

Director Lamberg addressed the Board regarding the police pension. The Village contracted with Lauterbach & Amen, LLP to complete the required annual actuarial valuation. The actuarial report determined the Village must contribute a minimum of \$1,442,792 to the pension fund for Tax Year 2024. This assumes a 90% funding level by the year 2040. The Village’s funding policy assumptions exceed those used in the minimum contribution calculation, including 100% funding by the year 2040 instead of 90% funding by the year 2040. Another assumption is a single point amortization approach, targeting full payoff of the Unfunded Liability over the remaining years to the target, which is 15 years in this report. When 15 or fewer years are left to the target year it is standard practice to review the amortization approach to determine if single point amortization, or layered amortization, is more sustainable in the remaining years. The actual amount to contribute to the pension fund, and the actual levy amount to support that contribution, will be discussed in conjunction with the proposed budget at the budget workshop being held November 2, 2024.

Kevin Cavanaugh, Principal for Lauterbach & Amen, LLP presented the following report:

Recommended Contribution & Funded Status			
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	Prior Valuation	Current Valuation	Difference
Recommended Contribution	\$1,688,020	\$1,949,315	\$261,295 (15.48% Increase)
Fair Value of Assets (FVA)	\$42,293,100	\$46,774,200	\$4,481,100
Actuarial Value of Assets (AVA)	\$45,349,900	\$48,128,300	\$2,778,400
Actuarial Accrued Liability	\$55,863,700	\$61,097,000	\$5,233,300
EAN Unfunded Actuarial Accrued Liability/(Surplus)	\$10,513,900	\$12,968,700	\$2,454,800
Percent Funded (AVA)	81.18%	78.77%	(2.41%)
Percent Funded (FVA)	75.71%	76.56%	0.85%

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

- Pay contributions to 100% funding targeted over a layered amortization period should be single point instead of layered
- Oswego is ahead of the state average for funding

Recommended Contribution Reconciliation

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	Actuarial Liability	Recommended Contribution
Expected Changes	\$3,092,700	\$54,900
Salary Increases Greater than Expected	\$394,500	\$51,300
Actuarial Experience	\$1,624,000	\$124,300
Assumption Changes	\$122,100	(\$2,900)
Investment Return Less than Expected	\$0	\$47,700
Contributions Greater than Expected	\$0	(\$14,000)
Net Increase/(Decrease)	\$5,233,300	\$261,300

- As of 4/30/24
- Exceeding the recommended amount

Recommended Contribution Breakdown

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	Prior Valuation	Current Valuation	Difference
Employer Normal Cost (with interest)	\$814,015	\$815,650	\$1,635
Amortization of Unfunded Accrued Liability/(Surplus)	\$874,005	\$1,133,665	\$259,660
Recommended Contribution	\$1,688,020	\$1,949,315	\$261,295

The Recommended Contribution has Increased by 15.48% from the Prior Valuation.

- \$13 million over a three year period

Demographic Changes

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- There were 5 Members who were hired during the year. This increased the Recommended Contribution by approximately \$61,400.
- There were 3 Members who retired during the year, 1 of whom was previously deferred. This increased the Recommended Contribution by approximately \$81,400.
- There were 6 Members who terminated employment during the year, 2 of whom were hired during the year. This decreased the Recommended Contribution by approximately \$51,200.
- There were 21 inactive Members who continued to collect benefits. This increased the Recommended Contribution by approximately \$11,900.
- Other demographic changes experienced during the year were minimal.

Age and Service Distribution

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5/1/2024 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 7									0 8
30 to 34		0 1	0 3	0 6	0 1							0 11
35 to 39		0 2		0 3	0 1							0 6
40 to 44					1 1	8 0	5 0					14 1
45 to 49					0 1	2 0	2 0	1 0				5 1
50 to 54						1 0	1 0	1 0				3 0
55 to 59								1 0				1 0
60 to 64												
65 to 69												
70 & up												
Total		0 5	0 11	0 9	1 4	11 0	8 0	3 0				23 29

- Reduction in benefits if retiring early
- Dark lined box reflects the number of individuals who are eligible to retire; =3

Expected Benefit Payments

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Current Valuation	
Total Active Members	52
Total Inactive Members	48
Current Benefit Payments	\$1,856,700
Expected Benefit Payments in 5 Years	\$2,791,600
Expected Benefit Payments in 10 Years	\$4,132,400

Benefit Payments are Anticipated to Increase 50% in the Next 5 Years and 123% in the Next 10 Years.

Assumption Changes

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

- Every time there is a collective bargaining contract
- Specific to police officers

Change in Fair Value of Assets

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Current Valuation	
Beginning Fair Value of Assets	\$42,293,100
Employer Contributions	\$1,653,200
Member Contributions	\$716,400
Return on Investments	\$4,139,300
Benefits and Refunds	(\$1,966,500)
Other Expenses	(\$61,300)
Change in Fair Value	\$4,481,100
Ending Fair Value of Assets	\$46,774,200

The Rate of Return on Investments on a Fair Value of Assets Basis for the Fund was Approximately 9.60% Net of Administrative Expense. The Expected Rate of Return on Investments is 6.50%.

Risk Management

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The ratio of benefit payments to the Fair Value of Assets is 3.97%, compared to an Expected Rate of Return on Investments of 6.50%.

Based on the number of active Members in the Plan, there is a low demographic risk.

	0.25% Decrease (6.25%)	Current Expected Rate of Return on Investments (6.50%)	0.25% Increase (6.75%)
Recommended Contribution	\$2,229,289	\$1,949,315	\$1,680,603
Dollar Impact	\$279,974		(\$268,712)
Percentage Impact	14.36%		(13.78%)

- Fund is extremely healthy
- Ratio is low
- Expected outflow= 3.97%
- Oswego is more conservative at 6.5%

Alternative Contribution

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	Prior Valuation	Current Valuation	Difference
Alternative Contribution	\$1,281,708	\$1,442,792	\$161,084
PUC Unfunded Actuarial Accrued Liability/(Surplus)	\$11,913,700	\$14,277,700	\$2,364,000
Alternative Contribution Funded Percentage (AVA)	79.19%	77.12%	(2.07%)

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

- 90% by 2040
- 15-year period versus 16 years

Five-Year Employer Contribution History

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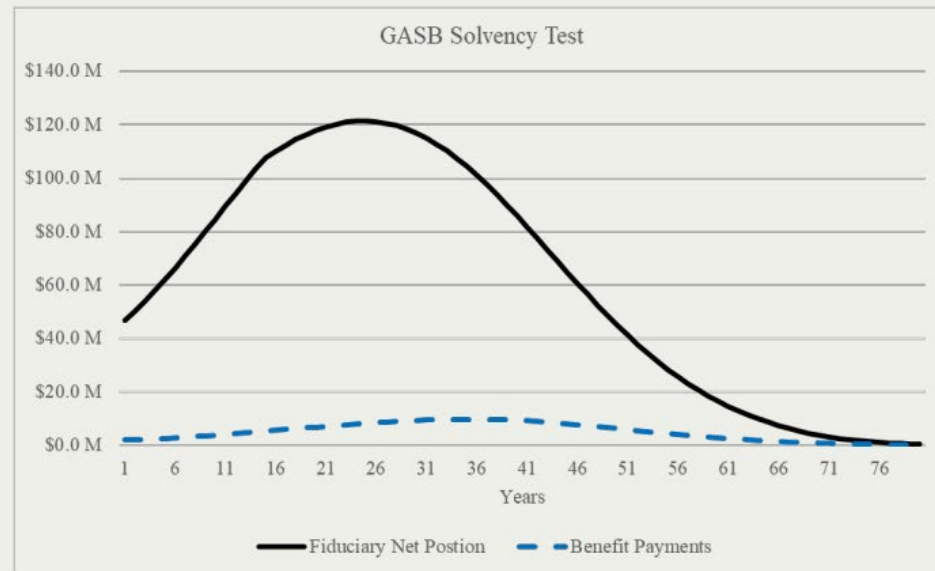
Fiscal Year End	Employer Contribution	Actuarially Determined Contribution (ADC)	% of ADC
4/30/2024	\$1,653,206	\$1,521,266	108.67%
4/30/2023	\$1,730,727	\$1,582,322	109.38%
4/30/2022	\$1,800,798	\$1,783,331	100.98%
4/30/2021	\$1,600,000	\$1,542,957	103.70%
4/30/2020	\$1,400,001	\$1,398,759	100.09%
		5 - Year Average	104.56%

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

- Strong history of funding

GASB Solvency Test

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

- Assuming no new hires not replacing employees

Funding Policy Considerations

- Contribution Volatility Management
- Intergenerational Tax-Payer Equity
- Flexibility
- Transparency
- Endorsements

Actuarial Certification

- The valuation results summarized in this presentation are from the May 1, 2024 Actuarial Funding & GASB 67/68 Reports, which have been reviewed by Actuarial Consultants that meet the Qualification Standards of the American Academy of Actuaries.
 - This report is not intended for purposes other than determining the Recommended 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.

Board and staff discussion focused on 100% more common instead of 90%; shouldn't target anything less than 100%; out of 300 pension funds, only two ask to fund lower than 100%; 15% increase based on the increase in staff; retiree demographics; actuarial value; volatility; pension is currently funded at 79%. There was no further discussion.

CLOSED SESSION

A motion was made by Trustee Guist and seconded by Trustee Torres to enter Closed Session for the purposes of discussing the following:

- Pending and Probable Litigation
- Appointment, Employment, Compensation, Discipline, Performance, or Dismissal of Personnel
- Collective Bargaining, Collective Negotiating Matters, Deliberations Concerning Salary Schedules
- Sale, Lease, and/or Acquisition of Property

