



## CITY OF WASHINGTON, ILLINOIS City Council Agenda Communication

**Meeting Date:** November 4, 2024

**Prepared By:** Joanie Baxter, CPA – 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, 2024 as applicable to contributions for the fiscal year ended April 30, 2026 as conducted by Foster & Foster, Actuaries.

Please note the following:

- The FY23-24 interest yield based on a 5-year smoothed actuarial rate was 4.79%, slightly improved from the 4.09% in the prior year. The actual yield was 8.53% which is favorable in comparison with the assumed rate of 6.75%; however, because of the effect of the 5-year smoothing, the actuarial rate is reduced. This is beneficial to help offset the years when the interest fell short of the assumption as it has in three 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.
- Percent funded increased only slightly from 57.1% to 57.6%, despite the additional \$100,000 contribution made by the City.
- Increase in Employer Contributions mainly due to the smoothed rate falling short of the assumption, as well as some salary increases higher than expected prior to retirement.

Keeping the interest rate assumption at 6.75% results in an employer total contribution of \$891,341, an increase of \$27,840 compared to the prior year. **A tax levy of \$857,300 would be recommended after reduction for anticipated Personal Property Replacement Tax of \$34,041.**

**Fiscal Impact:** Not counting the additional \$100,000 that was levied in the previous year per the Police Pension Board's request - an increase of a minimum of \$26,800 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 at this time. The Police Pension Board will meet and discuss the results at 8:30 a.m., Monday, November 4<sup>th</sup> 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 11, 2024.

**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, 2024**

	<u>Current Fiscal Year</u>	<u>Preceding Fiscal Year</u>
<b>Total Assets of the Fund</b>	<u>10,162,763</u>	<u>9,237,751</u>
<b>Estimated Revenues - Next Succeeding Fiscal Year</b>		
Employee Contribution	190,000	
Municipal Contributions	970,500	
Investment Earnings	<u>450,000</u>	
	<u>1,610,500</u>	
<b>Estimated Expenses - Next Succeeding Fiscal Year</b>		
Pay all Pensions and Other Obligations	<u>886,500</u>	
<b>Annual Required Contribution - per Foster &amp; Foster, Actuaries</b>	<u>891,341</u>	
<b>Total Net Income/(Loss) From Investments</b>	<u>793,231</u>	<u>189,013</u>
Assumed Investment Return	<u>6.75%</u>	<u>6.75%</u>
Actual Investment Return (Smoothed Actuarial Basis)	<u>4.79%</u>	<u>4.09%</u>
<b>Total Number of Active Members Contributing to Fund</b>	<u>20</u>	
<b>Total Amount Disbursed for Each Type of Pension Benefit</b>		
Regular Retirement Pension	10	653,456
Survivor Pension	4	<u>162,201</u>
Total Pensions		<u>815,657</u>
<b>Funded Ratio</b>	<u>57.60%</u>	<u>57.10%</u>
<b>Unfunded Liability</b>	<u>7,697,678</u>	
<b>Investment Policy</b>	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 \_\_\_\_\_ 2024.

President \_\_\_\_\_

Date \_\_\_\_\_

Secretary \_\_\_\_\_

Date \_\_\_\_\_