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FIDUCIARY FUNDS OVERVIEW2

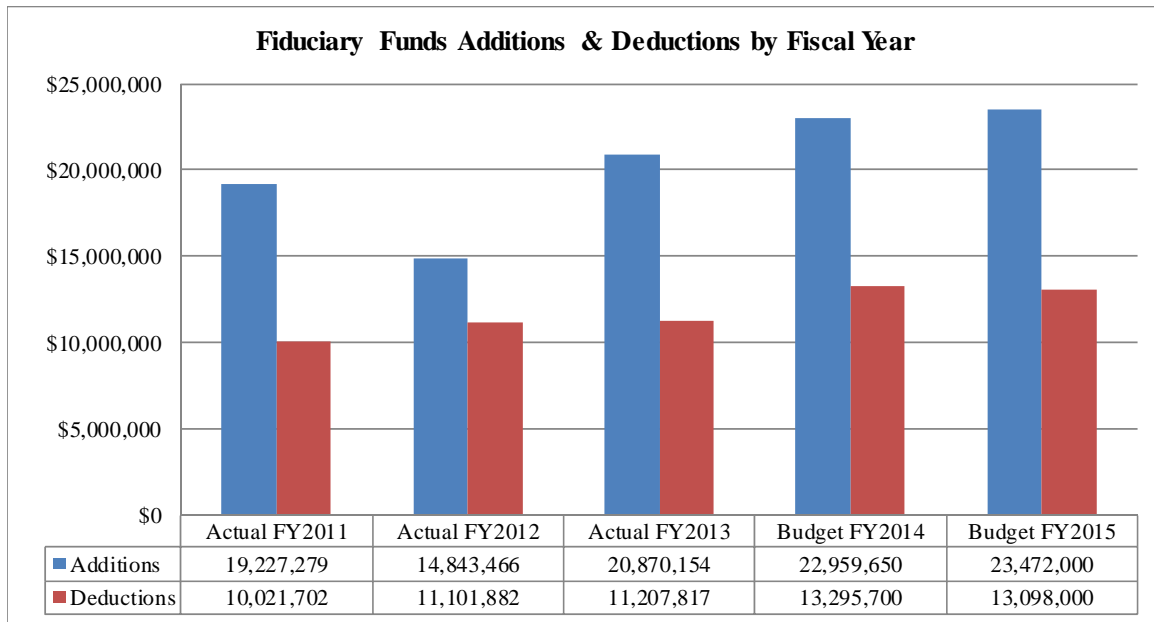
LINE ITEM DETAIL 5

FIDUCIARY FUNDS OVERVIEW

Fiduciary Funds are used to account for resources held by the City but restricted to their use for parties outside of the government’s ongoing operations. The Police and Fire Pension Funds are subject to the City’s appropriation but are managed by independent boards.

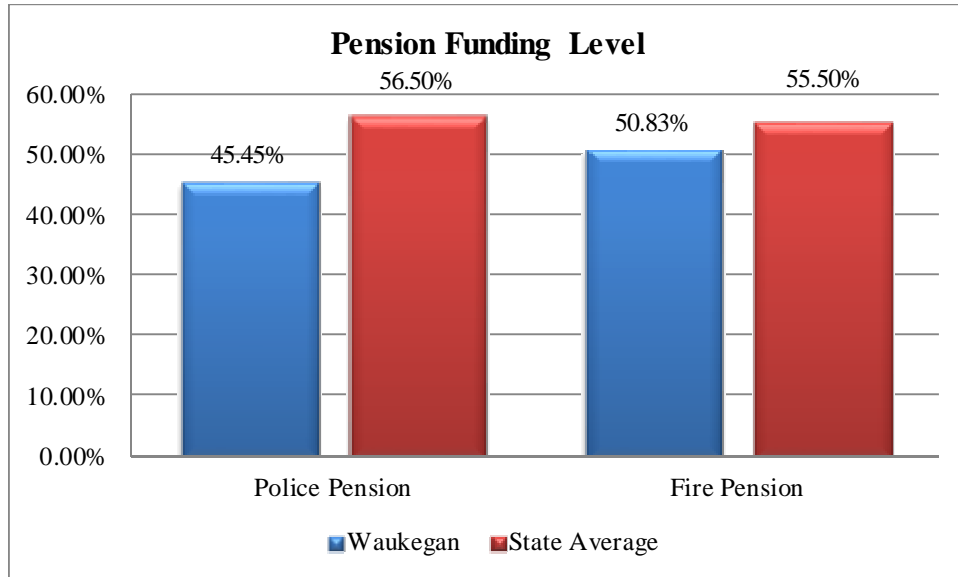
Sources & Uses of Funds	
Revenues	\$23,472,000
Expenditures	(13,098,000)
Surplus / (Deficit) before transfers	10,374,000
Transfers-In	0
Transfers-Out	0
Surplus / (Deficit) after transfers	10,374,000

Pension fund revenues are made up of three sources: employer contribution, employee contributions, and investment income. The employer contribution, calculated by an independent actuary, is based upon benefit levels, demographics, and investment returns. The fund remits monthly benefit payments to the City’s retired or disabled police officers and firefighters, or their surviving beneficiaries.

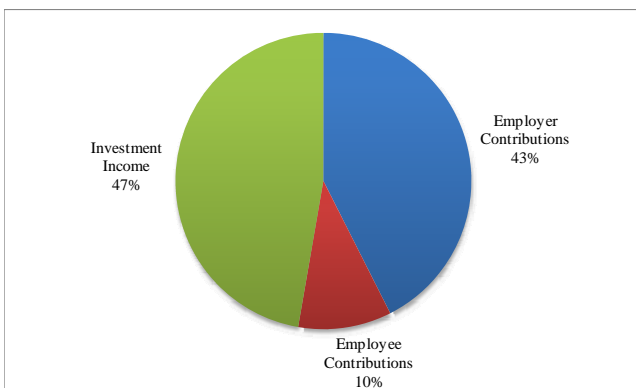


The operating surplus for the year must be allocated back to the funds’ assets for future obligations. Pension funds must sustain balances sufficient to meet current retiree payments, as well as account for the longer term liabilities of pension currently accruing but not yet payable. While current assets in the funds are available for investment to

generate future returns, they are also dedicated to cover currently retired participants' pensions and may not be used for general government purposes.



According to the independent actuary, the Police Pension Fund is 45.45% funded in total and the Fire Pension Fund is 50.83% funded, both considered to be in relatively poor financial condition. These funding ratios measure the funds' ability today (given current assets, investment assumptions and contribution rates) to meet the current and future pension obligations. Therefore, while the City has stabilized the funds over the past couple of years, they remain in a slightly poorer condition than the average Police and Fire Pension Fund when compared to state averages. In order to address that long-term liability funding void, it is recommended that the City increase the Gaming Tax revenue share to the pension funds' from 50% of collections to 100% of collections effective FY14/15. This is in addition to the property tax levy used to fund the City's employer contribution to the funds on an annual basis.

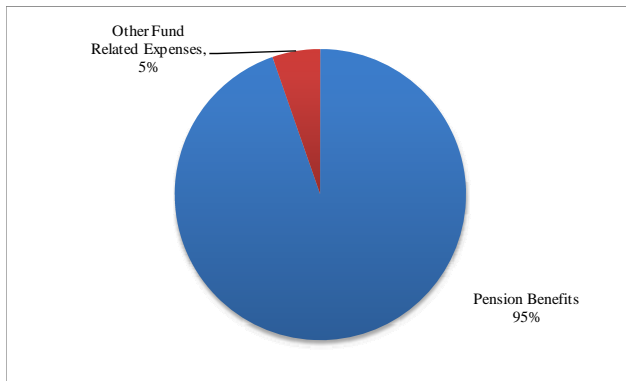


The FY14/15 employer statutorily required contribution to the Police Pension fund is \$5.8 million and \$4.0 million to the Fire Pension fund for a total of \$9.8 million. As aforementioned, each fund will also receive Gaming Tax Revenues projected to reach \$200 thousand in total for the fiscal year. According to the funds' independent actuary, the

Fiduciary Funds

City's lump sum contributions reflect 58.03% of sworn police payroll and 49.71% of sworn fire personnel payroll respectively. As aforementioned, each fund will also receive Gaming Tax Revenues projected to reach \$200 thousand in total for the fiscal year.

In addition to the employer contribution, police employees' contribution is 9.91% of their pay and fire employees' contribution is 9.455% of their pay per state statute. The employee contributions for both funds are projected to reach a combined \$2.4 million for FY14/15. Lastly, investment income is projected to total \$10.4 million based on prior investment experience.



Annual expenditures include the disbursement of monthly retirement benefits, beneficiary benefits and disability benefits estimated to total \$12.4 million during FY14/15 for both funds. Professional services related to management of funds including investment advisory and legal services are expected to reach \$698 thousand

for the fiscal year.

LINE ITEM DETAIL

FIDUCIARY FUNDS BUDGET MAY 1, 2014 TO APRIL 30, 2015
 REVENUES

PROPOSED

Fnd 719	POLICE PENSION FUND	
Sub 3000	Tax Collection	
719 30000	Property Tax	5,808,000-
719 30730	Gaming Video Tax Revenue	100,000-

Sub 3000	Tax Collection	5,908,000-
Sub 4600	Interest Earned	
719 46120	Interest Earned-State/Local	600,000-
719 46125	Interest Earned-Federal Invest	600,000-

Sub 4600	Interest Earned	1,200,000-
Sub 4900	Other Financing Sources	
719 49205	Income From State & Local Ob	8,000-
719 49220	Income From US Govt Obl	165,000-
719 49221	Gain(Loss) on Sale of Stock	1,800,000-
719 49223	Income Fr Mutual Funds	30,000-
719 49224	Income Fr Com/Pref Stocks	150,000-
719 49225	(Gain) Loss on Sale Mutual Fd	2,500,000-

Sub 4900	Other Financing Sources	4,653,000-
Sub 5800	Premium Contributions	
719 58000	Retiree Contributions	1,416,000-

Sub 5800	Premium Contributions	1,416,000-

Fnd 719	POLICE PENSION FUND	13,177,000-
Fnd 720	FIRE FIGHTER'S PENSION FUND	
Sub 3000	Tax Collection	
720 30000	Property Tax	3,982,000-
720 30730	Gaming Video Tax Revenue	100,000-

Sub 3000	Tax Collection	4,082,000-
Sub 4600	Interest Earned	
720 46100	Interest Earned	1,000-
720 46120	Interest Earned-State/Local	270,000-
720 46125	Interest Earned-Federal Invest	600,000-

Sub 4600	Interest Earned	871,000-

PROPOSED

Fnd 720	FIRE FIGHTER'S PENSION FUND	
Sub 4800	Miscellaneous Revenue	
720 48900	Miscellaneous Revenue	20,000-

Sub 4800	Miscellaneous Revenue	20,000-
Sub 4900	Other Financing Sources	
720 49205	Income From State & Local Ob	15,000-
720 49220	Income From US Govt Obl	290,000-
720 49221	(G) L on Sale of Stock	2,300,000-
720 49223	Dividends Fr Mutual Funds	150,000-
720 49224	Dividends Fr Com/Pref Stocks	200,000-
720 49225	(Gain) Loss on Sale Mutual Fd	1,400,000-

Sub 4900	Other Financing Sources	4,355,000-
Sub 5800	Premium Contributions	
720 58000	Retiree Contributions	967,000-

Sub 5800	Premium Contributions	967,000-

Fnd 720	FIRE FIGHTER'S PENSION FUND	10,295,000-

	Report Final Totals	23,472,000-
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FIDUCIARY FUNDS PROPOSED BUDGET MAY 1, 2014 TO APRIL 30, 2015
 EXPENDITURES

PROPOSED

Fnd 719	POLICE PENSION FUND	
Dpt 0100	CENTRAL SERVICES	
Sub 2200	Personnel Benefits	
719 171922465	Pension Fund Monthly Payroll	7,000,000

Sub 2200	Personnel Benefits	7,000,000
Sub 2400	Contractual Services	
719 171924407	Bank Service Charges	5,000
719 171924429	Conference & Travel	2,000
719 171924431	Training & Schooling	1,000
719 171924437	Legal Services	15,000
719 171924438	Other Professional Services	50,000
719 171924665	Investment Expense	130,000
719 171924696	St of IL-DOI Compliance Fee	8,000

Sub 2400	Contractual Services	211,000
Sub 2500	Commodities	
719 171925480	Miscellaneous Expense	7,000

Sub 2500	Commodities	7,000

Dpt 0100	CENTRAL SERVICES	7,218,000
Fnd 720	FIRE FIGHTER'S PENSION FUND	
Dpt 0100	CENTRAL SERVICES	
Sub 2200	Personnel Benefits	
720 172022465	Pension Fund Monthly Payroll	5,400,000

Sub 2200	Personnel Benefits	5,400,000
Sub 2400	Contractual Services	
720 172024407	Bank Service Charges	1,000
720 172024429	Conference & Travel	7,000
720 172024436	Consultant Services	230,000
720 172024437	Legal Services	230,000
720 172024443	Membership Dues	1,000
720 172024476	Municipal Audit Expenses	1,000
720 172024696	St of IL-DOI Compliance Fee	8,000

Sub 2400	Contractual Services	478,000

PROPOSED

Fnd 720	FIRE FIGHTER'S PENSION FUND	
Dpt 0100	CENTRAL SERVICES	
Sub 2500	Commodities	
720 172025480	Miscellaneous Expense	2,000

Sub 2500	Commodities	2,000

Dpt 0100	CENTRAL SERVICES	5,880,000

	Report Final Totals	13,098,000
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