of the original benefit or ½ of the CPI-U for the 12 months ending with the September preceding each November 1st.

EARLY RETIREMENT PENSION BENEFIT

Tier I

None.

Tier II

Eligibility: Age 50 with at least 10 years of creditable service.

Benefit: The regular retirement pension benefit reduced by ½ of 1% for each month that the police officer's age is between 50 and 55.

Annual Increase in Benefit: The initial increase date will be the later of the January 1st after the pensioner turns age 60 or the January 1st after the benefit date anniversary. Subsequent increases will be granted every January 1st thereafter. The initial increase and subsequent increases will be the lesser of 3% of the original benefit or ½ of the CPI-U for the 12 months ending with the September preceding each November 1st.

SURVIVING SPOUSE BENEFIT

Tier I

Eligibility: Married to an active police officer with at least 8 years of creditable service, a disabled pensioner at the time of death, or a retired pensioner on the last day of service.

Active Line of Duty Death Benefit: An eligible surviving spouse is entitled to receive 100% of the police officer's final pensionable salary attached to rank held on the last day of service.

Non-Duty Death Benefit:

Disabled or Retired Pensioner: An eligible surviving spouse is entitled to receive the pensioner's benefit at the time of death.

Active Member with 20+ Years of Service: An eligible surviving spouse is entitled to the police officer's eligible benefit at the time of death.

Active Member with 10-20 Years of Service: An eligible surviving spouse is entitled to receive 50% of the police officer's pensionable salary attached to rank held on the last day of service, unless the pensionable salary was greater at some point within the year prior to the last day of service. If so, the pensionable salary is averaged over the last 12 months.

Annual Increase in Benefit: None.

Tier II

Eligibility: Married to an active police officer with at least 8 years of creditable service, a disabled pensioner at the time of death, or a retired pensioner on the last day of service.

Active Line of Duty Death Benefit: An eligible surviving spouse is entitled to receive 100% of the police officer's final pensionable salary attached to rank held on the last day of service.

Non-Duty Death Benefit:

Disabled or Retired Pensioner, Active Member with 20+ Years of Service, and Active Member with 10-20 Years of service: An eligible surviving spouse is entitled to receive the greater of 66⅔% of the police officer's earned pension benefit at the time of death or 54% of the police officer's monthly salary at the time of death.

Annual Increase in Benefit: The initial increase date will be the January 1st after the surviving spouse turns age 60. Subsequent increases will be granted every January 1st thereafter. The initial increase and subsequent increases will be the lesser of 3% of the original benefit or ½ of the CPI-U for the 12 months ending with the September preceding each November 1st.

SURVIVING SPOUSE BENEFIT - CONTINUED

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. In our opinion, under a prudent interpretation of the provisions, we believe the impact to be de minimis. The legal community has suggested some uncertainty about multiple provisions contained in the Act, and the IDOI Public Pension Division has not provided an interpretation. The client has not made an administrative interpretation as to how the provisions of the Act will impact future surviving spouses. Due to the uncertainty around the interpretation and the expected *de minimis* impact, we have not valued this contingency separately for active Members. However, 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.

TERMINATION BENEFIT – VESTED

<u>Tier I</u>

Eligibility: Age 60 with at least 8 but less than 20 years of creditable service.

Benefit: 2.5% of final salary for each year of service. "Final salary" is based on the police officer's pensionable salary attached to rank held on the last day of service, unless the pensionable salary was greater at some point within the year prior to the last day of service. If so, the pensionable salary is averaged over the last 12 months.

Annual Increase in Benefit: A police officer is entitled to receive an initial increase equal to 1/12 of 3% of the original monthly benefit for each full month that has passed since the pension began. The initial increase date will be the first day of the month after the benefit date anniversary. Subsequent increases of 3% of the current monthly benefit will be granted every January 1st thereafter.

<u>Tier II</u>

None.

DISABILITY BENEFIT

Tier I

Eligibility: Duty or Non-Duty Disability or Occupational Disease Disability with at least 1 day of creditable service.

Benefit: For a duty disability or an occupational disease disability with at least 5 years of creditable service, a police officer is entitled to receive the greater of 65% of final salary or the regular retirement pension benefit at the time of disability. For a non-duty disability, a police officer is entitled to receive 50% of their final salary. "Final salary" is based on the police officer's pensionable salary attached to rank held on the last day of service.

Annual Increase in Benefit: A police officer is entitled to receive an initial increase equal to 3% of the original monthly benefit for each full year that has passed since the pension began. The initial increase date will be the later of the January 1st after following pensioner turns age 60 or the January 1st after the benefit date anniversary. Subsequent increases of 3% of the original monthly benefit will be granted every January 1st thereafter.

Tier II

Eligibility: Duty or Non-Duty Disability or Occupational Disease Disability with at least 1 day of creditable service.

Benefit: For a duty disability or an occupational disease disability with at least 5 years of creditable service, a police officer is entitled to receive the greater of 65% of final salary or the regular retirement pension benefit at the time of disability. For a non-duty disability, a police officer is entitled to receive 50% of their final salary. "Final salary" is based on the police officer's pensionable salary attached to rank held on the last day of service.

Annual Increase in Benefit: The initial increase date will be the later of the January 1st after the pensioner turns age 60 or the January 1st after the benefit date anniversary. Subsequent increases will be granted every January 1st thereafter. The initial increase and subsequent increases will be the lesser of 3% of the original benefit or ½ of the CPI-U for the 12 months ending with the September preceding each November 1st.

GLOSSARY OF TERMS

Glossary of Terms

GLOSSARY OF TERMS

Actuarial Accrued Liability – The Actuarial Present Value of future benefits based on Members' service rendered to the Measurement Date using the selected Actuarial Cost Method. It is that portion of the Actuarial Present Value of Plan benefits and expenses allocated to prior years of employment. It is not provided for by future Normal Costs.

Actuarial Cost Method – The method used to allocate the projected obligations of the Plan over the working lifetimes of the Plan Members.

Actuarial Value of Assets – The value of the assets used in the determination of the Unfunded Actuarial Accrued Liability. The Actuarial Value of Assets is related to the Fair Value of Assets, with adjustments made to spread unanticipated gains and losses for a given year over a period of several years. Actuarial Value of Assets is generally equally likely to fall above or below the Fair Value of Assets, and generally does not experience as much volatility over time as the Fair Value of Assets.

Asset Valuation Method **–** A valuation method designed to smooth random fluctuations in asset values. The objective underlying the use of an Asset Valuation Method is to provide for the long-term stability of Employer Contributions.

Funding Policy – A set of procedures for a Pension Fund that outlines the "best practices" for funding the pension benefits based on the goals of the Plan Sponsor. A Funding Policy discusses items such as assumptions, Actuarial Cost Method, assets, and other parameters that will best help the Plan Sponsor meet their goal of working in the best interest of the Plan Members.

Fair Value of Assets – The value of the cash, bonds, securities, and other assets held in the pension trust as of the Measurement Date.

Normal Cost – The present value of future benefits earned by Members during the current Fiscal Year. It is that portion of the Actuarial Present Value of benefits and expenses which is allocated to a valuation year by the Actuarial Cost Method.

Unfunded Actuarial Accrued Liability **–** The excess of the Actuarial Accrued Liability over the Actuarial Value of Assets. The Unfunded Actuarial Accrued Liability is amortized over a period either in level dollar amounts or as a level percentage of projected payroll.

Lauterbach & Amen, LLP

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Mount Zion Police Pension Fund Reporting

For the Contribution Year Ending December 31, 2024 for Funding Purposes
For the Fiscal Year Ending December 31, 2023 for Financial Statement Reporting

Presented by:
Kevin Cavanaugh, Principal

Actuarial | Audit | Client Accounting & Advisory Services | Pension | Tax

Recommended Contribution & Funded Status

Page 8 in Report

	Prior Valuation	Current Valuation	Difference
Recommended Contribution	$119,028	$117,338	-$1,690 (1.42% Decrease)
Fair Value of Assets (FVA)	$3,106,600	$3,705,600	$599,000
Actuarial Value of Assets (AVA)	$3,417,300	$3,826,400	$409,100
Actuarial Accrued Liability	$3,881,800	$4,179,300	$297,500
EAN Unfunded Actuarial Accrued Liability/(Surplus)	$464,500	$352,800	($111,700)
Percent Funded (AVA)	88.03%	91.56%	3.53%
Percent Funded (FVA)	80.03%	88.67%	8.64%

Current Funding Policy is level % pay contributions to a 100% funding target over a layered amortization period of 15 years.

Recommended Contribution Reconciliation

Page 16 in Report

	Actuarial Liability	Recommended Contribution
Expected Changes	$295,500	$3,900
Salary Increases Less than Expected	($18,300)	($1,400)
Actuarial Experience	$20,300	$750
Plan Changes	$0	$0
Funding Policy Changes	$0	$0
Investment Return Less than Expected	$0	$4,600
Contributions Greater than Expected	$0	($9,500)
Net Increase/(Decrease)	$297,500	($1,700)

Recommended Contribution Breakdown

Page 26 in Report

	Prior Valuation	Current Valuation	Difference
Employer Normal Cost (with interest)	$79,557	$85,842	$6,285
Amortization of Unfunded Accrued Liability/(Surplus)	$39,471	$31,496	($7,975)
Recommended Contribution	$119,028	$117,338	($1,690)

The Recommended Contribution has Decreased by 1.42% from the Prior Valuation.

Demographic Changes

Pages 13-14 in Report

- There were 2 Members who were hired during the year. This increased the Recommended Contribution by approximately $7,300.
- There was 1 Member who terminated employment during the year. This decreased the Recommended Contribution by approximately $3,800.
- There was 1 inactive Member who continued to collect benefits. This increased the Recommended Contribution by approximately $400.
- Other demographic changes experienced during the year were minimal.

Age and Service Distribution

Page 36 in Report

1/1/2024 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									0|2
25 to 29		0|1	0|1									0|2
30 to 34												
35 to 39				0|3								0|3
40 to 44						1|0	1|0					2|0
45 to 49						1|0						1|0
50 to 54								1|0				1|0
55 to 59												
60 to 64												
65 to 69												
70 & up												
Total		0|2	0|2	0|3		2|0	1|0	1|0				4|7

Expected Benefit Payments

Pages 9 & 35 in Report

Current Valuation	
Total Active Members	11
Total Inactive Members	9
Current Benefit Payments	$62,000
Expected Benefit Payments in 5 Years	$140,300
Expected Benefit Payments in 10 Years	$284,500

Benefit Payments are Anticipated to Increase 126% in the Next 5 Years and 359% in the Next 10 Years.

Plan Changes

Page 14 in Report

- 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.

Funding Policy Changes

Page 14 in Report

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

- This Funding Policy change had no impact on the current Recommended Contribution.

Change in Fair Value of Assets

Page 18 in Report

Current Valuation	
Beginning Fair Value of Assets	$3,106,600
Employer Contributions	$217,600
Member Contributions	$71,800
Return on Investments	$400,900
Benefits and Refunds	($62,000)
Other Expenses	($29,300)
Change in Fair Value	$599,000
Ending Fair Value of Assets	$3,705,600

The Rate of Return on Investments on a Fair Value of Assets Basis for the Fund was Approximately 11.54% Net of Administrative Expense. The Expected Rate of Return on Investments is 6.80%.

Risk Management

Pages 11, 13 & 23 in Report

- The ratio of benefit payments to the Fair Value of Assets is 1.67%, compared to an Expected Rate of Return on Investments of 6.80%.
- Based on the number of active Members in the Plan, there is a moderate demographic risk.

	0.25% Decrease (6.55%)	**Current Expected Rate of Return on Investments (6.80%)**	**0.25% Increase (7.05%)**
Recommended Contribution	$143,402	$117,338	$92,396
Dollar Impact	$26,064		($24,942)
Percentage Impact	22.21%		(21.26%)

Alternative Contribution

Page 31 in Report

	Prior Valuation	Current Valuation	Difference
Alternative Contribution	$82,074	$79,614	($2,460)
PUC Unfunded Actuarial Accrued Liability/(Surplus)	$538,200	$464,900	($73,300)
Alternative Contribution Funded Percentage (AVA)	86.39%	89.17%	2.78%

Alternative Contribution Funding Policy is Level % Pay Contributions to a 90% Funding Target Over the Remaining 17 Years.

Five-Year Employer Contribution History

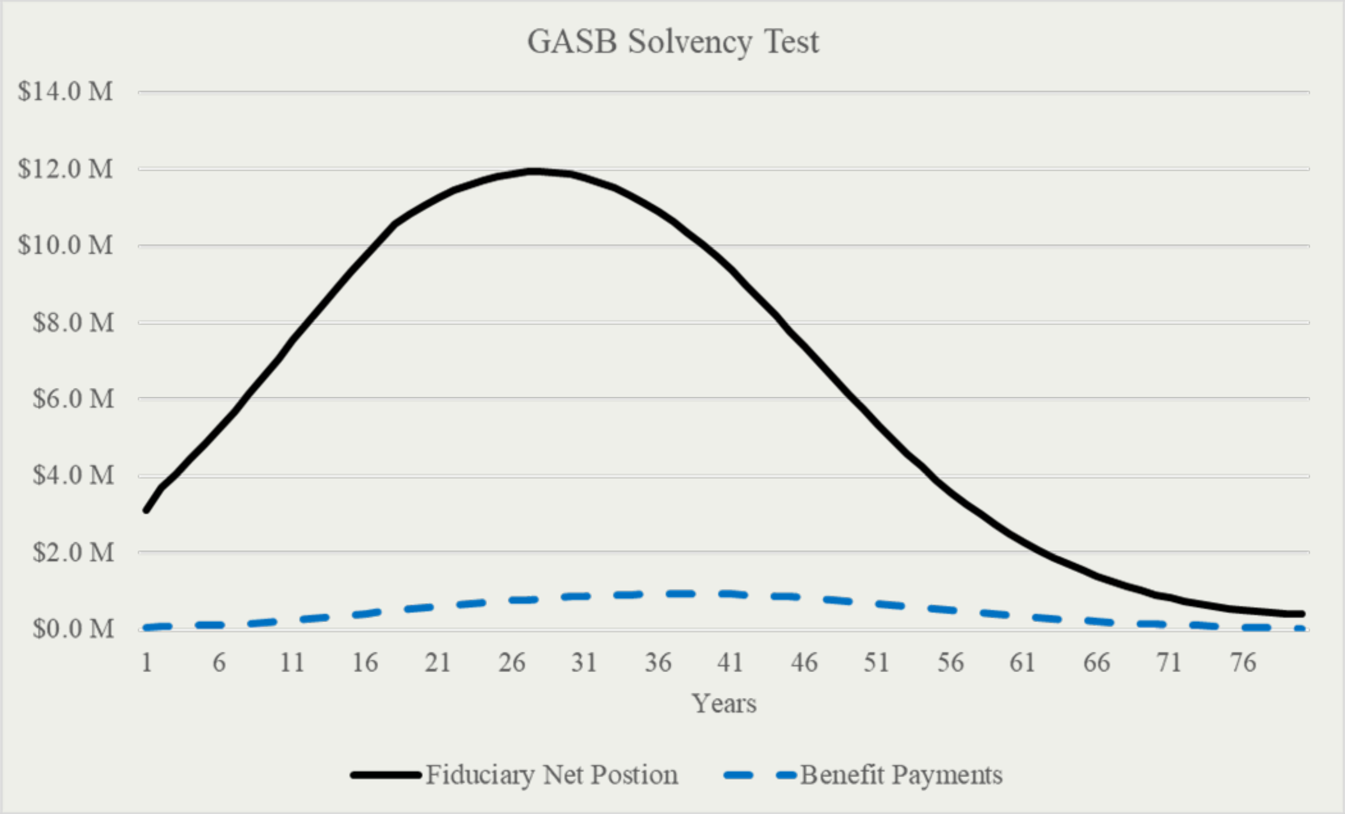
Page 33 in GASB 67/68 Report

Fiscal Year End	Employer Contribution	Actuarially Determined Contribution (ADC)	% of ADC
12/31/2023	$217,565	$214,591	101.39%
12/31/2022	$313,316	$313,960	99.79%
12/31/2021	$348,597	$347,576	100.29%
12/31/2020	$404,495	$391,408	103.34%
12/31/2019	$311,891	$304,789	102.33%
		5 - Year Average	**101.43%**

The Actuarially Determined Contribution for the Current Year is the Recommended Contribution from the January 1, 2022 Actuarial Valuation Completed by Lauterbach & Amen, LLP.

GASB Solvency Test

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 January 1, 2024 Actuarial Funding Report & January 1, 2023 GASB 67/68 Report, 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 the Alternative Contribution.
  - 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.