

**WASHINGTON POLICE PENSION BOARD  
301 WALNUT STREET  
WASHINGTON, IL 61571**

**NOTICE OF MEETING CHANGE**

NOTICE IS HEREBY GIVEN, that the Washington Police Pension Board has rescheduled its January 25, 2021 Quarterly Meeting to be held on Monday, February 1, 2021 via Zoom at 8:30 a.m.

  
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**WASHINGTON POLICE PENSION FUND  
QUARTERLY BOARD MEETING  
Monday, February 1, 2021 - 8:30 A.M.**

**AGENDA**

1. Call to Order
2. Roll Call
3. Review Agenda – Deletions or Additions (Discussion Items Only)
4. Investment Reporting by Mitchell, Vaught, & Taylor
5. Approval of November 2, 2020 Quarterly Meeting Minutes
6. Public comment
7. Financial Reports
8. Action Items:

Due to the COVID-19 pandemic, temporary accommodations have been made for the public to listen via ZOOM or phone. Public Comments may be submitted by email to [vbrod@ci.washington.il.us](mailto:vbrod@ci.washington.il.us) by Sunday, January 31st at 9:00pm and will be read aloud during the Public Comment portion of the meeting.  
ZOOM LINK: <https://us02web.zoom.us/j/82888261051>  
ZOOM ID: 828 8826 1051

A. Ratify investments made via phone/memo approval (roll call vote):

<u>Bank Name</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount</u>	<u>Action Taken</u>
			<u>\$0.00</u>	

B. Investments Maturing before next quarterly meeting:

<u>Name</u>	<u>Bank</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount</u>
No CD's maturing before next quarterly meeting.				
				<u>\$0.00</u>

- C. Ratification of Police Pension Fund Expenses (roll call vote)
- D. Ratification of 4th Quarter 2020 Investment Transactions – MVT (roll call vote)
- E. Designation of FOI and Open Meetings Act Officer – City Clerk Brod
- F. Acceptance of Police Pension Fund Actuarial Report

9. Discussion Items:

- A. Pension Reform Update
- B. Active / Retiree Elections
- C. Training requirements and opportunities

10. Adjournment (roll call vote)

**Next meeting Monday, April 26, 2021 @ 8:30 a.m.**

**Mitchell,  
& Vaught  
Taylor Inc.**  
**Investment Advisors**

January 5, 2021  
Statement for First Quarter 2021  
For Services Rendered

To: Washington Police Pension Fund

Investment Management Fee  
First Quarter 2021  
January 1 through March 31, 2021

December 31, 2020 Portfolio Value: \$6,539,843.08

Quarterly Fee

First \$2 Million at 0.50%	=	\$2,500.00
Next \$3 Million at 0.40%	=	\$3,000.00
Next \$5 Million at 0.35%	=	\$1,347.36
		-----
Total Fee:		\$6,847

Allocate bill to individuals within group:

Name	Acct. Number	Portfolio Value	Bill Amount
Washington Police Bonds	5994-4800	\$2,441,447.19	\$2,556
Washington Police Equity	2084-2258	\$4,098,395.89	\$4,291

Each account listed above at Charles Schwab has been charged to account 5994-4800.  
Charles Schwab, as custodian, makes no independent verification of the calculation of the billing amount, which is the client's responsibility.



## Portfolio Statement

As of 12/31/2020

Washington Police Pension Fund Group

Weight	Symbol	Trade Date	Description	Quantity	Cost Basis	Current Price	Current Value
<b>Washington Police Bonds 5994-4800 Fixed Income</b>							
<b>Fixed Income</b>							
<b>Money Funds</b>							
<b>Money Funds</b>							
0.3%	SWGXX		Schwab U. S. Treasury		18,418.81		18,418.81
<b>U. S. Treasury</b>							
<b>US Treasury</b>							
0.6%	912828PX2	02/27/2019	Treasury Note 02/15/2021 3.625%	40,000	40,875.47	100.391	40,156.24
			Accrued Income				547.78
1.0%	9128284D9	04/19/2018	US Treasury Note 03/31/2023 2.50%	60,000	59,302.39	105.281	63,168.78
			Accrued Income				383.24
1.4%	912828Y79	05/23/2019	US Treasury Note 07/31/2025 2.875%	80,000	87,577.04	111.625	89,300.00
			Accrued Income				962.50
0.3%	912828R36	06/18/2019	US Treasury Note 05/15/2026 1.625%	20,000	19,631.32	106.438	21,287.50
			Accrued Income				42.20
3.3%					207,386.22		215,848.24
<b>TIPS</b>							
1.8%	912828WU0	11/08/2016	Treasury Inflation-Indexed 07/15/2024 0.125%	100,000	102,512.85	107.078	117,422.92
			Par 109,661.00 (1.09661)				
			Accrued Income				6.26
<b>Treasury Inflation-Indexed</b>							
1.8%	912828PP9	08/03/2016	Treasury Inflation-Indexed 01/15/2021 1.125%	100,000	116,430.20	99.984	119,011.43
			Par 119,030.00 (1.1903)				
			Accrued Income				59.52
3.6%					218,943.05		236,500.13
<b>Corporate Bonds</b>							
<b>Corporate Bond</b>							
0.8%	17275RBD3	01/13/2017	Cisco Systems 02/28/2021 2.20%	50,000	50,027.00	100.306	50,153.10
			Accrued Income				369.72
1.2%	61746BEA0	09/08/2016	Morgan Stanley 04/21/2021 2.50%	75,000	75,995.50	100.607	75,455.33
			Accrued Income				370.88
0.8%	00287YAU3	10/12/2016	AbbVie 05/14/2021 2.30%	50,000	50,320.50	100.595	50,297.25
			Accrued Income				150.14

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As of 12/31/2020

Washington Police Pension Fund Group

Weight	Symbol	Trade Date	Description	Quantity	Cost Basis	Current Price	Current Value
<b>Washington Police Bonds 5994-4800 Fixed Income</b>							
<b>Fixed Income</b>							
<b>Corporate Bonds</b>							
<b>Corporate Bond</b>							
0.8%	89114QBL1	07/13/2017	Toronto Dominion 07/13/2021 1.80%	50,000	49,151.00	100.875	50,437.70
			Accrued Income				420.00
0.8%	949746SA0	07/22/2016	Wells Fargo 07/26/2021 2.10%	50,000	50,107.14	100.999	50,499.65
			Accrued Income				453.67
0.8%	742718DY2	01/13/2017	Procter & Gamble 02/06/2022 2.30%	50,000	50,366.90	102.197	51,098.35
			Accrued Income				463.19
0.2%	064159JF4	12/20/2019	Bank of Nova Scotia 03/07/2022 2.525%	15,000	15,164.50	100.505	15,075.74
			Accrued Income				121.37
1.6%	064159JG2	05/10/2017	Bank Of Nova Scotia 03/07/2022 2.70%	100,000	101,107.50	102.869	102,868.70
			Accrued Income				855.00
1.6%	747525AE3	03/29/2017	Qualcomm Inc 05/20/2022 3.00%	100,000	101,441.00	103.597	103,596.50
			Accrued Income				341.67
0.7%	871829AQ0	08/07/2017	Sysco Corporation 06/12/2022 2.60%	45,000	45,496.00	103.078	46,384.92
			Accrued Income				61.75
0.8%	89236TCQ6	05/23/2017	Toyota Motor Credit 07/13/2022 2.80%	50,000	50,792.00	103.749	51,874.65
			Accrued Income				653.33
0.8%	02209SAN3	07/18/2017	Altria Group Inc 08/09/2022 2.85%	50,000	51,234.00	103.939	51,969.65
			Accrued Income				562.08
1.6%	06367TG38	08/29/2018	Bank Of Montreal 09/11/2022 2.35%	100,000	96,342.30	103.489	103,489.30
			Accrued Income				718.06
0.3%	24424CBT7	07/19/2018	John Deere 10/15/2022 2.75%	20,000	19,620.00	103.053	20,610.66
			Accrued Income				116.11
1.2%	06051GEU9	06/26/2018	Bank Of America 01/11/2023 3.30%	75,000	74,045.50	105.994	79,495.58
			Accrued Income				1,168.75
0.8%	115637AM2	10/06/2017	Brown Forman 01/15/2023 2.25%	50,000	49,338.00	102.795	51,397.50
			Accrued Income				518.75
0.4%	24422ERT8	06/26/2018	John Deere Capital 01/27/2023 2.80%	25,000	24,467.00	105.116	26,279.08
			Accrued Income				299.44
0.3%	44932HAH6	03/09/2018	IBM Credit 02/06/2023 3.00%	20,000	19,856.51	105.462	21,092.46
			Accrued Income				241.30
0.8%	38141GWU4	02/11/2020	Goldman Sachs Variable Rate 02/23/2023 2.659%	50,000	50,704.50	100.856	50,427.95
			Accrued Income				143.23
0.8%	05574LFY9	10/06/2017	Bnp Paribas 03/03/2023 3.25%	50,000	51,533.00	106.123	53,061.55
			Accrued Income				532.64

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Washington Police Pension Fund Group

Weight	Symbol	Trade Date	Description	Quantity	Cost Basis	Current Price	Current Value
<b>Washington Police Bonds 5994-4800 Fixed Income</b>							
<b>Fixed Income</b>							
<b>Corporate Bonds</b>							
<b>Corporate Bond</b>							
0.7%	718172AV1	12/04/2017	Philip Morris 03/06/2023 2.625%	45,000	44,781.40	105.151	47,318.09
			Accrued Income				377.34
0.4%	06406RAG2	06/26/2018	Bank Of NY Mellon 04/28/2023 3.50%	25,000	25,076.00	107.086	26,771.58
			Accrued Income				153.13
0.8%	02209SAP8	10/06/2017	Altria Group Inc 05/02/2023 2.95%	50,000	50,951.77	105.347	52,673.25
			Accrued Income				241.74
0.8%	857477AL7	07/19/2018	State Street Corp 05/15/2023 3.10%	50,000	49,402.50	106.286	53,143.15
			Accrued Income				198.06
1.3%	06406RAJ6	08/28/2018	Bank Of NY Mellon 08/11/2023 3.45%	80,000	80,168.80	107.894	86,315.28
			Accrued Income				1,073.33
0.8%	06406FAD5	10/06/2017	Bank of NY Mellon Corp 08/16/2023 2.20%	50,000	49,064.00	104.714	52,356.95
			Accrued Income				412.50
1.7%	78013XW20	11/30/2018	Royal Bank of Canada 10/05/2023 3.70%	100,000	99,840.00	108.991	108,990.50
			Accrued Income				883.89
1.7%	806854AH8	11/16/2018	Schlumberger Inc 12/01/2023 3.65%	100,000	99,969.00	108.362	108,361.80
			Accrued Income				304.17
0.4%	68389XBT1	08/26/2020	Oracle Corp 04/01/2025 2.50%	25,000	26,967.66	107.409	26,852.35
			Call 03/01/2025, 100.00				
			Accrued Income				157.97
0.7%	58933YAY1	12/30/2020	Merck & Co., Inc 02/24/2026 0.75%	45,000	45,520.59	100.842	45,378.81
			Accrued Income				178.12
0.6%	046353AV0	09/23/2020	Astrazeneca Plc 04/08/2026 0.70%	40,000	39,804.40	99.379	39,751.64
			Call 03/08/2026, 100.00				
			Accrued Income				64.56
0.4%	06747Q7G6	07/27/2020	Barclays Plc 07/27/2026 1.60%	25,000	24,930.81	99.776	24,943.88
			Accrued Income				171.11
0.9%	12503MAA6	05/06/2020	CBOE 01/12/2027 3.65%	50,000	54,295.50	114.190	57,094.85
			Call 10/12/2026, 100.00				
			Accrued Income				857.95
1.0%	20030NBW0	07/11/2019	Comcast Corp 01/15/2027 2.35%	60,000	58,222.60	107.497	64,498.20
			Accrued Income				650.17

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Washington Police Pension Fund Group

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<b>Washington Police Bonds 5994-4800 Fixed Income</b>							
<b>Fixed Income</b>							
<b>Corporate Bonds</b>							
<b>Corporate Bond</b>							
0.9%	91324PDE9	11/22/2019	Unitedhealth Gro 10/15/2027 2.95% Accrued Income	50,000	52,366.50	112.135	56,067.55
							311.39
30.1%					1,878,471.38		1,970,680.01
37.3%					2,323,219.46		2,441,447.19
37.3%					2,323,219.46		2,441,447.19
<b>Washington Police Equity 2084-2258 Mutual Funds</b>							
<b>Fixed Income</b>							
<b>Money Funds</b>							
<b>Money Funds</b>							
0.2%	SWGXX		Schwab U. S. Treasury		11,553.77		11,553.77
<b>Domestic Equities</b>							
<b>Domestic</b>							
<b>ESG</b>							
2.9%	DSI	05/27/2020	iShares Trust MSCI KLD400 Soc	2,624	150,000.96	71.540	187,720.96
<b>Index Fund</b>							
9.2%	VTSAX	05/18/2016	Vanguard Total Stock Admiral	6,319.726	350,727.92	94.740	598,730.84
<b>Large Growth</b>							
9.9%	PNAIX	10/24/2018	T Rowe Price New America	9,521.293	541,933.33	68.330	650,589.95
<b>Large Value</b>							
8.8%	VDIGX	01/20/2016	Vanguard Dividend Growth Fund	17,312.013	432,940.17	33.240	575,451.31
<b>Mid Cap Growth</b>							
3.4%	BMDIX	01/20/2016	Baird Midcap Institutional	7,894.087	138,097.84	28.170	222,376.43
<b>Mid Cap Value</b>							
3.0%	NMVLX	09/17/2020	Nuance Mid Cap Value Ins	14,101.386	174,603.61	14.040	197,983.46
<b>Small Growth</b>							
2.6%	TQAIX	09/06/2018	T Rowe Price Qm US Small Grow	3,601.497	106,040.07	47.890	172,475.69
<b>Small Value</b>							
2.0%	JSCOX	12/23/2019	Janus Henderson Small	6,098.513	136,371.00	21.250	129,593.40
41.8%					2,030,714.90		2,734,922.04
<b>Alternatives</b>							
<b>Technology</b>							
3.2%	BGSIX	09/27/2019	Blackrock Science and Tech	3,206.74	108,197.39	65.180	209,015.31
<b>Health Care</b>							
2.8%	THISX	09/06/2018	T Rowe Price Health	1,830.191	129,545.70	98.870	180,950.98

**Portfolio Statement**

As of 12/31/2020

Washington Police Pension Fund Group

<b>Weight</b>	<b>Symbol</b>	<b>Trade Date</b>	<b>Description</b>	<b>Quantity</b>	<b>Cost Basis</b>	<b>Current Price</b>	<b>Current Value</b>
<b>Washington Police Equity 2084-2258 Mutual Funds</b>							
<b>Domestic Equities</b>							
<b>Alternatives</b>							
<b>Infrastructure</b>							
1.5%	GLIFX	05/01/2018	Lazard Global Listed Infrastructur	6,536.163	98,344.78	14.650	95,754.79
<b>Real Estate</b>							
1.1%	CSRIX	07/15/2016	Cohen & Steers Institutional	1,695.193	78,911.07	43.310	73,418.81
8.5%					414,998.94		559,139.89
50.4%					2,445,713.84		3,294,061.93
<b>International Equities</b>							
<b>International</b>							
<b>Global Allocation</b>							
1.3%	FNPFX	06/29/2020	American Fund New Perspective I	1,383.719	73,531.96	60.480	83,687.33
<b>Large Growth</b>							
2.1%	APDIX	08/03/2017	Artisan International Fund	4,044.35	130,751.78	34.500	139,530.08
<b>Large Value</b>							
1.9%	ARTKX	06/24/2020	Artisan Intl Value Fund	3,133.766	98,438.04	39.750	124,567.20
1.7%	GCIIX	07/31/2018	Goldman International Insights	8,150.016	110,007.72	13.750	112,062.72
3.6%					208,445.76		236,629.92
<b>Small Cap</b>							
2.1%	OSMYX	01/27/2016	Invesco Oppenheimer Intl Smid C	2,445.204	101,359.48	54.980	134,437.32
<b>Emerging Markets</b>							
1.7%	GERIX	10/24/2018	Goldman Sachs Emerging Market	9,339.704	83,277.82	11.700	109,274.54
1.4%	ODVYX	07/14/2016	Invesco Oppenheimer Developing	1,668.93	56,864.97	53.460	89,221.00
3.0%					140,142.79		198,495.54
12.1%					654,231.77		792,780.19
62.7%					3,111,499.38		4,098,395.89
99.7%					5,434,718.84		6,523,245.07
			Total Accrued Income				16,598.01
100.0%							6,539,843.08

*This report includes data currently available to the investment manager. Past performance is no guarantee of future performance. Indices are not available for direct investment. An investment product which attempts to mimic the performance of an index will incur expenses such as management fees and transaction costs which reduce returns. We urge our clients to compare MVT statements with those from custodians.*



January 21, 2021

**Income Report**  
From 10/01/2020 to 12/31/2020

Washington Police Pension Fund

Interest: Tax Free

<u>Account Number</u>	<u>Date Received</u>	<u>Name of Payer</u>	<u>Symbol</u>	<u>Activity</u>	<u>Non-Qualifi Amount</u>	<u>Qualified Amount</u>	<u>Unclassifi Dividend Amount</u>	<u>Total Amount</u>
5994-4800	11/14/2020	AbbVie 05/14/2021 2.30%	00287YAU3	Interest	575.00			575.00
5994-4800	11/02/2020	Altria Group Inc 05/02/2023 2.95%	02209SAP8	Interest	737.50			737.50
5994-4800	12/16/2020	Anheuser-Busch 01/17/2023 2.625	035242AA4	Interest	543.23			543.23
5994-4800	12/07/2020	Bank of Nova Scot 03/07/2022 2.525	064159JF4	Interest	33.30			33.30
5994-4800	10/28/2020	Bank Of NY Mello 04/28/2023 3.50%	06406RAG2	Interest	437.50			437.50
5994-4800	11/23/2020	Goldman Sachs V 02/23/2023 2.659	38141GWU4	Interest	127.16			127.16
5994-4800	10/15/2020	John Deere 10/15/2022 2.75%	24424CBT7	Interest	275.00			275.00
5994-4800	10/21/2020	Morgan Stanley 04/21/2021 2.50%	61746BEA0	Interest	937.50			937.50

January 21, 2021

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# **Income Report** From 10/01/2020 to 12/31/2020

Washington Police Pension Fund

Interest: Tax Free

Account Number	Date Received	Name of Payer	Symbol	Activity	Non-Qualifi Amount	Qualified Amount	Unclassifi Dividend Amount	Total Amount
5994-4800	10/01/2020	Oracle Corp 04/01/2025 2.50% Call 03/01/2025, 1	68389XBT1	Interest	312.50			312.50
Accrued interest paid at purchase					(255.21)			(255.21)
					57.29			57.29
5994-4800	11/20/2020	Qualcomm Inc 05/20/2022 3.00%	747525AE3	Interest	1,500.00			1,500.00
5994-4800	10/05/2020	Royal Bank of Can 10/05/2023 3.70%	78013XW20	Interest	1,850.00			1,850.00
5994-4800	12/01/2020	Schlumberger Inc 12/01/2023 3.65%	806854AH8	Interest	1,825.00			1,825.00
5994-4800	11/15/2020	State Street Corp 05/15/2023 3.10%	857477AL7	Interest	775.00			775.00
5994-4800	12/12/2020	Sysco Corporation 06/12/2022 2.60%	871829AQ0	Interest	585.00			585.00
5994-4800	10/15/2020	Unitedhealth Gro 10/15/2027 2.95%	91324PDE9	Interest	737.50			737.50

January 21, 2021

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# **Income Report** From 10/01/2020 to 12/31/2020

Washington Police Pension Fund

Interest: Tax Free

<u>Account Number</u>	<u>Date Received</u>	<u>Name of Payer</u>	<u>Symbol</u>	<u>Activity</u>	<u>Non-Qualifi Amount</u>	<u>Qualified Amount</u>	<u>Unclassifi Dividend Amount</u>	<u>Total Amount</u>
5994-4800	11/16/2020	US Treasury Note 05/15/2026 1.625	912828R36	Interest	162.50			162.50
Accrued paid					(255.21)			(255.21)
Total interest: tax free					11,158.48			11,158.48

Dividends: Tax Free

<u>Account Number</u>	<u>Date Received</u>	<u>Name of Payer</u>	<u>Symbol</u>	<u>Activity</u>	<u>Non-Qualifi Amount</u>	<u>Qualified Amount</u>	<u>Unclassifi Dividend Amount</u>	<u>Total Amount</u>
2084-2258	12/17/2020	American Fund Ne	FNPFX	Qualified Dividen		321.33		321.33
2084-2258	11/24/2020	Artisan Internation	APDIX	Qualified Dividen		507.02		507.02
2084-2258	11/17/2020	Artisan Intl Value	ARTKX	Qualified Dividen		266.78		266.78
2084-2258	12/10/2020	Cohen & Steers In	CSRIX	Qualified Dividen		633.43		633.43
2084-2258	12/18/2020	Goldman Internati	GCIIX	Qualified Dividen		2,047.29		2,047.29
2084-2258	12/18/2020	Goldman Sachs E	GERIX	Qualified Dividen		1,231.53		1,231.53



January 21, 2021

**Income Report**  
From 10/01/2020 to 12/31/2020

Washington Police Pension Fund

**Dividends: Tax Free**

<u>Account Number</u>	<u>Date Received</u>	<u>Name of Payer</u>	<u>Symbol</u>	<u>Activity</u>	<u>Non-Qualifi Amount</u>	<u>Qualified Amount</u>	<u>Unclassifi Dividend Amount</u>	<u>Total Amount</u>
2084-2258	12/14/2020	T Rowe Price New	PNAIX	Qualified Dividen		820.10		820.10
2084-2258	12/29/2020	Vanguard Dividen	VDIGX	Qualified Dividen		4,914.10		4,914.10
2084-2258	12/23/2020	Vanguard Total St	VT SAX	Qualified Dividen		2,379.88		2,379.88
Total dividends: tax free					0.46	15,959.44	0.33	15,960.23
<b>Short Term Gains</b>								
2084-2258	11/24/2020	Artisan Internation	APDIX	Short Gain	656.63			656.63
2084-2258	11/17/2020	Artisan Intl Value	ARTKX	Short Gain	751.88			751.88
2084-2258	12/17/2020	Baird Midcap Instit	BMDIX	Short Gain	3,169.14			3,169.14
2084-2258	12/15/2020	T Rowe Price Heal	THISX	Short Gain	1,740.09			1,740.09

January 21, 2021

Washington Police Pension Fund

**Income Report**  
From 10/01/2020 to 12/31/2020

**Short Term Gains**

<u>Account Number</u>	<u>Date Received</u>	<u>Name of Payer</u>	<u>Symbol</u>	<u>Activity</u>	<u>Non-Qualifi Amount</u>	<u>Qualified Amount</u>	<u>Unclassifi Dividend Amount</u>	<u>Total Amount</u>
2084-2258	12/14/2020	T Rowe Price New	PNAIX	Short Gain	36,330.56			36,330.56
2084-2258	12/14/2020	T Rowe Price Qm	TQAIX	Short Gain	828.34			828.34
Total short term gains					43,476.64			43,476.64
Total accrued paid					(255.21)			(255.21)
Total Income					54,635.58	15,959.44	0.33	70,595.35

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# Quarterly Report

*Prepared by*

**& Mitchell,  
Vaught  
Taylor Inc.**  
**Investment Advisors**

**Washington Police  
Pension Fund**

**4th Quarter 2020**

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4Q2020 3<sup>rd</sup> quarter GDP reported at 33.4%. Consumer activity resumed broadly and both business and residential investment showed solid increases. Net exports had a good quarter while government spending decreased with the expiration of COVID stimulus. With this recovery, total US GDP is at \$21.2 trillion, still below \$22 trillion at the end of 2019.

Markets do not like uncertainty and showed volatility leading up to the election. After polls closed 11/3, markets moved upward more than 12% for the month of November.

Pfizer announced on 11/9 a vaccine 90% effective in clinical trials and its share price jumped 15% in the morning, also lifting entire markets on optimism. Pfizer later obtained emergency FDA approval for distribution of the vaccine to the public. Healthcare workers and first responders will have priority access to cover the risks that they face every day. Pfizer is in the MVT Dividend Growth strategy.

Moderna and Astra Zeneca followed with announcements of early success in trials of their COVID vaccines.

In November, the unemployment rate edged down to 6.7 percent. The rate is down by 8.0 percentage points from its recent high in April but is 3.2 percentage points higher than it was in February.

MVT staff had a private tele-conference with Chuck Severson, portfolio manager of Baird Midcap Growth fund. Severson reviewed his strategy through the pandemic, and his ideas for the recovery.

The Russell 2000 index, a small-cap index, had its best quarterly gains in seven years rising 31% in the fourth quarter.



# Washington Police Pension Fund

## Executive Summary

### 4th Quarter 2020

**Mitchell,  
& Vaught  
Taylor Inc.**  
Investment Advisors

#### Activity Summary this Quarter

Beginning Value:	\$ 6,004,085
Contribute & Withdraw:	\$ -
Net Investment Gain:	\$ 535,758
Ending Value:	\$ 6,539,843

Income	\$ 27,374
Management fee:	\$ (6,407)

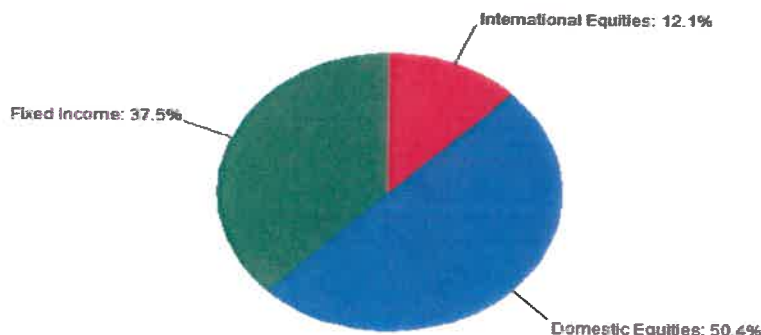
#### Since First Month: 01/31/2016

Annualized return	9.43%
Cumulative Return:	53.42%
Net Investment Gain:	\$ 2,327,245

#### Net Performance this Quarter

Fixed Income	0.16%	\$ 3,868
Equities	14.91%	\$ 531,890
Total Fund	8.92%	\$ 535,758

Fixed/cash:	37.3%
Equities	62.7%
*assets managed at MVT	



#### Portfolio Strengths

##### **Fixed income**

Corporate bonds gained 0.7% on average for the period. Longer maturity bond securities had the strongest gains. Yields did rise toward the end of December as the 10 Yr finished the year at .93%.

##### **Equities**

After slow markets in October, stocks rallied 16% in November and December after post-election with new vaccine hopes. In a pivot to small caps and value, Janus Henderson at 25%, Nuance at 15.3% and T Rowe Price Small Cap at 22% had gains better than the markets. Tech funds such as BlackRock continued to perform well with strong gains at 23%. International funds had a robust November and exceeded returns of the total US market in the 4th quarter.

#### Weaknesses

##### **Fixed income**

Government bonds were essentially flat for the quarter, not providing any additional returns. The 10 year Treasury hovered in a range of 0.7% to 0.9% for most of the period. The Fed has affirmed to keep rates low through 2021.

##### **Equities**

Real estate funds continued to lag the total market, but still showed positive returns at 8% for the quarter. Also, the Lazard Global Infrastructure Fund trailed the total market with fourth quarter returns at 5%.

#### Strategies

At the end of the 3rd quarter, an indication of strong recovery was exhibited with an annual GDP rate of 33.4%, however this is still lower than pre-pandemic levels. The resurgence of COVID cases and social restrictions gives reason for caution through the rest of winter as the vaccine rollout has shown to be inconsistent. Bond yields have bottomed out and will not provide much income or price increase for the next year. High quality international bonds will be an option. In equities, we prefer companies with steady revenues and strong balance sheets. Dividends will be a definitive alternative for providing income. ESG funds performed well in 2020, as many had better gains than the S&P 500. The technology sector is at high valuations now, but investors are still willing to pay for those names and your Blackrock tech fund has been running out in front of its peers with a YTD performance of 86%. Health care provides opportunities as pharmaceuticals bring COVID vaccines to market. Also, International equities are offering competitive valuations in comparison to the U.S Equity market, and may present some opportunities in 2021.

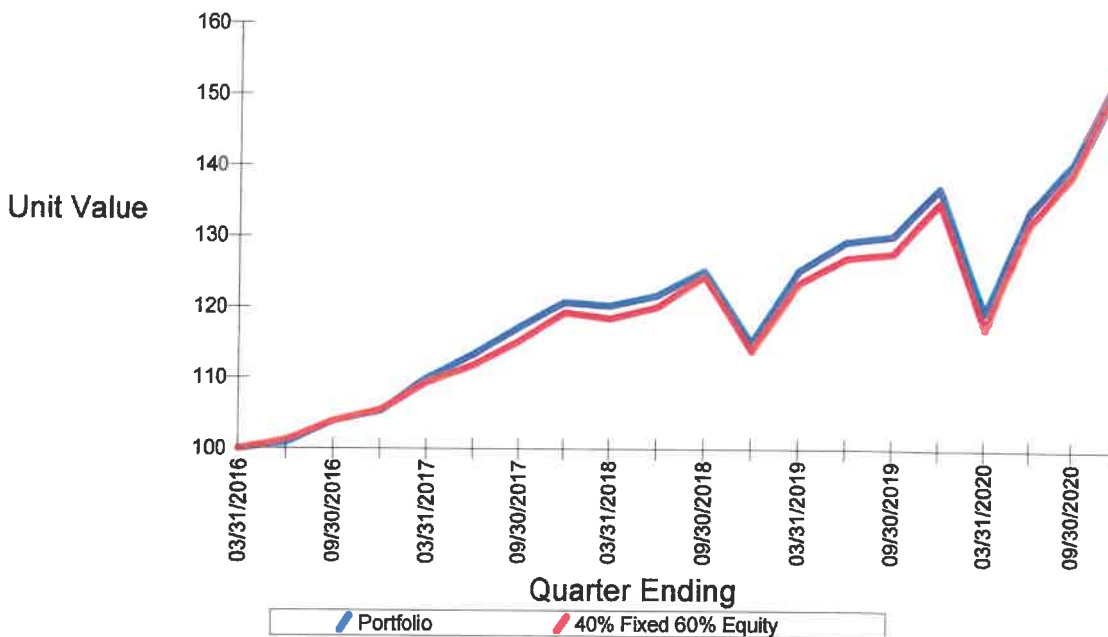
*We urge our clients to compare MVT statements with those from custodians.*

Past performance is no guarantee of future returns. Indices are not available for direct investment. Investments which attempt to mimic the performance of an index will incur expenses such as fees and transaction costs which reduce returns.

**Performance vs Target**  
From 03/31/2016 to 12/31/2020

Washington Police Pension Fund

**Gross of Fees vs. Target**



Period Ending	Returns	Growth of \$100.00	40% Fixed 60% Equity	Portfolio Cumulative Return
03/31/2016		100.00	100.00	
06/30/2016	0.91%	100.91	101.30	0.91%
09/30/2016	3.04%	103.98	103.97	3.98%
12/31/2016	1.32%	105.35	105.56	5.35%
03/31/2017	4.43%	110.02	109.42	10.02%
06/30/2017	3.06%	113.38	111.88	13.38%
09/30/2017	3.38%	117.21	115.27	17.21%
12/31/2017	2.97%	120.69	119.32	20.69%
03/31/2018	-0.35%	120.27	118.47	20.27%
06/30/2018	1.19%	121.71	120.09	21.71%
09/30/2018	2.83%	125.15	124.36	25.15%
12/31/2018	-8.07%	115.06	113.97	15.06%
03/31/2019	8.85%	125.23	123.52	25.23%
06/30/2019	3.27%	129.33	127.05	29.33%
09/30/2019	0.68%	130.21	127.72	30.21%
12/31/2019	5.26%	137.06	134.98	37.06%

**Performance vs Target**  
From 03/31/2016 to 12/31/2020

Washington Police Pension Fund

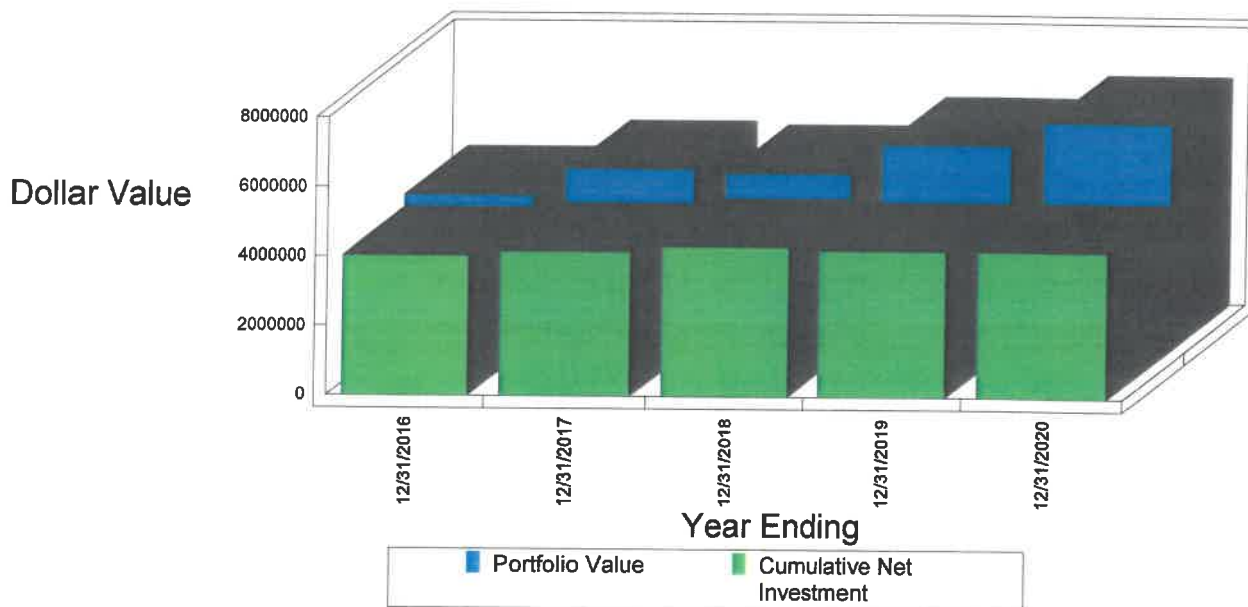
<u>Period Ending</u>	<u>Returns</u>	<u>Growth of \$100.00</u>	<u>40% Fixed 60% Equity</u>	<u>Portfolio Cumulative Return</u>
03/31/2020	-12.82%	119.49	117.31	19.49%
06/30/2020	12.15%	134.01	132.29	34.01%
09/30/2020	4.99%	140.70	139.18	40.70%
12/31/2020	9.04%	153.42	152.43	53.42%
<b>Actual Return</b>	<b>53.42%</b>			<b>53.42%</b>
<b>Annualized Ret</b>	<b>9.43%</b>			<b>9.43%</b>

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**Portfolio Value vs. Cumulative Net Investment**

From 01/07/2016 to 12/31/2020

Washington Police Pension Fund



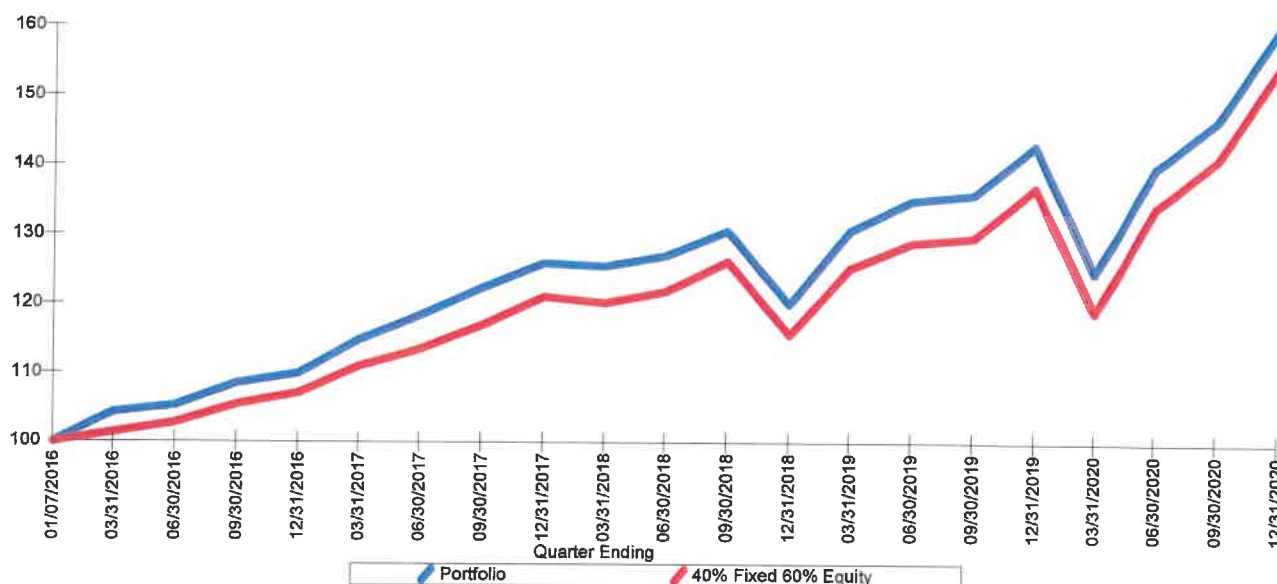
<u>Period Ending</u>	<u>Contributions and Withdrawals</u>	<u>Cumulative Net Investment</u>	<u>Portfolio Value</u>	<u>Investment Gain</u>
12/31/2016	2,919,776	4,031,662	4,381,260	349,598
12/31/2017	127,534	4,159,197	5,146,287	987,090
12/31/2018	154,394	4,313,591	5,036,413	722,822
12/31/2019	-100,993	4,212,598	5,867,492	1,654,894
12/31/2020	0	4,212,598	6,539,843	2,327,245

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## Portfolio Performance Review

Washington Police Pension Fund

### Graphical Comparative Performance



<b>Total Portfolio</b>	<b>4Q20</b>	<b>1 Year</b>	<b>2 Years</b>	<b>4 Years</b>	<b>*Incep</b>
Time Weighted (gross)	9.0	11.9	15.5	9.9	9.9
Russell 3000	14.7	20.9	25.9	16.1	15.8
MSCI All World Index	14.4	14.3	19.1	11.3	10.5
Barclays Int Govt	-0.2	5.7	5.5	3.4	2.8
Barclays Corp A+ 1-5 y	0.7	5.4	5.8	3.7	3.4
40% Fixed 60% Equity	9.3	12.6	15.6	9.6	9.1
Time Weighted (net)	8.9	11.5	15.0	9.4	9.5
Russell 3000	14.7	20.9	25.9	16.1	15.8
MSCI All World Index	14.4	14.3	19.1	11.3	10.5
Barclays Int Govt	-0.2	5.7	5.5	3.4	2.8
Barclays Corp A+ 1-5 y	0.7	5.4	5.8	3.7	3.4
40% Fixed 60% Equity	9.3	12.6	15.6	9.6	9.1

\* Return since inception date of 01/07/2016

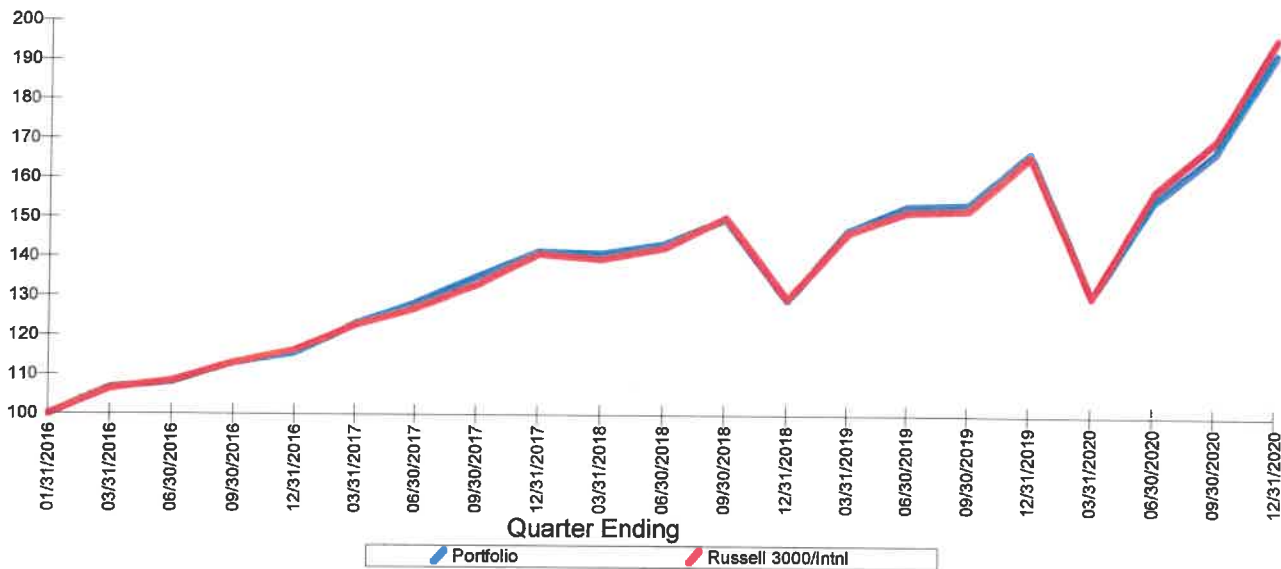
Returns for periods exceeding 12 months are annualized

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## Portfolio Performance Review

Washington Police Equity Mutual Funds

### Graphical Comparative Performance



Total Portfolio	4Q20	1 Yr	2 Yrs	4 Yrs	Incep
Time Weighted (gross)	14.9	15.3	22.0	13.6	14.2
Russell 3000	14.7	20.9	25.9	16.1	17.1
MSCI World xUS	16.7	8.5	13.2	7.3	7.8
Russell 3000/Intl	15.2	17.8	22.8	14.0	14.7
Time Weighted (net)	14.9	15.2	21.7	13.2	13.8
Russell 3000	14.7	20.9	25.9	16.1	17.1
MSCI World xUS	16.7	8.5	13.2	7.3	7.8
Russell 3000/Intl	15.2	17.8	22.8	14.0	14.7

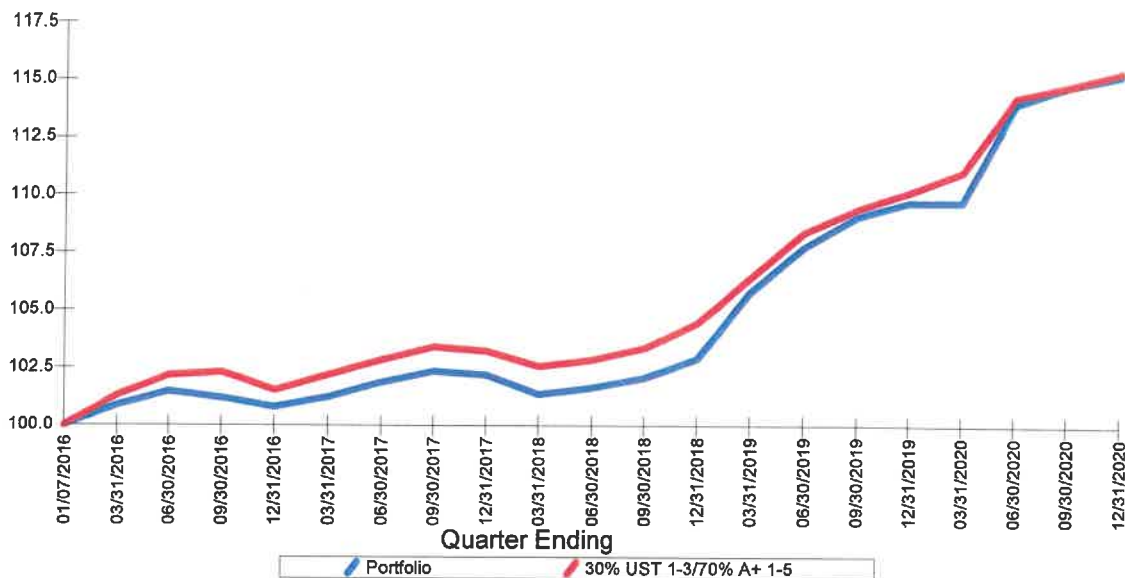
Returns for periods exceeding 12 months are annualized

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## Portfolio Performance Review

Washington Police Bonds    Fixed Income

### Graphical Comparative Performance



Total Portfolio	4Q20	1 Yr	2 Yrs	4 Yrs	*Incep
Time Weighted (gross)	0.4	5.0	5.8	3.4	2.9
Barclays Int Govt	-0.2	5.7	5.5	3.4	2.8
Barclays Corp A+ 1-5 y	0.7	5.4	5.8	3.7	3.4
30% UST 1-3/70% A+	0.5	4.7	5.1	3.2	2.9
Time Weighted (net)	0.2	4.2	5.1	2.9	2.4
Barclays Int Govt	-0.2	5.7	5.5	3.4	2.8
Barclays Corp A+ 1-5 y	0.7	5.4	5.8	3.7	3.4
30% UST 1-3/70% A+	0.5	4.7	5.1	3.2	2.9

\* Return since inception date of 01/07/2016

Returns for periods exceeding 12 months are annualized

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### Fixed Income Summary

Before 12/31/2020

Winthrop Harbor Police Bonds      Fixed Income

### Summary

<u>Totals</u>		<u>Weighted Averages</u>	
Total Number of Issues	47.00	Average Years to Redemption	3.42
Face Value	3,083,684.00	Average Interest Rate	2.07
Current Value	2,615,690.59	Average S&P Rating	A+
Cost Basis	2,470,526.48	Average Yield to Maturity	0.44
Unrealized Gain/Loss	133,148.39	Average Duration	3.22

<u>Weight</u>	<u>CUSIP</u>	<u>Description</u>	<u>Quantity</u>	<u>Current Value</u>	<u>Interest Rate</u>	<u>Expected Yield</u>	<u>Modified Duration Cost</u>	<u>Modified Duration Market</u>
<b>Fixed Income and Equivalents by Maturity Date</b>								
12.6%		2021	325,000	330,595.21	2.44	0.37%	3.92	0.51
21.1%		2022	540,000	550,937.86	1.33	0.31%	3.75	1.54
13.5%		2023	335,000	353,429.92	2.24	0.22%	5.55	2.48
8.1%		2024	195,000	211,500.69	2.41	0.29%	6.01	3.64
20.2%		2025	485,000	527,471.88	2.33	0.44%	5.63	4.26
18.4%		2026	519,000	480,644.22	1.81	0.70%	6.14	5.39
5.5%		2027	130,000	144,110.94	2.64	1.03%	6.72	6.03
0.0%		2033	54,000	440.93	2.75	0.00%		N/A
0.5%		2034	402,684	12,518.58	5.03	0.00%		N/A
0.2%		2035	98,000	4,040.36	5.00	0.00%		N/A
100.0%			3,083,684	2,615,690.59	2.07	0.44%	5.17	3.22

<u>Weight</u>	<u>CUSIP</u>	<u>Description</u>	<u>Quantity</u>	<u>Current Value</u>	<u>Interest Rate</u>	<u>Expected Yield</u>	<u>Modified Duration Cost</u>	<u>Modified Duration Market</u>
<b>Fixed Income and Equivalents by Interest Rate</b>								
84.9%		Less than 3%	2,264,000	2,221,055.66	1.82	0.38%	5.27	3.14
14.5%		3-5%	345,000	379,028.05	3.38	0.80%	4.84	3.68
0.6%		5-7%	474,684	15,606.88	5.37	0.00%		
100.0%			3,083,684	2,615,690.59	2.07	0.44%	5.17	3.22



**Portfolio Statement**

As of 12/31/2020

Washington Police Pension Fund

Weight	Symbol	Trade Dat	Description	Quantity	Cost Basis	Current Price	Current Value
<b>Washington Police Bonds 5994-4800 Fixed Income</b>							
<b>Fixed Income</b>							
<b>Money Funds</b>							
0.28%	SWGXX		Schwab U. S. Treasury		18,418.81		18,418.81
<b>U. S. Treasury</b>							
0.62%	912828PX2	02/27/2019	Treasury Note 02/15/2021 3.625% Accrued Income	40,000	40,875.47	100.39	40,156.24 547.78
0.97%	9128284D9	04/19/2018	US Treasury Note 03/31/2023 2.50% Accrued Income	60,000	59,302.39	105.28	63,168.78 383.24
1.38%	912828Y79	05/23/2019	US Treasury Note 07/31/2025 2.875% Accrued Income	80,000	87,577.04	111.63	89,300.00 962.50
0.33%	912828R36	06/18/2019	US Treasury Note 05/15/2026 1.625% Accrued Income	20,000	19,631.32	106.44	21,287.50 42.20
3.30%					207,386.22		215,848.24
<b>TIPS</b>							
1.82%	912828PP9	08/03/2016	Treasury Inflation-Indexed 01/15/2021 1.125% Par 119,030.00 (1.1903) Accrued Income	100,000	116,430.20	99.98	119,011.43 59.52
1.80%	912828WU0	11/08/2016	Treasury Inflation-Indexed 07/15/2024 0.125% Par 109,661.00 (1.09661) Accrued Income	100,000	102,512.85	107.08	117,422.92 6.26
3.62%					218,943.05		236,500.13
<b>Corporate Bonds</b>							
0.77%	17275RBD3	01/13/2017	Cisco Systems 02/28/2021 2.20% Accrued Income	50,000	50,027.00	100.31	50,153.10 369.72
1.16%	61746BEA0	09/08/2016	Morgan Stanley 04/21/2021 2.50% Accrued Income	75,000	75,995.50	100.61	75,455.33 370.88
0.77%	00287YAU3	10/12/2016	AbbVie 05/14/2021 2.30% Accrued Income	50,000	50,320.50	100.59	50,297.25 150.14
0.78%	89114QBL1	07/13/2017	Toronto Dominion 07/13/2021 1.80% Accrued Income	50,000	49,151.00	100.88	50,437.70 420.00
0.78%	949746SA0	07/22/2016	Wells Fargo 07/26/2021 2.10% Accrued Income	50,000	50,107.14	101.00	50,499.65 453.67

## Portfolio Statement

As of 12/31/2020

Washington Police Pension Fund

Weight	Symbol	Trade Dat	Description	Quantity	Cost Basis	Current Price	Current Value
<b>Washington Police Bonds 5994-4800 Fixed Income</b>							
<b>Fixed Income</b>							
<b>Corporate Bonds</b>							
0.79%	742718DY2	01/13/2017	Procter & Gamble 02/06/2022 2.30%	50,000	50,366.90	102.20	51,098.35
			Accrued Income				463.19
0.23%	064159JF4	12/20/2019	Bank of Nova Scotia 03/07/2022 2.525%	15,000	15,164.50	100.50	15,075.74
			Accrued Income				121.37
1.59%	064159JG2	05/10/2017	Bank Of Nova Scotia 03/07/2022 2.70%	100,000	101,107.50	102.87	102,868.70
			Accrued Income				855.00
1.59%	747525AE3	03/29/2017	Qualcomm Inc 05/20/2022 3.00%	100,000	101,441.00	103.60	103,596.50
			Accrued Income				341.67
0.71%	871829AQ0	08/07/2017	Sysco Corporation 06/12/2022 2.60%	45,000	45,496.00	103.08	46,384.92
			Accrued Income				61.75
0.80%	89236TCQ6	05/23/2017	Toyota Motor Credit 07/13/2022 2.80%	50,000	50,792.00	103.75	51,874.65
			Accrued Income				653.33
0.80%	02209SAN3	07/18/2017	Altria Group Inc 08/09/2022 2.85%	50,000	51,234.00	103.94	51,969.65
			Accrued Income				562.08
1.59%	06367TG38	08/29/2018	Bank Of Montreal 09/11/2022 2.35%	100,000	96,342.30	103.49	103,489.30
			Accrued Income				718.06
0.32%	24424CBT7	07/19/2018	John Deere 10/15/2022 2.75%	20,000	19,620.00	103.05	20,610.66
			Accrued Income				116.11
1.23%	06051GEU9	06/26/2018	Bank Of America 01/11/2023 3.30%	75,000	74,045.50	105.99	79,495.58
			Accrued Income				1,168.75
0.79%	115637AM2	10/06/2017	Brown Forman 01/15/2023 2.25%	50,000	49,338.00	102.80	51,397.50
			Accrued Income				518.75
0.41%	24422ERT8	06/26/2018	John Deere Capital 01/27/2023 2.80%	25,000	24,467.00	105.12	26,279.08
			Accrued Income				299.44
0.33%	44932HAH6	03/09/2018	IBM Credit 02/06/2023 3.00%	20,000	19,856.51	105.46	21,092.46
			Accrued Income				241.30
0.77%	38141GWU4	02/11/2020	Goldman Sachs Variable Rate 02/23/2023 2.659%	50,000	50,704.50	100.86	50,427.95
			Accrued Income				143.23
0.82%	05574LFY9	10/06/2017	Bnp Paribas 03/03/2023 3.25%	50,000	51,533.00	106.12	53,061.55
			Accrued Income				532.64
0.73%	718172AV1	12/04/2017	Philip Morris 03/06/2023 2.625%	45,000	44,781.40	105.15	47,318.09
			Accrued Income				377.34
0.41%	06406RAG2	06/26/2018	Bank Of NY Mellon 04/28/2023 3.50%	25,000	25,076.00	107.09	26,771.58
			Accrued Income				153.13
0.81%	02209SAP8	10/06/2017	Altria Group Inc 05/02/2023 2.95%	50,000	50,951.77	105.35	52,673.25
			Accrued Income				241.74
0.82%	857477AL7	07/19/2018	State Street Corp 05/15/2023 3.10%	50,000	49,402.50	106.29	53,143.15
			Accrued Income				198.06

## Portfolio Statement

As of 12/31/2020

Washington Police Pension Fund

Weight	Symbol	Trade Dat	Description	Quantity	Cost Basis	Current Price	Current Value
<b>Washington Police Bonds 5994-4800 Fixed Income</b>							
<b>Fixed Income</b>							
<b>Corporate Bonds</b>							
1.34%	06406RAJ6	08/28/2018	Bank Of NY Mellon 08/11/2023 3.45%	80,000	80,168.80	107.89	86,315.28
			Accrued Income				1,073.33
0.81%	06406FAD5	10/06/2017	Bank of NY Mellon Corp 08/16/2023 2.20%	50,000	49,064.00	104.71	52,356.95
			Accrued Income				412.50
1.68%	78013XW20	11/30/2018	Royal Bank of Canada 10/05/2023 3.70%	100,000	99,840.00	108.99	108,990.50
			Accrued Income				883.89
1.66%	806854AH8	11/16/2018	Schlumberger Inc 12/01/2023 3.65%	100,000	99,969.00	108.36	108,361.80
			Accrued Income				304.17
0.41%	68389XBT1	08/26/2020	Oracle Corp 04/01/2025 2.50%	25,000	26,967.66	107.41	26,852.35
			Call 03/01/2025, 100.00				
			Accrued Income				157.97
0.70%	58933YAY1	12/30/2020	Merck & Co., Inc 02/24/2026 0.75%	45,000	45,520.59	100.84	45,378.81
			Accrued Income				178.12
0.61%	046353AV0	09/23/2020	Astrazeneca Plc 04/08/2026 0.70%	40,000	39,804.40	99.38	39,751.64
			Call 03/08/2026, 100.00				
			Accrued Income				64.56
0.38%	06747Q7G6	07/27/2020	Barclays Plc 07/27/2026 1.60%	25,000	24,930.81	99.78	24,943.88
			Accrued Income				171.11
0.89%	12503MAA6	05/06/2020	CBOE 01/12/2027 3.65%	50,000	54,295.50	114.19	57,094.85
			Call 10/12/2026, 100.00				
			Accrued Income				857.95
1.00%	20030NBW0	07/11/2019	Comcast Corp 01/15/2027 2.35%	60,000	58,222.60	107.50	64,498.20
			Accrued Income				650.17
0.86%	91324PDE9	11/22/2019	Unitedhealth Gro 10/15/2027 2.95%	50,000	52,366.50	112.14	56,067.55
			Accrued Income				311.39
30.13%					1,878,471.38		1,970,680.01
37.33%					2,323,219.46		2,441,447.19
37.33%					2,323,219.46		2,441,447.19
<b>Washington Police Equity 2084-2258 Mutual Funds</b>							
<b>Fixed Income</b>							
<b>Money Funds</b>							
0.18%	SWGXX		Schwab U. S. Treasury		11,553.77		11,553.77
<b>Domestic Equities</b>							
<b>Domestic</b>							
3.40%	BMDIX	01/20/2016	Baird Midcap Institutional	7,894.087	138,097.84	28.17	222,376.43
2.87%	DSI	05/27/2020	iShares Trust MSCI KLD400 S	2,624	150,000.96	71.54	187,720.96
1.98%	JSCOX	12/23/2019	Janus Henderson Small	6,098.513	136,371.00	21.25	129,593.40
3.03%	NMVLX	09/17/2020	Nuance Mid Cap Value Ins	14,101.386	174,603.61	14.04	197,983.46
9.95%	PNAIX	10/24/2018	T Rowe Price New America	9,521.293	541,933.33	68.33	650,589.95

**Portfolio Statement**

As of 12/31/2020

Washington Police Pension Fund

<u>Weight</u>	<u>Symbol</u>	<u>Trade Dat</u>	<u>Description</u>	<u>Quantity</u>	<u>Cost Basis</u>	<u>Current Price</u>	<u>Current Value</u>
<b>Washington Police Equity 2084-2258 Mutual Funds</b>							
<b>Domestic Equities</b>							
<b>Domestic</b>							
2.64%	TQAIX	09/06/2018	T Rowe Price Qm US Small Gr	3,601.497	106,040.07	47.89	172,475.69
8.80%	VDIGX	01/20/2016	Vanguard Dividend Growth Fu	17,312.013	432,940.17	33.24	575,451.31
9.16%	VTSAX	01/19/2016	Vanguard Total Stock Admiral	6,319.726	350,727.92	94.74	598,730.84
41.82%					2,030,714.90		2,734,922.04
<b>Alternatives</b>							
3.20%	BGSIX	09/27/2019	Blackrock Science and Tech	3,206.74	108,197.39	65.18	209,015.31
1.12%	CSRIX	07/15/2016	Cohen & Steers Institutional	1,695.193	78,911.07	43.31	73,418.81
1.46%	GLIFX	05/01/2018	Lazard Global Listed Infrastruc	6,536.163	98,344.78	14.65	95,754.79
2.77%	THISX	09/06/2018	T Rowe Price Health	1,830.191	129,545.70	98.87	180,950.98
8.55%					414,998.94		559,139.89
50.37%					2,445,713.84		3,294,061.93
<b>International Equities</b>							
<b>International</b>							
1.28%	FNPFIX	06/29/2020	American Fund New Perspecti	1,383.719	73,531.96	60.48	83,687.33
2.13%	APDIX	08/03/2017	Artisan International Fund	4,044.35	130,751.78	34.50	139,530.08
1.90%	ARTKX	06/24/2020	Artisan Intl Value Fund	3,133.766	98,438.04	39.75	124,567.20
1.71%	GCIIX	07/31/2018	Goldman International Insights	8,150.016	110,007.72	13.75	112,062.72
1.67%	GERIX	10/24/2018	Goldman Sachs Emerging Mar	9,339.704	83,277.82	11.70	109,274.54
1.36%	ODVYX	01/20/2016	Invesco Oppenheimer Develop	1,668.93	56,864.97	53.46	89,221.00
2.06%	OSMYX	01/20/2016	Invesco Oppenheimer Intl Smi	2,445.204	101,359.48	54.98	134,437.32
12.12%					654,231.77		792,780.19
62.67%					3,111,499.38		4,098,395.89
99.70%					5,434,718.84		6,523,245.07
100.00%			Total Accrued Income				16,598.01
							6,539,843.08

This report includes data currently available to the investment manager. Past performance is no guarantee of future performance. Indices are not available for direct investment. An investment product which attempts to mimic the performance of an index will incur expenses such as management fees and transaction costs which reduce returns. We urge our clients to compare MVT statements with those from custodians.

**Transaction Ledger Report**

From 10/01/2020 to 12/31/2020

Washington Police Pension Fund

<u>Portfolio Account Number</u>	<u>Trade Date</u>	<u>Security Symbol</u>	<u>Description</u>	<u>Activity</u>	<u>Quantity</u>	<u>Net Amount</u>
5994-4800	10/01/2020	SWGXX	Schwab U. S. Treasury	Deposit		1,000.00
2084-2258	10/01/2020	SWGXX	Schwab U. S. Treasury	Withdrawal		(1,000.00)
5994-4800	10/01/2020	68389XBT1	Oracle Corp	Interest		312.50
			04/01/2025 2.50%			
			Call 03/01/2025 100.00			
5994-4800	10/02/2020		Schwab U. S. Treasury	Management Fee		(6,407.00)
5994-4800	10/05/2020	78013XW20	Royal Bank of Canada	Interest		1,850.00
			10/05/2023 3.70%			
5994-4800	10/15/2020	24424CBT7	John Deere	Interest		275.00
			10/15/2022 2.75%			
5994-4800	10/15/2020	SNVXX	Schwab Government Money	Dividend		0.08
2084-2258	10/15/2020	SNVXX	Schwab Government Money	Dividend		0.25
5994-4800	10/15/2020	SWGXX	Schwab U. S. Treasury	Dividend		0.02
2084-2258	10/15/2020	SWGXX	Schwab U. S. Treasury	Dividend		0.03
5994-4800	10/15/2020	91324PDE9	Unitedhealth Gro	Interest		737.50
			10/15/2027 2.95%			
5994-4800	10/21/2020	61746BEA0	Morgan Stanley	Interest		937.50
			04/21/2021 2.50%			
5994-4800	10/28/2020	06406RAG2	Bank Of NY Mellon	Interest		437.50
			04/28/2023 3.50%			
5994-4800	11/02/2020	02209SAP8	Altria Group Inc	Interest		737.50
			05/02/2023 2.95%			
5994-4800	11/14/2020	00287YAU3	AbbVie	Interest		575.00
			05/14/2021 2.30%			
5994-4800	11/15/2020	857477AL7	State Street Corp	Interest		775.00
			05/15/2023 3.10%			
5994-4800	11/16/2020	912828R36	US Treasury Note	Interest		162.50
			05/15/2026 1.625%			
2084-2258	11/17/2020	ARTKX	Artisan Intl Value Fund	Long Gain	0.604	22.36
2084-2258	11/17/2020	ARTKX	Artisan Intl Value Fund	Qualified Dividend	7.201	266.78
2084-2258	11/17/2020	ARTKX	Artisan Intl Value Fund	Short Gain	20.294	751.88
5994-4800	11/20/2020	747525AE3	Qualcomm Inc	Interest		1,500.00
			05/20/2022 3.00%			
5994-4800	11/23/2020	38141GWU4	Goldman Sachs Variable Rate	Interest		127.16
			02/23/2023 2.659%			
2084-2258	11/24/2020	APDIX	Artisan International Fund	Qualified Dividend	15.327	507.02
2084-2258	11/24/2020	APDIX	Artisan International Fund	Short Gain	19.85	656.63
2084-2258	11/24/2020	APDIX	Artisan International Fund	Long Gain	103.015	3,407.73
5994-4800	12/01/2020	806854AH8	Schlumberger Inc	Interest		1,825.00
			12/01/2023 3.65%			
2084-2258	12/07/2020	DSI	iShares Trust MSCI KLD400 Soc	Split	1,312	
5994-4800	12/07/2020	064159JF4	Bank of Nova Scotia	Interest		33.30
			03/07/2022 2.525%			
2084-2258	12/07/2020	BGSIX	Blackrock Science and Tech	Long Gain	145.06	8,912.48
2084-2258	12/10/2020	CSRIX	Cohen & Steers Institutional	Qualified Dividend	15.014	633.43
2084-2258	12/11/2020	ODVYX	Invesco Oppenheimer Developing	Qualified Dividend	3.78	196.49
2084-2258	12/11/2020	OSMYX	Invesco Oppenheimer Intl Smid C	Long Gain	194.527	10,136.82
5994-4800	12/12/2020	871829AQ0	Sysco Corporation	Interest		585.00
			06/12/2022 2.60%			
2084-2258	12/14/2020	PNAIX	T Rowe Price New America	Qualified Dividend	12.42	820.10
2084-2258	12/14/2020	PNAIX	T Rowe Price New America	Short Gain	550.213	36,330.56

## Transaction Ledger Report

From 10/01/2020 to 12/31/2020

Washington Police Pension Fund

Portfolio Account Number	Trade Date	Security Symbol	Description	Activity	Quantity	Net Amount
2084-2258	12/14/2020	PNAIX	T Rowe Price New America	Long Gain	757.63	50,026.28
2084-2258	12/14/2020	TQAIX	T Rowe Price Qm US Small Grow	Short Gain		828.34
2084-2258	12/14/2020	TQAIX	T Rowe Price Qm US Small Grow	Long Gain		4,357.81
2084-2258	12/15/2020	THISX	T Rowe Price Health	Short Gain	17.671	1,740.09
2084-2258	12/15/2020	THISX	T Rowe Price Health	Long Gain	106.547	10,491.73
5994-4800	12/16/2020	035242AA4	Anheuser-Busch	Interest		543.23
			01/17/2023 2.625%			
5994-4800	12/16/2020	035242AA4	Anheuser-Busch	Sell	(50,000)	52,405.00
			01/17/2023 2.625%			
2084-2258	12/17/2020	FNPFX	American Fund New Perspective I	Qualified Dividend	5.386	321.33
2084-2258	12/17/2020	FNPFX	American Fund New Perspective I	Long Gain	53.815	3,210.63
2084-2258	12/17/2020	BMDIX	Baird Midcap Institutional	Short Gain	114.907	3,169.14
2084-2258	12/17/2020	BMDIX	Baird Midcap Institutional	Long Gain	575.778	15,879.97
2084-2258	12/18/2020	GCIIX	Goldman International Insights	Qualified Dividend	149.656	2,047.29
2084-2258	12/18/2020	GERIX	Goldman Sachs Emerging Market	Qualified Dividend	107.84	1,231.53
2084-2258	12/18/2020	DSI	iShares Trust MSCI KLD400 Soc	Dividend		570.33
2084-2258	12/21/2020	JSCOX	Janus Henderson Small	Qualified Dividend	65.913	1,371.00
2084-2258	12/21/2020	NMVLX	Nuance Mid Cap Value Ins	Qualified Dividend	50.847	700.16
2084-2258	12/23/2020	VTSAX	Vanguard Total Stock Admiral	Qualified Dividend	25.41	2,379.88
2084-2258	12/29/2020	VDIGX	Vanguard Dividend Growth Fund	Qualified Dividend	149.138	4,914.10
2084-2258	12/29/2020	VDIGX	Vanguard Dividend Growth Fund	Long Gain	206.004	6,787.84
5994-4800	12/30/2020	58933YAY1	Merck & Co., Inc	Buy	45,000	(45,698.71)
			02/24/2026 0.75%			
5994-4800	12/31/2020	SWGXX	Schwab U. S. Treasury	Dividend		0.01
5994-4800	12/31/2020	SWGXX	Schwab U. S. Treasury	Dividend		0.37
2084-2258	12/31/2020	SWGXX	Schwab U. S. Treasury	Dividend		0.03
						184,383.50

# BlackRock Technology Opportunities Instl BGSIX

## Investment Summary

Data as of  
12/31/2020Currency  
USDBenchmark 1  
Morningstar US Technology TR USDBenchmark 2  
MSCI ACWI/Information Technology NR USD

### Trailing Return

	Total Return %	+/- BM1	+/- BM2	Cat % Rank
1 Mo	8.11	2.18	1.18	31
3 Mo	23.31	8.73	8.15	38
6 Mo	41.81	13.69	12.04	23
YTD	86.57	38.53	40.95	12
1 Yr	86.57	38.53	40.95	12
3 Yr	40.12	11.19	13.82	4
5 Yr	34.89	7.52	8.67	2
10 Yr	22.43	2.78	4.26	4
15 Yr	17.33	2.20	4.09	6

### Ratings as of 11/30/2020

	Overall	3 Year	5 Year	10 Year
Rating	5★	5★	5★	5★
Risk	—	6.70	4.93	3.83
Return	—	34.28	31.19	21.31
# Investments Rated	195	195	177	156

### Risk/Reward

	3 Year	5 Year	10 Year
vs Benchmark 1			
Alpha	9.03	6.36	2.73
Beta	0.99	0.99	0.99
R-Squared	87.70	86.98	83.39
Tracking Error	8.18	7.24	7.44
Information Ratio	1.37	1.04	0.37
Excess Return	11.19	7.52	2.78

	3 Year	5 Year	10 Year
Miscellaneous			
Standard Deviation	23.21	20.01	18.24
Sharpe Ratio	1.66	1.69	1.20
Sortino Ratio	3.29	3.37	2.23

### Manager Information

Tony Kim. Since 6/2013.  
Reid Menge. Since 6/2020.

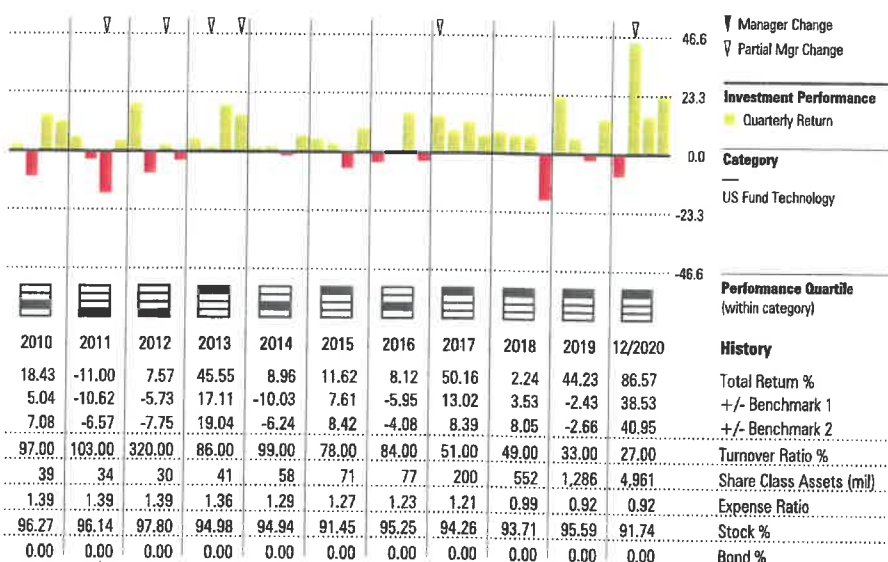
### Investment Strategy

The investment seeks long-term capital appreciation. The fund invests at least 80% of its net assets in equity securities issued by U.S. and non-U.S. technology companies in all market capitalization ranges, selected for their rapid and sustainable growth potential from the development, advancement and use of technology. It may invest in both developed and emerging markets. The fund invests primarily in common stock but may also invest in preferred stock and convertible securities. It may also invest in Rule 144A securities, which are privately placed securities purchased by qualified institutional buyers.

### Operations

Minimum Initial Investment	2000000
Inception Date	5/15/2000
Management Fees	Actual: 0.80% Max: 0.82%
Sales Fees	—
Firm Name	BlackRock
Telephone	800-441-7762
Web Address	www.blackrock.com

### Performance



### Holding Analysis as of 11/30/2020

	Net %	#
Cash	6.1	—
Stock	92.0	93
Bond	0.0	0
Other	2.0	—
<b>Total</b>	<b>100.0</b>	<b>132</b>

### Equity Style %

	Val	Core	Gr
0	18	60	22
0	5	16	79
0	0	0	100

	Market Cap	%
Giant	49.2	
Large	29.6	
Mid	20.2	
Small	1.0	
Micro	0.0	
<b>Avg Market Cap (mil)</b>	<b>79,594.0</b>	

### Fixed Income Style

	High	Med	Low
0	0	0	100
0	0	0	100
0	0	0	100

	Value Factors	%	Growth Factors	%
Price/Earnings	48.73		LT Earn Gr	19.61
Price/Book	8.97		Hist Earn Gr	14.03
Price/Sales	8.65		Book Val Gr	12.60
Price/Cash Flow	30.26		Sales Gr	13.97
Dividend Yield	0.28		Cash Flow Gr	11.89

Credit Rating Breakdown % Maturity Breakdown %

AAA — 1-3 —

AA — 3-5 —

A — 5-7 —

BBB — 7-10 —

BB — 10-15 —

B or Below B — 15-20 —

Not Rated — 20-30 —

30+ —

### Top Holdings as of 11/30/2020

	Style	Mkt Cap	% Mkt
Apple Inc	Box	2,024,065	3.72
Microsoft Corp	Box	1,618,475	3.12
Tesla Inc	Box	538,028	2.54
Amazon.com Inc	Box	1,589,568	2.28
Square Inc A	Box	95,130	1.95
Tencent Holdings Ltd	Box	696,060	1.75
LG Chem Ltd	Box	58,203	1.72
Alibaba Group Holding Ltd A...	Box	729,977	1.65
Twilio Inc A	Box	51,369	1.63
PayPal Holdings Inc	Box	250,883	1.54
Alphabet Inc A	Box	1,188,814	1.52
MercadoLibre Inc	Box	77,320	1.47
Farfetch Ltd Class A	Box	18,574	1.45
Advanced Micro Devices Inc	Box	111,570	1.43
Lam Research Corp	Box	65,187	1.35
Kakao Corp	Box	28,531	1.35
STMicroelectronics NV	Box	35,458	1.31
Taiwan Semiconductor Man...	Box	436,886	1.31
Pinterest Inc	Box	43,277	1.27
Marvell Technology Group Ltd	Box	31,098	1.25
<b>Top 20 holdings</b>			<b>35.6</b>

### Top 3 Equity Sectors

	%	Rel BM1%	Rel BM2%
Technology	54.38	-83.89	-64.43
Cons Cyclical	18.32	100.00	100.00
Comm Svcs	16.77	100.00	95.04

### Top 3 Fixed Income Sectors

	%	Rel BM1%	Rel BM2%
Cash	100.00	—	—
Derivative	0.00	—	—
Securitized	0.00	—	—

# Washington Police Pension Fund

## Definitions and Disclosures

### Timing of Performance Information

It is quite common to have inaccurate information regarding index returns as well as pricing and transaction data from custodians at the end of a reporting period. Often, these inaccuracies are cleared up within the first week or two of the following period. Our pension clients should be aware that quarter-end data reported within the first two weeks of a new quarter has a higher likelihood of inaccuracy. We do our best to weed out these problems, but there may be times when we feel it necessary to leave out the performance for the final month of a quarter.

### Index Returns

We often have to use initial performance data directly from the issuers of an index and then update those returns after the 10<sup>th</sup> of each month using Portfolio Center Data.

Each portfolio is presented with an index or blend of indexes for performance comparison. Detailed similarities and differences between a style and a particular index are available upon request. No single index will precisely reflect a particular investment style; thus, the performance results of the indices chosen should be used for informational purposes only. In addition, the periods shown are for comparative purposes, and it should not be assumed that performance was identical in other periods not shown. These indices are unmanaged and do not include potential commissions, fees, or other transaction costs. You cannot invest directly in an index.

Total Blend: 40% Bond Blend and 60% Equity Blend below since inception 12/31/2015.

Bond Blend: 70% Barclays 1 to 3 year US Treasury Bond Index and 30% Barclays A+ 1 to 5 year Corporate Bond Index. Since 3/31/2019 70% Barclays A+ 1-5 Year Corporate, 30% Barclays UST 1-3 Year

Equity Blend: 75% Russell 3000, 20% MSCI EAFE, 5% US Wilshire REITS

Russell 3000: total return data including dividends

Morgan EAFE: gross returns reported

Wilshire REIT: non full cap data reported

Barclays Indices: are reported directly from Barclays

### General Statement

It must be understood that market or economic conditions change often and that these changes, whether anticipated by the manager or having occurred unexpectedly, can have either a positive or a negative effect on the performance of a client's portfolio.

The performance results portrayed reflect the reinvestment of dividends when legal for the client to do so (otherwise, the dividends are paid out in cash), interest and all other cash present in the account for the time periods specified.

Gross of fee reports do not include advisory fees, trading costs, etc.

### For Clients with Separate Managed Accounts, notify your advisor:

- 1) if your financial situation or investment objectives have changed,
- 2) any reasonable restrictions that need to be imposed or modified on the SMA account.





### **John Mitchell, J.D., Co-Founder, Portfolio Manager, Chairman of the Investment Committee**

Mr. Mitchell had over fifteen years of investment experience prior to the formation of Mitchell, Vaught and Taylor, Inc., in 1996. Prior to forming MVT, Inc., Mr. Mitchell served as senior vice president and portfolio manager at The Chicago Corporation Asset Management Group, where he managed public pension funds. His experience includes work at an investment banking house as an investment advisor and a financial consultant to public pension funds in the Midwest. Mr. Mitchell's legal experience includes serving as a Special Assistant Attorney General for the State of Illinois and as a Special Assistant Corporation Counsel for the City of Chicago. Mr. Mitchell received his undergraduate degree from Bradley University and his J.D. from Lewis University. He has served as a member of the Securities Law Committee and as Chairman of the Financial & Investment Services Committee of the Chicago Bar Association.

### **Margie Mitchell, Fixed Income Portfolio Manager, Director**

Ms. Mitchell joined the firm in 2007 after graduating *magna cum laude* from DePaul University with her bachelor's degree. She's is a registered investment advisor representative. Ms. Mitchell is also a shareholder and sits on the Board of Directors of MVT, Ms. Mitchell is our firm's Fixed Income Portfolio Manager, constructing portfolios and executing trades on a total client portfolio of about \$200 million for more than 30 pension funds. Ms. Mitchell is a Chicago native and still lives in the city with her family.

### **Dwight Ower, I.A.C.C.P, Director**

Mr. Ower joined the firm in January, 2008, after retiring from his position as Deputy Chief of the Zion Police Department. During his police career of 30 years he served more than twenty as President of the Zion Police Pension Fund. Mr. Ower served as our Chief Compliance Officer (CCO) for 10 years. In 2021 Dwight was appointed to our board of directors and stepped back from day to day services to client accounts. His primary role now is to provide organizational direction, set policies and govern the MVT corporation.

### **James R. Nowicki, CPA, Vice President**

Mr. Nowicki joined the firm in December, 2010, after retiring as the Chief Financial Officer and Treasurer of the City of Elgin, Illinois and previously was the Finance Director and Treasurer for the City of Moline and the Homewood-Flossmoor Park District. He has over 35 years of experience in local government finance. Mr. Nowicki's experience has allowed MVT, Inc. to expand its consulting services for institutional clients. Mr. Nowicki earned his Bachelor of Science degree in Accounting from Illinois State University. He is a Certified Public Accountant and a registered investment advisor representative.

### **Thomas Dugan, Vice President, Head Trader, Securities Analyst**

Tom returned to MVT in December 2019 after a previous stint beginning in 2015. Tom has a long history working on trading floors for stocks bonds and commodities. He later worked with individual clients at Morgan Stanley. Tom completed his Bachelor's Degree at the University of Illinois, Urbana-Champaign and is licensed through FINRA with Series 3, 7 and 66.

### **Robert Osmanski, Portfolio Manager**

Robert joined the firm in August 2018 with prior experience working in trading operations and risk management and recruiting/personnel staffing. Rob attended St. Norbert College for his B.S. Degree in Economics. He is a registered investment adviser representative.

**Mitchell, Vaught & Taylor, Inc.**

**Investment Advisors**

**Suite 905**

**53 W. Jackson Blvd.**

**Chicago, Illinois 60604**

**312-922-1717**

***[www.mvtinvest.com](http://www.mvtinvest.com)***

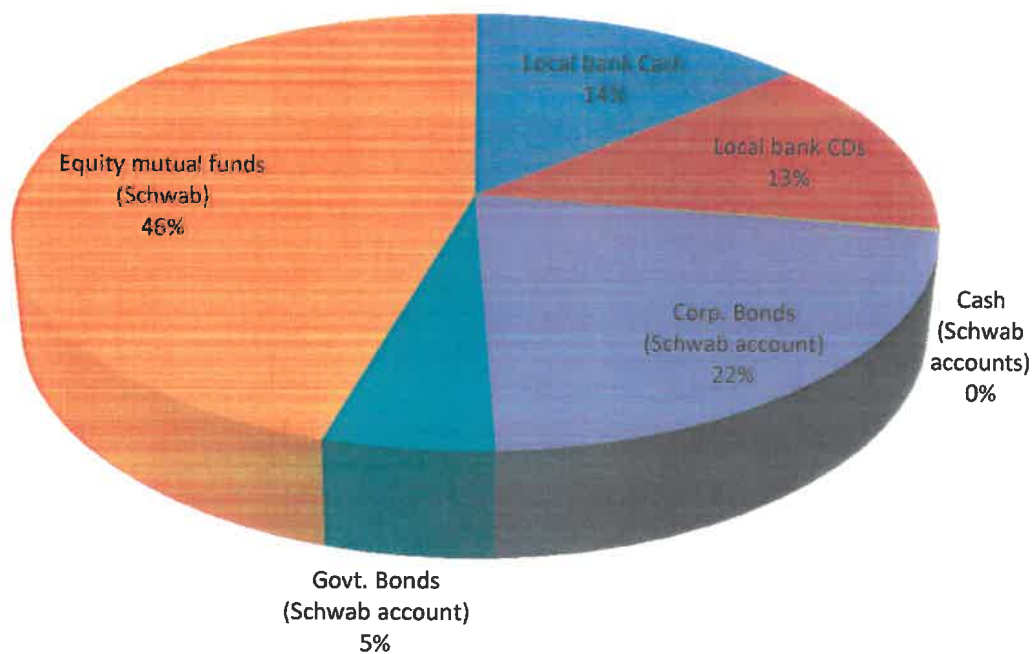
## Washington Police Pension Fund

### Total Asset Allocation

As of December 31, 2020

<u>Asset Class</u>	<u>Value</u>	<u>% of assets</u>	<u>Sector</u>
Local bank Cash	\$1,242,636	13.8%	
Local bank CDs	\$1,199,014	13.3%	
Cash (Schwab accounts)	\$18,419	0.2%	27.4% total cash and CD
Corp. Bonds (Schwab account)	\$1,970,680	21.9%	21.9% total corp.
Govt. Bonds (Schwab account)	\$452,348	5.0%	5.0% total govt.
Equity mutual funds (Schwab)	\$4,098,396	45.6%	45.6% total mutual funds
<b>Total</b>	<b>\$8,981,493</b>		

### Total Asset Allocation



WASHINGTON POLICE PENSION FUND  
BOARD MEETING

City Hall Conference Room via Zoom  
Monday, November 2, 2020 - **Minutes**

1. **Call to Order.** President Michael Hillary called the meeting to order at 8:30 a.m.

2. **Roll Call.**

Present

Michael Hillary, President

Greg Gordon, Secretary

James Fussner, Representative

Absent

Troi Westbrook, Assistant Secretary

Also, in attendance were Finance Director Joanie Baxter, Treasurer Ellen Dingledine, Accountant Jeanette Glueck, City Administrator Ray Forsythe, Dwight Ower and Tom Dugan with Mitchell, Vaught and Taylor and Jason Franken with Foster & Foster Actuaries.

3. **Review Agenda.** The agenda was reviewed and Hillary made a motion, seconded by Fussner to move the report by Foster and Foster for the Actuarial Study up to Item 4. Motion carried.
4. **Review of Actuarial Assumptions.** A call was made to Jason Franken with Foster & Foster to discuss the actuarial valuation results. Jason indicated that utilizing the interest rate assumption of 6.75% would result in a total employer contribution of \$679,478, an increase of \$45,388 as compared to the prior year. This increase is due to an increase in Employer Contributions due to increased Tier 2 benefits and an interest yield less than the assumption offset by gains associated with higher-than-expected inactive mortality. The total contribution offset by anticipated Personal Property Replacement Tax of \$22,000 results in a recommended tax levy of \$657,500. The Board asked about implications from the impending consolidation, and Jason indicated that a Board is being created which will replace the Department of Insurance. He doesn't know if an actuarial valuation will be needed for each community, but did indicate it may be advisable if the Consolidated Board is only providing the statutory minimum for funding. He did say that each community will maintain their own funding ratio and contribution requirement.
5. **Investment Reporting.** Dwight indicated that our portfolio was not quite back to where it was before COVID but there have been some gains this past quarter. This was positive following a 2<sup>nd</sup> quarter that was by far the worst on record due to high unemployment and closed businesses. There are no recommendations for changes at this time and it is anticipated that the market will continue to recover as we navigate through this pandemic and the impact it has had on our economy.
6. **Approval of August 3, 2020 Quarterly Meeting Minutes** Fussner made a motion seconded by Hillary to approve the minutes. Motion carried.
7. **Public Comment.** There were no public comments.
8. **Financial Reports.** Following review of the Financial Reports by Baxter, Fussner made a motion, seconded by Hillary to approve. Motion carried.

## 9. Action Items.

### A. Ratify Investments.

A CD at IPAVA State Bank in the amount of \$138,040.70 matured on 8/23/20. It was redeemed and the proceeds were deposited into the IPAVA Money Market Account. Hillary made a motion, seconded by Fussner to ratify the investment. Roll call vote: Hillary – yes; Gordon – yes; Fussner – yes. Motion carried.

A CD at IPAVA State Bank in the amount of \$106,157.77 matured on 8/31/20. It was redeemed and the proceeds were deposited into the IPAVA Money Market Account. Gordon made a motion, seconded by Fussner to ratify the investment. Roll call vote: Hillary – yes; Gordon – yes; Fussner – yes. Motion carried.

It was noted that IPAVA State Bank is paying 2.07% on the Money Market Funds, which is higher than CDs are paying right now.

### B. Investments Maturing before next quarter. None

### C. Ratification of Pension Fund Expenses. None to approve.

### D. Ratification of 3<sup>rd</sup> Quarter Investment Transactions with MVT. Hillary made a motion to approve and Fussner seconded. Roll call vote: Hillary – yes; Gordon – yes; Fussner – yes. Motion carried.

### E. Ratification of annual pension increases effective Jan. 1, 2021. All increases were approved as follows:

Pension increases	Monthly Increase	New Monthly Amount	Motioned	Seconded	Hillary	Gordon	Fussner
David Densberger	\$100.88	\$3463.53	Gordon	Fussner	Yes	Yes	Yes
Mary Densberger	\$39.88	\$1369.30	Gordon	Fussner	Yes	Yes	Yes
James Fussner	\$129.44	\$4444.18	Hillary	Gordon	Yes	Yes	Yes
Rosalie Gerkin	\$143.51	\$4927.04	Gordon	Hillary	Yes	Yes	Yes
James Kuchenbecker	\$226.27	\$7768.52	Hillary	Fussner	Yes	Yes	Yes
David Stark	\$118.09	\$4054.39	Gordon	Hillary	Yes	Yes	Yes
Don Volk	\$206.50	\$7089.69	Fussner	Hillary	Yes	Yes	Yes
Mike Williams	\$94.98	\$3260.91	Hillary	Gordon	Yes	Yes	Yes
Chuck Woolley	\$129.21	\$4436.13	Fussner	Hillary	Yes	Yes	Yes

There are no increases for surviving spouse pensions of Marshall, Beard, Witmer and Libotte.

### F. Acceptance of Annual Report. Gordon made a motion to accept the report, seconded by Hillary. Motion carried.

### G. Recommendation for 2020 Police Pension Tax Levy based on Actuarial Report. The Board agreed to keep the assumptions the same as the prior year due to the impending consolidation. As such, the recommended tax levy with an assumed 6.75% interest rate is \$657,500 after reducing by the anticipated Personal Property Replacement Tax of \$22,000. Gordon made a motion, seconded by Fussner to recommend this tax levy to the City Council. Roll call vote: Hillary – yes; Gordon – yes; Fussner – yes. Motion carried.

### H. Approval of Municipal Compliance Report for FYE 04/30/20. Report shows that percent funded remains unchanged at 59.3% with total assets of the Fund just over \$8 million.

Gordon made a motion to accept the report and Hillary seconded the motion. Motion carried.

- I. Approval of Annual Report per 40 ILCS 5/3-141 for FYE 4/30/20. Hillary made a motion, seconded by Gordon to approve the report. Motion carried.
- J. Approval of IPPFA membership for 2021. Annual membership dues amount is \$795.00. Gordon made a motion to approve. Hillary seconded the motion. Roll call vote: Hillary – yes; Gordon – yes; Fussner – yes. Motion carried.

10. **Discussion Items.**

- A. Pension Reform Update. Nothing to add from Jason's remarks regarding actuarial report.
- B. Meeting Schedule for 2021. Meetings will continue at 8:30 on the 4<sup>th</sup> Monday of the quarter unless otherwise rescheduled. Dates in 2021 are as follows: January 25<sup>th</sup>, April 26<sup>th</sup>, July 26<sup>th</sup>, and October 25<sup>th</sup>.
- C. Training requirements and opportunities. The time has been extended to meet the training deadline due to COVID-19.

11. **Adjournment.** Hillary made a motion to adjourn, seconded by Gordon. Roll call vote: Hillary – yes; Gordon – yes; Fussner – yes. Motion carried. Meeting was adjourned at 9:45 a.m.

Respectfully Submitted,

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Greg Gordon, Secretary

**WASHINGTON POLICE PENSION FUND  
CASH AND INVESTMENTS  
12/31/20**

Ipava State Bank Money Market	\$	1,239,725.56
Cefcu Savings	\$	2,910.74
Charles Schwab Money Market - Fixed Income	\$	64,117.52
Charles Schwab Money Market - Fixed Income Non-Sweep	\$	-
Charles Schwab Money Market - Equity Sweep	\$	11,553.77
Charles Schwab Money Market - Equity Non-Sweep	\$	-

**Certificates of Deposit:**

**CEFCU**

470118-200	1.79% due 1/10/22	\$	100,000.00	
470118-201	2.32% due 6/28/24	\$	<u>100,000.00</u>	\$ 200,000.00

**Heartland Bank**

*No CD's at this time.*

**IPAVA State Bank**

*No CD's at this time.*

**Washington State Bank**

706712-1	2.55% due 1/25/23	\$	218,543.28	
706712-779662	2.30% due 4/10/23	\$	112,997.01	
706712-77946	2.75% due 5/01/21	\$	112,741.15	
706712-77943	2.75% due 4/17/21	\$	<u>146,576.67</u>	\$ 590,858.11

**Morton Community Bank**

569321	2.70% due 9/05/21	\$	<u>191,271.47</u>	\$ 191,271.47
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**Busey Bank**

76727-76727	2.90% due 1/11/24	\$	105,182.38	
70842	2.76% due 8/30/23	\$	<u>111,702.05</u>	\$ 216,884.43

**Mitchell, Vaught, & Taylor**

*No CD's at this time.*

<b>Total Certificates of Deposits</b>	<b>\$</b>	<b><u>1,199,014.01</u></b>
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<b>Total Local Cash and Investments</b>	<b>\$</b>	<b>2,441,650.31</b>
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<b>Mitchell, Vaught, &amp; Taylor Investments</b>	<b>\$</b>	<b>6,539,843.08</b>
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<b>Total Cash and Investments</b>	<b>\$</b>	<b><u>8,981,493.39</u></b>
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**WASHINGTON POLICE PENSION FUND  
REVENUE AND EXPENSE REPORT  
MAY 1, 2020 THROUGH DECEMBER 31, 2020**

**REVENUES:**

Property Taxes	534,205.33
Property Replacement Taxes	13,417.65
Interest	72,101.38
Employee Contributions	117,597.48
Miscellaneous Income	0.00
<b>TOTAL</b>	<b>737,321.84</b>

**EXPENSES:**

Pensions	426,139.32
Insurance	3,228.00
Legal	200.00
Compliance Fee	1,615.60
Training	1,455.00
Membership Dues	795.00
Subscriptions	0.00
Postage	0.00
Contributions Refund	0.00
Miscellaneous	0.00
<b>TOTAL</b>	<b>433,432.92</b>

**INVESTMENTS:**

Dividends (Cash/Reinvested)	185,344.10
Investment Expense	12,541.00
Realized Gain/Loss	(7,834.64)
Unrealized Gain/Loss	766,188.50
<b>TOTAL</b>	<b>956,238.96</b>

**NET REVENUES OVER EXPENSES**

**1,260,127.88**

**MONTHLY PENSIONS PAID (GROSS): RETIREMENT**

Kimberly Beard (Britt)	2,869.58
David Densberger	3,362.65
Mary Densberger	1,329.42
James Fussner	4,314.74
Rosalie Gerkin	4,783.53
James Kuchenbecker	7,542.25
Joyce Libotte (Thomas)	4,625.40
Gwendolyn Marshall	2,965.62
David Stark	3,936.30
Donald Volk	6,883.19
Michael Williams	3,165.93
Kathleen Witmer (William)	3,056.13
Charles Woolley	4,306.92
<b>TOTAL</b>	<b>53,141.66</b>

**MONTHLY PENSIONS PAID (GROSS): DISABILITY**

*No Disability Pensions at this time.* 0.00 0.00

**TOTAL**

**POLICE PENSION - ACTIVE OFFICERS' CONTRIBUTIONS AS OF 12/31/20**

	Contributions	Years
Danton Althiser	\$ 16,235.87	2
Lyle Baele	\$ 138,600.70	21
Zachary Bean	\$ 60,696.16	10
Michael Brown	\$ 39,279.86	5
Jacob Cernek	\$ 52,408.02	9
Ashley Clare	\$ 27,760.04	4
Daniel Foster	\$ 62,134.97	11
Greg Gordon	\$ 127,102.57	22
Frank Grossman	\$ 50,760.91	8
Jeffrey Hensley	\$ 6,703.87	0
Steve Hinken	\$ 61,177.50	11
Ryan Hunsinger	\$ 85,830.27	14
Ramadan Moore	\$ 14,236.25	2
Brian Simpson	\$ 45,650.86	7
Steven Smith	\$ 80,232.51	11
Stuart Stevens	\$ 132,702.03	21
Joshua Sutter	\$ 45,095.25	4
Dramane Taylor	\$ 38,155.40	5
Derek Thomas	\$ 100,871.85	17
Nathan Thompson	\$ 2,815.71	0
Troi Westbrook	\$ 45,719.51	6
Tyler Will	\$ 76,060.47	11
<b>TOTAL ACTIVE CONTRIBUTIONS</b>	<b>\$ 1,310,230.58</b>	

**POLICE PENSION - INACTIVE OFFICERS' CONTRIBUTIONS AS OF 12/31/20**

	Contributions	Years
Lindsay Bond	\$ 5,662.02	
Michael Heitz	\$ 624.14	
April Schrementi	\$ 5,253.25	
Keegan Smith	\$ 46,938.65	
<b>TOTAL INACTIVE CONTRIBUTIONS</b>	<b>58,478.06</b>	
<b>TOTAL CONTRIBUTIONS</b>	<b>1,368,708.64</b>	



**WASHINGTON POLICE PENSION FUND  
CERTIFICATES OF DEPOSIT**

<u>BANK</u>	<u>CD#</u>	<u>AMOUNT</u>	<u>RATE</u>	<u>MATURITY</u>
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WASHINGTON STATE BANK	706712-77943	\$140,000.00	2.75%	4/17/2021
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WASHINGTON STATE BANK	706712-77946	\$110,000.00	2.75%	5/1/2021
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MORTON COMMUNITY BANK	569321	\$180,000.00	2.70%	9/5/2021
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<b>2021 TOTALS:</b>				<b>\$430,000.00</b>
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CEFCU	470118-200	\$100,000.00	1.79%	1/10/2022
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<b>2023 TOTALS:</b>				<b>\$100,000.00</b>
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WASHINGTON STATE BANK	706712-1	\$210,769.26	2.55%	1/25/2023
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WASHINGTON STATE BANK	706712-77962	\$110,000.00	2.30%	4/10/2023
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BUSEY BANK	70842	\$105,000.00	2.76%	8/30/2023
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<b>2022 TOTALS:</b>				<b>\$425,769.26</b>
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BUSEY BANK	76727	\$100,000.00	2.90%	1/11/2024
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CEFCU	470118-201	\$100,000.00	2.32%	6/28/2024
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<b>2024 TOTALS:</b>				<b>\$200,000.00</b>
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**\$1,155,769.26**

**WASHINGTON POLICE PENSION FUND  
301 WALNUT STREET  
WASHINGTON, IL 61571**

**MEMO MEMO MEMO MEMO MEMO MEMO MEMO MEMO**

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**TO:** Washington Police Pension Board  
**FROM:** Jeanette Glueck  
**DATE:** 12/31/20  
**SUBJECT:** Ratification of Police Pension Fund Expenses

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The following is a list of any expenses incurred by the Police Pension Board during the last quarter:

<u>Payee</u>	<u>Date</u>	<u>Amount</u>	<u>Reason</u>
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MidAmerican Pension Conference	10/19/2020	1455.00	Hillary, Gordon, Fussner Annual Training
IPPFA	11/16/20	795.00	IPPFA Dues
	<b>TOTAL</b>	<b><u>\$2,250.00</u></b>	

January 21, 2021



**Transaction Ledger Report**  
From 10/01/2020 to 12/31/2020

Washington Police Pension Fund

Portfolio Account Number	Trade Date	Security Symbol	Description	Activity	Quantity	Net Amount
5994-4800	10/01/2020	SWGXX	Schwab U. S. Treasury	Deposit		1,000.00
2084-2258	10/01/2020	SWGXX	Schwab U. S. Treasury	Withdrawal		(1,000.00)
5994-4800	10/01/2020	68389XBT1	Oracle Corp	Interest		312.50
			04/01/2025 2.50%			
			Call 03/01/2025 100.00			
5994-4800	10/02/2020		Schwab U. S. Treasury	Management Fee		(6,407.00)
5994-4800	10/05/2020	78013XW20	Royal Bank of Canada	Interest		1,850.00
			10/05/2023 3.70%			
5994-4800	10/15/2020	24424CBT7	John Deere	Interest		275.00
			10/15/2022 2.75%			
5994-4800	10/15/2020	SNVXX	Schwab Government Money	Dividend		0.08
2084-2258	10/15/2020	SNVXX	Schwab Government Money	Dividend		0.25
5994-4800	10/15/2020	SWGXX	Schwab U. S. Treasury	Dividend		0.02
2084-2258	10/15/2020	SWGXX	Schwab U. S. Treasury	Dividend		0.03
5994-4800	10/15/2020	91324PDE9	Unitedhealth Gro	Interest		737.50
			10/15/2027 2.95%			
5994-4800	10/21/2020	61746BEA0	Morgan Stanley	Interest		937.50
			04/21/2021 2.50%			
5994-4800	10/28/2020	06406RAG2	Bank OFNY Mellon	Interest		437.50
			04/28/2023 3.50%			
5994-4800	11/02/2020	02209SAP8	Altria Group Inc	Interest		737.50
			05/02/2023 2.95%			
5994-4800	11/14/2020	00287YAU3	AbbVie	Interest		575.00
			05/14/2021 2.30%			
5994-4800	11/15/2020	857477AL7	State Street Corp	Interest		775.00
			05/15/2023 3.10%			
5994-4800	11/16/2020	912828R36	US Treasury Note	Interest		162.50
			05/15/2026 1.625%			
2084-2258	11/17/2020	ARTKX	Artisan Intl Value Fund	Long Gain	0.604	22.36
2084-2258	11/17/2020	ARTKX	Artisan Intl Value Fund	Qualified Dividend	7.201	266.78
2084-2258	11/17/2020	ARTKX	Artisan Intl Value Fund	Short Gain	20.294	751.88

# Transaction Ledger Report From 10/01/2020 to 12/31/2020

## Washington Police Pension Fund


Portfolio Account Number	Trade Date	Security Symbol	Description	Activity	Quantity	Net Amount
5994-4800	11/20/2020	747525AE3	Qualcomm Inc 05/20/2022 3.00%	Interest		1,500.00
5994-4800	11/23/2020	38141GWU4	Goldman Sachs Variable Rate 02/23/2023 2.659%	Interest		127.16
2084-2258	11/24/2020	APDIX	Artisan International Fund	Qualified Dividend	15.327	507.02
2084-2258	11/24/2020	APDIX	Artisan International Fund	Short Gain	19.85	656.63
2084-2258	11/24/2020	APDIX	Artisan International Fund	Long Gain	103.015	3,407.73
5994-4800	12/01/2020	806854AH8	Schlumberger Inc 12/01/2023 3.65%	Interest		1,825.00
2084-2258	12/07/2020	DSI	iShares Trust MSCI KLD400 Soc	Split	1,312	
5994-4800	12/07/2020	064159JF4	Bank of Nova Scotia 03/07/2022 2.525%	Interest		33.30
2084-2258	12/07/2020	BGSIX	Blackrock Science and Tech	Long Gain	145.06	8,912.48
2084-2258	12/10/2020	CSRIX	Cohen & Steers Institutional	Qualified Dividend	15.014	633.43
2084-2258	12/11/2020	ODVYX	Invesco Oppenheimer Developing	Qualified Dividend	3.78	196.49
2084-2258	12/11/2020	OSMYX	Invesco Oppenheimer Intl Smid C	Long Gain	194.527	10,136.82
5994-4800	12/12/2020	871829AQ0	Sysco Corporation 06/12/2022 2.60%	Interest		585.00
2084-2258	12/14/2020	PNAIX	T Rowe Price New America	Qualified Dividend	12.42	820.10
2084-2258	12/14/2020	PNAIX	T Rowe Price New America	Short Gain	550.213	36,330.56
2084-2258	12/14/2020	PNAIX	T Rowe Price New America	Long Gain	757.63	50,026.28
2084-2258	12/14/2020	TQAIIX	T Rowe Price Qm US Small Grow	Short Gain		828.34
2084-2258	12/14/2020	TQAIIX	T Rowe Price Qm US Small Grow	Long Gain	4,357.81	
2084-2258	12/15/2020	THISX	T Rowe Price Health	Short Gain	17.671	1,740.09
2084-2258	12/15/2020	THISX	T Rowe Price Health	Long Gain	106.547	10,491.73
5994-4800	12/16/2020	035242AA4	Anheuser-Busch 01/17/2023 2.625%	Interest		543.23
5994-4800	12/16/2020	035242AA4	Anheuser-Busch 01/17/2023 2.625%	Sell	(50,000)	52,405.00
2084-2258	12/17/2020	FNPFIX	American Fund New Perspective I	Qualified Dividend	5.386	321.33
2084-2258	12/17/2020	FNPFIX	American Fund New Perspective I	Long Gain	53.815	3,210.63
2084-2258	12/17/2020	BMDIX	Baird Midcap Institutional	Short Gain	114.907	3,169.14
2084-2258	12/17/2020	BMDIX	Baird Midcap Institutional	Long Gain	575.778	15,879.97
2084-2258	12/18/2020	GCIIX	Goldman International Insights	Qualified Dividend	149.656	2,047.29
2084-2258	12/18/2020	GERIX	Goldman Sachs Emerging Market	Qualified Dividend	107.84	1,231.53
2084-2258	12/18/2020	DSI	iShares Trust MSCI KLD400 Soc	Dividend		570.33
2084-2258	12/21/2020	JSCOX	Janus Henderson Small	Qualified Dividend	65.913	1,371.00
2084-2258	12/21/2020	NMVLX	Nuance Mid Cap Value Ins	Qualified Dividend	50.847	700.16
2084-2258	12/23/2020	VTSAX	Vanguard Total Stock Admiral	Qualified Dividend	25.41	2,379.88
2084-2258	12/29/2020	VDIGX	Vanguard Dividend Growth Fund	Qualified Dividend	149.138	4,914.10

# Transaction Ledger Report From 10/01/2020 to 12/31/2020

## Washington Police Pension Fund

Portfolio Account Number	Trade Date	Security Symbol	Description	Activity	Quantity	Net Amount
2084-2258	12/29/2020	VDIGX	Vanguard Dividend Growth Fund	Long Gain	206,004	6,787.84
5994-4800	12/30/2020	58933YAY1	Merck & Co., Inc 02/24/2026 0.75%	Buy	45,000	(45,698.71)
5994-4800	12/31/2020	SWGXX	Schwab U. S. Treasury	Dividend		0.01
5994-4800	12/31/2020	SWGXX	Schwab U. S. Treasury	Dividend		0.37
2084-2258	12/31/2020	SWGXX	Schwab U. S. Treasury	Dividend		0.03
						184,383.50

**CITY OF WASHINGTON  
POLICE PENSION FUND**

TO: Police Pension Board  
FROM: Joanie Baxter, Finance Director   
DATE: January 22, 2021  
SUBJECT: Police Pension Fund Actuarial Report

I have attached the final Actuarial Report as completed by Foster & Foster that needs to be accepted by the Police Pension Board. The recommended tax levy as determined in November was included in the 2020 tax levy approved by the City Council.

Keeping the interest rate assumption at 6.75% results in an employer total contribution of \$679,478, an increase of \$45,388 compared to the prior year. **A tax levy of \$657,478, rounded to \$657,500 was included after reduction for anticipated Personal Property Replacement Tax of \$22,000.**

CITY OF WASHINGTON  
POLICE PENSION FUND  
ACTUARIAL VALUATION  
AS OF MAY 1, 2020  
CONTRIBUTIONS APPLICABLE TO THE  
PLAN/FISCAL YEAR ENDING APRIL 30, 2022  
GASB 67/68 DISCLOSURE INFORMATION  
AS OF APRIL 30, 2020



**FOSTER & FOSTER**  
ACTUARIES AND CONSULTANTS

October 26, 2020

City of Washington  
c/o Joan E. Baxter, Controller  
301 Walnut Street  
Washington, IL 61751

Re: Actuarial Valuation Report (including GASB Statements No. 67 and No. 68) – City of Washington Police Pension Fund

Dear Ms. Baxter:

We are pleased to present to the City this report of the annual actuarial valuation of the City of Washington Police Pension Fund. Included are the related results for GASB Statements No. 67 and No. 68. The funding valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and to develop the appropriate funding requirements for the applicable plan year. The calculation of the liability for GASB results was performed for the purpose of satisfying the requirements of GASB Statements No. 67 and No. 68. Use of the results for other purposes may not be applicable and could produce significantly different results.

The valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board, and reflects laws and regulations issued to date pursuant to the provisions of Article 3, Illinois Pension Code, as well as applicable federal laws and regulations. In our opinion, the assumptions used in this valuation, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience. Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations. Due to the limited scope of the valuation, we did not perform an analysis of the potential range of such future measurements.

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by the City, financial reports prepared by the custodian bank and the actuarial assumptions and methods described in the Actuarial Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

The total pension liability, net pension liability, and certain sensitivity information shown in the GASB results are based on an actuarial valuation performed as of the valuation date.

The undersigned are familiar with the immediate and long-term aspects of pension valuations and meet the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the actuarial opinions.





To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the City of Washington, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the City of Washington Police Pension Fund. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

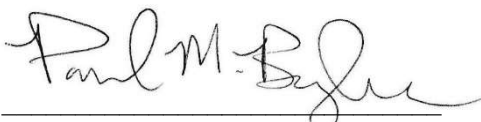
If there are any questions, concerns, or comments about any of the items contained in this report, please contact us at 630-620-0200.

Respectfully submitted,

Foster & Foster, Inc.

By:   
Jason L. Franken, FSA, EA, MAAA

By:   
Heidi E. Andorfer, FSA, EA, MAAA

By:   
Paul M. Baugher, FSA, EA, MAAA

JLF/lke  
Enclosures

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## SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Washington Police Pension Fund, performed as of May 1, 2020, has been completed and the results are presented in this Report. The contribution amounts set forth herein are applicable to the plan/fiscal year ended April 30, 2022.

The contribution requirements, compared with those set forth in the May 1, 2019 actuarial report, are as follows:

Valuation Date	5/1/2020	5/1/2019
Applicable to Fiscal Year Ending	<u>4/30/2022</u>	<u>4/30/2021</u>
Total Recommended Contribution	\$830,238	\$780,072
% of Projected Annual Payroll	54.6%	53.0%
Member Contributions (Est.)	150,760	145,982
% of Projected Annual Payroll	9.9%	9.9%
City Recommended Contribution	679,478	634,090
% of Projected Annual Payroll	44.7%	43.1%

As you can see, the Total Recommended Contribution shows an increase when compared to the results determined in the May 1, 2019 actuarial valuation report. The increase is attributable to Tier 2 benefit changes and the natural increase in the amortization payment due to the payroll growth assumption.

Plan experience was unfavorable overall on the basis of the plan's actuarial assumptions. The primary source of unfavorable experience was an investment return of 3.54% (Actuarial Asset Basis) which fell short of the 6.75% assumption. This loss was offset in part by a gain associated with higher than expected inactive mortality.

## CHANGES SINCE PRIOR VALUATION

### Plan Changes Since Prior Valuation

As a result of Public Act 101-0610, signed into law on December 18, 2019, the following updates were made to the Tier 2 benefits:

- The surviving spouse benefit for non-line of duty death was updated to mirror Tier 1 benefits, whereby Tier 2 surviving spouses will now receive 54% of final average salary, even prior to achieving vesting at 10 years of service.
- The pensionable salary cap increased retroactive to 2011 to alleviate safe harbor concerns, updating the annual adjustment to be CPI-U instead of 50% of CPI-U. The 3% annual growth cap remains in place.
- The final average salary was increased from averaging the highest consecutive 96 of the last 120 months of salary to averaging the highest consecutive 48 of the last 60 months of salary.

### Actuarial Assumption/Method Changes Since Prior Valuation

There were no assumption or method changes since the prior valuation.

# COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	New Benefits <u>5/1/2020</u>	Old Benefits <u>5/1/2020</u>	<u>5/1/2019</u>
A. Participant Data			
Number Included			
Actives	21	21	21
Service Retirees	8	8	10
Beneficiaries	4	4	1
Disability Retirees	0	0	1
Terminated Vested	<u>4</u>	<u>4</u>	<u>3</u>
Total	37	37	36
Total Annual Payroll	\$1,521,288	\$1,521,288	\$1,473,074
Payroll Under Assumed Ret. Age	1,521,288	1,521,288	1,473,074
Annual Rate of Payments to:			
Service Retirees	475,499	475,499	547,271
Beneficiaries	162,201	162,201	35,587
Disability Retirees	0	0	34,435
Terminated Vested	0	0	0
B. Assets			
Actuarial Value	8,803,784	8,803,784	8,350,414
Market Value	8,247,378	8,247,378	8,075,755
C. Liabilities			
Present Value of Benefits			
Actives			
Retirement Benefits	7,617,458	7,364,289	6,822,107
Disability Benefits	819,050	812,050	790,759
Death Benefits	116,253	83,219	76,233
Vested Benefits	543,539	534,688	543,235
Service Retirees	7,929,555	7,929,555	8,741,801
Beneficiaries	1,505,211	1,505,211	282,350
Disability Retirees	0	0	442,129
Terminated Vested	<u>58,478</u>	<u>58,478</u>	<u>11,539</u>
Total	18,589,544	18,287,490	17,710,153

C. Liabilities - (Continued)	New Benefits <u>5/1/2020</u>	Old Benefits <u>5/1/2020</u>	<u>5/1/2019</u>
Present Value of Future Salaries	16,730,680	16,614,432	16,655,936
Present Value of Future Member Contributions	1,658,010	1,646,490	1,650,603
Normal Cost (Retirement)	277,435	264,620	264,439
Normal Cost (Disability)	54,968	54,768	53,611
Normal Cost (Death)	6,890	4,426	4,272
Normal Cost (Vesting)	<u>32,947</u>	<u>32,454</u>	<u>35,243</u>
Total Normal Cost	372,240	356,268	357,565
Present Value of Future Normal Costs	3,733,198	3,512,437	3,628,213
Accrued Liability (Retirement)	4,786,933	4,709,956	4,079,212
Accrued Liability (Disability)	260,228	258,797	230,782
Accrued Liability (Death)	39,193	39,318	33,708
Accrued Liability (Vesting)	276,748	273,738	260,419
Accrued Liability (Inactives)	<u>9,493,244</u>	<u>9,493,244</u>	<u>9,477,819</u>
Total Actuarial Accrued Liability	14,856,346	14,775,053	14,081,940
Unfunded Actuarial Accrued Liability (UAAL)	6,052,562	5,971,269	5,731,526
Funded Ratio (AVA / AL)	59.3%	59.6%	59.3%

	New Benefits <u>5/1/2020</u>	Old Benefits <u>5/1/2020</u>	<u>5/1/2019</u>
D. Actuarial Present Value of Accrued Benefits			
Vested Accrued Benefits			
Inactives	9,493,244	9,493,244	9,477,819
Actives	1,390,092	1,307,083	904,546
Member Contributions	<u>1,192,633</u>	<u>1,192,633</u>	<u>1,070,332</u>
Total	12,075,969	11,992,960	11,452,697
Non-vested Accrued Benefits	<u>223,000</u>	<u>256,578</u>	<u>376,597</u>
Total Present Value Accrued Benefits	12,298,969	12,249,538	11,829,294
Funded Ratio (MVA / PVAB)	67.1%	67.3%	68.3%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:			
Plan Amendments	49,431	0	
Assumption Changes	0	0	
Plan Experience	0	268,055	
Benefits Paid	0	(625,188)	
Interest	0	777,377	
Other	<u>0</u>	<u>0</u>	
Total	49,431	420,244	

Valuation Date	New Benefits 5/1/2020	Old Benefits 5/1/2020	5/1/2019
Applicable to Fiscal Year Ending	<u>4/30/2022</u>	<u>4/30/2022</u>	<u>4/30/2021</u>

#### E. Pension Cost

Normal Cost <sup>1</sup>	\$397,366	\$380,316	\$381,701
% of Total Annual Payroll <sup>1</sup>	26.1	25.0	25.9
Administrative Expenses <sup>1</sup>	6,333	6,333	8,331
% of Total Annual Payroll <sup>1</sup>	0.4	0.4	0.6
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 20 years (as of 5/1/2020) <sup>1</sup>	426,539	420,810	390,040
% of Total Annual Payroll <sup>1</sup>	28.1	27.7	26.5
Total Recommended Contribution	830,238	807,459	780,072
% of Total Annual Payroll <sup>1</sup>	54.6	53.1	53.0
Expected Member Contributions <sup>1</sup>	150,760	150,760	145,982
% of Total Annual Payroll <sup>1</sup>	9.9	9.9	9.9
Expected City Contribution	679,478	656,699	634,090
% of Total Annual Payroll <sup>1</sup>	44.7	43.2	43.1

#### F. Past Contributions

Plan Years Ending:	<u>4/30/2020</u>
Total Recommended Contribution	695,935
City	550,231
Actual Contributions Made:	
Members (excluding buyback)	145,704
City	<u>632,190</u>
Total	777,894

G. Net Actuarial (Gain)/Loss	272,459
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<sup>1</sup> Contributions developed as of 5/1/2020 displayed above have been adjusted to account for assumed interest.



H. Schedule Illustrating the Amortization of the Total Unfunded Actuarial Accrued Liability as of:

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2020	6,052,562
2021	6,034,571
2022	6,000,437
2027	5,526,547
2031	4,654,258
2036	2,647,381
2040	0

I. (i) 3 Year Comparison of Actual and Assumed Salary Increases

		<u>Actual</u>	<u>Assumed</u>
Year Ended	4/30/2020	4.68%	5.67%
Year Ended	4/30/2019	3.67%	6.04%
Year Ended	4/30/2018	3.86%	6.45%

(ii) 3 Year Comparison of Investment Return on Actuarial Value

		<u>Actual</u>	<u>Assumed</u>
Year Ended	4/30/2020	3.54%	6.75%
Year Ended	4/30/2019	4.27%	6.75%
Year Ended	4/30/2018	4.43%	6.75%

## DEVELOPMENT OF MAY 1, 2020 AMORTIZATION PAYMENT

(1)	Unfunded Actuarial Accrued Liability as of May 1, 2019	\$5,731,526
(2)	Sponsor Normal Cost developed as of May 1, 2019	211,583
(3)	Expected administrative expenses for the year ended April 30, 2020	7,804
(4)	Expected interest on (1), (2) and (3)	401,423
(5)	Sponsor contributions to the System during the year ended April 30, 2020	632,190
(6)	Expected interest on (5)	21,336
(7)	Expected Unfunded Actuarial Accrued Liability as of April 30, 2020, (1)+(2)+(3)+(4)-(5)-(6)	5,698,810
(8)	Change to UAAL due to Benefits Change	81,293
(9)	Change to UAAL due to Actuarial (Gain)/Loss	272,459
(10)	Unfunded Accrued Liability as of May 1, 2020	6,052,562
(11)	UAAL Subject to Amortization (100% AAL less Actuarial Assets)	6,052,562

<u>Date</u> <u>Established</u>	<u>Years</u> <u>Remaining</u>	<u>5/1/2020</u> <u>Amount</u>	<u>Amortization</u> <u>Amount</u>
5/1/2020	20	6,052,562	399,568

## DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of May 1, 2019	\$5,731,526
(2) Expected UAAL as of May 1, 2020	5,698,810
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	270,498
Salary Increases	(36,900)
Active Decrements	(68,661)
Inactive Mortality	(207,539)
Other	<u>315,061</u>
Change in UAAL due to (Gain)/Loss	272,459
Change to UAAL due to Benefits Change	<u>81,293</u>
(4) Actual UAAL as of May 1, 2020	\$6,052,562

## RECONCILIATION OF CHANGES IN CONTRIBUTION REQUIREMENT

(1) Contribution Determined as of May 1, 2019	\$ 634,090
(2) Summary of Contribution Impact by component:	
Change in Normal Cost	(1,385)
Change in Assumed Administrative Expense	(1,998)
Investment Return (Actuarial Asset Basis)	19,063
Salary Increases	(2,600)
New Entrants	-
Active Decrements	(4,839)
Inactive Mortality	(14,626)
Contributions (More) or Less than Recommended	(5,971)
Increase in Amortization Payment Due to Payroll Growth Assumption	13,651
Change in Expected Member Contributions	(4,778)
Benefits Change	22,779
Other	<u>26,092</u>
Total Change in Contribution	45,388
(3) Contribution Determined as of May 1, 2020	\$679,478

## STATUTORY MINIMUM REQUIRED CONTRIBUTION

Contribution requirements shown on this page are calculated according to statutory minimum funding requirements of the Illinois Pension Code. We do not believe this method is sufficient to fund future benefits; as such, we recommend funding according to the contributions developed in Section E of this report.

	New Benefits	Old Benefits	
Valuation Date	5/1/2020	5/1/2020	5/1/2019
Applicable to Fiscal Year Ending	<u>4/30/2022</u>	<u>4/30/2022</u>	<u>4/30/2021</u>
Actuarial Accrued Liability (PUC)	14,230,936	14,167,729	13,635,111
Actuarial Value of Assets	<u>8,803,784</u>	<u>8,803,784</u>	<u>8,350,414</u>
Unfunded Actuarial Accrued Liability (UAAL)	5,427,152	5,363,945	5,284,697
UAAL Subject to Amortization	4,004,058	3,947,172	3,921,186
Normal Cost <sup>1</sup>	\$416,302	\$401,832	\$382,972
% of Total Annual Payroll <sup>1</sup>	27.4	26.4	26.0
Administrative Expenses <sup>1</sup>	6,333	6,333	8,331
% of Total Annual Payroll <sup>1</sup>	0.4	0.4	0.6
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 20 years (as of 5/1/2020) <sup>1</sup>	282,176	278,167	266,844
% of Total Annual Payroll <sup>1</sup>	18.5	18.3	18.1
Total Required Contribution	704,811	686,332	658,147
% of Total Annual Payroll <sup>1</sup>	46.3	45.1	44.7
Expected Member Contributions <sup>1</sup>	150,760	150,760	145,982
% of Total Annual Payroll <sup>1</sup>	9.9	9.9	9.9
Expected City Contribution	554,051	535,572	512,165
% of Total Annual Payroll <sup>1</sup>	36.4	35.2	34.8
Assumptions and Methods:			
Actuarial Cost Method	Projected Unit Credit		
Amortization Method	90% Funding by 2040		

All other assumptions and methods are as described in the Actuarial Assumptions and Methods section.

<sup>1</sup> Contributions developed as of 5/1/2020 displayed above have been adjusted to account for assumed interest.

# PROJECTION OF BENEFIT PAYMENTS

Year	Payments for Current Actives	Payments for Current Inactives	Total Payments
2020	32,562	693,296	725,858
2021	60,025	645,003	705,028
2022	85,017	655,082	740,099
2023	116,093	665,001	781,094
2024	143,712	674,697	818,409
2025	175,344	684,106	859,450
2026	204,017	693,153	897,170
2027	231,635	701,755	933,390
2028	257,031	709,826	966,857
2029	281,169	717,270	998,439
2030	321,948	723,989	1,045,937
2031	384,201	729,882	1,114,083
2032	429,069	734,843	1,163,912
2033	482,477	738,752	1,221,229
2034	530,275	741,475	1,271,750
2035	594,297	742,853	1,337,150
2036	653,227	742,704	1,395,931
2037	719,819	740,811	1,460,630
2038	806,637	736,938	1,543,575
2039	885,700	730,828	1,616,528
2040	968,651	722,223	1,690,874
2041	1,052,095	710,866	1,762,961
2042	1,148,531	696,534	1,845,065
2043	1,275,991	679,047	1,955,038
2044	1,382,085	658,316	2,040,401
2045	1,466,967	634,337	2,101,304
2046	1,525,759	607,210	2,132,969
2047	1,608,408	577,105	2,185,513
2048	1,658,568	544,298	2,202,866
2049	1,723,932	509,111	2,233,043
2050	1,766,711	471,978	2,238,689
2051	1,802,194	433,415	2,235,609
2052	1,831,597	393,993	2,225,590
2053	1,856,472	354,299	2,210,771
2054	1,875,117	314,956	2,190,073
2055	1,888,782	276,571	2,165,353
2056	1,897,059	239,740	2,136,799
2057	1,900,859	205,022	2,105,881
2058	1,899,505	172,864	2,072,369
2059	1,893,162	143,576	2,036,738

## ACTUARIAL ASSUMPTIONS AND METHODS

Interest Rate	6.75% per year compounded annually, net of investment related expenses.
Mortality Rate	<p><b><i>Active Lives:</i></b> PubS-2010 Employee mortality, projected 5 years past the valuation date with Scale MP-2019. 10% of active deaths are assumed to be in the line of duty.</p> <p><b><i>Inactive Lives:</i></b> PubS-2010 Healthy Retiree mortality, projected 5 years past the valuation date with Scale MP-2019.</p> <p><b><i>Beneficiaries:</i></b> PubS-2010 Survivor mortality, projected 5 years past the valuation date with Scale MP-2019.</p> <p><b><i>Disabled Lives:</i></b> PubS-2010 Disabled mortality, projected 5 years past the valuation date with Scale MP-2019.</p> <p>The mortality assumptions sufficiently accommodate anticipated future mortality improvements.</p>
Retirement Age	See table later in this section. This is based on a 2017 experience study performed for the State of Illinois Department of Insurance.
Disability Rate	See table later in this section. 60% of the disabilities are assumed to be in the line of duty. This is based on a 2017 experience study performed for the State of Illinois Department of Insurance.
Termination Rate	See table later in this section. This is based on a 2017 experience study performed for the State of Illinois Department of Insurance.
Inflation	2.50%.
Cost-of-Living Adjustment	<p><u>Tier 1:</u> 3.00% per year after age 55. Those that retire prior to age 55 receive an increase of 1/12 of 3.00% for each full month since benefit commencement upon reaching age 55.</p> <p><u>Tier 2:</u> 1.25% per year after the later of attainment of age 60 or first anniversary of retirement.</p>

## Salary Increases

See table below. This is based on a 2017 experience study performed for the State of Illinois Department of Insurance.

Salary Scale	
Service	Rate
0	11.00%
1	10.75%
2	8.75%
3	8.50%
4	7.00%
5	6.25%
6	5.25%
7	4.25%
8 - 16	4.00%
17 - 32	3.75%
32+	3.50%

## Marital Status

80% of Members are assumed to be married.

## Spouse's Age

Males are assumed to be three years older than females.

## Funding Method

Entry Age Normal Cost Method.

## Actuarial Asset Method

Investment gains and losses are smoothed over a 5-year period.

## Funding Policy Amortization Method

The UAAL is amortized according to a Level Percentage of Payroll method over a period ending in 2040. The initial amortization amount is 100% of the Accrued Liability less the Actuarial Value of Assets.

## Payroll Growth

3.50% per year.

## Administrative Expenses

Expenses paid out of the fund other than investment-related expenses are assumed to be equal to those paid in the previous year.

## Decrement Tables

% Terminating During the Year		% Becoming Disabled During the Year		% Retiring During the Year (Tier 1)		% Retiring During the Year (Tier 2)	
Age	Rate	Age	Rate	Age	Rate	Age	Rate
20	14.00%	20	0.000%	50 - 51	15%	50 - 54	5%
25	10.40%	25	0.030%	52 - 54	20%	55	40%
30	5.60%	30	0.140%	55 - 64	25%	56 - 64	25%
35	3.10%	35	0.260%	65 - 69	40%	65 - 69	40%
40	1.90%	40	0.420%	70+	100%	70+	100%
45	1.50%	45	0.590%				
50	1.50%	50	0.710%				
56+	0.00%	55	0.900%				
		60	1.150%				



## GLOSSARY

Total Annual Payroll is the projected annual rate of pay for the fiscal year following the valuation date of all covered members.

Present Value of Benefits is the single sum value on the valuation date of all future benefits to be paid to current Members, Retirees, Beneficiaries, Disability Retirees and Vested Terminations.

Normal (Current Year's) Cost is the current year's cost for benefits yet to be funded.

Unfunded Accrued Liability is a liability which arises when a pension plan is initially established or improved and such establishment or improvement is applicable to all years of past service.

Total Recommended Contribution is equal to the Normal Cost plus an amount sufficient to amortize the Unfunded Accrued Liability over a period ending in 2040. The recommended amount is adjusted for interest according to the timing of contributions during the year.

Entry Age Normal Cost Method - Under this method, the normal cost is the sum of the individual normal costs for all active participants. For an active participant, the normal cost is the participant's normal cost accrual rate, multiplied by the participant's current compensation.

- (a) The normal cost accrual rate equals:
  - (i) the present value of future benefits for the participant, determined as of the participant's entry age, divided by
  - (ii) the present value of the compensation expected to be paid to the participant for each year of the participant's anticipated future service, determined as of the participant's entry age.
- (b) In calculating the present value of future compensation, the salary scale is applied both retrospectively and prospectively to estimate compensation in years prior to and subsequent to the valuation year based on the compensation used for the valuation.
- (c) The accrued liability is the sum of the individual accrued liabilities for all participants and beneficiaries. A participant's accrued liability equals the present value, at the participant's attained age, of future benefits less the present value at the participant's attained age of the individual normal costs payable in the future. A beneficiary's accrued liability equals the present value, at the beneficiary's attained age, of future benefits. The unfunded accrued liability equals the total accrued liability less the actuarial value of assets.
- (d) Under this method, the entry age used for each active participant is the participant's age at the time he or she would have commenced participation if the plan had always been in existence under current terms, or the age as of which he or she first earns service credits for purposes of benefit accrual under the current terms of the plan.

## DISCUSSION OF RISK

ASOP No. 51, Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions, states that the actuary should identify risks that, in the actuary's professional judgment, may reasonably be anticipated to significantly affect the plan's future financial condition.

Throughout this report, actuarial results are determined under various assumption scenarios. These results are based on the premise that all future plan experience will align with the plan's actuarial assumptions; however, there is no guarantee that actual plan experience will align with the plan's assumptions. It is possible that actual plan experience will differ from anticipated experience in an unfavorable manner that will negatively impact the plan's funded position.

Below are examples of ways in which plan experience can deviate from assumptions and the potential impact of that deviation. Typically, this results in an actuarial gain or loss representing the current-year financial impact on the plan's unfunded liability of the experience differing from assumptions; this gain or loss is amortized over a period of time determined by the plan's amortization method. When assumptions are selected that adequately reflect plan experience, gains and losses typically offset one another in the long term, resulting in a relatively low impact on the plan's contribution requirements associated with plan experience. When assumptions are too optimistic, losses can accumulate over time and the plan's amortization payment could potentially grow to an unmanageable level.

- Investment Return: When the rate of return on the Actuarial Value of Assets falls short of the assumption, this produces a loss representing assumed investment earnings that were not realized. Further, it is unlikely that the plan will experience a scenario that matches the assumed return in each year as capital markets can be volatile from year to year. Therefore, contribution amounts can vary in the future.
- Salary Increases: When a plan participant experiences a salary increase that was greater than assumed, this produces a loss representing the cost of an increase in anticipated plan benefits for the participant as compared to the previous year. The total gain or loss associated with salary increases for the plan is the sum of salary gains and losses for all active participants.
- Payroll Growth: The plan's payroll growth assumption, if one is used, causes a predictable annual increase in the plan's amortization payment in order to produce an amortization payment that remains constant as a percentage of payroll if all assumptions are realized. If payroll does not increase according to the plan's payroll growth assumption, the plan's amortization payment can increase significantly as a percentage of payroll even if all assumptions other than the payroll growth assumption are realized.
- Demographic Assumptions: Actuarial results take into account various potential events that could happen to a plan participant, such as retirement, termination, disability, and death. Each of these potential events is assigned a liability based on the likelihood of the event and the financial consequence of the event for the plan. Accordingly, actuarial liabilities reflect a blend of financial consequences associated with various possible outcomes (such as retirement at one of various possible ages). Once the outcome is known (e.g. the participant retires) the liability is adjusted to reflect the known outcome. This adjustment produces a gain or loss depending on whether the outcome was more or less favorable than other outcomes that could have occurred.

- Contribution Risk: This risk results from the potential that actual employer contributions may deviate from actuarially determined contributions, which are determined in accordance with the Board's funding policy. The funding policy is intended to result in contribution requirements that if paid when due, will result in a reasonable expectation that assets will accumulate to be sufficient to pay plan benefits when due. Contribution deficits, particularly large deficits and those that occur repeatedly, increase future contribution requirements and put the plan at risk for not being able to pay plan benefits when due.

### Impact of Plan Maturity on Risk

For newer pension plans, most of the participants and associated liabilities are related to active members who have not yet reached retirement age. As pension plans continue in operation and active members reach retirement ages, liabilities begin to shift from being primarily related to active members to being shared amongst active and retired members. Plan maturity is a measure of the extent to which this shift has occurred. It is important to understand that plan maturity can have an impact on risk tolerance and the overall risk characteristics of the plan. For example, plans with a large amount of retired liability do not have as long of a time horizon to recover from losses (such as losses on investments due to lower than expected investment returns) as plans where the majority of the liability is attributable to active members. For this reason, less tolerance for investment risk may be warranted for highly mature plans with a substantial inactive liability. Similarly, mature plans paying substantial retirement benefits resulting in a small positive or net negative cash flow can be more sensitive to near term investment volatility, particularly if the size of the fund is shrinking, which can result in less assets being available for investment in the market.

To assist with determining the maturity of the plan, we have provided some relevant metrics in the table following titled "Plan Maturity Measures and Other Risk Metrics". Highlights of this information are discussed below:

- The Support Ratio, determined as the ratio of active to inactive members, has decreased from 133.3% on May 1, 2017 to 131.3% on May 1, 2020, indicating that the plan has been maturing.
- The Accrued Liability Ratio, determined as the ratio of the Inactive Accrued Liability, which is the liability associated with members who are no longer employed but are due a benefit from the plan, to the Total Accrued Liability, is 63.9%. With a plan of this maturity, losses due to lower than expected investment returns or demographic factors will need to be made up for over a shorter time horizon than would be needed for a less mature plan.
- The Funded Ratio, determined as the ratio of the Actuarial Value of Assets to the Total Accrued Liability, has stayed approximately the same from May 1, 2017 to May 1, 2020
- The Net Cash Flow Ratio, determined as the ratio of the Net Cash Flow (contributions minus benefit payments and administrative expenses) to the Market Value of Assets, stayed approximately the same from May 1, 2017 to May 1, 2020. The current Net Cash Flow Ratio of 1.8% indicates that contributions are generally covering the plan's benefit payments and administrative expenses.

It is important to note that the actuary has identified the risks above as the most significant risks based on the characteristics of the plan and the nature of the project, however, it is not an exhaustive list of potential risks that could be considered. Additional advanced modeling, as well as the identification of additional risks, can be provided at the request of the audience addressed on page 2 of this report.

## PLAN MATURITY MEASURES AND OTHER RISK METRICS

	<u>5/1/2017</u>	<u>5/1/2018</u>	<u>5/1/2019</u>	<u>5/1/2020</u>
<u>Support Ratio</u>				
Total Actives	20	20	21	21
Total Inactives	15	15	15	16
Actives / Inactives	133.3%	133.3%	140.0%	131.3%
 <u>Asset Volatility Ratio</u>				
Market Value of Assets (MVA)	7,205,268	7,647,347	8,075,755	8,247,378
Total Annual Payroll	1,336,695	1,369,110	1,473,074	1,521,288
MVA / Total Annual Payroll	539.0%	558.6%	548.2%	542.1%
 <u>Accrued Liability (AL) Ratio</u>				
Inactive Accrued Liability	9,092,009	8,984,847	9,477,819	9,493,244
Total Accrued Liability	12,695,709	12,846,189	14,081,940	14,856,346
Inactive AL / Total AL	71.6%	69.9%	67.3%	63.9%
 <u>Funded Ratio</u>				
Actuarial Value of Assets (AVA)	7,548,916	7,923,297	8,350,414	8,803,784
Total Accrued Liability	12,695,709	12,846,189	14,081,940	14,856,346
AVA / Total Accrued Liability	59.5%	61.7%	59.3%	59.3%
 <u>Net Cash Flow Ratio</u>				
Net Cash Flow <sup>1</sup>	69,525	39,025	81,607	146,773
Market Value of Assets (MVA)	7,205,268	7,647,347	8,075,755	8,247,378
Ratio	1.0%	0.5%	1.0%	1.8%

<sup>1</sup> Determined as total contributions minus benefit payments and administrative expenses.

STATEMENT OF FIDUCIARY NET POSITION  
April 30, 2020

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Certificates of Deposit	1,424,657
Money Market	1,094,921
Cash	1,482
Total Cash and Equivalents	2,521,060
Receivables:	
From City	617,338
Accrued Past Due Interest	15,942
Total Receivable	633,280
Investments:	
Corporate Bonds	1,844,911
U.S. Gov't and Agency Obligations	387,969
Mutual Funds	2,860,158
Total Investments	5,093,038
Total Assets	8,247,378
<u>LIABILITIES</u>	
Total Liabilities	0
Net Assets:	
Active and Retired Members' Equity	8,247,378
NET POSITION RESTRICTED FOR PENSIONS	8,247,378
TOTAL LIABILITIES AND NET ASSETS	8,247,378

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED April 30, 2020  
Market Value Basis

ADDITIONS

Contributions:

Member	145,704
Miscellaneous Member Revenue	8,211
City	632,190

Total Contributions		786,105
---------------------	--	---------

Investment Income:

Miscellaneous Income	1,086	
Net Realized Gain (Loss)	142,758	
Unrealized Gain (Loss)	(336,908)	
Net Increase in Fair Value of Investments		(193,064)
Interest & Dividends		233,448
Less Investment Expense <sup>1</sup>		(23,745)

Net Investment Income		16,639
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Total Additions		802,744
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DEDUCTIONS

Distributions to Members:

Benefit Payments	625,188
Refund of Contributions/Transfers	0

Total Distributions		625,188
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Administrative Expenses		5,933
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Total Deductions		631,121
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Net Increase in Net Position		171,623
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NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year		8,075,755
-----------------------	--	-----------

End of the Year		8,247,378
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<sup>1</sup> Investment Related expenses include investment advisory, custodial and performance monitoring fees.

# ACTUARIAL ASSET VALUATION

April 30, 2020

Actuarial Assets for funding purposes are developed by recognizing the total actuarial investment gain or loss for each Plan Year over a five year period. In the first year, 20% of the gain or loss is recognized. In the second year 40%, in the third year 60%, in the fourth year 80%, and in the fifth year 100% of the gain or loss is recognized. The actuarial investment gain or loss is defined as the actual return on investments minus the actuarial assumed investment return. Actuarial Assets shall not be less than 80% nor greater than 120% of the Market Value of Assets.

Plan Year Ending	Gain/(Loss)	Gains/(Losses) Not Yet Recognized				
		Amounts Not Yet Recognized by Valuation Year				
		2020	2021	2022	2023	2024
4/30/2017	54,152	10,830	0	0	0	0
4/30/2018	(84,619)	(33,848)	(16,924)	0	0	0
4/30/2019	(177,373)	(106,424)	(70,949)	(35,475)	0	0
4/30/2020	(533,705)	(426,964)	(320,223)	(213,482)	(106,741)	0
Total		(556,406)	(408,096)	(248,957)	(106,741)	0

## Development of Investment Gain/Loss

Market Value of Assets, 4/30/2019	8,075,755
Contributions Less Benefit Payments & Administrative Expenses	154,984
Expected Investment Earnings <sup>1</sup>	550,344
Actual Net Investment Earnings	16,639
2020 Actuarial Investment Gain/(Loss)	(533,705)

<sup>1</sup> Expected Investment Earnings = 6.75% x (8,075,755 + 0.5 x 154,984)

## Development of Actuarial Value of Assets

Market Value of Assets, 4/30/2020	8,247,378
(Gains)/Losses Not Yet Recognized	556,406
Actuarial Value of Assets, 4/30/2020	8,803,784
(A) 4/30/2019 Actuarial Assets:	8,350,414
(I) Net Investment Income:	
1. Interest and Dividends	234,534
2. Realized Gains (Losses)	142,758
3. Change in Actuarial Value	(55,161)
4. Investment Expenses	(23,745)
Total	298,386
(B) 4/30/2020 Actuarial Assets:	8,803,784
Actuarial Asset Rate of Return = (2 x I) / (A + B - I):	3.54%
Market Value of Assets Rate of Return:	0.20%
4/30/2020 Limited Actuarial Assets:	8,803,784
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)	(270,498)

# CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

April 30, 2020

Actuarial Asset Basis

## INCOME

Contributions:		
Member	145,704	
Miscellaneous Member Revenue	8,211	
City	632,190	
Total Contributions		786,105
Earnings from Investments		
Interest & Dividends	233,448	
Miscellaneous Income	1,086	
Net Realized Gain (Loss)	142,758	
Change in Actuarial Value	(55,161)	
Total Earnings and Investment Gains		322,131

## EXPENSES

Administrative Expenses:		
Investment Related <sup>1</sup>	23,745	
Other	5,933	
Total Administrative Expenses		29,678
Distributions to Members:		
Benefit Payments	625,188	
Refund of Contributions/Transfers	0	
Total Distributions		625,188
Change in Net Assets for the Year		453,370
Net Assets Beginning of the Year		8,350,414
Net Assets End of the Year <sup>2</sup>		8,803,784

<sup>1</sup> Investment Related expenses include investment advisory, custodial and performance monitoring fees.

<sup>2</sup> Net Assets may be limited for actuarial consideration.



## STATISTICAL DATA

	<u>5/1/2017</u>	<u>5/1/2018</u>	<u>5/1/2019</u>	<u>5/1/2020</u>
<u>Actives - Tier 1</u>				
Number	11	10	10	10
Average Current Age	39.0	40.6	41.6	42.6
Average Age at Employment	27.9	28.3	28.3	27.8
Average Past Service	11.1	12.3	13.3	14.8
Average Annual Salary	\$71,201	\$73,982	\$75,331	\$77,792
<u>Actives - Tier 2</u>				
Number	9	10	11	11
Average Current Age	34.0	33.9	34.2	35.1
Average Age at Employment	30.9	30.2	29.9	30.3
Average Past Service	3.1	3.7	4.3	4.8
Average Annual Salary	\$61,498	\$62,929	\$65,433	\$67,579
<u>Service Retirees</u>				
Number	10	10	10	8
Average Current Age	62.9	63.9	64.9	62.8
Average Annual Benefit	\$50,974	\$52,148	\$54,727	\$59,437
<u>Beneficiaries</u>				
Number	1	1	1	4
Average Current Age	76.5	77.5	78.5	71.6
Average Annual Benefit	\$35,587	\$35,587	\$35,587	\$40,550
<u>Disability Retirees</u>				
Number	1	1	1	0
Average Current Age	66.2	67.2	68.2	N/A
Average Annual Benefit	\$33,330	\$33,882	\$34,435	N/A
<u>Terminated Vested</u>				
Number	3	3	3	4
Average Current Age	31.7	32.7	33.7	34.6
Average Annual Benefit <sup>1</sup>	N/A	N/A	N/A	N/A

<sup>1</sup> Average Annual Benefit for Terminated Vested members reflects the benefit for members entitled to a future annual benefit from the plan.

## AGE AND SERVICE DISTRIBUTION

### PAST SERVICE

AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	0	0	0	0	0	0	0	0	0	0	0	0
25 - 29	0	1	1	0	0	0	0	0	0	0	0	2
30 - 34	1	0	0	0	1	4	0	0	0	0	0	6
35 - 39	0	0	0	0	1	1	2	0	0	0	0	4
40 - 44	0	0	0	0	0	2	2	0	0	0	0	4
45 - 49	0	0	0	0	0	1	0	1	0	0	0	2
50 - 54	0	0	0	0	0	0	0	0	2	0	0	2
55 - 59	0	0	0	0	0	0	0	0	1	0	0	1
60 - 64	0	0	0	0	0	0	0	0	0	0	0	0
65+	0	0	0	0	0	0	0	0	0	0	0	0
Total	1	1	1	0	2	8	4	1	3	0	0	21

## VALUATION PARTICIPANT RECONCILIATION

### 1. Active lives

a. Number in prior valuation 5/1/2019	21
b. Terminations	
i. Vested (partial or full) with deferred benefits	(1)
ii. Non-vested or full lump sum distribution received	0
iii. Transferred service to other fund	0
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	<u>0</u>
f. Continuing participants	20
g. New entrants	<u>1</u>
h. Total active life participants in valuation	21

### 2. Non-Active lives (including beneficiaries receiving benefits)

	Service Retirees, Vested Receiving <u>Benefits</u>	Receiving Death <u>Benefits</u>	Receiving Disability <u>Benefits</u>	Vested <u>Deferred</u>	<u>Total</u>
a. Number prior valuation	10	1	1	3	15
Retired	0	0	0	0	0
Vested Deferred	0	0	0	1	1
Death, With Survivor	(2)	3	(1)	0	0
Death, No Survivor	0	0	0	0	0
Disabled	0	0	0	0	0
Refund of Contributions	0	0	0	0	0
Rehires	0	0	0	0	0
Expired Annuities	0	0	0	0	0
Data Corrections	0	0	0	0	0
Hired/Termed in Same Year	0	0	0	0	0
b. Number current valuation	8	4	0	4	16

## SUMMARY OF CURRENT PLAN

### Article 3 Pension Fund

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

### Plan Administration

The Plan is a single employer defined benefit pension plan administered by a Board of Trustees comprised of:

- a.) Two members appointed by the Municipality,
- b.) Two active Members of the Police Department elected by the Membership, and
- c.) One retired Member of the Police Department elected by the Membership.

### Credited Service

Complete years of service as a sworn police officer employed by the Municipality.

### Normal Retirement

#### Date

**Tier 1:** Age 50 and 20 years of Credited Service.

**Tier 2:** Age 55 with 10 years of Credited Service.

#### Benefit

**Tier 1:** 50% of annual salary attached to rank on last day of service plus 2.50% of annual salary for each year of service over 20 years, up to a maximum of 75% of salary. The minimum monthly benefit is \$1,000 per month.

**Tier 2:** 2.50% per year of service times the average salary for the 48 consecutive months of service within the last 60 months of service in which the total salary was the highest prior to retirement times the number of years of service, up to a maximum of 75% of average salary. The minimum monthly benefit is \$1,000 per month.

For Tier 2 participants, the salary is capped at a rate of \$106,800 as of 2011, indexed annually at a rate of CPI-U, but not to exceed 3.00%.

#### Form of Benefit

**Tier 1:** For married retirees, an annuity payable for the life of the Member; upon the death of the member, 100% of the Member's benefit payable to the spouse until death. For unmarried retirees, the normal form is a Single Life Annuity.

**Tier 2:** Same as above, but with 66 2/3% of benefit continued to spouse.

### Early Retirement

Date	<b>Tier 1:</b> Age 60 and 8 years of Credited Service. <b>Tier 2:</b> Age 50 with 10 years of Credited Service.
Benefit	<b>Tier 1:</b> Normal Retirement benefit with no minimum. <b>Tier 2:</b> Normal Retirement benefit, reduced 6.00% each year before age 55, with no minimum benefit.
Form of Benefit	Same as Normal Retirement

### Disability Benefit

Eligibility	Total and permanent as determined by the Board of Trustees.
Benefit Amount	A maximum of:

- a.) 65% of salary attached to the rank held by Member on last day of service, and;
- b.) The monthly retirement pension that the Member is entitled to receive if he or she retired immediately.

For non-service connected disabilities, a benefit of 50% of salary attached to rank held by Member on last day of service.

### Cost-of-Living Adjustment

#### **Tier 1:**

*Retirees:* An annual increase equal to 3.00% per year after age 55. Those that retire prior to age 55 receive an increase of 1/12 of 3.00% for each full month since benefit commencement upon reaching age 55.

*Disabled Retirees:* An annual increase equal to 3.00% per year of the original benefit amount beginning at age 60. Those that become disabled prior to age 60 receive an increase of 3.00% of the original benefit amount for each year since benefit commencement upon reaching age 60.

**Tier 2:** An annual increase each January 1 equal to 3.00% per year or one-half of the annual unadjusted percentage increase in the consumer price index-u for the 12 months ending with the September preceding each November 1, whichever is less, of the original pension after the attainment of age 60 or first anniversary of pension start date whichever is later.

### Pre-Retirement Death Benefit

Service Incurred	100% of salary attached to rank held by Member on last day of service.
Non-Service Incurred	A maximum of: <ul style="list-style-type: none"><li>a.) 54% of salary attached to the rank held by Member on last day of service, and;</li><li>b.) The monthly retirement pension earned by the deceased Member at the time of death, regardless of whether death occurs before or after age 50.</li></ul>

For non-service deaths with less than 10 years of service, a refund of member contributions is provided.

### Vesting (Termination)

Vesting Service Requirement	<b>Tier 1:</b> 8 years.  <b>Tier 2:</b> 10 years.
Non-Vested Benefit	Refund of Member Contributions.
Vested Benefit	Either the termination benefit, payable upon reaching age 60 (55 for Tier 2), provided contributions are not withdrawn, or a refund of member contributions. The termination benefit is 2.50% of annual salary held in the year prior to termination (8-year final average salary for Tier 2) times creditable service.

### Contributions

Employee	9.91% of Salary.
Municipality	Remaining amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability.

## SUMMARY

Valuation Date	5/1/2020	5/1/2019
Measurement Date	4/30/2020	4/30/2019
Plan Membership:		
Inactives Currently Receiving Benefits	12	12
Inactives Not Yet Receiving Benefits	4	3
Active Plan Members	<u>21</u>	<u>21</u>
Total	37	36
Covered Payroll	\$ 1,521,288	\$ 1,473,074
Net Pension Liability		
Total Pension Liability	\$ 14,707,817	\$ 13,942,444
Plan Fiduciary Net Position	<u>8,247,378</u>	<u>8,075,755</u>
Net Pension Liability	\$ 6,460,439	\$ 5,866,689
Plan Fiduciary Net Position		
As a Percentage of Total Pension Liability	56.07%	57.92%
Net Pension Liability		
As a Percentage of Covered Payroll	424.67%	398.26%
Total Pension Expense	\$ 1,050,239	\$ 783,835
Development of Single Discount Rate		
Single Discount Rate	6.75%	6.75%
Long-Term Expected Rate of Return	6.75%	6.75%
High-quality Municipal Bond Rate	2.85%	3.21%
Number of Years Future Benefit Payments		
Are Expected to be Paid	99	99

## SCHEDULE OF CHANGES IN NET PENSION LIABILITY

GASB 68 Reporting Period Ending Measurement Date	04/30/2021 04/30/2020	04/30/2020 04/30/2019
Total Pension Liability		
Service Cost	355,536	322,692
Interest	944,014	860,298
Changes of Benefit Terms	79,002	-
Differences Between Expected and Actual Experience	3,798	167,797
Changes of Assumptions	-	467,158
Contributions - Buy Back	8,211	5,053
Benefit Payments, Including Refunds of Employee Contributions	(625,188)	(606,049)
Net Change in Total Pension Liability	765,373	1,216,949
Total Pension Liability - Beginning	13,942,444	12,725,495
Total Pension Liability - Ending (a)	\$ 14,707,817	\$ 13,942,444
Plan Fiduciary Net Position		
Contributions - Employer	632,190	553,041
Contributions - Employee	145,704	142,419
Contributions - Buy Back	8,211	5,053
Net Investment Income	16,639	341,748
Benefit Payments, Including Refunds of Employee Contributions	(625,188)	(606,049)
Administrative Expense	(5,933)	(7,804)
Net Change in Plan Fiduciary Net Position	171,623	428,408
Plan Fiduciary Net Position - Beginning	8,075,755	7,647,347
Plan Fiduciary Net Position - Ending (b)	\$ 8,247,378	\$ 8,075,755
Net Pension Liability - Ending (a) - (b)	\$ 6,460,439	\$ 5,866,689
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.07%	57.92%
Covered Payroll	\$ 1,521,288	\$ 1,473,074
Net Pension Liability as a Percentage of Covered Payroll	424.67%	398.26%



STATEMENT OF CHANGES IN NET PENSION LIABILITY  
CITY REPORTING

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Reporting Period Ending April 30, 2020	\$ 13,942,444	\$ 8,075,755	\$ 5,866,689
Changes for a Year:			
Service Cost	355,536	-	355,536
Interest	944,014	-	944,014
Differences Between Expected and Actual Experience	3,798	-	3,798
Changes of Assumptions	-	-	-
Changes of Benefit Terms	79,002	-	79,002
Contributions - Employer	-	632,190	(632,190)
Contributions - Employee	-	145,704	(145,704)
Contributions - Buy Back	8,211	8,211	-
Net Investment Income	-	16,639	(16,639)
Benefit Payments, Including Refunds of Employee Contributions	(625,188)	(625,188)	-
Administrative Expense	-	(5,933)	5,933
Net Changes	765,373	171,623	593,750
Reporting Period Ending April 30, 2021	\$ 14,707,817	\$ 8,247,378	\$ 6,460,439

*Sensitivity of Net Pension Liability to changes in the Discount Rate:*

	Current Discount		
	1% Decrease	Rate	1% Increase
	5.75%	6.75%	7.75%
Sponsor's Net Pension Liability	\$ 8,657,589	\$ 6,460,439	\$ 4,678,776

*Pension Plan Fiduciary Net Position*

Detailed information about the Pension Plan's Fiduciary Net Position is available in a separately issued Plan financial report.

FINAL PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS  
OF RESOURCES RELATED TO PENSIONS  
YEAR-END APRIL 30, 2020

For the year ended April 30, 2020, the Sponsor will recognize a pension expense of \$783,835.

On April 30, 2020, the Sponsor reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	208,720	271,135
Changes of assumptions	729,315	80,736
Net difference between projected and actual earnings on pension plan investments	274,663	0
Employer contributions after the measurement date	632,190	0
Total	\$1,844,888	\$351,871

The outcome of the Deferred Outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date has been recognized as a reduction of the Net Pension Liability in the year ended 4/30/2020.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year-ended April 30:

2021	\$254,588
2022	\$150,938
2023	\$161,769
2024	\$144,845
2025	\$40,848
Thereafter	\$107,839

PRELIMINARY PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED  
INFLOWS OF RESOURCES RELATED TO PENSIONS  
YEAR-END APRIL 30, 2021

For the year ended April 30, 2021, the Sponsor will recognize a pension expense of \$1,050,239.

On April 30, 2021, the Sponsor reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	178,691	222,073
Changes of assumptions	590,783	67,280
Net difference between projected and actual earnings on pension plan investments	556,407	0
Employer contributions after the measurement date	TBD	0
Total	TBD	\$289,353

The outcome of the Deferred Outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended 4/30/2021.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year-ended April 30:

2022	\$258,154
2023	\$268,985
2024	\$252,061
2025	\$148,064
2026	\$28,944
Thereafter	\$80,320

FINAL COMPONENTS OF PENSION EXPENSE  
YEAR-END APRIL 30, 2020

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning Balance	\$ 5,078,148	\$ 446,879	\$ 1,303,000	
Employer Contributions made after April 30, 2019	-	-	632,190	-
Total Pension Liability Factors:				
Service Cost	322,692	-	-	322,692
Interest	860,298	-	-	860,298
Changes in Benefit Terms	-	-	-	-
Contributions - Buy Back	5,053	-	-	5,053
Differences Between Expected and Actual Experience With Regard to Economic or Demographic Assumptions	167,797	-	167,797	-
Current Year Amortization	-	(49,062)	(33,351)	(15,711)
Changes in Assumptions About Future Economic or Demographic Factors or Other Inputs	467,158	-	467,158	-
Current Year Amortization	-	(13,456)	(138,530)	125,074
Benefit Payments, Including Refunds of Employee Contributions	(606,049)	-	-	-
Net Change	1,216,949	(62,518)	1,095,264	1,297,406
Plan Fiduciary Net Position:				
Contributions - Employer	553,041	-	(553,041)	-
Contributions - Employee	142,419	-	-	(142,419)
Contributions - Buy Back	5,053	-	-	(5,053)
Projected Net Investment Income	519,121	-	-	(519,121)
Difference Between Projected and Actual Earnings on Pension Plan Investments	(177,373)	-	177,373	-
Current Year Amortization	-	(10,830)	(156,048)	145,218
Benefit Payments, Including Refunds of Employee Contributions	(606,049)	-	-	-
Administrative Expenses	(7,804)	-	-	7,804
Net Change	428,408	(10,830)	(531,716)	(513,571)
Ending Balance	\$ 5,866,689	\$ 373,531	\$ 1,866,548	\$ 783,835

PRELIMINARY COMPONENTS OF PENSION EXPENSE  
YEAR-END APRIL 30, 2021

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning Balance	\$ 5,866,689	\$ 373,531	\$ 1,866,548	
Employer Contributions made after April 30, 2020	-	-	TBD <sup>1</sup>	-
Total Pension Liability Factors:				
Service Cost	355,536	-	-	355,536
Interest	944,014	-	-	944,014
Changes in Benefit Terms	79,002	-	-	79,002
Contributions - Buy Back	8,211			8,211
Differences Between Expected and Actual Experience With Regard to Economic or Demographic Assumptions	3,798	-	3,798	-
Current Year Amortization	-	(49,062)	(33,827)	(15,235)
Changes in Assumptions About Future Economic or Demographic Factors or Other Inputs	-	-	-	-
Current Year Amortization	-	(13,456)	(138,532)	125,076
Benefit Payments, Including Refunds of Employee Contributions	(625,188)	-	-	-
Net Change	765,373	(62,518)	(168,561)	1,496,604
Plan Fiduciary Net Position:				
Contributions - Employer	632,190	-	(632,190)	-
Contributions - Employee	145,704	-	-	(145,704)
Contributions - Buy Back	8,211			(8,211)
Projected Net Investment Income	550,344	-	-	(550,344)
Difference Between Projected and Actual Earnings on Pension Plan Investments	(533,705)	-	533,705	-
Current Year Amortization	-	(10,830)	(262,791)	251,961
Benefit Payments, Including Refunds of Employee Contributions	(625,188)	-	-	-
Administrative Expenses	(5,933)	-	-	5,933
Net Change	171,623	(10,830)	(361,276)	(446,365)
Ending Balance	\$ 6,460,439	\$ 300,183	TBD	\$ 1,050,239

<sup>1</sup> Employer contributions made after the April 30, 2020 measurement date, but before April 30, 2021 need to be added.

## AMORTIZATION SCHEDULE – EXPERIENCE

Increase (Decrease) in Pension Expense Arising from the Recognition of the  
Effects of Differences between Expected and Actual Experience

Year Base Established	Differences Between Expected and Actual Experience	Recognition Period (Years)	2021	2022	2023	2024	2025	Thereafter
2020	\$ 3,798	8	\$ 473	\$ 475	\$ 475	\$ 475	\$ 475	\$ 1,425
2019	\$ 167,797	8	\$ 20,975	\$ 20,975	\$ 20,975	\$ 20,975	\$ 20,975	\$ 41,950
2018	\$ (299,557)	8	\$ (37,445)	\$ (37,445)	\$ (37,445)	\$ (37,445)	\$ (37,445)	\$ (37,445)
2017	\$ 99,029	8	\$ 12,379	\$ 12,379	\$ 12,379	\$ 12,379	\$ 12,379	\$ -
2016	\$ (92,933)	8	\$ (11,617)	\$ (11,616)	\$ (11,616)	\$ (11,616)	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			(15,235)	(15,232)	(15,232)	(15,232)	(3,616)	5,930

## AMORTIZATION SCHEDULE – CHANGES OF ASSUMPTIONS

Increase (Decrease) in Pension Expense Arising from the Recognition of the  
Effects of Changes of Assumptions

Year Base Established	Effects of Changes in Assumptions	Recognition Period (Years)	2021	2022	2023	2024	2025	Thereafter
2019	\$ 467,158	8	\$ 58,395	\$ 58,395	\$ 58,395	\$ 58,395	\$ 58,395	\$ 116,790
2018	\$ (107,650)	8	\$ (13,456)	\$ (13,456)	\$ (13,456)	\$ (13,456)	\$ (13,456)	\$ (13,456)
2016	\$ 641,098	8	\$ 80,137	\$ 80,137	\$ 80,138	\$ 80,138	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 125,076	\$ 125,076	\$ 125,077	\$ 125,077	\$ 44,939	\$ 103,334

## AMORTIZATION SCHEDULE – INVESTMENTS

Increase (Decrease) in Pension Expense Arising from the Recognition of the  
Differences Between Projected and Actual Earnings on Pension Plan Investments

Year Base Established	Differences Between Projected and Actual Earnings	Recognition Period (Years)	2021	2022	2023	2024	2025	Thereafter
2020	\$ 533,705	5	\$ 106,741	\$ 106,741	\$ 106,741	\$ 106,741	\$ 106,741	\$ -
2019	\$ 177,373	5	\$ 35,475	\$ 35,475	\$ 35,475	\$ 35,475	\$ -	\$ -
2018	\$ 84,619	5	\$ 16,924	\$ 16,924	\$ 16,924	\$ -	\$ -	\$ -
2017	\$ (54,152)	5	\$ (10,830)	\$ (10,830)	\$ -	\$ -	\$ -	\$ -
2016	\$ 518,254	5	\$ 103,651	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 251,961	\$ 148,310	\$ 159,140	\$ 142,216	\$ 106,741	\$ -



## SCHEDULE OF CONTRIBUTIONS

Plan Year-End	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
04/30/2020	550,231	632,190	(81,959)	1,521,288	41.56%
04/30/2019	550,691	553,041	(2,350)	1,473,074	37.54%

The following assumptions were used to determine the Actuarially Determined Contribution for the plan year ending April 30, 2020:

Calculation Timing	The Actuarially Determined Contribution is calculated using a May 1, 2018 valuation date.
Interest Rate	6.75%
Mortality Rate	RP-2000 Combined Healthy Mortality with a blue collar adjustment, projected to the valuation date with Scale BB.
Disabled Mortality Rate	RP-2000 Disabled Retiree Mortality, projected to the valuation date with Scale BB.
Assumptions	All other assumptions and methods used for determining the Actuarially Determined Contribution can be found in the May 1, 2018 Actuarial Valuation Report for the City of Washington Police Pension Fund prepared by Foster & Foster Actuaries and Consultants.

SCHEDULE OF INVESTMENT RETURNS

For the year ended April 30, 2020, the annual money-weighted return on Pension Plan investments, net of pension plan investment expense, was 5.82 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Plan Year-End	Annual Money-Weighted Rate of Return Net of Investment Expense
04/30/2020	5.82%
04/30/2019	4.88%

## ASSUMPTIONS – GASB PENSION LIABILITY AND PENSION EXPENSE

The GASB 67 Pension Liability for Plan reporting as of April 30, 2020 and Preliminary GASB 68 Pension Expense for the City's May 1, 2020 - April 30, 2021 reporting period were determined as follows:

Valuation Date	May 1, 2020
Measurement Date	April 30, 2020
Discount Rate	6.75%
Inflation	2.50%
Salary Increases	Service-based rates
Other Assumptions	A summary of complete assumptions can be found in the accompanying Actuarial Valuation as of May 1, 2020 for the City of Washington Police Pension Fund prepared by Foster & Foster Actuaries and Consultants.

The GASB 68 Pension Liability and Final Pension Expense for the current City reporting period were determined as follows:

Valuation Date	May 1, 2019
Measurement Date	April 30, 2019
GASB 68 Expense Measurement Period	May 1, 2019 - April 30, 2019
Reporting Period	May 1, 2019 - April 30, 2020
Discount Rate	6.75%
Inflation	2.50%
Salary Increases	Service-based rates
Other Assumptions	A summary of complete assumptions can be found in the Actuarial Valuation as of May 1, 2019 for the City of Washington Police Pension Fund prepared by Foster & Foster Actuaries and Consultants.

The GASB 68 Total Pension Liability and Final GASB 68 Pension Expense reflect the following assumption changes:

- The mortality rates were updated to reflect the PubS-2010 tables.

## NOTES TO THE FINANCIAL STATEMENTS

*Support for Long-Term Expected Rate of Return*

The Long-Term Expected Rate of Return on Pension Plan investments can be determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Pension Plan investment expenses and inflation) are developed for each major asset class.

These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the Pension Plan's target asset allocation adopted as of April 30, 2020, as provided by MVT Invest, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return <sup>1</sup>
Fixed Income	5.00%	0.50%
Corporate Investment Grade	20.00%	0.75%
Domestic Equities	33.75%	6.60%
International Developed	11.25%	6.00%
Cash and Equivalents	30.00%	0.00%
Total	100.00%	

<sup>1</sup> Based on historical return data.

Inflation rate of investment advisor N/A

*Concentrations*

The Plan did not hold investments in any one organization that represent 5 percent or more of the Pension Plan's fiduciary net position.

*Discount Rate*

The Discount Rate used to measure the Total Pension Liability was 6.75 percent.

The projection of cash flows used to determine the Discount Rate assumed that Plan Member contributions will be made at the current contribution rate and that Sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the Member rate. Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the Long-Term Expected Rate of Return on Pension Plan investments (6.75 percent) was applied to all periods of projected benefit payments to determine the Total Pension Liability.

For the purpose of this valuation, the expected rate of return on pension plan investments is 6.75 percent. The municipal bond rate is 2.85 percent (based on the daily rate closest to, but not later than the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index). The resulting single discount rate is 6.75 percent.

## SUMMARY OF CURRENT PLAN

### Article 3 Pension Fund

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

### Plan Administration

The Plan is a single employer defined benefit pension plan administered by a Board of Trustees comprised of:

- a.) Two members appointed by the Municipality,
- b.) Two active members of the Police Department elected by the Membership.
- c.) One retired member of the Police Department elected by the Membership.

### Benefits Provided

The Plan provides retirement, termination, disability and death benefits.

A summary of the benefit provisions can be found in the accompanying Actuarial Valuation as of May 1, 2020 for the City of Washington Police Pension Fund prepared by Foster & Foster Actuaries and Consultants.

The valuation reflects benefit changes noted on the page “Changes Since Prior Valuation”.