

# ARLINGTON HEIGHTS FIREFIGHTERS' PENSION FUND ANNUAL REPORT TO THE VILLAGE BOARD FOR THE 2016 LEVY (2017 BUDGET)

Source: Actuarial Valuation as of January 1, 2016, MWM Consulting Group

Actuarial value of assets	96,991,286
Total actuarial liability	(\$141,084,909)
Unfunded actuarial liability*	(44,093,623)
Funded ratio	68.75%
Annual actuarial requirement for 2017	<u>\$4,734,724</u>
Village contribution as percent of Firefighter participant payroll	44.60%
Projected employee contributions	\$1,003,867
Employee contribution rate per State Statute	9.455%
Actuarial assumed investment return	6.75%
Actual investment return	-2.77%
Assumed investment return for 8 months ended December 31, 2015	\$4,172,660
Actual Investment return for 8 months ended December 31, 2015	(6,738,268)
Actuarial investment gain/(loss) smoothed over three years:	
One-third of investment gain/(loss) for 8 month period	\$ (2,246,089)
One-third of investment gain/(loss) for fiscal year 2014	\$ 195,761
One-third of investment gain/(loss) for fiscal year 2013	\$ 1,294,346
Total smoothed actuarial gain/(loss)	(\$758,982)
Number of active members contributing to the Firefighter Pension Fund	108
Number of inactive members	0
Number of members receiving benefits*	100
64 retirement pensions	\$4,069,953
12 survivor pensions	597,588
24 disability pensions	1,294,409

\*Reflects FY2015 data due to short 8 month year.

\*The unfunded actuarial liability represents the difference between the actuarial value of pension fund assets less the actuarial liability. To avoid unnecessary market fluctuations, actuarial assets are determined by applying an assumed rate of investment return and smoothing the gains/(losses) of the last three years. The actuarial liability represents the present value of lifetime benefits earned to date of all plan participants, including current Firefighters. The unfunded actuarial liability is amortized over the years remaining through 2040.

To determine the annual required contribution or pension property tax amount for the Village, the normal cost of the Firefighters' pension plan is added to the amortized value of the fund's unfunded liability. Since the unfunded actuarial liability represents future benefits earned to date paid through 2040, the projected liability is not shown in the Firefighters' Pension Fund balance sheet, but is shown as required supplementary information in the Village's Comprehensive Annual Financial Report.

**Firefighters' Pension Fund Report (page 2)**

The investment policy of the Firefighters' Pension Fund is established in accordance with Illinois State Statutes, 40 ILCS 5/1-113.2-.4, and is available upon request. The attached pie chart depicts the fund's assets at market value as of December 31, 2015, the most recent audited fiscal year-end.

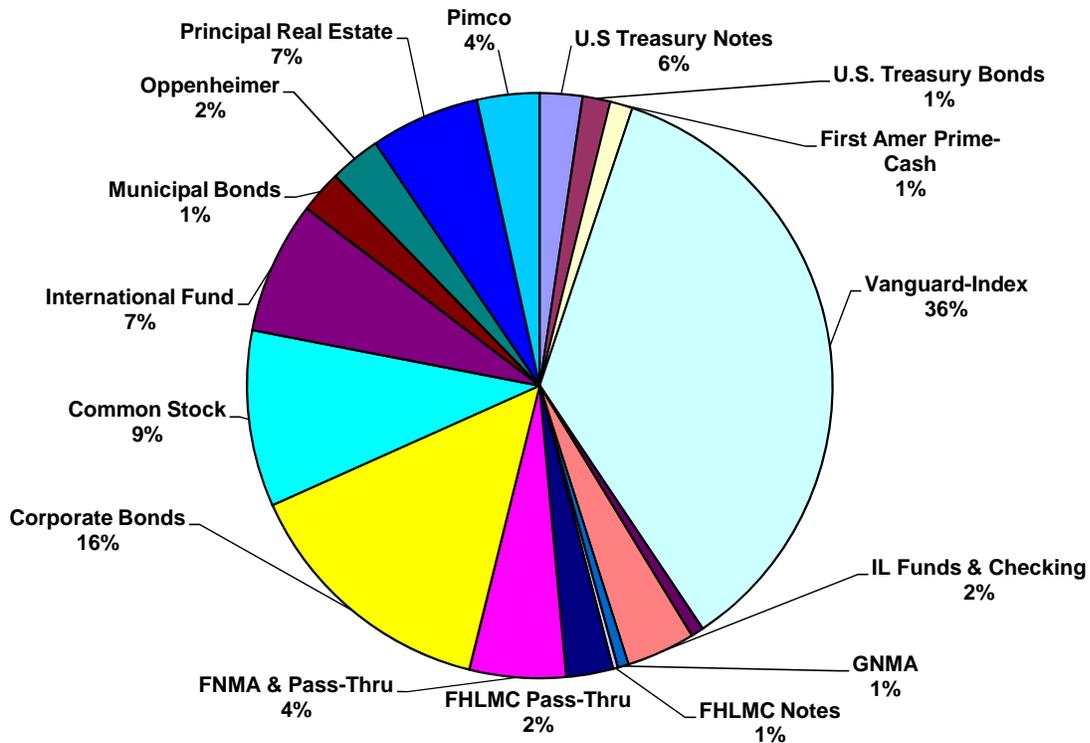
**CERTIFICATION:**

I, *Douglas M. Ruhke*, President of the Firefighters' Pension Board, Village of Arlington Heights, Illinois, do hereby certify that this document is a true and correct copy of: "Required Reporting to Municipality By Pension Board" as outlined in 40 ILCS 5/4-134.

Witness my hand this 16 day of MAY, 2016.

*DOUGLAS M. RUHKE*, President  
Arlington Heights Firefighters' Pension Board

**Fire Pension Fund  
Open Investments (Market Value)  
Period Ending December 31, 2015**



U.S Treasury Notes	5,796,148.95
U.S. Treasury Bonds	280,433.40
First Amer Prime-Cash	1,178,666.07
Vanguard Stk Mkt Index	32,322,757.80
IL Funds & Checking	2,073,488.90
GNMA & FFCB	258,423.25
FHLMC Notes	591,822.00
FHLMC Pass-Thru	1,886,503.66
FNMA & Pass-Thru	3,749,257.13
Corporate Bonds	14,536,755.88
Common Stock	7,768,167.98
International Fund	5,973,633.80
Municipal Bonds	1,701,410.55
Oppenheimer	1,949,310.53
Principal Real Estate	6,563,669.35
Pimco	4,273,311.82
<b>Total</b>	<b>90,903,761.07</b>