

# ARLINGTON HEIGHTS POLICE PENSION FUND ANNUAL REPORT TO THE VILLAGE BOARD FOR THE 2015 LEVY (2016 BUDGET)

Source: Actuarial Valuation as of May 1, 2015, Goldstein & Associates

Actuarial value of assets	108,100,765
Total actuarial liability	(\$146,977,962)
Unfunded actuarial liability*	(38,877,197)
Funded ratio	73.55%
Annual actuarial requirement for 2016	<u>\$2,779,725</u>
Village contribution as percent of Police participant payroll	27.32%
Projected employee contributions	\$672,113
Employee contribution rate per State Statute	9.91%
Actuarial assumed investment return	6.75%
Actuarial actual investment return	8.43%
Assumed investment return for FY2015	\$6,718,659
Actual Investment return for FY2015	7,837,766
Actuarial investment gain/(loss) smoothed over three years:	
One-third of investment gain/(loss) for fiscal year 2015	\$ 373,036
One-third of investment gain/(loss) for fiscal year 2014	\$ 890,755
One-third of investment gain/(loss) for fiscal year 2013	\$ 410,708
Total smoothed actuarial gain/(loss)	\$1,674,499
Number of active members contributing to the Police Pension Fund	107
Number of inactive members	6
Number of members receiving benefits	87
60 retirement pensions	\$4,473,216
15 survivor pensions	618,369
9 disability pensions	374,233

\*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 Police Officers. 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 Police 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 Police Pension Fund's balance sheet, but is shown as required supplementary information in the Village's Comprehensive Annual Financial Report.

**Police Pension Fund Report (page 2)**

The investment policy of the Police 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 April 30, 2015, the most recent audited fiscal year-end.

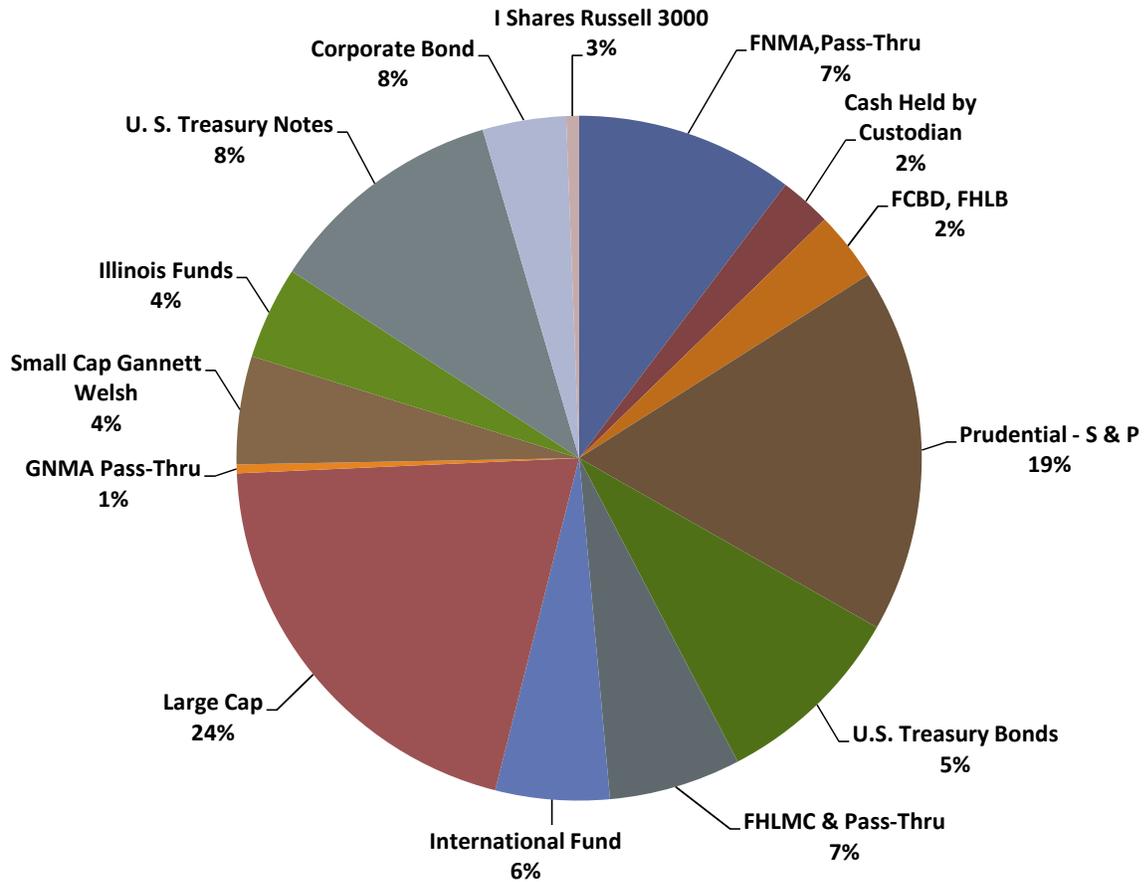
**CERTIFICATION:**

I, Andrew Howell, President of the Police 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 28<sup>th</sup> day of October, 2015.

Andrew Howell, President  
Arlington Heights Police Pension Board

**Police Pension Fund  
Open Investments (Market Value)  
Period Ending April 30, 2015**



FNMA, Pass-Thru	8,181,725.90
Cash Held by Custodian	1,899,266.39
FCBD, FHLB	2,418,144.20
Prudential - S & P	21,148,116.56
U.S. Treasury Bonds	5,782,902.50
FHLMC & Pass-Thru	7,123,823.37
International Fund	6,133,144.09
Large Cap	26,851,587.43
GNMA Pass-Thru	686,846.81
Small Cap Gannett Welsh	3,982,187.10
Illinois Funds	4,801,835.69
U. S. Treasury Notes	8,853,764.20
Corporate Bond	9,308,248.71
I Shares Russell 3000	3,003,048.49
<b>Total</b>	<b>110,174,641.44</b>