

**WASHINGTON POLICE PENSION FUND  
 QUARTERLY BOARD MEETING  
 Monday, January 27, 2020 - 8:30 A.M.**

**AGENDA**

1. Call to Order
2. Roll Call
3. Review Agenda – Deletions or Additions (Discussion Items Only)
4. Investment Reporting by Mitchell, Vaught, & Taylor
5. Approval of October 28, 2019 Quarterly Meeting Minutes
6. Public comment
7. Financial Reports
9. Action Items:

A. Ratify investments made via phone/memo approval (roll call vote):

<u>Bank Name</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount</u>	<u>Action Taken</u>
			<u>\$0</u>	

B. Investments Maturing before next quarterly meeting:

<u>Name</u>	<u>Bank</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount</u>
Washington State Bank		1.50%	02/22/2020	\$136,662.83
				<u>\$136,662.83</u>

- C. Ratification of Police Pension Fund Expenses (roll call vote)
  - D. Ratification of 4th Quarter 2019 Investment Transactions – MVT (roll call vote)
  - E. Acceptance to the Police Pension Fund – Jeffrey Hensley – (roll call vote)
  - F. Designation of FOI and Open Meetings Act Officer – City Clerk Brown
  - G. Ratification of Widow's Pension – Joyce Libotte (roll call vote)
  - H. Ratification of Pension correction – Don Volk (roll call vote)
  - I. Acceptance of Police Pension Fund Actuarial Report
10. Discussion Items:
    - A. Pension Reform Update
    - B. Actuarial Valuation Report – State of Illinois
    - C. Training requirements and opportunities
    - D. Predatory Lending Law Compliance
  11. Adjournment (roll call vote)

Next meeting Monday, April 27, 2020 @ 8:30 a.m.

**Mitchell,  
& Vaught  
Taylor Inc.**  
**Investment Advisors**

53 W. Jackson Suite 905  
Chicago, IL 60604  
312-922-1717 phone  
312-922-1772 fax

January 7, 2020  
Statement for First Quarter 2020  
For Services Rendered

To: Washington Police Pension Fund



Investment Management Fee  
First Quarter 2020  
January 1 through March 31, 2020

December 31, 2019 Portfolio Value: \$5,867,491.64

Quarterly Fee:

First \$2 Million at 0.50%	=	\$2,500.00
Next \$3 Million at 0.40%	=	\$3,000.00
Next \$5 Million at 0.35%	=	\$759.06
		-----
Total Fee:		\$6,259

Allocate bill to individuals within group:

Name	Acct. Number	Portfolio Value	Bill Amount
Washington Police Bonds		\$2,285,667.49	\$2,438
Washington Police Equity		\$3,581,824.15	\$3,821

Each account listed above at Charles Schwab has been charged its corresponding fee.  
Charles Schwab, as custodian, makes no independent verification of the calculation of the billing amount, which is the client's responsibility.

January 2, 2020



**Portfolio Statement**  
As of 12/31/2019

Washington Police Pension Fund

<u>Weight</u>	<u>Symbol</u>	<u>Trade Date</u>	<u>Description</u>	<u>Quantity</u>	<u>Cost Basis</u>	<u>Current Price</u>	<u>Current Value</u>
<b>Washington Police Bonds</b>							
<b>Fixed Income</b>							
<b>Money Funds</b>							
0.02%	SWGXX		Schwab U. S. Treasury		1,070.19		1,070.19
<b>U. S. Treasury</b>							
0.71%		02/27/2019	Treasury Note 02/15/2021 3.625%	40,000	40,875.47	102.17	40,868.76
			Accrued Income				547.78
1.06%		04/19/2018	US Treasury Note 03/31/2023 2.50%	60,000	59,302.39	102.72	61,631.28
			Accrued Income				381.15
0.55%		05/23/2019	US Treasury Note 07/31/2025 2.875%	30,000	31,160.85	105.97	31,790.64
			Accrued Income				360.94
0.34%		06/18/2019	US Treasury Note 05/15/2026 1.625%	20,000	19,631.32	98.89	19,778.12
			Accrued Income				41.96
<hr/>					<hr/>		<hr/>
2.65%					150,970.03		155,400.63
<b>TIPS</b>							
2.02%		08/03/2016	Treasury Inflation-Indexed 01/15/2021 1.125%	100,000	116,430.20	100.94	118,732.78
			Par 117,630.00 (1.1763)				
			Accrued Income				58.82
1.86%		11/08/2016	Treasury Inflation-Indexed 07/15/2024 0.125%	100,000	102,512.85	100.63	109,050.33
			Par 108,373.00 (1.08373)				
			Accrued Income				6.19
<hr/>					<hr/>		<hr/>
3.88%					218,943.05		227,848.12
<b>Corporate Bonds</b>							
0.19%		02/01/2016	Deere & Company 01/15/2020 2.50%	11,000	11,114.40	100.02	11,002.22
			Accrued Income				126.81
0.86%		10/22/2019	Allergan 03/12/2020 3.00%	50,000	50,150.00	100.07	50,037.25
			Call 02/12/2020, 100.00				
			Accrued Income				457.42
0.87%		02/01/2016	JP Morgan Chase 03/25/2020 4.95%	50,000	54,614.00	100.62	50,308.45
			Accrued Income				660.00

**Portfolio Statement**  
As of 12/31/2019

Washington Police Pension Fund

<u>Weight</u>	<u>Symbol</u>	<u>Trade Date</u>	<u>Description</u>	<u>Quantity</u>	<u>Cost Basis</u>	<u>Current Price</u>	<u>Current Value</u>
<b>Washington Police Bonds</b>			<b>Fixed Income</b>				
<b>Fixed Income</b>							
<b>Corporate Bonds</b>							
0.35%		02/27/2019	State Street Cor 08/18/2020 2.55% Accrued Income	20,000	19,958.80	100.36	20,071.98 188.42
0.34%		02/01/2016	American Express 09/14/2020 2.60% Accrued Income	20,000	20,160.20	100.34	20,068.32 154.56
0.86%		01/13/2017	Cisco Systems 02/28/2021 2.20% Accrued Income	50,000	50,027.00	100.43	50,213.90 369.72
1.29%		09/08/2016	Morgan Stanley 04/21/2021 2.50% Accrued Income	75,000	75,995.50	100.44	75,327.83 368.85
0.86%		10/12/2016	AbbVie 05/14/2021 2.30% Accrued Income	50,000	50,320.50	100.30	50,147.70 150.14
0.86%		07/13/2017	Toronto Dominion 07/13/2021 1.80% Accrued Income	50,000	49,151.00	99.96	49,982.10 420.00
0.86%		07/22/2016	Wells Fargo 07/26/2021 2.10% Accrued Income	50,000	50,107.14	100.16	50,081.45 453.67
0.87%		01/13/2017	Procter & Gamble 02/06/2022 2.30% Accrued Income	50,000	50,366.90	101.30	50,648.45 463.19
0.26%		12/20/2019	Bank of Nova Scotia 03/07/2022 2.525% Accrued Income	15,000	15,164.50	100.38	15,057.14 120.70
1.75%		05/10/2017	Bank Of Nova Scotia 03/07/2022 2.70% Accrued Income	100,000	101,107.50	101.64	101,636.00 855.00
1.75%		03/29/2017	Qualcomm Inc 05/20/2022 3.00% Accrued Income	100,000	101,441.00	102.42	102,422.50 341.67
0.78%		08/07/2017	Sysco Corporation 06/12/2022 2.60% Accrued Income	45,000	45,496.00	101.49	45,669.47 61.75
0.88%		05/23/2017	Toyota Motor Credit 07/13/2022 2.80% Accrued Income	50,000	50,792.00	102.24	51,120.15 653.33
0.23%		10/16/2019	Anheuser-Busch 07/15/2022 2.50% Accrued Income	13,000	0.00	101.70	13,221.62 149.86
0.88%		07/18/2017	Altria Group Inc 08/09/2022 2.85% Accrued Income	50,000	51,234.00	101.84	50,917.90 562.08
1.73%		08/29/2018	Bank Of Montreal 09/11/2022 2.35% Accrued Income	100,000	96,342.30	100.89	100,889.80 718.06
0.35%		07/19/2018	John Deere 10/15/2022 2.75% Accrued Income	20,000	19,620.00	102.06	20,412.60 116.11

**Portfolio Statement**  
As of 12/31/2019

Washington Police Pension Fund

<u>Weight</u>	<u>Symbol</u>	<u>Trade Date</u>	<u>Description</u>	<u>Quantity</u>	<u>Cost Basis</u>	<u>Current Price</u>	<u>Current Value</u>
<b>Washington Police Bonds</b>							
<b>Fixed Income</b>							
<b>Corporate Bonds</b>							
1.34%		06/26/2018	Bank Of America 01/11/2023 3.30%	75,000	74,045.50	103.42	77,562.68
			Accrued Income				1,168.75
0.86%		10/06/2017	Brown Forman 01/15/2023 2.25%	50,000	49,338.00	99.90	49,951.30
			Accrued Income				518.75
0.88%		07/13/2017	Anheuser-Busch 01/17/2023 2.625%	50,000	50,012.50	101.67	50,833.35
			Accrued Income				597.92
0.44%		06/26/2018	John Deere Capital 01/27/2023 2.80%	25,000	24,467.00	102.42	25,605.78
			Accrued Income				299.44
0.35%		03/09/2018	IBM Credit 02/06/2023 3.00%	20,000	19,856.51	102.86	20,571.32
			Accrued Income				241.30
0.89%		10/06/2017	Bnp Paribas 03/03/2023 3.25%	50,000	51,533.00	103.62	51,810.00
			Accrued Income				532.64
0.79%		12/04/2017	Philip Morris 03/06/2023 2.625%	45,000	44,781.40	101.62	45,728.24
			Accrued Income				377.34
0.45%		06/26/2018	Bank Of NY Mellon 04/28/2023 3.50%	25,000	25,076.00	104.81	26,202.98
			Accrued Income				153.13
0.87%		10/06/2017	Altria Group Inc 05/02/2023 2.95%	50,000	50,951.77	101.12	50,559.40
			Accrued Income				241.74
0.88%		07/19/2018	State Street Corp 05/15/2023 3.10%	50,000	49,402.50	102.69	51,343.50
			Accrued Income				198.06
1.45%		08/28/2018	Bank Of NY Mellon 08/11/2023 3.45%	80,000	80,168.80	104.76	83,809.68
			Accrued Income				1,073.33
0.87%		10/06/2017	Bank of NY Mellon Corp 08/16/2023 2.20%	50,000	49,064.00	101.12	50,557.50
			Accrued Income				412.50
1.81%		11/30/2018	Royal Bank of Canada 10/05/2023 3.70%	100,000	99,840.00	105.44	105,441.40
			Accrued Income				883.89
1.80%		11/16/2018	Schlumberger Inc 12/01/2023 3.65%	100,000	99,969.00	105.29	105,293.20
			Accrued Income				304.17
1.03%		07/11/2019	Comcast Corp 01/15/2027 2.35%	60,000	58,222.60	99.70	59,821.38
			Accrued Income				650.17

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As of 12/31/2019

Washington Police Pension Fund

<u>Weight</u>	<u>Symbol</u>	<u>Trade Date</u>	<u>Description</u>	<u>Quantity</u>	<u>Cost Basis</u>	<u>Current Price</u>	<u>Current Value</u>
<b>Washington Police Bonds</b>							
<b>Fixed Income</b>							
<b>Corporate Bonds</b>							
0.89%		11/22/2019	Unitedhealth Gro 10/15/2027 2.95% Accrued Income	50,000	52,366.50	103.33	51,664.15
							311.39
32.40%					1,842,257.82		1,901,348.55
38.95%					2,213,241.09		2,285,667.49
38.95%					2,213,241.09		2,285,667.49
<b>Washington Police Equity</b>							
<b>Fixed Income</b>							
<b>Money Funds</b>							
0.12%	SWGXX		Schwab U. S. Treasury		7,047.36		7,047.36
<b>Domestic Equities</b>							
<b>Domestic</b>							
2.81%	BMDIX	01/20/2016	Baird Midcap Institutional	7,203.402	119,048.73	22.90	164,957.91
2.67%	DHMIX	01/26/2016	Diamond Hill Small Mid Cap In	6,882.324	135,256.89	22.80	156,916.99
2.13%	JSCOX	12/23/2019	Janus Henderson Small	5,431.334	125,000.00	23.04	125,137.94
3.72%	PNAIX	10/24/2018	T Rowe Price New America	3,986.819	204,756.39	54.75	218,278.34
2.44%	TQAIX	09/06/2018	T Rowe Price Qm US Small Gr	3,601.497	106,040.07	39.82	143,411.61
7.92%	VDIGX	01/20/2016	Vanguard Dividend Growth Fu	15,211.943	367,443.77	30.56	464,876.98
17.02%	VTSAX	01/20/2016	Vanguard Total Stock Admiral	12,534.535	632,841.74	79.69	998,877.09
38.73%					1,690,387.59		2,272,456.86
<b>Alternatives</b>							
1.91%	BGSIX	09/27/2019	Blackrock Science and Tech	3,061.68	99,284.91	36.57	111,965.64
1.62%	CSRIX	07/15/2016	Cohen & Steers Institutional	2,029.711	96,573.90	46.89	95,173.15
1.16%	GLIFX	05/01/2018	Lazard Global Listed Infrastruc	4,299.767	66,263.08	15.78	67,850.32
1.88%	THISX	09/06/2018	T Rowe Price Health	1,351.365	87,313.88	81.42	110,028.14
6.56%					349,435.77		385,017.25
45.29%					2,039,823.36		2,657,474.11
<b>International Equities</b>							
<b>International</b>							
2.21%	APDIX	08/03/2017	Artisan International Fund	3,906.158	126,180.40	33.16	129,528.20
1.77%	GCIIX	07/31/2018	Goldman International Insights	8,000.36	107,960.43	12.99	103,924.68
1.54%	GERIX	10/24/2018	Goldman Sachs Emerging Mar	9,231.864	82,046.29	9.81	90,564.59
2.35%	ODVYX	01/20/2016	Invesco Oppenheimer Develop	3,024.215	99,583.87	45.60	137,904.20
2.40%	OSMYX	01/27/2016	Invesco Oppenheimer Intl Smi	2,945.926	115,111.41	47.76	140,697.43

**Portfolio Statement**  
As of 12/31/2019

Washington Police Pension Fund

<u>Weight</u>	<u>Symbol</u>	<u>Trade Date</u>	<u>Description</u>	<u>Quantity</u>	<u>Cost Basis</u>	<u>Current Price</u>	<u>Current Value</u>
<b>Washington Police Equity</b>							
<b>International Equities</b>							
<b>International</b>							
5.36%	OANIX	11/16/2017	Oakmark International Fund In	12,627.752	237,813.04	24.92	314,683.58
15.63%					768,695.44		917,302.68
					<hr/>		<hr/>
61.05%					2,815,566.16		3,581,824.15
					<hr/>		<hr/>
99.70%					5,028,807.25		5,850,738.94
					<hr/>		<hr/>
			Total Accrued Income				16,752.70
100.00%							<hr/>
							5,867,491.64

*This report includes data currently available to the investment manager. Past performance is no guarantee of future performance. Indices are not available for direct investment. An investment product which attempts to mimic the performance of an index will incur expenses such as management fees and transaction costs which reduce returns. We urge our clients to compare MVT statements with those from custodians.*

January 3, 2020

**Income Report**  
From 09/30/2019 to 12/31/2019

Washington Police Pension Fund

**Interest: Tax Free**

<u>Account Number</u>	<u>Last Date Received</u>	<u>Name of Payer</u>	<u>Symbol</u>	<u>Activity</u>	<u>Non-Qualifi Amount</u>	<u>Qualified Amount</u>	<u>Unclassifi Dividend Amount</u>	<u>Total Amount</u>
	11/14/2019	AbbVie 05/14/2021 2.30%	00287YAU3	Interest	575.00			575.00
	11/02/2019	Altria Group Inc 05/02/2023 2.95%	02209SAP8	Interest	737.50			737.50
	11/12/2019	Anheuser-Busch 07/15/2022 2.50%	03523TBP2	Interest	287.08			287.08
	10/28/2019	Bank Of NY Mello 04/28/2023 3.50%	06406RAG2	Interest	437.50			437.50
	10/15/2019	John Deere 10/15/2022 2.75%	24424CBT7	Interest	275.00			275.00
	10/21/2019	Morgan Stanley 04/21/2021 2.50%	61746BEA0	Interest	937.50			937.50
	11/20/2019	Qualcomm Inc 05/20/2022 3.00%	747525AE3	Interest	1,500.00			1,500.00
	10/07/2019	Royal Bank of Can 10/05/2023 3.70%	78013XW20	Interest	1,850.00			1,850.00
	12/01/2019	Schlumberger Inc 12/01/2023 3.65%	806854AH8	Interest	1,825.00			1,825.00
	11/15/2019	State Street Corp 05/15/2023 3.10%	857477AL7	Interest	775.00			775.00
	12/12/2019	Sysco Corporation 06/12/2022 2.60%	871829AQ0	Interest	585.00			585.00
	10/15/2019	Union Pacific 02/15/2020 6.125	907818DD7	Interest	306.25			306.25
	09/30/2019	US Treasury Note 03/31/2023 2.50%	9128284D9	Interest	750.00			750.00
	11/15/2019	US Treasury Note 05/15/2026 1.625	912828R36	Interest	162.50			162.50
		Accrued interest paid at purchase			(30.91)			(30.91)
		Accrued paid			(30.91)			(30.91)
		<b>Total interest: tax free</b>			<b>10,972.42</b>			<b>10,972.42</b>



**Income Report**  
From 09/30/2019 to 12/31/2019

Washington Police Pension Fund

**Dividends: Tax Free**

<u>Account Number</u>	<u>Last Date Received</u>	<u>Name of Payer</u>	<u>Symbol</u>	<u>Activity</u>	<u>Non-Qualifi Amount</u>	<u>Qualified Amount</u>	<u>Unclassifi Dividend Amount</u>	<u>Total Amount</u>
	11/21/2019	Artisan Internation	APDIX	Qualified Dividen		1,304.22		1,304.22
	12/18/2019	Cohen & Steers In	CSRIX	Qualified Dividen		1,194.58		1,194.58
	12/30/2019	Diamond Hill Smal	DHMIX	Qualified Dividen		1,409.76		1,409.76
	12/20/2019	Goldman Internati	GCIIX	Qualified Dividen		2,491.52		2,491.52
	12/20/2019	Goldman Sachs E	GERIX	Qualified Dividen		1,746.14		1,746.14
	12/13/2019	Invesco Oppenhei	ODVYX	Qualified Dividen		700.02		700.02
	12/13/2019	Invesco Oppenhei	OSMYX	Qualified Dividen		549.80		549.80
	12/20/2019	Lazard Global List	GLIFX	Qualified Dividen		670.37		670.37
	12/12/2019	Oakmark Internati	OANIX	Qualified Dividen		6,191.58		6,191.58
	12/31/2019	Schwab Governm	SNVXX	Dividend			255.51	255.51
	12/31/2019	Schwab U. S. Trea	SWGXX	Dividend	37.81			37.81
	12/16/2019	T Rowe Price Heal	THISX	Qualified Dividen		177.89		177.89
	12/13/2019	T Rowe Price New	PNAIX	Qualified Dividen		1,077.43		1,077.43
	12/17/2019	Vanguard Dividen	VDIGX	Qualified Dividen		4,257.73		4,257.73
	12/23/2019	Vanguard Total St	VTSAX	Qualified Dividen		5,347.22		5,347.22
<b>Total dividends: tax free</b>					<b>37.81</b>	<b>27,118.26</b>	<b>255.51</b>	<b>27,411.58</b>

**Short Term Gains**

<u>Account Number</u>	<u>Last Date Received</u>	<u>Name of Payer</u>	<u>Symbol</u>	<u>Activity</u>	<u>Non-Qualifi Amount</u>	<u>Qualified Amount</u>	<u>Unclassifi Dividend Amount</u>	<u>Total Amount</u>
	12/17/2019	Baird Midcap Instit	BMDIX	Short Gain	349.06			349.06
	11/05/2019	Cohen & Steers In	CSRIX	Short Gain	1,664.55			1,664.55
	12/13/2019	Invesco Oppenhei	ODVYX	Short Gain	219.57			219.57
	12/16/2019	T Rowe Price Heal	THISX	Short Gain	101.65			101.65
	12/13/2019	T Rowe Price Qm	TQAIX	Short Gain	18.01			18.01

**Income Report**  
From 09/30/2019 to 12/31/2019

Washington Police Pension Fund

**Short Term Gains**

<u>Account Number</u>	<u>Last Date Received</u>	<u>Name of Payer</u>	<u>Symbol</u>	<u>Activity</u>	<u>Non-Qualifi Amount</u>	<u>Qualified Amount</u>	<u>Unclassifi Dividend Amount</u>	<u>Total Amount</u>
██████████	12/17/2019	Vanguard Dividen	VDIGX	Short Gain	1,903.54			1,903.54
Total short term gains					4,256.38			4,256.38
Total accrued paid					(30.91)			(30.91)
Total Income					15,266.61	27,118.26	255.51	42,640.38

*This report includes data currently available to the investment manager. Past performance is no guarantee of future performance. Indices are not available for direct investment. An investment product which attempts to mimic the performance of an index will incur expenses such as management fees and transaction costs which reduce returns.*

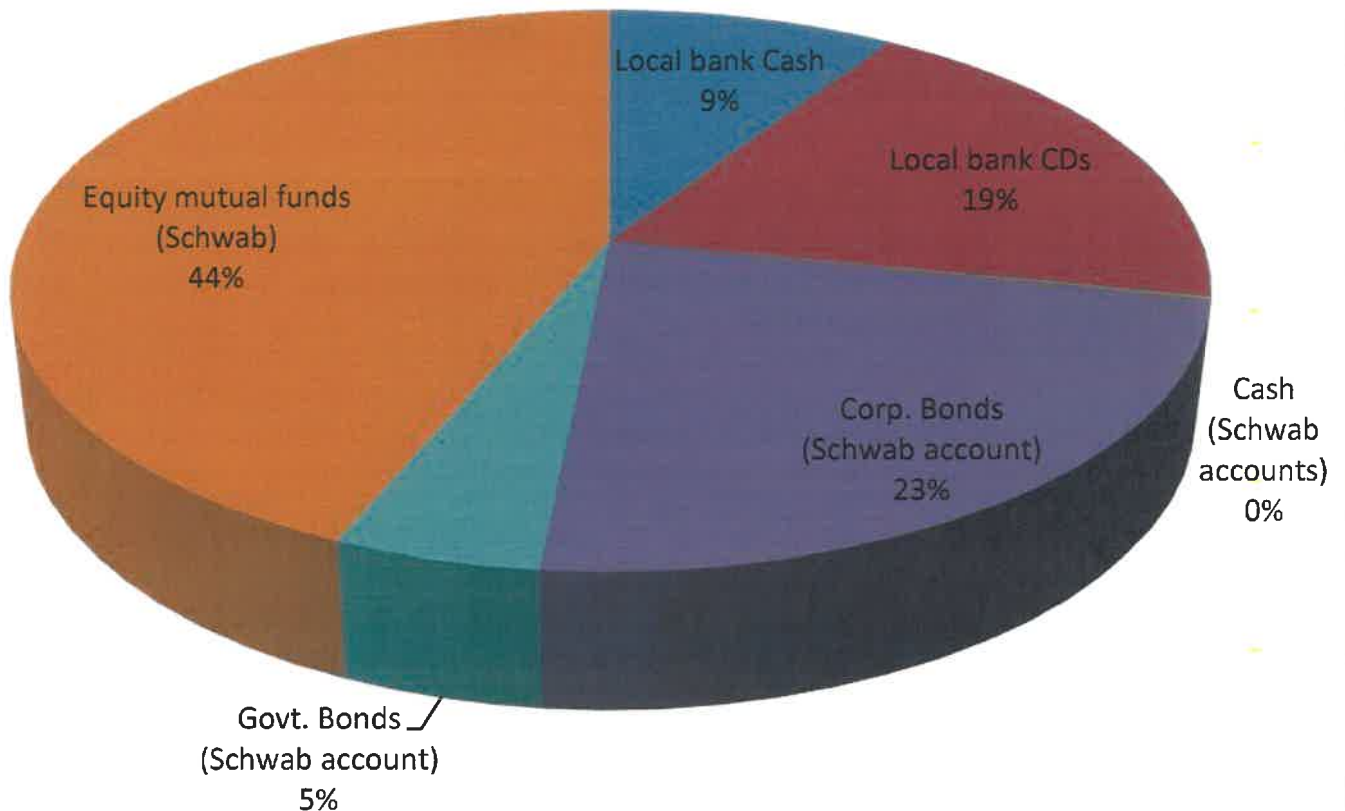
## Washington Police Pension Fund

### Total Asset Allocation

As of December 31, 2019

<u>Asset Class</u>	<u>Value</u>	<u>% of assets</u>	<u>Sector</u>
Local bank Cash	\$754,175	9.2%	
Local bank CDs	\$1,551,516	19.0%	
Cash (Schwab accounts)	\$8,118	0.1%	28.3% total cash and CD
Corp. Bonds (Schwab account)	\$1,901,349	23.3%	23.3% total corp.
Govt. Bonds (Schwab account)	\$383,249	4.7%	4.7% total govt.
Equity mutual funds (Schwab)	\$3,574,776	43.7%	43.7% total mutual funds
<b>Total</b>	<b>\$8,173,183</b>		

## Total Asset Allocation



WASHINGTON POLICE PENSION FUND  
BOARD MEETING  
City Hall Conference Room  
Monday, October 28, 2019 - **Minutes**

1. **Call to Order.** President Michael Hillary called the meeting to order at 8:30 a.m.
2. **Roll Call.** Controller Joanie Baxter took the roll.

Present

Michael Hillary, President  
James Wetzel, Vice President  
Greg Gordon, Secretary  
James Fussner, Representative

Absent

Troi Westbrook, Assistant Secretary

Also, in attendance were Controller Joanie Baxter, Treasurer Ellen Dingledine, Accountant Jeanette Glueck, City Administrator Ray Forsythe, Alderman Lilija Stevens, Dwight Ower with Mitchell, Vaught and Taylor and Administrative Assistant Audrey Miller.

3. **Review Agenda.** The agenda was reviewed and Wetzel commented that Item 9B needed to be removed.
4. **Review of Actuarial Assumptions.** A call was made to Jason Franken with Foster & Foster to discuss the actuarial valuation results. It was agreed during previous discussions that before completing the valuations, the numbers would be ran based on the assumption changes. The Society of Actuaries released a new mortality study that is completely based on public sector data versus prior studies that were private sector based. Upon the completion of the study, they released several tables with three main groups – general employees, teachers and public safety. He recommends adopting the new mortality table based on the public safety data since it is difficult to justify using any other table due to the population that is covered under this table. The other potential change discussed was lowering the investment return on assumptions from 6.75 % to 6.50 %. Based on the value of assets being under ten million which results in investment restrictions, it becomes difficult to justify a 6.75 % rate. Both changes (new mortality table and investment return) would increase the liability to the plan by lowering the funded ratio and creating a higher contribution requirement. He mailed a letter outlining the results and a table reflecting the changes with two scenarios:

	<u>Baseline</u> <u>2019</u> <u>results</u>	<u>Scenario 1</u> <u>New Mortality</u> <u>table</u>	<u>Scenario 2</u> <u>Rate change &amp; new</u> <u>table</u>
Actuarial Accrued Liability	\$13, 615,000	\$14,082,000	\$14,566,000
Actuarial Value of Assets	\$8,350,000	\$8,350,000	\$8,350,000
Unfunded Liability (AVA – AL)	\$5,265,000	\$5,732,000	\$6,216,000
<b><i>Change from Baseline</i></b>		<b><i>\$467,000</i></b>	<b><i>\$951,000</i></b>
Funded Ratio (AVA / AL)	61.3%	59.3%	57.3%
Expected City Contribution	\$588,000	\$634,000	\$681,000
<b><i>Change from Baseline</i></b>		<b><i>+ \$46,000</i></b>	<b><i>+ \$93,000</i></b>

The baseline reflects an increase from last year of about \$38,000 which was expected. In scenario 1, the yearly contributes increases by another \$46,000 with the new mortality table. In scenario 2, the yearly contribution increases by \$93,000 with the rate change to 6.5% and

using the new mortality table. If both the rate change and new mortality table were adopted, it would result in a total annual increase of \$131,000. He still believes the mortality table change needs to be made but in regards to the reduced interest rate, there are some communities that have phased into the rate. There was discussion regarding other groups' rates which ranged from 7 – 6.5% based on their asset amounts. Those under 10 million but over 5 million averaged at 6.58%. There was also a discussion regarding the proposed pension consolidation at the State level. If it passes, then the return assumptions would be moot. All assets would be combined. Rates vary between 7 - 6.75%. IMRF is at 7.5%. All assumptions would be set at the State level. Overall contributions would not change. All the same issues would still be there. The City has been funding based on 100% target. The Illinois Pension code has a 90% target. This could result in the State paying out on the 90% contribution which could cause the plan to be under funded creating a bad situation.

5. **Investment Reporting.** Dwight Ower from Mitchell, Vaught & Taylor was present for the meeting. He reviewed the report and indicated there were gains in the 3<sup>rd</sup> quarter. Economy has been growing at 2%. The 3<sup>rd</sup> quarter GDP comes out tomorrow and is expected to be at or below the 2%. There is a slowing down in manufacturing, and, consumer spending is dropping a bit which is creating downward pressure on the economy. The Fed cut rates a couple of times over the summer to stimulate the economy. The S&P 500 hit an all-time high in July. Shortly after that, a new round of tariffs was announced causing markets to drop 6%. Just last week, we recovered back to new highs. The report mentions a couple of cyber security issues. One of them being attacks on municipalities which illustrates the importance of strong cybersecurity policies for municipalities and pensions. Victory Capital bought USAA funds. The City has had USAA technology funds which was a sector choice that MVT had made. They believe the technology funds do better than the overall market and they have been, mainly due to all the demands for technology. With the change in ownership, MVT launched a due diligence search and selected a replacement fund BGSIX through Blackrock. The fund has lower fees, better long-term performance, more global investments which allows them to buy more technology companies overseas, and no healthcare sector overlap. After all the research was complete, MVT did sell all the USAA funds back in September and bought Blackrock. The new funds have already been performing better than the previous USAA funds. Treasurer Dingleline had a question regarding the cash amount listed of \$136,636 on the Total Asset Allocation report. Dwight had mentioned they would be watching for more corporate bond opportunities and she wanted to know if the money would be spent on those and if it was their intention to move the equity rate from 40.4% to 45%. He said no and they would balance that. He explained how they got to that amount and the moves that were made. They saw the numbers at the end of the quarter and realized the balance was off and short on equities. They have already invested \$50,000 this month in equities. Part of the remaining cash would go to a little more equity and quality corporate bonds once they find ones with good investment rates and returns.
6. **Meeting Minutes Approval.** No changes needed to be made to the July 29, 2019 meeting minutes. Wetzell made a motion to approve the minutes. Fussner seconded the motion. The motion carried and the minutes were approved.
7. **Public Comment.** There were no public comments.
8. **Financial Reports.** Total cash and investment amounts and realized/unrealized gains and losses were added to the reports per request from the previous meeting. The majority of the property taxes have been received. Treasurer Dingleline brought up the current cash position which is almost 12% of the portfolio. She requested a projection through the end of the fiscal year to see if the cash position is too high and if we can move some of it from Ipava State Bank to more permanent investments through MVT for additional equity. Hillary made a

motion to approve the financial reports. Wetzel seconded the motion. All approved. Motion carried and reports were approved.

9. **Action Items.**

- A. **Ratify Investment.** A CD at Morton Community Bank in the amount of \$110,439.39 matured on 9/27/19. It was redeemed and a CD was purchased with Washington State Bank at 2.3% for 42 months at \$110,000.00. Gordon made a motion, seconded by Hillary to ratify the investment. Roll call vote: Hillary – yes; Wetzel – yes; Gordon – yes; Fussner – yes. Motion carried.
- B. **Investments Maturing before next quarter.** None to approve.
- C. **Ratification of Pension Fund Expenses.** None to approve.
- D. **Ratification of 3<sup>rd</sup> Quarter Investment Transactions with MVT.** Sold USAA at \$97,752.05 on 09/26/19 and bought Blackrock for \$97,752.05 on 09/27/19. Wetzel made a motion to approve and Gordon seconded. Roll call vote: Hillary – yes; Wetzel – yes; Gordon – yes; Fussner – yes. Motion carried.
- E. **Ratification of pension increase for James Fussner.** The first increase is due on 11/1/2019. The increase is for \$546.40/month for a total monthly benefit of \$4,189.07. Wetzel motioned to approve. Gordon seconded the motion. Roll call vote: Hillary – yes; Wetzel – yes; Gordon – yes; Fussner – abstain. Motion carried.
- F. **Ratification of annual pension increases effective Jan. 1, 2020.** All increases were approved. See below for details.

Pension increases	Monthly Increase	New Monthly Amount	Motioned	Seconded	Hillary	Wetzel	Gordon	Fussner
David Densberger	\$97.94	\$3362.65	Gordon	Fussner	Yes	Yes	Yes	Yes
Mary Densberger	\$38.72	\$1329.42	Hillary	Wetzel	Yes	Yes	Yes	Yes
James Fussner	\$125.67	\$4314.74	Gordon	Wetzel	Yes	Yes	Yes	Yes
Rosalie Gerkin	\$139.33	\$4783.53	Hillary	Gordon	Yes	Yes	Yes	Yes
James Kuchenbecker	\$219.68	\$7542.25	Wetzel	Hillary	Yes	Yes	Yes	Yes
Tom Libotte	138.76	\$4764.16	Gordon	Hillary	Yes	Yes	Yes	Yes
David Stark	\$114.65	\$3936.30	Gordon	Wetzel	Yes	Yes	Yes	Yes
Don Volk	\$200.48	\$6883.19	Gordon	Fussner	Yes	Yes	Yes	Yes
Mike Williams	\$92.21	\$3165.93	Hillary	Fussner	Yes	Yes	Yes	Yes
Chuck Woolley	\$125.44	\$4306.92	Wetzel	Hillary	Yes	Yes	Yes	Yes

There are no increases for surviving spouse pensions of Marshall, Beard and Witmer.

- G. **Approval of IPPFA membership for 2020.** Annual membership dues amount is \$795.00. Gordon made a motion to approve. Hillary seconded the motion. Roll call vote: Hillary – yes; Wetzel – yes; Gordon – yes; Fussner – yes. Motion carried.
- H. **Acceptance of Annual Report.** There was a question regarding Zachary Bean’s salary being less than the previous year. He took a step down from Sergeant to Officer which reduced the salary. Wetzel motioned to accept the report. Hillary seconded the motion. All approved. Motion carried.
- I. **Recommendation for 2019 Police Pension Tax Levy based on Actuarial Report.** Notes from the Actuarial Study: FY2018-19 actual interest yield – 4.44%; 5-year smoothed actuarial rate – 4.27%. Scenarios shown include: No changes to assumptions - \$37,769 increase in the City contributions; adopt new mortality table - \$83,769 increase in the City contribution; adopt new mortality table and decrease interest rate to 6.5% - \$130,769 increase in the City contribution. Treasurer Dingledine shared the City’s thoughts which

was to accept the new Mortality rates and keeping the 6.75% rate. The Committee agreed. Motion was made to adopt the new Mortality Tables for the public sector employees for an increase in the contribution of \$83,769 as presented by Jason Franken with Foster & Foster. Gordon seconded the motion. Roll call vote: Hillary – yes; Wetzel – yes; Gordon – yes; Fussner – yes. Motion carried.

- J. Approval of Municipal Compliance Report for FYE 04/30/19. The report is completed based on what the City's contribution will be which does not get decided until this meeting. Since the new mortality rate was adopted and the interest will be 6.75%, the report will be adjusted to match the changes. Total assets were just over 8 million. The expected municipal contribution would be \$634,000, the funded ratio would be 59.3% and the unfunded liability would be \$5,732,000. Once it is approved and certified, it will go to the next City Council meeting. Gordon made a motion to accept the report. Hillary seconded the motion. All approved. Motion carried.

10. **Discussion Items.**

A. Election of Active/Retired/Disabled Trustee. There were no other candidates so all the incumbents (Troj Westbrook and Greg Gordon) won.

B. Training requirements and opportunities. As of August 2019, all training has been completed. Will probably receive notifications for new training around February.

C. Approval of 2020 Meeting Schedule.

The new meeting schedule for 2020 will be January 27<sup>th</sup>, April 27<sup>th</sup>, July 27<sup>th</sup> and October 26<sup>th</sup>.

D. Portability. Keegan Smith resigned last week and is going to a police department in Arizona. Joannie gave him the portability paperwork and asked him to check with them when he got there. The new police department should start the process in requesting the portability calculations. There is no action needed.

11. **Adjournment.** Gordon made a motion to adjourn. Wetzel seconded the motion. Roll call vote: Hillary – yes; Wetzel – yes; Gordon – yes; Fussner – yes. Motion carried. Meeting was adjourned at 10:01 a.m.

Respectfully Submitted,



Greg Gordon, Secretary

**WASHINGTON POLICE PENSION FUND  
CASH AND INVESTMENTS  
12/31/19**

Ipava State Bank Money Market	\$	752,694.06
Cefcu Savings	\$	1,481.05
Charles Schwab Money Market - Fixed Income	\$	1,039.62
Charles Schwab Money Market - Fixed Income Non-Sweep	\$	-
Charles Schwab Money Market - Equity Sweep	\$	7,047.36
Charles Schwab Money Market - Equity Non-Sweep	\$	-

**Certificates of Deposit:**

**CEFCU**

1.79% due 1/10/22	\$	100,000.00
2.32% due 6/28/24	\$	100,000.00
	<u>\$</u>	<u>200,000.00</u>

Heartland Bank  
*No CD's at this time.*

**IPAVA State Bank**

1.50% due 08/23/20	\$	135,960.79
2.00% due 08/31/20	\$	104,060.40
	<u>\$</u>	<u>240,021.19</u>

**Washington State Bank**

2.55% due 1/25/23	\$	213,031.82
1.50% due 2/22/20	\$	136,662.83
2.30% due 4/10/23	\$	110,423.23
2.75% due 5/01/21	\$	111,003.54
2.75% due 4/17/21	\$	142,594.49
	<u>\$</u>	<u>713,715.91</u>

**Morton Community Bank**

2.70% due 9/05/21	\$	186,168.16
	<u>\$</u>	<u>186,168.16</u>

**Busey Bank**

2.90% due 1/11/24	\$	102,931.49
2.76% due 8/30/23	\$	108,678.95
	<u>\$</u>	<u>211,610.44</u>

Mitchell, Vaught, & Taylor  
*No CD's at this time.*

<b>Total Certificates of Deposits</b>	<b>\$</b>	<b>1,551,515.70</b>
<b>Total Local Cash and Investments</b>	<b>\$</b>	<b>2,313,777.79</b>
<b>Mitchell, Vaught, &amp; Taylor Investments</b>	<b>\$</b>	<b>5,859,404.57</b>
<b>Total Cash and Investments</b>	<b>\$</b>	<b>8,173,182.36</b>



**WASHINGTON POLICE PENSION FUND  
REVENUE AND EXPENSE REPORT  
MAY 1, 2019 THROUGH DECEMBER 31, 2019**

**REVENUES:**

Property Taxes	531,655.57	
Property Replacement Taxes	14,406.80	
Interest	69,961.10	
Employee Contributions	106,433.33	
Miscellaneous Income	257.48	
<b>TOTAL</b>		<u>722,714.28</u>

**EXPENSES:**

Pensions	419,304.63	
Insurance	3,182.00	
Legal	0.00	
Compliance Fee	1,539.33	
Training	0.00	
Membership Dues	795.00	
Subscriptions	0.00	
Postage	0.00	
Contributions Refund	0.00	
Investment Expense	12,101.00	
Miscellaneous	31.81	
<b>TOTAL</b>		<u>436,953.77</u>

**285,760.51**

**INVESTMENTS:**

Dividends (Cash/Reinvested)	120,601.20	
Realized Gain/Loss	85,142.50	
Unrealized Gain/Loss	128,888.82	
<b>TOTAL</b>		<u>334,632.52</u>

**NET REVENUES OVER EXPENSES**

**620,393.03**

**MONTHLY PENSIONS PAID (GROSS): RETIREMENT**

Kimberly Beard (Britt)	2,869.58	
David Densberger	3,264.71	
Mary Densberger	1,290.70	
James Fussner	4,189.07	
Rosalie Gerkin	4,644.20	
James Kuchenbecker	7,322.57	
Joyce Libotte (Thomas)	4,625.40	
Gwendolyn Marshall	2,965.62	
David Stark	3,821.65	
Donald Volk	6,682.71	
Michael Williams	3,073.72	
Kathleen Witmer (William)	3,056.13	
Charles Woolley	4,181.48	
<b>TOTAL</b>		<u>51,987.54</u>

**MONTHLY PENSIONS PAID (GROSS): DISABILITY**

*No Disability Pensions at this time.*

0.00

**TOTAL**

0.00

**POLICE PENSION - ACTIVE OFFICERS' CONTRIBUTIONS AS OF 12/31/19**

	<u>Contributions</u>	<u>Years</u>
Danton Althiser	\$ 9,306.63	1
Lyle Baele	\$ 131,230.49	20
Zachary Bean	\$ 53,394.15	9
Michael Brown	\$ 32,072.01	4
Jacob Cernek	\$ 45,603.60	8
Ashley Clare	\$ 21,262.82	3
Daniel Foster	\$ 54,227.70	10
Greg Gordon	\$ 118,853.27	21
Frank Grossman	\$ 44,199.72	7
Steve Hinken	\$ 54,481.82	10
Ryan Hunsunger	\$ 78,430.58	13
Ramadan Moore	\$ 8,632.20	1
Brian Simpson	\$ 37,628.25	6
Steven Smith	\$ 71,919.95	10
Stuart Stevens	\$ 122,827.61	20
Joshua Sutter	\$ 30,396.82	3
Dramane Taylor	\$ 30,935.62	4
Derek Thomas	\$ 93,499.52	16
Troi Westbrook	\$ 38,418.63	5
Tyler Willi	\$ 67,830.52	10

**TOTAL ACTIVE CONTRIBUTIONS**

**\$ 1,145,151.91**

**POLICE PENSION -INACTIVE OFFICERS' CONTRIBUTIONS AS OF 12/31/19**

		<u>Contributions</u>	<u>Years</u>
Lindsay Bond	<i>Terminated 3/5/15</i>	\$ 5,662.02	
Michael Heitz	<i>Terminated 5/11/13</i>	\$ 624.14	
April Schrementi	<i>Terminated 7/21/10</i>	\$ 5,253.25	
Keegan Smith	<i>Terminated 10/23/19</i>	\$ 46,938.65	
<b>TOTAL INACTIVE CONTRIBUTIONS</b>		<u>58,478.06</u>	

**TOTAL CONTRIBUTIONS**

1,203,629.97

**WASHINGTON POLICE PENSION FUND  
CERTIFICATES OF DEPOSIT**

<u>BANK</u>	<u>CD#</u>	<u>AMOUNT</u>	<u>RATE</u>	<u>MATURITY</u>		
WASHINGTON STATE BANK		\$130,000.00	1.50%	2/22/2020		
IPA VA STATE BANK		\$130,000.00	1.50%	8/23/2020		
IPA VA STATE BANK		\$100,000.00	2.00%	8/31/2020		
					<b>2019 TOTALS:</b>	<b>\$360,000.00</b>
WASHINGTON STATE BANK		\$140,000.00	2.75%	4/17/2021		
WASHINGTON STATE BANK		\$110,000.00	2.75%	5/1/2021		
MORTON COMMUNITY BANK		\$180,000.00	2.70%	9/5/2021		
					<b>2021 TOTALS:</b>	<b>\$430,000.00</b>
CEFCU		\$100,000.00	1.79%	1/10/2022		
					<b>2023 TOTALS:</b>	<b>\$100,000.00</b>
WASHINGTON STATE BANK		\$210,769.26	2.55%	1/25/2023		
WASHINGTON STATE BANK		\$110,000.00	2.30%	4/10/2023		
BUSEY BANK		\$105,000.00	2.76%	8/30/2023		
					<b>2022 TOTALS:</b>	<b>\$425,769.26</b>
BUSEY BANK		\$100,000.00	2.90%	1/11/2024		
CEFCU		\$100,000.00	2.32%	6/28/2024		
					<b>2024 TOTALS:</b>	<b>\$200,000.00</b>
						<b><u>\$1,515,769.26</u></b>

**WASHINGTON POLICE PENSION FUND  
301 WALNUT STREET  
WASHINGTON, IL 61571**

**MEMO MEMO MEMO MEMO MEMO MEMO MEMO MEMO MEMO**

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**TO:** Washington Police Pension Board  
**FROM:** Jeanette Glueck  
**DATE:** 12/31/19  
**SUBJECT:** Ratification of Police Pension Fund Expenses

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The following is a list of any expenses incurred by the Police Pension Board during the last quarter:

<u>Payee</u>	<u>Date</u>	<u>Amount</u>	<u>Reason</u>
Mesirow Insurance Services Inc.	10/15/2019	3,182.00	Fiduciary Insurance Renewal
IPPFA	10/29/2019	795.00	IPPFA Membership Dues
	<b>TOTAL</b>	<b><u>\$3,977.00</u></b>	

**Transaction Detail BSDW**  
From 10/01/2019 to 12/31/2019

Washington Police Pension Fund

Portfolio Account Number	Trade Date	Description	Activity	Security Symbol	Quantity	Net Amount
	10/07/2019	Royal Bank of Canada 10/05/2023 3.70%	Interest	78013XW20		1,850.00
	10/15/2019	Schwab U. S. Treasury	Withdrawal	SWGXX		(1,500.00)
	10/15/2019	Schwab U. S. Treasury	Deposit	SWGXX		1,500.00
	10/15/2019	John Deere 10/15/2022 2.75%	Interest	24424CBT7		275.00
	10/15/2019	Schwab Government Money	Dividend	SNVXX	144.71	144.71
	10/15/2019	Schwab U. S. Treasury	Dividend	SWGXX		6.46
	10/15/2019	Schwab U. S. Treasury	Dividend	SWGXX		5.38
	10/15/2019	Union Pacific 02/15/2020 6.125%	Interest	907818DD7		306.25
	10/15/2019	Union Pacific 02/15/2020 6.125%	XInterest	907818DD7		306.30
	10/15/2019	Union Pacific 02/15/2020 6.125%	Sell	907818DD7	(30,000)	30,379.20
	10/16/2019	Anheuser-Busch 07/15/2022 2.50%	Credit Security	03523TBP2	22,000	
	10/16/2019	Anheuser-Busch 07/15/2022 2.50%	Debit Security	03523TBP2	(22,000)	
	10/21/2019	Morgan Stanley 04/21/2021 2.50%	Interest	61746BEA0		937.50
	10/21/2019	Schwab U. S. Treasury	Management Fe			(2,547.00)
	10/21/2019	Schwab U. S. Treasury	Management Fe			(3,461.00)
	10/22/2019	Allergan 03/12/2020 3.00% Call 02/12/2020 100.00	Buy	00507UAP6	50,000	(50,325.00)
	10/22/2019	Schwab Government Money	Sell	SNVXX	(20,000)	20,000.00
	10/24/2019	Schwab Government Money	Receipt of Secur	SNVXX	90,000	
	10/24/2019	Baird Midcap Institutional	Buy	BMDIX	871.89	(20,000.00)
	10/24/2019	T Rowe Price New America	Buy	PNAIX	933.066	(50,000.00)
	10/24/2019	T Rowe Price Qm US Small	Buy	TQAIK	493.755	(19,000.00)
	10/24/2019	Schwab Government Money	Transfer of Secur	SNVXX	(90,000)	
	10/24/2019	Schwab Government Money	Sell	SNVXX	(90,000)	90,000.00
	10/28/2019	Bank Of NY Mellon 04/28/2023 3.50%	Interest	06406RAG2		437.50
	10/29/2019	Anheuser-Busch 07/15/2022 2.50%	Interest	03523TBP2		108.33

**Transaction Detail BSDW**  
From 10/01/2019 to 12/31/2019

Washington Police Pension Fund

Portfolio Account Number	Trade Date	Description	Activity	Security Symbol	Quantity	Net Amount
	10/29/2019	Anheuser-Busch 07/15/2022 2.50%	Sell	03523TBP2	(15,000)	15,304.80
	11/02/2019	Allria Group Inc 05/02/2023 2.95%	Interest	02209SAP8		737.50
	11/05/2019	Schwab Government Money	Buy	SNVXX	20,000	(20,000.00)
	11/05/2019	Cohen & Steers Institutional	Short Gain	CSRIX	35,928	1,664.55
	11/05/2019	Cohen & Steers Institutional	Long Gain	CSRIX	37.731	1,748.07
	11/12/2019	Anheuser-Busch 07/15/2022 2.50%	Interest	03523TBP2		178.75
	11/12/2019	Anheuser-Busch 07/15/2022 2.50%	Sell	03523TBP2	(22,000)	22,435.38
	11/13/2019	Schwab Government Money	Buy	SNVXX	23,000	(23,000.00)
	11/14/2019	AbbVie 05/14/2021 2.30%	Interest	00287YAU3		575.00
	11/15/2019	Schwab Government Money	Dividend	SNVXX	80.23	80.23
	11/15/2019	Schwab U. S. Treasury	Dividend	SWGXX		17.32
	11/15/2019	Schwab U. S. Treasury	Dividend	SWGXX		1.69
	11/15/2019	State Street Corp 05/15/2023 3.10%	Interest	857477AL7		775.00
	11/15/2019	US Treasury Note 05/15/2026 1.625%	Interest	912828R36		162.50
	11/20/2019	Qualcomm Inc 05/20/2022 3.00%	Interest	747525AE3		1,500.00
	11/21/2019	Artisan International Fund	Qualified Dividen	APDIX	40.719	1,304.22
	11/21/2019	Artisan International Fund	Long Gain	APDIX	168.57	5,335.25
	11/22/2019	Unitedhealth Gro 10/15/2027 2.95%	Buy	91324PDE9	50,000	(52,534.49)
	11/22/2019	Schwab Government Money	Sell	SNVXX	(50,000)	50,000.00
	12/01/2019	Schlumberger Inc 12/01/2023 3.65%	Interest	806854AHB		1,825.00
	12/05/2019	Blackrock Science and Tech	Long Gain	BGSIX	44.482	1,532.86
	12/12/2019	Diamond Hill Small Mid Cap	Long Gain	DHMIX	489.952	11,092.52
	12/12/2019	Oakmark International Fund I	Qualified Dividen	OANIX	254.483	6,191.58
	12/12/2019	Sysco Corporation 06/12/2022 2.60%	Interest	871829AQ0		585.00
	12/13/2019	Schwab Government Money	Buy	SNVXX	3,000	(3,000.00)
	12/13/2019	Invesco Oppenheimer Devel	Short Gain	ODVYX	4.896	219.57
	12/13/2019	Invesco Oppenheimer Devel	Qualified Dividen	ODVYX	15.608	700.02
	12/13/2019	Invesco Oppenheimer Devel	Long Gain	ODVYX	52.529	2,355.93
	12/13/2019	Invesco Oppenheimer Intl S	Qualified Dividen	OSMYX	11.609	549.80
	12/13/2019	Invesco Oppenheimer Intl S	Long Gain	OSMYX	129.237	6,120.68
	12/13/2019	T Rowe Price New America	Qualified Dividen	PNAIX	20.139	1,077.43
	12/13/2019	T Rowe Price New America	Long Gain	PNAIX	251.39	13,449.35
	12/13/2019	T Rowe Price Qm US Small	Short Gain	TQAIK		18.01
	12/13/2019	T Rowe Price Qm US Small	Long Gain	TQAIK		5,870.44
	12/16/2019	T Rowe Price Health	Short Gain	THISX	1.262	101.65

**Transaction Detail BSDW**  
From 10/01/2019 to 12/31/2019

Washington Police Pension Fund

Portfolio Account Number	Trade Date	Description	Activity	Security Symbol	Quantity	Net Amount
	12/16/2019	T Rowe Price Health	Qualified Dividen	THISX	2.208	177.89
	12/16/2019	T Rowe Price Health	Long Gain	THISX	77.284	6,225.99
	12/17/2019	Baird Midcap Institutional	Short Gain	BMDIX	15.37	349.06
	12/17/2019	Baird Midcap Institutional	Long Gain	BMDIX	358.487	8,141.23
	12/17/2019	Vanguard Dividend Growth F	Short Gain	VDIGX	62.865	1,903.54
	12/17/2019	Vanguard Dividend Growth F	Qualified Dividen	VDIGX	140.668	4,257.73
	12/17/2019	Vanguard Dividend Growth F	Long Gain	VDIGX	377.022	11,412.47
	12/18/2019	Cohen & Steers Institutional	Qualified Dividen	CSRIX	13.749	626.96
	12/20/2019	Bank of Nova Scotia 03/07/2022 2.525%	Buy	064159JF4	15,000	(15,160.28)
	12/20/2019	Goldman International Insign	Qualified Dividen	GCIIX	192.395	2,491.52
	12/20/2019	Goldman Sachs Emerging M	Qualified Dividen	GERIX	179.829	1,746.14
	12/20/2019	Lazard Global Listed Infrastr	Qualified Dividen	GLIFX	42.109	670.37
	12/20/2019	Schwab Government Money	Sell	SNVXX	(16,026.27)	16,026.27
	12/23/2019	Janus Henderson Small	Buy	JSCOX	5,431.334	(125,000.00)
	12/23/2019	Vanguard Total Stock Admir	Qualified Dividen	VTSAX	67.235	5,347.22
	12/23/2019	Diamond Hill Small Mid Cap	Sell	DHMIX	(5,451.374)	124,975.00
	12/30/2019	Diamond Hill Small Mid Cap	Qualified Dividen	DHMIX	61.995	1,409.76
	12/31/2019	Schwab Government Money	Dividend	SNVXX		30.57
	12/31/2019	Schwab U. S. Treasury	Dividend	SWGXX		2.28
	12/31/2019	Schwab U. S. Treasury	Dividend	SWGXX		4.68
						<u>100,017.64</u>

*This report includes data currently available to the investment manager. Past performance is no guarantee of future performance. Indices are not available for direct investment. An investment product which attempts to mimic the performance of an index will incur expenses such as management fees and transaction costs which reduce returns.*

WASHINGTON POLICE PENSION FUND  
301 WALNUT STREET  
WASHINGTON, IL 61571


APPLICATION TO BE PLACED IN THE POLICE PENSION FUND

To the Board of Trustees of the Washington Police Pension Fund:

I hereby make application for the benefits under the terms and provisions of the Statute of the State of Illinois relative to a Police Pension Fund applicable to the police in the City of Washington, Illinois and to become subject to the provisions of said laws.

I was sworn in to the Police Department of the City of Washington on the 17 day of January, 2020, and have served in the said department since that date.

Respectfully submitted,

  
Signature

Jeffrey Henstey  
Print

1/17/2020  
Date

**TRUSTEE ACCEPTANCE:**

The foregoing application having been duly presented and considered, is hereby (circle one)  
Approved Rejected this \_\_\_\_\_ day of \_\_\_\_\_

By: \_\_\_\_\_

Secretary

President



POLICE: REGULAR  
DOB - DATE OF BIRTH  
DOH - DATE OF HIRE  
DOR - DATE OF RETIRE  
DOP - DATE OF PENSION  
DOD - DATE OF DEATH  
NUMBER UNREPAID DAYS  
SALARY

PEN CODE: 3210  
01/08/1973  
06/20/2001  
06/21/2001  
00/00/0000  
0.00  
46,576.00

CREDITABLE SERV. YRS - 28 MOS - 5  
INITIAL RATE OF PENSION 0.700000  
ORIGINAL PENSION AMOUNT 32,603.20  
ORIG. MONTHLY PENSION 2,716.93  
ORIGINAL DAILY PENSION 90.56  
1ST MONTH - # DAYS 30 # PAID DAYS 10  
PRORATED 1ST MO PENSION 905.64

\*\*\* PENSION SCHEDULE \*\*

\*\*\*\*\*

			MONTH	ANNUAL
ORIGINAL PENSION AMOUNT	06/21/2001		2,716.93	32,603.20
FIRST PENSION INCREASE	07/01/2002 ✓	81.51	2,798.44 0.030000	33,581.28
ANNUAL PENSION INCREASE	01/01/2003 ✓	83.95	2,882.39 0.030000	34,588.68
ANNUAL PENSION INCREASE	01/01/2004 ✓	86.47	2,968.86 0.030000	35,626.32
ANNUAL PENSION INCREASE	01/01/2005 ✓	89.07	3,057.93 0.030000	36,695.16
ANNUAL PENSION INCREASE	01/01/2006 ✓	91.74	3,149.67 0.030000	37,796.04
ANNUAL PENSION INCREASE	01/01/2007	94.49	3,244.16 0.030000	38,929.92
ANNUAL PENSION INCREASE	01/01/2008	97.32	3,341.48 0.030000	40,097.76
ANNUAL PENSION INCREASE	01/01/2009	100.24	3,441.72 0.030000	41,300.64
ANNUAL PENSION INCREASE	01/01/2010	103.25	3,544.97 0.030000	42,539.64
ANNUAL PENSION INCREASE	01/01/2011	106.35	3,651.32 0.030000	43,815.84
ANNUAL PENSION INCREASE	01/01/2012	109.54	3,760.86 0.030000	45,130.32
ANNUAL PENSION INCREASE	01/01/2013	112.83	3,873.69 0.030000	46,484.28
ANNUAL PENSION INCREASE	01/01/2014	116.21	3,989.90 0.030000	47,878.80
ANNUAL PENSION INCREASE	01/01/2015	119.70	4,109.60 0.030000	49,315.20
ANNUAL PENSION INCREASE	01/01/2016	123.29	4,232.89 0.030000	50,794.68
ANNUAL PENSION INCREASE	01/01/2017	126.99	4,359.88 0.030000	52,318.56
ANNUAL PENSION INCREASE	01/01/2018	130.80	4,490.68 0.030000	53,888.16
ANNUAL PENSION INCREASE	01/01/2019	134.72	4,625.40 0.030000	55,504.80
ANNUAL PENSION INCREASE	01/01/2020	138.76	4,764.16 0.030000	57,169.92
ANNUAL PENSION INCREASE	01/01/2021	142.92	4,907.08 0.030000	58,884.96
ANNUAL PENSION INCREASE	01/01/2022	147.21	5,054.29 0.030000	60,651.48
ANNUAL PENSION INCREASE	01/01/2023	151.63	5,205.92 0.030000	62,471.04
ANNUAL PENSION INCREASE	01/01/2024	156.18	5,362.10 0.030000	64,345.20
ANNUAL PENSION INCREASE	01/01/2025	160.86	5,522.96 0.030000	66,275.52
ANNUAL PENSION INCREASE	01/01/2026	165.69	5,688.65 0.030000	68,263.80
ANNUAL PENSION INCREASE	01/01/2027	170.66	5,859.31 0.030000	70,311.72
ANNUAL PENSION INCREASE	01/01/2028	175.78	6,035.09 0.030000	72,421.08
ANNUAL PENSION INCREASE	01/01/2029	181.05	6,216.14 0.030000	74,593.68
ANNUAL PENSION INCREASE	01/01/2030	186.48	6,402.62 0.030000	76,831.44
ANNUAL PENSION INCREASE	01/01/2031	192.08	6,594.70 0.030000	79,136.40
ANNUAL PENSION INCREASE	01/01/2032	197.84	6,792.54 0.030000	81,510.48
ANNUAL PENSION INCREASE	01/01/2033	203.78	6,996.32 0.030000	83,955.84
ANNUAL PENSION INCREASE	01/01/2034	209.89	7,206.21 0.030000	86,474.52
ANNUAL PENSION INCREASE	01/01/2035	216.19	7,422.40 0.030000	89,068.80
ANNUAL PENSION INCREASE	01/01/2036	222.67	7,645.07 0.030000	91,740.84
ANNUAL PENSION INCREASE	01/01/2037	229.35	7,874.42 0.030000	94,493.04
ANNUAL PENSION INCREASE	01/01/2038	236.23	8,110.65 0.030000	97,327.80
ANNUAL PENSION INCREASE	01/01/2039	243.32	8,353.97 0.030000	100,247.64
ANNUAL PENSION INCREASE	01/01/2040	250.62	8,604.59 0.030000	103,255.08
ANNUAL PENSION INCREASE	01/01/2041	258.14	8,862.73 0.030000	106,352.76

- to Joyce

COMMENTS:

END OF REPORT

WASHINGTON POLICE PENSION FUND  
301 WALNUT STREET  
WASHINGTON, IL 61571

PENSION INCREASE COMPUTATION WORKSHEET  
(Second & Subsequent Increases)

Name: Don Volk

Date of Birth: August 3, 1959

Date of Retirement: April 30, 2016

Age at Retirement: 56



The Service Pension Increase should be effective each January 1st following the date of the first increase. This increase should be computed by multiplying the individuals current pension by 3%.

			Effective Date		
			January 1, 2018		
<i>6299<sup>10</sup></i>					
Current Pension	X	3%	=	Amount of Increase	
<del>\$6,115.63</del>				<del>\$183.47</del>	
		<i>188<sup>97</sup></i>			
Current Pension	+	Amount of Increase	=	New Pension	
<del>\$6,115.63</del>		<del>\$183.47</del>		<del>\$6,299.10</del>	
				<i>6488<sup>07</sup></i>	

Wrong increase applied for 2018 -  
corrected Sept. 2019. Correct increase given  
for 2019.

Retro. check  $\$188.97 / \text{mo.} \times 12 \text{ mo} = \$2,267.64$



**Illinois Department of Insurance - Pension Division  
Benefit Calculator Report**

**Participant Summary**

**Fund Name:** Washington Police Pension Fund      **Participant Name:** Don Volk

**Benefit Summary**

**Fund Type:** Police  
**Benefit Type:** Retirement  
**Reciprocity:** No  
**Birth Date:** [REDACTED]  
**Hire Date:** 4/26/1985      **Unpaid Break Days:** 0  
**Retired Date:** 4/30/2016      **Effective Date of Benefit:** 5/1/2016  
**Annual Salary:** \$97,850.00  
**Creditable Service:** 31 Year(s) 0 Month(s) 5 Day(s)

**Initial Benefit Summary**

**Initial Benefit Date:** 5/1/2016  
**Initial Annual Benefit:** \$73,387.50 = 75.00% of \$97,850.00 (Annual Salary)

**Prorated Benefit Summary**

**Prorated Date Range:** 5/1/2016 - 5/31/2016  
**Prorated Benefit:** \$6,115.63 = 31 Prorated Day(s) x \$6,115.63 (Monthly Benefit)/31 Days in the Month  
**Total Prorated Benefit:** \$6,115.63

**Benefit Schedule**

Benefit Type	Benefit Date	Monthly Increase	Monthly Benefit	Annual Benefit	Increase Rate
Initial Annual Benefit	5/1/2016	\$0.00	\$6,115.63	\$73,387.50	
First Increase	5/1/2017	\$183.47	\$6,299.10	\$75,589.20	3.00%
Annual Increase	1/1/2018	\$188.97	\$6,488.07	\$77,856.84	3.00%
Annual Increase	1/1/2019	\$194.64	\$6,682.71	\$80,192.52	3.00%
Annual Increase	1/1/2020	\$200.48	\$6,883.19	\$82,598.28	3.00%
Annual Increase	1/1/2021	\$206.50	\$7,089.69	\$85,076.28	3.00%
Annual Increase	1/1/2022	\$212.69	\$7,302.38	\$87,628.56	3.00%
Annual Increase	1/1/2023	\$219.07	\$7,521.45	\$90,257.40	3.00%
Annual Increase	1/1/2024	\$225.64	\$7,747.09	\$92,965.08	3.00%
Annual Increase	1/1/2025	\$232.41	\$7,979.50	\$95,754.00	3.00%
Annual Increase	1/1/2026	\$239.39	\$8,218.89	\$98,626.68	3.00%
Annual Increase	1/1/2027	\$246.57	\$8,465.46	\$101,585.52	3.00%
Annual Increase	1/1/2028	\$253.96	\$8,719.42	\$104,633.04	3.00%
Annual Increase	1/1/2029	\$261.58	\$8,981.00	\$107,772.00	3.00%
Annual Increase	1/1/2030	\$269.43	\$9,250.43	\$111,005.16	3.00%

CITY OF WASHINGTON  
POLICE PENSION FUND

ACTUARIAL VALUATION  
AS OF MAY 1, 2019

CONTRIBUTIONS APPLICABLE TO THE  
PLAN/FISCAL YEAR ENDING APRIL 30, 2021

GASB 67/68 DISCLOSURE INFORMATION  
AS OF APRIL 30, 2019



**FOSTER & FOSTER**  
ACTUARIES AND CONSULTANTS

January 17, 2020

City of Washington  
c/o Joan E. Baxter, Controller  
301 Walnut Street  
Washington, IL 61751

Re: Actuarial Valuation Report (including GASB Statements No. 67 and No. 68) – City of Washington Police Pension Fund

Dear Ms. Joan Baxter:

We are pleased to present to the City this report of the annual actuarial valuation of the City of Washington Police Pension Fund. Included are the related results for GASB Statements No. 67 and No. 68. The funding valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and to develop the appropriate funding requirements for the applicable plan year. The calculation of the liability for GASB results was performed for the purpose of satisfying the requirements of GASB Statements No. 67 and No. 68. Use of the results for other purposes may not be applicable and could produce significantly different results.

The valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board, and reflects laws and regulations issued to date pursuant to the provisions of Article 3, Illinois Pension Code, as well as applicable federal laws and regulations. In our opinion, the assumptions used in this valuation, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience. Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations. Due to the limited scope of the valuation, we did not perform an analysis of the potential range of such future measurements.

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by the City, financial reports prepared by the custodian bank and the actuarial assumptions and methods described in the Actuarial Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

The total pension liability, net pension liability, and certain sensitivity information shown in the GASB results are based on an actuarial valuation performed as of the valuation date.


The undersigned are familiar with the immediate and long-term aspects of pension valuations and meet the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the actuarial opinions.


To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the City of Washington, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the City of Washington Police Pension Fund. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

If there are any questions, concerns, or comments about any of the items contained in this report, please contact us at 630-620-0200.

Respectfully submitted,

Foster & Foster, Inc.

By:   
Jason L. Franken, FSA, EA, MAAA

By:   
Heidi E. Andorfer, FSA, EA, MAAA

By:   
Paul M. Baugher, FSA, EA, MAAA

JLF/lke  
Enclosures

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## SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Washington Police Pension Fund, performed as of May 1, 2019, has been completed and the results are presented in this Report. The contribution amounts set forth herein are applicable to the plan/fiscal year ended April 30, 2021.

The contribution requirements, compared with those set forth in the May 1, 2018 actuarial report, are as follows:

Valuation Date Applicable to Fiscal Year Ending	<u>5/1/2019</u> <u>4/30/2021</u>	<u>5/1/2018</u> <u>4/30/2020</u>
Total Recommended Contribution	\$780,072	\$685,910
% of Projected Annual Payroll	53.0%	50.1%
Member Contributions (Est.)	145,982	135,679
% of Projected Annual Payroll	9.9%	9.9%
City Recommended Contribution	634,090	550,231
% of Projected Annual Payroll	43.1%	40.2%

As you can see, the Total Recommended Contribution shows an increase when compared to the results determined in the May 1, 2018 actuarial valuation report. The increase is attributable to the change in the mortality assumptions and unfavorable plan experience.

Plan experience was unfavorable overall on the basis of the plan's actuarial assumptions. Sources of unfavorable experience included an investment return of 4.27% (Actuarial Asset Basis) which fell short of the 6.75% assumption, lower than expected inactive mortality, and less turnover than expected. These losses were offset in part by a gain associated with an average salary increase of 3.67% which fell short of the 6.04% assumption.

## CHANGES SINCE PRIOR VALUATION

### Plan Changes Since Prior Valuation

No plan changes have occurred since the prior valuation.

### Actuarial Assumption/Method Changes Since Prior Valuation

The valuation reflects the following assumption change:

- The mortality rates were updated to reflect the PubS-2010 tables.

There were no method changes since the prior valuation.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	New Assump <u>5/1/2019</u>	Old Assump <u>5/1/2019</u>	<u>5/1/2018</u>
<b>A. Participant Data</b>			
Number Included			
Actives	21	21	20
Service Retirees	10	10	10
Beneficiaries	1	1	1
Disability Retirees	1	1	1
Terminated Vested	<u>3</u>	<u>3</u>	<u>3</u>
Total	36	36	35
Total Annual Payroll	\$1,473,074	\$1,473,074	\$1,369,110
Payroll Under Assumed Ret. Age	1,473,074	1,473,074	1,369,110
Annual Rate of Payments to:			
Service Retirees	547,271	547,271	521,477
Beneficiaries	35,587	35,587	35,587
Disability Retirees	34,435	34,435	33,882
Terminated Vested	0	0	0
<b>B. Assets</b>			
Actuarial Value	8,350,414	8,350,414	7,923,297
Market Value	8,075,755	8,075,755	7,647,347
<b>C. Liabilities</b>			
Present Value of Benefits			
Actives			
Retirement Benefits	6,822,107	6,542,342	5,936,326
Disability Benefits	790,759	690,626	655,377
Death Benefits	76,233	164,215	154,677
Vested Benefits	543,235	530,103	502,620
Service Retirees	8,741,801	8,472,700	8,292,886
Beneficiaries	282,350	270,852	279,300
Disability Retirees	442,129	400,591	401,122
Terminated Vested	<u>11,539</u>	<u>11,539</u>	<u>11,539</u>
Total	17,710,153	17,082,968	16,233,847



C. Liabilities - (Continued)	New Assump <u>5/1/2019</u>	Old Assump <u>5/1/2019</u>	<u>5/1/2018</u>
Present Value of Future Salaries	16,655,936	16,561,994	15,685,778
Present Value of Future Member Contributions	1,650,603	1,641,294	1,554,461
Normal Cost (Retirement)	264,439	253,390	239,704
Normal Cost (Disability)	53,611	47,150	44,172
Normal Cost (Death)	4,272	8,671	8,804
Normal Cost (Vesting)	<u>35,243</u>	<u>34,574</u>	<u>36,877</u>
Total Normal Cost	357,565	343,785	329,557
Present Value of Future Normal Costs	3,628,213	3,467,732	3,387,658
Accrued Liability (Retirement)	4,079,212	3,926,804	3,374,610
Accrued Liability (Disability)	230,782	199,980	181,046
Accrued Liability (Death)	33,708	78,596	70,828
Accrued Liability (Vesting)	260,419	254,174	234,858
Accrued Liability (Inactives)	<u>9,477,819</u>	<u>9,155,682</u>	<u>8,984,847</u>
Total Actuarial Accrued Liability	14,081,940	13,615,236	12,846,189
Unfunded Actuarial Accrued Liability (UAAL)	5,731,526	5,264,822	4,922,892
Funded Ratio (AVA / AL)	59.3%	61.3%	61.7%

	New Assump <u>5/1/2019</u>	Old Assump <u>5/1/2019</u>	<u>5/1/2018</u>
<b>D. Actuarial Present Value of Accrued Benefits</b>			
Vested Accrued Benefits			
Inactives	9,477,819	9,155,682	8,984,847
Actives	904,546	835,810	406,638
Member Contributions	<u>1,070,332</u>	<u>1,070,332</u>	<u>938,185</u>
Total	11,452,697	11,061,824	10,329,670
Non-vested Accrued Benefits	<u>376,597</u>	<u>368,319</u>	<u>509,624</u>
Total Present Value Accrued Benefits	11,829,294	11,430,143	10,839,294
Funded Ratio (MVA / PVAB)	68.3%	70.7%	70.6%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:			
Plan Amendments	0	0	
Assumption Changes	399,151	0	
New Accrued Benefits	0	485,700	
Benefits Paid	0	(606,049)	
Interest	0	711,198	
Other	<u>0</u>	<u>0</u>	
Total	399,151	590,849	

Valuation Date	New Assump	Old Assump	
Applicable to Fiscal Year Ending	<u>5/1/2019</u>	<u>5/1/2019</u>	<u>5/1/2018</u>
	<u>4/30/2021</u>	<u>4/30/2021</u>	<u>4/30/2020</u>

E. Pension Cost

Normal Cost <sup>1</sup>	\$381,701	\$366,990	\$351,802
% of Total Annual Payroll <sup>1</sup>	25.9	24.9	25.7
Administrative Expenses <sup>1</sup>	8,331	8,331	9,894
% of Total Annual Payroll <sup>1</sup>	0.6	0.6	0.7
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 21 years (as of 5/1/2019) <sup>1</sup>	390,040	358,281	324,214
% of Total Annual Payroll <sup>1</sup>	26.5	24.3	23.7
Total Recommended Contribution	780,072	733,602	685,910
% of Total Annual Payroll <sup>1</sup>	53.0	49.8	50.1
Expected Member Contributions <sup>1</sup>	145,982	145,982	135,679
% of Total Annual Payroll <sup>1</sup>	9.9	9.9	9.9
Expected City Contribution	634,090	587,620	550,231
% of Total Annual Payroll <sup>1</sup>	43.1	39.9	40.2

F. Past Contributions

Plan Years Ending:	<u>4/30/2019</u>
Total Recommended Contribution	693,110
City	550,691
Actual Contributions Made:	
Members (excluding buyback)	142,419
City	<u>553,041</u>
Total	695,460

G. Net Actuarial (Gain)/Loss 364,795

<sup>1</sup> Contributions developed as of 5/1/2019 displayed above have been adjusted to account for assumed interest.

H. Schedule Illustrating the Amortization of the Total Unfunded Actuarial Accrued Liability as of:

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2019	5,731,526
2020	5,728,364
2021	5,711,337
2026	5,364,649
2031	4,404,958
2035	2,980,702
2040	0

I. (i) 3 Year Comparison of Actual and Assumed Salary Increases

		<u>Actual</u>	<u>Assumed</u>
Year Ended	4/30/2019	3.67%	6.04%
Year Ended	4/30/2018	3.86%	6.45%
Year Ended	4/30/2017	5.39%	7.34%

(ii) 3 Year Comparison of Investment Return on Actuarial Value

		<u>Actual</u>	<u>Assumed</u>
Year Ended	4/30/2019	4.27%	6.75%
Year Ended	4/30/2018	4.43%	6.75%
Year Ended	4/30/2017	4.19%	6.75%

DEVELOPMENT OF MAY 1, 2019 AMORTIZATION PAYMENT

(1)	Unfunded Actuarial Accrued Liability as of May 1, 2018	\$4,922,892
(2)	Sponsor Normal Cost developed as of May 1, 2018	193,878
(3)	Expected administrative expenses for the year ended April 30, 2019	9,268
(4)	Expected interest on (1), (2) and (3)	345,695
(5)	Sponsor contributions to the System during the year ended April 30, 2019	553,041
(6)	Expected interest on (5)	18,665
(7)	Expected Unfunded Actuarial Accrued Liability as of April 30, 2019, (1)+(2)+(3)+(4)-(5)-(6)	4,900,027
(8)	Change to UAAL due to Assumption Change	466,704
(9)	Change to UAAL due to Actuarial (Gain)/Loss	364,795
(10)	Unfunded Accrued Liability as of May 1, 2019	5,731,526
(11)	UAAL Subject to Amortization (100% AAL less Actuarial Assets)	5,731,526

<u>Date</u> <u>Established</u>	<u>Years</u> <u>Remaining</u>	<u>5/1/2019</u> <u>Amount</u>	<u>Amortization</u> <u>Amount</u>
5/1/2019	21	5,731,526	365,377

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of May 1, 2018	\$4,922,892
(2) Expected UAAL as of May 1, 2019	4,900,027
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	197,290
Salary Increases	(65,309)
Active Decrements	42,671
Inactive Mortality	64,409
Other	<u>125,734</u>
Change in UAAL due to (Gain)/Loss	364,795
Assumption Changes	<u>466,704</u>
(4) Actual UAAL as of May 1, 2019	\$5,731,526

RECONCILIATION OF CHANGES IN CONTRIBUTION REQUIREMENT

(1) Contribution Determined as of May 1, 2018	\$ 550,231
(2) Summary of Contribution Impact by component:	
Change in Normal Cost	15,188
Change in Assumed Administrative Expense	(1,563)
Investment Return (Actuarial Asset Basis)	13,426
Salary Increases	(4,444)
New Entrants	-
Active Decrements	2,904
Inactive Mortality	4,383
Contributions (More) or Less than Recommended	(165)
Increase in Amortization Payment Due to Payroll Growth Assumption	11,347
Change in Expected Member Contributions	(10,303)
Assumption Change	46,470
Other	6,616
Total Change in Contribution	83,859
(3) Contribution Determined as of May 1, 2019	\$634,090

## STATUTORY MINIMUM REQUIRED CONTRIBUTION

Contribution requirements shown on this page are calculated according to statutory minimum funding requirements of the Illinois Pension Code. We do not believe this method is sufficient to fund future benefits; as such, we recommend funding according to the contributions developed in Section E of this report.

	New Assump 5/1/2019	Old Assump 5/1/2019	5/1/2018
Valuation Date	<u>4/30/2021</u>	<u>4/30/2021</u>	<u>4/30/2020</u>
Applicable to Fiscal Year Ending			
Actuarial Accrued Liability (PUC)	13,635,111	13,170,261	12,439,887
Actuarial Value of Assets	<u>8,350,414</u>	<u>8,350,414</u>	<u>7,923,297</u>
Unfunded Actuarial Accrued Liability (UAAL)	5,284,697	4,819,847	4,516,590
UAAL Subject to Amortization	3,921,186	3,502,821	3,272,601
Normal Cost <sup>1</sup>	\$382,972	\$368,897	\$351,283
% of Total Annual Payroll <sup>1</sup>	26.0	25.0	25.7
Administrative Expenses <sup>1</sup>	8,331	8,331	9,894
% of Total Annual Payroll <sup>1</sup>	0.6	0.6	0.7
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 21 years (as of 5/1/2019) <sup>1</sup>	266,844	238,373	215,528
% of Total Annual Payroll <sup>1</sup>	18.1	16.2	15.7
Total Required Contribution	658,147	615,601	576,705
% of Total Annual Payroll <sup>1</sup>	44.7	41.8	42.1
Expected Member Contributions <sup>1</sup>	145,982	145,982	135,679
% of Total Annual Payroll <sup>1</sup>	9.9	9.9	9.9
Expected City Contribution	512,165	469,619	441,026
% of Total Annual Payroll <sup>1</sup>	34.8	31.9	32.2

### Assumptions and Methods:

Actuarial Cost Method  
Amortization Method

Projected Unit Credit  
90% Funding by 2040

All other assumptions and methods are as described in the Actuarial Assumptions and Methods section.

<sup>1</sup> Contributions developed as of 5/1/2019 displayed above have been adjusted to account for assumed interest.



PROJECTION OF BENEFIT PAYMENTS

Year	Payments for Current Actives	Payments for Current Inactives	Total Payments
2019	24,184	625,460	649,644
2020	44,418	628,004	672,422
2021	69,196	641,923	711,119
2022	90,271	655,589	745,860
2023	119,494	668,901	788,395
2024	145,419	681,742	827,161
2025	175,448	693,986	869,434
2026	202,986	705,494	908,480
2027	229,292	716,112	945,404
2028	253,280	725,685	978,965
2029	276,126	734,052	1,010,178
2030	316,748	741,059	1,057,807
2031	376,927	746,561	1,123,488
2032	420,250	750,433	1,170,683
2033	471,896	752,591	1,224,487
2034	518,186	752,976	1,271,162
2035	580,276	751,546	1,331,822
2036	639,135	748,253	1,387,388
2037	703,981	743,018	1,446,999
2038	787,153	735,724	1,522,877
2039	863,344	726,247	1,589,591
2040	943,237	714,433	1,657,670
2041	1,031,125	700,113	1,731,238
2042	1,122,150	683,137	1,805,287
2043	1,236,637	663,403	1,900,040
2044	1,329,993	640,874	1,970,867
2045	1,408,277	615,576	2,023,853
2046	1,460,062	587,611	2,047,673
2047	1,533,292	557,134	2,090,426
2048	1,576,923	524,381	2,101,304
2049	1,632,770	489,629	2,122,399
2050	1,669,492	453,251	2,122,743
2051	1,699,813	415,707	2,115,520
2052	1,724,951	377,512	2,102,463
2053	1,745,965	339,209	2,085,174
2054	1,761,571	301,370	2,062,941
2055	1,772,909	264,552	2,037,461
2056	1,779,401	229,301	2,008,702
2057	1,781,766	196,134	1,977,900
2058	1,779,385	165,450	1,944,835

## ACTUARIAL ASSUMPTIONS AND METHODS

Interest Rate 6.75% per year compounded annually, net of investment related expenses.

Mortality Rate

**Active Lives:**  
PubS-2010 Employee mortality, projected 5 years past the valuation date with Scale MP-2018. 10% of active deaths are assumed to be in the line of duty.

**Inactive Lives:**  
PubS-2010 Healthy Retiree mortality, projected 5 years past the valuation date with Scale MP-2018.

**Beneficiaries:**  
PubS-2010 Survivor mortality, projected 5 years past the valuation date with Scale MP-2018.

**Disabled Lives:**  
PubS-2010 Disabled mortality, projected 5 years past the valuation date with Scale MP-2018.

The mortality assumptions sufficiently accommodate anticipated future mortality improvements.

Retirement Age See table later in this section. This is based on a 2017 experience study performed for the State of Illinois Department of Insurance.

Disability Rate See table later in this section. 60% of the disabilities are assumed to be in the line of duty. This is based on a 2017 experience study performed for the State of Illinois Department of Insurance.

Termination Rate See table later in this section. This is based on a 2017 experience study performed for the State of Illinois Department of Insurance.

Inflation 2.50%.

Cost-of-Living Adjustment Tier 1: 3.00% per year after age 55. Those that retire prior to age 55 receive an increase of 1/12 of 3.00% for each full month since benefit commencement upon reaching age 55.

Tier 2: 1.25% per year after the later of attainment of age 60 or first anniversary of retirement.

Salary Increases

See table below. This is based on a 2017 experience study performed for the State of Illinois Department of Insurance.

Salary Scale	
Service	Rate
0	11.00%
1	10.75%
2	8.75%
3	8.50%
4	7.00%
5	6.25%
6	5.25%
7	4.25%
8 - 16	4.00%
17 - 32	3.75%
32+	3.50%

Marital Status

80% of Members are assumed to be married.

Spouse's Age

Males are assumed to be three years older than females.

Funding Method

Entry Age Normal Cost Method.

Actuarial Asset Method

Investment gains and losses are smoothed over a 5-year period.

Funding Policy Amortization Method

The UAAL is amortized according to a Level Percentage of Payroll method over a period ending in 2040. The initial amortization amount is 100% of the Accrued Liability less the Actuarial Value of Assets.

Payroll Growth

3.50% per year.

Administrative Expenses

Expenses paid out of the fund other than investment-related expenses are assumed to be equal to those paid in the previous year.

Decrement Tables

% Terminating During the Year		% Becoming Disabled During the Year		% Retiring During the Year (Tier 1)		% Retiring During the Year (Tier 2)	
Age	Rate	Age	Rate	Age	Rate	Age	Rate
20	14.00%	20	0.000%	50 - 51	15%	50 - 54	5%
25	10.40%	25	0.030%	52 - 54	20%	55	40%
30	5.60%	30	0.140%	55 - 64	25%	56 - 64	25%
35	3.10%	35	0.260%	65 - 69	40%	65 - 69	40%
40	1.90%	40	0.420%	70+	100%	70+	100%
45	1.50%	45	0.590%				
50	1.50%	50	0.710%				
56+	0.00%	55	0.900%				
		60	1.150%				

## GLOSSARY

Total Annual Payroll is the projected annual rate of pay for the fiscal year following the valuation date of all covered members.

Present Value of Benefits is the single sum value on the valuation date of all future benefits to be paid to current Members, Retirees, Beneficiaries, Disability Retirees and Vested Terminations.

Normal (Current Year's) Cost is the current year's cost for benefits yet to be funded.

Unfunded Accrued Liability is a liability which arises when a pension plan is initially established or improved and such establishment or improvement is applicable to all years of past service.

Total Recommended Contribution is equal to the Normal Cost plus an amount sufficient to amortize the Unfunded Accrued Liability over a period ending in 2040. The recommended amount is adjusted for interest according to the timing of contributions during the year.

Entry Age Normal Cost Method - Under this method, the normal cost is the sum of the individual normal costs for all active participants. For an active participant, the normal cost is the participant's normal cost accrual rate, multiplied by the participant's current compensation.

- (a) The normal cost accrual rate equals:
  - (i) the present value of future benefits for the participant, determined as of the participant's entry age, divided by
  - (ii) the present value of the compensation expected to be paid to the participant for each year of the participant's anticipated future service, determined as of the participant's entry age.
- (b) In calculating the present value of future compensation, the salary scale is applied both retrospectively and prospectively to estimate compensation in years prior to and subsequent to the valuation year based on the compensation used for the valuation.
- (c) The accrued liability is the sum of the individual accrued liabilities for all participants and beneficiaries. A participant's accrued liability equals the present value, at the participant's attained age, of future benefits less the present value at the participant's attained age of the individual normal costs payable in the future. A beneficiary's accrued liability equals the present value, at the beneficiary's attained age, of future benefits. The unfunded accrued liability equals the total accrued liability less the actuarial value of assets.
- (d) Under this method, the entry age used for each active participant is the participant's age at the time he or she would have commenced participation if the plan had always been in existence under current terms, or the age as of which he or she first earns service credits for purposes of benefit accrual under the current terms of the plan.

## DISCUSSION OF RISK

ASOP No. 51, Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions, states that the actuary should identify risks that, in the actuary's professional judgment, may reasonably be anticipated to significantly affect the plan's future financial condition.

Throughout this report, actuarial results are determined under various assumption scenarios. These results are based on the premise that all future plan experience will align with the plan's actuarial assumptions; however, there is no guarantee that actual plan experience will align with the plan's assumptions. It is possible that actual plan experience will differ from anticipated experience in an unfavorable manner that will negatively impact the plan's funded position.

Below are examples of ways in which plan experience can deviate from assumptions and the potential impact of that deviation. Typically, this results in an actuarial gain or loss representing the current-year financial impact on the plan's unfunded liability of the experience differing from assumptions; this gain or loss is amortized over a period of time determined by the plan's amortization method. When assumptions are selected that adequately reflect plan experience, gains and losses typically offset one another in the long term, resulting in a relatively low impact on the plan's contribution requirements associated with plan experience. When assumptions are too optimistic, losses can accumulate over time and the plan's amortization payment could potentially grow to an unmanageable level.

- Investment Return: When the rate of return on the Actuarial Value of Assets falls short of the assumption, this produces a loss representing assumed investment earnings that were not realized. Further, it is unlikely that the plan will experience a scenario that matches the assumed return in each year as capital markets can be volatile from year to year. Therefore, contribution amounts can vary in the future.
- Salary Increases: When a plan participant experiences a salary increase that was greater than assumed, this produces a loss representing the cost of an increase in anticipated plan benefits for the participant as compared to the previous year. The total gain or loss associated with salary increases for the plan is the sum of salary gains and losses for all active participants.
- Payroll Growth: The plan's payroll growth assumption, if one is used, causes a predictable annual increase in the plan's amortization payment in order to produce an amortization payment that remains constant as a percentage of payroll if all assumptions are realized. If payroll does not increase according to the plan's payroll growth assumption, the plan's amortization payment can increase significantly as a percentage of payroll even if all assumptions other than the payroll growth assumption are realized.
- Demographic Assumptions: Actuarial results take into account various potential events that could happen to a plan participant, such as retirement, termination, disability, and death. Each of these potential events is assigned a liability based on the likelihood of the event and the financial consequence of the event for the plan. Accordingly, actuarial liabilities reflect a blend of financial consequences associated with various possible outcomes (such as retirement at one of various possible ages). Once the outcome is known (e.g. the participant retires) the liability is adjusted to reflect the known outcome. This adjustment produces a gain or loss depending on whether the outcome was more or less favorable than other outcomes that could have occurred.

- **Contribution Risk:** This risk results from the potential that actual employer contributions may deviate from actuarially determined contributions, which are determined in accordance with the Board’s funding policy. The funding policy is intended to result in contribution requirements that if paid when due, will result in a reasonable expectation that assets will accumulate to be sufficient to pay plan benefits when due. Contribution deficits, particularly large deficits and those that occur repeatedly, increase future contribution requirements and put the plan at risk for not being able to pay plan benefits when due.

Impact of Plan Maturity on Risk

For newer pension plans, most of the participants and associated liabilities are related to active members who have not yet reached retirement age. As pension plans continue in operation and active members reach retirement ages, liabilities begin to shift from being primarily related to active members to being shared amongst active and retired members. Plan maturity is a measure of the extent to which this shift has occurred. It is important to understand that plan maturity can have an impact on risk tolerance and the overall risk characteristics of the plan. For example, plans with a large amount of retired liability do not have as long of a time horizon to recover from losses (such as losses on investments due to lower than expected investment returns) as plans where the majority of the liability is attributable to active members. For this reason, less tolerance for investment risk may be warranted for highly mature plans with a substantial inactive liability. Similarly, mature plans paying substantial retirement benefits resulting in a small positive or net negative cash flow can be more sensitive to near term investment volatility, particularly if the size of the fund is shrinking, which can result in less assets being available for investment in the market.

To assist with determining the maturity of the plan, we have provided some relevant metrics in the table following titled “Plan Maturity Measures and Other Risk Metrics”. Highlights of this information are discussed below:

- The Support Ratio, determined as the ratio of active to inactive members, has increased from 133.3% on May 1, 2016 to 140.0% on May 1, 2019, indicating that the plan has experienced a growth in active population.
- The Accrued Liability Ratio, determined as the ratio of the Inactive Accrued Liability, which is the liability associated with members who are no longer employed but are due a benefit from the plan, to the Total Accrued Liability, is 67.3%. With a plan of this maturity, losses due to lower than expected investment returns or demographic factors will need to be made up for over a shorter time horizon than would be needed for a less mature plan.
- The Funded Ratio, determined as the ratio of the Actuarial Value of Assets to the Total Accrued Liability, has stayed approximately the same from May 1, 2016 to May 1, 2019.
- The Net Cash Flow Ratio, determined as the ratio of the Net Cash Flow (contributions minus benefit payments and administrative expenses) to the Market Value of Assets, stayed approximately the same from May 1, 2016 to May 1, 2019. The current Net Cash Flow Ratio of 1.0% indicates that contributions are currently covering the plan's benefit payments and administrative expenses, but not by an amount that will significantly grow the assets to keep up with the liabilities.

It is important to note that the actuary has identified the risks above as the most significant risks based on the characteristics of the plan and the nature of the project, however, it is not an exhaustive list of potential risks that could be considered. Additional advanced modeling, as well as the identification of additional risks, can be provided at the request of the audience addressed on page 2 of this report.

PLAN MATURITY MEASURES AND OTHER RISK METRICS

	<u>5/1/2016</u>	<u>5/1/2017</u>	<u>5/1/2018</u>	<u>5/1/2019</u>
<u>Support Ratio</u>				
Total Actives	20	20	20	21
Total Inactives	15	15	15	15
Actives / Inactives	133.3%	133.3%	133.3%	140.0%
 <u>Asset Volatility Ratio</u>				
Market Value of Assets (MVA)	6,631,611	7,205,268	7,647,347	8,075,755
Total Annual Payroll	1,268,296	1,336,695	1,369,110	1,473,074
MVA / Total Annual Payroll	522.9%	539.0%	558.6%	548.2%
 <u>Accrued Liability (AL) Ratio</u>				
Inactive Accrued Liability	8,993,920	9,092,009	8,984,847	9,477,819
Total Accrued Liability	12,015,682	12,695,709	12,846,189	14,081,940
Inactive AL / Total AL	74.9%	71.6%	69.9%	67.3%
 <u>Funded Ratio</u>				
Actuarial Value of Assets (AVA)	7,176,906	7,548,916	7,923,297	8,350,414
Total Accrued Liability	12,015,682	12,695,709	12,846,189	14,081,940
AVA / Total Accrued Liability	59.7%	59.5%	61.7%	59.3%
 <u>Net Cash Flow Ratio</u>				
Net Cash Flow <sup>1</sup>	4,936	69,525	39,025	81,607
Market Value of Assets (MVA)	6,631,611	7,205,268	7,647,347	8,075,755
Ratio	0.1%	1.0%	0.5%	1.0%

<sup>1</sup> Determined as total contributions minus benefit payments and administrative expenses.



STATEMENT OF FIDUCIARY NET POSITION  
April 30, 2019

<u>ASSETS</u>	MARKET VALUE
<b>Cash and Cash Equivalents:</b>	
Certificates of Deposit	1,533,476
Money Market	507,845
Cash	7,882
<b>Total Cash and Equivalents</b>	<b>2,049,203</b>
<b>Receivables:</b>	
From City	540,961
Accrued Past Due Interest	17,253
<b>Total Receivable</b>	<b>558,214</b>
<b>Investments:</b>	
Corporate Bonds	1,825,410
U.S. Gov't and Agency Obligations	343,612
Mutual Funds	3,301,584
<b>Total Investments</b>	<b>5,470,606</b>
<b>Total Assets</b>	<b>8,078,023</b>
 <u>LIABILITIES</u>	
<b>Liabilities:</b>	
<b>Payable:</b>	
Accounts Payable	2,268
<b>Total Liabilities</b>	<b>2,268</b>
<b>Net Assets:</b>	
Active and Retired Members' Equity	8,075,755
<b>NET POSITION RESTRICTED FOR PENSIONS</b>	<b>8,075,755</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>8,078,023</b>

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FOR THE YEAR ENDED April 30, 2019  
 Market Value Basis

ADDITIONS

Contributions:

Member	142,419
Miscellaneous Member Revenue	5,053
City	553,041

Total Contributions 700,513

Investment Income:

Miscellaneous Income	1,022	
Net Realized Gain (Loss)	131,983	
Unrealized Gain (Loss)	(18,636)	
Net Increase in Fair Value of Investments		114,369
Interest & Dividends		250,114
Less Investment Expense <sup>1</sup>		(22,735)

Net Investment Income 341,748

Total Additions 1,042,261

DEDUCTIONS

Distributions to Members:

Benefit Payments	606,049
Refund of Contributions/Transfers	0

Total Distributions 606,049

Administrative Expenses 7,804

Total Deductions 613,853

Net Increase in Net Position 428,408

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year 7,647,347

End of the Year 8,075,755

<sup>1</sup> Investment Related expenses include investment advisory, custodial and performance monitoring fees.

ACTUARIAL ASSET VALUATION

April 30, 2019

Actuarial Assets for funding purposes are developed by recognizing the total actuarial investment gain or loss for each Plan Year over a five year period. In the first year, 20% of the gain or loss is recognized. In the second year 40%, in the third year 60%, in the fourth year 80%, and in the fifth year 100% of the gain or loss is recognized. The actuarial investment gain or loss is defined as the actual return on investments minus the actuarial assumed investment return. Actuarial Assets shall not be less than 80% nor greater than 120% of the Market Value of Assets.

Plan Year Ending	Gain/(Loss)	Gains/(Losses) Not Yet Recognized				
		Amounts Not Yet Recognized by Valuation Year				
		2019	2020	2021	2022	2023
4/30/2016	(518,254)	(103,651)	0	0	0	0
4/30/2017	54,152	21,661	10,830	0	0	0
4/30/2018	(84,619)	(50,771)	(33,848)	(16,924)	0	0
4/30/2019	(177,373)	(141,898)	(106,424)	(70,949)	(35,475)	0
Total		(274,659)	(129,442)	(87,873)	(35,475)	0

Development of Investment Gain/Loss

Market Value of Assets, 4/30/2018	7,647,347
Contributions Less Benefit Payments & Administrative Expenses	86,660
Expected Investment Earnings <sup>1</sup>	519,121
Actual Net Investment Earnings	341,748
2019 Actuarial Investment Gain/(Loss)	<u>(177,373)</u>

<sup>1</sup> Expected Investment Earnings = 6.75% x (7,647,347 + 0.5 x 86,660)

Development of Actuarial Value of Assets

Market Value of Assets, 4/30/2019	8,075,755
(Gains)/Losses Not Yet Recognized	<u>274,659</u>
Actuarial Value of Assets, 4/30/2019	8,350,414
(A) 4/30/2018 Actuarial Assets:	7,923,297
(I) Net Investment Income:	
1. Interest and Dividends	251,136
2. Realized Gains (Losses)	131,983
3. Change in Actuarial Value	(19,927)
4. Investment Expenses	<u>(22,735)</u>
Total	340,457
(B) 4/30/2019 Actuarial Assets:	8,350,414
Actuarial Asset Rate of Return = (2 x I) / (A + B - I):	4.27%
Market Value of Assets Rate of Return:	4.44%
4/30/2019 Limited Actuarial Assets:	8,350,414
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)	(197,290)

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS  
 April 30, 2019  
 Actuarial Asset Basis

INCOME		
Contributions:		
Member	142,419	
Miscellaneous Member Revenue	5,053	
City	553,041	
Total Contributions		700,513
Earnings from Investments		
Interest & Dividends	250,114	
Miscellaneous Income	1,022	
Net Realized Gain (Loss)	131,983	
Change in Actuarial Value	(19,927)	
Total Earnings and Investment Gains		363,192
EXPENSES		
Administrative Expenses:		
Investment Related <sup>1</sup>	22,735	
Other	7,804	
Total Administrative Expenses		30,539
Distributions to Members:		
Benefit Payments	606,049	
Refund of Contributions/Transfers	0	
Total Distributions		606,049
Change in Net Assets for the Year		427,117
Net Assets Beginning of the Year		7,923,297
Net Assets End of the Year <sup>2</sup>		8,350,414

<sup>1</sup> Investment Related expenses include investment advisory, custodial and performance monitoring fees.

<sup>2</sup> Net Assets may be limited for actuarial consideration.

STATISTICAL DATA

	<u>5/1/2016</u>	<u>5/1/2017</u>	<u>5/1/2018</u>	<u>5/1/2019</u>
<u>Actives - Tier 1</u>				
Number	11	11	10	10
Average Current Age	38.0	39.0	40.6	41.6
Average Age at Employment	27.9	27.9	28.3	28.3
Average Past Service	10.1	11.1	12.3	13.3
Average Annual Salary	\$67,950	\$71,201	\$73,982	\$75,331
<u>Actives - Tier 2</u>				
Number	9	9	10	11
Average Current Age	33.0	34.0	33.9	34.2
Average Age at Employment	30.9	30.9	30.2	29.9
Average Past Service	2.1	3.1	3.7	4.3
Average Annual Salary	\$57,872	\$61,498	\$62,929	\$65,433
<u>Service Retirees</u>				
Number	10	10	10	10
Average Current Age	61.9	62.9	63.9	64.9
Average Annual Benefit	\$49,831	\$50,974	\$52,148	\$54,727
<u>Beneficiaries</u>				
Number	1	1	1	1
Average Current Age	75.5	76.5	77.5	78.5
Average Annual Benefit	\$35,587	\$35,587	\$35,587	\$35,587
<u>Disability Retirees</u>				
Number	1	1	1	1
Average Current Age	65.2	66.2	67.2	68.2
Average Annual Benefit	\$32,778	\$33,330	\$33,882	\$34,435
<u>Terminated Vested</u>				
Number	3	3	3	3
Average Current Age	30.7	31.7	32.7	33.7
Average Annual Benefit <sup>1</sup>	N/A	N/A	N/A	N/A

<sup>1</sup> Average Annual Benefit for Terminated Vested members reflects the benefit for members entitled to a future annual benefit from the plan.

AGE AND SERVICE DISTRIBUTION

PAST SERVICE

AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	0	0	0	0	0	0	0	0	0	0	0	0
25 - 29	1	1	0	0	0	0	0	0	0	0	0	2
30 - 34	0	0	0	1	0	6	1	0	0	0	0	8
35 - 39	0	0	0	1	0	1	1	0	0	0	0	3
40 - 44	0	0	0	0	2	1	1	0	0	0	0	4
45 - 49	0	0	0	0	0	0	0	2	1	0	0	3
50 - 54	0	0	0	0	0	0	0	0	0	0	0	0
55 - 59	0	0	0	0	0	0	0	0	1	0	0	1
60 - 64	0	0	0	0	0	0	0	0	0	0	0	0
65+	0	0	0	0	0	0	0	0	0	0	0	0
Total	1	1	0	2	2	8	3	2	2	0	0	21

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 5/1/2018	20
b. Terminations	
i. Vested (partial or full) with deferred benefits	0
ii. Non-vested or full lump sum distribution received	0
iii. Transferred service to other fund	0
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	<u>0</u>
f. Continuing participants	20
g. New entrants	<u>1</u>
h. Total active life participants in valuation	21

2. Non-Active lives (including beneficiaries receiving benefits)

	Service Retirees, Vested Receiving <u>Benefits</u>	Receiving Death <u>Benefits</u>	Receiving Disability <u>Benefits</u>	Vested <u>Deferred</u>	<u>Total</u>
a. Number prior valuation	10	1	1	3	15
Retired	0	0	0	0	0
Vested Deferred	0	0	0	0	0
Death, With Survivor	0	0	0	0	0
Death, No Survivor	0	0	0	0	0
Disabled	0	0	0	0	0
Refund of Contributions	0	0	0	0	0
Rehires	0	0	0	0	0
Expired Annuities	0	0	0	0	0
Data Corrections	0	0	0	0	0
Hired/Termed in Same Year	0	0	0	0	0
b. Number current valuation	10	1	1	3	15

## SUMMARY OF CURRENT PLAN

### Article 3 Pension Fund

The Plan is established and administered as prescribed by “Article 3. Police Pension Fund – Municipalities 500,000 and Under” of the Illinois Pension Code.

### Plan Administration

The Plan is a single employer defined benefit pension plan administered by a Board of Trustees comprised of:

- a.) Two members appointed by the Municipality,
- b.) Two active Members of the Police Department elected by the Membership, and
- c.) One retired Member of the Police Department elected by the Membership.

### Credited Service

Complete years of service as a sworn police officer employed by the Municipality.

### Normal Retirement

Date

**Tier 1:** Age 50 and 20 years of Credited Service.

**Tier 2:** Age 55 with 10 years of Credited Service.

Benefit

**Tier 1:** 50% of annual salary attached to rank on last day of service plus 2.50% of annual salary for each year of service over 20 years, up to a maximum of 75% of salary. The minimum monthly benefit is \$1,000 per month.

**Tier 2:** 2.50% per year of service times the average salary for the eight consecutive years prior to retirement times the number of years of service, up to a maximum of 75% of average salary. The minimum monthly benefit is \$1,000 per month.

Form of Benefit

**Tier 1:** For married retirees, an annuity payable for the life of the Member; upon the death of the member, 100% of the Member’s benefit payable to the spouse until death. For unmarried retirees, the normal form is a Single Life Annuity.

**Tier 2:** Same as above, but with 66 2/3% of benefit continued to spouse.

### Early Retirement

Date

**Tier 1:** Age 60 and 8 years of Credited Service.

**Tier 2:** Age 50 with 10 years of Credited Service.

Benefit

**Tier 1:** Normal Retirement benefit with no minimum.

**Tier 2:** Normal Retirement benefit, reduced 6% each year before age 55, with no minimum benefit.

Form of Benefit

Same as Normal Retirement.



Disability Benefit

Eligibility Total and permanent as determined by the Board of Trustees.

Benefit Amount A maximum of:

- a.) 65% of salary attached to the rank held by Member on last day of service, and;
- b.) The monthly retirement pension that the Member is entitled to receive if he or she retired immediately.

For non-service connected disabilities, a benefit of 50% of salary attached to rank held by Member on last day of service.

Cost-of-Living Adjustment

**Tier 1:**

*Retirees:* An annual increase equal to 3.00% per year after age 55. Those that retire prior to age 55 receive an increase of 1/12 of 3.00% for each full month since benefit commencement upon reaching age 55.

*Disabled Retirees:* An annual increase equal to 3.00% per year of the original benefit amount beginning at age 60. Those that become disabled prior to age 60 receive an increase of 3.00% of the original benefit amount for each year since benefit commencement upon reaching age 60.

**Tier 2:** An annual increase each January 1 equal to 3.00% per year or one-half of the annual unadjusted percentage increase in the consumer price index-u for the 12 months ending with the September preceding each November 1, whichever is less, of the original pension after the attainment of age 60 or first anniversary of pension start date whichever is later.

Pre-Retirement Death Benefit

Service Incurred 100% of salary attached to rank held by Member on last day of service.

Non-Service Incurred A maximum of:

- a.) 50% of salary attached to the rank held by Member on last day of service, and;
- b.) The monthly retirement pension earned by the deceased Member at the time of death, regardless of whether death occurs before or after age 50.

For non-service deaths with less than 10 years of service, a refund of member contributions is provided.

Vesting (Termination)

Vesting Service Requirement	<b>Tier 1:</b> 8 years. <b>Tier 2:</b> 10 years.
Non-Vested Benefit	Refund of Member Contributions.
Vested Benefit	Either the termination benefit, payable upon reaching age 60 (55 for Tier 2), provided contributions are not withdrawn, or a refund of member contributions. The termination benefit is 2.50% of annual salary held in the year prior to termination (8-year final average salary for Tier 2) times creditable service.

Contributions

Employee	9.91% of Salary.
Municipality	Remaining amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability.

SUMMARY OF PARTICIPANT DATA

Plan Membership:

	<u>5/1/2019</u>	<u>5/1/2018</u>
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	12	12
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	3	3
Active Plan Members	<u>21</u>	<u>20</u>
Total	36	35
Covered Payroll	\$1,473,074	\$1,369,110

## SCHEDULE OF CHANGES IN NET PENSION LIABILITY

GASB 68 Reporting Period Ending Measurement Date	04/30/2020 04/30/2019	04/30/2019 04/30/2018
Total Pension Liability		
Service Cost	322,692	342,439
Interest	860,298	850,614
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	167,797	(299,557)
Changes of Assumptions	467,158	(107,650)
Contributions - Buy Back	5,053	-
Benefit Payments, Including Refunds of Employee Contributions	(606,049)	(639,208)
Net Change in Total Pension Liability	1,216,949	146,638
Total Pension Liability - Beginning	12,725,495	12,578,857
Total Pension Liability - Ending (a)	\$ 13,942,444	\$ 12,725,495
Plan Fiduciary Net Position		
Contributions - Employer	553,041	551,778
Contributions - Employee	142,419	135,723
Contributions - Buy Back	5,053	-
Net Investment Income	341,748	403,054
Benefit Payments, Including Refunds of Employee Contributions	(606,049)	(639,208)
Administrative Expense	(7,804)	(9,268)
Net Change in Plan Fiduciary Net Position	428,408	442,079
Plan Fiduciary Net Position - Beginning	7,647,347	7,205,268
Plan Fiduciary Net Position - Ending (b)	\$ 8,075,755	\$ 7,647,347
Net Pension Liability - Ending (a) - (b)	\$ 5,866,689	\$ 5,078,148
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	57.92%	60.09%
Covered Payroll	\$ 1,473,074	\$ 1,369,110
Net Pension Liability as a Percentage of Covered Payroll	398.26%	370.91%

Changes reflected in April 30, 2019 results:

The results reflect the assumption changes noted in the assumptions section of the report.

STATEMENT OF CHANGES IN NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Reporting Period Ending April 30, 2019	\$ 12,725,495	\$ 7,647,347	\$ 5,078,148
Changes for a Year:			
Service Cost	322,692	-	322,692
Interest	860,298	-	860,298
Differences Between Expected and Actual Experience	167,797	-	167,797
Changes of Assumptions	467,158	-	467,158
Changes of Benefit Terms	-	-	-
Contributions - Employer	-	553,041	(553,041)
Contributions - Employee	-	142,419	(142,419)
Contributions - Buy Back	5,053	5,053	-
Net Investment Income	-	341,748	(341,748)
Benefit Payments, Including Refunds of Employee Contributions	(606,049)	(606,049)	-
Administrative Expense	-	(7,804)	7,804
Net Changes	1,216,949	428,408	788,541
Reporting Period Ending April 30, 2020	\$ 13,942,444	\$ 8,075,755	\$ 5,866,689

*Sensitivity of Net Pension Liability to changes in the Discount Rate:*

	Current Discount		
	1% Decrease	Rate	1% Increase
	5.75%	6.75%	7.75%
Sponsor's Net Pension Liability	\$ 7,939,695	\$ 5,866,689	\$ 4,184,961

*Pension Plan Fiduciary Net Position*

Detailed information about the Pension Plan's Fiduciary Net Position is available in a separately issued Plan financial report.

GASB 68

FINAL PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS  
YEAR-END APRIL 30, 2019

For the year ended April 30, 2019, the Sponsor will recognize a pension expense of \$718,668. On April 30, 2019, the Sponsor reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	74,274	320,197
Changes of assumptions	400,687	94,192
Net difference between projected and actual earnings on pension plan investments	242,508	0
Employer contributions after the measurement date	553,041	0
Total	\$1,270,510	\$414,389

The outcome of the Deferred Outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date has been recognized as a reduction of the Net Pension Liability in the year ended 4/30/2019.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year-ended April 30:	
2020	\$139,743
2021	\$139,743
2022	\$36,093
2023	\$46,924
2024	\$30,000
Thereafter	(\$89,423)

GASB 68

PRELIMINARY PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED  
 INFLOWS OF RESOURCES RELATED TO PENSIONS  
 YEAR-END APRIL 30, 2020

For the year ended April 30, 2020, the Sponsor will recognize a pension expense of \$783,835. On April 30, 2020, the Sponsor reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	208,720	271,135
Changes of assumptions	729,315	80,736
Net difference between projected and actual earnings on pension plan investments	274,663	0
Employer contributions after the measurement date	TBD	0
<b>Total</b>	<b>TBD</b>	<b>\$351,871</b>

The outcome of the Deferred Outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended 4/30/2020.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year-ended April 30:

2021	\$254,588
2022	\$150,938
2023	\$161,769
2024	\$144,845
2025	\$40,848
Thereafter	\$107,839

GASB 68

FINAL COMPONENTS OF PENSION EXPENSE  
YEAR-END APRIL 30, 2019

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning Balance	\$ 5,373,589	\$ 113,019	\$ 1,430,208	
Employer Contributions made after April 30, 2018	-	-	553,041	-
Total Pension Liability Factors:				
Service Cost	342,439	-	-	342,439
Interest	850,614	-	-	850,614
Changes in Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience With Regard to Economic or Demographic Assumptions	(299,557)	299,557	-	-
Current Year Amortization	-	(49,059)	(12,379)	(36,680)
Changes in Assumptions About Future Economic or Demographic Factors or Other Inputs	(107,650)	107,650	-	-
Current Year Amortization	-	(13,458)	(80,137)	66,679
Benefit Payments, Including Refunds of Employee Contributions	(639,208)	-	-	-
Net Change	<u>146,638</u>	<u>344,690</u>	<u>460,525</u>	<u>1,223,052</u>
Plan Fiduciary Net Position:				
Contributions - Employer	551,778	-	(551,778)	-
Contributions - Employee	135,723	-	-	(135,723)
Contributions - Buy Back	-	-	-	-
Projected Net Investment Income	487,673	-	-	(487,673)
Difference Between Projected and Actual Earnings on Pension Plan Investments	(84,619)	-	84,619	-
Current Year Amortization	-	(10,830)	(120,574)	109,744
Benefit Payments, Including Refunds of Employee Contributions	(639,208)	-	-	-
Administrative Expenses	(9,268)	-	-	9,268
Other	-	-	-	-
Net Change	<u>442,079</u>	<u>(10,830)</u>	<u>(587,733)</u>	<u>(504,384)</u>
Ending Balance	<u>\$ 5,078,148</u>	<u>\$ 446,879</u>	<u>\$ 1,303,000</u>	<u>\$ 718,668</u>



PRELIMINARY COMPONENTS OF PENSION EXPENSE  
YEAR-END APRIL 30, 2020

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning Balance	\$ 5,078,148	\$ 446,879	\$ 1,303,000	
Employer Contributions made after April 30, 2019	-	-	TBD <sup>1</sup>	-
Total Pension Liability Factors:				
Service Cost	322,692	-	-	322,692
Interest	860,298	-	-	860,298
Changes in Benefit Terms	-	-	-	-
Contributions - Buy Back	5,053	-	-	5,053
Differences Between Expected and Actual Experience With Regard to Economic or Demographic Assumptions				
Current Year Amortization	-	(49,062)	(33,351)	(15,711)
Changes in Assumptions About Future Economic or Demographic Factors or Other Inputs				
Current Year Amortization	-	(13,456)	(138,530)	125,074
Benefit Payments, Including Refunds of Employee Contributions	(606,049)	-	-	-
Net Change	1,216,949	(62,518)	463,074	1,297,406
Plan Fiduciary Net Position:				
Contributions - Employer	553,041	-	(553,041)	-
Contributions - Employee	142,419	-	-	(142,419)
Contributions - Buy Back	5,053	-	-	(5,053)
Projected Net Investment Income	519,121	-	-	(519,121)
Difference Between Projected and Actual Earnings on Pension Plan Investments				
Current Year Amortization	-	(10,830)	(156,048)	145,218
Benefit Payments, Including Refunds of Employee Contributions	(606,049)	-	-	-
Administrative Expenses	(7,804)	-	-	7,804
Other	-	-	-	-
Net Change	428,408	(10,830)	(531,716)	(513,571)
Ending Balance	\$ 5,866,689	\$ 373,531	TBD	\$ 783,835

<sup>1</sup> Employer contributions made after the April 30, 2019 measurement date, but before April 30, 2020 need to be added.

AMORTIZATION SCHEDULE – EXPERIENCE

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Differences between Expected and Actual Experience

Year Base Established	Differences Between Expected and Actual Experience	Recognition Period (Years)	2020	2021	2022	2023	2024	2025	2026	2027
2019	\$ 167,797	8	\$ 20,972	\$ 20,975	\$ 20,975	\$ 20,975	\$ 20,975	\$ 20,975	\$ 20,975	\$ 20,975
2018	\$ (299,557)	8	\$ (37,445)	\$ (37,445)	\$ (37,445)	\$ (37,445)	\$ (37,445)	\$ (37,445)	\$ (37,445)	\$ -
2017	\$ 99,029	8	\$ 12,379	\$ 12,379	\$ 12,379	\$ 12,379	\$ 12,379	\$ 12,379	\$ -	\$ -
2016	\$ (92,933)	8	\$ (11,617)	\$ (11,617)	\$ (11,616)	\$ (11,616)	\$ (11,616)	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			(15,711)	(15,708)	(15,707)	(15,707)	(15,707)	(4,091)	(16,470)	\$ 20,975

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AMORTIZATION SCHEDULE – CHANGES OF ASSUMPTIONS

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Changes of Assumptions

Year Base Established	Effects of Changes in Assumptions	Recognition Period (Years)	2020	2021	2022	2023	2024	2025	2026	2027
2019	\$ 467,158	8	\$ 58,393	\$ 58,395	\$ 58,395	\$ 58,395	\$ 58,395	\$ 58,395	\$ 58,395	\$ 58,395
2018	\$ (107,650)	8	\$ (13,456)	\$ (13,456)	\$ (13,456)	\$ (13,456)	\$ (13,456)	\$ (13,456)	\$ (13,456)	\$ -
2016	\$ 641,098	8	\$ 80,137	\$ 80,137	\$ 80,137	\$ 80,138	\$ 80,138	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 125,074	\$ 125,076	\$ 125,076	\$ 125,077	\$ 125,077	\$ 44,939	\$ 44,939	\$ 58,395

AMORTIZATION SCHEDULE – INVESTMENTS

Increase (Decrease) in Pension Expense Arising from the Recognition of the Differences  
Between Projected and Actual Earnings on Pension Plan Investments

Year Base Established	Differences Between Projected and Actual Earnings	Recognition Period (Years)	2020	2021	2022	2023	2024	2025
2019	\$ 177,373	5	\$ 35,473	\$ 35,475	\$ 35,475	\$ 35,475	\$ 35,475	\$ -
2018	\$ 84,619	5	\$ 16,924	\$ 16,924	\$ 16,924	\$ 16,924	\$ -	\$ -
2017	\$ (54,152)	5	\$ (10,830)	\$ (10,830)	\$ (10,830)	\$ -	\$ -	\$ -
2016	\$ 518,254	5	\$ 103,651	\$ 103,651	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 145,218	\$ 145,220	\$ 41,569	\$ 52,399	\$ 35,475	\$ -

SCHEDULE OF CONTRIBUTIONS

Plan Year-End	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
04/30/2019	550,691	553,041	(2,350)	1,473,074	37.54%
04/30/2018	513,651	551,778	(38,127)	1,369,110	40.30%

The following assumptions were used to determine the Actuarially Determined Contribution as of May 1, 2017:

Calculation Timing	The Actuarially Determined Contribution is calculated as of May 1 two years prior to the year in which contributions are reported.
Interest Rate	6.75%
Mortality Rate	<p><i>Healthy Lives:</i> RP-2000 Combined Healthy Mortality with a blue collar adjustment, projected to the valuation date with Scale BB.</p> <p><i>Disabled Lives:</i> RP-2000 Disabled Retiree Mortality, projected to the valuation date with Scale BB.</p>
Assumptions	All other assumptions and methods used for determining the Actuarially Determined Contribution can be found in the May 1, 2017 Actuarial Valuation Report for the City of Washington Police Pension Fund prepared by Foster & Foster.

SCHEDULE OF INVESTMENT RETURNS

For the year ended April 30, 2019, the annual money-weighted return on Pension Plan investments, net of pension plan investment expense, was 5.82 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Plan Year-End	Annual Money-Weighted Rate of Return Net of Investment Expense
04/30/2019	5.82%
04/30/2018	3.81%

ASSUMPTIONS – TOTAL PENSION LIABILITY

The valuation reflects the following assumption changes :

- The mortality rates were updated to reflect the PubS-2010 tables.

The following assumptions were used to determine the Net Pension Liability:

Valuation Date	May 1, 2019
Measurement Date	April 30, 2019
GASB 68 Expense Measurement Period	May 1, 2019 - April 30, 2019
Reporting Period	May 1, 2019 - April 30, 2020
Discount Rate	6.75%
Mortality Rate	<p><b>Active Lives:</b>                      PubS-2010 Employee mortality, projected 5 years past the valuation date with Scale MP-2018. 10% of active deaths are assumed to be in the line of duty.</p> <p><b>Inactive Lives:</b>                      PubS-2010 Healthy Retiree mortality, projected 5 years past the valuation date with Scale MP-2018.</p> <p><b>Beneficiaries:</b>                      PubS-2010 Survivor mortality, projected 5 years past the valuation date with Scale MP-2018.</p> <p><b>Disabled Lives:</b>                      PubS-2010 Disabled mortality, projected 5 years past the valuation date with Scale MP-2018.</p> <p>The mortality assumptions sufficiently accommodate anticipated future mortality improvements.</p>
Retirement Age	See table later in this section. This is based on a 2017 experience study performed for the State of Illinois Department of Insurance.
Disability Rate	See table later in this section. 60% of the disabilities are assumed to be in the line of duty. This is based on a 2017 experience study performed for the State of Illinois Department of Insurance.
Termination Rate	See table later in this section. This is based on a 2017 experience study performed for the State of Illinois Department of Insurance.
Inflation	2.50%.

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Cost-of-Living Adjustment

Tier 1: 3.00% per year after age 55. Those that retire prior to age 55 receive an increase of 1/12 of 3.00% for each full month since benefit commencement upon reaching age 55.

Tier 2: 1.25% per year after the later of attainment of age 60 or first anniversary of retirement.

Salary Increases

See table below. This is based on a 2017 experience study performed for the State of Illinois Department of Insurance.

Salary Scale	
Service	Rate
0	11.00%
1	10.75%
2	8.75%
3	8.50%
4	7.00%
5	6.25%
6	5.25%
7	4.25%
8 - 16	4.00%
17 - 32	3.75%
32+	3.50%

Marital Status

80% of Members are assumed to be married.

Spouse's Age

Males are assumed to be three years older than females.

Method

Entry Age Normal Cost Method.

Decrement Tables

% Terminating During the Year		% Becoming Disabled During the Year		% Retiring During the Year (Tier 1)		% Retiring During the Year (Tier 2)	
Age	Rate	Age	Rate	Age	Rate	Age	Rate
20	14.00%	20	0.000%	50 - 51	15%	50 - 54	5%
25	10.40%	25	0.030%	52 - 54	20%	55	40%
30	5.60%	30	0.140%	55 - 64	25%	56 - 64	25%
35	3.10%	35	0.260%	65 - 69	40%	65 - 69	40%
40	1.90%	40	0.420%	70+	100%	70+	100%
45	1.50%	45	0.590%				
50	1.50%	50	0.710%				
56+	0.00%	55	0.900%				
		60	1.150%				





SUMMARY OF CURRENT PLAN

Article 3 Pension Fund

The Plan is established and administered as prescribed by “Article 3. Police Pension Fund – Municipalities 500,000 and Under” of the Illinois Pension Code.

Plan Administration

The Plan is a single employer defined benefit pension plan administered by a Board of Trustees comprised of:

- a.) Two members appointed by the Municipality,
- b.) Two active Members of the Police Department elected by the Membership, and
- c.) One retired Member of the Police Department elected by the Membership.

Credited Service

Complete years of service as a sworn police officer employed by the Municipality.

Normal Retirement

Date

**Tier 1:** Age 50 and 20 years of Credited Service.  
**Tier 2:** Age 55 with 10 years of Credited Service.

Benefit

**Tier 1:** 50% of annual salary attached to rank on last day of service plus 2.50% of annual salary for each year of service over 20 years, up to a maximum of 75% of salary. The minimum monthly benefit is \$1,000 per month.

**Tier 2:** 2.50% per year of service times the average salary for the eight consecutive years prior to retirement times the number of years of service, up to a maximum of 75% of average salary. The minimum monthly benefit is \$1,000 per month.

Form of Benefit

**Tier 1:** For married retirees, an annuity payable for the life of the Member; upon the death of the member, 100% of the Member’s benefit payable to the spouse until death. For unmarried retirees, the normal form is a Single Life Annuity.

**Tier 2:** Same as above, but with 66 2/3% of benefit continued to spouse.

Early Retirement

Date

**Tier 1:** Age 60 and 8 years of Credited Service.  
**Tier 2:** Age 50 with 10 years of Credited Service.

Benefit

**Tier 1:** Normal Retirement benefit with no minimum.

**Tier 2:** Normal Retirement benefit, reduced 6% each year before age 55, with no minimum benefit.

Form of Benefit

Same as Normal Retirement.

# GASB 67/68

## Disability Benefit

Eligibility

Total and permanent as determined by the Board of Trustees.

Benefit Amount

A maximum of:

- a.) 65% of salary attached to the rank held by Member on last day of service, and;
- b.) The monthly retirement pension that the Member is entitled to receive if he or she retired immediately.

For non-service connected disabilities, a benefit of 50% of salary attached to rank held by Member on last day of service.

## Cost-of-Living Adjustment

### **Tier 1:**

*Retirees:* An annual increase equal to 3.00% per year after age 55. Those that retire prior to age 55 receive an increase of 1/12 of 3.00% for each full month since benefit commencement upon reaching age 55.

*Disabled Retirees:* An annual increase equal to 3.00% per year of the original benefit amount beginning at age 60. Those that become disabled prior to age 60 receive an increase of 3.00% of the original benefit amount for each year since benefit commencement upon reaching age 60.

**Tier 2:** An annual increase each January 1 equal to 3.00% per year or one-half of the annual unadjusted percentage increase in the consumer price index-u for the 12 months ending with the September preceding each November 1, whichever is less, of the original pension after the attainment of age 60 or first anniversary of pension start date whichever is later.

## Pre-Retirement Death Benefit

Service Incurred

100% of salary attached to rank held by Member on last day of service.

Non-Service Incurred

A maximum of:

- a.) 50% of salary attached to the rank held by Member on last day of service, and;
- b.) The monthly retirement pension earned by the deceased Member at the time of death, regardless of whether death occurs before or after age 50.

For non-service deaths with less than 10 years of service, a refund of member contributions is provided.

## GASB 67/68

### Vesting (Termination)

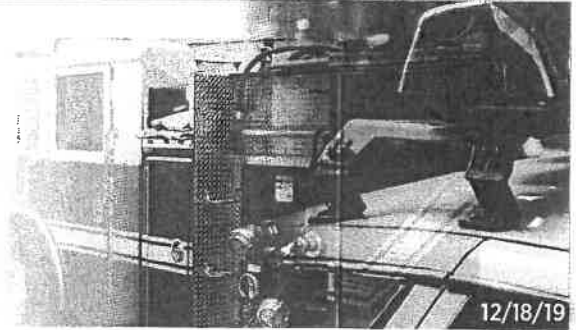
Vesting Service Requirement	<b>Tier 1:</b> 8 years. <b>Tier 2:</b> 10 years.
Non-Vested Benefit	Refund of Member Contributions.
Vested Benefit	Either the termination benefit, payable upon reaching age 60 (55 for Tier 2), provided contributions are not withdrawn, or a refund of member contributions. The termination benefit is 2.50% of annual salary held in the year prior to termination (8-year final average salary for Tier 2) times creditable service.

### Contributions

Employee	9.91% of Salary.
Municipality	Remaining amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability.

# FACT SHEET

## Downstate Public Safety Pension Consolidation



On December 18, 2019, Governor JB Pritzker signed [SB 1300](#) (Sen. Castro, D-Elgin/Rep. Hoffman, D-Swansea). The law, Public Act (P.A.) 101-0610, represents the culmination of more than a decade of work by the Illinois Municipal League (IML). The law consolidates the assets of the state's more than 650 downstate and suburban public safety pension funds into two consolidated investment funds, one for police officers (Article 3) and one for firefighters (Article 4), which will improve investment returns, eliminate unnecessary and redundant administrative costs, ensure more money is available to fund pension benefits and reduce the burden on local taxpayers.

### CONSOLIDATION INTO TWO INVESTMENT FUNDS

The law provides for the mandatory consolidation of the investment assets of Illinois' downstate and suburban police officers' and firefighters' pension funds into two new investment funds. The law will create one investment fund for police officers, the Police Officers' Pension Investment Fund, which will control an estimated \$8.7 billion in combined assets. It will also create one investment fund for firefighters, the Firefighters' Pension Investment Fund, which will control an estimated \$6.3 billion in combined assets.

Investment data shows that individual pension funds typically earned lower returns than larger statewide funds, like the Illinois Municipal Retirement Fund (IMRF). Invested together, these funds are estimated to earn as much as \$1 million more per day in returns and generate an additional \$820 million to \$2.5 billion over the first five years, and as much as \$12.7 billion over the next 20 years.

### PROHIBITION AGAINST STATE "FUND SWEEPS"

The funds are not state funds and cannot be swept by the state, nor are they affected by the state's financial situation. The investment funds will be governed by independently elected and autonomous boards of trustees. Specifically, the law requires pension fund assets of the participating pension funds to be maintained in accounts held outside the state treasury. Therefore, those assets are not subject to "fund sweeps" by the state.

### PENSION FUND ASSETS COMBINED FOR INVESTMENT ONLY

The law stipulates that assets and liabilities of local pension funds will remain under the ownership of each local pension board, meaning the financial condition of one participating pension fund, including funding levels and ratios, will have no effect on the financial condition of any other participating pension fund. The law provides that returns on investments will be paid out to each fund in proportion to their amount invested in the consolidated funds.

### AUTHORITY OF LOCAL BOARDS

#### Benefit Determinations and Training

Each of the more than 650 local pension boards will continue to manage benefit distribution and determinations, including pension disability awards. Under the law, benefit administration training requirements for the local pension boards are reduced to 16 hours in a trustee's first year and eight hours annually each subsequent year, plus a one-time training of four hours regarding the transition changes brought by P.A. 101-0610.

#### Actuarial Assumptions

Prior to the conclusion of the transition period, each downstate and suburban fund may maintain their actuarial and investment assumptions that were in effect prior to the transfer of assets.

After the conclusion of the transition period, the actuarial statements will be prepared by a qualified actuary retained by the consolidated investment funds. If a change occurs in an actuarial or investment assumption that increases or decreases the employer contribution to each fund, the law stipulates that such a change will be implemented over three years in equal annual amounts, to smooth the expense.



## TIER 2 BENEFIT CHANGES

Anticipating that Tier 2 benefits will not continue to meet the “safe harbor” standards of the Internal Revenue Code for exemption from participation in Social Security, the law makes modest adjustments to benefits for Tier 2 downstate and suburban public safety employees. These include adjusting the calculation of final average salary for retirees, resetting the pensionable salary cap and, unrelated, changing survivor benefits.

### Final Average Salary

The law provides that the final average salary for a retired police officer or firefighter shall be the greater of (i) the average monthly salary obtained by dividing the total salary of the employee during the highest 48 consecutive months of service within the last 60 months of employment; or (ii) the average monthly salary obtained by dividing the total salary of the employee during the highest 96 consecutive months of service within the last 120 months of employment.

### Pensionable Salary Cap

The law provides that the pensionable salary cap (set in 2011 at \$106,800) shall annually be increased by the lesser of (i) 3% of the pensionable salary cap, or (ii) the annual unadjusted percentage increase in the Consumer Price Index-Urban (CPI-U) for the previous 12 months. This differs from previous statute which capped the growth rate of the pensionable salary from the lesser of ½ CPI-U or 3%. The new pensionable salary cap effective in 2019 shall be \$123,617.80.

### Survivor Benefits

The law provides surviving spouse and surviving child death benefits for Tier 2 members beginning on the date of employment rather than when fully vested in the system, retroactive to January 1, 2011.

## ESTABLISHMENT OF TRANSITION AND PERMANENT BOARDS

The law provides the establishment of a transition board for each statewide investment fund, the timeline and process by which permanent boards are seated, as well as meetings of the boards.

### TRANSITION BOARD

No later than one month after the effective date, the Governor appoints, with advice and consent of the Senate, a nine member transition board for each of the two consolidated funds, which are composed as follows:

#### Police Officers' Pension Investment Fund – Transition Board

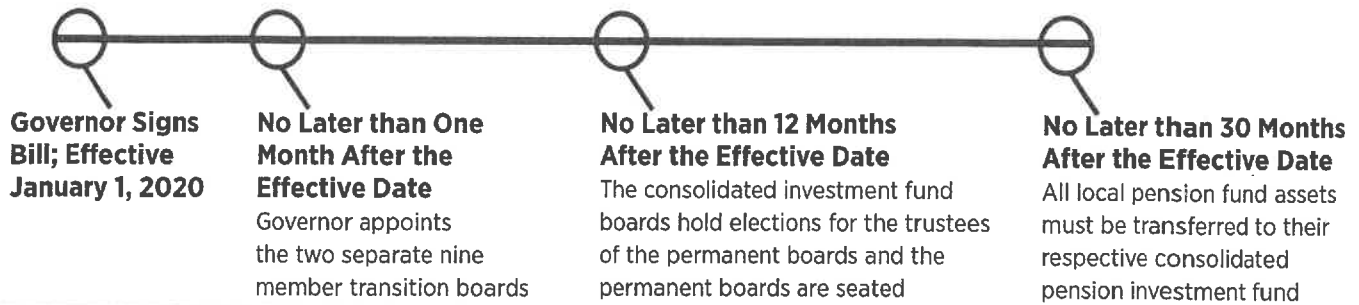
- One member is a representative of IML
- Three members representing municipalities who are mayors, chief executive officers, chief financial officers, other officers, executives or department heads of municipalities and appointed from candidates recommended by IML
- Three members representing participants (employees) and who are participants
  - Two appointed from candidates recommended by the Illinois Fraternal Order of Police (FOP)
  - One appointed from candidates recommended by the Illinois Police Benevolent and Protective Association (PBPA)
- Two members representing beneficiaries (retirees) who are beneficiaries
  - One appointed from candidates recommended by FOP
  - One appointed from candidates recommended by PBPA

#### Firefighters' Pension Investment Fund – Transition Board

- One member recommended by IML
- Three members representing municipalities and fire protection districts who are mayors, presidents, chief executive officers, chief financial officers, other officers, executives or department heads of municipalities or fire protection districts and appointed from candidates recommended by IML
- Three members representing participants (employees) who are participants and appointed from among candidates recommended by the Associated Fire Fighters of Illinois (AFFI)
- One member representing beneficiaries (retirees) who is a beneficiary and appointed from the candidates recommended by AFFI
- One member who is a participant appointed from candidates recommended by AFFI

The transition board members will serve until the initial permanent board members are elected and qualified, which shall be no longer than 12 months following the effective date.

## TIMELINE



## PERMANENT BOARD

No later than 12 months after the effective date, both consolidated pension investment boards must hold elections for the trustees of the permanent board for each respective fund. The nine member permanent board for each of the two consolidated funds is composed as follows:

### Police Officers' Pension Investment Fund – Permanent Board

- One member recommended by IML appointed by the Governor with the advice and consent of the Senate
- Three members who are mayors, presidents, chief executive officers, chief financial officers, or other officers, executives or department heads of municipalities that have participating pension funds and are elected by the mayors and presidents of municipalities that have participating pension funds
- Three members who are participants (employees) of participating pension funds and are elected by the participants of participating pension funds
- Two members who are beneficiaries (retirees) of participating pension funds and are elected by the beneficiaries of participating pension funds

### Firefighters' Pension Investment Fund – Permanent Board

- One member recommended by IML appointed by the Governor with the advice and consent of the Senate
- Three members who are mayors, presidents, chief executive officers, chief financial officers, or other officers, executives or department heads of municipalities or fire protection districts that have participating pension funds and are elected by the mayors and presidents of municipalities or fire protection districts that have participating pension funds
- Three members who are participants (employees) of participating pension funds and elected by the participants of participating pension funds
- One member who is a beneficiary (retiree) of a participating pension fund and is elected by the beneficiaries of participating pension funds
- One member recommended by AFFI appointed by the Governor with the advice and consent of the Senate

### Chairman

The chairmanship of each board will alternate between employer and employee representation. The chairman shall serve a term of two years.

### Transfer of Assets

No later than 30 months after the effective date, all local pension fund assets shall be transferred to their respective consolidated pension investment fund.

### Meetings of the Board

The transition and permanent boards shall meet at least quarterly and upon the written request of the chairman or three members.

Six members of the board shall constitute a quorum. All actions of the board shall require a vote of at least five trustees. However, six votes are required for:

- The adoption of actuarial assumptions
- The selection of the chief investment officers, fiduciary counsel or a consultant
- The adoption of rules for the conduct of election of trustees
- The adoption of asset allocation policies and investment policies

Participant (employee) board members are allowed reasonable time off with compensation by their employer for time attending board meetings.

## DEFINITIONS

### **Consolidated Funds:**

Means (i) with respect to funds established under Article 3 of the Illinois Pension Code (police officers), the Police Officers' Pension Investment Fund; and (ii) with respect to the pension funds established under Article 4 of the Pension Code (firefighters), the Firefighters' Pension Investment Fund

### **Participating Pension Fund:**

Any pension fund established pursuant to Article 3 or Article 4 of the Illinois Pension Code that has transferred securities, funds, assets, and monies, and responsibility for custody and control of those securities, funds, assets, and monies to the Consolidated Funds

### **Pension Fund Assets:**

The reserves, funds, assets, securities and monies of any transferor pension fund

### **Invest:**

To acquire, invest, reinvest, exchange or retain pension fund assets of the transferor pension funds and to sell and manage the reserves, funds, securities, monies or assets of the transferor pension fund

### **Transition Period:**

The period immediately following the effective date of this amendatory Act of the 101st General Assembly during which pension fund assets, and responsibility for custody and control of those assets, will be transferred from the transferor pension funds to the board

### **Illinois Municipal League:**

The unincorporated, nonprofit, nonpolitical association of Illinois cities, villages and incorporated towns described in Section 1-8-1 of the Illinois Municipal Code

### **Associated Fire Fighters of Illinois (AFFI):**

A statewide labor organization representing firefighters employed by at least 85 municipalities that is affiliated with the Illinois State Federation of Labor

### **Fraternal Order of Police (FOP):**

A statewide fraternal organization representing more than 20,000 active and retired Illinois police officers

### **Police Benevolent & Protective Association (PBPA):**

A benevolent association representing sworn police officers in the State of Illinois

## QUESTIONS

Questions about this law may be directed to the Illinois Department of Insurance – Public Pension Division. The Public Pension Division may be contacted at:

320 West Washington Street – 5th Floor

Springfield, IL 62767-0001

Phone: (217) 782-7542

(800) 207-6958

Fax: (217) 557-8491

Email: [doi.pension@illinois.org](mailto:doi.pension@illinois.org)

Website: <https://insurance.illinois.gov/Applications/Pension/Default.aspx>





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**WASHINGTON POLICE PENSION FUND**  
**Actuarial Valuation Report**  
 Showing Assets and Liabilities of the Fund in  
 Accordance with Actuarial Reserve Requirements  
 as of May 1, 2019

**Summary**

Accrued Liability	\$14,915,529
Actuarial Value of Assets	\$8,294,077
Unfunded Accrued Liability	\$6,621,452

Funded Ratio 56%

**Liabilities**

Reserves for Annuities and Benefits in Force

	Head Count:	Present Value:	
Retirement Annuities	10	9,525,842	
Disability Annuities	1	507,417	
Surviving Spouse Annuities	1	265,743	
Minor Dependent Annuities	0	0	
Deferred Retirement Annuities	0	0	
Handicapped Dependent Annuities	0	0	
Dependent Parent Annuities	0	0	
Terminated Liabilities	3	11,539	
Total:	15		\$10,310,541
Accrued Liabilities for Active Members	21		\$4,604,988
Total Accrued Liabilities			\$14,915,529
Total Normal Cost for Active Members			\$412,433
Total Normal Cost as a Percentage of Payroll			28%
Total Annual Payroll			\$1,473,074
Amortization of Unfunded Liabilities:			
Total Accrued Liability			\$14,915,529
90% Funded Ratio Target			\$13,423,976
Actuarial Value of Assets			\$8,294,077
Liabilities Subject to Amortization			\$5,129,899
Amortization Period			21 years
Amortization Payment, Beginning of Year			\$313,555

*Total \$725,988 - State of IL*  
*Per Actuarial Report*  
*Foster: Foster*  
*\$634,000*

This report is provided to the Board and Municipality as part of the Public Pension Division advisory services under Section 1A-106 of the Illinois Pension Code. This report should not be relied upon for purposes other than determining the current tax levy required under the Illinois Pension Code. The assumptions have been set based on expectations for all Article 3 funds in the State of Illinois. The actuarial methods are prescribed by the Illinois Pension Code and do not necessarily represent the approach recommended by either the actuary or the Department of Insurance. This report was prepared under the direct supervision of the undersigned:

Brad Lee Armstrong (Enrolled Actuary #17-5614) Deputy Director  
 Lance Weiss (Enrolled Actuary #17-2468) Public Pension Division  
 GRS Illinois Department of Insurance