

ARLINGTON HEIGHTS POLICE PENSION FUND ANNUAL REPORT TO THE VILLAGE BOARD FOR THE 2012 LEVY (FY2014 BUDGET)

Source: Actuarial Valuation as of May 1, 2012, Goldstein & Associates

Actuarial value of assets	85,172,648
Total actuarial liability	(\$119,865,229)
Unfunded actuarial liability*	(34,692,581)
Funded ratio	71.06%
Annual actuarial requirement for FY2014	<u>\$4,319,000</u>
Village contribution as percent of Police participant payroll	43.35%
Projected employee contributions	\$945,636
Employee contribution rate per State Statute	9.91%
Actuarial assumed investment return	7.00%
Actuarial actual investment return	3.00%
Assumed investment return for FY2012	\$5,499,782
Actual Investment return for FY2012	2,234,860
Actuarial investment gain/(loss) smoothed over three years:	
One-third of investment gain/(loss) for fiscal year 2012 (\$1,088,307)	
One-third of investment gain/(loss) for fiscal year 2011 \$ 270,443	
One-third of investment gain/(loss) for fiscal year 2010 \$1,415,665	
Total smoothed actuarial gain/(loss)	\$597,801
Number of active members contributing to the Police Pension Fund	108
Number of inactive members	6
Number of members receiving benefits	79
55 retirement pensions	\$3,432,067
17 survivor pensions	582,967
7 disability pensions	290,815

*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, 2012, the most recent audited fiscal year-end.

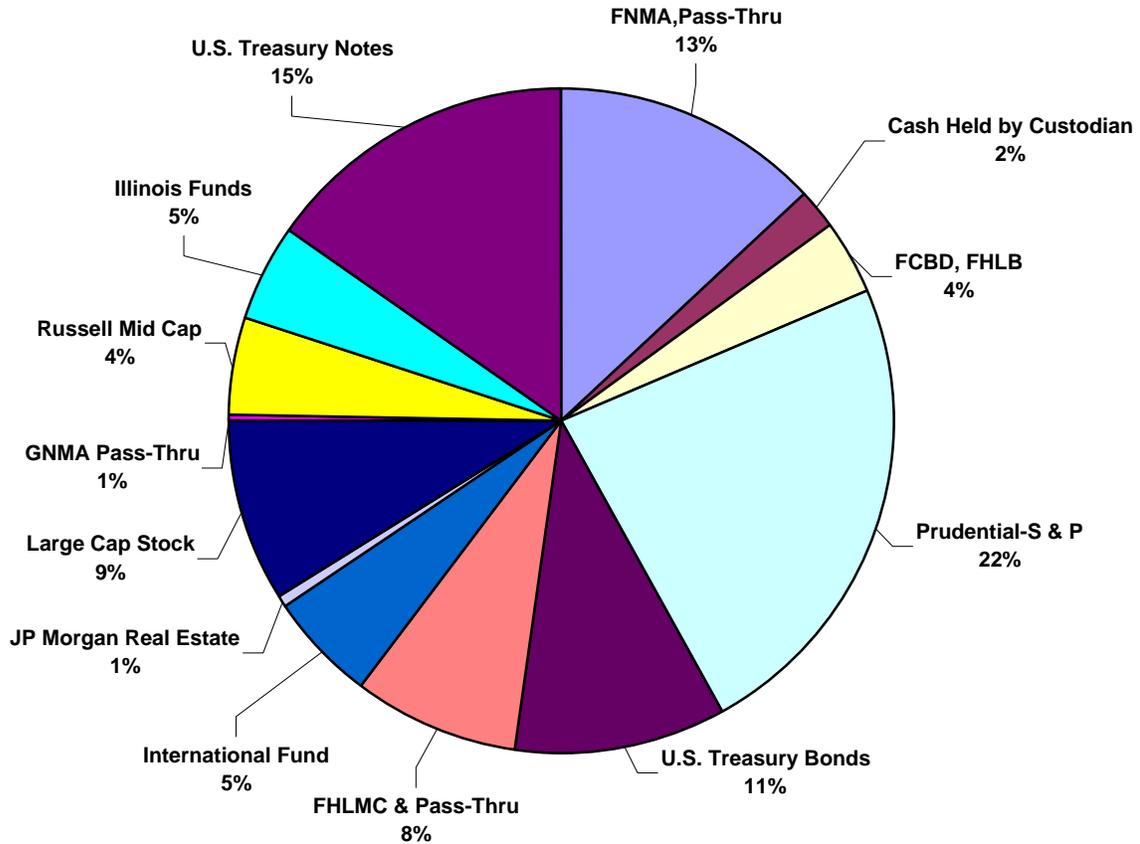
CERTIFICATION:

I, Andrew Whitwell, 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 24th day of October, 2012.

Andrew Whitwell, President
Arlington Heights Police Pension Board

**Police Pension Fund
Open Investments (Market Value)
Period Ending April 30, 2012**



FNMA, Pass-Thru	10,871,743.97
Cash Held by Custodian	1,538,993.42
FCBD, FHLB	3,070,616.87
Prudential-S & P	19,462,519.42
U.S. Treasury Bonds	8,771,045.40
FHLMC & Pass-Thru	6,628,846.63
International Fund	4,336,614.11
JP Morgan Real Estate	477,213.27
Large Cap Stock	7,535,142.02
GNMA Pass-Thru	109,962.81
Russell Mid Cap 2000	3,951,837.75
Illinois Funds	3,987,099.78
U.S. Treasury Notes	12,762,115.00
Total	83,503,750.45