TSW
Actuary

VILLAGE OF CLARENDON HILLS

CLARENDON HILLS FIREFIGHTERS PENSION FUND

Actuarial Valuation Report

For the Year

Beginning May 1, 2012

And Ending April 30, 2013

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

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INTRODUCTION

Fire-sworn personnel of the Village of Clarendon Hills are covered by the Firefighters Pension Plan that is a defined-benefit, single-employer pension plan. The purpose of this report is to disclose the Tax Levy Requirement and GASB Statements No. 25 & 27 financial information and related actuarial information for the year beginning May 1, 2012, and ending April 30, 2013.

The valuation results reported herein are based on plan provisions in effect as of May 1, 2012, the employee data furnished by the Village, the financial data provided by the Fund's trustee and the actuarial methods and assumptions described later in this report. I hereby certify that this report is complete and accurate and fairly presents the actuarial position of the Fund as of April 30, 2012, in accordance with generally accepted actuarial principles and procedures. In my opinion, the assumptions used are reasonably related to the experience of the Plan and to reasonable expectations.

Respectfully submitted,

Timothy W Sharpe

Timothy W. Sharpe, EA, MAAA
Enrolled Actuary No. 11-4384

10/08/2012
Date

SUMMARY OF RESULTS

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

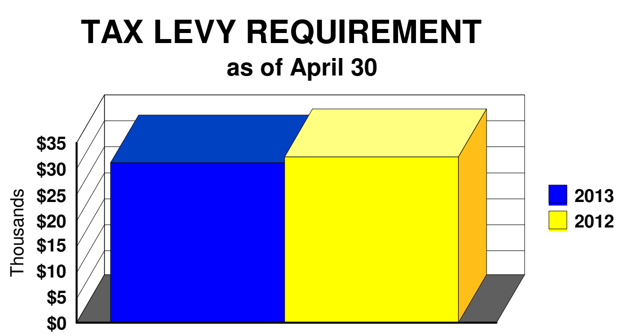
There were no unexpected changes with respect to the participants included in this actuarial valuation (0 new members, 0 terminations, 0 retirements, 0 incidents of disability, annual payroll increase 1.4%, average salary increase 1.4%).

There were no unexpected changes with respect to the Fund's investments from the prior year (annual investment return 4.14%).

The Village's Tax Levy Requirement has decreased slightly from $32,630 last year to $31,382 this year (3.8%). The decrease in the Tax Levy is due to the increase in salaries was less than assumed and to using 5-year market averaging, and was offset due to the investment return was less than assumed. The Percent Funded has increased from 82.8% last year to 87.6% this year.

SUMMARY OF RESULTS (Continued)

		For Year Ending April 30		
		2013		2012
Tax Levy Requirement	$	31,382	$	32,630
		as of May 1		
		2012		2011
Village Normal Cost		10,037		9,898
Anticipated Employee Contributions		11,346		11,189
Accrued Liability		1,064,630		1,029,627
Actuarial Value of Assets		932,938		852,054
Unfunded Accrued Liability/(Surplus)		131,692		177,573
Amortization of Unfunded Accrued Liability/(Surplus)		7,689		9,993
Percent Funded		87.6%		82.8%
Annual Payroll	$	120,000	$	118,337

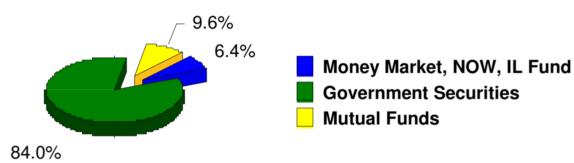


ACTUARIAL VALUATION OF ASSETS

	as of May 1			
		2012		2011
Money Market, NOW, IL Fund	$	58,316	$	167,883
Government Securities		761,120		642,323
Mutual Funds		86,856		39,029
Interest Receivable		5,128		2,819
Market Value of Assets		911,420		852,054
Actuarial Value of Assets	$	932,938	$	

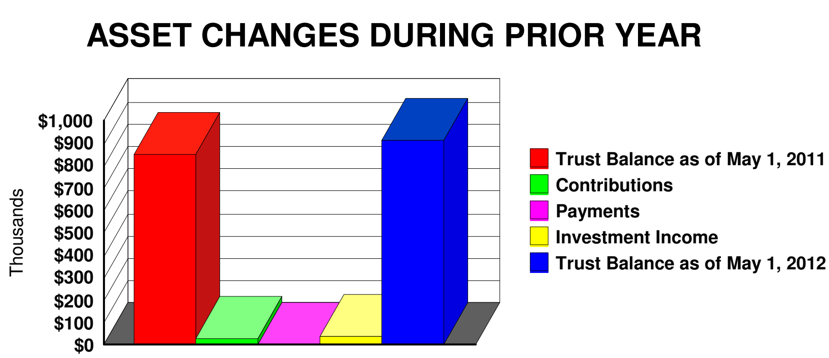
FYE 2012 (Gain)/Loss: $26,898

SUMMARY OF ASSETS
As Of May 1, 2012



ASSET CHANGES DURING PRIOR YEAR

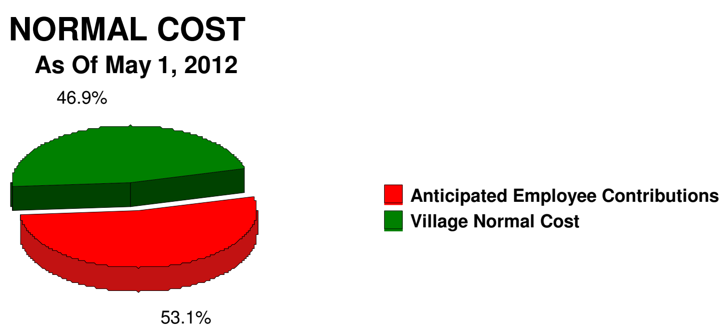
Trust Balance as of May 1, 2011		$	852,054
Contributions			
Village	17,170		
Employee	11,343		
Total			28,513
Payments			
Benefit Payments	0		
Expenses	4,880		
Total			4,880
Investment Income			35,733
Trust Balance as of May 1, 2012		$	911,420
Approximate Annual Rate of Return			4.14%



NORMAL COST

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

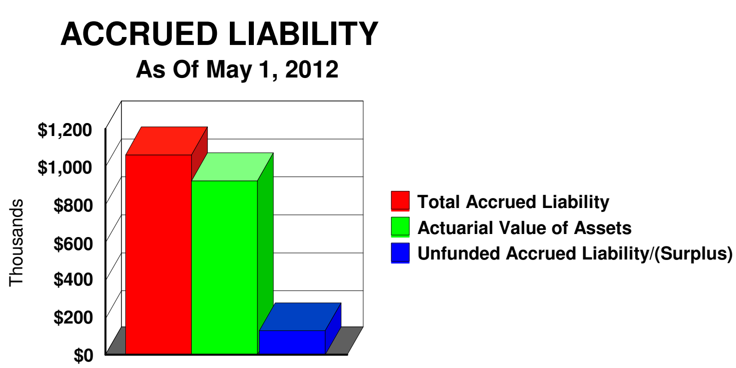
	as of May 1 2012	2011
Total Normal Cost	$ 21,383	$ 21,087
Anticipated Employee Contributions	11,346	11,189
Village Normal Cost	10,037	9,898
Normal Cost Payroll	$ 120,000	$ 118,337
Village Normal Cost Rate	8.36%	8.36%
Total Normal Cost Rate	17.82%	17.82%



ACCRUED LIABILITY

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

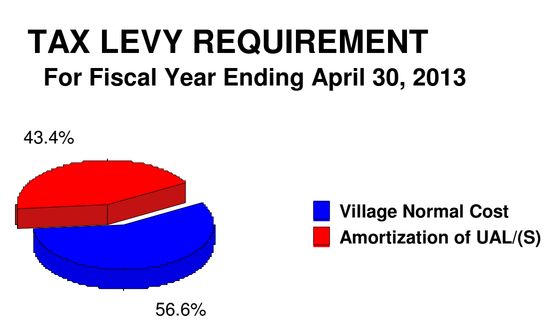
		as of May 1 2012		2011
Accrued Liability				
Active Employees	$	1,064,630	$	1,029,627
Children Annuities		0		0
Disability Annuities		0		0
Retirement Annuities		0		0
Surviving Spouse Annuities		0		0
Terminated Vested Annuities		0		0
Total Annuities		0		0
Total Accrued Liability		1,064,630		1,029,627
Actuarial Value of Assets		932,938		852,054
Unfunded Accrued Liability/(Surplus)	$	131,692	$	177,573
Percent Funded		87.6%		82.8%



TAX LEVY REQUIREMENT

The Public Act 096-1495 Tax Levy Requirement is determined as the annual contribution necessary to fund the normal cost, plus the amount to amortize the excess (if any) of ninety percent (90%) of the accrued liability over the actuarial value of assets as a level percentage of payroll over a thirty (30) year period which commenced in 2011, plus an adjustment for interest. Prior to 2011, the amortization amount was equal to the amount to amortize the unfunded accrued liability as a level percentage of payroll over a forty (40) year period which commenced in 1993. Beginning in 2011, the amortization period remains a forty (40) year period which commenced in 1993.

	For Year Ending April 30			
		2013		2012
Village Normal Cost as of Beginning of Year	$	10,037	$	9,898
Amortization of Unfunded Accrued Liability/(Surplus)		7,689		9,993
Interest for One Year		1,285		1,442
Tax Levy Requirement as of End of Year	$	19,011	$	21,333
Public Act 096-1495 Tax Levy Requirement				
1) Normal Cost (PUC)		29,078		28,097
2) Accrued Liability (PUC)		1,041,048		1,004,730
3) Amortization Payment		183		2,327
4) Interest for One Year		2,121		2,206
5) PA 096-1495 Tax Levy Requirement (1 + 3 + 4)	$	31,382		32,630



SUMMARY OF PLAN PARTICIPANTS

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

Name
Sex
Date of Birth
Date of Hire
Compensation
Employee Contributions

The information provided for Inactive participants included:

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

Membership	2012	2012	2011	2011
Current Employees				
Vested	1		1	
Nonvested	0		0	
Total	1		1	
Inactive Participants		Annual Benefits		Annual Benefits
Children	0	$ 0	0	$ 0
Disabled Employees	0	0	0	0
Retired Employees	0	0	0	0
Surviving Spouses	0	0	0	0
Terminated Vesteds	0	0	0	0
Total	0	0	0	0
Annual Payroll		$ 120,000		$ 118,337

SUMMARY OF PLAN PARTICIPANTS (Continued)

Age and Service Distribution

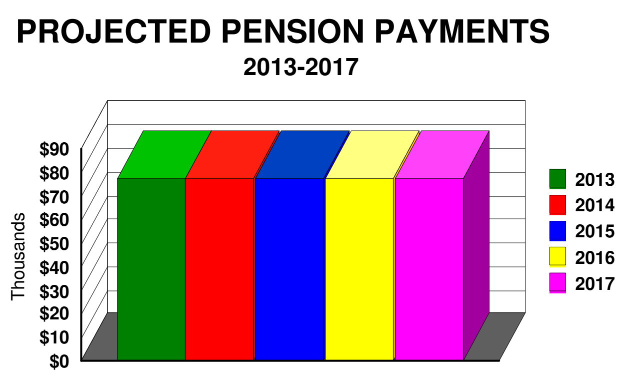
Service Age	0-4	5-9	10-14	15-19	20-24	25-29	30+	Total	Salary
55-59						1		1	120,000
60+									
Total	0	0	0	0	0	1	0	1	120,000
Salary						120,000			

Average Age: 57.0 Average Service: 26.0

DURATION (years) Active Members: 11.5 Retired Members: NA All Members: 11.5

PROJECTED PENSION PAYMENTS

2013	2014	2015	2016	2017
$78,000	$78,000	$78,000	$78,000	$78,000



SUMMARY OF PLAN PROVISIONS

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

The Village of Clarendon Hills Firefighters Pension Fund was created and is administered as prescribed by "Article 4. Firefighters' Pension Fund - Municipalities 500,000 and Under" of the Illinois Pension Code (Illinois Compiled Statutes, 1992, Chapter 40). A brief summary of the plan provisions is provided below.

Employees attaining the age of (50) or more with (20) or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the salary attached to the rank held on the last day of service. The pension shall be increased by (1/12) of (2.5%) of such monthly salary for each additional month of service over (20) years up to (30) years, to a maximum of (75%) of such monthly salary.

Employees with at least (10) years but less than (20) years of credited service may retire at or after age (60) and receive a reduced benefit ranging from (15%) of final salary for (10) years of service to (45.6%) for 19 years of service.

Surviving spouses receive (100%) of final salary for fatalities resulting from an act of duty, or otherwise the greater of (54%) of final salary or the monthly retirement pension that the deceased firefighter was receiving at the time of death. Surviving children receive (12%) of final salary. The maximum family survivor benefit is (75%) of final salary.

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

The monthly pension of a covered employee who retired with (20) or more years of service after January 1, 1977, shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least (55) years, by (3%) of the amount of the pension payable at the time of the increase.

Employees are required to contribute (9.455%) of their base salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than twenty (20) years of service, accumulated employee contributions may be refunded without accumulated interest.

For Employees hired after January 1, 2011, the annual retirement benefit is (2.5%) of final average salary for each year of service up to (30) years, to a maximum of (75%) of such salary, the Normal Retirement age is attainment of age 55 and completion of 10 years of service; Early Retirement age is attainment of age 50, completion of 10 years of service and the Early Retirement Factor is 6% per year; the Employee’s Accrued Benefit is based on the Employee’s final 8-year average salary not to exceed $106,800 (as indexed); Cost-of-living adjustments are simple increases (not compounded) of the lesser of 3% or 50% of CPI beginning the later of the anniversary date and age 60; Surviving Spouse’s Benefits are 66 2/3% of the Employee’s benefit at the time of death.

ACTUARIAL METHODS

The Actuarial Methods employed for this valuation are as follows:

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

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

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

Entry Age Normal Cost Method

Under the Entry Age Normal Cost Method the Normal Cost for each participant is computed as the level percentage of pay which, if paid from the earliest age the participant is eligible to enter the plan until retirement or termination, will accumulate with interest to sufficiently fund all benefits under the plan. The Normal Cost for the plan is determined as the greater of a) the sum of the Normal Costs for all active participants, and b) 17.5% of the total payroll of all active participants.

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

ACTUARIAL ASSUMPTIONS

The Actuarial Assumptions used for determining the Tax Levy Requirement and GASB Statements No. 25 & 27 Disclosure Information are the same (except where noted) and have not been changed from the prior year. The Actuarial Assumptions employed for this valuation are as follows:

Valuation Date	May 1, 2012
Asset Valuation Method	5-year Average Market Value
Investment Return	7.25%
Salary Scale	5.00%
Mortality	1971 Group Annuity Mortality Table
Withdrawal	State of Illinois DOI Experience Rates
Disability	State of Illinois DOI Experience Rates
Retirement	State of Illinois DOI Experience Rates (100% by Age 62)
Marital Status	80% Married, Female spouses 3 years younger
Plan Expenses	None

Sample Annual Rates Per 100 Participants

Age	Mortality	Withdrawal	Disability	Retirement
20	0.05	4.02	0.17	
30	0.81	2.56	0.20	
40	0.16	1.14	0.30	
50	0.53		0.62	20.00
60	1.31		1.84	83.33
62	1.59			100.00

GASB STATEMENTS NO. 25 & 27 DISCLOSURE INFORMATION

The Governmental Accounting Standards Board (GASB) issued Statements No. 25 & 27 that established generally accepted accounting principles for the annual financial statements for defined benefit pension plans. The required information is as follows:

Membership in the plan consisted of the following as of:

	April 30, 2012	April 30, 2011
Retirees and beneficiaries receiving benefits	0	0
Terminated plan members entitled to but not yet receiving benefits	0	0
Active vested plan members	1	1
Active nonvested plan members	0	0
Total	1	1
Number of participating employers	1	1

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
04/30/10	809,007	923,969	114,962	87.6%	111,330	103.3%
04/30/11	852,054	1,029,627	177,573	82.8%	118,337	150.1%
04/30/12	911,420	1,064,630	153,210	85.6%	120,000	127.7%

GASB STATEMENTS NO. 25 & 27 DISCLOSURE INFORMATION (Continued)

ANNUAL PENSION COST AND NET PENSION OBLIGATION

	April 30, 2012	April 30, 2011
Annual required contribution	16,900	16,819
Interest on net pension obligation	(915)	(915)
Adjustment to annual required contribution	725	695
Annual pension cost	16,710	16,599
Contributions made	17,170	17,010
Increase (decrease) in net pension obligation	(460)	(411)
Net pension obligation beginning of year	(12,617)	(12,206)
Net pension obligation end of year	(13,077)	(12,617)

THREE-YEAR TREND INFORMATION

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
04/30/10	14,638	104.1%	(12,206)
04/30/11	16,599	102.5%	(12,617)
04/30/12	16,710	102.8%	(13,077)

GASB STATEMENTS NO. 25 & 27 DISCLOSURE INFORMATION (Continued)

FUNDING POLICY AND ANNUAL PENSION COST

Contribution rates:		
Village	14.308%	14.374%
Plan members	9.455%	Same
Annual pension cost	16,710	16,599
Contributions made	17,170	17,010
Actuarial valuation date	04/30/2012	04/30/2011
Actuarial cost method	Entry age	Same
Amortization period	Level percentage of pay, closed	Same
Remaining amortization period	21 years	22 years
Asset valuation method	Market	Same
Actuarial assumptions:		
Investment rate of return*	7.25%	Same
Projected salary increases*	5.00%	Same
*Includes inflation at	3.00%	Same
Cost-of-living adjustments	3.00% per year	Same