



VILLAGE OF CLARENDON HILLS
CLARENDON HILLS FIREFIGHTERS PENSION FUND

Actuarial Valuation Report

For the Year

Beginning May 1, 2013

And Ending April 30, 2014

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

TABLE OF CONTENTS

	<u>Page</u>
Introduction	3
Summary of Results	4
Actuarial Valuation of Assets	6
Asset Changes During Prior Year	7
Normal Cost	8
Accrued Liability	9
Tax Levy Requirement	10
Summary of Plan Participants	11
Duration	12
Projected Pension Payments	12
Summary of Plan Provisions	13
Actuarial Method	14
Actuarial Assumptions	15
GASB Statements No. 25 & 27 Disclosure	16

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, 2013, and ending April 30, 2014.

The valuation results reported herein are based on plan provisions in effect as of May 1, 2013, 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 to the best of my knowledge this report is complete and accurate and fairly presents the actuarial position of the Fund as of April 30, 2013, 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. A reasonable request for supplementary information not included in this report should be directed to the undersigned actuary.

I, Timothy W. Sharpe, am an Enrolled Actuary and a member of the American Academy of Actuaries, and I meet the Qualifications Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Respectfully submitted,



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

07/26/2013

Date

SUMMARY OF RESULTS

There was a change with respect to Actuarial Assumptions from the prior year to reflect revised expectations with respect to mortality rates. The mortality rate assumption has been changed to the RP 2000 Mortality Table from the 1971 GA Mortality Table.

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

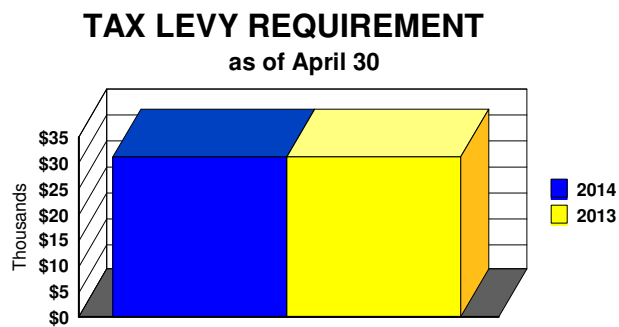
There were no unexpected changes with respect to the participants included in this actuarial valuation (0 new members, 0 terminations, 0 retirements, 0 incidents of disability, annual payroll increase 0.0%, average salary increase 0.0%).

There were no unexpected changes with respect to the Fund's investments from the prior year (annual investment return 4.42%).

The Village's Tax Levy Requirement has increased slightly from \$31,382 last year to \$31,386 this year (0.0%). The slight increase in the Tax Levy is due to the change to the mortality table and the investment return was less than assumed, and was offset due to the increase in salaries was less than assumed and to using 5-year market averaging. The Percent Funded has increased from 87.6% last year to 93.1% this year.

SUMMARY OF RESULTS (Continued)

	For Year Ending April 30	
	<u>2014</u>	<u>2013</u>
Tax Levy Requirement	\$ 31,386	\$ 31,382
	as of May 1	
	<u>2013</u>	<u>2012</u>
Village Normal Cost	10,037	10,037
Anticipated Employee Contributions	11,346	11,346
Accrued Liability	1,106,103	1,064,630
Actuarial Value of Assets	1,029,786	932,938
Unfunded Accrued Liability/(Surplus)	76,317	131,692
Amortization of Unfunded Accrued Liability/(Surplus)	4,633	7,689
Percent Funded	93.1%	87.6%
Annual Payroll	\$ 120,000	\$ 120,000



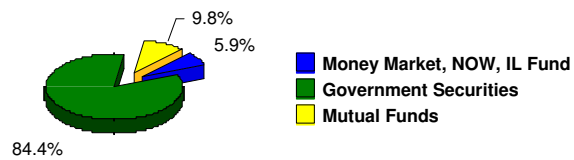
ACTUARIAL VALUATION OF ASSETS

		as of May 1	
	<u>2013</u>		<u>2012</u>
Money Market, NOW, IL Fund	\$ 57,827	\$	58,316
Government Securities	833,246		761,120
Mutual Funds	96,376		86,856
Interest Receivable	<u>5,087</u>		<u>5,128</u>
Market Value of Assets	<u>992,536</u>		<u>911,420</u>
Actuarial Value of Assets	\$ 1,029,786	\$	932,938

FYE 2012-2013 (Gain)/Loss: \$26,898; \$26,389

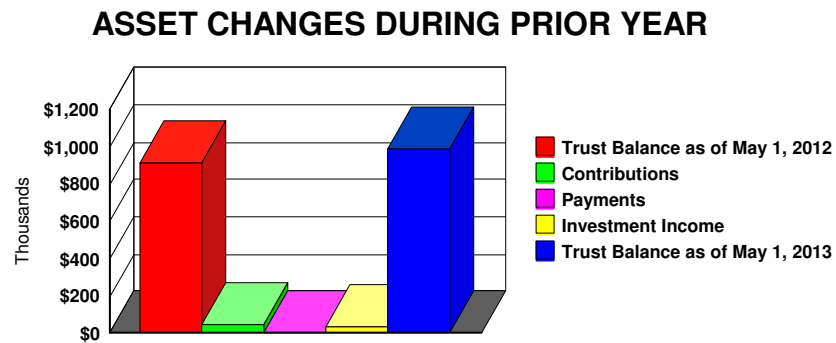
SUMMARY OF ASSETS

As Of May 1, 2013



ASSET CHANGES DURING PRIOR YEAR

Trust Balance as of May 1, 2012		\$	911,420
Contributions			
Village	33,099		
Employee	<u>11,346</u>		
Total			44,445
Payments			
Benefit Payments	0		
Expenses	<u>4,467</u>		
Total			4,467
Investment Income			<u>41,138</u>
Trust Balance as of May 1, 2013		\$	<u>992,536</u>
Approximate Annual Rate of Return			4.42%



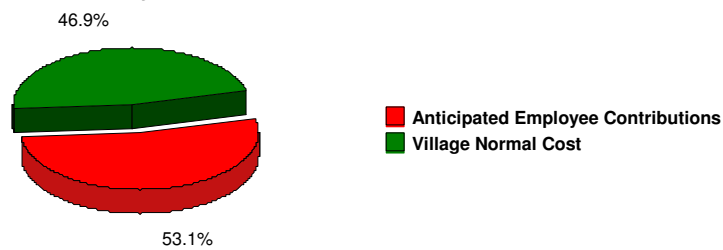
NORMAL COST

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	
		<u>2013</u>	<u>2012</u>
Total Normal Cost	\$	21,383	\$ 21,383
Anticipated Employee Contributions		<u>11,346</u>	<u>11,346</u>
Village Normal Cost		<u>10,037</u>	<u>10,037</u>
Normal Cost Payroll	\$	120,000	\$ 120,000
Village Normal Cost Rate		8.36%	8.36%
Total Normal Cost Rate		17.82%	17.82%

NORMAL COST

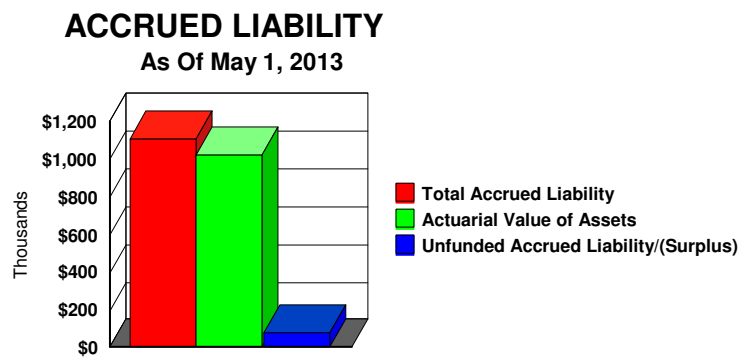
As Of May 1, 2013



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	
Accrued Liability	<u>2013</u>	<u>2012</u>
Active Employees	\$ 1,106,103	\$ 1,064,630
Children Annuities	0	0
Disability Annuities	0	0
Retirement Annuities	0	0
Surviving Spouse Annuities	0	0
Terminated Vested Annuities	<u>0</u>	<u>0</u>
Total Annuities	0	0
Total Accrued Liability	1,106,103	1,064,630
Actuarial Value of Assets	<u>1,029,786</u>	<u>932,938</u>
Unfunded Accrued Liability/(Surplus)	\$ <u>76,317</u>	\$ <u>131,692</u>
Percent Funded	93.1%	87.6%

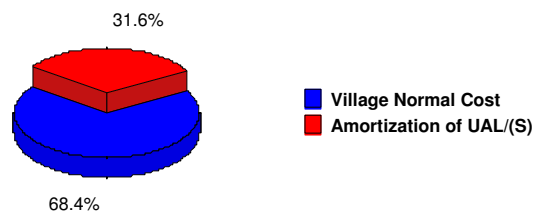


TAX LEVY REQUIREMENT

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	
	<u>2014</u>	<u>2013</u>
Village Normal Cost as of Beginning of Year	\$ 10,037	\$ 10,037
Amortization of Unfunded Accrued Liability/(Surplus)	4,633	7,689
Interest for One Year	<u>1,064</u>	<u>1,285</u>
Tax Levy Requirement as of End of Year	\$ <u>15,734</u>	\$ <u>19,011</u>
Public Act 096-1495 Tax Levy Requirement		
1) Normal Cost (PUC)	29,264	29,078
2) Accrued Liability (PUC)	1,086,121	1,041,048
3) Amortization Payment	0	183
4) Interest for One Year	2,122	2,121
5) PA 096-1495 Tax Levy Requirement (1 + 3 + 4)	\$ 31,386	31,382

TAX LEVY REQUIREMENT For Fiscal Year Ending April 30, 2014



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	<u>2013</u>	<u>2013</u>	<u>2012</u>	<u>2012</u>
Current Employees				
Vested	1		1	
Nonvested	<u>0</u>		<u>0</u>	
Total	<u>1</u>		<u>1</u>	
Inactive Participants		<u>Annual Benefits</u>		<u>Annual Benefits</u>
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	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Annual Payroll	\$	120,000	\$	120,000

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	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>1</u>	<u>120,000</u>
Salary						120,000			

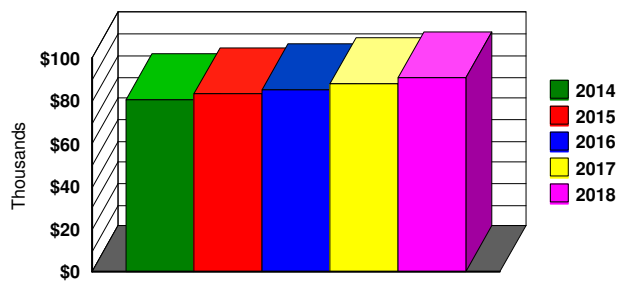
Average Age: 58.0 Average Service: 27.0

DURATION (years) Active Members: 11.2 Retired Members: NA All Members: 11.2

PROJECTED PENSION PAYMENTS

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
81,000	83,430	85,933	88,511	91,166

PROJECTED PENSION PAYMENTS
2014-2018



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 been changed from the prior year (discussion on page 4). The methods and assumptions disclosed in this report may reflect statutory requirements and may reflect the responsibility of the Principal and its advisors. In the event a method or assumption conflicts with the actuary's professional judgment, the method or assumption is identified in this report. The Actuarial Assumptions employed for this valuation are as follows:

Valuation Date	May 1, 2013
Asset Valuation Method	5-year Average Market Value (PA 096-1495)
Investment Return	7.25% net of investment expenses.
Salary Scale	5.00%
Mortality	RP 2000 Mortality Table (BCA, +1M, -4F, 2x>105). There is no margin for future mortality improvement beyond the valuation date.
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

<u>Age</u>	<u>Mortality</u>	<u>Withdrawal</u>	<u>Disability</u>	<u>Retirement</u>
20	0.04	4.02	0.17	
30	0.08	2.56	0.20	
40	0.14	1.14	0.30	
50	0.27		0.62	20.00
60	0.94		1.84	83.33
62	1.23			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:

	<u>April 30, 2013</u>	<u>April 30, 2012</u>
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	<u>0</u>	<u>0</u>
Total	<u>1</u>	<u>1</u>
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)
04/30/11	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%
04/30/13	992,536	1,106,103	113,567	89.7%	120,000	94.6%

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

ANNUAL PENSION COST AND NET PENSION OBLIGATION

	<u>April 30, 2013</u>	<u>April 30, 2012</u>
Annual required contribution	21,333	16,900
Interest on net pension obligation	(948)	(915)
Adjustment to annual required contribution	<u>780</u>	<u>725</u>
Annual pension cost	21,165	16,710
Contributions made	<u>33,099</u>	<u>17,170</u>
Increase (decrease) in net pension obligation	(11,934)	(460)
Net pension obligation beginning of year	<u>(13,077)</u>	<u>(12,617)</u>
Net pension obligation end of year	<u>(25,011)</u>	<u>(13,077)</u>

THREE-YEAR TREND INFORMATION

<u>Fiscal</u> <u>Year</u> <u>Ending</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
04/30/11	16,599	102.5%	(12,617)
04/30/12	16,710	102.8%	(13,077)
04/30/13	21,165	156.4%	(25,011)

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

FUNDING POLICY AND ANNUAL PENSION COST

Contribution rates:

Village	27.583%	14.308%
Plan members	9.455%	Same

Annual pension cost	21,165	16,710
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Contributions made	33,099	17,170
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Actuarial valuation date	04/30/2013	04/30/2012
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Actuarial cost method	Entry age	Same
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Amortization period	Level percentage of pay, closed	Same
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Remaining amortization period	20 years	21 years
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Asset valuation method	Market	Same
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Actuarial assumptions:

Investment rate of return*	7.25%	Same
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Projected salary increases*	5.00%	Same
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*Includes inflation at	3.00%	Same
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Cost-of-living adjustments	3.00% per year	Same
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