



CITY OF WASHINGTON, ILLINOIS

City Council Agenda Communication

Meeting Date: November 1, 2021

Prepared By: Joanie Baxter, Finance Director *JB*

Agenda Item: Acceptance of Police Pension Fund Municipal Compliance Report

Explanation:

Attached is the Municipal Compliance Report per House Bill 5088 (Public Act 95-950) that is required to be provided to the City Council prior to the levying of taxes.

We are in receipt of the preliminary results of the Police Pension Fund Actuarial Study for the valuation as of May 1, 2021 as applicable to contributions for the fiscal year ended April 30, 2023 as conducted by Foster & Foster, Actuaries.

Please note the following:

- FY2020-21 interest yield based on 5-year smoothed actuarial rate – 6.74% compared to 3.54% in prior year. The fund had a very good year and the actual yield based on market value was 17.89%. Due to the effects of smoothing, the impact of the higher yield is minimized.
- Percent funded improved from 59.3% to 61.2%. Reduction of unfunded liability of \$33,370.
- Increase in Employer Contributions due to increase in Normal Cost resulting from an increase in active officers as well as payroll growth assumption.

Keeping the interest rate assumption at 6.75% results in an employer total contribution of \$713,027, an increase of \$33,549 compared to the prior year. **A tax levy of \$688,027, rounded to \$688,100 would be recommended after reduction for anticipated Personal Property Replacement Tax of \$25,000.** The Police Pension Board will consider this recommendation at its meeting of November 1, 2021.

Fiscal Impact: An increase of \$30,581 in the Police Pension Fund property tax levy would be required to meet the required employer contribution after factoring in the increase in Personal Property Replacement Tax.

Recommendation/Committee Discussion Summary: This is for information only and the tax levy will be considered as part of the tax levy discussion planned for the Committee of the Whole meeting of November 8, 2021.

Action Requested: Acceptance of Report as part of Consent Agenda

City of Washington, Illinois
Police Pension Fund

House Bill 5088 (Public Act 95-950) - Municipal Compliance Report
For the Fiscal Year Ending April 30, 2021

	Current Fiscal Year	Preceding Fiscal Year
Total Assets of the Fund	<u>9,838,568</u>	<u>8,247,379</u>
Estimated Revenues - Next Succeeding Fiscal Year		
Employee Contribution	200,000	
Municipal Contributions	670,000	
Investment Earnings	<u>270,000</u>	
	<u>1,140,000</u>	
Estimated Expenses - Next Succeeding Fiscal Year		
Pay all Pensions and Other Obligations	<u>784,900</u>	
Annual Required Contribution - per Foster & Foster, Actuaries	<u>713,027</u>	
Total Net Income/(Loss) From Investments	<u>1,484,928</u>	<u>16,383</u>
Assumed Investment Return	<u>6.75%</u>	<u>6.75%</u>
Actual Investment Return (Smoothed Actuarial Basis)	<u>6.74%</u>	<u>3.54%</u>
Total Number of Active Members Contributing to Fund	<u>21</u>	
Total Amount Disbursed for Each Type of Pension Benefit		
Regular Retirement Pension	8	480,254
Survivor Pension	4	<u>162,201</u>
Total Pensions		<u>642,455</u>
Funded Ratio	<u>61.20%</u>	<u>59.30%</u>
Unfunded Liability	<u>6,019,192</u>	
Investment Policy	available	

**Certification of Municipal Police
Pension Fund Compliance Report**

The Board of Trustees of the Pension Fund, based upon information and belief, and to the best of our knowledge, hereby certify pursuant to §3-143 of the Illinois Pension Code 40 ILCS 5/3-143, that the preceding report is true and accurate.

Adopted this _____ day of _____ 2021.

President _____

Date _____

Secretary _____

Date _____