

ARLINGTON HEIGHTS POLICE 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	113,577,132
Total actuarial liability	(\$150,607,659)
Unfunded actuarial liability*	(37,030,527)
Funded ratio	75.41%
Annual actuarial requirement for 2017	<u>\$3,839,961</u>
Village contribution as percent of Police participant payroll	37.00%
Projected employee contributions	\$1,028,854
Employee contribution rate per State Statute	9.91%
Actuarial assumed investment return	6.75%
Actual investment return	-0.94%
Assumed investment return for 8 month period ended December 31, 2015	\$4,893,538
Actual Investment return for 8 month period ended December 31, 2015	(5,910,061)
Actuarial investment gain/(loss) smoothed over three years:	
One-third of investment gain/(loss) for 8 month period	\$ 1,970,020)
One-third of investment gain/(loss) for fiscal year 2014	\$ 373,036
One-third of investment gain/(loss) for fiscal year 2013	\$ 890,755
Total smoothed actuarial gain/(loss)	(\$706,229)
Number of active members contributing to the Police Pension Fund	107
Number of inactive members	6
Number of members receiving benefits*	90
66 retirement pensions	\$4,473,216
16 survivor pensions	618,369
8 disability pensions	374,233

*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 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.

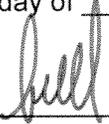
Police Pension Fund Report (page 2)

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 December 31, 2015, the most recent audited fiscal year-end.

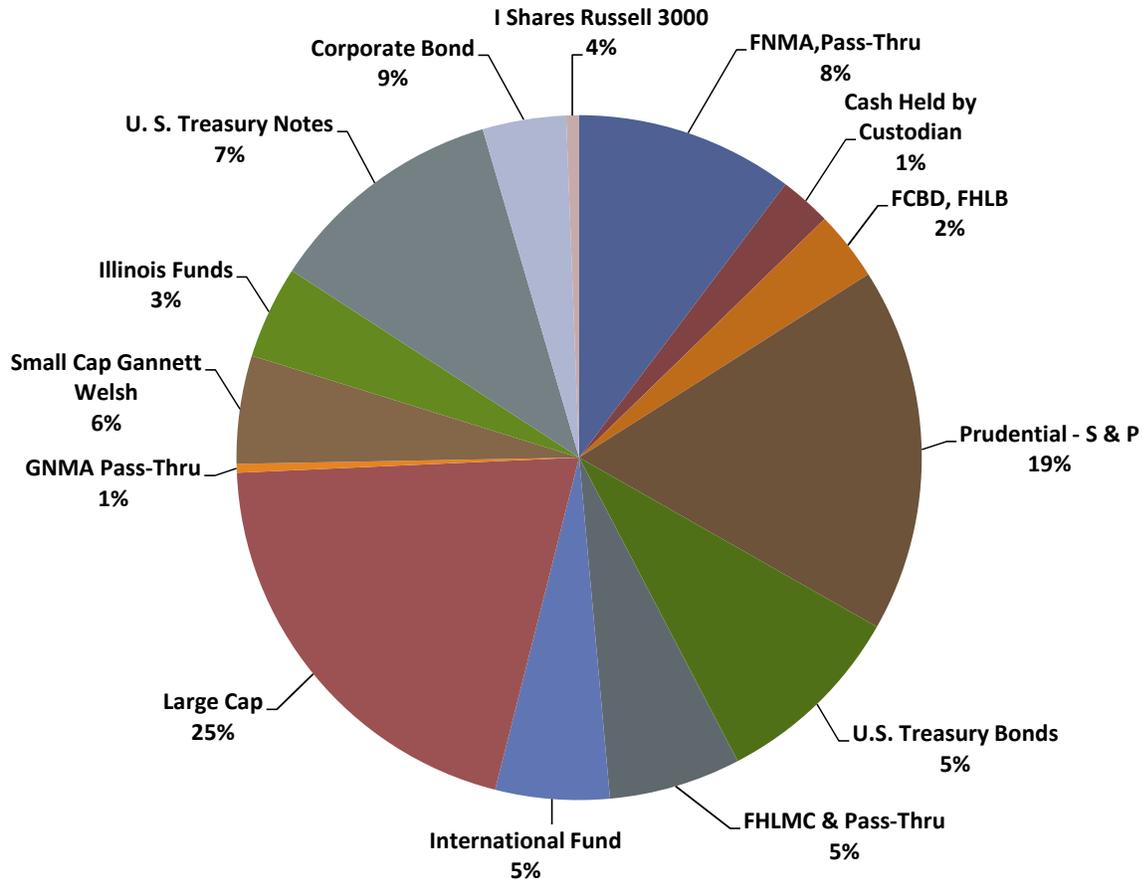
CERTIFICATION:

I, Andrew Whowell, 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 13th day of May, 2016.

, President
Arlington Heights Police Pension Board

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



FNMA, Pass-Thru	8,575,092.51
Cash Held by Custodian	1,304,286.34
FCBD, FHLB	1,719,223.82
Prudential - S & P	21,051,825.33
U.S. Treasury Bonds	4,913,275.00
FHLMC & Pass-Thru	5,451,610.00
International Fund	5,813,345.84
Large Cap	26,737,909.11
GNMA Pass-Thru	947,223.57
Small Cap Gannett Welsh	5,990,581.03
Illinois Funds	3,663,320.78
U. S. Treasury Notes	8,073,632.50
Corporate Bond	10,010,004.28
I Shares Russell 3000	3,900,968.05
Total	108,152,298.16