


**CITY OF WASHINGTON
WASHINGTON, ILLINOIS**

TO: Mayor Manier and City Council
FROM: Joanie Baxter, Controller 
DATE: January 12, 2018
SUBJECT: Police Pension Fund Actuarial Valuation Report

Enclosed is a Summary Report from the Actuarial Valuation Report for the Police Pension Fund as of May 1, 2017, and as applicable to the fiscal year ended April 30, 2019. This report has been prepared for the second consecutive year by the actuarial firm of Foster & Foster. If you would like to receive the full 50-page report, please let me know and I will email to you.

A meeting was held with the Police Pension Board on October 30, 2017, to review and discuss the preliminary results of the study and the Committee of the Whole discussed on November 13 as well. As a result of these discussions, the following assumptions were adjusted/maintained:

- The interest rate was maintained at 6.75%.
- Mortality Rates were maintained per the RP-2000 Combined Healthy Mortality table with a blue collar adjustment, projected to the valuation date using Scale BB.
- Disabled mortality rates were maintained per RP-2000 Disabled Retiree Mortality table projected to the valuation date using Scale BB.
- The salary scale was maintained at a graded scale based on service.
- The payroll growth assumption was maintained at 4.00%.

The resulting expected City contribution is \$550,691, a \$37,040 or 7.2% increase over the prior year requirement of \$513,651. Personal property replacement tax is anticipated to be \$15,000 and thus the recommended City contribution to the City Council was \$535,700.

Acceptance of this report and authorization to submit to the Department of Insurance will be placed on the Consent Agenda of the January 16, 2018 meeting of the City Council. The Department of Insurance has notified the City through correspondence dated September 29, 1994 that utilizing an enrolled actuary retained by the Fund or the municipality to determine the tax levy requirement is allowed by statute. Accordingly, following acceptance, a copy of the report will be submitted to the Department of Insurance as notification of the City's election to utilize the tax levy requirement determined by Foster & Foster.

C: Jim Culotta, City Administrator

CITY OF WASHINGTON
POLICE PENSION FUND
ACTUARIAL VALUATION
AS OF MAY 1, 2017
CONTRIBUTIONS APPLICABLE TO THE
PLAN/FISCAL YEAR ENDING APRIL 30, 2019
GASB 67/68 DISCLOSURE INFORMATION
AS OF APRIL 30, 2017

SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Washington Police Pension Fund, performed as of May 1, 2017 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, 2019.

The contribution requirements, compared with those set forth in the May 1, 2016 actuarial report, are as follows:

Valuation Date	5/1/2017	5/1/2016
Applicable to Fiscal Year Ending	<u>4/30/2019</u>	<u>4/30/2018</u>
Total Recommended Contribution	\$683,157	\$639,339
% of Projected Annual Payroll	51.1%	50.4%
Member Contributions (Est.)	132,466	125,688
% of Projected Annual Payroll	9.9%	9.9%
City Recommended Contribution	550,691	513,651
% of Projected Annual Payroll	41.2%	40.5%

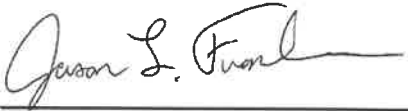
As you can see, the Total Recommended Contribution shows an increase when compared to the results determined in the May 1, 2016 actuarial valuation report. The increase is mostly attributable to lower than assumed investment returns and the natural increase in contributions due to the payroll growth assumption. Additionally, the contribution requirement increased due to no retirement or termination experience and no morality experience.

Assets earned a 4.19% investment return (Actuarial basis) which fell short of the 6.75% assumption. There were no other significant sources experience.

The balance of this Report presents additional details of the actuarial valuation and the general operation of the Fund. The undersigned would be pleased to meet with the Board of Trustees in order to discuss the Report and answer any pending questions concerning its contents.

Respectfully submitted,

FOSTER & FOSTER, INC.

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

Plan Changes Since Prior Valuation

No plan changes have occurred since the prior valuation.

Actuarial Assumption/Method Changes Since Prior Valuation

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