

**ARLINGTON HEIGHTS POLICE PENSION FUND
ANNUAL REPORT TO THE VILLAGE BOARD
FOR THE 2014 LEVY (8 MONTH PERIOD ENDING DECEMBER 2015)**

Source: Actuarial Valuation as of May 1, 2014, Goldstein & Associates

Actuarial value of assets	99,369,289
Total actuarial liability	(\$136,588,346)
Unfunded actuarial liability*	(37,219,057)
Funded ratio	72.75%
Annual actuarial requirement for FY2015	<u>\$4,432,200</u>
Village contribution as percent of Police participant payroll	44.59%
Projected employee contributions	\$984,952
Employee contribution rate per State Statute	9.91%
Actuarial assumed investment return	6.75%
Actuarial actual investment return	7.20%
Assumed investment return for FY2014	\$6,463,085
Actual Investment return for FY2014	9,135,351
Actuarial investment gain/(loss) smoothed over three years:	
One-third of investment gain/(loss) for fiscal year 2014	\$ 890,755
One-third of investment gain/(loss) for fiscal year 2013	\$ 410,708
One-third of investment gain/(loss) for fiscal year 2012	\$(1,088,307)
Total smoothed actuarial gain/(loss)	\$213,126
Number of active members contributing to the Police Pension Fund	106
Number of inactive members	5
Number of members receiving benefits	84
60 retirement pensions	\$4,109,821
15 survivor pensions	566,908
9 disability pensions	423,120

*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, 2014, the most recent audited fiscal year-end.

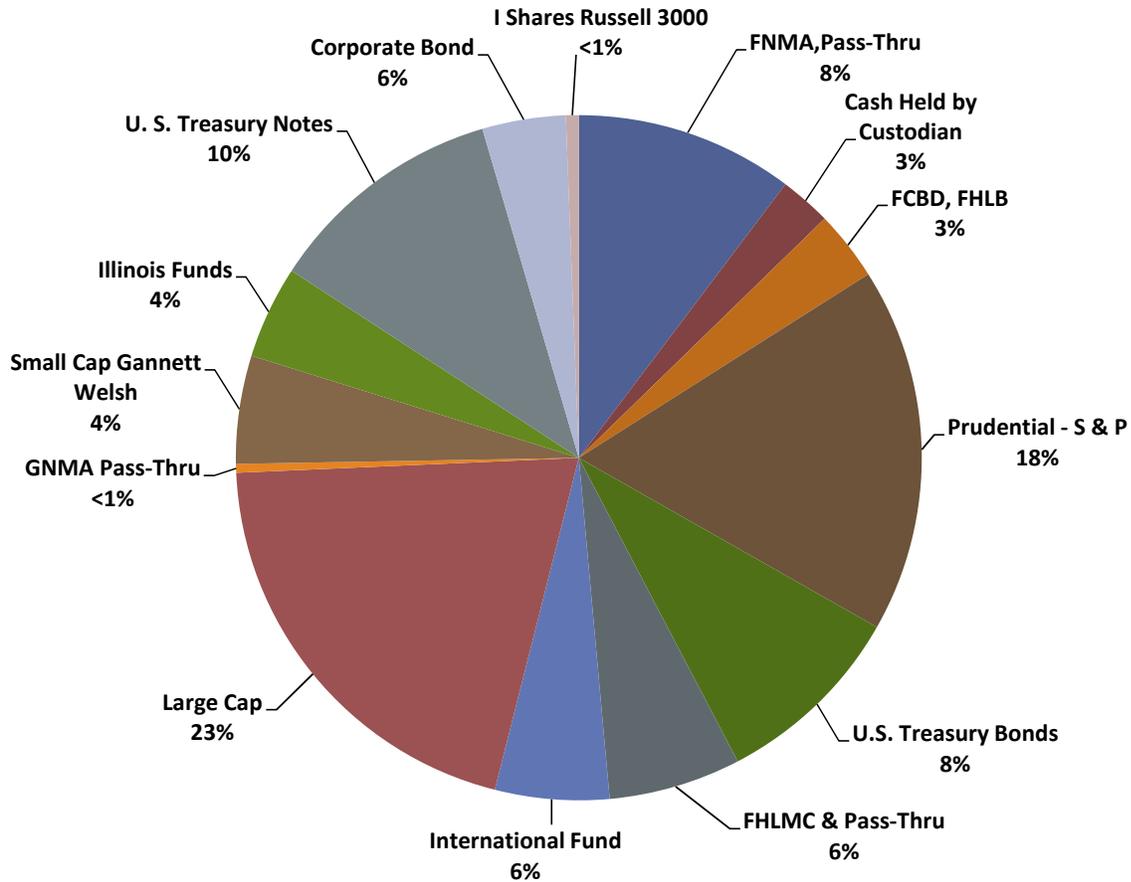
CERTIFICATION:

I, Andrew W. Wark, 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 9th day of October, 2014.

[Signature], President
Arlington Heights Police Pension Board

**Police Pension Fund
Open Investments (Market Value)
Period Ending April 30, 2014**



FNMA, Pass-Thru	8,372,726.48
Cash Held by Custodian	3,369,164.55
FCBD, FHLB	2,606,282.23
Prudential - S & P	18,731,618.44
U.S. Treasury Bonds	7,918,406.90
FHLMC & Pass-Thru	6,523,802.79
International Fund	5,799,859.37
Large Cap	23,035,076.76
GNMA Pass-Thru	521,718.44
Small Cap Gannett Welsh	4,377,449.10
Illinois Funds	4,429,257.78
U. S. Treasury Notes	9,826,315.00
Corporate Bond	5,718,806.86
I Shares Russell 3000	665,642.83
Total	101,896,127.53