

**ROCHELLE POLICE PENSION FUND**

**416 N. 6<sup>TH</sup> ST.**

**ROCHELLE, IL 61068**

**Phone: (815) 561-2016**

*Terry Inman – President*

**Fax: (815) 562-6736**

*Jason Goodwin – Vice-President*

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November 9, 2011

Honorable Chet Olson – Mayor, City of Rochelle  
Members of Rochelle City Council  
Mr. David Plyman – City Manager, City of Rochelle

**Re: FY 2011 Rochelle Police Pension Fund Tax Levy**

Mayor Olson, Members of the City Council and City Manager Plyman:

As you are aware the Illinois Pension Code requires the City of Rochelle to levy a tax on property within the City to assist in the funding of the Police Pension Fund (Fund). Statute also requires an actuarial assessment of the Fund to ascertain the Fund's fiscal needs for the coming year in order to set a levy amount. Additionally, this analysis reflects the current fiscal health of the Fund.

The Fund's Board of Trustees (Board) retained the services of the Arthur Tepfer Consulting Firm to conduct this actuarial assessment. The documented findings of which were presented to the Board at our meeting on Monday 11/7/11.

Mr. Tepfer's report is available in its entirety should you wish to review it. However, the salient points of his analysis show the Rochelle Police Pension Fund to be **84.77%** funded (down from 92.27% the previous year) with a **minimum Tax Levy recommendation of \$260,330.00** which when combined with the anticipated officer contributions of \$118,134.00 should cover the Fund's expenses for the coming year.

After reviewing the report with Mr. Tepfer, the Board accepted his findings and recommendation and herein present them to the Council as our recommendation for the FY 2011 Tax Levy. I would also point out that in previous years the Personal Property Replacement Tax (PPRT) has been factored into the Levy amount under consideration by the Council. The Board would be receptive to continuing this practice this year. The inclusion of the PPRT into the Levy consideration would look like:

<b>Personal Property Replacement Tax</b>		<b>\$ 47,023.00</b>
<b>Tax Levy presented to Ogle County</b>	<b>+</b>	<b><u>\$213,307.00</u></b>
<b><i>Total Levy amount recommended by the Actuary:</i></b>		<b><i>\$260,330.00</i></b>

Mr. Mayor, Council & Mr. Plyman, the Board is keenly aware of the challenging economic conditions presently facing our world. As citizens and taxpayers ourselves we recognize the fiscal burdens all families and communities face each day. However, we are bound to our mutual obligation to our public safety personnel. With this in mind the Board believes it is both prudent and necessary to stay ahead of our obligations each year with actuarially sound incremental changes in funding levels thus avoiding a situation

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where we are suddenly faced with an insurmountable balloon payment in order to meet statutory mandates.

In conclusion, as in years past, I plan to be present at the Council meeting on November 28<sup>th</sup> to address any questions or concerns you or the public may have.

Respectfully submitted on behalf of the Board,

Terry Inman – President

Rochelle Police Pension Fund Board of Trustees

xc: File  
Police Pension Board Members via e-mail  
Mr. Richard Reimer – Board Attorney via e-mail  
Mr. Jon Willhite – Board Consultant via e-mail