

THE VILLAGE OF ROMEOVILLE, ILLINOIS
POLICE PENSION FUND

PUBLIC ACT 95-0950
MUNICIPAL COMPLIANCE REPORT

FOR THE FISCAL YEAR ENDED
APRIL 30, 2018



Lauterbach & Amen, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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October 9, 2018

Members of the Pension Board of Trustees
Romeoville Police Pension Fund
Romeoville, Illinois

Enclosed please find a copy of your Municipal Compliance Report for the Romeoville Police Pension Fund for the fiscal year ended April 30, 2018. We have prepared the report with the most recent information available at our office. Should you have more current information, or notice any inaccuracies, we are prepared to make any necessary revisions and return them to you.

The President and Secretary of the Pension Fund are required to sign the report on page 3. If not already included with the enclosed report, please also include a copy of the Pension Fund's most recent investment policy.

The signed Public Act 95-0950 - Municipal Compliance Report must be provided to the Municipality before the tax levy is filed on the last Tuesday in December. We are sending the report via email to promote an environmentally-friendly work atmosphere.

If you have any questions regarding this report, please contact us at auditreport@lauterbachamen.com.

Respectfully submitted,

Lauterbach & Amen, LLP

LAUTERBACH & AMEN, LLP

**THE VILLAGE OF ROMEOVILLE, ILLINOIS
POLICE PENSION FUND**

**Public Act 95-950 - Municipal Compliance Report
For the Fiscal Year Ending April 30, 2018**

The Pension Board certifies to the Board of Trustees of the Village of Romeoville, 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, including accrued interest, of the fund at market value and the total net position of the Pension Fund:

	Current Fiscal Year	Preceding Fiscal Year
Total Cash and Investments (including accrued interest)	\$42,853,493	\$38,919,039
Total Net Position	\$42,847,462	\$38,917,900

- 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	\$629,700
Estimated Receipts - All Other Sources	
Investment Earnings	\$2,999,700
Municipal Contributions	\$2,071,572

- 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	\$2,556,000
(b) Annual Requirement of the Fund as Determined by:	
Illinois Department of Insurance	N/A
Private Actuary - Nyhart, Actuary	
Recommended Municipal Contribution	\$2,071,572
Statutory Municipal Contribution	\$1,860,310

**THE VILLAGE OF ROMEOVILLE, ILLINOIS
POLICE PENSION FUND**

**Public Act 95-950 - Municipal Compliance Report
For the Fiscal Year Ending April 30, 2018**

- 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	\$3,481,196	\$3,929,398
Assumed Investment Return		
Illinois Department of Insurance	N/A	6.50%
Private Actuary - Nyhart, Actuary	7.00%	7.00%
Actual Investment Return	8.51%	10.72%

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

Number of Active Members	62
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- 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	18	\$1,419,058
(ii) Disability Pension	4	\$194,697
(iii) Survivors and Child Benefits	7	\$363,862
Totals	29	\$1,977,617

**THE VILLAGE OF ROMEOVILLE, ILLINOIS
POLICE PENSION FUND**

**Public Act 95-950 - Municipal Compliance Report
For the Fiscal Year Ending April 30, 2018**

7) The funded ratio of the fund:

	Current Fiscal Year	Preceding Fiscal Year
Illinois Department of Insurance	N/A	67.25%
Private Actuary - Nyhart, Actuary	67.58%	66.72%

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

Unfunded Liability:

Illinois Department of Insurance	N/A
Private Actuary - Nyhart, Actuary	\$20,380,191

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 _____ day of _____, 2018

President _____ Date _____

Secretary _____ Date _____

**THE VILLAGE OF ROMEOVILLE, ILLINOIS
POLICE PENSION FUND**

**Public Act 95-950 - Municipal Compliance Report
For the Fiscal Year Ending April 30, 2018**

INDEX OF ASSUMPTIONS

- 1) Total Cash and Investments - as Reported at Market Value in the Audited Financial Statements for the Years Ended April 30, 2018 and 2017.

Total Net Position - as Reported in the Audited Financial Statements for the Years Ended April 30, 2018 and 2017.

- 2) Estimated Receipts - Employee Contributions as Reported in the Audited Financial Statements for the Year Ended April 30, 2018 plus 5.5% 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 April 30, 2018, times 7% (Actuarial Investment Return Assumption) Rounded to the Nearest \$100.

Municipal Contributions - Recommended Tax Levy Requirement as Reported by Nyhart, Actuary, Actuarial Valuation for the Year Ended April 30, 2018.

- 3) (a) Pay all Pensions and Other Obligations - Total Non-Investment Deductions as Reported in the Audited Financial Statements for the Year Ended April 30, 2018, plus a 25% Increase, Rounded to the Nearest \$100.

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

Illinois Department of Insurance - No April 30, 2018 Actuarial Valuation available at the time of this report.

Private Actuary - Nyhart, Actuary

Recommended Amount of Tax Levy as Reported by Nyhart, Actuary in the April 30, 2018 Actuarial Valuation.

Statutorily Required Amount of Tax Levy as Reported by Nyhart, Actuary in the April 30, 2018 Actuarial Valuation.

**THE VILLAGE OF ROMEOVILLE, ILLINOIS
POLICE PENSION FUND**

**Public Act 95-950 - Municipal Compliance Report
For the Fiscal Year Ending April 30, 2018**

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 April 30, 2018 and 2017.

Assumed Investment Return:

Illinois Department of Insurance - Preceding Fiscal Year Interest Rate Assumption as Reported in the April 30, 2017 Actuarial Valuation. No April 30, 2018 Actuarial Valuation available at the time of this report.

Private Actuary - Current and Preceding Fiscal Year Interest Rate Assumption as Reported in the Nyhart, Actuary, April 30, 2018 and 2017 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 April 30, 2018 and 2017.

- 5) Number of Active Members - Illinois Department of Insurance Annual Statement for April 30, 2018 - Schedule P.
- 6) (i) Regular Retirement Pension - Illinois Department of Insurance Annual Statement for April 30, 2018 - 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.

**THE VILLAGE OF ROMEOVILLE, ILLINOIS
POLICE PENSION FUND**

**Public Act 95-950 - Municipal Compliance Report
For the Fiscal Year Ending April 30, 2018**

INDEX OF ASSUMPTIONS - Continued

7) The funded ratio of the fund:

Illinois Department of Insurance - Preceding Fiscal Year Actuarial Value of Assets as a percentage of Accrued Liability as Reported in the April 30, 2017 Actuarial Valuation. No April 30, 2018 Actuarial Valuation available at the time of this report.

Private Actuary - Current and Preceding Fiscal Year Actuarial Value of Assets as a percentage of Accrued Liability as Reported in the Nyhart, Actuary, April 30, 2018 and 2017 Actuarial Valuations.

8) Unfunded Liability:

Illinois Department of Insurance - Deferred Asset (Unfunded Accrued Liability) - No April 30, 2018 Actuarial Valuation available at the time of this report.

Private Actuary - Deferred Asset (Unfunded Accrued Liability) as Reported by Nyhart, Actuary in the April 30, 2018 Actuarial Valuation.

Romeoville Police Pension Fund

Investment Policy

I. PURPOSE

The purpose of pension monies is the responsibility of the members of the pension board. These responsibilities have become more difficult and complex due to the deregulation of the banking industry, the emergence of the new investment vehicles, and the growth of the amount of pension funds available for investment.

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 to the public the pension board's policy on the management of assets.

II. SCOPE

This investment policy applies to the Romeoville Police Pension Fund. This investment policy applies to all transactions involving the financial assets and related activity of the Romeoville Police Pension Fund.

III. OBJECTIVES

Safety of principal is the foremost objective of the Romeoville Police Pension Fund. Each investment transaction shall seek to first ensure that capital losses are avoided whether they are from securities defaults or erosion of market value. The pension board seeks to attain or exceed market rates of return on its investments consistent with constraints imposed by its safety objectives, cash flow considerations, and Illinois state laws that restrict the placement of public funds.

All participants in the investment process shall seek to act responsibly as custodians of pension funds. Investment officials shall avoid any transactions that might impair plan participant's confidence in the pension board's ability to manage the fund.

IV. PRUDENCE AND INDEMNIFICATION

Investments shall be made with judgment and care under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the primary objective of the attainment of market rates of return. The standard of prudence to be used by investment officials shall be that of a "Prudent Person" and shall be applied in the context of managing an overall portfolio. The members of the Romeoville Police Pension Fund and other employees acting in good faith, in accordance with written procedures, and exercising due diligence shall be relieved of personal responsibility for an individual's security credit risk or market price changes, provided that deviations from expectation are reported in a timely fashion and appropriate action is taken to control adverse developments.

V. ETHIC AND CONFLICTS OF INTEREST

The members of the Romeoville Police Pension Fund and all other parties involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

VI. INSTRUMENTS

As a unit of local government in the State of Illinois, the Romeoville Police Pension Fund is restricted by the Illinois Compiled Statutes, Chapter 108 ½, Article 3-135, "TO INVEST FUNDS", to the following types of securities:

- A. Interest bearing bonds or tax anticipation warrants of the United States of America, of the State of Illinois or any other county, township, or municipal corporation of the State of Illinois including:
 - Treasury Bills
 - Treasury Notes and Bonds
 - Government National Mortgage Association (GNMA)
 - Zero Coupon STRIP
 - Tax anticipation warrants
 - State of Illinois bonds
- B. Insured withdrawable capital accounts of State Chartered Savings and Loan Associations.
- C. Insured withdrawable capital accounts of State Chartered Savings and Loan Associations if the withdrawable capital accounts are insured by the Federal Deposit Insurance Corporation (FDIC).
- D. Insured investments in credit unions if the investments are insured by the National Credit Union Administration (NCUA)
- E. Savings accounts or certificates of deposits (CDs) of a national or state bank if the investments are insured by the Federal Deposit Insurance Corporation (FDIC).
- F. Contracts and agreements supplemental thereto providing for investments in the general account of a life insurance company authorized and licensed to do business in the State of Illinois.
- G. Separate accounts of a life insurance company authorized and licensed to do business in the State of Illinois, comprised of common or preferred stocks, bonds, or money market instruments and separate accounts managed by a life insurance company authorized and licensed to do business in the State of Illinois, comprised of real estate secured by first or second mortgages.
- H. Mutual funds that meet the following requirements:
 - a. The mutual fund must be managed by an investment company registered under the Federal Investment Company Act of 1940 and registered under the Illinois Securities Law of 1953
 - b. The mutual fund must have been in operation for at least 5 years.
 - c. The mutual fund must have total net assets of \$250,000,000 or more.
 - d. The mutual fund must be comprised of a diversified portfolio of common or preferred stocks, bonds, or money market instruments.

A pension fund's total investment in the items authorized under this Section and Section 1-113.3, shall not exceed the percentage defined by statute, of the market value of the pension fund's net present assets stated in its most recent annual report on file with the Department of Insurance.

I. Illinois Public Treasurer's Investment Pool.

VII. FINANCIAL INSTITUTIONS/BROKERS

It is the policy of the Romeoville Police Pension Fund to purchase savings accounts, certificates of deposit, and other time accounts from financial institutions. Financial institutions will be required to meet the following criteria in order to receive Romeoville Police Pension Fund monies for investment:

- A. Insurance; Public funds shall be deposited only in financial institutions insured by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA).
- B. Denominations- Certificates of Deposit in excess of FDIC insurance limited will require collateralization by the issuing financial institution.
- C. Size; The Romeoville Police Pension Fund will not select as a depository any financial institution in which the Pension's funds on deposit will, at the time the deposit is made, exceed 50% of the institution's capital stock and surplus.
- D. Disclosure; Upon completion, each financial institution shall furnish the pension board with a copy of all statements of resources and liabilities which it is required to furnish the Commissioner of Banks and Trust Companies or the Comptroller of Currency.

All other security purchases will be made from primary brokers reporting to the Federal Reserve Bank of New York or from local (Chicago Area) brokers meeting standards set forth by the Federal Reserve Bank.

VIII. CUSTODY OF ASSETS

Pursuant to Chapter 108 ½, Article 1-113 at Paragraph 16, all investments of the Romeoville Police Pension Fund shall be clearly held accounted for to indicate ownership by the pension board.

IX. AMENDMENT

This policy shall be reviewed from time to time and any changes shall be presented to the pension board for its approval.

X. EFFECTIVE DATE

This policy was prepared under the authority of the Romeoville Police Pension Fund. The policy shall be effective immediately for all new investments.

APPROVED:  President

APPROVED:  Secretary

APPROVED:  Vice President

APPROVED: [Signature] Asst. Secretary
APPROVED: _____ Trustee

APPROVED: Mark Opencowski Treasurer

DATE: 10 - 14 - 14



Village of Romeoville Police Pension Fund

**May 1, 2018
Actuarial Valuation Report**

Actuarial Certification	3
Executive Summary	5
Summary Results	5
Changes Since Prior Valuation and Key Notes	6
Assets and Liabilities	7
Present Value of Future Benefits	7
Funding Liabilities	8
Asset Information	9
Reconciliation of Gain/Loss	11
Contribution Requirements	12
Development of Recommended Contribution	12
Demographic Information	13
Participant Reconciliation	15
Plan Provisions	17
Actuarial Assumptions	20
Other Measurements	22
Minimum Contribution	23

At the request of the plan sponsor, this report summarizes the Village of Romeoville Police Pension Fund as of May 1, 2018. The purpose of this report is to communicate the following results of the valuation:

- Funded Status;
- Recommended Village Contribution;
- Statutory Minimum 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



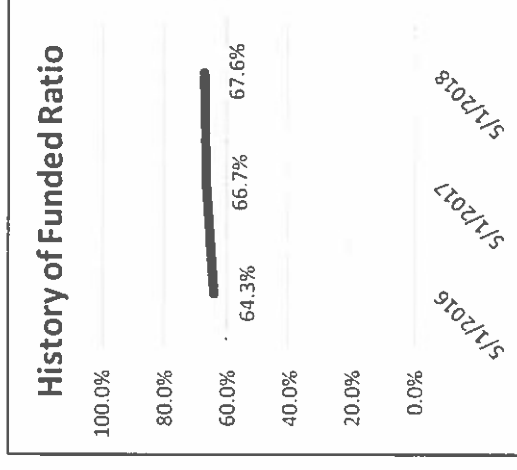
Michael Zurek, EA, FCA, MAAA

September 11, 2018
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 actuarial cost method.

	May 1, 2017	May 1, 2018
Funded Status Measures		
Accrued Liability	\$ 58,633,244	\$ 62,868,434
Actuarial Value of Assets	39,122,326	42,488,243
Unfunded Accrued Liability	\$ 19,510,918	\$ 20,380,191
Funded Percentage (AVA)	66.7%	67.6%
Funded percentage (MVA)	66.4%	68.2%
Cost Measures		
Recommended Total Pension Contribution	\$ 2,487,320	\$ 2,693,758
Expected Employee Contributions	(620,377)	(622,186)
Recommended Net Village Contribution	\$ 1,866,943	\$ 2,071,572
- as a Percentage of Payroll	30.9%	34.2%
Asset Measures		
Market Value of Assets (MVA)	\$ 38,917,900	\$ 42,847,462
Actuarial Value of Assets (AVA)	\$ 39,122,326	\$ 42,488,243
Actuarial Value/Market Value	100.5%	99.2%
Participant Information		
Active Participants	64	62
Terminated Vested Participants	4	5
Retirees, Beneficiaries, and Disabled Participants	30	29
Total	98	96
Payroll	\$ 6,048,420	\$ 6,066,051



Changes since Prior Valuation and Key Notes

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

The mortality assumption was updated from the RP-2000 mortality table with blue collar adjustment projected to 2017 using scale AA to the RP-2014 mortality table with blue collar adjustment projected generationally from 2013 using improvement scale MP-2017. The disabled mortality table was changed to 115% of the healthy mortality table with the same projection scale. This change resulted in an increase in benefit obligations and in the recommended contribution.

The retirement, withdrawal, and disability decrement assumptions were changed to the recommended rates in the Illinois Department of Insurance Experience Study published in 2017. The changes resulted in an increase in benefit obligations and an increase in the recommended contribution.

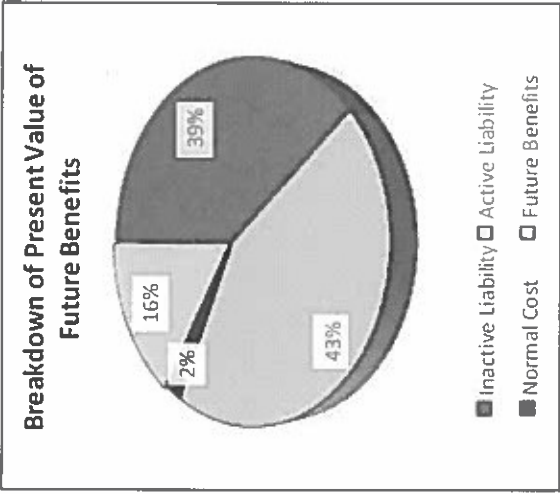
Present Value of Future Benefits

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

May 1, 2018

Present Value of Future Benefits

Active Participants	
Retirement	\$ 41,686,972
Disability	3,114,343
Death	740,777
Termination	1,400,954
Total Active	\$ 46,943,046
Inactive Participants	
Retired Participants	\$ 23,223,532
Beneficiaries	3,086,295
Disabled Participants	3,497,908
Terminated Vested Participants	145,269
Total Inactive	\$ 29,953,004
Total	\$ 76,896,050
Present Value of Future Payrolls	\$ 63,178,329
Present Value of Future Employee Contributions	\$ 6,085,775



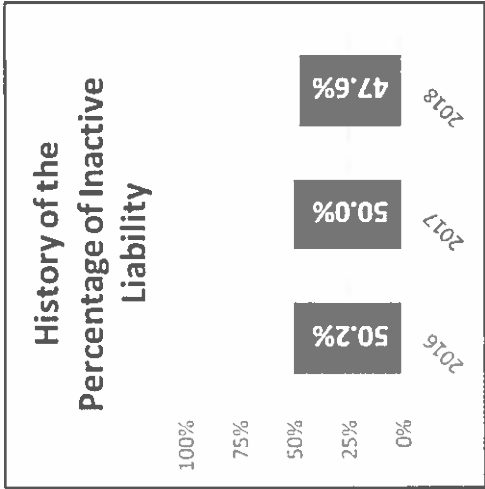
Accrued Liability

The Funding Liability measures the present value of benefits earned as of the valuation date, using the actuarial assumptions described in the assumption section of this report and the Entry Age Normal actuarial cost method.

May 1, 2018

Funding Liabilities

Active Participants	
Retirement	\$ 29,985,651
Disability	1,713,973
Death	401,023
Termination	814,783
Total Active	\$ 32,915,430
Inactive Participants	
Retired Participants	\$ 23,223,532
Beneficiaries	3,086,295
Disabled Participants	3,497,908
Terminated Vested Participants	145,269
Total Inactive	\$ 29,953,004
Total	\$ 62,868,434
Normal Cost	\$ 1,523,010



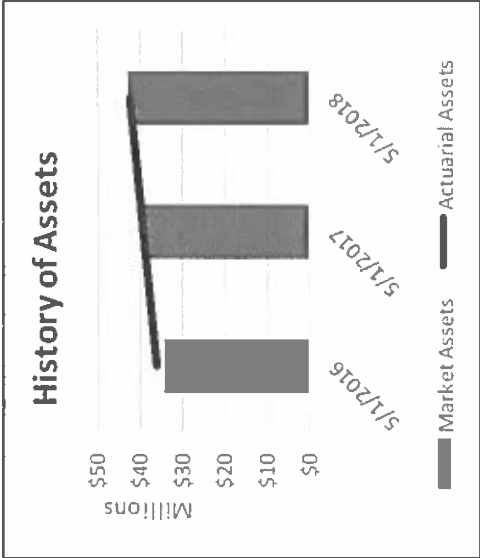
Asset Information

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, 2018

Market Value Reconciliation

Market Value of Assets, Beginning of Prior Year	\$ 38,917,900
Contributions	
Employer Contributions	\$ 1,856,992
Member Contributions	636,153
Total	\$ 2,493,145
Investment Income	3,481,196
Benefit Payments	(1,995,563)
Administrative Expenses	(49,216)
Market Value of Assets, Beginning of Current Year	\$ 42,847,462
Return on Market Value	8.9%
Actuarial value of assets	
Value at Beginning of Current Year	\$ 42,488,243



Asset Information (continued)

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

May 1, 2018

1. Expected Market Value of Assets	
(a) Market Value of Assets, Beginning of Prior Year	\$ 38,917,900
(b) Contributions	2,493,145
(c) Benefit Payments	(1,995,563)
(d) Administrative Expenses	(49,216)
(e) Expected Return	2,739,946
(f) Expected Market Value of Assets, Beginning of Current Year	<u>\$ 42,106,212</u>
2. Market Value of Assets, Beginning of Current Year	\$ 42,847,462
3. Actual Return on Market Value	\$ 3,481,196
4. Amount Subject to Phase-in [(3)-(1e)]	<u>\$ 741,250</u>
5. Phase-in of Asset Gain/(Loss)	
(a) Current Year [80% x \$ 741,250]	\$ 593,000
(b) First Prior Year [60% x \$ 1,501,454]	900,872
(c) Second Prior Year [40% x \$ (2,903,937)]	(1,161,575)
(d) Third Prior Year [20% x \$ 134,611]	26,922
(e) Total Phase-in	<u>\$ 359,219</u>
6. Actuarial Value of Assets, Beginning of Current Year [(2)-(5e)]	\$ 42,488,243
7. Return on Actuarial Value of Assets	7.4%

Village of Romeoville Police Pension Fund
Actuarial Valuation as of May 1, 2018
Assets and Liabilities

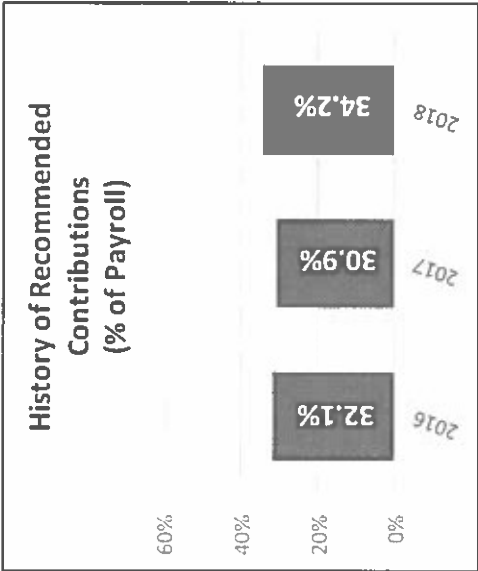
Reconciliation of Gain/Loss		May 1, 2018
Liability (Gain)/Loss		
Actuarial Liability, Beginning of Prior Year		\$ 58,633,244
Normal Cost		1,432,911
Benefit Payments		(1,995,563)
Expected Interest		<u>4,134,786</u>
Expected Actuarial Liability, Beginning of Current Year		\$ 62,205,378
Actual Actuarial Liability, Before Changes		\$ 60,479,366
Liability (Gain)/Loss		\$ (1,726,012)
Asset (Gain)/Loss		
Actuarial Value of Assets, Beginning of Prior Year		\$ 39,122,326
Contributions		2,493,145
Benefit Payments and Administrative Expenses		(2,044,779)
Expected Return		<u>2,754,256</u>
Expected Actuarial Value of Assets, Beginning of Current Year		\$ 42,324,948
Actual Actuarial Value of Assets, Beginning of Current Year		\$ 42,488,243
Asset (Gain)/Loss		\$ (163,295)
Total (Gain)/Loss		\$ (1,889,307)

Development of Recommended Contribution

The recommended contribution is the annual amount needed to fund the plan to 100% by the end of the 2041 fiscal year as a level percentage of payroll, using the Entry Age Normal actuarial cost method. The recommended contribution is subject to the State statutory minimum, which is the annual amount needed to fund the plan to 90% by the end of the 2040 fiscal year as a level percentage of payroll, using the Projected Unit Credit actuarial cost method.

May 1, 2018

Funded Position	
1. Entry Age Normal Accrued Liability	\$ 62,868,434
2. 100% of Entry Age Normal Accrued Liability	\$ 62,868,434
3. Actuarial Value of Assets	42,488,243
4. Unfunded Actuarial Accrued Liability (UAAL) (2 – 3)	\$ 20,380,191
Recommended Contribution	
1. Normal Cost	\$ 1,523,010
2. Administrative Expenses	49,216
3. Amortization of UAAL	1,030,439
4. Applicable Interest	91,093
5. Total Recommended Contribution	\$ 2,693,758
6. Expected Employee Contributions	622,186
7. Net Recommended Village Contribution (5 – 6)	\$ 2,071,572
8. Minimum Contribution (Public Act 096-1495 Tax Levy Requirement)	\$ 1,860,310
9. Final Recommended Contribution [max (7,8)]	\$ 2,071,572
As a Percentage of Expected Payroll	
	34.2%



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.

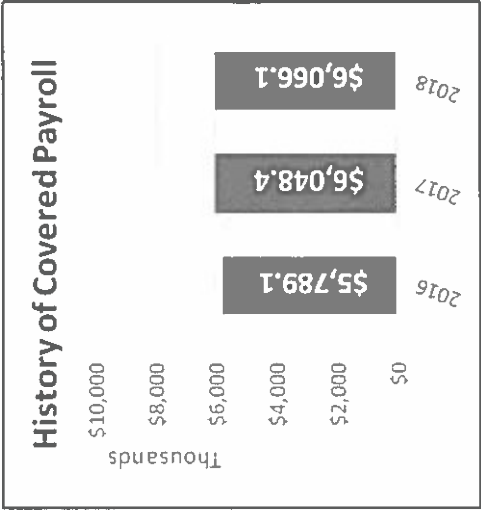
May 1, 2018

Participant Counts

Active Participants	62
Retired Participants	18
Beneficiaries	7
Disabled Participants	4
Terminated Vested Participants	5
Total Participants	96

Active Participant Demographics

Average Age	40.3
Average Service	13.4
Average Compensation	\$ 97,840
Covered Payroll	\$ 6,066,051



Demographic Information (continued)

	May 1, 2018
Retiree Statistics	
Average Age	62.2
Average Monthly Pension Benefit	\$ 6,688
Beneficiary Statistics	
Average Age	73.3
Average Monthly Pension Benefit	\$ 4,087
Disabled Participants Statistics	
Average Age	46.0
Average Monthly Pension Benefit	\$ 4,056
Terminated Participants Statistics	
Average Age	33.4
Average Monthly Pension Benefit*	\$ 3,174

* 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	64	4	4	17	9	98
Active						
To Retired	0	0	0	0	0	0
To Disabled	0	0	0	0	0	0
To Terminated Vested	(2)	2	0	0	0	0
To Death with Beneficiary	0	0	0	0	0	0
Terminated Nonvested (return of employee contributions)	(1)	0	0	0	0	(1)
Terminated Vested						
To Retired	0	(1)	0	1	0	0
To Disabled	0	0	0	0	0	0
Return of employee contributions	0	0	0	0	0	0
Disabled						
To Terminated Vested	0	0	0	0	0	0
Retired						
To Death with Beneficiary	0	0	0	0	0	0
Death without Beneficiary	0	0	0	0	0	0
Beneficiaries						
To Death	0	0	0	0	(2)	(2)
Additions	1	0	0	0	0	1
Departures	0	0	0	0	0	0
Current Year	62	5	4	18	7	96

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		1									1	70,950
25 to 29	2	6	1								9	73,273
30 to 34		5	2	2							9	84,551
35 to 39			3	5	2						10	101,736
40 to 44				3	7						10	102,549
45 to 49				2	8	5	1				16	107,557
50 to 54					3	1	2				6	110,704
55 to 59											0	
60 to 64									1		1	146,700
65 to 69											0	
70 & up											0	
Total	2	12	6	12	20	6	3	0	1	0	62	97,840

Eligibility for Participation

Police Officers 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 the Accrued Benefit of 2.5% of final salary times service shall be paid at age 60.
For those hired after or on January 1, 2011 the Accrued Benefit is reduced by 0.5% for each month prior to age 55

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 50% of the final salary is paid to the survivor.
	For those hired after 1/1/2011 a benefit of 100% 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 office 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

9.91% of Compensation

COLA

Eligibility

All Participants

Benefit

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.

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.

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.

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, 2018
Participant and Asset Information Collected as of	May 1, 2018
Actuarial Cost Method (CO)	Entry Age Normal Cost Method
Amortization Method – Recommended Contribution (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 (23-year amortization in 2018)
Asset Method	5 year smoothing of asset gains and losses
Interest Rates (CO)	7.00%, net of investment expenses
Inflation (FE)	2.50%
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-2014 Mortality Table with blue collar adjustment, projected generationally from 2013 using Scale MP-2017
Disabled	115% of the healthy mortality table, projected generationally from 2013 using Scale MP-2017
	10% of deaths are assumed to be in the line of duty

Retirement Rates (FE)

Recommended rates from the 2017 IDOI experience study:

Tier I		Tier II	
Age	Rate	Age	Rate
50-51	15%	50-54	5%
52-54	20%	55	40%
55-64	25%	56-64	25%
65-69	40%	65-69	40%
70+	100%	70+	100%

Disability Rates (FE)

Recommended rates from the 2017 IDOI experience study. Sample rates include:

Age	Rate
20	0.000%
30	0.140%
40	0.420%
50	0.710%

60% of disabilities are assumed to be in the line of duty

Termination Rates (FE)

Recommended rates from the 2017 IDOI experience study. Sample rates include:

Age	Rate
20	10.40%
30	5.60%
40	1.90%
50	1.50%

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

Equal to the normal cost plus an 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 an 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, 2018

1. Accrued liability using projected unit credit cost method	\$ 59,733,844
2. 90% of Accrued liability	\$ 53,760,460
3. Actuarial value of assets	42,488,243
4. Unfunded liability to be amortized [(2)-(3)]	\$ 11,272,217
5. Total normal cost using projected unit credit cost method	\$ 1,757,463
6. Administrative expenses	49,216
7. 22-year level pay amortization of (4)	591,868
8. Applicable interest	83,949
9. Minimum contribution (5 + 6 + 7 + 8)	\$ 2,482,496
10. Expected employee contributions	622,186
11. Net employer minimum contribution (9 – 10)	\$ 1,860,310

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, 2040 (22-year amortization in 2018)

Asset Method

5 year smoothing of asset gains and losses

Interest Rate

7.00%, net of investment expenses