

# COMMUNITIES IN CRISIS

More than half of Illinois cities get “F” grades for local pensions

**West Dundee**

**2019 Grade: D**

In 2003, West Dundee’s police, fire and municipal pension funds already faced a shortfall of **\$3.7 million**. That meant every West Dundee household, on average, was on the hook for **\$1,761** in future taxes just to eliminate that shortfall.

*West Dundee began contributing more money – taxpayer dollars – to pensions in an attempt to make the plans healthier. Over the next 16 years, city contributions increasingly crowded out spending for public safety, roads and other core services.*

	2003	2019	Change
City (taxpayer) contributions to pensions	\$0.50 million	\$1.26 million	Up 2.5X
Share of city general budget for pensions	9.2%	12.3%	Up 1.3X

*Despite the ramp-up in city payments over those 16 years, West Dundee’s pension debts didn’t decrease. Instead, they jumped by 4.3 times!*

**By 2019, the shortfall in West Dundee’s police, fire and municipal pension funds totaled \$15.9 million. That means each West Dundee household, on average, is now on the hook for \$5,106 in debt.**

## Everyone loses under West Dundee’s pension crisis:



### Taxpayers are tapped out

West Dundee residents are paying more and more into a broken system. City taxpayers in 2019 contributed 2.5 times more to pensions than in 2003, yet city debts are 4.3 times larger.



### Pension costs are devouring the city’s budget

West Dundee pension contributions have grown to consume 12.3% of the city’s budget, up from 9.2% in 2003. That’s crowded out spending on public safety, roads and other core services.



### West Dundee worker retirement security is collapsing

The health of West Dundee’s local pension plans have worsened despite those increased taxpayer contributions. In 2003, the plans had 70.3% of the money they needed. By 2019, that had dropped to just 62.1%.



### West Dundee’s crisis will only get worse

West Dundee has fewer active government workers available to help pay for a growing number of retirees. In 2003, there were 4.71 active workers for every pensioner. By 2019, there were 1.00 active workers per pensioner.

2019 GRADE

**D**

2003 GRADE

**C**

# West Dundee receives a "D" grade for its local pension crisis

Local officials handcuffed by state pension mandates.

Wirepoints quantified the negative impact of local pensions by examining the finances of Illinois' 175 largest cities from 2003 to 2019. The analysis was based on ten equally-weighted metrics. Cities were given an A through F grade based on a 100-point scale (10 points per metric).\*

West Dundee received a "D" grade in 2019. The city's total score dropped from 77 in 2003 to 62 in 2019, a decline of 15 points.

West Dundee was one of 64 cities to receive a "D" grade in 2019.

175 Cities – Summary Scores			
Grade	Score	Number of cities	
		2003	2019
A	≥90	4	0
B	80-89	35	1
C	70-79	81	8
D	60-69	48	64
F	≤59	7	102

West Dundee Key Facts		
<b>City demographics</b>	<b>2000</b>	<b>2019</b>
Population	5,428	7,644
Households	2,109	3,114
Median household income	\$62,540	\$91,970
<b>City budget</b>	<b>2003</b>	<b>2019</b>
General revenues	\$5,500,336	\$10,244,255
Total revenues	\$11,257,976	\$17,472,455
Total property taxes	\$865,806	\$4,904,038
<b>Pension health (police, fire &amp; IMRF)</b>	<b>2003</b>	<b>2019</b>
Total accrued liabilities (benefits owed)	\$12,489,016	\$41,972,976
Total pension assets	\$8,774,216	\$26,072,893
Funded ratio	70.3%	62.1%
Total pension shortfall	\$3,714,800	\$15,900,083
Per household	\$1,761	\$5,106
Active public safety workers	33	28
Public safety pension beneficiaries	7	28
<b>City pension contributions</b>	<b>2003</b>	<b>2019</b>
City contributions	\$504,597	\$1,261,160
Per household	\$239	\$405
Percentage of city's general budget	9.2%	12.3%
Employees' contributions	\$225,518	\$334,724

## West Dundee Score

Metric	2003	2019	2003	2019
1. Police pension funded ratio	65.7%	54.1%	6	5
2. Firefighter pension funded ratio	68.8%	66.7%	6	6
3. Municipal (IMRF) pension funded ratio	85.5%	78.4%	8	7
4. City pension debts per household as a percentage of median household income	2.8%	5.6%	8	7
5. City contributions per household as a percentage of median household income	0.38%	0.44%	8	8
6. City contributions as a percentage of total budget	4.5%	7.2%	7	4
7. Ratio of city contributions to employee contributions	2.24	3.77	7	5
8. Percentage surplus/shortfall in actuarially-required city contribution (Police & Fire only)	-11.6%	-14.8%	7	7
9. Asset-to-payout ratio (Police & Fire only)	25.1	15.7	10	8
10. Worker-to-beneficiary ratio (Police & Fire only)	4.71	1.00	10	5
<b>Total score</b>			<b>77</b>	<b>62</b>
<b>Grade</b>			<b>C</b>	<b>D</b>

\*Wirepoints analyzed 175 of Illinois' largest cities, excluding Chicago, that have a local police, firefighter and municipal (IMRF) pension fund.

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