

SPRINGFIELD POLICE PENSION FUND

GASB 67/68 ACTUARIAL VALUATION
AS OF MARCH 1, 2024



FOR THE FEBRUARY 28, 2025
FINANCIAL STATEMENT REPORTING

668 N. River Road
Naperville, IL 60563
Phone: 630.393.1483
Fax: 630.393.2516
lauterbachamen.com

GASB Statements 67 and 68 Actuarial Disclosures



Lauterbach & Amen, LLP

CERTIFIED PUBLIC ACCOUNTANTS

GASB 67: SPRINGFIELD POLICE PENSION FUND

Fiscal Year Ending: February 28, 2025

Actuarial Valuation Date: March 1, 2024

Data Date: February 29, 2024

Measurement Date: February 28, 2025

GASB 68: CITY OF SPRINGFIELD, ILLINOIS

Fiscal Year Ending: February 28, 2025

Actuarial Valuation Date: March 1, 2024

Data Date: February 29, 2024

Measurement Date: February 28, 2025

Contact:

Todd A. Schroeder

Partner

April 21, 2025

LAUTERBACH & AMEN, LLP



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ACTUARIAL CERTIFICATION

This certification provides supplemental information as required by the Governmental Accounting Standards Board. The enclosed schedules were prepared by the undersigned to assist in the preparation of the Annual Financial Report. The assumptions and methods used in the preparation of this report meet the parameters set for the disclosures presented in the financial section as required by the Governmental Accounting Standards Board. Additional information is provided solely to assist the auditors in the preparation of the required footnote disclosures.

The results in this report are based on the demographic data and financial information submitted by the City of Springfield, Illinois, and may include results from the prior Actuary. We did not prepare the Actuarial Valuations for the years prior to March 1, 2016. If applicable, those valuations were prepared by the prior Actuary whose reports have been furnished to us, and our disclosures are based on those reports. An audit of the prior Actuary's results was not performed, but high-level reviews were completed for general reasonableness, as appropriate, based on the purpose of this valuation. The accuracy of the results is dependent on the precision and completeness of the underlying information.

The valuation results summarized in this report involve actuarial calculations that require assumptions about future events. The City of Springfield, Illinois selected certain assumptions, while others were the result of guidance and/or judgment from the Plan's Actuary or Advisors. We believe that the assumptions used in this valuation are reasonable and appropriate for the purposes for which they have been used.

In preparing the results, our Actuaries used commercially available software (ProVal) developed by Winklevoss Technologies, LLC. This software is widely used for the purpose of performing Actuarial Valuations. Our Actuaries coded the plan provisions, assumptions, methods, and demographic data summarized in this report, and reviewed the liability and cost outputs for reasonableness. We are not aware of any material weaknesses or limitations in the software, and have determined it is appropriate for performing this valuation.



To the best of our knowledge, all calculations are in accordance with the applicable accounting requirements, while the procedures followed and presentation of results conform to generally accepted actuarial principles and practices. The undersigned consultants of Lauterbach & Amen, LLP, with actuarial credentials, meet the Qualification Standards of the American Academy of Actuaries to render this Actuarial Certification. There is no relationship between the Springfield Police Pension Fund or the City of Springfield, Illinois and Lauterbach & Amen, LLP that impairs our objectivity.

Respectfully Submitted,
LAUTERBACH & AMEN, LLP

Todd A. Schroeder, ASA, FCA, EA, MAAA

David Murciano, ASA, FCA, EA, MAAA



PLAN FIDUCIARY NET POSITION

Statement of Plan Fiduciary Net Position
Statement of Changes in Plan Fiduciary Net Position



STATEMENT OF PLAN FIDUCIARY NET POSITION

	<u>2/29/2024</u>	<u>2/28/2025</u>
Assets		
Cash and Cash Equivalents	\$ 7,805,691	\$ 4,792,991
Total Cash	<u>7,805,691</u>	<u>4,792,991</u>
Receivables:		
Prepays	<u>10,624</u>	<u>1,333</u>
Total Receivables	<u>10,624</u>	<u>1,333</u>
Investments:		
Pooled Investment Accounts	<u>206,051,096</u>	<u>225,455,136</u>
Total Investments	<u>206,051,096</u>	<u>225,455,136</u>
Total Assets	<u>213,867,411</u>	<u>230,249,460</u>
Liabilities		
Payables:		
Expenses Due/Unpaid	<u>8,679</u>	<u>10,127</u>
Total Liabilities	<u>8,679</u>	<u>10,127</u>
Plan Fiduciary Net Position	<u>\$ 213,858,732</u>	<u>\$ 230,239,333</u>

The Plan Fiduciary Net Position shown above is intended to be in accordance with GAAP and the Governmental Accounting Standards Board. The Fair Value of Investments has been provided by the reporting entity, and the results are being audited by an independent auditor. The level of the assets has been reviewed for reasonableness, but we make no representation as to the accuracy of the measurement of the Fair Value of Investments. The Statement of Plan Fiduciary Net Position for 2025 is based on audited financials.



STATEMENT OF CHANGES IN PLAN FIDUCIARY NET POSITION

	<u>2/28/2025</u>
Additions	
Contributions	
Employer	\$ 14,408,161
Other	1,782
Members	<u>2,654,032</u>
Total Contributions	<u>17,063,975</u>
Investment Income	
Net Appreciation in Fair Value of Investments	21,325,440
Interest and Dividends	-
Less Investment Expense	<u>(138,361)</u>
Net Investment Income	<u>21,187,079</u>
Total Additions	<u>38,251,054</u>
Deductions	
Benefit Payments	21,491,455
Transfers & Refunds of Member Contributions	200,455
Administrative Expense	<u>178,543</u>
Total Deductions	<u>21,870,453</u>
Net Increase in Net Position	<u>16,380,601</u>
Plan Fiduciary Net Position	
Beginning of Year	<u>213,858,732</u>
End of Year	<u>\$ 230,239,333</u>

The changes in Plan Fiduciary Net Position shown above are intended to be in accordance with GAAP and the Governmental Accounting Standards Board. The Plan activity has been provided by the reporting entity, and the results are being audited by an independent auditor. The cash flows have been reviewed for reasonableness, but we make no representation as to the accuracy of the measurement of the Fair Value of Investments. The Statement of Changes in Plan Fiduciary Net Position for 2025 is based on audited financials.



ACTUARIAL PENSION LIABILITY INFORMATION

Statement of Total Pension Liability
Statement of Changes in Total Pension Liability
Statement of Changes in Net Pension Liability
Deferred Outflows and Inflows of Resources
Deferred Outflows and Inflows of Resources – Detail
Pension Expense Development



STATEMENT OF TOTAL PENSION LIABILITY

	<u>2/29/2024</u>	<u>2/28/2025</u>
Active Members	<u>\$ 90,130,482</u>	<u>\$ 113,872,670</u>
Inactive Members		
Terminated Members	4,430,542	4,821,516
Retired Members	285,551,350	296,853,135
Disabled Members	5,866,533	6,024,755
Other Beneficiaries	<u>11,230,756</u>	<u>12,436,881</u>
Total Inactive Members	<u>307,079,181</u>	<u>320,136,287</u>
Total Pension Liability	<u>\$ 397,209,663</u>	<u>\$ 434,008,957</u>

The Total Pension Liability (“TPL”) shown above is dependent on several factors such as Plan Provisions and Actuarial Assumptions used in this report. In addition, the calculation of the TPL may be dependent on the Plan Fiduciary Net Position shown in the prior section of this report. Changes in the Plan Fiduciary Net Position due to any factor, including adjustments on final audit, could change the TPL. The dependence of the TPL on the Plan Fiduciary Net Position is due to the role of the Plan Fiduciary Net Position (and the Plan’s Projected Fiduciary Net Position) on the determination of the Discount Rate used for the TPL.

The TPL has been determined for GASB 67/68 reporting purposes only. The resulting TPL is intended to be used in the financial statement reporting of the Plan and/or Employer. The resulting liability is not intended to be a representation of the Plan liability for other purposes, including but not limited to, determination of cash funding requirements and recommendations. The TPL is based on data as of the *Actuarial Valuation - Data Date* shown in this report. The TPL has been determined as of the Actuarial Valuation Date and based on the assumptions used in this report, and adjusted to the Measurement Date as needed.



STATEMENT OF CHANGES IN TOTAL PENSION LIABILITY

	<u>2/28/2025</u>
Changes in Total Pension Liability	
Service Cost	\$ 5,672,999
Interest	27,759,435
Changes of Benefit Terms	795,481
Differences Between Expected and Actual Experience	12,564,212
Change in Assumptions	11,699,077
Benefit Payments and Refunds	<u>(21,691,910)</u>
Net Change in Total Pension Liability	36,799,294
Total Pension Liability - Beginning	<u>397,209,663</u>
Total Pension Liability - Ending (a)	<u>\$ 434,008,957</u>
 Plan Fiduciary Net Position - Ending (b)	 <u>\$ 230,239,333</u>
 Employer's Net Pension Liability - Ending (a) - (b)	 <u>\$ 203,769,624</u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 53.05%
 Covered-Employee Payroll	 \$ 24,785,301
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	822.14%

The Plan Fiduciary Net Position was detailed in the prior section of this report. The Employer's Net Pension Liability is the excess of the Total Pension Liability over the Plan Fiduciary Net Position.

Total Pension Liability may be dependent on the Plan Fiduciary Net Position. Changes in the Plan Fiduciary Net Position could change the determination of the Total Pension Liability. Any changes in the Plan Fiduciary Net Position, including adjustments on final audit, can have an impact on the Employer's Net Pension Liability that extends beyond the dollar-for-dollar change in the Plan Fiduciary Net Position.

Covered-Employee Payroll is based on the Covered-Employee Payroll for the Plan Members during the Fiscal Year.

A key demographic risk is mortality improvement differing from expected. While the actuarial assumptions reflect small, continuous improvements in mortality experience and these assumptions are



refined upon the completion of each actuarial experience study, the risk arises because there is a possibility of a sudden shift in mortality experience. This report reflects the impact of COVID-19 experience that has been accounted for in the underlying demographic data. This report does not reflect the ongoing impact of COVID-19, which is likely to influence demographic and economic experience, at least in the short-term. We will continue to monitor these developments and their impact on the Plan. Actual future experience will be reflected in each subsequent Actuarial Valuation, as experience emerges.



STATEMENT OF CHANGES IN NET PENSION LIABILITY

The table below illustrates the changes in Net Pension Liability (“NPL”) from the prior Measurement Date to the current Measurement Date. Under Statement 68, the difference between the NPL from the prior Measurement Date to the current Measurement Date should be recognized as a component of Pension Expense, unless permitted to be recognized as a Deferred Outflow or Inflow of Resources.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances Beginning at 3/1/2024	<u>\$ 397,209,663</u>	<u>\$ 213,858,732</u>	<u>\$ 183,350,931</u>
Changes for the Year:			
Service Cost	5,672,999	-	5,672,999
Interest	27,759,435	-	27,759,435
Actuarial Experience	12,564,212	-	12,564,212
Change in Assumptions	11,699,077	-	11,699,077
Changes of Benefit Terms	795,481	-	795,481
Contributions - Employer	-	14,408,161	(14,408,161)
Contributions - Members	-	2,654,032	(2,654,032)
Contributions - Other	-	1,782	(1,782)
Net Investment Income	-	21,187,079	(21,187,079)
Benefit Payments and Refunds	(21,691,910)	(21,691,910)	-
Administrative Expense	-	(178,543)	178,543
Net Changes	<u>\$ 36,799,294</u>	<u>\$ 16,380,601</u>	<u>\$ 20,418,693</u>
Balances Ending at 2/28/2025	<u>\$ 434,008,957</u>	<u>\$ 230,239,333</u>	<u>\$ 203,769,624</u>

The changes in Total Pension Liability shown above are described in the *Statement of Changes in Total Pension Liability* section of this report. The Plan Fiduciary Net Position was detailed in the prior section of this report. The Employer’s Net Pension Liability is the excess of the Total Pension Liability over the Plan Fiduciary Net Position.



DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

The table below shows the cumulative amounts to be shown as Deferred Outflows and Inflows of Resources. Changes in Total Pension Liability related to the differences between expected and actual experience, or changes in assumptions regarding future events, are recognized in Pension Expense over the average future working career of all Members (active and inactive) in the Pension Plan. The net difference in projected and actual earnings on Pension Plan investments over the measurement period are recognized over a 5-year period. Amounts not yet recognized are summarized below:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total Deferred Amounts
Differences Between Expected and Actual Experience	\$ 16,627,349	\$ (4,028,771)	\$ 12,598,578
Change in Assumptions	18,312,954	(30,678,714)	(12,365,760)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	10,437,352	(10,508,389)	(71,037)
Contributions Subsequent to the Measurement Date*	-	-	-
Total	<u>\$ 45,377,655</u>	<u>\$ (45,215,874)</u>	<u>\$ 161,781</u>

*Contributions Subsequent to the Measurement Date may be recognized as a reduction to the Net Pension Liability. The amount is not known as of the date of this report. Subsequent to the Measurement Date, the following amounts will be recognized in Pension Expense in the upcoming years:

Year Ended

February 28:

2026	\$ 1,276,976
2027	(2,630,353)
2028	(3,205,747)
2029	1,629,776
2030	3,091,129
Thereafter	\$ -



DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES – DETAIL

The table below shows the annual detail amounts that have been summarized on the prior page. Under Statement 68, the level of detail shown on the prior page is sufficient for financial statement reporting. The detail shown below is primarily for tracking purposes.

Pension Expense Source	Date Established	Initial Period	Initial Balance	Remaining Period	2/28/2025 Expense Recognized	2/28/2025 Deferred Balance
Asset Gain	2/28/2025	5.00	\$ (6,385,194)	5.00	\$ (1,277,039)	\$ (5,108,155)
Change in Assumptions Loss	2/28/2025	5.73	11,699,077	5.73	2,041,724	9,657,353
Actuarial Loss	2/28/2025	5.73	12,564,212	5.73	2,192,708	10,371,504
Asset Gain	2/29/2024	5.00	(9,000,390)	4.00	(1,800,078)	(5,400,234)
Change in Assumptions Gain	2/29/2024	5.40	(22,486,802)	4.40	(4,164,223)	(14,158,356)
Actuarial Loss	2/29/2024	5.40	4,563,994	4.40	845,185	2,873,624
Asset Loss	2/28/2023	5.00	25,022,850	3.00	5,004,570	10,009,140
Change in Assumptions Gain	2/28/2023	5.33	(24,113,864)	3.33	(4,524,178)	(10,541,330)
Actuarial Loss	2/28/2023	5.33	7,251,275	3.33	1,360,465	3,169,880
Asset Loss	2/28/2022	5.00	2,141,072	2.00	428,215	428,212
Change in Assumptions Gain	2/28/2022	5.30	(24,376,044)	2.30	(4,599,254)	(5,979,028)
Actuarial Gain	2/28/2022	5.30	(16,425,003)	2.30	(3,099,058)	(4,028,771)
Asset Gain	2/28/2021	5.00	(16,651,835)	1.00	(3,330,367)	-
Change in Assumptions Loss	2/28/2021	5.67	44,807,789	1.67	7,902,609	5,294,744
Actuarial Loss	2/28/2021	5.67	535,492	1.67	94,444	63,272
Change in Assumptions Loss	2/29/2020	6.82	27,952,499	1.82	4,098,607	3,360,857
Actuarial Loss	2/29/2020	6.82	1,239,833	1.82	181,794	149,069
Change in Assumptions Gain	2/28/2019	6.56	(1,351,671)	0.56	(115,383)	-
Actuarial Gain	2/28/2019	6.56	(1,646,679)	0.56	(140,565)	-
Total			\$ 15,340,611		\$ 1,100,176	\$ 161,781

Each detail amount shown above was established as of the Fiscal Year End shown and the full amount deferred has been determined as of that time. Any events that occur in subsequent Fiscal Years do not have an impact on the prior Fiscal Year. The bases are established independently each year.



PENSION EXPENSE DEVELOPMENT

The table below displays the Pension Expense development for the current year. The Pension Expense includes items that change the Net Pension Liability from one year to the next, netted out for amounts that are deferred under GASB pronouncement, plus any amounts that are being recognized that were deferred previously.

See below for the Pension Expense development:

	<u>2/28/2025</u>
Pension Expense/(Income) Under GASB 68	
Service Cost	\$ 5,672,999
Interest	27,759,435
Changes of Benefit Terms	795,481
Contributions - Members	(2,654,032)
Contributions - Other	(1,782)
Expected Investment Income	(14,801,885)
Administrative Expense	178,543
Other Changes	-
Initial Pension Expense/(Income)	<u>\$ 16,948,759</u>
Recognition of Outflow/(Inflow) of Resources Due to Liabilities	2,074,875
Recognition of Outflow/(Inflow) of Resources Due to Assets	<u>(974,699)</u>
Total Pension Expense/(Income)	<u>\$ 18,048,935</u>



ACTUARIAL ASSUMPTIONS INFORMATION

Statement of Significant Actuarial Assumptions
Assumption Changes
Actuarial Assumptions (Demographic)
Postemployment Benefit Changes
Expected Return on Pension Plan Investments
Municipal Bond Rate
Discount Rate
Discount Rate Sensitivity
Assessment and Use of Actuarial Models



STATEMENT OF SIGNIFICANT ACTUARIAL ASSUMPTIONS

Actuarial Assumptions (Economic)

Discount Rate Used for the Total Pension Liability	6.75%
Expected Rate of Return on Investments	7.00%
High-Quality 20 Year Tax-Exempt G.O. Bond Rate	4.15%
Projected Individual Pay Increases	4.00% - 8.90%
Projected Total Payroll Increases	3.25%
Consumer Price Index (Urban)	2.50%
Inflation Rate	2.50%

See the *Actuarial Assumptions (Demographic)* section of this report for further details on Demographic Assumptions.

The Actuarial Assumptions (Economic) rates shown above are assumed to be annual rates, compounded on an annual basis. For more information on the selection of the actuarial assumptions, please see the Actuarial Assumption Summary document prepared for the Plan, available upon request.

ASSUMPTION CHANGES

The assumptions were changed from the prior year.

The High-Quality 20 Year Tax-Exempt General Obligation (“G.O.”) Bond Rate assumption was changed from 3.54% to 4.15% for the current year. The underlying index used is The Bond Buyer 20-Bond G.O. Index as discussed in more detail later in this section. The choice of Index is unchanged from the prior year. The rate has been updated to the current Fiscal Year End based on changes in market conditions as reflected in the Index. The change was made to reflect our understanding of the requirements of GASB under Statement 67 and Statement 68.

The Discount Rate used in the determination of the Total Pension Liability was changed from 6.96% to 6.75%. The Discount Rate is impacted by a couple of metrics. Any change in the underlying High-Quality 20 Year Tax Exempt G.O. Bond Rate will impact the blended Discount Rate.



We performed a comprehensive study of Police Officers and Police Pension Funds in Illinois. We reviewed the results of the study as well as the demographic experience of the Fund. The actuarial assumptions were changed in the current valuation to the rates shown in the *Actuarial Assumptions* section of this report. The assumptions impacted include:

- Inflation Rate (CPI-U)
- Individual Pay Increases
- Retirement Rates
- Termination Rates
- Disability Rates
- Mortality Rates
- Mortality Improvement Rates
- Duty Death Probability

The assumption changes stated above were made to better reflect the future anticipated experience of the Plan.

In addition, there are changes that can be made that impact the projection of the Plan Fiduciary Net Position. For example, changes in the Formal or Informal Funding Policy can impact the Discount Rate. Actual changes in the Plan Fiduciary Net Position from one year to the next can impact the projections as well.



ACTUARIAL ASSUMPTIONS (DEMOGRAPHIC)

Projected Individual Pay Increases*

Projected individual pay increases include a long-term average increase for inflation, average annual increases for promotions, and any additional increases for a step program. Sample rates are as follows:

Service	Rate	Service	Rate
0	8.38%	8	4.00%
1	8.06%	9	8.90%
2	7.76%	10	4.00%
3	4.00%	15	4.00%
4	6.00%	20	4.00%
5	4.00%	25	4.00%
6	4.00%	30	4.00%
7	4.00%	35	4.00%

* Projected individual pay increases for active Members hired at age 40 or older are assumed annual increases at the ultimate rate reduced by 50 basis points, without adjustments in early service years.

Retirement Rates – Tier I

100% of the L&A Assumption Study for Tier I Police 2024 Cap Age 65. Sample rates are as follows:

Age	Rate	Age	Rate
50	22.00%	58	25.00%
51	20.00%	59	25.00%
52	20.00%	60	25.00%
53	20.00%	61	25.00%
54	20.00%	62	25.00%
55	20.00%	63	25.00%
56	25.00%	64	25.00%
57	25.00%	65	100.00%



Retirement Rates – Tier II

100% of the L&A Assumption Study for Tier II Police 2024 Cap Age 65. Sample rates are as follows:

Age	Rate	Age	Rate
50	5.50%	58	25.00%
51	5.00%	59	25.00%
52	5.00%	60	25.00%
53	5.00%	61	25.00%
54	5.00%	62	25.00%
55	50.00%	63	25.00%
56	50.00%	64	25.00%
57	25.00%	65	100.00%

Termination Rates

150% of the L&A Assumption Study for Police 2024. Sample rates are as follows:

Age/ Service	0	1	2	3	4	5+
25	19.50%	13.50%	10.50%	9.00%	5.25%	9.00%
30	18.90%	11.70%	9.00%	7.80%	5.25%	7.20%
35	18.15%	9.45%	7.13%	6.30%	5.25%	4.95%
40	8.57%	4.71%	3.75%	3.43%	3.11%	3.64%
45	20.25%	12.00%	7.50%	3.75%	9.00%	3.00%
50	20.25%	12.00%	7.50%	3.75%	9.00%	3.00%

Disability Rates

100% of the L&A Assumption Study for Police 2024. Sample rates are as follows:

Age	Rate	Age	Rate
25	0.00%	40	0.40%
30	0.05%	45	0.64%
35	0.18%	50	0.64%

65% of active Members who become disabled are assumed to be in the Line of Duty.



Mortality Rates

Active Mortality follows the Sex Distinct Raw Rates as developed in the PubS-2010(A) Study improved to 2021 using MP-2021 Improvement Rates. These rates are then improved generationally using MP-2021 Improvement Rates.

25% of active Member deaths are assumed to be in the Line of Duty.

Retiree Mortality follows the L&A Assumption Study for Police 2024. These rates are experience weighted with the Sex Distinct Raw Rates as developed in the PubS-2010(A) Study improved to 2021 using MP-2021 Improvement Rates. These rates are then improved generationally using MP-2021 Improvement Rates.

Disabled Mortality follows the Sex Distinct Raw Rates as developed in the PubS-2010 Study for disabled participants improved to 2021 using MP-2021 Improvement Rates. These rates are then improved generationally using MP-2021 Improvement Rates.

Spouse Mortality follows the L&A Assumption Study for Police 2024. These rates are experience weighted with the Sex Distinct Raw Rates as developed in the PubS-2010(A) Study for contingent survivors improved to 2021 using MP-2021 Improvement Rates. For all rates not provided there (ages 45 and younger) the PubG-2010 Study for general employees was used. These rates are then improved generationally using MP-2021 Improvement Rates.

Marital Assumptions

Active Members: 80% of active Members are assumed to be married. Female spouses are assumed to be 3 years younger than male spouses.

Retiree and Disabled Members: Actual spousal data was utilized for retiree and disabled Members.



POSTEMPLOYMENT BENEFIT CHANGES

Eligibility for postemployment benefit increases is determined based on the Illinois Pension Code. Tier I Police retirees are provided with an annual increase of 3.00% of the current retirement benefits by statute when eligible. Tier II Police retirees are provided postemployment benefit increases based on the lesser of 3.00% of the original retirement benefits or one-half of the Consumer Price Index (Urban) for the prior September.

The CPI-U for September 1994 was 149.40. The CPI-U for September 2024 was 315.30. The average increase in the CPI-U for September 1994 through September 2024 was 2.52% (on a compounded basis).



EXPECTED RETURN ON PENSION PLAN INVESTMENTS

The Long-Term Expected Rate of Return is intended to represent the best estimate of future real rates of return and is shown for each of the major asset classes in the investment policy.

The target asset allocations shown below are representative expectations as disclosed in the Illinois Police Officers' Pension Investment Fund Investment Policy Statement, dated April 12, 2024, for plan funding purposes. The table below illustrates the best estimate of Long-Term Expected Rates of Return developed for each of the major asset classes, adjusted for expected inflation, as disclosed in the Horizon Actuarial Services Survey of Capital Market Assumptions 2024 Edition, dated August 2024.

There are multiple approaches seen to providing these rates. Typically, the information is either based on capital market projections, or historical rates seen for the asset classes. We do not provide an opinion on the reasonableness of the returns provided nor the reasonableness of the approach used in the determination of the rates provided. The information provided is shown below for convenience.

The rates provided in the table below are based on a geometric average. The Investment Policy Statement will provide more detail regarding the Fund's policies on asset allocation targets and acceptable ranges.

Asset Class	Long-Term Expected Rate of Return	Long-Term Inflation Expectation	Long-Term Expected Real Rate of Return	Target Allocation
US Large	5.70%	2.50%	3.20%	23.00%
US Small	6.60%	2.50%	4.10%	5.00%
International Developed	6.70%	2.50%	4.20%	19.00%
International Developed Small	7.60%	2.50%	5.10%	5.00%
Emerging Markets	7.00%	2.50%	4.50%	6.00%
Private Equity	8.00%	2.50%	5.50%	7.00%
High Yield Corp. Credit	6.80%	2.50%	4.30%	3.00%
Emerging Market Debt	7.05%	2.50%	4.55%	3.00%
Bank Loans	7.30%	2.50%	4.80%	3.00%
Private Credit	8.20%	2.50%	5.70%	5.00%
Real Estate	6.90%	2.50%	4.40%	5.00%
Infrastructure	8.10%	2.50%	5.60%	3.00%
Cash	3.90%	2.50%	1.40%	1.00%
Short-Term Gov't/Credit	4.30%	2.50%	1.80%	3.00%
US Treasury	4.10%	2.50%	1.60%	3.00%
US TIPS	4.10%	2.50%	1.60%	3.00%
Core Fixed Income	4.90%	2.50%	2.40%	3.00%



Long-Term Expected Real Rates of Return under GASB are expected to reflect the period of time that begins when a Plan Member begins to provide service to the employer and ends at the point when all benefits to the Plan Member have been paid. The rates provided above are intended to estimate those figures.

The Long-Term Inflation Expectation is 2.50% and is included in the Long-Term Expected Rates of Return. The Long-Term Inflation Expectation is from the same source as the Long-Term Expected Real Rates of Return, and is not necessarily reflective of the inflation measures used for other purposes in the report.

Geometric rates of return are equal to arithmetic rates of return when the annual returns exhibit no volatility over time. When arithmetic returns are volatile on a year-to-year basis, the actual realized geometric returns over time will be lower. Higher volatility results in a greater difference.

For additional discussion regarding the Expected Return on Pension Plan Investments, please reference the Actuarial Funding Report. There are additional disclosures regarding reasonableness and market observations included in that report.



MUNICIPAL BOND RATE

The Municipal Bond Rate assumption is based on the Bond Buyer 20-Bond G.O. Index. The rate shown earlier in this section of the report is the February 27, 2025 rate. The 20-Bond G.O. Index is based on an average of certain general obligation municipal bonds maturing in 20 years and having an average rating equivalent of Moody's Aa2 and Standard & Poor's AA.

The indices represent theoretical yields rather than actual price or yield quotations. Municipal bond traders are asked to estimate what a current-coupon bond for each issuer in the indices would yield if the bond was sold at par value. The indices are simple averages of the average estimated yields of the bonds.

DISCOUNT RATE

The Discount Rate used in the determination of the Total Pension Liability is based on a combination of the Expected Rate of Return on Plan Investments and the Municipal Bond Rate.

Cash flow projections were used to determine the extent to which the Plan's Projected Fiduciary Net Position will be able to cover Projected Benefit Payments. To the extent that Projected Benefit Payments are covered by the Plan's Projected Fiduciary Net Position, the Expected Rate of Return on Plan Investments is used to determine the portion of the Net Pension Liability associated with those payments. To the extent that Projected Benefit Payments are not covered by the Plan's Projected Fiduciary Net Position, the Municipal Bond Rate is used to determine the portion of the Net Pension Liability associated with those payments.

Projected benefit payments are determined during the actuarial process based on the assumptions. More details on the assumptions are earlier in this section of the report. The expected contributions are based on the Funding Policy of the Plan. The Funding Policy is discussed in more detail in the *Funding Policy* section of this report.



DISCOUNT RATE SENSITIVITY

The Employer's Net Pension Liability has been determined using the Discount Rate listed earlier in this section of the report. Below is a table illustrating the sensitivity of the Employer's Net Pension Liability to the Discount Rate assumption.

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Employer's Net Pension Liability	\$264,107,850	\$203,769,624	\$154,493,502

The sensitivity of the Employer's Net Pension Liability to the Discount Rate is based primarily on two factors:

1. The duration of the Plan's Projected Benefit Payments. Younger Plans with benefit payments further in the future will be more sensitive to changes in the Discount Rate.
2. The Percent Funded of the Plan (ratio of the Plan Fiduciary Net Position to the Total Pension Liability). The higher the Percent Funded, the higher the sensitivity to the Discount Rate.



ASSESSMENT AND USE OF ACTUARIAL MODELS

Actuarial Valuations rely upon the use of actuarial modeling software to predict the occurrence of future events, which include specific demographic and financial potential outcomes. Actuarial assumptions are established to provide a guideline to use for such modeling.

- The model used in this Actuarial Valuation is intended to determine the Recommended Contribution, under the selected Funding Policy, to assist in the preparation of the Annual Financial Report. The actuarial assumptions used were developed with this goal in mind.
- There are no known material limitations or inconsistencies among the actuarial assumptions or methods.
- The output from the model is reasonable based on the individual actuarial assumptions and based on the actuarial assumptions in the aggregate.
- The actuarial software used to calculate plan liabilities has been purchased from an outside vendor. We have performed thorough testing of the software, including review of sample participants, to ensure the intended purpose of the model, the operation of the model, sensitivities and dependencies, and strengths and limitations of the model are sufficient for this purpose.
- Demographic data and financial information have been provided by client professionals, financial advisors, and/or auditors, who are known to be experts in their respective fields. We rely on the fact that the information provided by these experts has been given for the intended purpose of this Actuarial Valuation.
- Where applicable, certain actuarial assumptions and Funding Policy may be required as prescribed by law. In such instances, we have followed legal guidance to ensure conformity.
- The Expected Rate of Return on Investments assumption has been chosen using input from several sources; including, but not limited to: client professionals, financial advisors, auditors, and other capital market outlooks. We have relied on the information provided, in the aggregate, to settle on the selected Expected Rate of Return on Investments assumption.



PARTICIPANT DATA

Participant Demographic Data & Average Future Working Career



PARTICIPANT DEMOGRAPHIC DATA & AVERAGE FUTURE WORKING CAREER

The chart below summarizes the Member count, payroll, and average future working career as of:

Actuarial Valuation - Data Date	2/28/2023	2/29/2024
Fiscal Year End for Reporting	<u>(FYE 2/29/2024)</u>	<u>(FYE 2/28/2025)</u>
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	305	308
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	58	64
Active Plan Members	232	251
Total	<u>595</u>	<u>623</u>
Payroll of Active Plan Members^	<u>\$ 20,022,656</u>	<u>\$ 25,278,281</u>
Average Future Working Career (In Years)		
Active Plan Members	13.85	14.22
Inactive Plan Members	0.00	0.00
Total	5.40	5.73

^Total Payroll for the Fiscal Year End February 29, 2024 reporting includes assumed 2.25% COLA increases for all active Members, in anticipation of retroactive pay increases upon contract settlement.

Member counts shown above are as of the Actuarial Valuation Date for the two most recent Fiscal Years. Payroll of Active Plan Members is the pensionable salary for active Plan Members as of the Actuarial Valuation – Data Date. For the Fiscal Year Ending February 28, 2025, a beginning of year Actuarial Valuation Date was used along with a rollforward of liabilities to the end of the Fiscal Year based on assumptions and standard rollforward techniques.

The average future working career is measured as of the Actuarial Valuation Date and is based on the demographic assumptions used in the preparation of this report.



FUNDING POLICY

Components of the Actuarially Determined Contribution
Formal Funding Policy
Informal Funding Policy
Funding Policy – Other Considerations



COMPONENTS OF THE ACTUARIALLY DETERMINED CONTRIBUTION

The Actuarially Determined Contribution (“ADC”) includes the determination of the Normal Cost Contribution for active Plan Members, as well as a provision for the payment towards Unfunded Liability.

The actuarial funding method used in the determination of the Normal Cost and the Actuarial Accrued Liability is the Projected Unit Credit Cost Method. The method allocates Normal Cost Contributions by Members over the working career of the Member.

Unfunded Liability is the excess of the Actuarial Accrued Liability over the Actuarial Value of Assets. The Actuarially Determined Contribution includes a payment towards Unfunded Liability existing at the Actuarial Valuation Date. The payment towards Unfunded Liability is set up as a level percent of payroll payment that is expected to increase during the payment period and target 90% funding. The current Employer Contributions are being compared to the Actuarially Determined Contribution as developed in the March 1, 2023 Actuarial Valuation. The equivalent single amortization period as of that valuation is 17 years.

The Actuarial Value of Assets smooths gains and losses on the Fair Value of Assets over a 5-year period.

Under no circumstances will the Actuarially Determined Contribution be less than the amount determined as the Statutory Minimum Contribution under Illinois State Statutes.

FORMAL FUNDING POLICY

There is no Formal Funding Policy that exists between the Pension Board and the City at this time.

INFORMAL FUNDING POLICY

In determining the most appropriate Informal Funding Policy, GASB provides the following guidance in the Statement:

Application of professional judgment should consider the most recent five-year contribution history of the employers and nonemployer contributing entities as a key indicator of future contributions from those sources and should reflect all other known events and conditions.... the amount of projected cash flows for contributions from employers and nonemployer contributing entities should be limited to an average of contributions from those sources over the most recent five-year period and may be modified based on consideration of subsequent events. For this purpose, the basis for the average (for example, percentage of covered payroll contributed or percentage of Actuarially Determined Contributions made) should be a matter of professional judgment.



In our review of the Informal Funding Policy, the following factors are considered and described herein:

1. Five-Year Contribution History of the Employer (with a focus on the average contributions from those sources)
2. Other Known Events and Conditions
3. Consideration of Subsequent Events

Five-Year Contribution History of the Employer

Employer Contributions (under the Informal Funding Policy) should be limited to the average over the most recent five years. In determining the basis for the average, we reviewed three possibilities: (a) the average dollar contribution; (b) the average percent of pensionable pay; and (c) the average percent of the Actuarially Determined Contribution. Please see the table below for a summary of these values:

Fiscal Year End	Employer Contributions	Most Applicable ADC	% of ADC	Covered- Employee Payroll	% of Payroll
2/28/2025	\$14,408,161	\$13,838,043	104.12%	\$24,785,301	58.13%
2/29/2024	\$14,293,826	\$12,997,152	109.98%	\$24,799,445	57.64%
2/28/2023	\$15,326,587	\$13,701,540	111.86%	\$19,694,760	77.82%
2/28/2022	\$13,667,031	\$13,029,355	104.89%	\$19,074,828	71.65%
2/28/2021	\$11,908,796	\$11,637,707	102.33%	\$20,775,455	57.32%

When compared to the other policies reviewed, history suggests that a contribution as a percent of the Actuarially Determined Contribution is the least volatile, and as a result, the most stable contribution method under an Informal Funding Policy.

Other Known Events and Conditions

GASB has a provision for consideration of any other known events or conditions in the most recent five-year history in applying judgement for the Informal Funding Policy. There are no events or conditions that have been considered in the development of the Informal Funding Policy.

Consideration of Subsequent Events

GASB has a provision for modification based on consideration of subsequent events in the development of the Informal Funding Policy. There are no subsequent events that have been considered in the development of the Informal Funding Policy.



Informal Funding Policy – Selected

The Informal Funding Policy that has been determined for future contributions is 106.64% of the Actuarially Determined Contribution. This represents the full future contributions expected to be made.

FUNDING POLICY – OTHER CONSIDERATIONS

Under GASB, the future contribution amount is not intended to include dollars contributed on behalf of future employees. Contributions are only intended to cover contributions towards the Normal Cost of current employees as of the Actuarial Valuation Date as well as payment of Unfunded Liability on behalf of the current employees. Contributions under the Funding Policy have been adjusted as necessary to exclude dollars that would be anticipated to be contributed on behalf of future employees hired after the Actuarial Valuation Date.

The contribution level may not pay off the Unfunded Liability during the active working career of current employees. In that case, contributions will persist beyond the working career of current employees. To the extent that a portion of the above total contribution is anticipated to pay contributions for the Normal Cost of future employees, the amount has been netted out. The remaining amount is anticipated to be paid towards the Unfunded Liability existing for current employees.

The Actuarially Determined Contribution is determined annually based on the parameters previously discussed. The funding methods and procedures are assumed to continue into the future. If applicable, the tax levy in the next December is assumed to be the Actuarially Determined Contribution. Funding is assumed to go into the Plan during the next full Fiscal Year.



SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in the Net Pension Liability
Schedule of Total Pension Liability and Related Ratios
Schedule of Contributions
Notes to Schedule of Contributions



SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY

	2/28/2025	2/29/2024	2/28/2023	2/28/2022	2/28/2021	2/29/2020	2/28/2019	2/28/2018	2/28/2017	2/29/2016
Total Pension Liability										
Service Cost	\$ 5,672,999	\$ 5,391,785	\$ 5,997,377	\$ 6,732,848	\$ 6,270,637	\$ 5,433,549	\$ 5,402,823	\$ 5,748,820	\$ 5,393,901	\$ 6,838,653
Interest	27,759,435	25,877,471	24,660,320	23,276,563	23,765,466	22,328,221	21,610,194	20,741,627	21,725,059	16,130,049
Changes of Benefit Terms	795,481	-	(207,457)	-	-	1,385,547	-	-	-	-
Differences Between Expected and Actual Experience	12,564,212	4,563,994	7,251,275	(16,425,003)	535,492	1,239,833	(1,646,679)	184,291	1,874,991	(8,623,937)
Change in Assumptions	11,699,077	(22,486,802)	(24,113,864)	(24,376,044)	44,807,789	27,952,499	(1,351,671)	(7,183,405)	(30,742,288)	54,324,917
Benefit Payments and Refunds	(21,691,910)	(20,416,273)	(19,522,273)	(18,211,896)	(16,696,378)	(15,232,522)	(14,426,366)	(13,748,823)	(12,646,059)	(12,066,816)
Net Change in Total Pension Liability	\$ 36,799,294	\$ (7,069,825)	\$ (5,934,622)	\$ (29,003,532)	\$ 58,683,006	\$ 43,107,127	\$ 9,588,301	\$ 5,742,509	\$ (14,394,396)	\$ 56,602,866
Total Pension Liability - Beginning	397,209,663	404,279,488	410,214,110	439,217,642	380,534,636	337,427,509	327,839,208	322,096,699	336,491,095	279,888,229
Total Pension Liability - Ending (a)	\$ 434,008,957	\$ 397,209,663	\$ 404,279,488	\$ 410,214,110	\$ 439,217,642	\$ 380,534,636	\$ 337,427,509	\$ 327,839,208	\$ 322,096,699	\$ 336,491,095
Plan Fiduciary Net Position										
Contributions - Employer	\$ 14,408,161	\$ 14,293,826	\$ 15,326,587	\$ 13,667,031	\$ 11,908,796	\$ 10,991,768	\$ 10,844,009	\$ 10,116,706	\$ 9,942,505	\$ 9,050,592
Contributions - Members	2,654,032	2,418,786	1,978,296	1,942,188	1,980,847	2,040,242	2,040,972	2,051,279	1,900,135	1,895,118
Contributions - Other	1,782	-	-	-	-	-	-	12,373	-	-
Net Investment Income	21,187,079	22,528,431	(10,537,996)	11,706,032	28,692,339	7,672,564	2,054,003	15,485,439	17,594,578	(6,690,669)
Benefit Payments and Refunds	(21,691,910)	(20,416,273)	(19,522,273)	(18,211,896)	(16,696,378)	(15,232,522)	(14,426,366)	(13,748,823)	(12,646,059)	(12,066,816)
Administrative Expense	(178,543)	(151,180)	(189,318)	(181,247)	(176,869)	(171,151)	(168,690)	(189,477)	(216,033)	(228,877)
Other	-	-	-	-	-	-	-	-	-	7,757
Net Change in Plan Fiduciary Net Position	\$ 16,380,601	\$ 18,673,590	\$ (12,944,704)	\$ 8,922,108	\$ 25,708,735	\$ 5,300,901	\$ 343,928	\$ 13,727,498	\$ 16,575,126	\$ (8,032,895)
Plan Fiduciary Net Position - Beginning	213,858,732	195,185,142	208,129,846	199,207,738	173,499,003	168,198,102	167,854,174	154,126,676	137,551,550	145,584,445
Plan Fiduciary Net Position - Ending (b)	\$ 230,239,333	\$ 213,858,732	\$ 195,185,142	\$ 208,129,846	\$ 199,207,738	\$ 173,499,003	\$ 168,198,102	\$ 167,854,174	\$ 154,126,676	\$ 137,551,550
Employer's Net Pension Liability - Ending (a) - (b)	\$ 203,769,624	\$ 183,350,931	\$ 209,094,346	\$ 202,084,264	\$ 240,009,904	\$ 207,035,633	\$ 169,229,407	\$ 159,985,034	\$ 167,970,023	\$ 198,939,545

The current year information was developed in the completion of this report.



SCHEDULE OF TOTAL PENSION LIABILITY AND RELATED RATIOS

	2/28/2025	2/29/2024	2/28/2023	2/28/2022	2/28/2021	2/29/2020	2/28/2019	2/28/2018	2/28/2017	2/29/2016
Total Pension Liability - Ending (a)	<u>\$ 434,008,957</u>	<u>\$ 397,209,663</u>	<u>\$ 404,279,488</u>	<u>\$ 410,214,110</u>	<u>\$ 439,217,642</u>	<u>\$ 380,534,636</u>	<u>\$ 337,427,509</u>	<u>\$ 327,839,208</u>	<u>\$ 322,096,699</u>	<u>\$ 336,491,095</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 230,239,333</u>	<u>\$ 213,858,732</u>	<u>\$ 195,185,142</u>	<u>\$ 208,129,846</u>	<u>\$ 199,207,738</u>	<u>\$ 173,499,003</u>	<u>\$ 168,198,102</u>	<u>\$ 167,854,174</u>	<u>\$ 154,126,676</u>	<u>\$ 137,551,550</u>
Employer's Net Pension Liability - Ending (a) - (b)	<u>\$ 203,769,624</u>	<u>\$ 183,350,931</u>	<u>\$ 209,094,346</u>	<u>\$ 202,084,264</u>	<u>\$ 240,009,904</u>	<u>\$ 207,035,633</u>	<u>\$ 169,229,407</u>	<u>\$ 159,985,034</u>	<u>\$ 167,970,023</u>	<u>\$ 198,939,545</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.05%	53.84%	48.28%	50.74%	45.36%	45.59%	49.85%	51.20%	47.85%	40.88%
Covered-Employee Payroll	\$ 24,785,301	\$ 24,799,445	\$ 19,694,760	\$ 19,074,828	\$ 20,775,455	\$ 19,932,784	\$ 22,047,109	\$ 22,186,171	\$ 21,487,817	\$ 20,250,340
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	822.14%	739.33%	1,061.68%	1,059.43%	1,155.26%	1,038.67%	767.58%	721.10%	781.70%	982.40%

Covered-Employee Payroll shown above for the current year is based on the Covered-Employee Payroll for the Plan Members during the Fiscal Year.



SCHEDULE OF CONTRIBUTIONS

	2/28/2025	2/29/2024	2/28/2023	2/28/2022	2/28/2021	2/29/2020	2/28/2019	2/28/2018	2/28/2017	2/29/2016
Actuarially Determined Contribution	\$ 13,838,043	\$ 12,997,152	\$ 13,701,540	\$ 13,029,355	\$ 11,637,707	\$ 10,991,768	\$ 10,843,009	\$ 10,116,706	\$ 9,942,505	\$ 9,050,592
Contributions in Relation to the Actuarially Determined Contribution	14,408,161	14,293,826	15,326,587	13,667,031	11,908,796	10,991,768	10,844,009	10,116,706	9,942,505	9,050,592
Contribution Deficiency/(Excess)	<u>\$ (570,118)</u>	<u>\$ (1,296,674)</u>	<u>\$ (1,625,047)</u>	<u>\$ (637,676)</u>	<u>\$ (271,089)</u>	<u>\$ -</u>	<u>\$ (1,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	\$ 24,785,301	\$ 24,799,445	\$ 19,694,760	\$ 19,074,828	\$ 20,775,455	\$ 19,932,784	\$ 22,047,109	\$ 22,186,171	\$ 21,487,817	\$ 20,250,340
Contributions as a Percentage of Covered-Employee Payroll	58.13%	57.64%	77.82%	71.65%	57.32%	55.14%	49.19%	45.60%	46.27%	44.69%

NOTES TO SCHEDULE OF CONTRIBUTIONS

The Actuarially Determined Contribution shown above for the current year is the Alternative Contribution from the March 1, 2023 Actuarial Valuation completed by Lauterbach & Amen, LLP for the December 2023 tax levy, if applicable. The methods and assumptions shown below are based on the same Actuarial Valuation. For more detail on the age-based and service-based rates disclosed below, please see the Actuarial Valuation.

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level % Pay (Closed)
Equivalent Single Amortization Period	90% Funded Over 17 Years
Asset Valuation Method	5-Year Smoothed Fair Value
Inflation (CPI-U)	2.25%
Total Payroll Increases	3.25%
Individual Pay Increases	3.75% - 16.79%
Expected Rate of Return on Investments	7.00%
Mortality Rates	Pub-2010 Adjusted for Plan Status, Demographics, and Illinois Public Pension Data, as Described
Retirement Rates	100% of L&A 2020 Illinois Police Retirement Rates Capped at Age 65
Termination Rates	100% of L&A 2020 Illinois Police Termination Rates
Disability Rates	100% of L&A 2020 Illinois Police Disability Rates



GASB METHODS AND PROCEDURES

GASB Methods and Procedures



GASB METHODS AND PROCEDURES

	Statement 67 Pension Plan Financials	Statement 68 Employer Financials
Fiscal Year End for Reporting	February 28, 2025	February 28, 2025
Measurement Date	February 28, 2025	February 28, 2025
Actuarial Valuation Date	March 1, 2024	March 1, 2024
Actuarial Valuation - Data Date	February 29, 2024	February 29, 2024
Asset Valuation Method	Fair Value	Fair Value
Actuarial Cost Method	Entry Age Normal (Level %)	Entry Age Normal (Level %)

Methodology Used in the Determination of Deferred Outflows and Inflows of Resources

Amortization Method	Straight Line	Straight Line
Amortization Period		
Actuarial Experience	5.73 Years	5.73 Years
Change in Assumptions	5.73 Years	5.73 Years
Asset Experience	5.00 Years	5.00 Years



SUPPLEMENTARY TABLES

GASB Projections – Summary and Procedure

GASB Projections – Limitations

Projection of Contributions

Notes to Projection of Contributions

Projection of the Pension Plan's Fiduciary Net Position

Notes to Projection of the Pension Plan's Fiduciary Net Position

Actuarial Present Value of Projected Benefit Payments

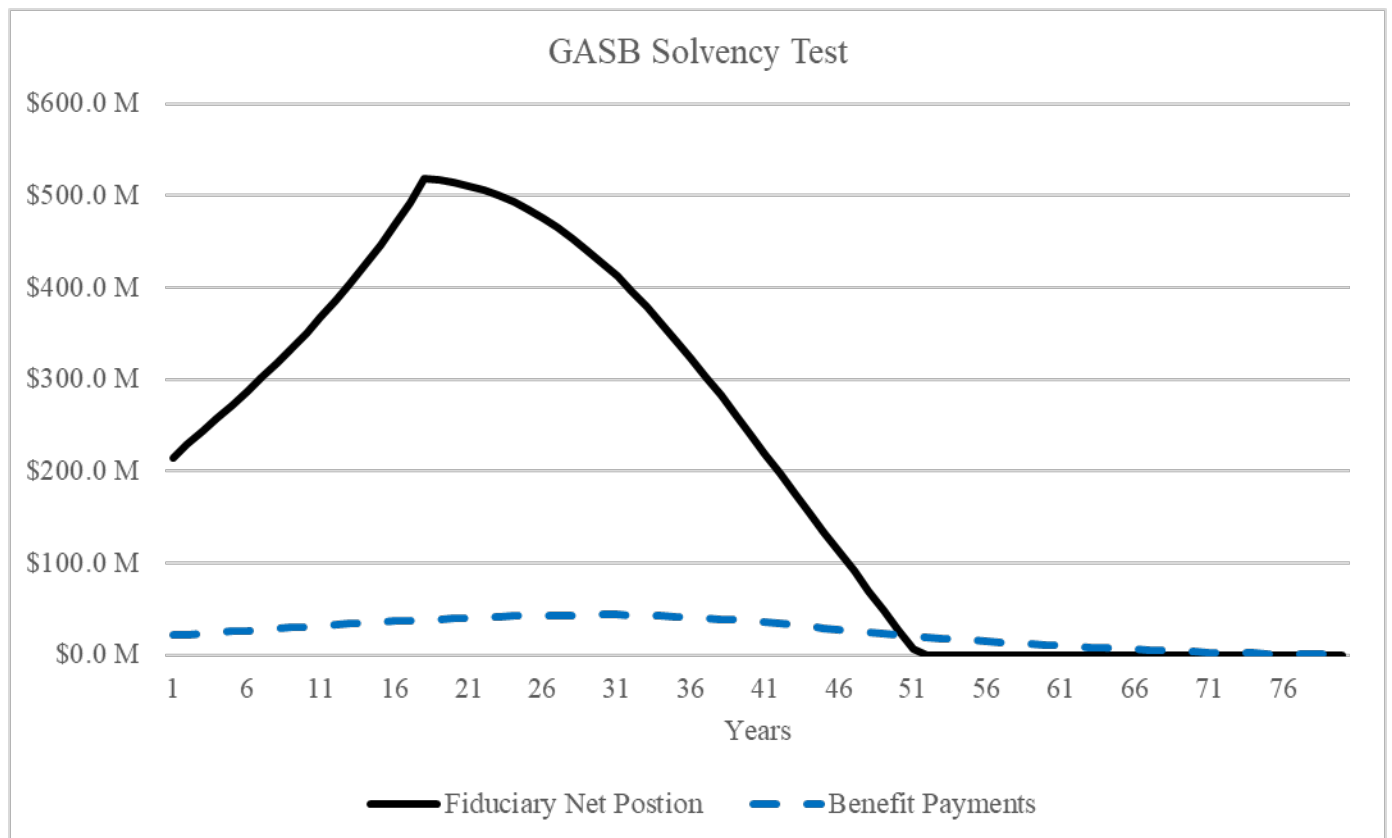
Notes to Actuarial Present Value of Projected Benefit Payments



GASB PROJECTIONS – SUMMARY AND PROCEDURE

GASB requires a solvency test to use in the determination of the Discount Rate each year. The Plan Fiduciary Net Position is projected forward. To the extent that the Plan Fiduciary Net Position is anticipated to be greater than \$0, Projected Benefit Payments are discounted based on the Expected Rate of Return on Plan Investments.

If the Plan Fiduciary Net Position is anticipated to reach \$0 prior to the payment of Projected Benefit Payments for employees who are in the Plan as of the Actuarial Valuation Date, then the remaining Projected Benefit Payments are discounted using the High-Quality Municipal Bond Rate, as described in the *Actuarial Assumptions Information* section of this report. The chart below is a high-level summary of the projections:



The Plan's Projected Fiduciary Net Position is anticipated to cover Projected Benefit Payments in full for the current employees through 2075.



GASB PROJECTIONS – LIMITATIONS

Projections of any type require assumptions about future events. The projections required for GASB reporting are deterministic in nature. That means that values are projected forward under one set of assumptions which can be thought of as the average result. Actual results could vary, and projections of one deterministic assumption set do not necessarily provide a framework for making risk management or Funding Policy decisions. Projections that deal with risk management are outside the scope of this report.

In addition, GASB requirements create results that are specific only to financial statement reporting, and should not be used or interpreted for other purposes. For example, GASB cash flow projections do not entail the total expected cash flows of the Plan, but rather a subset of cash flows specific to employees who are in the Plan as of the Actuarial Valuation Date. While the likely expectation may be that future employees are hired to replace the current employees, cash flows attributable to their benefits are not considered. Under GASB, when the Plan Fiduciary Net Position reaches \$0, that represents the Plan Fiduciary Net Position for the assets attributable to the current employees.

Also, GASB mandates certain assumptions that are made in the projection process. Most notably, Projected Contributions under an Informal Funding Policy. In proposing an Informal Funding Policy, GASB suggests a focus be placed on the average contributions over the past 5 years. Projected Contributions in this section may be based on the five-year average, unless a Formal Funding Policy is in place.

Contributions reflecting an Informal Funding Policy are applied under GASB, whether or not the projected results dictate a need for more or less contributions. This would not be the case with other uses for projections. Any events that are taken into account (past or future) in the Informal Funding Policy are discussed in the *Funding Policy* section of this report.

Projections further into the future are more sensitive to assumption changes. For projections that run out close to 80 years, a small change in an assumption may have a dramatic impact on the projections. If the solvency of the Plan as determined by GASB remains constant, then dramatic changes in the projection results may not necessarily lead to big changes in the determination of the Total Pension Liability.

We recommend the projections are not used for any other purposes, other than providing information for purposes of the financial statement report.

The following pages provide the detail behind the chart shown on the prior page.



PROJECTION OF CONTRIBUTIONS – YEARS 1 TO 30

Year	Projected Pensionable Payroll			Projected Contributions			
	Payroll for Current Employees (a)	Payroll for Future Employees (b)	Total Employee Payroll (c) = (a) + (b)	Contributions from Current Employees (d) - Notes	Employer Contributions for Current Employees (e) - Notes	Contributions Related to Payroll of Future Employees (f) - Notes	Total Contributions (g) = (d) + (e) + (f)
1	\$ 25,278,281	\$ -	\$ 25,278,281	\$ 2,655,814	\$ 14,408,161	\$ -	\$ 17,063,975
2	24,532,655	1,567,170	26,099,825	2,431,186	16,823,689	-	19,254,875
3	23,891,215	3,056,854	26,948,069	2,367,619	18,274,508	-	20,642,127
4	23,198,369	4,625,512	27,823,882	2,298,958	18,784,840	-	21,083,798
5	22,379,134	6,349,023	28,728,158	2,217,772	19,290,245	-	21,508,017
6	21,447,805	8,214,018	29,661,823	2,125,477	19,796,600	-	21,922,077
7	20,629,400	9,996,432	30,625,832	2,044,374	20,306,320	-	22,350,694
8	19,841,267	11,779,905	31,621,172	1,966,270	20,865,053	-	22,831,323
9	19,126,487	13,522,373	32,648,860	1,895,435	21,477,841	-	23,373,276
10	18,360,734	15,349,214	33,709,948	1,819,549	22,127,522	-	23,947,071
11	17,650,720	17,154,800	34,805,521	1,749,186	22,795,770	-	24,544,956
12	16,980,745	18,955,956	35,936,700	1,682,792	23,533,082	-	25,215,874
13	16,259,722	20,844,921	37,104,643	1,611,338	24,331,266	-	25,942,604
14	15,507,540	22,803,004	38,310,544	1,536,797	25,185,081	-	26,721,878
15	14,877,283	24,678,353	39,555,637	1,474,339	26,097,891	-	27,572,230
16	14,244,409	26,596,786	40,841,195	1,411,621	27,103,477	-	28,515,098
17	13,765,222	28,403,312	42,168,534	1,364,133	28,191,157	-	29,555,290
18	13,249,999	30,289,012	43,539,011	1,313,075	373,099	-	1,686,174
19	12,445,634	32,508,395	44,954,029	1,233,362	304,142	-	1,537,504
20	11,714,045	34,700,990	46,415,035	1,160,862	248,443	-	1,409,305
21	11,088,523	36,835,001	47,923,523	1,098,873	206,495	-	1,305,368
22	10,336,936	39,144,102	49,481,038	1,024,390	167,606	-	1,191,996
23	9,291,925	41,797,246	51,089,172	920,830	144,077	-	1,064,907
24	8,369,948	44,379,622	52,749,570	829,462	122,708	-	952,170
25	7,387,818	47,076,112	54,463,931	732,133	98,105	-	830,238
26	6,365,185	49,868,824	56,234,009	630,790	80,794	-	711,584
27	5,536,169	52,525,445	58,061,614	548,634	66,718	-	615,352
28	4,713,105	55,235,511	59,948,616	467,069	53,316	-	520,385
29	4,020,835	57,876,112	61,896,946	398,465	45,303	-	443,768
30	3,351,291	60,557,306	63,908,597	332,113	35,698	-	367,811

Column d – Contributions from current employees to the Plan (employees in the Plan as of the Actuarial Valuation Date).

Column e – Employer Contributions to the Plan excluding contributions for employees hired after the Actuarial Valuation Date.

Column f – Contributions from future employees to the extent that contributions are assumed to be greater than their Normal Cost.



PROJECTION OF CONTRIBUTIONS – YEARS 31 TO 60

Year	Projected Pensionable Payroll			Projected Contributions			
	Payroll for Current Employees (a)	Payroll for Future Employees (b)	Total Employee Payroll (c) = (a) + (b)	Contributions from Current Employees (d) - Notes	Employer Contributions for Current Employees (e) - Notes	Contributions Related to Payroll of Future Employees (f) - Notes	Total Contributions (g) = (d) + (e) + (f)
31	\$ 2,597,166	\$ 63,388,461	\$ 65,985,626	\$ 257,379	\$ 29,673	\$ -	\$ 287,052
32	1,942,136	66,188,023	68,130,159	192,466	23,980	-	216,446
33	1,220,757	69,123,632	70,344,389	120,977	19,874	-	140,851
34	770,537	71,860,045	72,630,582	76,360	12,114	-	88,474
35	548,324	74,442,752	74,991,076	54,339	9,343	-	63,682
36	386,916	77,041,370	77,428,286	38,343	7,358	-	45,701
37	277,601	79,667,105	79,944,705	27,510	4,813	-	32,323
38	195,241	82,347,667	82,542,908	19,348	4,470	-	23,818
39	139,783	85,085,770	85,225,553	13,852	2,797	-	16,649
40	93,449	87,901,935	87,995,383	9,261	2,929	-	12,190
41	54,886	90,800,347	90,855,233	5,439	3,021	-	8,460
42	30,767	93,777,261	93,808,028	3,049	1,980	-	5,029
43	6,675	96,850,114	96,856,789	662	2,590	-	3,252
44	1,307	100,003,328	100,004,635	129	582	-	711
45	990	103,253,796	103,254,785	98	11	-	109
46	-	106,610,566	106,610,566	-	210	-	210
47	-	110,075,409	110,075,409	-	-	-	-
48	-	113,652,860	113,652,860	-	-	-	-
49	-	117,346,578	117,346,578	-	-	-	-
50	-	121,160,342	121,160,342	-	-	-	-
51	-	125,098,053	125,098,053	-	-	-	-
52	-	129,163,740	129,163,740	-	-	-	-
53	-	133,361,561	133,361,561	-	-	-	-
54	-	137,695,812	137,695,812	-	-	-	-
55	-	142,170,926	142,170,926	-	-	-	-
56	-	146,791,481	146,791,481	-	-	-	-
57	-	151,562,204	151,562,204	-	-	-	-
58	-	156,487,976	156,487,976	-	-	-	-
59	-	161,573,835	161,573,835	-	-	-	-
60	-	166,824,985	166,824,985	-	-	-	-

Column d – Contributions from current employees to the Plan (employees in the Plan as of the Actuarial Valuation Date).

Column e – Employer Contributions to the Plan excluding contributions for employees hired after the Actuarial Valuation Date.

Column f – Contributions from future employees to the extent that contributions are assumed to be greater than their Normal Cost.



PROJECTION OF CONTRIBUTIONS – YEARS 61 TO 80

Year	Projected Pensionable Payroll			Projected Contributions			
	Payroll for Current Employees (a)	Payroll for Future Employees (b)	Total Employee Payroll (c) = (a) + (b)	Contributions from Current Employees (d) - Notes	Employer Contributions for Current Employees (e) - Notes	Contributions Related to Payroll of Future Employees (f) - Notes	Total Contributions (g) = (d) + (e) + (f)
61	\$ -	\$ 172,246,797	\$ 172,246,797	\$ -	\$ -	\$ -	\$ -
62	-	177,844,818	177,844,818	-	-	-	-
63	-	183,624,774	183,624,774	-	-	-	-
64	-	189,592,579	189,592,579	-	-	-	-
65	-	195,754,338	195,754,338	-	-	-	-
66	-	202,116,354	202,116,354	-	-	-	-
67	-	208,685,136	208,685,136	-	-	-	-
68	-	215,467,402	215,467,402	-	-	-	-
69	-	222,470,093	222,470,093	-	-	-	-
70	-	229,700,371	229,700,371	-	-	-	-
71	-	237,165,633	237,165,633	-	-	-	-
72	-	244,873,516	244,873,516	-	-	-	-
73	-	252,831,906	252,831,906	-	-	-	-
74	-	261,048,942	261,048,942	-	-	-	-
75	-	269,533,033	269,533,033	-	-	-	-
76	-	278,292,857	278,292,857	-	-	-	-
77	-	287,337,374	287,337,374	-	-	-	-
78	-	296,675,839	296,675,839	-	-	-	-
79	-	306,317,804	306,317,804	-	-	-	-
80	-	316,273,133	316,273,133	-	-	-	-

NOTES TO PROJECTION OF CONTRIBUTIONS

Total Employee Payroll is projected to increase annually at the Projected Total Payroll Increases rate shown in the *Actuarial Assumptions Information* section of this report. Payroll for current employees (employees in the Plan as of the Actuarial Valuation Date) are projected on an employee-by-employee basis, using the Projected Individual Pay Increases and probability of remaining an employee in the future.

Employer Contributions are related to current employees in the Plan as of the Actuarial Valuation Date. To the extent that Projected Contributions under the Funding Policy are made to cover the Normal Cost of benefit payments for future employees, those contributions are excluded for purposes of these projections and this report.

Contributions are based on the Funding Policy as described in the *Funding Policy* section of this report. The contributions do not factor in changes in the Funding Policy based on an assumed Employer decision; if, the projections were to play out in this fashion. The only future events that are considered were outlined in the *Funding Policy* section of this report. Contributions from future employees have not been included. It is assumed that contributions made by future employees will not exceed the Normal Cost of their participation in the Plan. In addition, Employer Contributions on behalf of future employees have not been included per the GASB parameters.



PROJECTION OF THE PENSION PLAN'S FIDUCIARY NET POSITION – YEARS 1 TO 30

Year	Projected Beginning Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Administrative Expense (d)	Projected Investment Earnings (e)	Projected Ending Fiduciary Net Position (f) = (a)+(b)-(c)-(d)+(e)
1	\$ 213,858,732	\$ 17,063,975	\$ 21,691,910	\$ 178,543	\$ 21,187,079	\$ 230,239,333
2	230,239,333	19,254,875	22,238,333	180,719	16,006,007	243,081,163
3	243,081,163	20,642,127	23,245,612	182,892	16,918,158	257,212,945
4	257,212,945	21,083,798	24,284,289	185,061	17,886,412	271,713,805
5	271,713,805	21,508,017	25,404,249	187,224	18,877,045	286,507,393
6	286,507,393	21,922,077	26,476,601	189,380	19,889,481	301,652,971
7	301,652,971	22,350,694	27,462,903	191,526	20,930,077	317,279,314
8	317,279,314	22,831,323	28,544,248	193,661	22,002,821	333,375,549
9	333,375,549	23,373,276	29,634,151	195,784	23,110,305	350,029,195
10	350,029,195	23,947,071	30,700,717	197,891	24,258,740	367,336,399
11	367,336,399	24,544,956	31,649,736	199,981	25,457,881	385,489,519
12	385,489,519	25,215,874	32,679,684	202,053	26,715,961	404,539,617
13	404,539,617	25,942,604	33,801,075	204,102	28,035,583	424,512,626
14	424,512,626	26,721,878	34,775,266	206,128	29,426,801	445,679,910
15	445,679,910	27,572,230	35,739,887	208,128	30,904,441	468,208,567
16	468,208,567	28,515,098	36,483,512	210,099	32,488,352	492,518,405
17	492,518,405	29,555,290	37,255,540	212,038	34,199,358	518,805,475
18	518,805,475	1,686,174	38,192,945	213,944	35,031,158	517,115,919
19	517,115,919	1,537,504	38,952,873	215,811	34,881,023	514,365,761
20	514,365,761	1,409,305	39,586,148	217,639	34,661,796	510,633,075
21	510,633,075	1,305,368	40,184,534	219,423	34,375,865	505,910,351
22	505,910,351	1,191,996	40,859,504	221,160	34,017,621	500,039,304
23	500,039,304	1,064,907	41,503,892	222,847	33,579,587	492,957,061
24	492,957,061	952,170	41,974,424	224,479	33,063,359	484,773,685
25	484,773,685	830,238	42,414,725	226,055	32,470,789	475,433,932
26	475,433,932	711,584	42,722,986	227,569	31,802,011	464,996,973
27	464,996,973	615,352	43,077,514	229,017	31,055,597	453,361,390
28	453,361,390	520,385	43,203,358	230,395	30,233,329	440,681,352
29	440,681,352	443,768	43,324,968	231,699	29,338,743	426,907,196
30	426,907,196	367,811	43,447,608	232,924	28,367,558	411,962,033

Column b – Contributions on behalf of current employees in the Plan as of the Actuarial Valuation Date.

Column d – Based on the average Administrative Expense in recent years, and projected to increase in the future.

Column e – Based on the Expected Rate of Return on Plan Investments, and does not factor in allocation changes.



PROJECTION OF THE PENSION PLAN'S FIDUCIARY NET POSITION – YEARS 31 TO 60

Year	Projected Beginning Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Administrative Expense (d)	Projected Investment Earnings (e)	Projected Ending Fiduciary Net Position (f) = (a)+(b)-(c)-(d)+(e)
31	\$ 411,962,033	\$ 287,052	\$ 43,378,268	\$ 234,066	\$ 27,320,957	\$ 395,957,708
32	395,957,708	216,446	43,331,294	235,120	26,199,791	378,807,531
33	378,807,531	140,851	42,945,776	236,079	25,010,092	360,776,619
34	360,776,619	88,474	42,370,435	236,940	23,766,202	342,023,920
35	342,023,920	63,682	41,731,195	237,696	22,474,992	322,593,702
36	322,593,702	45,701	40,918,468	238,342	21,142,670	302,625,263
37	302,625,263	32,323	40,112,556	238,872	19,772,600	282,078,758
38	282,078,758	23,818	39,035,982	239,279	18,371,713	261,199,029
39	261,199,029	16,649	37,823,410	239,557	16,952,311	240,105,022
40	240,105,022	12,190	36,548,995	239,700	15,520,174	218,848,691
41	218,848,691	8,460	35,190,199	239,700	14,079,658	197,506,910
42	197,506,910	5,029	33,781,138	239,550	12,634,936	176,126,188
43	176,126,188	3,252	32,321,754	239,243	11,189,312	154,757,755
44	154,757,755	711	30,835,300	238,771	9,745,475	133,429,871
45	133,429,871	109	29,339,061	238,125	8,304,893	112,157,688
46	112,157,688	210	27,844,925	237,298	6,868,168	90,943,842
47	90,943,842	-	26,364,982	236,281	5,435,025	69,777,604
48	69,777,604	-	24,908,478	235,065	4,004,408	48,638,469
49	48,638,469	-	23,483,604	233,641	2,574,589	27,495,814
50	27,495,814	-	22,096,389	231,998	1,143,213	6,310,641
51	6,310,641	-	20,751,055	230,127	-	-
52	-	-	19,451,113	-	-	-
53	-	-	18,198,324	-	-	-
54	-	-	16,993,952	-	-	-
55	-	-	15,839,008	-	-	-
56	-	-	14,732,839	-	-	-
57	-	-	13,674,198	-	-	-
58	-	-	12,661,182	-	-	-
59	-	-	11,690,946	-	-	-
60	-	-	10,760,585	-	-	-

Column b – Contributions on behalf of current employees in the Plan as of the Actuarial Valuation Date.

Column d – Based on the average Administrative Expense in recent years, and projected to increase in the future.

Column e – Based on the Expected Rate of Return on Plan Investments, and does not factor in allocation changes.



PROJECTION OF THE PENSION PLAN'S FIDUCIARY NET POSITION – YEARS 61 TO 80

Year	Projected Beginning Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Administrative Expense (d)	Projected Investment Earnings (e)	Projected Ending Fiduciary Net Position (f) = (a)+(b)-(c)-(d)+(e)
61	\$ -	\$ -	\$ 9,866,955	\$ -	\$ -	\$ -
62	-	-	9,007,065	-	-	-
63	-	-	8,179,042	-	-	-
64	-	-	7,381,888	-	-	-
65	-	-	6,615,460	-	-	-
66	-	-	5,881,051	-	-	-
67	-	-	5,180,605	-	-	-
68	-	-	4,516,902	-	-	-
69	-	-	3,893,452	-	-	-
70	-	-	3,313,747	-	-	-
71	-	-	2,781,533	-	-	-
72	-	-	2,299,973	-	-	-
73	-	-	1,871,159	-	-	-
74	-	-	1,496,193	-	-	-
75	-	-	1,174,423	-	-	-
76	-	-	903,754	-	-	-
77	-	-	680,954	-	-	-
78	-	-	501,682	-	-	-
79	-	-	360,885	-	-	-
80	-	-	253,117	-	-	-

NOTES TO PROJECTION OF THE PENSION PLAN'S FIDUCIARY NET POSITION

Projected Total Contributions are Employee and Employer Contributions projected to be made under the Funding Policy on behalf of current employees in the Plan as of the Actuarial Valuation Date. The amounts shown are detailed earlier in this section.

Projected Benefit Payments shown represents current employees as of the Actuarial Valuation Date. The Plan will pay benefits in the future on behalf of employees hired after the Actuarial Valuation Date, but those benefit payments are not projected for this purpose.

Projected Investment Earnings are based on the Expected Rate of Return on Plan Investments. Administrative Expense are typically not charged on a per employee basis. Administrative Expenses shown are not projected to distinguish between current and future employees.

The Projected Fiduciary Net Position represents assets held or projected to be held on behalf of current employees in the Plan as of the Actuarial Valuation Date. The Plan will hold assets in the future on behalf of employees hired after the Actuarial Valuation Date, but those assets are not projected for this purpose.



ACTUARIAL PRESENT VALUE OF PROJECTED BENEFIT PAYMENTS – YEARS 1 TO 30

Year	Projected Beginning Fiduciary Net Position	Projected Benefit Payments	Projected Benefit Payments		Actuarial Present Values of Projected Benefit Payments		
			"Funded" Portion of Benefit Payments	"Unfunded" Portion of Benefit Payments	Present Value of "Funded" Benefit Payments (7.00%)	Present Value of "Unfunded" Benefit Payments (4.15%)	Present Value of Benefit Payments Using the Single Discount Rate (6.75%)
1	\$ 213,858,732	\$ 21,691,910	\$ 21,691,910	\$ -	\$ 20,970,361	\$ -	\$ 20,994,902
2	230,239,333	22,238,333	22,238,333	-	20,092,157	-	20,162,779
3	243,081,163	23,245,612	23,245,612	-	19,628,248	-	19,743,369
4	257,212,945	24,284,289	24,284,289	-	19,163,824	-	19,321,365
5	271,713,805	25,404,249	25,404,249	-	18,736,107	-	18,934,371
6	286,507,393	26,476,601	26,476,601	-	18,249,520	-	18,485,826
7	301,652,971	27,462,903	27,462,903	-	17,690,980	-	17,962,021
8	317,279,314	28,544,248	28,544,248	-	17,184,634	-	17,488,779
9	333,375,549	29,634,151	29,634,151	-	16,673,638	-	17,008,479
10	350,029,195	30,700,717	30,700,717	-	16,143,684	-	16,506,448
11	367,336,399	31,649,736	31,649,736	-	15,553,940	-	15,940,697
12	385,489,519	32,679,684	32,679,684	-	15,009,437	-	15,418,680
13	404,539,617	33,801,075	33,801,075	-	14,508,860	-	14,939,359
14	424,512,626	34,775,266	34,775,266	-	13,950,490	-	14,398,062
15	445,679,910	35,739,887	35,739,887	-	13,399,494	-	13,861,775
16	468,208,567	36,483,512	36,483,512	-	12,783,450	-	13,255,449
17	492,518,405	37,255,540	37,255,540	-	12,199,963	-	12,680,045
18	518,805,475	38,192,945	38,192,945	-	11,688,722	-	12,177,137
19	517,115,919	38,952,873	38,952,873	-	11,141,396	-	11,634,123
20	514,365,761	39,586,148	39,586,148	-	10,581,801	-	11,075,657
21	510,633,075	40,184,534	40,184,534	-	10,039,024	-	10,532,157
22	505,910,351	40,859,504	40,859,504	-	9,539,857	-	10,031,909
23	500,039,304	41,503,892	41,503,892	-	9,056,363	-	9,545,780
24	492,957,061	41,974,424	41,974,424	-	8,559,846	-	9,043,561
25	484,773,685	42,414,725	42,414,725	-	8,083,773	-	8,560,586
26	475,433,932	42,722,986	42,722,986	-	7,609,835	-	8,077,567
27	464,996,973	43,077,514	43,077,514	-	7,171,013	-	7,629,599
28	453,361,390	43,203,358	43,203,358	-	6,721,460	-	7,168,045
29	440,681,352	43,324,968	43,324,968	-	6,299,420	-	6,733,697
30	426,907,196	43,447,608	43,447,608	-	5,903,974	-	6,325,769

The Projected Fiduciary Net Position and Benefit Payments are based on current employees in the Plan as of the Actuarial Valuation Date. The development of the Projected Fiduciary Net Position is shown in more detail earlier in this section.



ACTUARIAL PRESENT VALUE OF PROJECTED BENEFIT PAYMENTS – YEARS 31 TO 60

Year	Projected Beginning Fiduciary Net Position	Projected Benefit Payments	Projected Benefit Payments		Actuarial Present Values of Projected Benefit Payments		
			"Funded" Portion of Benefit Payments	"Unfunded" Portion of Benefit Payments	Present Value of "Funded" Benefit Payments (7.00%)	Present Value of "Unfunded" Benefit Payments (4.15%)	Present Value of Benefit Payments Using the Single Discount Rate (6.75%)
31	\$ 411,962,033	\$ 43,378,268	\$ 43,378,268	\$ -	\$ 5,508,927	\$ -	\$ 5,916,321
32	395,957,708	43,331,294	43,331,294	-	5,142,954	-	5,536,220
33	378,807,531	42,945,776	42,945,776	-	4,763,736	-	5,140,013
34	360,776,619	42,370,435	42,370,435	-	4,392,445	-	4,750,494
35	342,023,920	41,731,195	41,731,195	-	4,043,156	-	4,382,973
36	322,593,702	40,918,468	40,918,468	-	3,705,060	-	4,025,868
37	302,625,263	40,112,556	40,112,556	-	3,394,474	-	3,697,027
38	282,078,758	39,035,982	39,035,982	-	3,087,262	-	3,370,307
39	261,199,029	37,823,410	37,823,410	-	2,795,666	-	3,059,125
40	240,105,022	36,548,995	36,548,995	-	2,524,737	-	2,769,134
41	218,848,691	35,190,199	35,190,199	-	2,271,845	-	2,497,597
42	197,506,910	33,781,138	33,781,138	-	2,038,203	-	2,245,986
43	176,126,188	32,321,754	32,321,754	-	1,822,571	-	2,013,075
44	154,757,755	30,835,300	30,835,300	-	1,625,002	-	1,799,058
45	133,429,871	29,339,061	29,339,061	-	1,445,001	-	1,603,524
46	112,157,688	27,844,925	27,844,925	-	1,281,693	-	1,425,632
47	90,943,842	26,364,982	26,364,982	-	1,134,180	-	1,264,506
48	69,777,604	24,908,478	24,908,478	-	1,001,423	-	1,119,110
49	48,638,469	23,483,604	23,483,604	-	882,372	-	988,376
50	27,495,814	22,096,389	22,096,389	-	775,933	-	871,186
51	6,310,641	20,751,055	6,310,641	14,440,415	207,106	1,852,620	766,412
52	-	19,451,113	-	19,451,113	-	2,396,028	672,974
53	-	18,198,324	-	18,198,324	-	2,152,383	589,817
54	-	16,993,952	-	16,993,952	-	1,929,848	515,956
55	-	15,839,008	-	15,839,008	-	1,727,021	450,483
56	-	14,732,839	-	14,732,839	-	1,542,399	392,526
57	-	13,674,198	-	13,674,198	-	1,374,526	341,284
58	-	12,661,182	-	12,661,182	-	1,221,985	296,020
59	-	11,690,946	-	11,690,946	-	1,083,383	256,052
60	-	10,760,585	-	10,760,585	-	957,434	220,773

The Projected Fiduciary Net Position and Benefit Payments are based on current employees in the Plan as of the Actuarial Valuation Date. The development of the Projected Fiduciary Net Position is shown in more detail earlier in this section.



ACTUARIAL PRESENT VALUE OF PROJECTED BENEFIT PAYMENTS – YEARS 61 TO 80

Year	Projected Beginning Fiduciary Net Position	Projected Benefit Payments	Projected Benefit Payments		Actuarial Present Values of Projected Benefit Payments		
			"Funded" Portion of Benefit Payments	"Unfunded" Portion of Benefit Payments	Present Value of "Funded" Benefit Payments (7.00%)	Present Value of "Unfunded" Benefit Payments (4.15%)	Present Value of Benefit Payments Using the Single Discount Rate (6.75%)
61	\$ -	\$ 9,866,955	\$ -	\$ 9,866,955	\$ -	\$ 842,941	\$ 189,638
62	-	9,007,065	-	9,007,065	-	738,819	162,165
63	-	8,179,042	-	8,179,042	-	644,166	137,946
64	-	7,381,888	-	7,381,888	-	558,218	116,629
65	-	6,615,460	-	6,615,460	-	480,327	97,911
66	-	5,881,051	-	5,881,051	-	409,989	81,538
67	-	5,180,605	-	5,180,605	-	346,768	67,285
68	-	4,516,902	-	4,516,902	-	290,295	54,955
69	-	3,893,452	-	3,893,452	-	240,256	44,375
70	-	3,313,747	-	3,313,747	-	196,336	35,379
71	-	2,781,533	-	2,781,533	-	158,236	27,819
72	-	2,299,973	-	2,299,973	-	125,627	21,549
73	-	1,871,159	-	1,871,159	-	98,133	16,422
74	-	1,496,193	-	1,496,193	-	75,341	12,301
75	-	1,174,423	-	1,174,423	-	56,782	9,045
76	-	903,754	-	903,754	-	41,954	6,520
77	-	680,954	-	680,954	-	30,352	4,602
78	-	501,682	-	501,682	-	21,470	3,176
79	-	360,885	-	360,885	-	14,829	2,140
80	-	253,117	-	253,117	-	9,986	1,406

NOTES TO THE ACTUARIAL PRESENT VALUE OF PROJECTED BENEFIT PAYMENTS

The Projected Fiduciary Net Position and Benefit Payments are based on current employees in the Plan as of the Actuarial Valuation Date. The development of the Projected Fiduciary Net Position is shown in more detail earlier in this section.

The Funded and Unfunded Portion of Benefit Payments are split based on the time that the Projected Fiduciary Net Position is to reach \$0 (based on assets for current employees).

The Present Value ("PV") of the Funded and Unfunded Portion of Benefit Payments are determined separately. The PV of the Funded Portion of Benefit Payments uses the Expected Rate of Return on Plan Investments. The PV of the Unfunded Portion of Benefit Payments are determined using the High-Quality Municipal Bond Rate as of the Measurement Date, as described in the *Actuarial Assumptions Information* section of this report.

The Discount Rate used for GASB purposes is the rate such that when applied to the Total Projected Benefit Payments results in a Present Value that equals the sum of the Present Value of the Funded and Unfunded Portion of Benefit Payments. The Discount Rate is rounded to four decimal places; therefore, the resulting Present Value comparisons may show a slight difference due to rounding.



SUMMARY OF PRINCIPAL PLAN PROVISIONS

Establishment of the Fund
Administration
Member Contributions
Regular Retirement Pension Benefit
Early Retirement Pension Benefit
Surviving Spouse Benefit
Termination Benefit – Vested
Disability Benefit



ESTABLISHMENT OF THE FUND

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

ADMINISTRATION

The Police Pension Fund is administered by a Board of Trustees whose duties are to manage the Pension Fund, determine applications for pensions, authorize payment of pensions, establish rules, pay expenses, and keep records.

MEMBER CONTRIBUTIONS

Members contribute 9.910% of their pensionable salary.

REGULAR RETIREMENT PENSION BENEFIT

Tier I

Eligibility: Age 50 with at least 20 years of creditable service.

Benefit: 50% of final salary for the first 20 years of service, plus an additional 2.5% of final salary for each year of service beyond 20 years of service, and not to exceed 75% of final salary. “Final salary” is based on the police officer’s pensionable salary attached to rank held on the last day of service, unless the pensionable salary was greater at some point within the year prior to the last day of service. If so, the pensionable salary is averaged over the last 12 months.

Annual Increase in Benefit: A police officer is entitled to receive an initial increase equal to 1/12 of 3% of the original monthly benefit for each full month that has passed since the pension began. The initial increase date will be the later of the first day of the month after the pensioner turns age 55 or the first day of the month after the benefit date anniversary. Subsequent increases of 3% of the current monthly benefit will be granted every January 1st thereafter.



REGULAR RETIREMENT PENSION BENEFIT - CONTINUED

Tier II

Eligibility: Age 55 with at least 10 years of creditable service.

Benefit: 2.5% of final average salary for each year of service, and not to exceed 75% of final average salary. "Final average salary" is determined by dividing the total pensionable salary during 48 consecutive months of service within the last 60 months of service in which total pensionable salary was the highest, by the number of months of service in that period (or by dividing the total pensionable salary during 96 consecutive months of service within the last 120 months of service in which total pensionable salary was the highest, by the number of months of service in that period, if greater). Annual salary for this purpose will not exceed the salary cap, indexed by the lesser of 3% or the CPI-U for the 12 months ending with the September preceding each November 1st. The salary cap will not decrease.

Annual Increase in Benefit: The initial increase date will be the later of the January 1st after the pensioner turns age 60 or the January 1st after the benefit date anniversary. Subsequent increases will be granted every January 1st thereafter. The initial increase and subsequent increases will be the lesser of 3% of the original benefit or ½ of the CPI-U for the 12 months ending with the September preceding each November 1st.

EARLY RETIREMENT PENSION BENEFIT

Tier I

None.

Tier II

Eligibility: Age 50 with at least 10 years of creditable service.

Benefit: The regular retirement pension benefit reduced by ½ of 1% for each month that the police officer's age is between 50 and 55.

Annual Increase in Benefit: The initial increase date will be the later of the January 1st after the pensioner turns age 60 or the January 1st after the benefit date anniversary. Subsequent increases will be granted every January 1st thereafter. The initial increase and subsequent increases will be the lesser of 3% of the original benefit or ½ of the CPI-U for the 12 months ending with the September preceding each November 1st.



SURVIVING SPOUSE BENEFIT

Tier I

Eligibility: Married to an active police officer with at least 8 years of creditable service, a disabled pensioner at the time of death, or a retired pensioner on the last day of service.

Active Line of Duty Death Benefit: An eligible surviving spouse is entitled to receive 100% of the police officer's final pensionable salary attached to rank held on the last day of service.

Non-Duty Death Benefit:

Disabled or Retired Pensioner: An eligible surviving spouse is entitled to receive the pensioner's benefit at the time of death.

Active Member with 20+ Years of Service: An eligible surviving spouse is entitled to the police officer's eligible benefit at the time of death.

Active Member with 10-20 Years of Service: An eligible surviving spouse is entitled to receive 50% of the police officer's pensionable salary attached to rank held on the last day of service, unless the pensionable salary was greater at some point within the year prior to the last day of service. If so, the pensionable salary is averaged over the last 12 months.

Annual Increase in Benefit: None.

Tier II

Eligibility: Married to an active police officer with at least 8 years of creditable service, a disabled pensioner at the time of death, or a retired pensioner on the last day of service.

Active Line of Duty Death Benefit: An eligible surviving spouse is entitled to receive 100% of the police officer's final pensionable salary attached to rank held on the last day of service.

Non-Duty Death Benefit:

Disabled or Retired Pensioner, Active Member with 20+ Years of Service, and Active Member with 10-20 Years of service: An eligible surviving spouse is entitled to receive the greater of 66⅔% of the police officer's earned pension benefit at the time of death or 54% of the police officer's monthly salary at the time of death.

Annual Increase in Benefit: The initial increase date will be the January 1st after the surviving spouse turns age 60. Subsequent increases will be granted every January 1st thereafter. The initial increase and subsequent increases will be the lesser of 3% of the original benefit or ½ of the CPI-U for the 12 months ending with the September preceding each November 1st.



SURVIVING SPOUSE BENEFIT – CONTINUED

Public Act 102-0811 passed on May 13, 2022 and is effective as of January 1, 2023 for Article 3 Pension Funds. The Act establishes that a surviving spouse of a deceased police retiree may be eligible for a survivor's pension of up to 15 years of benefit payments if (a) the surviving spouse has attained age 62 and (b) if the police officer was married to the surviving spouse after retirement, and for at least 5 years prior to the officer's death. Previously, there was no survivor's pension for spouses married after retirement. In our opinion, under a prudent interpretation of the provisions, we believe the impact to be de minimis. The legal community has suggested some uncertainty about multiple provisions contained in the Act, and the IDOI Public Pension Division has not provided an interpretation. The client has not made an administrative interpretation as to how the provisions of the Act will impact future surviving spouses. Due to the uncertainty around the interpretation and the expected *de minimis* impact, we have not valued this contingency separately for active Members. However, for any current retirees who were married after retirement and have been married for at least 5 years, as well as any surviving spouses currently in receipt of benefits under this provision, we have valued the liability of the benefit granted.

TERMINATION BENEFIT – VESTED

Tier I

Eligibility: Age 60 with at least 8 but less than 20 years of creditable service.

Benefit: 2.5% of final salary for each year of service. "Final salary" is based on the police officer's pensionable salary attached to rank held on the last day of service, unless the pensionable salary was greater at some point within the year prior to the last day of service. If so, the pensionable salary is averaged over the last 12 months.

Annual Increase in Benefit: A police officer is entitled to receive an initial increase equal to 1/12 of 3% of the original monthly benefit for each full month that has passed since the pension began. The initial increase date will be the first day of the month after the benefit date anniversary. Subsequent increases of 3% of the current monthly benefit will be granted every January 1st thereafter.

Tier II

None.



DISABILITY BENEFIT

Tier I

Eligibility: Duty or Non-Duty Disability or Occupational Disease Disability with at least 1 day of creditable service.

Benefit: For a duty disability or an occupational disease disability with at least 5 years of creditable service, a police officer is entitled to receive the greater of 65% of final salary or the regular retirement pension benefit at the time of disability. For a non-duty disability, a police officer is entitled to receive 50% of their final salary. “Final salary” is based on the police officer’s pensionable salary attached to rank held on the last day of service.

Annual Increase in Benefit: A police officer is entitled to receive an initial increase equal to 3% of the original monthly benefit for each full year that has passed since the pension began. The initial increase date will be the later of the January 1st after the pensioner turns age 60 or the January 1st after the benefit date anniversary. Subsequent increases of 3% of the original monthly benefit will be granted every January 1st thereafter.

Tier II

Eligibility: Duty or Non-Duty Disability or Occupational Disease Disability with at least 1 day of creditable service.

Benefit: For a duty disability or an occupational disease disability with at least 5 years of creditable service, a police officer is entitled to receive the greater of 65% of final salary or the regular retirement pension benefit at the time of disability. For a non-duty disability, a police officer is entitled to receive 50% of their final salary. “Final salary” is based on the police officer’s pensionable salary attached to rank held on the last day of service.

Annual Increase in Benefit: The initial increase date will be the later of the January 1st after the pensioner turns age 60 or the January 1st after the benefit date anniversary. Subsequent increases will be granted every January 1st thereafter. The initial increase and subsequent increases will be the lesser of 3% of the original benefit or ½ of the CPI-U for the 12 months ending with the September preceding each November 1st.