

# SPRINGFIELD POLICE PENSION FUND

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



FOR THE FEBRUARY 28, 2025  
FINANCIAL STATEMENT REPORTING

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# GASB Statements 67 and 68 Actuarial Disclosures

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## Lauterbach & Amen, LLP

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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

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**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

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## STATEMENT OF PLAN FIDUCIARY NET POSITION

|                                    | <u>2/29/2024</u>      | <u>2/28/2025</u>      |
|------------------------------------|-----------------------|-----------------------|
| <b>Assets</b>                      |                       |                       |
| 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>    |
| <b>Liabilities</b>                 |                       |                       |
| Payables:                          |                       |                       |
| Expenses Due/Unpaid                | <u>8,679</u>          | <u>10,127</u>         |
| Total Liabilities                  | <u>8,679</u>          | <u>10,127</u>         |
| <b>Plan Fiduciary Net Position</b> | <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.



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## STATEMENT OF CHANGES IN PLAN FIDUCIARY NET POSITION

|                                               | <u>2/28/2025</u>      |
|-----------------------------------------------|-----------------------|
| <b>Additions</b>                              |                       |
| 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>     |
| <b>Deductions</b>                             |                       |
| 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>     |
| <b>Plan Fiduciary Net Position</b>            |                       |
| 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

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## 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.



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## STATEMENT OF CHANGES IN TOTAL PENSION LIABILITY

|                                                                                | <u>2/28/2025</u>          |
|--------------------------------------------------------------------------------|---------------------------|
| <b>Changes in Total Pension Liability</b>                                      |                           |
| 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>     |
| <br>Plan Fiduciary Net Position - Ending (b)                                   | <br><u>\$ 230,239,333</u> |
| <br><b>Employer's Net Pension Liability - Ending (a) - (b)</b>                 | <br><u>\$ 203,769,624</u> |
| <br>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | <br>53.05%                |
| <br>Covered-Employee Payroll                                                   | <br>\$ 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



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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<br>Liability<br>(a) | Plan Fiduciary<br>Net Position<br>(b) | Net Pension<br>Liability<br>(a) - (b) |
| <b>Balances Beginning at 3/1/2024</b> | <u>\$ 397,209,663</u>             | <u>\$ 213,858,732</u>                 | <u>\$ 183,350,931</u>                 |
| <b>Changes for the Year:</b>          |                                   |                                       |                                       |
| 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                               |
| <b>Net Changes</b>                    | <u>\$ 36,799,294</u>              | <u>\$ 16,380,601</u>                  | <u>\$ 20,418,693</u>                  |
| <b>Balances Ending at 2/28/2025</b>   | <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<br>of Resources | Deferred Inflows<br>of Resources | Total Deferred<br>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<br>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<br>Established | Initial<br>Period | Initial<br>Balance | Remaining<br>Period | 2/28/2025<br>Expense<br>Recognized | 2/28/2025<br>Deferred<br>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.



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## 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>            |
|-----------------------------------------------------------------|-----------------------------|
| <b>Pension Expense/(Income) Under GASB 68</b>                   |                             |
| 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>            |
| <b>Total Pension Expense/(Income)</b>                           | <b><u>\$ 18,048,935</u></b> |



## 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

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## 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.



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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.



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## 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/<br>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.



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## **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.



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## **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<br>Rate of Return | Long-Term<br>Inflation Expectation | Long-Term Expected<br>Real Rate of Return | Target<br>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%                |



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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.



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## **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.



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## 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.

|                                  | <b>1%<br/>Decrease<br/>(5.75%)</b> | <b>Current<br/>Discount Rate<br/>(6.75%)</b> | <b>1%<br/>Increase<br/>(7.75%)</b> |
|----------------------------------|------------------------------------|----------------------------------------------|------------------------------------|
| 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.



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## 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

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## 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

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## 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:

| <b>Fiscal<br/>Year<br/>End</b> | <b>Employer<br/>Contributions</b> | <b>Most<br/>Applicable<br/>ADC</b> | <b>% of<br/>ADC</b> | <b>Covered-<br/>Employee<br/>Payroll</b> | <b>% of<br/>Payroll</b> |
|--------------------------------|-----------------------------------|------------------------------------|---------------------|------------------------------------------|-------------------------|
| 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.



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### 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

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## 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             |
|------------------------------------------------------------|-----------------------|-----------------------|------------------------|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|-----------------------|
| <b>Total Pension Liability</b>                             |                       |                       |                        |                        |                       |                       |                       |                       |                        |                       |
| 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)          |
| <b>Net Change in Total Pension Liability</b>               | <b>\$ 36,799,294</b>  | <b>\$ (7,069,825)</b> | <b>\$ (5,934,622)</b>  | <b>\$ (29,003,532)</b> | <b>\$ 58,683,006</b>  | <b>\$ 43,107,127</b>  | <b>\$ 9,588,301</b>   | <b>\$ 5,742,509</b>   | <b>\$ (14,394,396)</b> | <b>\$ 56,602,866</b>  |
| <b>Total Pension Liability - Beginning</b>                 | <b>397,209,663</b>    | <b>404,279,488</b>    | <b>410,214,110</b>     | <b>439,217,642</b>     | <b>380,534,636</b>    | <b>337,427,509</b>    | <b>327,839,208</b>    | <b>322,096,699</b>    | <b>336,491,095</b>     | <b>279,888,229</b>    |
| <b>Total Pension Liability - Ending (a)</b>                | <b>\$ 434,008,957</b> | <b>\$ 397,209,663</b> | <b>\$ 404,279,488</b>  | <b>\$ 410,214,110</b>  | <b>\$ 439,217,642</b> | <b>\$ 380,534,636</b> | <b>\$ 337,427,509</b> | <b>\$ 327,839,208</b> | <b>\$ 322,096,699</b>  | <b>\$ 336,491,095</b> |
| <b>Plan Fiduciary Net Position</b>                         |                       |                       |                        |                        |                       |                       |                       |                       |                        |                       |
| 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                 |
| <b>Net Change in Plan Fiduciary Net Position</b>           | <b>\$ 16,380,601</b>  | <b>\$ 18,673,590</b>  | <b>\$ (12,944,704)</b> | <b>\$ 8,922,108</b>    | <b>\$ 25,708,735</b>  | <b>\$ 5,300,901</b>   | <b>\$ 343,928</b>     | <b>\$ 13,727,498</b>  | <b>\$ 16,575,126</b>   | <b>\$ (8,032,895)</b> |
| <b>Plan Fiduciary Net Position - Beginning</b>             | <b>213,858,732</b>    | <b>195,185,142</b>    | <b>208,129,846</b>     | <b>199,207,738</b>     | <b>173,499,003</b>    | <b>168,198,102</b>    | <b>167,854,174</b>    | <b>154,126,676</b>    | <b>137,551,550</b>     | <b>145,584,445</b>    |
| <b>Plan Fiduciary Net Position - Ending (b)</b>            | <b>\$ 230,239,333</b> | <b>\$ 213,858,732</b> | <b>\$ 195,185,142</b>  | <b>\$ 208,129,846</b>  | <b>\$ 199,207,738</b> | <b>\$ 173,499,003</b> | <b>\$ 168,198,102</b> | <b>\$ 167,854,174</b> | <b>\$ 154,126,676</b>  | <b>\$ 137,551,550</b> |
| <b>Employer's Net Pension Liability - Ending (a) - (b)</b> | <b>\$ 203,769,624</b> | <b>\$ 183,350,931</b> | <b>\$ 209,094,346</b>  | <b>\$ 202,084,264</b>  | <b>\$ 240,009,904</b> | <b>\$ 207,035,633</b> | <b>\$ 169,229,407</b> | <b>\$ 159,985,034</b> | <b>\$ 167,970,023</b>  | <b>\$ 198,939,545</b> |

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             |
|-------------------------------------------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Total Pension Liability - Ending (a)</b>                                         | <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> |
| <b>Plan Fiduciary Net Position - Ending (b)</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> |
| <b>Employer's Net Pension Liability - Ending (a) - (b)</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> |
| <b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>   | 53.05%                | 53.84%                | 48.28%                | 50.74%                | 45.36%                | 45.59%                | 49.85%                | 51.20%                | 47.85%                | 40.88%                |
| <b>Covered-Employee Payroll</b>                                                     | \$ 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         |
| <b>Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll</b> | 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

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## **GASB METHODS AND PROCEDURES**

|                                 | <b>Statement 67<br/>Pension Plan Financials</b> | <b>Statement 68<br/>Employer Financials</b> |
|---------------------------------|-------------------------------------------------|---------------------------------------------|
| Fiscal Year End for Reporting   | <b>February 28, 2025</b>                        | <b>February 28, 2025</b>                    |
| 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

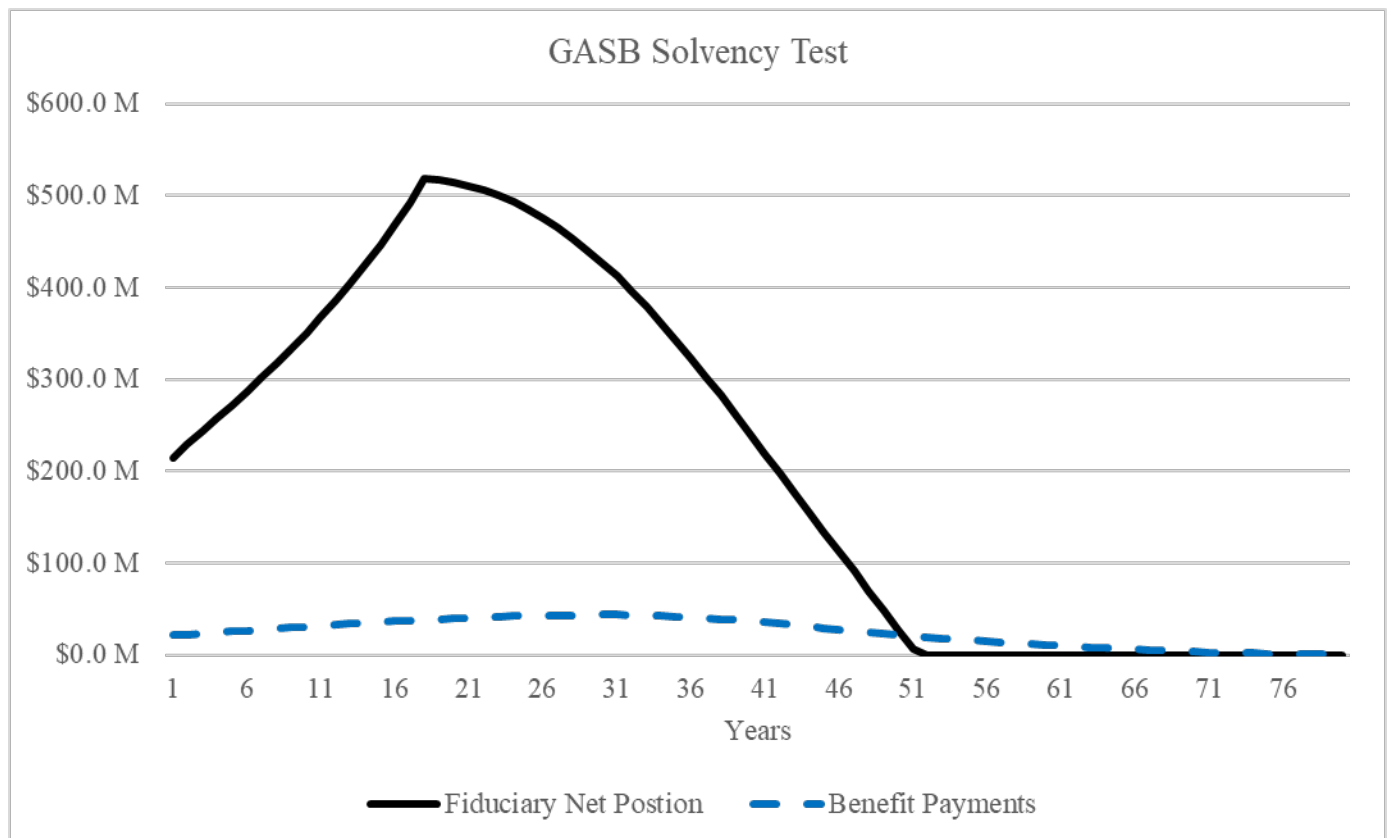
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## GASB PROJECTIONS – SUMMARY AND PROCEDURE

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.



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## **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<br>Current<br>Employees<br>(a) | Payroll for<br>Future<br>Employees<br>(b) | Total<br>Employee<br>Payroll<br>(c) = (a) + (b) | Contributions<br>from Current<br>Employees<br>(d) - Notes | Employer<br>Contributions<br>for Current<br>Employees<br>(e) - Notes | Contributions<br>Related to<br>Payroll of Future<br>Employees<br>(f) - Notes | Total<br>Contributions<br>(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<br>Current<br>Employees<br>(a) | Payroll for<br>Future<br>Employees<br>(b) | Total<br>Employee<br>Payroll<br>(c) = (a) + (b) | Contributions<br>from Current<br>Employees<br>(d) - Notes | Employer<br>Contributions<br>for Current<br>Employees<br>(e) - Notes | Contributions<br>Related to<br>Payroll of Future<br>Employees<br>(f) - Notes | Total<br>Contributions<br>(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

|      | Projected Pensionable Payroll              |                                           |                                                 | Projected Contributions                                   |                                                                      |                                                                              |                                                 |
|------|--------------------------------------------|-------------------------------------------|-------------------------------------------------|-----------------------------------------------------------|----------------------------------------------------------------------|------------------------------------------------------------------------------|-------------------------------------------------|
|      | Payroll for<br>Current<br>Employees<br>(a) | Payroll for<br>Future<br>Employees<br>(b) | Total<br>Employee<br>Payroll<br>(c) = (a) + (b) | Contributions<br>from Current<br>Employees<br>(d) - Notes | Employer<br>Contributions<br>for Current<br>Employees<br>(e) - Notes | Contributions<br>Related to<br>Payroll of Future<br>Employees<br>(f) - Notes | Total<br>Contributions<br>(g) = (d) + (e) + (f) |
| Year |                                            |                                           |                                                 |                                                           |                                                                      |                                                                              |                                                 |
| 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<br>Beginning<br>Fiduciary Net<br>Position<br>(a) | Projected<br>Total<br>Contributions<br>(b) | Projected<br>Benefit<br>Payments<br>(c) | Projected<br>Administrative<br>Expense<br>(d) | Projected<br>Investment<br>Earnings<br>(e) | Projected<br>Ending<br>Fiduciary Net<br>Position<br>(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<br>Beginning<br>Fiduciary Net<br>Position<br>(a) | Projected<br>Total<br>Contributions<br>(b) | Projected<br>Benefit<br>Payments<br>(c) | Projected<br>Administrative<br>Expense<br>(d) | Projected<br>Investment<br>Earnings<br>(e) | Projected<br>Ending<br>Fiduciary Net<br>Position<br>(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<br>Beginning<br>Fiduciary Net<br>Position<br>(a) | Projected<br>Total<br>Contributions<br>(b) | Projected<br>Benefit<br>Payments<br>(c) | Projected<br>Administrative<br>Expense<br>(d) | Projected<br>Investment<br>Earnings<br>(e) | Projected<br>Ending<br>Fiduciary Net<br>Position<br>(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<br>Beginning<br>Fiduciary Net<br>Position | Projected<br>Benefit<br>Payments | Projected Benefit Payments                    |                                                 | Actuarial Present Values of Projected Benefit Payments         |                                                                  |                                                                                      |
|------|-----------------------------------------------------|----------------------------------|-----------------------------------------------|-------------------------------------------------|----------------------------------------------------------------|------------------------------------------------------------------|--------------------------------------------------------------------------------------|
|      |                                                     |                                  | "Funded"<br>Portion of<br>Benefit<br>Payments | "Unfunded"<br>Portion of<br>Benefit<br>Payments | Present Value<br>of "Funded"<br>Benefit<br>Payments<br>(7.00%) | Present Value<br>of "Unfunded"<br>Benefit<br>Payments<br>(4.15%) | Present Value of<br>Benefit Payments<br>Using the Single<br>Discount Rate<br>(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<br>Beginning<br>Fiduciary Net<br>Position | Projected<br>Benefit<br>Payments | Projected Benefit Payments                    |                                                 | Actuarial Present Values of Projected Benefit Payments         |                                                                  |                                                                                      |
|------|-----------------------------------------------------|----------------------------------|-----------------------------------------------|-------------------------------------------------|----------------------------------------------------------------|------------------------------------------------------------------|--------------------------------------------------------------------------------------|
|      |                                                     |                                  | "Funded"<br>Portion of<br>Benefit<br>Payments | "Unfunded"<br>Portion of<br>Benefit<br>Payments | Present Value<br>of "Funded"<br>Benefit<br>Payments<br>(7.00%) | Present Value<br>of "Unfunded"<br>Benefit<br>Payments<br>(4.15%) | Present Value of<br>Benefit Payments<br>Using the Single<br>Discount Rate<br>(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<br>Beginning<br>Fiduciary Net<br>Position | Projected<br>Benefit<br>Payments | Projected Benefit Payments                    |                                                 | Actuarial Present Values of Projected Benefit Payments         |                                                                  |                                                                                      |
|------|-----------------------------------------------------|----------------------------------|-----------------------------------------------|-------------------------------------------------|----------------------------------------------------------------|------------------------------------------------------------------|--------------------------------------------------------------------------------------|
|      |                                                     |                                  | "Funded"<br>Portion of<br>Benefit<br>Payments | "Unfunded"<br>Portion of<br>Benefit<br>Payments | Present Value<br>of "Funded"<br>Benefit<br>Payments<br>(7.00%) | Present Value<br>of "Unfunded"<br>Benefit<br>Payments<br>(4.15%) | Present Value of<br>Benefit Payments<br>Using the Single<br>Discount Rate<br>(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

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## **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 1<sup>st</sup> thereafter.



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## 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 1<sup>st</sup>. The salary cap will not decrease.

*Annual Increase in Benefit:* The initial increase date will be the later of the January 1<sup>st</sup> after the pensioner turns age 60 or the January 1<sup>st</sup> after the benefit date anniversary. Subsequent increases will be granted every January 1<sup>st</sup> 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 1<sup>st</sup>.

## 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 1<sup>st</sup> after the pensioner turns age 60 or the January 1<sup>st</sup> after the benefit date anniversary. Subsequent increases will be granted every January 1<sup>st</sup> 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 1<sup>st</sup>.



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## **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 1<sup>st</sup> after the surviving spouse turns age 60. Subsequent increases will be granted every January 1<sup>st</sup> 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 1<sup>st</sup>.



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## **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 1<sup>st</sup> thereafter.

### Tier II

None.



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## 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 1<sup>st</sup> after the pensioner turns age 60 or the January 1<sup>st</sup> after the benefit date anniversary. Subsequent increases of 3% of the original monthly benefit will be granted every January 1<sup>st</sup> 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 1<sup>st</sup> after the pensioner turns age 60 or the January 1<sup>st</sup> after the benefit date anniversary. Subsequent increases will be granted every January 1<sup>st</sup> 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 1<sup>st</sup>.