



CITY OF WASHINGTON, ILLINOIS
City Council Agenda Communication

Meeting Date: January 21, 2025

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 4, 2024 by Jason Franken of Foster & Foster. The interest rate assumption of 6.75% as well as other significant assumptions remained unchanged. 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.

A total City contribution of \$891,341 is required and the Board approved the recommendation. This can be reduced by approximately \$34,041 in anticipated personal property replacement tax for a **recommended tax levy of \$857,300 by the Police Pension Fund.**

The Ordinance was approved on December 16, 2024 with a tax levy of \$857,300 as required. No additional contribution was approved.

Fiscal Impact: Property taxes approximating \$857,300 will be received in FY 25-26 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.