

ARLINGTON HEIGHTS FIREFIGHTERS' 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 | 71,120,366 |
| Total actuarial liability | (\$113,820,619) |
| Unfunded actuarial liability* | (42,700,253) |
| Funded ratio | 62.48% |
| Annual actuarial requirement for FY2014 | <u>\$4,701,000</u> |
| | |
| Village contribution as percent of Firefighter participant payroll | 49.04% |
| Projected employee contributions | \$884,684 |
| Employee contribution rate per State Statute | 9.455% |
| | |
| Actuarial assumed investment return | 7.00% |
| Actuarial actual investment return | 5.50% |
| Assumed investment return for FY2012 | \$4,526,190 |
| Actual Investment return for FY2012 | 2,368,338 |
| Actuarial investment gain/(loss) smoothed over three years: | |
| One-third of investment gain/(loss) for fiscal year 2012 | \$ (719,284) |
| One-third of investment gain/(loss) for fiscal year 2011 | \$ 707,096 |
| One-third of investment gain/(loss) for fiscal year 2010 | \$1,737,086 |
| Total smoothed actuarial gain/(loss) | \$1,724,898 |
| | |
| Number of active members contributing to the Firefighter Pension Fund | 108 |
| Number of inactive members | 0 |
| Number of members receiving benefits | 93 |
| 59 retirement pensions | \$3,515,277 |
| 10 survivor pensions | 370,069 |
| 24 disability pensions | 1,145,486 |

*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 April 30, 2012, the most recent audited fiscal year-end.

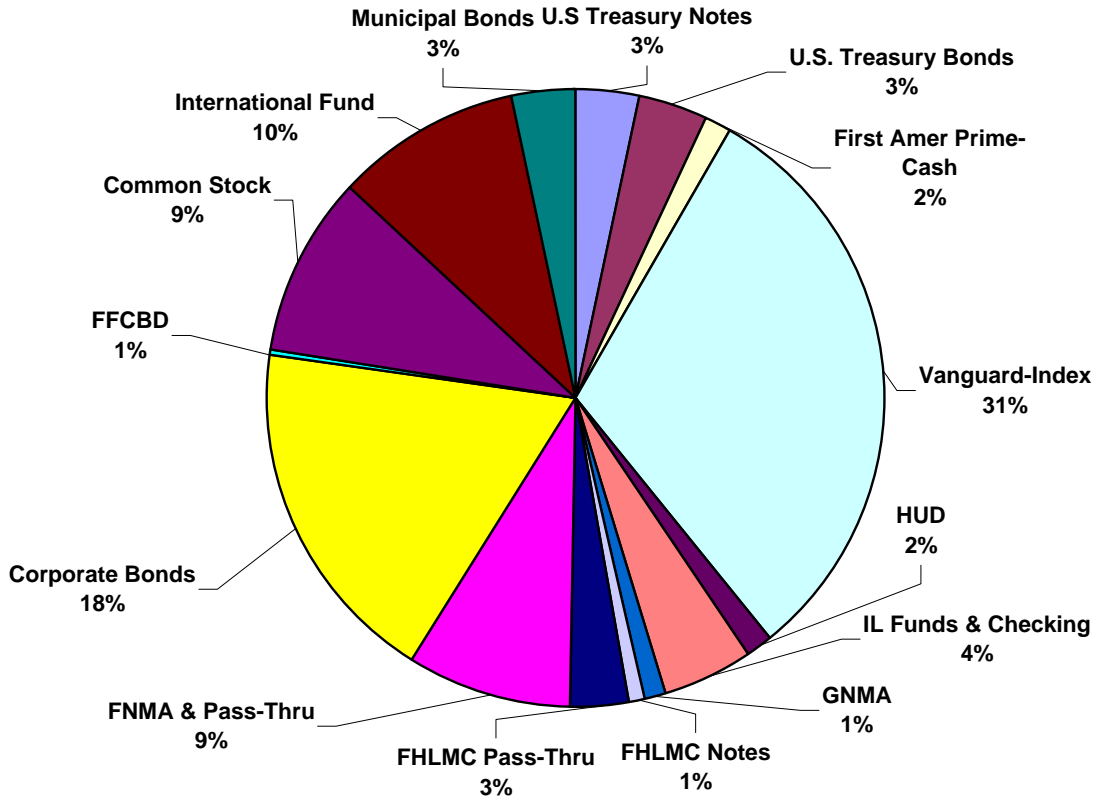
CERTIFICATION:

I, Carl A Brander JR., 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 25 day of October, 2012.

Carl A Brander JR., President
Arlington Heights Firefighters' Pension Board

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



| | |
|------------------------|----------------------|
| U.S Treasury Notes | 2,373,672.45 |
| U.S. Treasury Bonds | 2,501,724.73 |
| First Amer Prime-Cash | 1,100,352.42 |
| Vanguard Stk Mkt Index | 21,675,894.96 |
| HUD | 1,100,326.50 |
| IL Funds & Checking | 3,291,481.49 |
| GNMA | 825,088.63 |
| FHLMC Notes | 614,733.66 |
| FHLMC Pass-Thru | 2,120,850.00 |
| FNMA & Pass-Thru | 6,083,943.02 |
| Corporate Bonds | 12,904,323.31 |
| FFCBD | 311,032.90 |
| Common Stock | 6,677,304.90 |
| International Fund | 6,813,016.88 |
| Municipal Bonds | 2,362,441.40 |
| Total | 70,756,187.25 |