



CITY OF WASHINGTON, ILLINOIS

City Council Agenda Communication

Meeting Date: November 6, 2023

Prepared By: Joanie Baxter, Finance Director 

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, 2023 as applicable to contributions for the fiscal year ended April 30, 2025 as conducted by Foster & Foster, Actuaries.

Please note the following:

- The FY22-23 interest yield based on a 5-year smoothed actuarial rate was 4.09% compared to 5.26% in the prior year. Because of this 5-year smoothing (including a high of 17.89% for FY20-21), the effect of the actual yield based on the market value of 2.11% is minimized.
- Percent funded decreases slightly to 57.1%.
- Increase in Employer Contributions due to unfavorable investment return which fell short of the assumption, more retirements than expected, and increases in the payroll growth assumption.

Keeping the interest rate assumption at 6.75% results in an employer total contribution of \$863,501, an increase of \$65,547 compared to the prior year. **A tax levy of \$830,500 would be recommended after reduction for anticipated Personal Property Replacement Tax of \$33,001.**

Fiscal Impact: An increase of \$65,547 in the Police Pension Fund property tax levy would be required to meet the required employer contribution after factoring 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 13, 2023.

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 - Revised
For the Fiscal Year Ending April 30, 2023

	<u>Current Fiscal Year</u>	<u>Preceding Fiscal Year</u>
Total Assets of the Fund	<u>9,237,751</u>	<u>8,906,855</u>
Estimated Revenues - Next Succeeding Fiscal Year		
Employee Contribution	185,000	
Municipal Contributions	801,000	
Investment Earnings	<u>325,000</u>	
	<u>1,311,000</u>	
Estimated Expenses - Next Succeeding Fiscal Year		
Pay all Pensions and Other Obligations	<u>846,400</u>	
Annual Required Contribution - per Foster & Foster, Actuaries	<u>863,501</u>	
Total Net Income/(Loss) From Investments	<u>189,013</u>	<u>(289,129)</u>
Assumed Investment Return	<u>6.75%</u>	<u>6.75%</u>
Actual Investment Return (Smoothed Actuarial Basis)	<u>4.09%</u>	<u>-2.03%</u>
Total Number of Active Members Contributing to Fund	<u>23</u>	
Total Amount Disbursed for Each Type of Pension Benefit		
Regular Retirement Pension	10	576,122
Survivor Pension	4	<u>162,201</u>
Total Pensions		<u>738,323</u>
Funded Ratio	<u>57.10%</u>	<u>57.90%</u>
Unfunded Liability	<u>7,406,039</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 30th day of October 2023.

President 
Secretary 

Date 10/30/23

Date 10/30/23