

Romeoville Firefighters' Pension Fund

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

For the Fiscal Year Ending April 30, 2016

To the Village Board of the Village of Romeoville:

Pursuant to Section 4-134 of the Illinois Pension Code (40 ILCS 5/4-134), the Board of Trustees of the Romeoville Firefighters' Pension Fund (the "Fund") hereby presents its report of the condition of the Fund at the end of its most recently completed fiscal year as follows:

1) Total Assets held by the Fund at the end of the fiscal year: \$ 7,837,928

Current market value of the Fund's total assets: \$ 8,255,428

2) Estimated receipts during the next succeeding fiscal year from deductions from the salaries or wages of firefighters and all other sources: **\$781,600**

Estimated Receipts - Employees Contributions \$ 160,000

Estimated Receipts - Investment Earnings \$ 265,000

Estimated Receipts - Municipal Contributions \$ 356,600

Total Estimated Receipts \$ 781,600

3) Estimated amounts necessary during the next fiscal year to meet the annual actuarial requirements of the Fund as provided in Sections 4-118 and 4-120 (40 ILCS 5/4-118 and 4-120) as determined by the:

Illinois Department of Insurance - Actuary Report - (Recommended Levy) \$ 357,855

Private Actuary - New State Assumptions for Required Contribution. \$ 290,019

Private Actuary - Village Levy (GAAP - 25 Year Amortization) \$ 322,222

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4) 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 Ended <u>4/30/2016</u>	Previous Fiscal Year Ended <u>4/30/2015</u>
Net Income Received from Investment of Assets	\$ <u>124,930</u>	\$ <u>468,504</u>
Assumed investment return as determined by the Illinois Department of Insurance - Actuarial Report:	<u>6.50%</u>	<u>6.50%</u>
Assumed investment return as determined by Private Actuary	<u>7.00%</u>	<u>7.00%</u>
Actual Investment Return	<u>1.70%</u>	<u>6.51%</u>

5) The increase in employer pension contributions resulting from implementation of P.A. 93-0689 as determined by: the Illinois Department of Insurance:

Illinois Department of Insurance - Actuary Report	<u>N/A</u>
Private Actuary	<u>N/A</u>

6) Total Number of active employees who are financially contributing to the Fund:

Number of Active Members	<u>19</u>
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7) Total amount of benefits distributed by Fund during the fiscal year:

	<u>Number of Recipients</u>	<u>Benefits Distributed</u>
i. Retirement Pensions	5	179,883
ii. Disability Pensions	0	-
iii. Survivor and Children Pensions	<u>0</u>	<u>0</u>
Total	<u>5.00</u>	\$ <u>179,883</u>

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8) Funded Ratio of the Fund as determined by the Illinois Department of Insurance

	Current Fiscal Year Ended <u>4/30/2016</u>	Previous Fiscal Year Ended <u>4/30/2015</u>
Illinois Department of Insurance - Actuarial Report	<u>94.00%</u>	<u>101.00%</u>
Private Actuary (Actuarial Value Assets)	<u>99.80%</u>	<u>99.20%</u>
Private Actuary (Market Value Assets)	<u>95.10%</u>	<u>98.00%</u>

9) Unfunded liability of the Fund as determined by the:

Illinois Department of Insurance - Actuarial Report	<u>\$ 531,060</u>	<u>\$ (70,793)</u>
Private Actuary (GAAP/GASB Methodology)	<u>\$ 19,495</u>	<u>\$ 63,809</u>

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 accrued liability less the actuarial value of the assets.

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10) A copy of the Fund's current investment policy under the statutory investment restrictions imposed on the fund is attached to this report for informational purposes.

A copy of the most recent actuarial report prepared by Nyhart at the direction of the Romeoville Fire Pension Fund is attached to this report for informational purposes. The most recent actuarial report from the Illinois Department of Insurance (IDOI) pursuant to State of Illinois is attached to this report for informational purposes.

These certifications are made by the Board of Trustees this _____ day of _____, 2016

President, Board of Trustees - Romeoville Firefighters' Pension Fund

Attest:

Secretary, Board of Trustees Romeoville Firefighters' Pension Fund

ROMEOVILLE FIREFIGHTERS' PENSION FUND INVESTMENT POLICY

PURPOSE

The investment of pension funds is the responsibility of the members of the Board of Trustees of the Romeoville Firefighters' Pension Fund (Pension Board). The purpose of this investment policy is to indicate a conscious, formal effort by the Pension Board to develop, implement and monitor the investment of pension funds. It shall be considered an important means to communicate the Pension Board's policy views on management of pension funds to the public, participants, and beneficiaries of the Fund.

SCOPE

This policy governs the investment practices and applies to all financial transactions of the Romeoville Firefighters' Pension Fund (Pension Fund).

OBJECTIVES

The Pension Board has a fiduciary responsibility to discharge its duties with respect to the Pension Fund solely in the interest of the participants and beneficiaries as set forth in the Illinois Pension Code.

Preservation of Principal – Preservation of principal is the foremost objective of the Pension Board. Investment transactions shall seek to first ensure that large capital losses are avoided. Additionally, the objective of the Pension Board is to avoid erosion of principal resulting from securities defaults.

Return on Investments – The Pension Board seeks to attain or exceed market rates of return on investments consistent with constraints imposed by safety objectives, cash flow considerations and Illinois Laws that restrict the placement of public funds.

Maintenance of Public Trust – All participants in the investment process shall seek to act responsibly as custodians of the Pension Fund. Investment officials shall avoid any transactions that might reasonably impair Pension Fund participant's confidence in the Pension Board's ability to manage the Pension Fund.

Liquidity – The assets shall be sufficiently liquid to meet the Pension Fund's disbursement requirements for the payment of operating expenses and benefits.

RESPONSIBILITY

Management of the investment program is the responsibility of the Pension Board. No person may engage in an investment transaction except as provided under terms of this policy established by the Pension Board.

The Treasurer of the Pension Fund shall be responsible for establishing internal controls and written procedures for the operation of the investment program. (30 ILCS 230/2.5(a)(7)).

The Pension Board may appoint an investment manager (as defined in 40 ILCS 5/1 – 101.4) to assist in the management of the investment program. The investment manager shall acknowledge, in writing, that he or she is a fiduciary with respect to the Pension Fund. Any such written acknowledgement shall be attached to this policy or included in the agreement between the Pension Board and the investment manager.

The Pension Board will meet with the investment manager quarterly to review market conditions and to determine investment strategy. This review will include analysis of the investment portfolio, its effectiveness in meeting the Pension Fund's needs for safety, liquidity, rate of return, and diversification, and its general performance.

PRUDENCE

The standard of prudence to be used by investment officials shall be the "prudent investor" and shall be applied in the context of managing the portfolio. Investments shall be made with the care, skill, prudence and diligence that a prudent

person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of like character with like aims.

PROHIBITED TRANSACTIONS

A Fiduciary with respect to the Pension Fund shall not:

1. Deal with the assets of the Pension Fund in his or her own interests or for his or her own account.
2. In their individual or other capacity effect any transaction involving the Pension Fund on behalf of a party whose interests are adverse to the interests of the Pension Fund or the interests of its participants or beneficiaries.
3. Receive any consideration for his or her own personal account from any party dealing with the Pension Fund in connection with a transaction involving the assets of the Pension Fund.
4. Knowingly cause or advise the Pension Fund to engage in an investment transaction when the fiduciary (i) has any direct interest in the income, gains, or profits of the investment advisor through which the investment transaction is made or (ii) has a business relationship with that investment advisor that would result in a pecuniary benefit to the fiduciary as a result of the investment transaction. (40 ILCS 5/1-110)

INVESTMENT INSTRUMENTS

The Pension Fund may invest in any type of investment instrument permitted by Illinois law, as described in Chapter 40 of the Illinois Compiled Statutes, 40 ILCS 5/1-113.2 through 113.4a. Permitted investment instruments include, but are not limited to:

1. Interest bearing direct obligations of the United States of America.
2. Interest-bearing obligations to the extent that they are fully guaranteed or insured as to payment of principal and interest by the United States of America.
3. Interest bearing bonds, notes, debentures, or other similar obligations of agencies of the United States of America. For the purposes of this section, "Agencies of the United States of America" include:
 - a. The Federal National Mortgage Association and the Student Loan Marketing Association.
 - b. Federal Land Banks, Federal Intermediate Credit Banks, Federal Farm Credit Banks, and any other entity authorized to issue direct debt obligations of the United States of America under the Farm Credit Act of 1971.
 - c. Federal Home Loan Banks and the Federal Home Loan Mortgage Corporation.
 - d. Any agency created by act of Congress that is authorized to issue direct debt obligations of the United States of America.
4. Corporate bonds managed through an investment advisor must meet all of the following requirements:
 - a. The bonds must be rated as investment grade by one of the 2 largest rating services at the time of purchase.
 - b. If subsequently downgraded below investment grade, the bonds must be liquidated from the portfolio within 90 days after being downgraded by the manager.
5. Interest bearing savings accounts or certificates of deposit, issued by federally chartered banks or savings and loan associations, or by State of Illinois chartered banks or savings and loan associations, to the extent that the deposits are insured by agencies or instrumentalities of the federal government.
6. Interest bearing bonds of the State of Illinois or interest bearing bonds or tax anticipation warrants of any county, township, or municipal corporation of the State of Illinois.

7. Pooled interest bearing accounts managed by the Illinois Public Treasurer's Investment Pool in accordance with the deposit of state moneys act.
8. Direct obligations of the State of Israel.
9. Money Market Mutual Funds managed by investment companies that are registered under the Federal Investment Company Act of 1940 and the Illinois Securities Law of 1953 and are diversified, open-ended management investment companies; provided that the portfolio of the money market mutual fund is limited to:
 - a. Bonds, notes, certificates of indebtedness, treasury bills, or other securities that are guaranteed by the full faith and credit of the United States of America or its agencies.
 - b. Bonds, notes, debentures, or other similar obligations of the United States of America or its agencies.
10. Not to exceed 10% of the portfolio, separate accounts that are managed by life insurance companies authorized to transact business in Illinois and are comprised of diversified portfolios consisting of common or preferred stock, bonds or money market instruments or mutual funds that meet the requirement as outlined in item 11 below.
11. In addition to the items listed above, if the Pension Fund has net assets of \$2,500,000 or more it may invest a portion of its net assets in mutual funds that meet the following requirements:
 - a. The mutual fund is managed by an investment company as defined and registered under the Federal Investment Company Act of 1940 and registered under the Illinois Securities Law of 1953.
 - b. The mutual fund has been in operation for at least five years.
 - c. The mutual fund has total net assets of \$250 million or more.
 - d. The mutual fund is comprised of diversified portfolios of common or preferred stocks, bonds, or money market instruments.
12. In addition to the items listed above, if the Pension Fund has net assets of \$5,000,000 or more it may invest a portion of its net assets in common and preferred stocks that meet the following requirements:
 - a. Investments made through an investment advisor with a written contract.
 - b. Stocks of U.S. Corporations that have been in existence for 5 years.
 - c. Corporations not in arrears in payment of dividends in the last 5 years.
 - d. Market value of stock in any one corporation does not exceed 5% of cash and invested assets of pension fund.
 - e. Stock in any one corporation does not exceed 5% of the total outstanding stock in the corporation.
 - f. Stocks listed on national securities exchange or quoted in NASDAQNMS.
13. In addition to the items in mentioned above, if the Pension Fund has net assets of at least \$10,000,000 may, through that investment adviser, invest an additional portion of its assets in common and preferred stocks and mutual funds.

If the Pension Fund has net assets of at least \$2,500,000 but less than \$10,000,000, The Pension Fund's investment in the above equity investments (# 10, 11 and 12) shall not exceed 45% (for funds of \$2,500,000 to \$10,000,000) of the market value of the pension Pension fund's Fund's net present assets stated in its most recent annual report on file with the Illinois Department of Insurance.

If the Pension Fund has net assets of at least \$10,000,000, A the Pension Fund's total investment in the above equity investments (#'s 10, 11 and 12) shall not exceed 50% (for funds of at least \$10,000,000)-effective July 1, 2011 and 55% effective July 1, 2012 of the market value of the Pension Fund's net present assets stated in its most recent annual report on file with the Illinois Department of Insurance.

The Pension Fund's investment in the above equity investments (# 10, 11 and 12) shall not exceed 45% (for funds of \$2,500,000 to \$10,000,000) of the market value of the pension fund's net present assets stated in its most recent annual report on file with the Illinois Department of Insurance.

Investments of the Pension Fund will be registered in the name of the Pension Fund and placed with a custodian approved by the Pension Board so long as the custodian meets the requirements of state statutes.

PERFORMANCE MEASUREMENTS

Performance will be calculated using professional standards as established by the CFA Institute. The Pension Board shall include (but is not limited to) the following benchmarks for evaluating the Pension Fund's performance:

<u>Application</u>	<u>Benchmark</u>
Cash Equivalents	90 – day U.S. Treasury Bills
Fixed Income	Barclay's Capital Government Bond Index
Large Capitalization Equities	Standard & Poor's 500 Stock Index
Small Capitalization Equities	Russell 2000 Stock Index
International Equities	Morgan Stanley Capital International Europe/Australia/Far East Index

CONTROLS

The Pension Board maintains Pension Fund books and records in conformance with generally accepted accounting principals. Internal controls shall be reviewed by the Pension Board and may be reviewed by an independent auditor. The controls shall be designed to prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties, or imprudent actions by employees and officers of the Pension Board.

DIVERSIFICATION / STRATEGY

Fixed Income:

The average maturity/duration of the portfolio will be managed based upon the current existing interest rate environment. Under most circumstances the average maturity and duration of the portfolio will be maintained at approximately 5.0 years and will range from 2.0 years to 7.0 years. This type of strategy will often result in increasing the maturity/duration of the portfolio when interest rates are rising and decreasing the maturity/duration of the portfolio when interest rates are declining. The investment manager may change the duration of the portfolio as market conditions permit.

The allocation guidelines, by asset class, for the fixed income investments are as follows:

	<u>Normal Allocation</u>	<u>Range of Allocation</u>
U.S. Treasury Bills/Notes/Bonds:	30%	0-100%
U.S. Government Agency Securities (non-MBS):	35%	0-70%
U.S. Government Agency Securities – Callable:	20%	0-30%
U.S. Government Agency Securities (MBS):	5%	0-10%
Taxable Municipal Securities:	10%	0-20%
Certificates of Deposit:	0%	0-20%
Investment Grade Corporate Bonds:	0%	0-30%

Under normal market conditions the structure of the portfolio will be within these limits. However, the portfolio manager may diverge from the above guidelines due to abnormal market conditions.

Equities:

Once the Pension Fund reaches the equity allocation approved by the Pension Board and permitted by law, normal asset allocation range for equity portfolio allocation weightings should be:

	<u>Normal Allocation</u>		<u>Range of Allocation</u>
U.S. Large Company Stocks	70%	+/-	30%
U.S. Small Company Stocks	20%	+/-	20%
International Stocks	10%	+/-	10%

The Pension Fund asset allocation should be rebalanced at least annually when the equity allocation rises above the maximum allowable as a percentage of assets as defined by Illinois State Statute.

COLLATERALIZATION

Pension Fund assets may be invested in savings accounts or certificates of deposit of a national or state bank, even if fund assets on deposit in such institution will exceed federal deposit insurance or guarantee limits for invested principal and accrued interest, but only if the amount by which the fund's investment exceeds such insurance or guarantee limits is collateralized by the fund which shall be maintained and credited to the fund on the records of the custodial bank. The Pension Fund shall have a perfected security interest in such securities which shall be free of any claims to the rights to these securities other than any claims by the custodian which are subordinate to the Pension Fund's claims to rights to these securities.

CUSTODY AND SAFEKEEPING OF INVESTMENTS

1. Third party safekeeping is required for all securities owned by the Pension Fund. (40 ILCS 5/1-113.7)
2. Custody arrangements shall be documented by an approved written agreement. The agreement may be in the form of a safekeeping agreement, trust agreement, escrow agreement or custody agreement.

ETHICS AND CONFLICTS OF INTEREST

Any fiduciary with respect to the Pension Fund shall refrain from personal business activity that could conflict with the proper execution of the investment program, or which could impair his or her ability to make impartial investment decisions.

REPORTING

At least quarterly, the Treasurer shall submit to the Pension Board an investment report which shall describe the portfolio in terms of investment securities, maturity, cost, transactions and earnings for the current period. The Treasurer shall also submit a comprehensive annual report on the Pension Fund and its activity.

MEETING SCHEDULE

The Pension Board shall schedule periodic meetings for the purposes of portfolio and investment manager review. Special meetings may be called from time-to-time by the Pension Board.

AUDIT

The Pension Fund is subject to periodic examination by the Illinois Department of Financial and Professional Regulation, Division of Insurance (Illinois Department of Insurance, Public Pension Division).

FILING

The Board shall file a copy of this policy with the ~~Illinois Department of Financial and Professional Regulation, Division of Insurance~~ Illinois Department of Insurance, Public Pension Division, within thirty (30) days of its adoption. The Board shall make a copy of this Policy available to the public at the main administrative office of the Pension Fund. (40 ILCS 5/1-113.6; 30 ILCS 235/2.5(c))

DEFINITIONS

Beneficiary – person eligible for or receiving benefits from a pension fund.

Book Entry Security – securities that can be transferred from institution to institution using the federal electronic wire system, thus eliminating the physical transfer of certificates. Records are maintained on a computer system at the Federal Reserve.

Collateral – the pledging of a security to guarantee performance of an obligation.

Fiduciary – person entrusted with the control of assets for the benefit of others.

Investment Manager – an individual or organization that provides investment management services for a fee, either on a discretionary or nondiscretionary basis. Under Illinois law, an investment manager is considered a fiduciary with respect to the Pension Fund.

Market Value – the present price of a given security.

Barclay's Capital Government Bond Index - The Barclay's Capital Government Bond Index tracks the performance of the combined U.S. Treasury and U.S. Agency markets. It includes U.S. dollar-denominated U.S. Treasury and U.S. Agency Bonds, issued in the U.S. domestic bond market.

Morgan Stanley Capital International (EAFE) – Indices are based on the share prices of approximately 1,600 companies listed on stock exchanges in the twenty-two countries that make up the MSCI National Indices.

Return – the profit or interest as payment for investment.

Russell 2000 Stock Index – is comprised of the smallest 2000 companies in the Russell 3000 index, representing approximately 11% of the Russell 3000 total market capitalization. The Index was developed with a base value of 135.00 as of December 31, 1986.

Security – any note, stock, bond, certificate of interest or certificate of deposit.

Separate Account – term used of variable annuities. Because the risk is borne by the investor in a variable annuity, the issuer may not commingle funds invested in the variable annuity with the general funds of the issuer.

Standard & Poor's 500 Stock Index – is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. The index was developed with a base level of 10 for the 1941-43 base period.

Treasury Bill – short-term debt obligation of U.S. government which will mature in one year or less at the time of original issuance.

Treasury Note – debt obligations of U.S. government which will mature in ten years or less at the time of original issuance.

Treasury Bond - longer debt obligations of U.S. government which will mature in ten years or longer at the time of original issuance.

Current Yield - percentage derived by taking annual interest from an investment and dividing by current market value.

AMENDMENT

This policy may be amended from time to time by the Pension Board.

CONFLICT

In the event of any conflict between this Policy and the Illinois Compiled Statutes or case decisions of the State of Illinois, the Statutes and case law decisions shall govern.

ADOPTION

Adopted by the Romeoville Firefighters' Pension Fund Board of Trustees on this _____ day of _____, 20_____.

President

Treasurer

Secretary

Trustee

Trustee

Trustee

The logo for nyhart, featuring the word "nyhart" in a white, lowercase, sans-serif font centered within a black rectangular box. This box is part of a larger graphic element consisting of a thick black vertical bar on the left and a thin red vertical bar to its right, both extending from the top to the bottom of the page.

nyhart

***Village of Romeoville
Firefighters' Pension Fund***

*May 1, 2016
Actuarial Valuation Report*

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At the request of the plan sponsor, this report summarizes the Village of Romeoville Firefighters' Pension Fund as of May 1, 2016. The purpose of this report is to communicate the following results of the valuation:

- Funded Status;
- Recommended Village Contribution;

This report has been prepared in accordance with the applicable Federal and State laws. Consequently, it may not be appropriate for other purposes. Please contact Nyhart prior to disclosing this report to any other party or relying on its content for any purpose other than that explained above. Failure to do so may result in misrepresentation or misinterpretation of this report.

The results in this report were prepared using information provided to us by other parties. The census information has been provided to us by the employer. Asset information has been provided to us by the administrator. We have reviewed the provided data for reasonableness when compared to prior information provided, but have not audited the data. Where relevant data may be missing, we have made assumptions we believe to be reasonable. We are not aware of any significant issues with and have relied on the data provided. Any errors in the data provided may result in a different result than those provided in this report. A summary of the data used in the valuation is included in this report.

The actuarial assumptions and methods were chosen by the employer. In our opinion, all actuarial assumptions and methods are individually reasonable and in combination represent our best estimate of anticipated experience of the plan. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following:

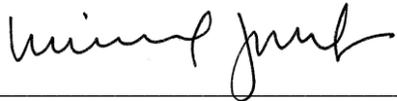
- plan experience differing from that anticipated by the economic or demographic assumptions;
- changes in economic or demographic assumptions;
- increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period);
and
- changes in plan provisions or applicable law.

We did not perform an analysis of the potential range of future measurements due to the limited scope of our engagement. This report has been prepared in accordance with generally accepted actuarial principles and practice.

Neither Nyhart nor any of its employees have any relationship with the plan or its sponsor which could impair or appear to impair the objectivity of this report. To the extent that this report or any attachment concerns tax matters, it is not intended to be used and cannot be used by a taxpayer for the purpose of avoiding penalties that may be imposed by law.

The undersigned are compliant with the continuing education requirements of the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States and are available for any questions.

Nyhart



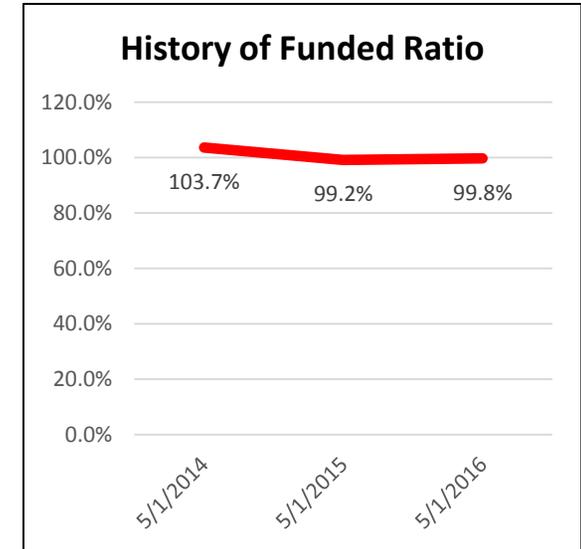
Michael Zurek, EA, FCA, MAAA

October 6, 2016
Date

Summary Results

The actuarial valuation's primary purpose is to produce a scorecard measure displaying the funding progress of the plan toward the ultimate goal of paying benefits at retirement. The accrued liability is based on the entry age normal level percentage of pay actuarial cost method.

	May 1, 2015	May 1, 2016
Funded Status Measures		
Accrued Liability	\$7,537,122	\$8,240,245
Actuarial Value of Assets	7,473,313	8,220,750
Unfunded Accrued Liability	\$63,809	\$19,495
Funded Percentage (AVA)	99.2%	99.8%
Funded percentage (MVA)	98.0%	95.1%
Cost Measures		
Recommended Total Pension Contribution	\$472,155	\$487,869
Expected Employee Contributions	(163,851)	(165,647)
Recommended Net City Contribution	\$308,304	\$322,222
- as a Percentage of Payroll	19.0%	19.0%
Asset Performance		
Market Value of Assets (MVA)	\$7,384,878	\$7,837,927
Actuarial Value of Assets (AVA)	\$7,473,313	\$8,220,750
Actuarial Value/Market Value	101.2%	104.9%
Participant Information		
Active Participants	19	20
Terminated Vested Participants	3	3
Retirees, Beneficiaries, and Disabled Participants	2	4
Total	24	27
Payroll	\$1,619,587	\$1,692,697



Changes since Prior Valuation and Key Notes

There have been no changes to the plan provisions since the last valuation.

The mortality assumption was changed in 2016 from the RP-2000 mortality table with blue collar adjustment to the RP-2000 mortality table with blue collar adjustment projected to 2016 using scale AA. In addition, separate mortality tables for healthy and disabled members were used in 2016. The change resulted in an increase in benefit obligations and an increase in the recommended contribution.

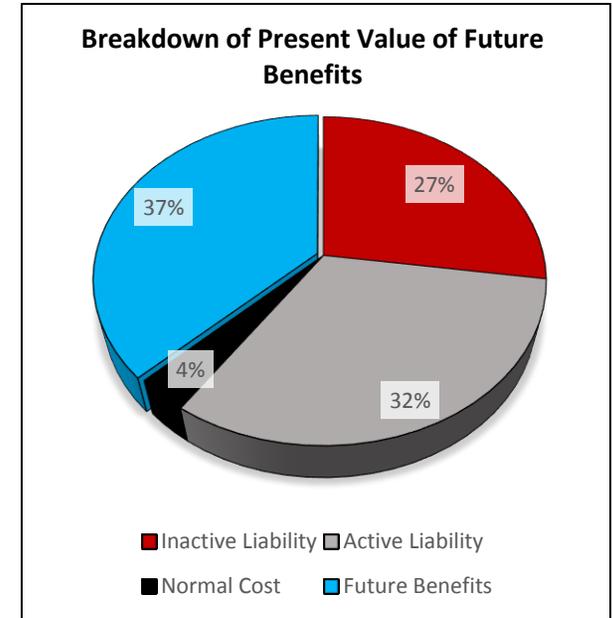
Present Value of Future Benefits

The Present Value of Future Benefits represents the future benefits payable to the existing participants.

May 1, 2016

Present Value of Future Benefits

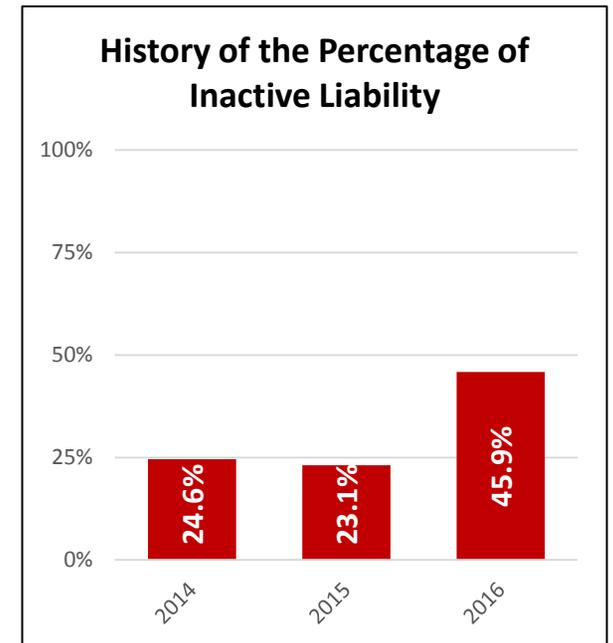
Active participants	
Retirement	\$7,930,933
Disability	1,545,151
Death	255,652
Termination	344,893
Total active	\$10,076,629
Inactive participants	
Retired participants	\$2,919,269
Beneficiaries	0
Disabled participants	723,866
Terminated vested participants	137,195
Total inactive	\$3,780,330
Total	\$13,856,959
Present value of future payrolls	\$22,040,245
Present value of future employee contributions	\$2,030,159



Accrued Liability

The Funding Liability measures the present value of benefits earned as of the valuation date, using a specified set of actuarial assumptions.

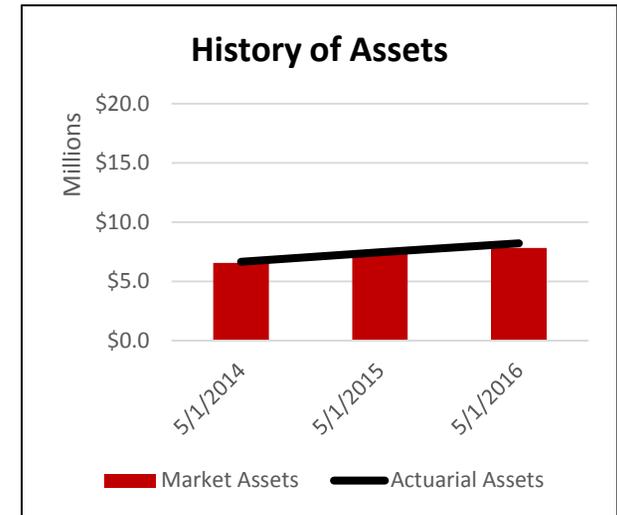
	May 1, 2016
Funding Liabilities	
Active participants	
Retirement	\$3,600,453
Disability	610,311
Death	82,163
Termination	166,988
Total Active	<u>\$4,459,915</u>
Inactive participants	
Retired participants	\$2,919,269
Beneficiaries	0
Disabled participants	723,866
Terminated vested participants	137,195
Total Inactive	<u>\$3,780,330</u>
Total	\$8,240,245
Normal Cost	\$460,019



Asset Information

The amount of assets backing the pension promise is the most significant driver of volatility and future costs within a pension plan. The investment performance of the assets directly offsets the ultimate cost.

	May 1, 2016
Market Value Reconciliation	
Market value of assets, beginning of prior year	\$7,384,878
Contributions	
Employer contributions	\$351,767
Member contributions	166,668
Total	\$518,435
Investment income	124,930
Benefit payments	(179,883)
Administrative expenses	(10,433)
Market value of assets, beginning of current year	\$7,837,927
Return on Market Value	1.7%
Actuarial value of assets	
Value at beginning of current year	\$8,220,750



Asset Information (continued)

Plan Assets are used to develop funded percentages and contribution requirements.

	May 1, 2016
1. Expected market value of assets	
(a) Market value of assets, beginning of prior year	\$7,384,878
(b) Contributions	518,435
(c) Benefit payments	(179,883)
(d) Expenses	(10,433)
(e) Expected return	528,426
(f) Expected market value of assets, beginning of current year	<u>\$8,241,423</u>
2. Market value of assets, beginning of current year	\$7,837,927
3. Actual return on market value	\$124,930
4. Amount subject to phase in [(3)-(1e)]	(\$403,496)
5. Phase in of asset gain/(loss)	
(a) Current year [80% x (\$403,496)]	(\$322,797)
(b) First prior year [60% x (\$33,446)]	(20,068)
(c) Second prior year [40% x (\$110,522)]	(44,209)
(d) Third prior year [20% x \$21,254]	4,251
(e) Total phase-in	<u>(\$382,823)</u>
6. Actuarial value of assets, beginning of current year [(2)-(5e)]	\$8,220,750
7. Return on actuarial value of assets	5.5%

Reconciliation of Gain/Loss

May 1, 2016

Liability (gain)/loss

Actuarial liability, beginning of prior year	\$7,537,122
Normal cost	438,355
Benefit payments	(179,883)
Expected interest	551,987
Expected actuarial liability, beginning of current year	\$8,347,581
Actual actuarial liability, before changes	\$8,172,836
Liability (gain)/loss	(\$174,745)

Asset (gain)/loss

Actuarial value of assets, beginning of prior year	\$7,473,313
Contributions	518,435
Benefit payments and expenses	(190,316)
Expected return	534,616
Expected actuarial value of assets, beginning of current year	\$8,336,048
Actual actuarial value of assets, beginning of current year	\$8,220,750
Asset (gain)/loss	\$115,298

Total (gain)/loss

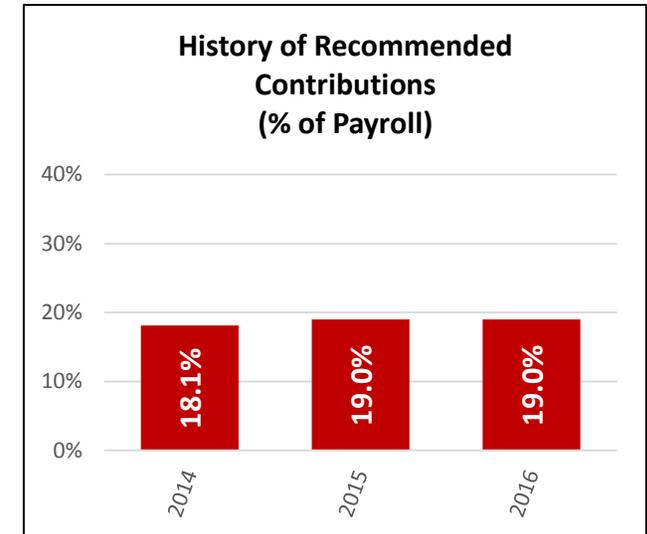
(\$59,447)

Development of Recommended Contribution

The minimum required contribution is the annual amount necessary to fund the plan according to funding policies and/or applicable laws.

May 1, 2016

Funded Position	
1. Entry age accrued liability	\$8,240,245
2. Actuarial value of assets	<u>8,220,750</u>
3. Unfunded actuarial accrued liability (UAAL)	\$19,495
Employer Contributions	
1. Normal Cost	\$460,019
2. Administrative expenses	10,433
3. Amortization of UAAL	919
4. Applicable interest	<u>16,498</u>
5. Total recommended contribution	\$487,869
6. Expected employee contributions	<u>165,647</u>
7. Net employer recommended contribution (5 – 6)	\$322,222
8. Minimum contribution (Public Act 096-1495 Tax Levy Requirement)	\$290,019
9. Final recommended contribution [max (7,8)]	\$322,222
As a percentage of expected payroll	19.0%



Demographic Information

The foundation of a reliable actuarial report is the participant information provided by the plan sponsor. Monitoring trends in demographic information is crucial for long-term pension planning.

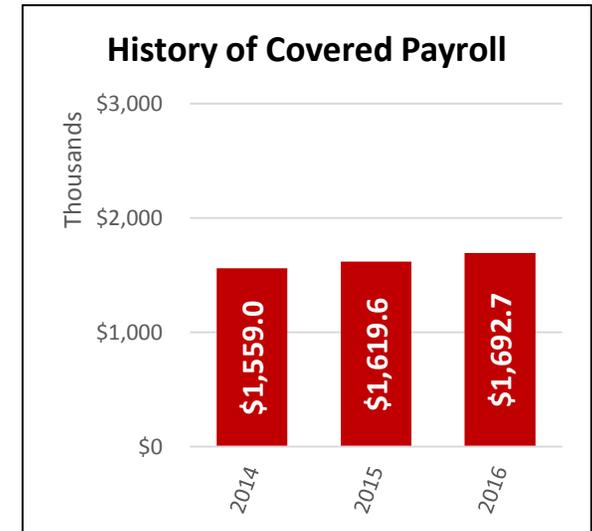
May 1, 2016

Participant Counts

Active Participants	20
Retired Participants	3
Beneficiaries	0
Disabled Participants	1
Terminated Vested Participants	<u>3</u>
Total Participants	27

Active Participant Demographics

Average Age	37.9
Average Service	7.6
Average Compensation	\$84,635
Covered Payroll	\$1,692,697



Demographic Information (continued)

May 1, 2016

Retiree Statistics

Average Age	57.4
Average Monthly Pension Benefit	\$4,632

Beneficiary Statistics

Average Age	N/A
Average Monthly Pension Benefit	N/A

Disabled Participants Statistics

Average Age	50.5
Average Monthly Pension Benefit	\$3,969

Terminated Participants Statistics

Average Age	37.9
Average Monthly Pension Benefit	\$2,258*

* Average monthly pension benefit does not include participants eligible for a return of contributions only.

Participant Reconciliation

	Active	Terminated Vested	Disabled	Retired	Beneficiaries	Totals
Prior Year	19	3	1	1	0	24
Active						
To Terminated Vested	0	0	0	0	0	0
To Disabled	0	0	0	0	0	0
To Retired	(2)	0	0	2	0	0
Terminated Vested						
Return of employee contributions	0	0	0	0	0	0
Additions	3	0	0	0	0	3
Departures	0	0	0	0	0	0
Current Year	20	3	1	3	0	27

Active Participant Schedule

Active participant information grouped based on age and service.

Age Group	Years of Service										Total	Average Pay
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & Up		
Under 25											0	
25 to 29	1	2									3	63,719
30 to 34	1		3	1							5	76,744
35 to 39	1		4	2							7	85,227
40 to 44		1		1							2	88,484
45 to 49		1									1	110,906
50 to 54											0	
55 to 59				1		1					2	116,682
60 to 64											0	
65 to 69											0	
70 & up											0	
Total	3	4	7	5	0	1	0	0	0	0	20	84,635

Eligibility for Participation

Firefighters of the Village of Romeoville

Accrual of Benefits

For employees hired prior to January 1, 2011, the normal retirement benefit is equal to 50% of the final salary plus 2.5% of any service over 20 years (with a maximum of 30) times the final salary. There is a minimum benefit of \$1,000 per month. The benefit is paid as a 100% joint and survivor benefit with the spouse, children under 18, or dependent parents of the participants as the survivor.

For employees hired after or on January 1, 2011, the normal retirement benefit is equal to 2.5% of the final average salary times benefit service (maximum 30 years.) The benefit is paid as a 66.67% joint and survivor benefit with the spouse, children under 18, or dependent parents of the participants as the survivor.

Benefits

Normal Retirement

Eligibility	For employees hired prior to January 1, 2011, the normal retirement date is the first day of the month on or after completion of 20 years of service and attainment of age 50. For employees hired after or on January 1, 2011, the normal retirement date is the first day of the month on or after completion of 10 years of service and attainment of age 55.
Benefit	Unreduced Accrued Benefit payable immediately.

Early Retirement

Eligibility	For employees hired prior to January 1, 2011 and terminating with less than 20 years of service For employees hired after or on January 1, 2011 who has attained age 50 and has 10 years of service.
Benefit	For those hired prior to January 1, 2011 a reduced Accrued Benefit shall be paid at age 60 based on the schedule below. For those hired after or on January 1, 2011 the Accrued Benefit is reduced by 0.5% for each month prior to age 55.

Benefit Service	Accrual Percentage	Benefit Service	Accrual Percentage
10	15.0%	15	30.0%
11	17.6%	16	33.6%
12	20.4%	17	37.4%
13	23.4%	18	41.4%
14	26.6%	19	45.6%

Termination

Eligibility	Participants terminating before 20 years of service.
Benefit	Refund of Contributions

Disability In The Line of Duty

Eligibility	For participants who become disabled in the line of duty.
Benefit	The greater of 65% of the final salary or the accrued benefit

Disability Not In The Line of Duty

Eligibility	For participants who become disabled outside of the line of duty.
Benefit	50% of the final salary

Death In the Line of Duty

Eligibility	For participants who die in the line of duty.
Benefit	The benefit is 100% of final salary paid to the survivor.

Death Not In the Line of Duty

Eligibility	For participants who die outside of the line of duty.
Benefit	For those hired before 1/1/2011 with greater than 20 years of service, a benefit of 100% of the accrued benefit is paid to the survivor. For those with more than 10 years of service, but less than 20 years of service, a benefit of 54% of the final salary is paid to the survivor. For those hired after 1/1/2011 a benefit of 66.67% of the accrued benefit is paid to the survivor.

Compensation

Final Salary is the salary attached to the rank held on the last day of service, or one year prior to the last day, whichever is greater.

Final Average Salary is the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Salary will not exceed \$106,800 adjusted from January 1, 2011 with the lesser of 3% and 50% of the CPI on November 1.

Credited Service

For Vesting and Benefit Accrual purposes, pension service credit is based on elapsed time from hire.

Employee Contributions

9.455% of Compensation

COLA

Eligibility	All Participants
Benefit	<p>For employees hired prior to January 1, 2011 a compound COLA of 3% is granted each year after attainment of age 55 and 1 year of payments.</p> <p>For employees hired after or on January 1, 2011 a simple COLA of the lesser of 3% and 50% of the CPI on November 1 is granted each year after attainment of age 60 and 1 year of payments.</p> <p>For disabled employees, a simple COLA is available after attainment of age 60 and 1 year of payments. For employees hired prior to January 1, 2011 the COLA is 3%. For employees hired after January 1, 2011, the COLA is the lesser of 3% and 50% of the CPI on November 1.</p>

Plan Provisions Not Included

We are not aware of any plan provisions not included in the valuation

Adjustments Made for Subsequent Events

We are not aware of any event following the measurement date and prior to the date of this report that would materially impact the results of this report.

Except where otherwise indicated, the following assumptions were selected by the plan sponsor with the concurrence of the actuary. Prescribed assumptions are based on the requirements of the relevant law, the Internal Revenue Code, and applicable regulation. The actuary was not able to evaluate the prescribed assumptions for reasonableness for the purpose of the measurement.

Valuation Date	May 1, 2016														
Participant and Asset Information Collected as of	May 1, 2016														
Actuarial Cost Method (CO)	Entry Age Method														
Amortization Method (CO)	Closed level percentage of payroll amortization of 100% of the Unfunded Actuarial Accrued Liability using a 5.50% payroll growth assumption over the period ending on April 30, 2041 (25-year amortization in 2016)														
Asset Method	5 year smoothing of asset gains and losses														
Interest Rates (CO)	7.00%, net of investment expenses														
Inflation (FE)	2.5%														
Annual Pay Increases (FE)	5.50%														
Ad-hoc Cost-of-living Increases	3.0% (1.25% for those hired after 1/1/2011)														
Mortality Rates (FE)															
Healthy	RP-2000 Mortality Table with blue collar adjustment, projected to 2016 using Scale AA														
Disabled	RP-2000 Disabled Mortality Table, projected to 2016 using Scale AA														
	5% of deaths are assumed to be service related														
Retirement Rates (FE)	Recommended Rates from the DOI experience study:														
	<table border="0"> <thead> <tr> <th><u>Age</u></th> <th><u>Rate</u></th> </tr> </thead> <tbody> <tr> <td>50-53</td> <td>14%</td> </tr> <tr> <td>54-59</td> <td>20%</td> </tr> <tr> <td>60-62</td> <td>25%</td> </tr> <tr> <td>63-64</td> <td>33%</td> </tr> <tr> <td>65-69</td> <td>50%</td> </tr> <tr> <td>70</td> <td>100%</td> </tr> </tbody> </table>	<u>Age</u>	<u>Rate</u>	50-53	14%	54-59	20%	60-62	25%	63-64	33%	65-69	50%	70	100%
<u>Age</u>	<u>Rate</u>														
50-53	14%														
54-59	20%														
60-62	25%														
63-64	33%														
65-69	50%														
70	100%														

Disability Rates (FE)

Recommended rates from the DOI experience study. Sample rates include:

<u>Age</u>	<u>Rate</u>
20	0.10%
30	0.14%
40	0.50%
50	1.00%

90% of disabilities are assumed to be in the line of duty

Termination Rates (FE)

Recommended rates from the DOI experience study. Sample rates include:

<u>Age</u>	<u>Rate</u>
20	9.00%
30	2.50%
40	1.00%
50	1.00%

Marital Status and Ages (FE)

80% of participants are assumed to be married with female spouses 3 years younger.

Expense Load

Equal to the administrative expenses paid in the prior year.

Funding Policy (Recommended Contribution)

Equal to the normal cost plus and amortization of the unfunded liability to fund the plan to 100% as a level percentage of payroll by 2041 using the Entry Age Normal cost method.

FE indicates an assumption representing an estimate of future experience

MD indicates an assumption representing observations of estimates inherent in market data

CO indicates as assumption representing a combination of an estimate of future experience and observations of market data

The actuarial report also shows the necessary items required for plan reporting and the any state requirements.

- ✓ Minimum contribution (Public Act 096-1495 Tax Levy Requirement)

Minimum Contribution (Public Act 096-1495 Tax Levy Requirement)

	May 1, 2016
1. Accrued liability using projected unit credit cost method	\$8,004,547
2. 90% of Accrued liability	\$7,204,092
3. Actuarial value of assets	8,220,750
4. Unfunded liability to be amortized [(2)-(3)]	\$(1,016,658)
5. Total normal cost using projected unit credit cost method	\$429,824
6. Administrative expenses	10,433
7. 25 year level pay amortization of (4)	0
8. Applicable interest	15,409
9. Minimum contribution (5 + 6 + 7 + 8)	\$455,666
10. Expected employee contributions	165,647
11. Net employer minimum contribution (9 – 10)	\$290,019

Actuarial Cost Method

Projected Unit Credit

Amortization Method

Closed level percentage of payroll amortization of 90% of Unfunded Actuarial Accrued Liability using a 5.50% payroll growth assumption over the period ending on April 30, 2041 (25 year amortization in 2016)

Asset Method

5 year smoothing of asset gains and losses

Interest Rate

7.00%, net of investment expenses

**ROMEOVILLE FIREFIGHTERS PENSION FUND
Actuarial Valuation Report**

**Showing Assets and Liabilities of the Fund in
Accordance with Actuarial Reserve Requirements
as of May 1, 2016**

Summary

Accrued Liability	\$8,709,597
Actuarial Value of Assets	\$8,178,537
Unfunded Accrued Liability	<u>\$531,060</u>

Funded Ratio 94%

Liabilities

Reserves for Annuities and Benefits in Force

	Head Count:	Present Value:	
Retirement Annuities	5	3,968,833	
Disability Annuities	0	0	
Surviving Spouse Annuities	0	0	
Minor Dependent Annuities	0	0	
Deferred Retirement Annuities	1	156,600	
Handicapped Dependent Annuities	0	0	
Dependent Parent Annuities	0	0	
Terminated Liabilities	<u>2</u>	<u>21,549</u>	
Total:	8		\$4,146,983

Accrued Liabilities for Active Members	20	<u>\$4,562,615</u>
Total Accrued Liabilities		\$8,709,597
Total Normal Cost for Active Members		\$496,059
Total Normal Cost as a Percentage of Payroll		29%

Total Annual Payroll \$1,692,697

Amortization of Unfunded Liabilities:

Total Accrued Liability	\$8,709,597
90% Funded Ratio Target	\$7,838,637
Actuarial Value of Assets	\$8,178,537
Liabilities Subject to Amortization	\$0
Amortization Period	24 years
Amortization Payment, Beginning of Year	\$0

This report is provided to the Board and Municipality as part of the Public Pension Division advisory services under Section 1A-106 of the Illinois Pension Code. This report should not be relied upon for purposes other than determining the current tax levy required under the Illinois Pension Code. The assumptions have been set based on expectations for all Article 4 funds in the State of Illinois. The actuarial methods are prescribed by the Illinois Pension Code and do not necessarily represent the approach recommended by either the actuary or the Department of Insurance. This report was prepared under the direct supervision of the undersigned:

Jason Franken
Enrolled Actuary #14-06888
Foster & Foster

Deputy Director
Public Pension Division
Illinois Department of Insurance

**ROMEOVILLE FIREFIGHTERS PENSION FUND
Actuarial Valuation Report**

Assets

Actuarial Value of Assets

Current Year Gain/(Loss):

Market value of assets as of April 30, 2015	\$7,384,878
Benefit payments during fiscal year 2016	(179,883)
Total contributions during fiscal year 2016	506,968
Expected return during fiscal year 2016	490,647
Expected market value of assets as of April 30, 2016	\$8,202,609
 Actual market value of assets as of April 30, 2016	 \$7,837,927
 Investment gain/(loss) during the fiscal year	 (\$364,682)

Development of Actuarial Value of Assets (market value less unrecognized amounts):

Market value of assets as of April 30, 2016	\$7,837,927
Unrecognized gain/(loss) from fiscal 2016	(291,745)
Unrecognized gain/(loss) from fiscal 2015	(6,502)
Unrecognized gain/(loss) from fiscal 2014	(50,833)
Unrecognized gain/(loss) from fiscal 2013	8,471
Actuarial value of assets as of April 30, 2016	\$8,178,537

Actuarially Determined Employer Contributions

Actuarially determined amount to provide the employer normal cost based on the annual payroll of active participants as of May 1, 2016.	\$336,014
Amount necessary to amortize the unfunded accrued liability as determined by the State of Illinois Department of Insurance over the remaining 24 years as prescribed by Section 4-118 of the Illinois Pension Code.	\$0
Interest to the end of the fiscal year.	\$21,841
Total suggested amount of employer contributions to arrive at the annual requirements of the fund as prescribed by Section 4-118 of the Illinois Pension Code. *	\$357,855

*The above figure is the suggested amount which should be obtained by the fund from the municipality exclusive of any other items of income, such as interest on investments, contributions from participants, etc. These items have already been taken into consideration in arriving at this amount.

ROMEOVILLE FIREFIGHTERS PENSION FUND
Actuarial Valuation Report

Actuarial Information

The following methods have been prescribed in accordance with Section 4-118 of the Illinois Pension Code.

Funding method	Projected Unit Credit
Amortization method	Normal cost, plus an additional amount (determined as a level percentage of payroll) to bring the plan's funded ratio to 90% by the end of fiscal year 2040.
Asset valuation method	Investment gains and losses are recognized over a 5-year period.

Actuarial Assumptions

Interest rate	6.50%
Interest rate, prior fiscal year	6.50%
Healthy mortality rates - Male	RP-2000 Combined Healthy Mortality, with Blue Collar Adjustment
Healthy mortality rates - Female	RP-2000 Combined Healthy Mortality, with Blue Collar Adjustment
Disability mortality rates - Male	RP-2000 Disabled Retiree Mortality
Disability mortality rates - Female	RP-2000 Disabled Retiree Mortality
Decrement other than mortality	Experience tables
Rate of service-related deaths	5%
Rate of service-related disabilities	90%
Salary increases	Service-related table with rates grading from 12% to 4% at 30 years of service
Payroll growth	4.50%
Tier 2 cost-of-living adjustment	1.25%
Marital assumptions	80% of members are assumed to be married; male spouses are assumed to be 3 years older than female spouses.

The actuarial assumptions used for determining the above amounts are based on experience for all Article 4 funds for the State of Illinois in aggregate. The Department of Insurance has approved the above actuarial assumptions. Contact the Department of Insurance for complete experience tables.

Data and Fund Information

The above valuation uses personnel data as reported to the Department of Insurance in the Schedule P. Specifically, the following data items have been determined as of the date of the Actuarial Valuation Report: attained age, annual salary or pension, completed years of service of each individual participant.

The fund specific information used in the production of this document was provided to the Department of Insurance by your pension fund board of trustees through the fund's annual statement filing.