



EAST DUNDEE POLICE PENSION FUND

**A FIDUCIARY COMPONENT UNIT OF THE
VILLAGE OF EAST DUNDEE, ILLINOIS**

ANNUAL FINANCIAL REPORT

For the Year Ended April 30, 2020

The background of the lower half of the page is an abstract, grayscale geometric pattern. It consists of numerous overlapping, semi-transparent planes and lines that create a sense of depth and complexity, resembling a wireframe or a complex architectural structure.

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VILLAGE OF EAST DUNDEE, ILLINOIS
POLICE PENSION FUND
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INDEPENDENT AUDITOR'S REPORT

The Honorable President
Members of the Board of Trustees
of the Police Pension Fund
East Dundee, Illinois

We have audited the basic financial statements of the Police Pension Fund (the Fund), a fiduciary component unit of the Village of East Dundee, Illinois as of April 30, 2020, and for the year then ended and the related notes to financial statements as listed in the accompanying table of contents.

Management's Responsibility for the Financial Statements

Management of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fund's preparation and fair presentation of the basic financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the basic financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Police Pension Fund of the Village of East Dundee, Illinois as of April 30, 2020, and the changes in fiduciary net position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

The Fund adopted GASB Statement No. 84, *Fiduciary Activities*, which changed the reporting of certain fiduciary funds. Our opinion is not modified with respect to these matters.

Other Matters

The Fund has not presented a Management's Discussion and Analysis as required supplementary information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Required Supplementary Information

In addition, accounting principles generally accepted in the United States of America require that the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Sikich LLP

Naperville, Illinois
September 18, 2020

BASIC FINANCIAL STATEMENTS

**VILLAGE OF EAST DUNDEE, ILLINOIS
POLICE PENSION FUND**

STATEMENT OF FIDUCIARY NET POSITION

April 30, 2020

| ASSETS | |
|---|---------------------|
| Cash and Short-Term Investments | \$ 14,380 |
| Investments, at Fair Value | |
| U.S. Treasury Securities | 696,992 |
| U.S. Agency Securities | 3,559,604 |
| State and Local Obligations | 578,431 |
| Corporate Bonds | 717,947 |
| Mutual Funds | 3,863,366 |
| Money Market Mutual Funds | 47,743 |
| Accrued Interest | 42,023 |
| Prepays | 2,571 |
| | <hr/> |
| Total Assets | 9,523,057 |
| | <hr/> |
| LIABILITIES | |
| Accounts Payable | 3,286 |
| | <hr/> |
| Total Liabilities | 3,286 |
| | <hr/> |
| NET POSITION RESTRICTED FOR PENSIONS | \$ 9,519,771 |
| | <hr/> <hr/> |

See accompanying notes to financial statements.

VILLAGE OF EAST DUNDEE, ILLINOIS
POLICE PENSION FUND

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the Year Ended April 30, 2020

ADDITIONS

| | |
|--|------------------|
| Contributions | |
| Employer | \$ 789,177 |
| Plan Members | <u>107,663</u> |
| Total Contributions | <u>896,840</u> |
| Investment Income | |
| Net Appreciation in Fair Value of Investments | 177,032 |
| Interest | <u>251,987</u> |
| Total Investment Income | 429,019 |
| Less Investment Expense | <u>(36,404)</u> |
| Net Investment Income | <u>392,615</u> |
| Total Additions | <u>1,289,455</u> |

DEDUCTIONS

| | |
|------------------------------|----------------|
| Pension Benefits and Refunds | 856,815 |
| Administrative Expenses | <u>31,553</u> |
| Total Deductions | <u>888,368</u> |

NET INCREASE 401,087

**NET POSITION RESTRICTED
FOR PENSIONS**

| | |
|----------|----------------------------|
| May 1 | <u>9,118,684</u> |
| April 30 | <u><u>\$ 9,519,771</u></u> |

See accompanying notes to financial statements.

**VILLAGE OF EAST DUNDEE, ILLINOIS
POLICE PENSION FUND**

NOTES TO FINANCIAL STATEMENTS

April 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Police Pension Fund of the Village of East Dundee, Illinois (the Fund) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies are described below.

A. Reporting Entity

The Fund is a fiduciary component unit of the Village of East Dundee, Illinois (the Village).

B. Fund Accounting

The Fund uses one fund to report on its fiduciary net position and the changes in its fiduciary net position. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. The Fund is classified in this report in the fiduciary fund category.

Fiduciary funds are used to account for fiduciary activities (e.g., assets held on behalf of outside parties, including other governments). When pension plan assets are held under the terms of a formal trust agreement, a pension trust fund is used.

C. Basis of Accounting

The Fund is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows, liabilities and deferred inflows associated with the operation of this fund are included on the statement of fiduciary net position. Pension trust fund operating statements present increases (e.g., additions) and decreases (e.g., deductions) in net position restricted for pension benefits.

The accrual basis of accounting is utilized by the pension trust fund. Under this method, additions are recorded when earned and deductions are recorded at the time the liabilities are incurred.

VILLAGE OF EAST DUNDEE, ILLINOIS
POLICE PENSION FUND
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Investments

Investments are stated at fair value at April 30, 2020. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Securities traded on national exchanges are valued at the last reported sales price.

The Fund categorizes the fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

E. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. PLAN DESCRIPTION

A. Plan Administration

Police sworn personnel are covered by the Fund, a single-employer defined benefit pension plan sponsored by the Village. The defined benefits and employee and minimum employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/4-101) and may be amended only by the Illinois legislature. The Village accounts for the Fund as a pension trust fund.

The Fund is governed by a five-member Board of Trustees. Two members of the Board of Trustees are appointed by the Village's President, one member is elected by pension beneficiaries and two members are elected by active police employees.

VILLAGE OF EAST DUNDEE, ILLINOIS
POLICE PENSION FUND
NOTES TO FINANCIAL STATEMENTS (Continued)

2. PLAN DESCRIPTION (Continued)

B. Plan Membership

At April 30, 2020, membership consisted of:

| | |
|--|----------------------|
| Inactive Plan Members Currently Receiving Benefits | 13 |
| Inactive Plan Members Entitled to but not yet Receiving Benefits | 1 |
| Active Plan Members | <u>12</u> |
| TOTAL | <u><u>26</u></u> |

C. Benefits Provided

The following is a summary of benefits of the Fund as provided for in Illinois Compiled Statutes (ILCS):

The Police Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held at the date of retirement. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a covered employee who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the greater of the average monthly salary obtaining by dividing the total salary during the 48 consecutive months of service within the last of 60 months in which the total salary was the highest by the number of months in that period; or 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. Police officers' salary for pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3% compounded. The annual benefit shall be increased by 2.50% of such salary for

VILLAGE OF EAST DUNDEE, ILLINOIS
POLICE PENSION FUND
NOTES TO FINANCIAL STATEMENTS (Continued)

2. PLAN DESCRIPTION (Continued)

C. Benefits Provided (Continued)

each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., ½% for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3% or ½ of the change in the Consumer Price Index for the proceeding calendar year.

D. Contributions

Covered employees are required to contribute 9.91% of their base salary to the Fund. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to finance the Fund and the administrative costs as actuarially determined by an enrolled actuary. Effective January 1, 2011, the Village has until the year 2040 to fund 90% of the past services costs for the Fund. The Village has chosen a policy to fund 100% of the past service costs by 2040. For the year ended April 30, 2020, the Village's contribution was 61.93% of covered payroll.

3. INVESTMENTS

The deposits and investments of the Fund are held separately from those of the Village and are under the control of the Fund's Board of Trustees.

A. Investment Policy

ILCS limits the Fund's investments to those allowable by ILCS and require the Fund's Board of Trustees to adopt an investment policy which can be amended by a majority vote of the Board of Trustees. The Fund's investment policy authorizes the Fund to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States Government or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, investment-grade corporate bonds and The Illinois Funds. The Fund may also invest in certain non-U.S. obligations, Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivisions, Illinois insurance company general and separate accounts, mutual funds, corporate equity and corporate debt securities and real estate investment trusts. The Fund's investment policy limits investments to those allowed by statutes.

VILLAGE OF EAST DUNDEE, ILLINOIS
POLICE PENSION FUND
NOTES TO FINANCIAL STATEMENTS (Continued)

3. INVESTMENTS (Continued)

A. Investment Policy (Continued)

The Fund's investment policy in accordance with ILCS establishes the following target allocation across asset classes:

| Asset Class | Target Range of the Total Classification | Long-Term Expected Real Rate of Return |
|-----------------------------------|--|--|
| Fixed Income | | 1.10% |
| U.S. Treasury Securities | 0%-100% | |
| U.S. Government Agency (Non-MBS) | 0%-70% | |
| U.S. Government Agency - Callable | 0%-30% | |
| U.S. Government Agency (MBS) | 0%-10% | |
| Taxable Municipal Securities | 0%-20% | |
| Certificate of Deposit | 0%-20% | |
| Investment Grade Corporate Bonds | 0%-30% | |
| Equity | | |
| U.S. Large Company Stocks | 40-100% | 6.10% |
| U.S. Small Company Stocks | 0-40% | 7.90% |
| International Stocks | 0-20% | 6.60% |

The investment policy limits the amount of equity investments to 45% of the total investment portfolio.

The long-term expected rate of return on the Fund's investments was determined using an asset allocation study conducted by the Fund's investment management consultant in which best estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation of 2.70% were developed for each major assets class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of April 30, 2020 are listed in the table above.

B. Concentrations

Concentration of credit risk is the risk that the Fund has a high percentage of its investments invested in one type of investment. The Fund's investment policy limits the amount invested in any one entity to not exceed 10%. This limitation does not apply to The Illinois Funds or U.S. Treasury or agencies held in safekeeping by an authorized custodian.

VILLAGE OF EAST DUNDEE, ILLINOIS
POLICE PENSION FUND
NOTES TO FINANCIAL STATEMENTS (Continued)

3. INVESTMENTS (Continued)

B. Concentrations (Continued)

Investments (other than United States Government guaranteed obligations) in any one organization that represent 5% or more of Fund's investments as of April 30, 2020 are as follows:

| | Investment Amount | % of Assets |
|-----------------------|----------------------|-------------|
| Pioneer Equity Income | \$ 365,868 | 6.59% |
| T Rowe Price Growth | 831,696 | 14.98% |
| Vanguard 500 Index | 821,666 | 14.80% |

C. Rate of Return

For the year ended April 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 4.39%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

D. Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Fund's deposits may not be returned to them. Flow-through FDIC insurance is available for the Fund's deposits with financial institutions. The Fund's investment policy requires pledging of collateral for its deposits in excess of federal depository insurance.

E. Interest Rate Risk

The following table presents the investments and maturities of the Fund's debt securities as of April 30, 2020:

| Investment Type | Fair Value | Investment Maturities (in Years) | | | |
|-----------------------------|---------------------|----------------------------------|---------------------|---------------------|--------------------|
| | | Less than 1 | 1-5 | 6-10 | Greater than 10 |
| U.S. Treasury Notes | \$ 696,992 | \$ 166,722 | \$ 423,471 | \$ 106,799 | \$ - |
| U.S. Agency Securities | 3,559,604 | 100,939 | 750,957 | 2,490,717 | 216,991 |
| State and Local Obligations | 578,431 | 35,342 | 256,892 | 286,197 | - |
| Corporate Bonds | 717,947 | - | 182,067 | 535,880 | - |
| TOTAL | \$ 5,552,974 | \$ 303,003 | \$ 1,613,387 | \$ 3,419,593 | \$ 216,991 |

VILLAGE OF EAST DUNDEE, ILLINOIS
POLICE PENSION FUND
NOTES TO FINANCIAL STATEMENTS (Continued)

3. INVESTMENTS (Continued)

E. Interest Rate Risk (Continued)

The Fund has the following recurring fair value measurements as of April 30, 2020: the U.S. Treasury obligations and mutual funds are valued using quoted prices (Level 1 inputs). U.S. agency obligations and state and municipal obligations and corporate bonds are valued using evaluated pricing (Level 2 inputs).

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for all reasonably anticipated operating requirements while providing a reasonable rate of return based on the current market. To the extent possible, the Fund attempts to match the maturity schedule of its investments with anticipated cash flow requirements.

F. Credit Risk

The Fund limits its exposure to credit risk, the risk that the issuers of a debt security will not pay its par value upon maturity, by primarily investing in securities issued by the United States Government and/or its agencies that are implicitly guaranteed by the United States Government, state and local obligations and in corporate bonds rated at investment grade by two or more nationally recognized rating agencies. The Fund's investment policy stresses the safety of principal, but does not specifically address credit risk. As of April 30, 2020, the credit ratings of the Fund's rated U.S. agency securities were rated AAA to AA+, state and local obligations were rated AAA to AA-, and corporate bonds were rated AAA to A-.

G. Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Fund will not be able to recover the value of its investments that are in possession of an outside party. The Fund limits its exposure to custodial risk by utilizing an independent, third party institution, to act as custodian for its securities.

VILLAGE OF EAST DUNDEE, ILLINOIS
POLICE PENSION FUND
NOTES TO FINANCIAL STATEMENTS (Continued)

4. PENSION LIABILITY OF THE VILLAGE

A. Net Pension Liability

The components of the net pension liability of the Fund as of April 30, 2020 were as follows:

| | |
|---|---------------|
| Total Pension Liability | \$ 22,655,665 |
| Plan Fiduciary Net Position | 9,519,771 |
| Village's Net Pension Liability | 13,135,894 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 42.02% |

See the schedule of changes in the employer's net pension liability and related ratios on page 15 of the required supplementary information for additional information related to the funded status of the Fund.

B. Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of April 30, 2020 using the following actuarial methods and assumptions.

| | |
|---------------------------------|------------------|
| Actuarial Valuation Date | April 30, 2020 |
| Actuarial Cost Method | Entry-Age Normal |
| Assumptions | |
| Inflation | 2.50% |
| Salary Increases | 3.75% to 8.05% |
| Interest Rate (Net of Expenses) | 6.50% |
| Cost of Living Adjustments | 3.25% |
| Asset Valuation Method | Market |

Mortality rates are based on rates developed in the Lauterbach & Amen, LLP 2016 Mortality Table for Illinois Police.

VILLAGE OF EAST DUNDEE, ILLINOIS
POLICE PENSION FUND
NOTES TO FINANCIAL STATEMENTS (Continued)

4. PENSION LIABILITY OF THE VILLAGE (Continued)

C. Discount Rate

The discount rate used to measure the total pension liability at April 30, 2020 was 5.32%. The discount rate at April 30, 2019 was 5.79%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the Village contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected not to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments of 6.50% was blended with the index rate of 2.56% for tax exempt general obligation municipal bonds rated AA or better at April 30, 2020 to arrive at a discount rate of 5.32% used to determine the total pension liability.

D. Discount Rate Sensitivity

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability of the Village calculated using the discount rate of 5.32% as well as what the Village's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.32%) or 1 percentage point higher (6.32%) than the current rate:

| | 1% Decrease (4.32%) | Current Discount Rate (5.32%) | 1% Increase (6.32%) |
|-----------------------|------------------------|-------------------------------------|------------------------|
| Net Pension Liability | \$ 16,807,744 | \$ 13,135,894 | \$ 10,201,247 |

REQUIRED SUPPLEMENTARY INFORMATION

**VILLAGE OF EAST DUNDEE, ILLINOIS
POLICE PENSION FUND**

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Last Ten Fiscal Years

| FISCAL YEAR ENDED APRIL 30, | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|-------------------|-----------------|--------------------|--------------------|-----------------|-----------------|------------------|-------------------|------------------|--------------|
| Actuarially Determined Contribution | \$ 359,087 | \$ 356,080 | \$ 370,205 | \$ 372,674 | \$ 394,402 | \$ 449,969 | \$ 625,773 | \$ 692,028 | \$ 749,982 | \$ 789,177 |
| Contributions in Relation to the Actuarially Determined Contribution | 254,815 | 356,570 | 385,647 | 390,488 | 387,389 | 448,635 | 570,288 | 543,025 | 653,029 | 789,177 |
| CONTRIBUTION DEFICIENCY (Excess) | \$ 104,272 | \$ (490) | \$ (15,442) | \$ (17,814) | \$ 7,013 | \$ 1,334 | \$ 55,485 | \$ 149,003 | \$ 96,953 | \$ - |
| Covered Payroll | \$ 829,584 | \$ 862,707 | \$ 962,785 | \$ 1,084,801 | \$ 1,062,829 | \$ 1,178,939 | \$ 1,012,124 | \$ 1,045,018 | \$ 998,230 | \$ 1,274,307 |
| Contributions as a Percentage of Covered Payroll | 30.72% | 41.33% | 40.06% | 36.00% | 36.45% | 38.05% | 56.35% | 51.96% | 65.42% | 61.93% |

Notes to Required Supplementary Information

Valuation Date: Actuarially determined contribution rates are calculated as of May 1 of the prior fiscal year.

Methods and Assumptions Used to Determine Contribution Rates:

| | |
|-------------------------------|---|
| Actuarial Cost Method | Entry-Age Normal |
| Amortization Method | Level Percent of Pay, Closed; 100% |
| Remaining Amortization Period | 19 years |
| Asset Valuation Method | 5-Year Smoothed Market |
| Inflation | 2.50% |
| Salary Increases | 4.00% to 8.30% |
| Investment Rate of Return | 5.32% |
| Retirement Age | See Note 2 in the Notes to Financial Statements |
| Mortality | L&A Assumption Study for Police 2014 |

(See independent auditor's report.)

**VILLAGE OF EAST DUNDEE, ILLINOIS
POLICE PENSION FUND**

SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS

Last Six Fiscal Years

| MEASUREMENT DATE APRIL 30, | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| TOTAL PENSION LIABILITY | | | | | | |
| Service Cost | \$ 253,119 | \$ 270,899 | \$ 261,795 | \$ 278,664 | \$ 304,147 | \$ 386,510 |
| Interest | 824,611 | 852,309 | 984,327 | 968,673 | 1,085,654 | 1,118,524 |
| Changes of Benefit Terms | - | - | - | - | - | 148,415 |
| Differences Between Expected and Actual Experience | 19,808 | 194,224 | 420,845 | 247,983 | 112,918 | 100,845 |
| Changes of Assumptions | 857,947 | 1,409,818 | 209,228 | 1,281,935 | 445,928 | 2,011,581 |
| Benefit Payments, Including Refunds of Member Contributions | (548,397) | (652,320) | (740,046) | (793,560) | (835,416) | (856,814) |
| Net Change in Total Pension Liability | 1,407,088 | 2,074,930 | 1,136,149 | 1,983,695 | 1,113,231 | 2,909,061 |
| Total Pension Liability - Beginning | 12,031,511 | 13,438,599 | 15,513,529 | 16,649,678 | 18,633,373 | 19,746,604 |
| TOTAL PENSION LIABILITY - ENDING | \$ 13,438,599 | \$ 15,513,529 | \$ 16,649,678 | \$ 18,633,373 | \$ 19,746,604 | \$ 22,655,665 |
| PLAN FIDUCIARY NET POSITION | | | | | | |
| Contributions - Employer | \$ 387,389 | \$ 448,635 | \$ 570,288 | \$ 543,025 | \$ 653,029 | \$ 789,177 |
| Contributions - Member | 101,582 | 106,193 | 106,148 | 99,961 | 99,484 | 107,663 |
| Contributions - Others | - | - | 31,000 | - | - | - |
| Net Investment Income | 508,031 | 89,243 | 558,800 | 393,516 | 536,142 | 392,615 |
| Benefit Payments, Including Refunds of Member Contributions | (548,397) | (652,320) | (740,046) | (793,560) | (835,416) | (856,815) |
| Administrative Expense | (21,937) | (21,657) | (27,349) | (24,883) | (31,095) | (31,553) |
| Net Change in Plan Fiduciary Net Position | 426,668 | (29,906) | 498,841 | 218,059 | 422,144 | 401,087 |
| Plan Fiduciary Net Position - Beginning | 7,582,878 | 8,009,546 | 7,979,640 | 8,478,481 | 8,696,540 | 9,118,684 |
| PLAN FIDUCIARY NET POSITION - ENDING | \$ 8,009,546 | \$ 7,979,640 | \$ 8,478,481 | \$ 8,696,540 | \$ 9,118,684 | \$ 9,519,771 |
| EMPLOYER'S NET PENSION LIABILITY | \$ 5,429,053 | \$ 7,533,889 | \$ 8,171,197 | \$ 9,936,833 | \$ 10,627,920 | \$ 13,135,894 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 59.60% | 51.44% | 50.92% | 46.67% | 46.18% | 42.02% |
| Covered Payroll | \$ 1,062,829 | \$ 1,178,939 | \$ 1,012,124 | \$ 1,045,018 | \$ 998,230 | \$ 1,274,307 |
| Employer's Net Pension Liability as a Percentage of Covered Payroll | 510.81% | 639.04% | 807.33% | 457.88% | 1,064.68% | 1,030.83% |

For 2020, the changes in assumptions include a change in the discount rate from 5.79% to 5.32%.

For 2019, the changes in assumptions include a change in the discount rate from 5.96% to 5.79%.

For 2018, the changes in assumptions include a change in the discount rate from 6.50% to 5.96%.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

**VILLAGE OF EAST DUNDEE, ILLINOIS
POLICE PENSION FUND**

SCHEDULE OF INVESTMENT RETURNS

Last Six Fiscal Years

| FISCAL YEAR ENDED APRIL 30, | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| Annual Money-Weighted Rate of Return, Net of Investment Expense | 6.77% | 1.12% | 7.09% | 4.71% | 6.11% | 4.39% |

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)