

**WASHINGTON POLICE PENSION FUND**  
**Washington Police Department Training Room**  
**115 W. Jefferson, Washington, IL 61571**  
**QUARTERLY BOARD MEETING**  
**Monday, January 23, 2023 - 8:30 A.M.**

**AGENDA**

1. Call to Order
2. Review Agenda – Deletions or Additions (Discussion Items Only)
3. Approval of November 7, 2022 Quarterly Meeting Minutes and December 13, 2022 Special Meeting Minutes
4. Public comment
5. Financial Reports
8. 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>
None				

B. Investments Maturing before next quarterly meeting:

<u>Bank Name</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount</u>
Washington State Bank	2.55%	01/25/2023	\$229,965.66

- C. Ratification of Police Pension Fund Expenses (roll call vote)
  - D. Approval of Officer Joseph Dubois to the Police Pension Fund
  - E. Approval of Cash Management Policy
  - F. Approval of transfers to IPOIF and closing of MVT accounts (roll call vote)
  - G. Approval of Cash Management Policy
  - H. Designation of Freedom of Information Act (FOIA) and Open Meetings Act Officer – Valeri Brod
  - I. Acceptance of Police Pension Fund Actuarial Report
  - J. Approval of Pension Contribution Refund – Stephen Fletcher (roll call vote)
9. Discussion Items:
    - A. Training requirements and opportunities
  10. Adjournment (roll call vote)

Next meeting Monday, April 24, 2023 @ 8:30 a.m.

1. Call to Order:

*The meeting was called to order by President Mike Hillary at 8:32AM.*

Roll Call:

*Present:* Mike Hillary, Ellen Dingledine, Ryan Hunsinger, Joshua Sutter

*Absent:* Jim Fussner

*Also Present:* Finance Director Joanie Baxter, Accountant Jeanette Glueck, John Mitchell – Mitchell, Vaught & Taylor

2. Review Agenda – Deletions or Additions to Discussion Items Only – None

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3. Review of Actuarial Recommendations – Jason Franken from Foster & Foster:

*Jason Franken from Foster & Foster gave an overview of the actuarial study completed. There were some minor changes made to assumptions as a result of consolidation to mortality, retirement, disability and payroll growth. The interest assumption adopted by IPOPIF was 6.8% and thus it is reasonable to continue to use 6.75% for our funds. The returns weren't strong – coming in at -3% after an 18% performance last year; however, utilizing the 5-year smoothing helps to minimize volatility and resulted in a 5.26% yield for actuarial purposes. The employer total contribution of \$742,087 is an increase of \$29,060 compared to the prior year and results in a funding ratio of 62.4%.*

4. Investment Reporting by Mitchell, Vaught & Taylor:

*John Mitchell reported that the Pension Fund has a total of \$565,887.60 that are in cash funds at MVT after the transfer of investments to IPOPIF. He indicated that these funds could be moved to the IPOPIF but were not required to and can be put into a money market fund at MVT at a 2% - 3% rate. He said this would be in compliance with IPOPIF requirements. He also indicated that six months is common for the holding of cash and that his firm would agree to a 25 basis points (.25%) fee for these money market funds.*

5. Approval of Minutes from July 25, 2022 Meeting: *Sutter made a motion, seconded by Hillary to approve the minutes. Motion carried.*

6. Public Comment:

*None.*

7. Financial Reports:

*Baxter provided a summary of the quarterly financial reports. Following review, Dingledine made a motion, seconded by Sutter to approve the reports. Motion carried.*

8. Action Items:

A. Ratify Investments made via phone/memo:

*None*

B. Investments Maturing before next quarterly meeting:

*None*

C. Ratification of Police Pension Fund Expenses (roll call vote):

Expenses since the last meeting were reviewed:

- Illinois Department of Insurance on 7/25/2022 in the amount of \$1,979.77 for the compliance fee.
- Atwell & Atwell on 8/15/2022 in the amount of \$200.00 for legal counsel.
- Mesriow Insurance Services on 8/29/2022 in the amount of \$3,353.00 for the fiduciary insurance renewal.
- Atwell & Atwell on 9/19/2022 in the amount of \$400.00 for legal counsel.

*Hillary made a motion, seconded by Dingledine to ratify the above expenses. On roll call the vote was Hillary – yes; Dingledine – yes; Hunsinger – yes; Sutter – yes. Motion carried.*

D. Ratification of 3<sup>rd</sup> Quarter 2022 Investment transactions - MVT (roll call vote):

*Motion to approve 3<sup>rd</sup> quarter investment transactions. Hunsinger made a motion to approve, seconded by Hillary. On roll call the vote was Hillary – yes; Dingledine – yes; Hunsinger – yes; Sutter – yes. Motion carried.*

E. Approval of Officer Henry Perrilles to the Police Pension Fund:

*Henry Perrilles was sworn in on 8/8/2022 and is in Tier 2. Sutter made a motion, seconded by Hunsinger to approve the application. Motion carried.*

F. Approval of Stephen Fletcher to the Police Pension Fund:

*Stephen Fletcher was sworn in on 9/6/2022 and is in Tier 1. Dingledine made a motion, seconded by Hillary to approve the application. Officer Fletcher worked for the Peoria Police Department in 1998 and thus documentation is needed to determine his starting date and confirm that he is Tier 1. Sutter will notify him of this. Motion carried.*

G. Approval of IPPFA membership dues for 2023:

*IPPFA membership dues for 2023 are \$795. Membership allows for discounts for training and other benefits. Hunsinger made a motion, seconded by Hillary to approve the renewal. On roll the vote was Hillary – yes; Dingledine – yes; Hunsinger – yes; Sutter – yes. Motion carried.*

H. Approval of annual pension increases effective January 1, 2023:

*All increases were approved as follows:*

Pension increases	Monthly Increase	New Month/ Amount	Motioned	Seconded	Hillary	Dingledine	Hunsinger	Sutter
David Densberger	\$107.02	\$3674.46	Sutter	Hillary	Yes	Yes	Yes	Yes
Mary Densberger	\$42.31	\$1452.68	Dingledine	Hillary	Yes	Yes	Yes	Yes
James Fussner	\$137.33	\$4714.84	Hunsinger	Dingledine	Yes	Yes	Yes	Yes
Rosalie Gerkin	\$152.25	\$5227.10	Hillary	Dingledine	Yes	Yes	Yes	Yes
Gregory Gordon	\$132.10	\$4535.40	Dingledine	Hillary	Yes	Yes	Yes	Yes
James Kuchenbecker	\$240.05	\$8241.63	Hillary	Dingledine	Yes	Yes	Yes	Yes
David Stark	\$125.28	\$4301.30	Dingledine	Hunsinger	Yes	Yes	Yes	Yes
Don Volk	\$219.07	\$7521.45	Hillary	Sutter	Yes	Yes	Yes	Yes
Mike Williams	\$100.76	\$3459.50	Hunsinger	Sutter	Yes	Yes	Yes	Yes
Chuck Woolley	\$137.08	\$4706.29	Dingledine	Hillary	Yes	Yes	Yes	Yes

- I. Approval of transfer to close MVT cash accounts (roll call vote):  
*Staff recommended closing the cash accounts at MVT since we are not able to invest the funds following consolidation. John Mitchell from MVT indicated that there was a cash fund at MVT that the Pension Fund could put the funds in. The Board asked about the management fee and John Mitchell indicated they would reduce to .25%. Following discussion, a motion was made by Dingleline and seconded by Sutter to transfer \$500,000 from the IPAVA account and send to MVT for this new account now and transfer another \$500,000 in 30 days. The remaining \$565,887.60 would also be added to the fund. On roll call the vote was Hillary – yes; Dingleline – yes; Hunsinger – yes; Sutter – yes. Motion carried. Staff will send the management agreement to Charlie Atwell for review.*
- J. Acceptance of Police Pension Fund Annual Report for FYE 4/30/2022:  
*Following discussion, Hunsinger made a motion, seconded by Hillary to accept the Police Pension Fund Annual Report for FYE 4/30/2022. Motion carried.*
- K. Recommendation for 2022 Police Pension Fund Tax Levy (roll call vote):  
*Following discussion of the actuarial results as provided by Foster & Foster, Hillary made a motion, seconded by Sutter to recommend a tax levy of \$710,100 to the City Council. This is based on a total employer contribution of \$742,087 reduced by anticipated personal property replacement tax of \$32,000. On roll call the vote was Hillary – yes; Dingleline – yes; Hunsinger – yes; Sutter – yes. Motion carried.*
- L. Approval of Municipal Compliance Report for FYE 4/30/2022:  
*Following discussion, Sutter made a motion, seconded by Hillary to approve the Municipal Compliance Report for FYE 4/30/2022. Motion carried.*
- M. Approval of Resolution appointing authorized account representatives  
*A Resolution is required to designate the account representatives for State Street transactions as Finance Director Joanie Baxter and Accountant Jeanette Glueck. Sutter made a motion, seconded by Hunsinger. Motion carried. The Board talked about reviewing policies at the January meeting for investments and cash management. Staff will reach out to attorney Charlie Atwell regarding these policies.*
9. Discussion Items:
- A. 2023 Meeting Schedule:  
*The 2023 quarterly meeting schedule was distributed and the January 23<sup>rd</sup> meeting was corrected on the listing to January 23, 2023.*
- B. IPOPIF confirmation of assets transferred:  
*The investment assets were transferred to IPOPIF as required on September 1, 2022.*
- C. Training requirements and opportunities:  
*Accountant Glueck reviewed training requirements and opportunities.*
10. Adjournment:  
*With no further business, Dingleline made a motion, seconded by Hunsinger to adjourn the meeting at 10:30 a.m. On roll call the vote was Hillary – yes; Dingleline – yes; Hunsinger – yes; Sutter – yes. Motion carried.*

Respectfully submitted,

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Ellen Dingedine, Secretary

1. Call to Order:

*The meeting was called to order by President Mike Hillary at 8:31AM.*

Roll Call:

**Present:** Mike Hillary, Ellen Dingledine, Jim Fussner

**Absent:** Ryan Hunsinger, Joshua Sutter

**Also Present:** Finance Director Joanie Baxter, Treasurer Abbey Strubhar

2. Review Agenda – None.

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3. Public Comment – None.

4. Action Items:

A. Approval of revised 2022 tax levy recommendation (roll call vote):

*Finance Director Baxter indicated that the property tax levy originally recommended by the Pension Board has been impacted by an audit adjustment that was made which changed the actuarial results. The effect of the adjustment is to recognize contribution revenue at a later time which will essentially frontload rather than backload the pension liability requirements. The revised employer contribution amount is \$797,954 reduced by anticipated Personal Property Replacement Tax of \$32,000 for a recommended tax levy (rounded) of \$766,000. This amount is being included in the tax levy by the City Council that will be approved on December 19, 2022. Dingledine made a motion, seconded by Hillary to approve the recommendation to the City Council. On roll call the vote was: Hillary – yes; Dingledine – yes; Fussner – yes. Motion carried.*

B. Approval of revised Municipal Compliance Report FYE 4/30/2022:

*Due to the changes in the employer contribution and tax levy, the Municipal Compliance Report was revised accordingly. Dingledine made a motion, seconded by Fussner to approve the revised report. Motion carried.*

C. Approval of revised Police Pension Fund Annual Report FYE 4/30/2022:

*The Annual Report was revised to reflect the changes in Balance Sheet and Revenue and Expense Accounts. Fussner made a motion, seconded by Hillary to approve the revised report. Motion carried.*

D. Approval of investment recommendations (roll call vote):

*Staff explained that we have not received confirmation from Mitchell, Vaught & Taylor of transfers from IPAVA to the new money market account they had indicated was being established in compliance with IPOPIF regulations. Following discussion, Dingledine made a motion, seconded by Hillary to have Staff reach out to MVT and indicate that the Board will sign the agreement pending receipt of information on the status of the funds. Staff will also request attorney Charlie Atwell review the agreement.*

5. Discussion Items – None.

6. Adjournment:

*With no further business, Fussner made a motion, seconded by Dingledine to adjourn the meeting at 8:59a.m. On roll call the vote was Hillary – yes; Dingledine – yes; Fussner – yes. Motion carried.*

Respectfully submitted,

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Ellen Dingledine, Secretary

**WASHINGTON POLICE PENSION FUND  
CASH AND INVESTMENTS  
December 31, 2022**

<b>Ipava State Bank Money Market</b>	\$	1,027,150.71
<b>Cefcu Savings</b>	\$	6,002.36
<b>Charles Schwab Money Market - Fixed Income</b>	\$	1,078.55
<b>Charles Schwab Money Market - Fixed Income Non-Sweep</b>	\$	1,569,588.17
<b>Charles Schwab Money Market - Equity Sweep</b>	\$	5.83
<b>Charles Schwab Money Market - Equity Non-Sweep</b>	\$	1,928.05
<b>Certificates of Deposit:</b>		
CEFCU		
<div style="background-color: black; width: 100px; height: 20px; display: inline-block; vertical-align: middle;"></div> 2.32% due 6/28/24	\$	100,000.00
	\$	100,000.00
Heartland Bank		
<i>No CD's at this time.</i>		
IPAVA State Bank		
<i>No CD's at this time.</i>		
Washington State Bank		
<div style="background-color: black; width: 100px; height: 20px; display: inline-block; vertical-align: middle;"></div> 2.55% due 1/25/23	\$	229,965.66
<div style="background-color: black; width: 100px; height: 20px; display: inline-block; vertical-align: middle;"></div> 2.30% due 4/10/23	\$	118,311.06
	\$	348,276.72
Morton Community Bank		
<i>No CD's at this time.</i>		
\$ -		
Busey Bank		
<div style="background-color: black; width: 100px; height: 20px; display: inline-block; vertical-align: middle;"></div> 2.90% due 1/11/24	\$	111,438.03
<div style="background-color: black; width: 100px; height: 20px; display: inline-block; vertical-align: middle;"></div> 2.76% due 8/30/23	\$	118,009.31
	\$	229,447.34
Mitchell, Vaught, & Taylor		
<i>No CD's at this time.</i>		
<b>Total Certificates of Deposits</b>		<u>\$ 677,724.06</u>
<b>Total Local Cash and Investments</b>	\$	1,710,877.13
<b>Total Schwab Money Market Funds</b>	\$	1,572,600.60
<b>IPOPIF Investments as of 11/30/22</b>	\$	5,909,466.71
<b>Total Cash and Investments</b>		<b>\$ 9,192,944.44</b>



**WASHINGTON POLICE PENSION FUND  
REVENUE AND EXPENSE REPORT  
MAY 1, 2022 THROUGH DECEMBER 31, 2022**

**REVENUES:**

Property Taxes	686,850.08
Property Replacement Taxes	0.00
Interest	64,629.87
Employee Contributions	114,379.16
Portability Contributions	0.00
Reimb of Contrib Refunded	0.00
Insurance Proceeds	0.00
Miscellaneous Income	0.00

**TOTAL** 865,859.11

**EXPENSES:**

Pensions	479,280.29
Insurance	3,353.00
Legal	1,300.00
Compliance Fee	1,979.77
Training	0.00
Membership Dues	795.00
Subscriptions	0.00
Postage	0.00
Insurance Claim Reimb.	0.00
Contributions Refund	0.00
Miscellaneous	0.00

**TOTAL** 486,708.06

**REVENUES OVER EXPENSES**

**379,151.05**

**INVESTMENTS:**

Dividends ( <i>Cash/Reinvested</i> )	14,174.91
Investment Expense	(6,196.62)
Realized Gain/Loss	(293,724.28)
Unrealized Gain/Loss	(134,637.60)

**TOTAL** (420,383.59)

**NET REVENUES OVER EXPENSES WITH INVESTMENTS**

**(41,232.54)**

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

Kimberly Call (Britt Beard)	2,869.58
David Densberger	3,567.44
Mary Densberger	1,410.37
James Fussner	4,577.51
Rosalie Gerkin	5,074.85
Greg Gordon	4,403.30
James Kuchenbecker	8,001.58
Joyce Libotte (Thomas Libotte)	4,625.40
Gwendolyn Marshall	2,965.62
David Stark	4,176.02
Donald Volk	7,302.38
Michael Williams	3,358.74
Kathleen Witmer (William Witmer)	3,056.13
Charles Woolley	4,569.21

**TOTAL** 59,958.13

**MONTHLY PENSIONS PAID (GROSS): DISABILITY***No Disability Pensions at this time.*

0.00

**TOTAL**

0.00

**POLICE PENSION - ACTIVE OFFICERS' CONTRIBUTIONS AS OF 12/31/22**

	<u>Contributions</u>	<u>Years</u>
Danton Althiser	\$27,515.76	4
Lyle Baele	\$156,385.75	23
Zachary Bean	\$75,277.20	12
Michael Brown	\$54,669.81	7
Jacob Cernek	\$70,496.70	11
Joseph Dubois	\$0.00	0
Daniel Foster	\$74,943.91	12
Benjamin Gregory	\$7,135.42	1
Jeffrey Hensley	\$19,228.62	2
Steve Hinken	\$78,332.01	13
Ryan Hunsinger	\$102,757.93	16
Ramadan Moore	\$27,105.43	4
Kelley Noetzol	\$7,028.04	1
Henry Perrilles	\$2,161.30	0
Ashley Peto	\$5,212.11	0
Brian Simpson	\$62,213.17	9
Steven Smith	\$97,490.14	14
Stuart Stevens	\$153,067.46	23
Tanner Stockton	\$5,212.10	0
Joshua Sutter	\$64,620.98	8
Dramane Taylor	\$52,949.17	7
Derek Thomas	\$116,031.73	19
Nathan Thompson	\$17,169.71	4.2499
Troi Westbrook	\$60,698.06	8
<b>TOTAL ACTIVE CONTRIBUTIONS</b>	<b><u>\$ 1,337,702.51</u></b>	

**POLICE PENSION - INACTIVE OFFICERS' CONTRIBUTIONS AS OF 12/31/22**

		<u>Contributions</u>
Lindsay Bond	<i>Terminated 3/5/15</i>	\$ 5,662.02
Stephen Fletcher	<i>Terminated 12/9/22</i>	\$ 1,911.24
Michael Heitz	<i>Terminated 5/11/13</i>	\$ 624.14
Tyler Hodges	<i>Terminated 9/15/21</i>	\$ 3,324.94
April Schrementi	<i>Terminated 7/21/10</i>	\$ 5,253.25
<b>TOTAL INACTIVE CONTRIBUTIONS</b>		<b><u>16,775.59</u></b>

**TOTAL CONTRIBUTIONS****1,354,478.10**



## Monthly Statement Overview

### State Street Account

- A secure account (the Police Fund Account) has been established for each Article 3 Pension Fund at State Street Bank and Trust.
- Each Police Fund Account is assigned a unique four-digit account number (IPXX).

### Transfer of Investment Assets

- Investment assets are initially transferred to the Police Fund Account at the value determined by State Street Bank and Trust and included with the reconciliation receipt previously provided.
- Assets are subsequently valued at the end of each day.
- After asset receipt has been confirmed, investment assets are transferred from the Police Fund Account to the "Transition Pool" where securities are bought and sold to transition the portfolio from the old assets to the IPOPIF asset allocation and investment managers.
- Each Police Fund owns "units" of the Transition Pool corresponding to the value transferred into the pool.
- When most of the transition is complete, the assets are transferred from the "Transition Pool" to the "IPOPIF Pool."

### IPOPIF Pool Reporting

- Each Police Fund will own "units" of the IPOPIF Pool.
- Each fund will continue to hold a small amount of the Transition Pool, which will decline over time.
- The monthly report package is organized to show an overall summary of value and performance followed by a summary for each pool and a summary of transactions for the month.
- Each Police Fund's performance for the entire month is stated on the first report page titled Market Value Summary.
- Performance is time weighted rather than value weighted. As such, it reflects the linkage of daily returns over the month. This can result in large percentage returns associated with relatively small dollar amounts.
- Monthly and quarterly performance summaries with asset allocation and investment manager details will be posted on the IPOPIF website.

### Report Distribution

- Reports will be accessed online through a dedicated reporting portal. IPOPIF will provide access to all Authorized Agents and Account Representatives authorized to access the cash management system, State Street Enterprise Cash Flow Module (eCFM). However, the reporting portal is accessed separately from [www.mystatestreet.com](http://www.mystatestreet.com), which is only used for cash management.
- For assistance with report access, please email your request to [NRS\\_IPOPIF@nrstpa.com](mailto:NRS_IPOPIF@nrstpa.com).
- All other questions can be directed to [info@ipopif.org](mailto:info@ipopif.org) or (309)-280-6464.



**Market Value Summary:**

	<u>Current Period</u>	<u>Year to Date</u>
Beginning Balance	\$5,604,026.74	\$0.00
Contributions	\$0.00	\$5,804,077.00
Withdrawals	\$0.00	\$0.00
Transfers In/Out	\$0.00	\$0.00
Income	\$3,781.04	\$11,716.64
Expense	\$0.00	\$0.64
Realized Gain/Loss	\$6,121.38	(\$289,703.04)
Unrealized Gain/Loss	\$295,537.55	\$383,375.47
Ending Balance	<u>\$5,909,466.71</u>	<u>\$5,909,466.71</u>

**Performance Summary:**

	<u>MTD</u>	<u>QTD</u>	<u>YTD</u>	<u>One Year</u>	<u>Three Years</u>	<u>Five Years</u>	<u>Ten Years</u>	<u>Inception to Date</u>	<u>Participant Inception Date</u>
Net of Fees:	5.45%	8.78%	N/A	N/A	N/A	N/A	N/A	1.82%	09/01/2022

WASHINGTON POLICE PENSION FUND

Fund Name: WASHINGTON POLICE PENSION

Month Ended: November 30, 2022



**Market Value Summary:**

	Current Period	Year to Date
Beginning Balance	\$1,403.15	\$0.00
Contributions	\$0.00	\$5,804,077.00
Withdrawals	\$0.00	\$0.00
Transfers In/Out	(\$335.62)	(\$5,782,316.26)
Income	\$335.62	\$3,082.86
Expense	\$0.00	\$0.00
Realized Gain/Loss	\$0.00	(\$24,737.33)
Unrealized Gain/Loss	\$0.00	\$1,296.88
Ending Balance	\$1,403.15	\$1,403.15

**Unit Value Summary:**

	Current Period	Year to Date
Beginning Units	132.665	0.000
Unit Purchases from Additions	0.000	580,407.694
Unit Sales from Withdrawals	(25.607)	(580,300.636)
Ending Units	107.058	107.058
Period Beginning Net Asset Value per Unit	\$10.576640	\$10.000000
Period Ending Net Asset Value per Unit	\$13.106471	\$13.106471

**Performance Summary:**

WASHINGTON POLICE PENSION FUND

	MTD	QTD	YTD	One Year	Three Years	Five Years	Ten Years	Inception to Date	Participant Inception Date
Net of Fees:	23.92%	32.30%	N/A	N/A	N/A	N/A	N/A	31.06%	09/01/2022

Contact Information: Illinois Police Officers' Pension Investment Fund, 456 Fulton Street, Suite 402 Peoria, Illinois 61602 Phone: (309) 280-6464 Email: [Info@ipopif.org](mailto:Info@ipopif.org)

WASHINGTON POLICE PENSION FUND

Fund Name: Transition Pool

Month Ended: November 30, 2022



**Market Value Summary:**

	Current Period	Year to Date
Beginning Balance	\$63,134.34	\$0.00
Contributions	\$0.00	\$0.00
Withdrawals	\$0.00	\$0.00
Transfers In/Out	(\$55,606.43)	\$276,838.53
Income	\$68.42	\$3,417.19
Expense	\$0.00	\$0.74
Realized Gain/Loss	\$2,301.68	(\$268,825.05)
Unrealized Gain/Loss	\$541.19	(\$992.21)
Ending Balance	\$10,439.20	\$10,439.20

**Unit Value Summary:**

	Current Period	Year to Date
Beginning Units	7,440.040	0.000
Unit Purchases from Additions	37.624	664,658.502
Unit Sales from Withdrawals	(6,315.189)	(663,496.027)
Ending Units	1,162.475	1,162.475
Period Beginning Net Asset Value per Unit	\$8.485745	\$8.711052
Period Ending Net Asset Value per Unit	\$8.980126	\$8.980126

**Performance Summary:**

WASHINGTON POLICE PENSION FUND

	MTD	QTD	YTD	One Year	Three Years	Five Years	Ten Years	Inception to Date	Participant Inception Date
Net of Fees:	5.83%	8.69%	N/A	N/A	N/A	N/A	N/A	3.09%	09/13/2022

Contact Information: Illinois Police Officers' Pension Investment Fund, 456 Fulton Street, Suite 402 Peoria, Illinois 61602 Phone: (309) 280-6464 Email: Info@ipopif.org

WASHINGTON POLICE PENSION FUND

Fund Name: IPOPIF Pool

Month Ended: November 30, 2022



**Market Value Summary:**

	Current Period	Year to Date
Beginning Balance	\$5,539,489.25	\$0.00
Contributions	\$0.00	\$0.00
Withdrawals	\$0.00	\$0.00
Transfers In/Out	\$55,942.05	\$5,505,477.73
Income	\$3,377.00	\$5,216.59
Expense	\$0.00	(\$0.10)
Realized Gain/Loss	\$3,819.70	\$3,859.34
Unrealized Gain/Loss	\$294,996.36	\$383,070.80
Ending Balance	\$5,897,624.36	\$5,897,624.36

**Unit Value Summary:**

	Current Period	Year to Date
Beginning Units	604,033.043	0.000
Unit Purchases from Additions	5,866.341	609,899.384
Unit Sales from Withdrawals	0.000	0.000
Ending Units	609,899.384	609,899.384
Period Beginning Net Asset Value per Unit	\$9.170838	\$9.027581
Period Ending Net Asset Value per Unit	\$9.669819	\$9.669819

**Performance Summary:**

WASHINGTON POLICE PENSION FUND

	MTD	QTD	YTD	One Year	Three Years	Five Years	Ten Years	Inception to Date	Participant Inception Date
Net of Fees:	5.44%	8.85%	N/A	N/A	N/A	N/A	N/A	7.11%	09/23/2022

Contact Information: Illinois Police Officers' Pension Investment Fund, 456 Fulton Street, Suite 402 Peoria, Illinois 61602 Phone: (309) 280-6464 Email: Info@ipopif.org

**Statement of Transaction Detail for the Month Ending 11/30/2022**

**WASHINGTON POLICE PENSION FUND**

<b>Date</b>	<b>Description</b>	<b>Amount</b>	<b>Unit Value</b>	<b>Units</b>
<b>WASHINGTON POLICE PENSION</b>				
11/25/2022	Transfers Out	(335.62)	13.106471	(25.6072)
<b>Transition Pool</b>				
11/22/2022	Transfer out to IPOPIF Pool	(55,942.05)	8.858333	(6,315.1893)
11/25/2022	Transfers In	335.62	8.920389	37.6239
<b>IPOPIF Pool</b>				
11/22/2022	Transfer in from Transition Pool	55,942.05	9.536106	5,866.3410



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

**QUARTERLY EXPENSE REPORT  
October 1, 2022 - December 31, 2022**

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

<b>PAYEE</b>	<b>DATE</b>	<b>AMOUNT</b>	<b>DESCRIPTION</b>
IPPFA	11/9/2022	\$795.00	Membership Dues - IPPFA
<b>TOTAL QUARTERLY EXPENSES</b>		<u><u>\$795.00</u></u>	

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 30th day of December, 2022, and have served in the said department since that date.

To be completed by staff:

Initial date accepted to pension fund: 12-30-22

Tier 1   
(Prior to 1/01/2011)

Tier 2   
(After 01/01/2011)

Respectfully submitted,

[Signature]  
Signature

Joseph Debois  
Print

12/30/22  
Date

TRUSTEE ACCEPTANCE:

The foregoing application having been duly presented and considered, is hereby (circle one):

APPROVED      REJECTED

on this \_\_\_\_\_ day of \_\_\_\_\_,

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

\_\_\_\_\_  
President

**CITY OF WASHINGTON  
POLICE PENSION FUND**

TO: Police Pension Board  
FROM: Joanie Baxter, Finance Director *JB*  
DATE: January 20, 2023  
SUBJECT: Transfer to IPOPIF and closing of MVT accounts and Cash Management Policy


Since the last meeting, I have discussed questions from Staff and the Board regarding cash management and investment in cash funds with Mitchell, Vaught & Taylor (MVT) with the Board's attorney Charlie Atwell and the City's auditors Lauterbach and Amen (L & A).

Based on these discussions, the following recommendations are being made:

- Charlie advises that the Board should not sign an investment agreement with MVT because the Board no longer has authority to make investments and should not have an investment manager.
- L & A agrees that the City has no investment authority and further that keeping funds other than what is considered "local" would result in noncompliance with the laws governing the consolidation.
- As a result, Staff recommends closing all funds with MVT and transferring either to IPAVA and then to IPOPIF or directly to IPOPIF.
- There aren't strict guidelines as to "cash" that can be kept for operational cash flow needs; however, most pension funds are keeping 4 – 6 months of cash requirements.
- Charlie advises that a simple motion can be made to establish a cash management policy. Staff recommends 6 months of cash requirements which is approximately \$400,000.
- Certificates of Deposit are able to be kept until mature and thus are not included in the 6-month requirement. Once redeemed, these funds should be transferred to the IPOPIF.
- Staff recommends all funds in excess of the 6-month cash requirement be transferred to the IPOPIF immediately and on at least a quarterly basis and is suggested to do so following the quarterly Board meetings.

Staff recommends all of the above actions in order to assure that the Washington Police Pension Fund is in compliance with all laws and regulations related to the mandated consolidation.

**CITY OF WASHINGTON  
POLICE PENSION FUND**

TO: Police Pension Board  
FROM: Joanie Baxter, Finance Director   
DATE: January 20, 2023  
SUBJECT: Contribution Refund – Stephen Fletcher

Stephen Fletcher terminated employment with the Washington Police Department on December 9, 2022. Per his request, we will issue a check to him when pensioners are paid on January 28, 2022 in the amount of \$1,911.24 reduced by required withholding of \$382.25 for a net check of \$1,528.99 as a refund of his contributions.

The Board is requested to approve the above action.

CITY OFFICIALS

Gary W. Manier, *Mayor*

Valeri L. Brod, *City Clerk*

Abbey M. Strubhar, *City Treasurer*

James W. Snider, *City Administrator*



ALDERMEN

Michael J. Brownfield, *Ward I*

Lilija V. Stevens, *Ward I*

Brett M. Adams, *Ward II*

Todd M. Yoder, *Ward II*

David Dingleline, *Ward III*

Brian H. Butler, *Ward III*

Kevin D. Schone, *Ward IV*

John J. Blundy, *Ward IV*

December 15, 2022

Mr. Stephen Fletcher

Dear Stephen:

Enclosed please find a *Notice of Taxation of Distribution* that explains your options in regard to your contributions to the Washington Police Pension Fund. Our records indicate that you do not have sufficient service credit to be vested in the pension plan. However, as of the pay period ended December 7, 2022, you have made contributions of \$1,911.24, which entitles you to a lump sum distribution. Please note that election of a direct refund of contributions will be subject to income tax withholding and could result in a premature distribution penalty.

You must notify the City of Washington of your decision by completing the enclosed *Election of Form of Benefits* and returning it to us within 30 days. Should you reach a decision before the required 30-day timeframe has expired and wish the City to take action, you must indicate as such by signing the *Waiver of Notice Period* at the bottom of the *Election of Form of Benefits*.

Should you have any questions regarding the distribution alternatives available or the resulting tax consequences, please feel free to contact me at (309) 444-1124.

Sincerely,

WASHINGTON POLICE PENSION BOARD

Joan E. Baxter, C.P.A.

Finance Director

Encl.

CITY OF WASHINGTON, ILLINOIS

Statement of Fiduciary Net Position

April 30, 2022

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	<u>Pension Trust</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 2,650,122
Investments	
U.S. Treasury Obligations	673,964
Corporate Bonds	1,601,428
Mutual Funds	3,674,699
Common Stock	278,197
Receivables - Net of Allowance	
Accounts	18,856
Accrued Interest	<u>13,094</u>
Total Assets	<u>8,910,360</u>
<b>LIABILITIES</b>	
Accounts Payable	700
Due to Other Funds	<u>2,807</u>
Total Liabilities	<u>3,507</u>
<b>NET POSITION</b>	
Net Position Restricted	<u><u>8,906,853</u></u>

The notes to the financial statements are an integral part of this statement.

**CITY OF WASHINGTON, ILLINOIS**

**Statement of Changes in Fiduciary Net Position  
For the Fiscal Year Ended April 30, 2022**

	<u>Pension Trust</u>
Additions	
Contributions	
Employer	\$ 690,713
Plan Members	208,957
Other	—
Total Contributions	<u>899,670</u>
Investment Earnings	
Interest Earned	462,594
Net Change in Fair Value	<u>(719,045)</u>
	(256,451)
Less Investment Expenses	<u>(29,121)</u>
Net Investment Income	<u>(285,572)</u>
Total Additions	<u>614,098</u>
Deductions	
Administration	15,326
Benefits and Refunds	<u>872,969</u>
Total Deductions	<u>888,295</u>
Change in Fiduciary Net Position	(274,197)
Net Position Restricted for Pensions	
Beginning as Restated	<u>9,181,050</u>
Ending	<u><u>8,906,853</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF WASHINGTON  
POLICE PENSION FUND  
ACTUARIAL VALUATION  
AS OF MAY 1, 2022  
CONTRIBUTIONS APPLICABLE TO THE  
PLAN/FISCAL YEAR ENDING APRIL 30, 2024  
GASB 67/68 DISCLOSURE INFORMATION  
AS OF APRIL 30, 2022



**FOSTER & FOSTER**  
ACTUARIES AND CONSULTANTS



November 29, 2022

Ms. Joan E. Baxter  
City of Washington Police Pension Fund

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

Dear Ms. 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 valuations have 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 reflect 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 valuations, we did not perform an analysis of the potential range of such future measurements.

The funding percentages and unfunded accrued liability as measured based on the actuarial value of assets will differ from similar measures based on the market value of assets. These measures, as provided, are appropriate for determining the adequacy of future contributions, but may not be appropriate for the purpose of settling a portion or all of its liabilities.

In conducting the valuations, 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.

In performing the analysis, we used third-party software to model (calculate) the underlying liabilities and costs. These results are reviewed in the aggregate and for individual sample lives. The output from the software is either used directly or input into internally developed models to generate the costs. All internally developed models are reviewed as part of the process. As a result of this review, we believe that the models have produced reasonable results. We do not believe there are any material inconsistencies among assumptions or unreasonable output produced due to the aggregation of assumptions.

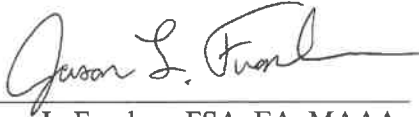
The undersigned are familiar with the immediate and long-term aspects of pension valuations and meet the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the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

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, 2022, 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, 2024.

The contribution requirements, compared with those set forth in the May 1, 2021 actuarial report, are as follows:

Valuation Date Applicable to Fiscal Year Ending	5/1/2022 <u>4/30/2024</u>	5/1/2021 <u>4/30/2023</u>
Total Recommended Contribution	\$959,481	\$876,145
% of Projected Annual Payroll	58.9%	53.2%
Member Contributions (Est.)	(161,527)	(163,118)
% of Projected Annual Payroll	(9.9%)	(9.9%)
City Recommended Contribution	797,954	713,027
% of Projected Annual Payroll	49.0%	43.3%

As you can see, the Total Recommended Contribution shows an increase when compared to the results determined in the May 1, 2021 actuarial valuation report. The increase is attributable to assumption changes and the natural increase in the amortization payment due to the payroll growth assumption.

Plan experience was unfavorable overall on the basis of the plan's actuarial assumptions. Sources of unfavorable experience included an investment return of -2.03% (Actuarial Asset Basis) which fell short of the 6.75% assumption, an average salary increase of 6.74% which exceeded the 5.54% assumption, and more retirements than expected. These losses were offset in part by a gain associated with more turnover than expected.

## CHANGES SINCE PRIOR VALUATION

### Plan Changes Since Prior Valuation

There were no plan changes since the prior valuation.

### Actuarial Assumption/Method Changes Since Prior Valuation

Based on the results of the 2022 experience study performed for the Illinois Police Officers' Pension Investment Fund, the following assumption changes were made:

- Updated mortality, retirement, disability, and termination rate tables.
- Updated assumed salary increase rates.
- Reduced assumed payroll growth rate from 3.50% to 3.25%.

There were no method changes since the prior valuation.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	New Assump <u>5/1/2022</u>	Old Assump <u>5/1/2022</u>	<u>5/1/2021</u>
<b>A. Participant Data</b>			
Number Included			
Actives	22	22	22
Service Retirees	9	9	8
Beneficiaries	4	4	4
Disability Retirees	0	0	0
Terminated Vested	<u>4</u>	<u>4</u>	<u>4</u>
Total	39	39	38
Total Annual Payroll	\$1,629,944	\$1,629,944	\$1,645,994
Payroll Under Assumed Ret. Age	1,629,944	1,629,944	1,645,994
Annual Rate of Payments to:			
Service Retirees	555,758	555,758	489,764
Beneficiaries	162,201	162,201	162,201
Disability Retirees	0	0	0
Terminated Vested	0	0	0
<b>B. Assets</b>			
Actuarial Value	9,325,564	9,325,564	9,506,948
Market Value	8,906,853	8,906,853	9,838,568
<b>C. Liabilities</b>			
Present Value of Benefits			
Actives			
Retirement Benefits	8,243,370	7,906,812	8,407,254
Disability Benefits	823,864	842,833	882,746
Death Benefits	116,344	120,250	131,027
Vested Benefits	446,456	506,347	564,530
Service Retirees	8,945,836	9,014,906	8,005,743
Beneficiaries	1,382,405	1,429,905	1,464,740
Disability Retirees	0	0	0
Terminated Vested	<u>14,864</u>	<u>14,864</u>	<u>58,478</u>
Total	19,973,139	19,835,917	19,514,518

C. Liabilities - (Continued)	New Assump <u>5/1/2022</u>	Old Assump <u>5/1/2022</u>	<u>5/1/2021</u>
Present Value of Future Salaries	17,926,921	17,516,647	18,068,309
Present Value of Future Member Contributions	1,776,558	1,735,900	1,790,569
Normal Cost (Retirement)	294,810	288,640	298,335
Normal Cost (Disability)	54,667	56,925	59,640
Normal Cost (Death)	7,098	7,706	7,800
Normal Cost (Vesting)	<u>33,982</u>	<u>35,144</u>	<u>35,177</u>
Total Normal Cost	390,557	388,415	400,952
Present Value of Future Normal Costs	3,863,826	3,753,485	3,988,378
Accrued Liability (Retirement)	5,267,577	5,080,684	5,390,224
Accrued Liability (Disability)	263,708	270,933	279,591
Accrued Liability (Death)	36,505	35,609	42,815
Accrued Liability (Vesting)	198,418	235,531	284,549
Accrued Liability (Inactives)	<u>10,343,105</u>	<u>10,459,675</u>	<u>9,528,961</u>
Total Actuarial Accrued Liability	16,109,313	16,082,432	15,526,140
Unfunded Actuarial Accrued Liability (UAAL)	6,783,749	6,756,868	6,019,192
Funded Ratio (AVA / AL)	57.9%	58.0%	61.2%

	New Assump <u>5/1/2022</u>	Old Assump <u>5/1/2022</u>	<u>5/1/2021</u>
<b>D. Actuarial Present Value of Accrued Benefits</b>			
<b>Vested Accrued Benefits</b>			
Inactives	10,343,105	10,459,675	9,528,961
Actives	1,334,883	1,324,924	1,622,305
Member Contributions	<u>1,227,880</u>	<u>1,227,880</u>	<u>1,319,648</u>
Total	12,905,868	13,012,479	12,470,914
Non-vested Accrued Benefits	<u>375,006</u>	<u>349,028</u>	<u>304,614</u>
Total Present Value Accrued Benefits	13,280,874	13,361,507	12,775,528
Funded Ratio (MVA / PVAB)	67.1%	66.7%	77.0%
<b>Increase (Decrease) in Present Value of Accrued Benefits Attributable to:</b>			
Plan Amendments	0	0	
Assumption Changes	(80,633)	0	
Plan Experience	0	626,063	
Benefits Paid	0	(872,969)	
Interest	0	832,885	
Other	<u>0</u>	<u>0</u>	
Total	(80,633)	585,979	



	New Assump	Old Assump	
Valuation Date	5/1/2022	5/1/2022	5/1/2021
Applicable to Fiscal Year Ending	<u>4/30/2024</u>	<u>4/30/2024</u>	<u>4/30/2023</u>

E. Pension Cost

Normal Cost <sup>1</sup>	\$416,920	\$414,633	\$428,016
% of Total Annual Payroll <sup>1</sup>	25.6	25.4	26.0
Administrative Expenses <sup>1</sup>	16,361	16,361	7,786
% of Total Annual Payroll <sup>1</sup>	1.0	1.0	0.5
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 18 years (as of 5/1/2022) <sup>1</sup>	526,200	514,520	440,343
% of Total Annual Payroll <sup>1</sup>	32.3	31.6	26.7
Total Recommended Contribution	959,481	945,514	876,145
% of Total Annual Payroll <sup>1</sup>	58.9	58.0	53.2
Expected Member Contributions <sup>1</sup>	(161,527)	(161,527)	(163,118)
% of Total Annual Payroll <sup>1</sup>	(9.9)	(9.9)	(9.9)
Expected City Contribution	797,954	783,987	713,027
% of Total Annual Payroll <sup>1</sup>	49.0	48.1	43.3

F. Past Contributions

Plan Years Ending: 4/30/2022

Total Recommended Contribution	839,219
City	679,478

Actual Contributions Made:

Members (excluding buyback)	159,741
City	<u>690,713</u>
Total	850,454

G. Net Actuarial (Gain)/Loss 783,978

<sup>1</sup> Contributions developed as of 5/1/2022 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>
2022	6,783,749
2023	6,715,452
2024	6,625,444
2028	6,005,488
2032	4,845,828
2036	2,936,916
2040	0

I. (i) 5 Year Comparison of Actual and Assumed Salary Increases

		<u>Actual</u>	<u>Assumed</u>
Year Ended	4/30/2022	6.74%	5.54%
Year Ended	4/30/2021	4.20%	5.44%
Year Ended	4/30/2020	4.68%	5.67%
Year Ended	4/30/2019	3.67%	6.04%
Year Ended	4/30/2018	3.86%	6.45%

(ii) 5 Year Comparison of Investment Return on Actuarial Value

		<u>Actual MVA</u>	<u>Actual AVA</u>	<u>Assumed</u>
Year Ended	4/30/2022	-3.11%	-2.03%	6.75%
Year Ended	4/30/2021	17.89%	6.74%	6.75%
Year Ended	4/30/2020	0.20%	3.54%	6.75%
Year Ended	4/30/2019	4.44%	4.27%	6.75%
Year Ended	4/30/2018	5.58%	4.43%	6.75%

DEVELOPMENT OF MAY 1, 2022 AMORTIZATION PAYMENT

(1)	Unfunded Actuarial Accrued Liability as of May 1, 2021	\$6,019,192
(2)	Sponsor Normal Cost developed as of May 1, 2021	237,834
(3)	Expected administrative expenses for the year ended April 30, 2022	7,294
(4)	Expected interest on (1), (2) and (3)	422,595
(5)	Sponsor contributions to the System during the year ended April 30, 2022	690,713
(6)	Expected interest on (5)	23,312
(7)	Expected Unfunded Actuarial Accrued Liability as of April 30, 2022, (1)+(2)+(3)+(4)-(5)-(6)	5,972,890
(8)	Change to UAAL due to Assumption Change	26,881
(9)	Change to UAAL due to Actuarial (Gain)/Loss	783,978
(10)	Unfunded Accrued Liability as of May 1, 2022	6,783,749
(11)	UAAL Subject to Amortization (100% AAL less Actuarial Assets)	6,783,749

<u>Date</u> <u>Established</u>	<u>Years</u> <u>Remaining</u>	<u>5/1/2022</u> <u>Amount</u>	<u>Amortization</u> <u>Amount</u>
5/1/2022	18	6,783,749	492,927

## DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of May 1, 2021	\$6,019,192
(2) Expected UAAL as of May 1, 2022	5,972,890
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	834,862
Salary Increases	147,903
Active Decrements	(490,625)
Inactive Mortality	61,922
Other	<u>229,916</u>
Change in UAAL due to (Gain)/Loss	783,978
Change to UAAL due to Assumption Change	<u>26,881</u>
(4) Actual UAAL as of May 1, 2022	\$6,783,749

RECONCILIATION OF CHANGES IN CONTRIBUTION REQUIREMENT

(1) Contribution Determined as of May 1, 2021	\$	713,027
(2) Summary of Contribution Impact by component:		
Change in Normal Cost		(13,383)
Change in Assumed Administrative Expense		8,575
Investment Return (Actuarial Asset Basis)		63,573
Salary Increases		11,262
New Entrants		1,437
Active Decrements		(37,360)
Inactive Mortality		4,715
Contributions (More) or Less than Recommended		(884)
Increase in Amortization Payment Due to Payroll Growth Assumption		15,412
Change in Expected Member Contributions		1,591
Assumption Change		13,967
Other		<u>16,022</u>
Total Change in Contribution		84,927
(3) Contribution Determined as of May 1, 2022		\$797,954

## PROJECTION OF BENEFIT PAYMENTS

Year	Payments for Current Actives	Payments for Current Inactives	Total Payments
2022	31,540	728,458	759,998
2023	61,033	724,306	785,339
2024	86,905	734,774	821,679
2025	117,323	744,933	862,256
2026	148,229	754,711	902,940
2027	175,002	764,027	939,029
2028	199,243	772,796	972,039
2029	227,320	780,930	1,008,250
2030	268,640	788,341	1,056,981
2031	319,089	794,943	1,114,032
2032	368,504	800,641	1,169,145
2033	420,168	805,332	1,225,500
2034	473,914	808,900	1,282,814
2035	532,074	811,201	1,343,275
2036	586,863	812,064	1,398,927
2037	648,740	811,280	1,460,020
2038	727,092	808,621	1,535,713
2039	800,732	803,826	1,604,558
2040	869,174	796,613	1,665,787
2041	936,131	786,701	1,722,832
2042	1,023,820	773,836	1,797,656
2043	1,120,971	757,793	1,878,764
2044	1,196,604	738,421	1,935,025
2045	1,272,257	715,651	1,987,908
2046	1,336,364	689,507	2,025,871
2047	1,412,589	660,093	2,072,682
2048	1,477,985	627,576	2,105,561
2049	1,552,795	592,175	2,144,970
2050	1,619,039	554,223	2,173,262
2051	1,685,840	514,139	2,199,979
2052	1,744,136	472,385	2,216,521
2053	1,821,062	429,485	2,250,547
2054	1,899,099	386,048	2,285,147
2055	1,953,392	342,749	2,296,141
2056	1,991,280	300,297	2,291,577
2057	2,020,447	259,404	2,279,851
2058	2,041,176	220,704	2,261,880
2059	2,055,621	184,741	2,240,362
2060	2,063,612	151,954	2,215,566
2061	2,064,931	122,653	2,187,584

## ACTUARIAL ASSUMPTIONS AND METHODS

Interest Rate	6.75% per year compounded annually, net of investment related expenses. We will continue to monitor this assumption in light of the target asset allocation of the trust and the expected long-term return by asset class.
Mortality Rate	<p><b>Active Lives:</b> PubS-2010 Employee mortality, unadjusted, with generational improvements with most recent projection scale (currently Scale MP-2021). 10% of active deaths are assumed to be in the line of duty.</p> <p><b>Inactive Lives:</b> PubS-2010 Healthy Retiree mortality, adjusted by a factor of 1.15 for male retirees and unadjusted for female retirees, with generational improvements with most recent projection scale (currently Scale MP-2021).</p> <p><b>Beneficiaries:</b> PubS-2010 Survivor mortality, unadjusted for male beneficiaries and adjusted by a factor of 1.15 for female beneficiaries, with generational improvements with most recent projection scale (currently Scale MP-2021).</p> <p><b>Disabled Lives:</b> PubS-2010 Disabled mortality, adjusted by a factor of 1.08 for male disabled members and unadjusted for female disabled members, with generational improvements with most recent projection scale (currently Scale MP-2021).</p> <p>The mortality assumptions sufficiently accommodate anticipated future mortality improvements.</p>
Retirement Age	See table at end of this section. This is based on a 2022 experience study performed for the Illinois Police Officers' Pension Investment Fund.
Disability Rate	See table at end of this section. 60% of the disabilities are assumed to be in the line of duty. This is based on a 2022 experience study performed for the Illinois Police Officers' Pension Investment Fund.
Termination Rate	See table at end of this section. This is based on a 2022 experience study performed for the Illinois Police Officers' Pension Investment Fund.

Salary Increases

See table below. This is based on a 2022 experience study performed for the Illinois Police Officers' Pension Investment Fund.

Salary Scale	
Service	Rate
0	11.00%
1	9.50%
2	8.00%
3	7.50%
4	7.00%
5	6.00%
6	5.00%
7 - 11	4.00%
12 - 29	3.75%
30+	3.50%

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.

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. 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.

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

3.25% 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

<u>% Terminating During the Year</u>		<u>% Becoming Disabled During the Year</u>		<u>% Retiring During the Year (Tier 1)</u>		<u>% Retiring During the Year (Tier 2)</u>	
<u>Service</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
0	13.00%	20	0.000%	50 - 54	20%	50 - 54	5%
1	8.00%	25	0.029%	55 - 62	25%	55	40%
2	7.00%	30	0.133%	63	33%	56 - 62	25%
3	6.00%	35	0.247%	64	40%	63	33%
4	5.00%	40	0.399%	65 - 69	55%	64	40%
5	4.50%	45	0.561%	70+	100%	65 - 69	55%
6	4.00%	50	0.675%			70+	100%
7	3.50%	55	0.855%				
8	3.00%	60	1.093%				
9	2.50%						
10	2.25%						
11	2.00%						
12	1.75%						
13	1.50%						
14+	1.25%						

## 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.

Accrued Actuarial Liability is determined according to the plan's actuarial cost method. This amount represents the portion of the anticipated future benefits allocated to years prior to the valuation date.

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

Market Value of Assets is the fair market value of plan assets as of the valuation date. This amount may be adjusted to produce an Actuarial Value of Assets for plan funding purposes.

Actuarial Value of Assets is the asset value used in the valuation to determine contribution requirements. It represents the plan's Market Value of Assets, with adjustments according to the Actuarial Asset Method. These adjustments produce a "smoothed" value that is likely to be less volatile from year to year than the Market Value of Assets.

Unfunded Accrued Liability is the excess of the Accrued Actuarial Liability over the Actuarial Value of Assets.

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.
- (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 decreased from 140.0% on May 1, 2019 to 129.4% on May 1, 2022, indicating that the plan has been rapidly maturing.
- 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 64.2%. 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 decreased from 59.3% on May 1, 2019 to 57.9% on May 1, 2022, due mainly to plan experience.
- 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, 2019 to May 1, 2022. The current Net Cash Flow Ratio of 0.1% indicates that contributions are generally covering the plan's benefit payments and administrative expenses.

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>5/1/2022</u>	<u>5/1/2021</u>	<u>5/1/2020</u>	<u>5/1/2019</u>
<u>Support Ratio</u>				
Total Actives	22	22	21	21
Total Inactives	17	16	16	15
Actives / Inactives	129.4%	137.5%	131.3%	140.0%
 <u>Asset Volatility Ratio</u>				
Market Value of Assets (MVA)	8,906,853	9,838,568	8,247,378	8,075,755
Total Annual Payroll	1,629,944	1,645,994	1,521,288	1,473,074
MVA / Total Annual Payroll	546.5%	597.7%	542.1%	548.2%
 <u>Accrued Liability (AL) Ratio</u>				
Inactive Accrued Liability	10,343,105	9,528,961	9,493,244	9,477,819
Total Accrued Liability	16,109,313	15,526,140	14,856,346	14,081,940
Inactive AL / Total AL	64.2%	61.4%	63.9%	67.3%
 <u>Funded Ratio</u>				
Actuarial Value of Assets (AVA)	9,325,564	9,506,948	8,803,784	8,350,414
Total Accrued Liability	16,109,313	15,526,140	14,856,346	14,081,940
AVA / Total Accrued Liability	57.9%	61.2%	59.3%	59.3%
 <u>Net Cash Flow Ratio</u>				
Net Cash Flow <sup>1</sup>	11,375	106,261	154,984	86,660
Market Value of Assets (MVA)	8,906,853	9,838,568	8,247,378	8,075,755
Ratio	0.1%	1.1%	1.9%	1.1%

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

STATEMENT OF FIDUCIARY NET POSITION  
April 30, 2022

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Checking Account	4,382
Certificates of Deposit	668,032
Money Market	1,977,708
Total Cash and Equivalents	2,650,122
Receivables:	
Member Contributions	18,856
Purchased Interest	198
Accrued Past Due Interest	12,896
Total Receivable	31,950
Investments:	
Corporate Bonds	1,601,429
U.S. Gov't and Agency Obligations	673,963
Mutual Funds	3,952,896
Total Investments	6,228,288
Total Assets	8,910,360
<u>LIABILITIES</u>	
Liabilities:	
Payable:	
To Municipality	2,807
Expenses Due and Unpaid	700
Total Liabilities	3,507
Net Assets:	
Active and Retired Members' Equity	8,906,853
NET POSITION RESTRICTED FOR PENSIONS	8,906,853
TOTAL LIABILITIES AND NET ASSETS	8,910,360

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED April 30, 2022  
Market Value Basis

ADDITIONS

Contributions:		
Member	159,741	
Miscellaneous Member Revenue	49,216	
City	690,713	
 Total Contributions		 899,670
Investment Income:		
Miscellaneous Income	3,558	
Net Realized Gain (Loss)	221,133	
Unrealized Gain (Loss)	(940,178)	
Net Increase in Fair Value of Investments		(715,487)
Interest & Dividends		459,037
Less Investment Expense <sup>1</sup>		(29,121)
 Net Investment Income		 (285,571)
 Total Additions		 614,099

DEDUCTIONS

Distributions to Members:		
Benefit Payments	698,096	
Refund of Contributions/Transfers	174,873	
 Total Distributions		 872,969
 Administrative Expenses		 15,326
 Total Deductions		 888,295
 Net Increase in Net Position		 (274,196)
 NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		9,838,568
Adjustment to beginning of year		(657,519)
 End of the Year		 8,906,853

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

ACTUARIAL ASSET VALUATION

April 30, 2022

Development of Actuarial Value of Assets

Market Value of Assets, 4/30/2022	8,906,853
(Gains)/Losses Not Yet Recognized	418,711
Actuarial Value of Assets, 4/30/2022	9,325,564
4/30/2022 Limited Actuarial Assets:	9,325,564

Development of Investment Gain/Loss

Market Value of Assets, 4/30/2021	9,181,049
Contributions Less Benefit Payments & Administrative Expenses	11,375
Expected Investment Earnings <sup>1</sup>	620,105
Actual Net Investment Earnings	(285,571)
2022 Actuarial Investment Gain/(Loss)	(905,676)

<sup>1</sup> Expected Investment Earnings = 6.75% x (9,181,049 + 0.5 x 11,375)

Gains/(Losses) Not Yet Recognized

Plan Year	Gain/(Loss)	Amounts Not Yet Recognized by Valuation Year				
Ending		2022	2023	2024	2025	2026
4/30/2019	(177,373)	(35,475)	0	0	0	0
4/30/2020	(533,705)	(213,482)	(106,741)	0	0	0
4/30/2021	924,645	554,787	369,858	184,929	0	0
4/30/2022	(905,676)	(724,541)	(543,406)	(362,270)	(181,135)	0
Total		(418,711)	(280,289)	(177,341)	(181,135)	0

Development of Asset Returns

(A) 4/30/2021 Actuarial Assets:	9,506,948
(I) Net Investment Income:	
1. Interest and Dividends	462,595
2. Realized Gains (Losses)	221,133
3. Change in Actuarial Value	(847,366)
4. Investment Expenses	(29,121)
Total	(192,759)
(B) 4/30/2022 Actuarial Assets:	9,325,564
Actuarial Asset Rate of Return = (2 x I) / (A + B - I):	-2.03%
Market Value of Assets Rate of Return:	-3.11%
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)	(834,862)



CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

April 30, 2022  
Actuarial Asset Basis

INCOME		
Contributions:		
Member	159,741	
Miscellaneous Member Revenue	49,216	
City	690,713	
Total Contributions		899,670
Earnings from Investments		
Interest & Dividends	459,037	
Miscellaneous Income	3,558	
Net Realized Gain (Loss)	221,133	
Change in Actuarial Value	(847,366)	
Total Earnings and Investment Gains		(163,638)
EXPENSES		
Administrative Expenses:		
Investment Related <sup>1</sup>	29,121	
Other	15,326	
Total Administrative Expenses		44,447
Distributions to Members:		
Benefit Payments	698,096	
Refund of Contributions/Transfers	174,873	
Total Distributions		872,969
Change in Net Assets for the Year		(181,384)
Net Assets Beginning of the Year		9,506,948
Net Assets End of the Year <sup>2</sup>		9,325,564

<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>5/1/2022</u>	<u>5/1/2021</u>	<u>5/1/2020</u>	<u>5/1/2019</u>
<u>Actives - Tier 1</u>				
Number	8	10	10	10
Average Current Age	43.7	43.6	42.6	41.6
Average Age at Employment	27.4	27.8	27.8	28.3
Average Past Service	16.3	15.8	14.8	13.3
Average Annual Salary	\$83,431	\$79,942	\$77,792	\$75,331
<u>Actives - Tier 2</u>				
Number	14	12	11	11
Average Current Age	33.6	35.4	35.1	34.2
Average Age at Employment	29.0	30.4	30.3	29.9
Average Past Service	4.6	5.0	4.8	4.3
Average Annual Salary	\$68,750	\$70,548	\$67,579	\$65,433
<u>Service Retirees</u>				
Number	9	8	8	10
Average Current Age	64.1	63.8	62.8	64.9
Average Annual Benefit	\$61,751	\$61,221	\$59,437	\$54,727
<u>Beneficiaries</u>				
Number	4	4	4	1
Average Current Age	73.6	72.6	71.6	78.5
Average Annual Benefit	\$40,550	\$40,550	\$40,550	\$35,587
<u>Disability Retirees</u>				
Number	0	0	0	1
Average Current Age	N/A	N/A	N/A	68.2
Average Annual Benefit	N/A	N/A	N/A	\$34,435
<u>Terminated Vested</u>				
Number	4	4	4	3
Average Current Age	35.2	35.6	34.6	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	3	0	0	0	0	0	0	0	0	0	0	3
25 - 29	1	0	0	0	1	0	0	0	0	0	0	2
30 - 34	0	1	0	1	0	1	0	0	0	0	0	3
35 - 39	0	0	1	0	0	1	3	1	0	0	0	6
40 - 44	0	0	0	0	0	0	2	0	0	0	0	2
45 - 49	0	0	0	0	0	3	0	0	0	0	0	3
50 - 54	0	0	0	0	0	0	0	1	2	0	0	3
55 - 59	0	0	0	0	0	0	0	0	0	0	0	0
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	4	1	1	1	1	5	5	2	2	0	0	22

## VALUATION PARTICIPANT RECONCILIATION

### 1. Active lives

a. Number in prior valuation 5/1/2021	22
b. Terminations	
i. Vested (partial or full) with deferred benefits	(1)
ii. Non-vested or full lump sum distribution received	(2)
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>(1)</u>
f. Continuing participants	18
g. New entrants	<u>4</u>
h. Total active life participants in valuation	22

### 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	8	4	0	4	16
Retired	1	0	0	0	1
Vested Deferred	0	0	0	1	1
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	(1)	(1)
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	9	4	0	4	17

## 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 48 consecutive months of service within the last 60 months of service in which the total salary was the highest 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.

For Tier 2 participants, the salary is capped at a rate of \$106,800 as of 2011, indexed annually at a rate of CPI-U, but not to exceed 3.00%.

#### 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	<b>Tier 1:</b> Age 60 and 8 years of Credited Service. <b>Tier 2:</b> Age 50 with 10 years of Credited Service.
Benefit	<b>Tier 1:</b> Normal Retirement benefit with no minimum. <b>Tier 2:</b> Normal Retirement benefit, reduced 6.00% 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: <ul style="list-style-type: none"><li>a.) 54% of salary attached to the rank held by Member on last day of service, and;</li><li>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.</li></ul>

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 (4-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

Valuation Date	5/1/2022	5/1/2021
Measurement Date	4/30/2022	4/30/2021
<b>Plan Membership:</b>		
Inactives Currently Receiving Benefits	13	12
Inactives Not Yet Receiving Benefits	4	4
Active Plan Members	<u>22</u>	<u>22</u>
 Total	 39	 38
 Covered Payroll	 \$ 1,611,917	 \$ 1,645,994
<b>Net Pension Liability</b>		
Total Pension Liability	\$ 15,956,887	\$ 15,361,997
Plan Fiduciary Net Position	<u>8,906,853</u>	<u>9,838,568</u>
Net Pension Liability	\$ 7,050,034	\$ 5,523,429
 Plan Fiduciary Net Position		
As a Percentage of Total Pension Liability	55.82%	64.04%
 Net Pension Liability		
As a Percentage of Covered Payroll	437.37%	335.57%
 Total Pension Expense	 \$ 937,445	 \$ 722,766
<b>Development of Single Discount Rate</b>		
Single Discount Rate	6.75%	6.75%
Long-Term Expected Rate of Return	6.75%	6.75%
High-quality Municipal Bond Rate	3.98%	1.83%
Number of Years Future Benefit Payments Are Expected to be Paid	99	99



## SCHEDULE OF CHANGES IN NET PENSION LIABILITY

GASB 68 Reporting Period Ending Measurement Date	04/30/2023 04/30/2022	04/30/2022 04/30/2021
Total Pension Liability		
Service Cost	400,729	372,154
Interest	1,034,521	992,655
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	(50,484)	28,787
Changes of Assumptions	33,877	-
Contributions - Buy Back	49,216	8,526
Benefit Payments, Including Refunds of Employee Contributions	(872,969)	(747,942)
Net Change in Total Pension Liability	594,890	654,180
Total Pension Liability - Beginning	15,361,997	14,707,817
Total Pension Liability - Ending (a)	\$ 15,956,887	\$ 15,361,997
Plan Fiduciary Net Position		
Contributions - Employer	690,713	687,092
Contributions - Employee	159,741	165,879
Contributions - Buy Back	49,216	8,526
Net Investment Income	(285,571)	1,484,929
Benefit Payments, Including Refunds of Employee Contributions	(872,969)	(747,942)
Administrative Expense	(15,326)	(7,294)
Net Change in Plan Fiduciary Net Position	(274,196)	1,591,190
Plan Fiduciary Net Position - Beginning	9,838,568	8,247,378
Adjustment to beginning of year	(657,519)	-
Plan Fiduciary Net Position - Ending (b)	\$ 8,906,853	\$ 9,838,568
Net Pension Liability - Ending (a) - (b)	\$ 7,050,034	\$ 5,523,429
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	55.82%	64.04%
Covered Payroll	\$ 1,611,917	\$ 1,645,994
Net Pension Liability as a Percentage of Covered Payroll	437.37%	335.57%

STATEMENT OF CHANGES IN NET PENSION LIABILITY  
CITY REPORTING

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Reporting Period Ending April 30, 2022	\$ 15,361,997	\$ 9,838,568	\$ 5,523,429
Adjustment to beginning of year	-	(657,519)	657,519
Changes for a Year:			
Service Cost	400,729	-	400,729
Interest	1,034,521	-	1,034,521
Differences Between Expected and Actual Experience	(50,484)	-	(50,484)
Changes of Assumptions	33,877	-	33,877
Changes of Benefit Terms	-	-	-
Contributions - Employer	-	690,713	(690,713)
Contributions - Employee	-	159,741	(159,741)
Contributions - Buy Back	49,216	49,216	-
Net Investment Income	-	(285,571)	285,571
Benefit Payments, Including Refunds of Employee Contributions	(872,969)	(872,969)	-
Administrative Expense	-	(15,326)	15,326
Net Changes	594,890	(274,196)	869,086
Reporting Period Ending April 30, 2023	\$ 15,956,887	\$ 8,906,853	\$ 7,050,034

*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	\$ 9,403,951	\$ 7,050,034	\$ 5,137,709

*Pension Plan Fiduciary Net Position*

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

FINAL PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS  
OF RESOURCES RELATED TO PENSIONS  
YEAR-END APRIL 30, 2022

For the year ended April 30, 2022, the Sponsor will recognize a pension expense of \$722,766.

On April 30, 2022, 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	170,048	173,012
Changes of assumptions	452,251	53,824
Net difference between projected and actual earnings on pension plan investments	0	331,619
Employer contributions after the measurement date	690,713	0
Total	\$1,313,012	\$558,455

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 April 30, 2022.

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:

2023	\$87,654
2024	\$70,730
2025	(\$33,267)
2026	(\$152,387)
2027	\$83,443
Thereafter	\$7,671

PRELIMINARY PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED  
INFLOWS OF RESOURCES RELATED TO PENSIONS  
YEAR-END APRIL 30, 2023

For the year ended April 30, 2023, the Sponsor will recognize a pension expense of \$937,445.

On April 30, 2023, 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	132,621	168,128
Changes of assumptions	343,363	40,368
Net difference between projected and actual earnings on pension plan investments	418,710	0
Employer contributions after the measurement date	TBD	0
Total	TBD	\$208,496

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 April 30, 2023.

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:

2024	\$249,789
2025	\$145,792
2026	\$26,672
2027	\$262,502
2028	\$1,997
Thereafter	(\$554)

FINAL COMPONENTS OF PENSION EXPENSE  
YEAR-END APRIL 30, 2022

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning Balance	\$ 6,460,439	\$ 300,183	\$ 2,023,803	
Employer Contributions made after April 30, 2021	-	-	690,713	-
Total Pension Liability Factors:				
Service Cost	372,154	-	-	372,154
Interest	992,655	-	-	992,655
Changes in Benefit Terms	-	-	-	-
Contributions - Buy Back	8,526	-	-	8,526
Differences Between Expected and Actual Experience With Regard to Economic or Demographic Assumptions	28,787	-	28,787	-
Current Year Amortization	-	(49,061)	(37,430)	(11,631)
Changes in Assumptions About Future Economic or Demographic Factors or Other Inputs	-	-	-	-
Current Year Amortization	-	(13,456)	(138,532)	125,076
Benefit Payments, Including Refunds of Employee Contributions	(747,942)	-	-	-
Net Change	654,180	(62,517)	543,538	1,486,780
Plan Fiduciary Net Position:				
Contributions - Employer	687,092	-	(687,092)	-
Contributions - Employee	165,879	-	-	(165,879)
Contributions - Buy Back	8,526	-	-	(8,526)
Projected Net Investment Income	560,284	-	-	(560,284)
Difference Between Projected and Actual Earnings on Pension Plan Investments	924,645	924,645	-	-
Current Year Amortization	-	(195,759)	(159,140)	(36,619)
Benefit Payments, Including Refunds of Employee Contributions	(747,942)	-	-	-
Administrative Expenses	(7,294)	-	-	7,294
Net Change	1,591,190	728,886	(846,232)	(764,014)
Ending Balance	\$ 5,523,429	\$ 966,552	\$ 1,721,109	\$ 722,766

PRELIMINARY COMPONENTS OF PENSION EXPENSE<sup>1</sup>  
 YEAR-END APRIL 30, 2023

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning Balance	\$ 5,523,429	\$ 966,552	\$ 1,721,109	
Employer Contributions made after April 30, 2022	-	-	TBD <sup>1</sup>	-
Total Pension Liability Factors:				
Service Cost	400,729	-	-	400,729
Interest	1,034,521	-	-	1,034,521
Changes in Benefit Terms	-	-	-	-
Contributions - Buy Back	49,216	-	-	49,216
Differences Between Expected and Actual Experience With Regard to Economic or Demographic Assumptions	(50,484)	50,484	-	-
Current Year Amortization	-	(55,368)	(37,427)	(17,941)
Changes in Assumptions About Future Economic or Demographic Factors or Other Inputs	33,877	-	33,877	-
Current Year Amortization	-	(13,456)	(142,765)	129,309
Benefit Payments, Including Refunds of Employee Contributions	(872,969)	-	-	-
Net Change	594,890	(18,340)	(146,315)	1,595,834
Plan Fiduciary Net Position:				
Contributions - Employer	690,713	-	(690,713)	-
Contributions - Employee	159,741	-	-	(159,741)
Contributions - Buy Back	49,216	-	-	(49,216)
Projected Net Investment Income	620,105	-	-	(620,105)
Difference Between Projected and Actual Earnings on Pension Plan Investments	(905,676)	-	905,676	-
Current Year Amortization	-	(184,929)	(340,276)	155,347
Benefit Payments, Including Refunds of Employee Contributions	(872,969)	-	-	-
Administrative Expenses	(15,326)	-	-	15,326
Net Change	(274,196)	(184,929)	(125,313)	(658,389)
Adjustment to beginning of year	(657,519)	-	-	-
Ending Balance	\$ 7,050,034	\$ 763,283	TBD	\$ 937,445

<sup>1</sup> Employer contributions made after the April 30, 2022 measurement date, but before April 30, 2023 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)	2023	2024	2025	2026	2027	Thereafter
2022	\$ (50,484)	8	\$ (6,307)	\$ (6,311)	\$ (6,311)	\$ (6,311)	\$ (6,311)	\$ (18,933)
2021	\$ 28,787	8	\$ 3,598	\$ 3,598	\$ 3,598	\$ 3,598	\$ 3,598	\$ 7,196
2020	\$ 3,798	8	\$ 475	\$ 475	\$ 475	\$ 475	\$ 475	\$ 475
2019	\$ 167,797	8	\$ 20,975	\$ 20,975	\$ 20,975	\$ 20,975	\$ 20,975	\$ -
2018	\$ (299,557)	8	\$ (37,445)	\$ (37,445)	\$ (37,445)	\$ (37,445)	\$ -	\$ -
2017	\$ 99,029	8	\$ 12,379	\$ 12,379	\$ 12,379	\$ -	\$ -	\$ -
2016	\$ (92,933)	8	\$ (11,616)	\$ (11,616)	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			(17,941)	(17,945)	(6,329)	(18,708)	18,737	(11,262)

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)	2023	2024	2025	2026	2027	Thereafter
2022	\$ 33,877	8	\$ 4,232	\$ 4,235	\$ 4,235	\$ 4,235	\$ 4,235	\$ 12,705
2019	\$ 467,158	8	\$ 58,395	\$ 58,395	\$ 58,395	\$ 58,395	\$ 58,395	\$ -
2018	\$ (107,650)	8	\$ (13,456)	\$ (13,456)	\$ (13,456)	\$ (13,456)	\$ -	\$ -
2016	\$ 641,098	8	\$ 80,138	\$ 80,138	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 129,309	\$ 129,312	\$ 49,174	\$ 49,174	\$ 62,630	\$ 12,705



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		Recognition						
	Between Projected and Actual Earnings	Period (Years)	2023	2024	2025	2026	2027	Thereafter	
2022	\$ 905,676	5	\$ 181,136	\$ 181,135	\$ 181,135	\$ 181,135	\$ 181,135	\$ -	
2021	\$ (924,645)	5	\$ (184,929)	\$ (184,929)	\$ (184,929)	\$ (184,929)	\$ -	\$ -	
2020	\$ 533,705	5	\$ 106,741	\$ 106,741	\$ 106,741	\$ -	\$ -	\$ -	
2019	\$ 177,373	5	\$ 35,475	\$ 35,475	\$ -	\$ -	\$ -	\$ -	
2018	\$ 84,619	5	\$ 16,924	\$ -	\$ -	\$ -	\$ -	\$ -	
Net Increase (Decrease) in Pension Expense			\$ 155,347	\$ 138,422	\$ 102,947	\$ (3,794)	\$ 181,135	\$ -	

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
04/30/2022	679,478	690,713	(11,235)	1,611,917	42.85%
04/30/2021	634,090	687,092	(53,002)	1,645,994	41.74%

The following assumptions were used to determine the Actuarially Determined Contribution for the plan year ending April 30, 2022:

Calculation Timing	The Actuarially Determined Contribution is calculated using a May 1, 2020 valuation date.
Interest Rate	6.75%
Mortality Rate	<p><b>Active Lives:</b> PubS-2010 Employee mortality, projected 5 years past the valuation date with Scale MP-2019. 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-2019.</p> <p><b>Beneficiaries:</b> PubS-2010 Survivor mortality, projected 5 years past the valuation date with Scale MP-2019.</p> <p><b>Disabled Lives:</b> PubS-2010 Disabled mortality, projected 5 years past the valuation date with Scale MP-2019.</p>
Assumptions	All other assumptions and methods used for determining the Actuarially Determined Contribution can be found in the May 1, 2020 Actuarial Valuation Report for the City of Washington Police Pension Fund prepared by Foster & Foster Actuaries and Consultants.

SCHEDULE OF INVESTMENT RETURNS

For the year ended April 30, 2022, the annual money-weighted return on Pension Plan investments, net of pension plan investment expense, was unknown. 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
04/30/2022	N/A
04/30/2021	19.11%

ASSUMPTIONS – GASB PENSION LIABILITY AND PENSION EXPENSE

The GASB 67 Pension Liability as of April 30, 2022 and Preliminary GASB 68 Pension Expense for the City's May 1, 2022 - April 30, 2023 reporting period were determined as follows:

Valuation Date	May 1, 2022
Measurement Date	April 30, 2022
Discount Rate	6.75%
Inflation	2.50%
Salary Increases	Service-based rates
Other Assumptions	A summary of complete assumptions can be found in the accompanying Actuarial Valuation as of May 1, 2022 for the City of Washington Police Pension Fund prepared by Foster & Foster Actuaries and Consultants.

The GASB 67 Total Pension Liability and Preliminary GASB 68 Pension Expense reflect the following assumption changes:

- Updated mortality, retirement, disability, and termination rate tables.
- Updated assumed salary increase rates.

The GASB 68 Pension Liability and Final Pension Expense for the current City reporting period were determined as follows:

Valuation Date	May 1, 2021
Measurement Date	April 30, 2021
GASB 68 Expense Measurement Period	May 1, 2020 - April 30, 2021
Reporting Period	May 1, 2021 - April 30, 2022
Discount Rate	6.75%
Inflation	2.50%
Salary Increases	Service-based rates
Other Assumptions	A summary of complete assumptions can be found in the Actuarial Valuation as of May 1, 2021 for the City of Washington Police Pension Fund prepared by Foster & Foster Actuaries and Consultants.

## NOTES TO THE FINANCIAL STATEMENTS

*Support for Long-Term Expected Rate of Return*

The Long-Term Expected Rate of Return on Pension Plan investments can be determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Pension Plan investment expenses and inflation) are developed for each major asset class.

These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the Pension Plan's target asset allocation adopted as of April 30, 2022, are unknown.

*Concentrations*

It is unknown if the Plan held investments in any one organization that represent 5 percent or more of the Pension Plan's fiduciary net position.

*Discount Rate*

The Discount Rate used to measure the Total Pension Liability was 6.75 percent.

The projection of cash flows used to determine the Discount Rate assumed that Plan Member contributions will be made at the current contribution rate and that Sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the Member rate. Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the Long-Term Expected Rate of Return on Pension Plan investments (6.75 percent) was applied to all periods of projected benefit payments to determine the Total Pension Liability.

For the purpose of this valuation, the expected rate of return on pension plan investments is 6.75 percent. The municipal bond rate is 3.98 percent (based on the daily rate closest to, but not later than the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index). The resulting single discount rate is 6.75 percent.

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.
- c.) One retired member of the Police Department elected by the Membership.

Benefits Provided

The Plan provides retirement, termination, disability and death benefits.

A summary of the benefit provisions can be found in the accompanying Actuarial Valuation as of May 1, 2022 for the City of Washington Police Pension Fund prepared by Foster & Foster Actuaries and Consultants.