CITY OF WASHINGTON, ILLINOIS
City Council Agenda Communication

Meeting Date: November 3, 2025

Prepared By: Joanie Baxter, CPA – 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, 2025 as applicable to contributions for the fiscal year ended April 30, 2027 as conducted by Foster & Foster, Actuaries.

Please note the following:

- The FY24-25 interest yield based on a **5-year smoothed actuarial rate was 6.47%**, a much improved result from the 4.79% in the prior year. The **actual yield was 8.45%** which is favorable in comparison with the **assumed rate of 6.75%**. Because of the effect of the 5-year smoothing, the actuarial rate is reduced from the market value rate; however, this rate is very close to the assumption of 6.75%. The 5-year smoothing approach is beneficial to help offset the years when the interest falls short of the assumption as it has in several of the last five years, but as a result of the smoothing, the losses are carried forward and a percentage recognized each year over the five-year period. This is shown on page 12 in the Actuarial Report.
- **Percent funded increased from 57.6% to 61.7%, which is a positive trend. Unfunded liability decreased by $519,950.**
- Increase in Employer Contributions mainly due to a higher normal cost and the payroll growth exceeding the assumption offset by favorable plan experience.

Keeping the interest rate assumption at 6.75% results in an employer total contribution of $915,272, an increase of $23,931 compared to the prior year. However, Personal Property Replacement Tax is expected to decrease by a total of $9,000 and therefore a **tax levy of $890,000 would be recommended after reduction for anticipated Personal Property Replacement Tax of $25,000**. **This reflects an overall increase in the proposed tax levy of $32,673.**

Fiscal Impact: An increase of $32,673 in the Police Pension Fund property tax levy would be required to meet the required employer contribution after factoring in the anticipated reduction in Personal Property Replacement Tax.

Recommendation/Committee Discussion Summary: This is for information only at this time. The Police Pension Board will meet and discuss the results at 8:30 a.m., Monday, November 3rd and the tax levy recommendation will be considered as part of the tax levy discussion planned for the Committee of the Whole meeting of November 10, 2025.

Action Requested: Acceptance of Report as part of Consent Agenda.

Date Prepared: 10/30/2025

City of Washington, Illinois
Police Pension Fund

House Bill 5088 (Public Act 95-950) - Municipal Compliance Report
For the Fiscal Year Ending April 30, 2025

		Current Fiscal Year		Preceding Fiscal Year
Total Assets of the Fund		11,453,274		10,162,763
Estimated Revenues - Next Succeeding Fiscal Year				
Employee Contribution		203,000		
Municipal Contributions		891,300		
Investment Earnings		440,000		
		1,534,300		
Estimated Expenses - Next Succeeding Fiscal Year				
Pay all Pensions and Other Obligations		834,300		
Annual Required Contribution - per Foster & Foster, Actuaries		915,272		
Total Net Income/(Loss) From Investments		877,688		793,231
Assumed Investment Return		6.75%		6.75%
Actual Investment Return (Smoothed Actuarial Basis)		6.47%		4.79%
Total Number of Active Members Contributing to Fund		20		
Total Amount Disbursed for Each Type of Pension Benefit				
Regular Retirement Pension			10	652,352
Survivor Pension			4	132,050
Total Pensions				784,402
Funded Ratio		61.70%		57.60%
Unfunded Liability		7,177,728		
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 ____________ 2025.

President ____ Date ________________

Secretary ____ Date ________________