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next summer local governments could see some impact in credit ratings or some influence on pension payments.

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New standards issued by the Government Accounting Standards Board mean that next summer local governments could see some impact in credit ratings or some influence on pension payments.

In Morgan County, there is a concern that the equity governing bodies will be able to report will be hurt, and they will appear in worse financial shape on paper. With those concerns, there is optimism that smaller amounts of liability and higher than

average funding percentages — at least by Illinois standards — will keep the

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“If the city wanted to float a \$5 million bond for a project, the way of reporting could affect that,” Smiljanich said, “but I don't know what it's going to look like because I haven't seen it.”

According to the city's most recent audit, the fire pension was about 70 percent funded with \$6.8 million in unfunded liability by January 2013. The police pension was 64 percent funded with about \$24.7 million.

“We are really significantly ahead of most other communities,” Smiljanich said.

Accountant John Eyth of the firm Zumbahlen, Eyth, Surratt, Foote & Flynn conducts the audit for the city of Jacksonville as well as Morgan County and other public bodies.

He said he felt these changes to pension reporting could have a negative affect in peoples' perception, but suggested the ultimate purpose of these changes was to do just that.

“There's a prejudice to show bigger liability now,” Eyth said. “There will be bigger liability, but its under presumption. ... I think that's why they've never done this before. This figure ... if you have \$100 in the bank, you know you have \$100 in the bank, but you don't know how much it will be worth 30 to 40 years from now. And that's what this calculations is trying to come up with, along with all the other things that go into it.”

“A liability that wasn't shown, they want to show it,” he added. “So it lowers equity, but it doesn't change reality.”

Eyth said he was not sure how much more the city of Jacksonville would have to report because of these changes, as no one has yet applied the new standard. The

liability will certainly increase, and changes will also require the city to report

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largely unaffected, especially because pensions are generally well funded because a board has few other competing interests to consider when it comes to funding.

In Beardstown, most recent tax levy reports showed that as of May 2013, the city had about \$600,000 unfunded in its fire pension fund, and about \$1.8 million unfunded in the police pension fund — which are funded by about 57 percent and 44 percent, respectively.

City Clerk Brian Ruch said he wasn't aware of what these changes would mean for the city and had no comment on them other than to say that it will continue to fund what is required.

“Over the years, what the tax levy reports we get say, we place in that amount,” Ruch said. “The state sets the law. It's set legislation where it's to be 90 percent funded by 2040. Our option is to pay with the actuarial report tells us at this time. I mean, what can you do?”

Jacksonville Mayor Andy Ezard said he was concerned that come next summer the city's financial reports would show it to be in much worse financial shape even though the reporting standard was the only thing that has changed.

“I still feel we're in better shape than 90 percent of municipalities in Illinois,” Ezard said. “And if enough complaints and pressure is put on, maybe this new reform they set out will be overhauled.”

“I think everyone is going to look worse on paper,” he added. “Now we become ordinary. I still feel we're very solid, that the practices we have used with out pensions in the past have been solid, but we're going to have to adapt. I just wish they would have talked to municipal auditors before making these adjustments.”

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