



CITY OF WASHINGTON, ILLINOIS City Council Agenda Communication

Meeting Date: January 20, 2026

Prepared By: Joanie Baxter, CPA – Finance Director

Agenda Item: Police Pension Fund Actuarial Valuation Report

Explanation: The results of the actuarial study were reviewed with the Police Pension Board on November 3, 2025 by Foster & Foster. The interest rate assumption of 6.75% as well as other significant assumptions remained unchanged. The FY24-25 interest yield based on a 5-year smoothed actuarial rate was 6.47%, a significant improvement from 4.79% in the prior year. The actual yield was 8.45%, 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.

A total City contribution of \$915,272 is required and the Board approved the recommendation. This can be reduced by approximately \$25,000 in anticipated personal property replacement tax for a **recommended tax levy of \$890,000 by the Police Pension Fund.**

The Ordinance was approved on December 15, 2025 with a tax levy of \$890,000.

Fiscal Impact: Property taxes approximating \$890,000 will be received in FY 26-27 to fund the Police Pension Fund employer contribution.

Recommendation/Committee Discussion Summary: City Council approved as part of the tax levy.

Action Requested: Acceptance of the Actuarial Study filed with the Department of Insurance as required. The entire report is included as an electronic attachment and available upon request in paper form.