LEGISTAR # 170445

VILLAGE OF LOMBARD
REQUEST FOR BOARD OF TRUSTEES ACTION
For Inclusion on Board Agenda

DISTRICT #

_____ Resolution or Ordinance (Blue)   Waiver of First Requested ____
_____ Recommendations of Boards, Commissions & Committees (Green)
__X__ Other Business (Pink)

TO: PRESIDENT AND BOARD OF TRUSTEES

FROM: Scott R. Niehaus, Village Manager

DATE : October 20, 2017   **B of T** November 2, 2017

SUBJECT: **POLICE PENSION FUND MUNICIPAL COMPLIANCE REPORT**

SUBMITTED BY: Benny Ranallo, Secretary – Lombard Police Pension Fund

BACKGROUND/POLICY IMPLICATIONS:

Attached is the Lombard Police Pension Fund's Municipal Compliance Report for the year ended December 31, 2016. The Village of Lombard utilizes an actuarial service to assist in determining the Police Pension tax levy for the year for which the report is made.

We ask that the Village Board accept and file the report.

Review (as necessary):
Finance Director ______________________________ Date __________
Village Manager ______________________________ Date __________

NOTE: All materials must be submitted to and approved by the Village Manager's Office by 12:00 noon, Wednesday, prior to the Agenda distribution.

Submit police pension fund muni compl report 2017

The Police Pension Fund
VILLAGE OF LOMBARD

235 EAST WILSON AVE. LOMBARD, IL 60148

TO: Board of Trustees, Village of Lombard
Village President – Keith Giagnorio
Village Clerk – Sharon Kuderna

THROUGH: Village Manager – Scott Niehaus

FROM: Benny Ranallo, Secretary-Lombard Police Pension Fund

DATE: October 16, 2017

SUBJECT: **House Bill 5088 (Public Act 95-950) Municipal Compliance Report for the Year Ended December 31, 2016**

All police pension funds under Article 3 are required by law to provide to their Village Board of Trustees on an annual basis a report (Municipal Compliance Report) compiling nine pieces of information as described in 40 ILCS 5/3-143.
(Excerpt below)

Attached is the Lombard Police Pension Fund's Municipal Compliance Report for the Year Ended December 31, 2016. This report is advisory as it brings many pieces of information together under one document. The Village of Lombard utilizes an actuarial service to assist in determining the police pension tax levy for the year for which the report is made. This material is in support of your November 2, 2017 Village Board Agenda item providing for the levy and assessment of taxes for the fiscal year beginning January 1, 2018 and ending December 31, 2018 for the Village of Lombard. The Lombard Police Pension fund respectfully requests a tax levy in the amount of $2,979,197.

(40 ILCS 5/3-143) (from Ch. 108 1/2, par. 3-143)
Sec. 3-143. Report by pension board.
(a) The pension board shall report annually to the city council or board of trustees of the municipality on the condition of the pension fund at the end of its most recently completed fiscal year. The report shall be made prior to the council or board meeting held for the levying of taxes for the year for which the report is made.
The pension board shall certify and provide the following information to the city council or board of trustees of the municipality:
(1) the total assets of the fund in its custody at the end of the fiscal year and the current market value of those assets;

(2) the estimated receipts during the next succeeding
fiscal year from deductions from the salaries of police officers, and from all other sources;

(3) the estimated amount required during the next
succeeding fiscal year to (a) pay all pensions and other obligations provided in this Article, and (b) to meet the annual requirements of the fund as provided in Sections 3-125 and 3-127;

(4) the total net income received from investment of
assets along with the assumed investment return and actual investment return received by the fund during its most recently completed fiscal year compared to the total net income, assumed investment return, and actual investment return received during the preceding fiscal year;

(5) the total number of active employees who are
financially contributing to the fund;

(6) the total amount that was disbursed in benefits
during the fiscal year, including the number of and total amount disbursed to (i) annuitants in receipt of a regular retirement pension, (ii) recipients being paid a disability pension, and (iii) survivors and children in receipt of benefits;

(7) the funded ratio of the fund;

(8) the unfunded liability carried by the fund, along
with an actuarial explanation of the unfunded liability; and

(9) the investment policy of the pension board under
the statutory investment restrictions imposed on the fund.

Before the pension board makes its report, the municipality shall have the assets of the fund and their current market value verified by an independent certified public accountant of its choice.

(b) The municipality is authorized to publish the report submitted under this Section. This publication may be made, without limitation, by publication in a local newspaper of general circulation in the municipality or by publication on the municipality's Internet website. If the municipality publishes the report, then that publication must include all of the information submitted by the pension board under subsection (a).
(Source: P.A. 95-950, eff. 8-29-08.)

Benny Ranallo
Secretary
LOMBARD POLICE PENSION BOARD

C: Police Pension Board Members

Actuary

VILLAGE OF LOMBARD

LOMBARD POLICE PENSION FUND

Actuarial Valuation Report

For the Year

Beginning January 1, 2017

And Ending December 31, 2017

Timothy W. Sharpe, Actuary, Geneva, IL (630) 262-0600

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INTRODUCTION

Police-sworn personnel of the Village of Lombard are covered by the Police Pension Plan that is a defined-benefit, single-employer pension plan. The purpose of this report is to provide to the Intended Users of this report, specifically the Intended Users are the Village Officials, the Pension Board and the Village and Pension Board auditors, the reporting requirements of the Illinois Pension Code, the GASB Statements No. 67 & 68 financial information and related actuarial information for the year stated in this report. This report is not intended for distribution or usage to or by anyone who is not an Intended User and should not be used for any other purpose.

The valuation results reported herein are based on the employee data, plan provisions and the financial data provided by the Village. The actuary has relied on this information and does not assume responsibility for the accuracy or completeness of this information. I hereby certify that to the best of my knowledge this report is complete and accurate and fairly presents the actuarial position of the Fund in accordance with generally accepted actuarial principles and procedures. In my opinion, the assumptions used are reasonably related to the experience of the Plan and to reasonable expectations. A reasonable request for supplementary information not included in this report should be directed to the undersigned actuary.

The actuary cautions the Intended Users of the possibility of uncertainty or risks in any of the results in this report.

I, Timothy W. Sharpe, am an Enrolled Actuary and a member of the American Academy of Actuaries, and I meet the Qualifications Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Respectfully submitted,

Timothy W. Sharpe, EA, MAAA
Enrolled Actuary No. 17-4384

5/11/2017
Date

SUMMARY OF RESULTS

There was a change with respect to Actuarial Assumptions from the prior year to reflect revised expectations with respect to mortality rates. The mortality rates have been changed to the RP 2014 Mortality Table (BCHA) projected to 2017 using improvement scale MP-2016 (previously improvement scale MP-2015).

As announced in the Mortality Improvement Scale MP-2015 Report, the Retirement Plans Experience Committee of the Society of Actuaries (RPEC) intends to publish annual updates to the RPEC_2014 model and corresponding mortality improvement scales. The resulting 2016 version of the model presented in this report reflects three additional years of historical U.S. Population mortality data (for 2012, 2013 and 2014) and modification of two input values designed to improve the model's year-over-year stability. Scale MP-2016 is based on this 2016 version of the RPEC_2014 model along with the committee-selected assumption set for 2016. For the ten years ending in 2009 the average annual age-adjusted mortality improvement rates in the United States for those between ages 50 and 95 were 1.93% for males and 1.46% for females. The corresponding averages for the five-year period ended in 2014 were 0.60% and 0.42%, respectively. As a result of this pattern, the Scale MP-2016 rates presented in this report are generally lower than Scale MP-2015 rates, which were lower than Scale MP-2014 rates.

There were no changes with respect to Plan Provisions or Actuarial Methods from the prior year.

Based on the plan sponsor's funding policy and future expected plan contributions and funded status, the plan is to be expected to produce adequate assets to make benefit payments when they are due.

The benefit payment default risk or the financial health of the plan sponsor was not deemed to be material.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law.

Due to the limited scope of the actuary's assignment, the actuary did not perform an analysis of the potential range of such future measurements.

SUMMARY OF RESULTS (Continued)

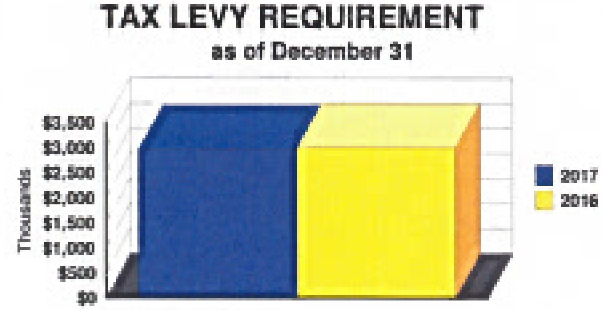
There were no unexpected changes with respect to the participants included in this actuarial valuation (7 new members, 0 terminations, 4 retirements, 0 incidents of disability, annual payroll increase 4.1%, average increase 3.7%).

There were no unexpected changes with respect to the Fund's investments from the prior year (annualized investment return 5.54%).

The Village's Tax Levy Requirement has decreased slightly from $3,038,332 last year to $2,979,197 this year (1.9%). The slight decrease in the Tax Levy is due to the changes to the assumptions. The Percent Funded has increased from 61.6% last year to 64.1% this year.

SUMMARY OF RESULTS (Continued)

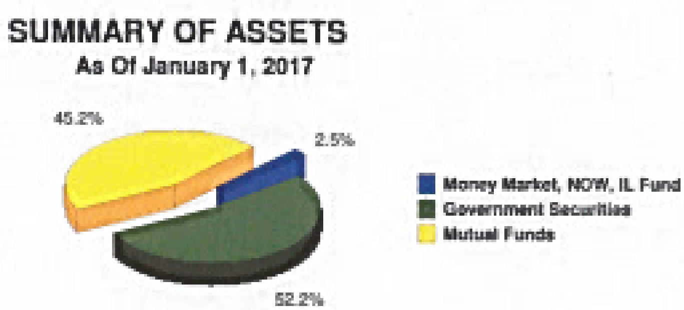
		For Year Ending December 31	
		2017	2016
Tax Levy Requirement	$	2,979,197	$ 3,038,332
Tax Levy as a Percentage of Payroll		45.21%	47.99%
		as of January 1	
		2016	2016
Village Normal Cost		777,983	803,941
Anticipated Employee Contributions		653,021	627,410
Accrued Liability		99,202,675	97,485,638
Actuarial Value of Assets		63,569,911	60,056,947
Unfunded Accrued Liability/(Surplus)		35,632,764	37,428,691
Amortization of Unfunded Accrued Liability/(Surplus)		2,006,313	2,035,622
Percent Funded		64.1%	61.6%
Annual Payroll	$	6,589,512	$ 6,331,082



ACTUARIAL VALUATION OF ASSETS

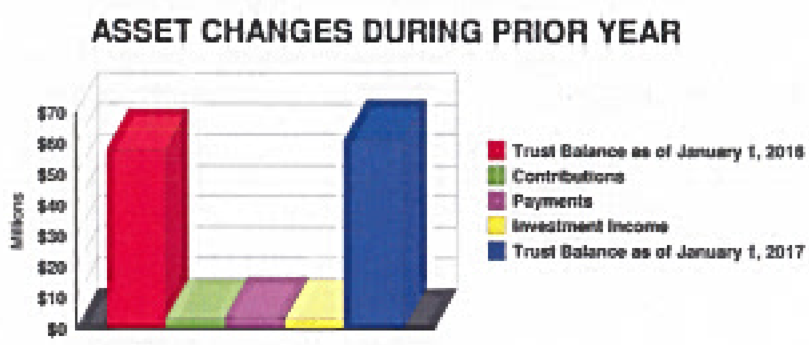
		as of January 1		
		2017		2016
Money Market, NOW, IL Fund	$	1,536,580	$	1,557,634
Government Securities		31,970,418		30,339,222
Mutual Funds		27,682,242		26,351,497
Interest Receivable		190,463		189,337
Miscellaneous Receivable/(Payable)		(75,814)		(65,543)
Market Value of Assets		61,303,888		58,372,147
Actuarial Value of Assets	$	63,569,911	$	60,056,947

FYE 2013-2016 (Gain)/Loss: ($2,331,056); $247,394; $3,251,960; $852,625



ASSET CHANGES DURING PRIOR YEAR

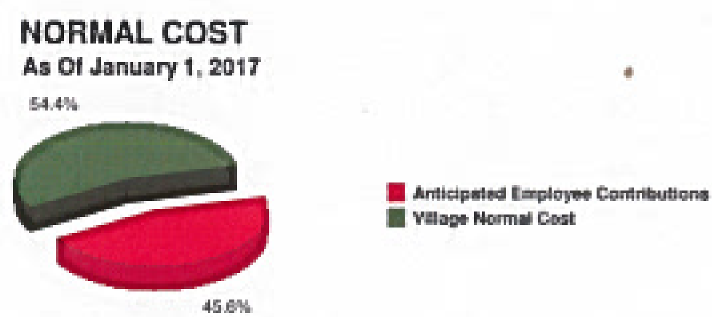
Trust Balance as of January 1, 2016		$	58,372,147
Contributions			
Village	2,936,167		
Employee	695,085		
Total			3,631,252
Payments			
Benefit Payments	3,880,432		
Expenses	42,303		
Total			3,922,735
Investment Income			3,223,224
Trust Balance as of January 1, 2017		$	61,303,888
Approximate Annual Rate of Return			5.54%



NORMAL COST

The Normal Cost is the actuarial present value of the portion of the projected benefits that are expected to accrue during the year based upon the actuarial valuation method and actuarial assumptions employed in the valuation.

	as of January 1 2017	2016
Total Normal Cost	$ 1,431,004	$ 1,431,351
Anticipated Employee Contributions	653,021	627,410
Village Normal Cost	777,983	803,941
Normal Cost Payroll	$ 6,589,512	$ 6,331,082
Village Normal Cost Rate	11.81%	12.70%
Total Normal Cost Rate	21.72%	22.61%



ACCRUED LIABILITY

The Accrued Liability is the actuarial present value of the portion of the projected benefits that has been accrued as of the valuation date based upon the actuarial valuation method and actuarial assumptions employed in the valuation. The Unfunded Accrued Liability is the excess of the Accrued Liability over the Actuarial Value of Assets.

		as of January 1		
Accrued Liability		2017		2016
Active Employees	$	43,635,813	$	45,658,708
Children Annuities		0		0
Disability Annuities		4,292,280		4,367,283
Retirement Annuities		49,534,344		46,135,607
Surviving Spouse Annuities		1,547,905		1,137,916
Terminated Vested Annuities		192,333		186,124
Total Annuities		55,566,862		51,826,930
Total Accrued Liability		99,202,675		97,485,638
Actuarial Value of Assets		63,569,911		60,056,947
Unfunded Accrued Liability/(Surplus)	$	35,632,764	$	37,428,691
Percent Funded		64.1%		61.6%

TAX LEVY REQUIREMENT

The Public Act 096-1495 Tax Levy Requirement is determined as the annual contribution necessary to fund the normal cost, plus the amount to amortize the excess (if any) of ninety percent (90%) of the accrued liability over the actuarial value of assets as a level percentage of payroll over a thirty (30) year period which commenced in 2011, plus an adjustment for interest. The 100% amortization amount is equal to the amount to amortize the unfunded accrued liability as a level percentage of payroll over a thirty (30) year period which commenced in 2009.

		For Year Ending December 31		
		2017		2016
Village Normal Cost as of Beginning of Year	$	777,983	$	803,941
Amortization of Unfunded Accrued Liability/(Surplus)		2,006,313		2,035,622
Interest for One Year		194,901		198,769
Tax Levy Requirement as of End of Year	$	2,979,197	$	3,038,332
Public Act 096-1495 Tax Levy Requirement				
1) Normal Cost (PUC)		1,313,968		1,398,087
2) Accrued Liability (PUC)		96,404,457		94,271,260
3) Amortization Payment		1,220,728		1,080,174
4) Interest for One Year		177,429		173,478
5) PA 096-1495 Tax Levy Requirement (1 + 3 + 4)	$	2,712,125		2,651,739

TAX LEVY REQUIREMENT

For Fiscal Year Ending December 31, 2017

SUMMARY OF PLAN PARTICIPANTS

The actuarial valuation of the Plan is based upon the employee data furnished by the Village. The information provided for Active participants included:

Name
Sex
Date of Birth
Date of Hire
Compensation
Employee Contributions

The information provided for Inactive participants included:

Name
Sex
Date of Birth
Date of Pension Commencement
Monthly Pension Benefit
Form of Payment

Membership	2017	2017	2016	2016
Current Employees				
Vested	54		54	
Nonvested	15		12	
Total	69		66	
Inactive Participants		Annual Benefits		Annual Benefits
Children	0	$ 0	0	$ 0
Disabled Employees	5	248,287	5	247,526
Retired Employees	54	3,620,463	51	3,256,276
Surviving Spouses	4	170,659	3	116,843
Terminated Vesteds	1	25,578	1	25,578
Total	64	4,064,987	60	3,646,223
Annual Payroll		$ 6,589,512		$ 6,331,082

SUMMARY OF PLAN PARTICIPANTS (Continued)

Age and Service Distribution

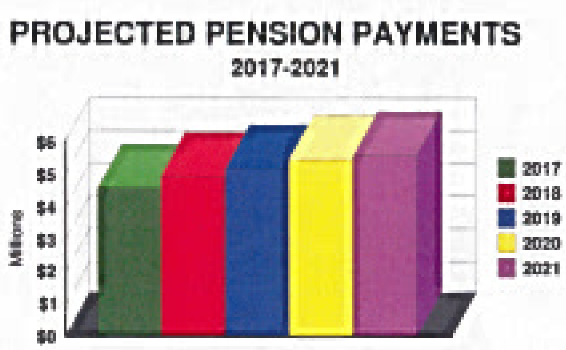
Service / Age	0-4	5-9	10-14	15-19	20-24	25-29	30+	Total	Salary
20-24	3							3	68,220
25-29	7	1						8	75,067
30-34	2	4						6	82,698
35-39		2	6	4				12	96,003
40-44		1	2	8	2	1		14	97,872
45-49			3	3	7	4		17	103,697
50-54					1	6	1	8	107,093
55-59			1					1	146,306
60+									
Total	12	8	12	15	10	11	1	69	95,500
Salary	70,414	92,729	100,131	97,283	108,729	105,485	94,248		

Average Age: 40.7 Average Service: 14.6 Average Future Service: 9.5

DURATION (years) Active Members: 18.9 Retired Members: 10.5 All Members: 14.2

PROJECTED PENSION PAYMENTS

2017	2018	2019	2020	2021
$4,626,068	$4,977,133	$5,206,779	$5,502,974	$5,641,761



SUMMARY OF PLAN PROVISIONS

The Plan Provisions have not been changed from the prior year.

The Village of Lombard Police Pension Fund was created and is administered as prescribed by "Article 3. Police Pension Fund - Municipalities 500,000 and Under" of the Illinois Pension Code (Illinois Compiled Statutes, 1992, Chapter 40). A brief summary of the plan provisions is provided below.

Employees attaining the age of (50) or more with (20) or more years of creditable service are entitled to receive an annual retirement benefit of (2.5%) of final salary for each year of service up to (30) years, to a maximum of (75%) of such salary.

Employees with at least (8) years but less than (20) years of credited service may retire at or after age (60) and receive a reduced benefit of (2.5%) of final salary for each year of service.

Surviving spouses receive (100%) of final salary for fatalities resulting from an act of duty, or otherwise the greater of (50%) of final salary or the employee's retirement benefit.

Employees disabled in the line of duty receive (65%) of final salary.

The monthly pension of a covered employee who retired with (20) or more years of service after January 1, 1977, shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least (55) years, by (3%) of the originally granted pension. Beginning with increases granted on or after July 1, 1993, the second and subsequent automatic annual increases shall be calculated as (3%) of the amount of the pension payable at the time of the increase.

Employees are required to contribute (9.91%) of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than (20) years of service, accumulated employee contributions may be refunded without accumulated interest.

For Employees hired after January 1, 2011, the Normal Retirement age is attainment of age 55 and completion of 10 years of service; Early Retirement age is attainment of age 50, completion of 10 years of service and the Early Retirement Factor is 6% per year; the Employee's Accrued Benefit is based on the Employee's final 8-year average salary not to exceed $106,800 (as indexed); Cost-of-living adjustments are simple increases (not compounded) of the lesser of 3% or 50% of CPI beginning the later of the anniversary date and age 60; Surviving Spouse's Benefits are 66 2/3% of the Employee's benefit at the time of death.

ACTUARIAL METHODS

The Actuarial Methods employed for this valuation are as follows:

Projected Unit Credit Cost Method (for years beginning on or after 2011 for PA 096-1495)

Under the Projected Unit Credit Cost Method, the Normal Cost is the present value of the projected benefit (including projected salary increases) earned during the year.

The Accrued Liability is the present value of the projected benefit (including projected salary increases) earned as of the actuarial valuation date. The Unfunded Accrued Liability is the excess of the Accrued Liability over the plan's assets. Experience gains or losses adjust the Unfunded Accrued Liability.

Entry Age Normal Cost Method

Under the Entry Age Normal Cost Method the Normal Cost for each participant is computed as the level percentage of pay which, if paid from the earliest age the participant is eligible to enter the plan until retirement or termination, will accumulate with interest to sufficiently fund all benefits under the plan. The Normal Cost for the plan is determined as the sum of the Normal Costs for all active participants.

The Accrued Liability is the theoretical amount that would have accumulated had annual contributions equal to the Normal Cost been paid. The Unfunded Accrued Liability is the excess of the Accrued Liability over the plan's assets. Experience gains or losses adjust the Unfunded Accrued Liability.

ACTUARIAL ASSUMPTIONS

The Actuarial Assumptions used for determining the Tax Levy Requirement and GASB Statements No. 67 & 68 Disclosure Information are the same (except where noted) and have been changed from the prior year (discussion on page 4). The methods and assumptions disclosed in this report may reflect statutory requirements and may reflect the responsibility of the Principal and its advisors. Unless specifically noted otherwise, each economic and demographic assumption was selected in accordance with Actuarial Standards of Practice 27 and 35 and may reflect the views and advice of advisors to the Principal. In the event a method or assumption conflicts with the actuary's professional judgment, the method or assumption is identified in this report. The Actuarial Assumptions employed for this valuation are as follows:

Valuation Date	January 1, 2017
Asset Valuation Method	5-year Average Market Value (PA 096-1495)
Investment Return	7.00% net of investment expenses.
Salary Scale	4.75%
Mortality	RP 2014 Mortality Table (BCHA) projected to 2017 using improvement scale MP-2016.
Withdrawal	Based on studies of the Fund and the Department of Insurance, Sample Rates below
Disability	Based on studies of the Fund and the Department of Insurance, Sample Rates below
Retirement	Based on studies of the Fund and the Department of Insurance, Sample Rates below (100% by age 70)
Marital Status	80% Married, Female spouses 3 years younger

ACTUARIAL ASSUMPTIONS *(Continued)*

Sample Annual Rates Per 100 Participants

Age	Withdrawal	Disability	Retirement
20	10.00	0.05	
25	7.50	0.05	
30	5.00	0.22	
35	3.00	0.26	
40	2.00	0.40	
45	2.00	0.65	
50	3.50	0.95	20.00
55	3.50	1.30	25.00
60	3.50	1.65	33.00
65	3.50	2.00	50.00
70			100.00

STATEMENTS NO. 67 & 68 DISCLOSURE INFORMATION

Plan Membership	December 31, 2016
Inactive plan members or beneficiaries currently receiving benefits	63
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	69
Total	133

Net Pension Liability of the Village	
Total pension liability	99,202,675
Plan fiduciary net position	61,303,888
Village's net pension liability	37,898,787
Plan fiduciary net position as a percentage of the total pension liability	61.80%

Actuarial Assumptions	
Inflation	2.50%
Salary increases	4.75%
Investment rate of return	7.00% net of expenses

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Village contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net Pension Liability	51,048,300	37,898,787	27,035,031

STATEMENTS NO. 67 & 68 DISCLOSURE INFORMATION (continued)

Schedule of Changes in the Village's Net Pension Liability and Related Ratios

Total Pension Liability	December 31, 2016
Service cost	1,531,546
Interest	6,688,180
Changes of benefit terms	0
Differences between expected and actual experience	622,457
Changes of assumptions	(3,244,714)
Benefit payments, including refunds of member contributions	3,880,432
Net change in total pension liability	1,717,037
Total pension liability - beginning	97,485,638
Total pension liability - ending	99,202,675
Plan Fiduciary Net Position	
Contributions - employer	2,936,167
Contributions - member	695,085
Net investment income	3,223,224
Benefit payments, including refunds of member contributions	3,880,432
Administrative expense	42,303
Other	0
Net change in plan fiduciary net position	2,931,741
Plan fiduciary net position - beginning	58,372,147
Plan fiduciary net position - ending	61,303,888
Village's net pension liability	37,898,787
Plan fiduciary net position as a percentage of the total pension liability	61.80%
Covered-employee payroll	6,589,512
Village's net pension liability as a percentage of covered-employee payroll	575.14%

STATEMENTS NO. 67 & 68 DISCLOSURE INFORMATION (continued)

Schedule of Village Contributions

	December 31, 2016
Actuarially determined contribution	2,940,772
Contributions in relation to the actuarially determined contribution	2,936,167
Contribution deficiency (Excess)	4,605
Covered-employee payroll	6,589,512
Contributions as a percentage of covered-employee payroll	44.56%

Notes to schedule

Valuation date	December 31, 2016
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Pay
Remaining amortization period	22 years
Asset valuation method	Market Value
Inflation	2.50%
Salary increases	4.75%
Investment rate of return	7.00%
Retirement age	50-70
Mortality	RP 2014 projected to 2017
Other	

Mortality rates were based on the RP 2014 Mortality Table (BCHA) projected to 2017 using improvement scale MP-2016. The other non-economic actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012.

VILLAGE OF LOMBARD, ILLINOIS
POLICE PENSION FUND

HOUSE BILL 5088 - MUNICIPAL COMPLIANCE REPORT

FOR THE FISCAL YEAR ENDED

DECEMBER 31, 2016

VILLAGE OF LOMBARD, ILLINOIS
POLICE PENSION FUND

House Bill 5088 (Public Act 95-950) - Municipal Compliance Report
For the Fiscal Year Ending December 31, 2016

The Pension Board certifies to the Board of Trustees of the Village of Lombard, Illinois on the condition of the Pension Fund at the end of its most recently completed fiscal year the following information:

1) The total cash and investments of the fund and their current market value of those assets:

	Current Fiscal Year	Preceding Fiscal Year
Total Cash and Investments	$61,379,702	$58,437,690
Total Net Position	$61,303,888	$58,372,147

2) The estimated receipts during the next succeeding fiscal year from deductions from the salaries of police officers and from other sources:

Estimated Receipts - Employee Contributions	$657,800
Estimated Receipts - All Other Sources	
Investment Earnings	$4,296,600
Municipal Contributions	$2,979,197

3) The estimated amount required during the next succeeding fiscal year to (a) pay all pensions and other obligations provided in Article 3 of the Illinois Pension Code, and (b) to meet the annual requirements of the fund as provided in Sections 3-125 and 3-127:

(a) Pay all Pensions and Other Obligations	$4,903,400
(b) Annual Requirement of the Fund as Determined by:	
Illinois Department of Insurance	$2,536,365
Private Actuary - Timothy W. Sharpe, Actuary	
Recommended Municipal Contribution	$2,979,197
Statutory Municipal Contribution	$2,712,125

4) The total net income received from investment of assets along with the assumed investment return and actual investment return received by the fund during its most recently completed fiscal year compared to the total net income, assumed investment return, and actual investment return received during the preceding fiscal year:

	Current Fiscal Year	Preceding Fiscal Year
Net Income Received from Investment of Assets	$3,223,224	$792,944
Assumed Investment Return		
Illinois Department of Insurance	6.75%	6.75%
Private Actuary - Timothy W. Sharpe, Actuary	7.00%	7.00%
Actual Investment Return	5.53%	1.37%

5) The total number of active employees who are financially contributing to the fund:

Number of Active Members	69

6) The total amount that was disbursed in benefits during the fiscal year, including the number of and total amount disbursed to (i) annuitants in receipt of a regular retirement pension, (ii) recipients being paid a disability pension, and (iii) survivors and children in receipt of benefits:

	Number of	Total Amount Disbursed
(i) Regular Retirement Pension	54	$3,479,424
(ii) Disability Pension	5	$248,287
(iii) Survivors and Child Benefits	4	$152,720
Totals	63	$3,880,432

VILLAGE OF LOMBARD, ILLINOIS
POLICE PENSION FUND

House Bill 5088 (Public Act 95-950) - Municipal Compliance Report
For the Fiscal Year Ending December 31, 2016

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7) The funded ratio of the fund:

	Current Fiscal Year	Preceding Fiscal Year
Illinois Department of Insurance	68.20%	68.45%
Private Actuary - Timothy W. Sharpe, Actuary	64.08%	61.61%

8) The unfunded liability carried by the fund, along with an actuarial explanation of the unfunded liability:

Unfunded Liability:	
Illinois Department of Insurance	$29,554,117
Private Actuary - Timothy W. Sharpe, Actuary	$35,632,764

The accrued liability is the actuarial present value of the portion of the projected benefits that has been accrued as of the valuation date based upon the actuarial valuation method and the actuarial assumptions employed in the valuation. The unfunded accrued liability is the excess of the accrued liability over the actuarial value of assets.

9) The investment policy of the Pension Board under the statutory investment restrictions imposed on the fund.

Investment Policy - See Attached.

Please see Notes Page attached.

CERTIFICATION OF MUNICIPAL POLICE
PENSION FUND COMPLIANCE REPORT

The Board of Trustees of the Pension Fund, based upon information and belief, and to the best of our knowledge, hereby certify pursuant to §3-143 of the Illinois Pension Code 40 ILCS 5/3-143, that the preceding report is true and accurate.

Adopted this 16th day of October, 2017

President R. Shafer Date 10-16-17

Secretary [signature] Date 10-16-17

VILLAGE OF LOMBARD, ILLINOIS
POLICE PENSION FUND

House Bill 5088 (Public Act 95-950) - Municipal Compliance Report
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INDEX OF ASSUMPTIONS

1) Total Cash and Investments - as Reported at Market Value in the Audited Financial Statements for the Years Ended December 31, 2016 and 2015.

   Total Net Position - as Reported at Market Value in the Audited Financial Statements for the Years Ended December 31, 2016 and 2015.

2) Estimated Receipts - Employee Contributions as Reported in the Audited Financial Statements for the Year Ended December 31, 2016 plus 4.75% Increase (Actuarial Salary Increase Assumption) Rounded to the Nearest $100.

   Estimated Receipts - All Other Sources

   Investment Earnings - Cash and Investments as Reported in the Audited Financial Statements for the Year Ended December 31, 2016, times 7% (Actuarial Investment Return Assumption) Rounded to the Nearest $100.

   Municipal Contributions - Recommended Tax Levy Requirement as Reported by Timothy W. Sharpe, Actuary, Actuarial Valuation for the Year Ended December 31, 2016.

3) (a) Pay all Pensions and Other Obligations - Total Deductions as Reported in the Audited Financial Statements for the Year Ended December 31, 2016, plus a 25% Increase, Rounded to the Nearest $100.

   (b) Annual Requirement of the Fund as Determined by:

   Illinois Department of Insurance - Suggested Amount of Tax Levy as Reported in the December 31, 2016 Actuarial Valuation.

   Private Actuary - Timothy W. Sharpe, Actuary

   Recommended Amount of Tax Levy as Reported by Timothy W. Sharpe, Actuary in the December 31, 2016 Actuarial Valuation.

   Statutorily Required Amount of Tax Levy as Reported by Timothy W. Sharpe, Actuary in the December 31, 2016 Actuarial Valuation.

INDEX OF ASSUMPTIONS - Continued

4) Net Income Received from Investment of Assets - Investment Income (Loss) net of Investment Expense, as Reported in the Audited Financial Statements for the Years Ended December 31, 2016 and 2015.

Assumed Investment Return

Illinois Department of Insurance - Current and Preceding Fiscal Year Interest Rate Assumption as Reported in the December 31, 2016 and 2015 Actuarial Valuations.

Private Actuary - Current and Preceding Fiscal Year Interest Rate Assumption as Reported in the Timothy W. Sharpe, Actuary, December 31, 2016 and 2015 Actuarial Valuations.

Actual Investment Return - Net Income Received from Investments as Reported Above as a Percentage of the Average of the Beginning balance of the Cash and Investments and the Ending balance of the Cash and Investments, excluding the fiscal year net investment income, as Reported in the Audited Financial Statements for the Fiscal Years Ended December 31, 2016, 2015 and 2014.

5) Number of Active Members - Illinois Department of Insurance Annual Statement for December 31, 2016 - Schedule P.

6) (i) Regular Retirement Pension - Illinois Department of Insurance Annual Statement for December 31, 2016 - Schedule P for Number of Participants and Expense page 1 for Total Amount Disbursed.

(ii) Disability Pension - Same as above.

(iii) Survivors and Child Benefits - Same as above.

INDEX OF ASSUMPTIONS - Continued

7) The funded ratio of the fund:

Illinois Department of Insurance - Current and Preceding Fiscal Year Net Present Assets as a percentage of Total Assets as Reported in the December 31, 2016 and 2015 Actuarial Valuations.

Private Actuary - Current and Preceding Fiscal Year Net Present Assets as a percentage of Total Assets as Reported in the Timothy W. Sharpe, Actuary, December 31, 2016 and December 31, 2015 Actuarial Valuations.

8) Unfunded Liability:

Illinois Department of Insurance - Deferred Asset (Unfunded Accrued Liability) as Reported in the December 31, 2016 Actuarial Valuation.

Private Actuary - Deferred Asset (Unfunded Accrued Liability) as Reported by Timothy W. Sharpe, Actuary in the December 31, 2016 Actuarial Valuation.