TSW
Actuary

VILLAGE OF CLARENDON HILLS

CLARENDON HILLS POLICE PENSION FUND

Actuarial Valuation Report

For the Year

Beginning May 1, 2011

And Ending April 30, 2012

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

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INTRODUCTION

Police-sworn personnel of the Village of Clarendon Hills are covered by the Police 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, 2011, and ending April 30, 2012.

The valuation results reported herein are based on plan provisions in effect as of May 1, 2011, 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, 2011, 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, EA, MAAA
Enrolled Actuary No. 11-4384

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Date

SUMMARY OF RESULTS

The provisions of Public Act 096-1495 are reflected in this actuarial report, including changes to benefit provisions (page 13), the actuarial methods (page 14), and the amortization period and method (page 10).

There was a change with respect to Actuarial Assumptions from the prior year to reflect revised expectations with respect to future interest rates. The interest rate assumption has been reduced to 7.25% from 7.50%.

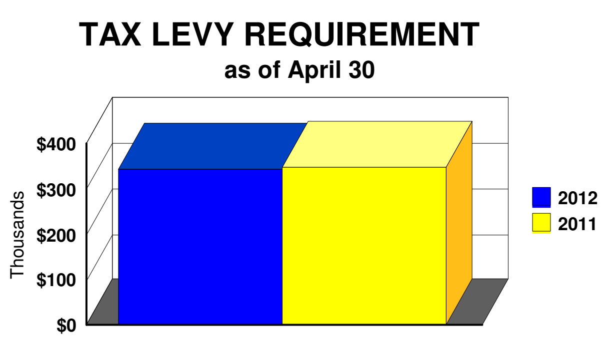
There were no unexpected changes with respect to the participants included in this actuarial valuation (0 new members, 1 termination, 1 retirement, 0 incidents of disability, annual payroll increase -10.8%, average salary increase 2.1%).

There were no unexpected changes with respect to the Fund's investments from the prior year (annual investment return 9.95%).

The Village's Tax Levy Requirement has decreased slightly from $348,289 last year to $342,870 this year (1.6%). The decrease in the Tax Levy is due to the investment return was greater than assumed, salaries increased less than assumed, the decrease in the annual payroll, and was offset due to the change to the interest rate assumption. The Percent Funded has increased from 62.2% last year to 64.5% this year.

SUMMARY OF RESULTS (Continued)

	For Year Ending April 30 2012	2011
Tax Levy Requirement	$ 342,870	$ 348,289
	as of May 1 2011	2010
Village Normal Cost	96,134	105,087
Anticipated Employee Contributions	99,318	111,321
Accrued Liability	11,198,172	10,419,427
Actuarial Value of Assets	7,225,798	6,485,325
Unfunded Accrued Liability/(Surplus)	3,972,374	3,934,102
Amortization of Unfunded Accrued Liability/(Surplus)	223,558	218,903
Percent Funded	64.5%	62.2%
Annual Payroll	$ 1,002,203	$ 1,123,319

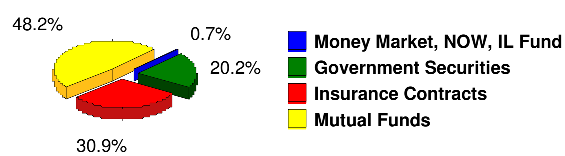


ACTUARIAL VALUATION OF ASSETS

	as of May 1 2011	2010
Money Market, NOW, IL Fund	$ 50,305	$ 30,883
Government Securities	1,461,269	1,465,370
Insurance Contracts	2,230,760	1,016,349
Mutual Funds	3,483,864	3,970,850
Interest Receivable	0	1,874
Miscellaneous Receivable/(Payable)	(400)	0
Actuarial Value of Assets	$ 7,225,798	$ 6,485,325

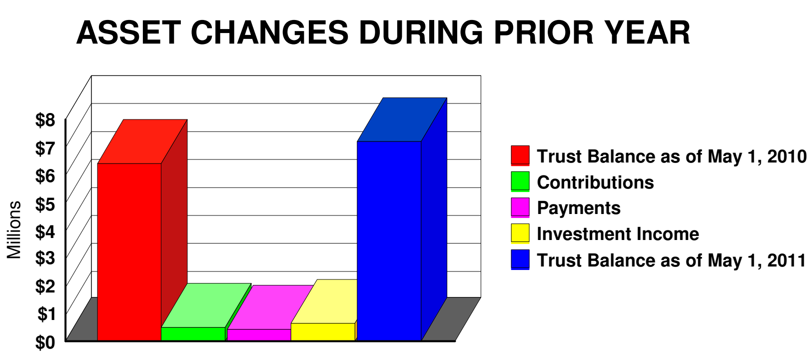
SUMMARY OF ASSETS

As Of May 1, 2011



ASSET CHANGES DURING PRIOR YEAR

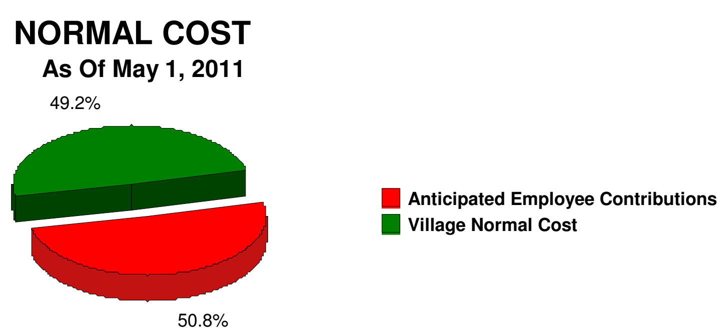
Trust Balance as of May 1, 2010		$	6,485,325
Contributions			
Village	356,185		
Employee	186,308		
Total			542,493
Payments			
Benefit Payments	440,442		
Expenses	11,235		
Total			451,677
Investment Income			649,657
Trust Balance as of May 1, 2011		$	7,225,798
Approximate Annual Rate of Return			9.95%



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.

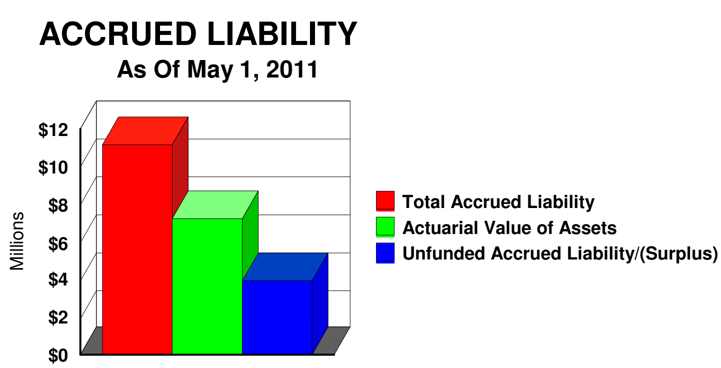
	as of May 1 2011	as of May 1 2010
Total Normal Cost	$ 195,452	$ 216,408
Anticipated Employee Contributions	99,318	111,321
Village Normal Cost	96,134	105,087
Normal Cost Payroll	$ 1,002,203	$ 1,123,319
Village Normal Cost Rate	9.59%	9.36%
Total Normal Cost Rate	19.50%	19.27%



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 2011		2010
Accrued Liability				
Active Employees	$	5,695,427	$	5,636,304
Children Annuities		0		0
Disability Annuities		386,899		367,113
Retirement Annuities		3,899,754		4,346,193
Surviving Spouse Annuities		509,177		69,817
Terminated Vested Annuities		706,915		0
Total Annuities		5,502,745		4,783,123
Total Accrued Liability		11,198,172		10,419,427
Actuarial Value of Assets		7,225,798		6,485,325
Unfunded Accrued Liability/(Surplus)	$	3,972,374	$	3,934,102
Percent Funded		64.5%		62.2%



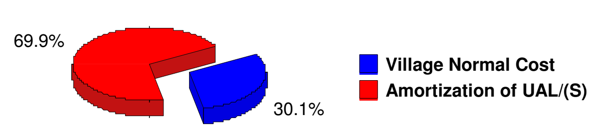
TAX LEVY REQUIREMENT

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 has been reset to 30 years. Beginning in 2011, the amortization period remains a forty (40) year period which commenced in 1993.

	For Year Ending April 30			
		2012		2011
Village Normal Cost as of Beginning of Year	$	96,134	$	105,087
Amortization of Unfunded Accrued Liability/(Surplus)		223,558		218,903
Interest for One Year		23,178		24,299
Tax Levy Requirement as of End of Year	$	342,870	$	348,289

Public Act 096-1495 Tax Levy Requirement		
1) Normal Cost (PUC)		168,185
2) Accrued Liability (PUC)		10,603,586
3) Amortization Payment		103,303
4) Interest for One Year		19,683
5) PA 096-1495 Tax Levy Requirement (1 + 3 + 4)	$	291,171

TAX LEVY REQUIREMENT
For Fiscal Year Ending April 30, 2012



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	2011		2011	2010		2010
Current Employees						
Vested	11			11		
Nonvested	1			3		
Total	12			14		
Inactive Participants			Annual Benefits			Annual Benefits
Children	0	$	0	0	$	0
Disabled Employees	1		18,019	1		18,019
Retired Employees	7		320,906	9		373,460
Surviving Spouses	3		82,321	1		18,562
Terminated Vesteds	1		42,000	0		0
Total	12		463,246	11		410,041
Annual Payroll		$	1,002,203		$	1,123,319

SUMMARY OF PLAN PARTICIPANTS (Continued)

Age and Service Distribution

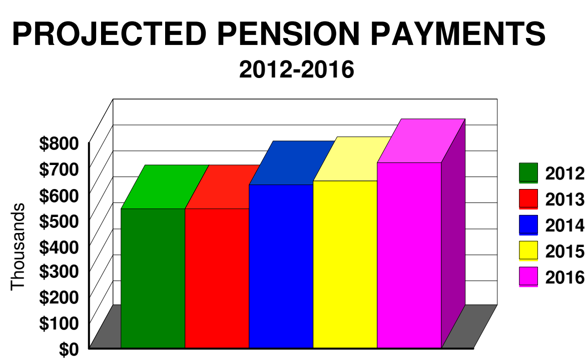
Service Age	0-4	5-9	10-14	15-19	20-24	25-29	30+	Total	Salary
20-24									
25-29									
30-34		2						2	77,689
35-39		1	3					4	78,139
40-44			1	1				2	84,966
45-49					2			2	85,566
50-54						1		1	101,962
55-59						1		1	91,243
60+								0	
Total	0	3	4	1	2	2	0	12	83,517
Salary		77,622	78,439	91,243	85,566	96,603			

Average Age: 41.5 Average Service: 15.5

DURATION (years) Active Members: 17.2 Retired Members: 8.6 All Members: 12.7

PROJECTED PENSION PAYMENTS

2012	2013	2014	2015	2016
$551,391	$548,047	$643,440	$653,602	$724,148



SUMMARY OF PLAN PROVISIONS

The Plan Provisions have been changed from the prior year (discussion at page 4).

The Village of Clarendon Hills Police Pension Fund was created and is administered as prescribed by "Article 3. Police 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 (2.5%) of final salary for each year of service up to (30) years, to a maximum of (75%) of such salary.

Employees with at least (8) years but less than (20) years of credited service may retire at or after age (60) and receive a reduced benefit of (2.5%) of final salary for each year of service.

Surviving spouses receive (100%) of final salary for fatalities resulting from an act of duty, or otherwise the greater of (50%) of final salary or the employee's retirement benefit.

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 originally granted pension. Beginning with increases granted on or after July 1, 1993, the second and subsequent automatic annual increases shall be calculated as (3%) of the amount of the pension payable at the time of the increase.

Employees are required to contribute (9.91%) of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than (20) years of service, accumulated employee contributions may be refunded without accumulated interest.

For Employees hired after January 1, 2011, 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 and have been changed from the prior year (discussion on page 4). The Actuarial Assumptions employed for this valuation are as follows:

Valuation Date	May 1, 2011
Asset Valuation Method	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, Spouse Same Age
Plan Expenses	None

Sample Annual Rates Per 100 Participants

Age	Mortality	Withdrawal	Disability	Retirement
20	0.05	6.00	0.07	
30	0.08	5.10	0.10	
40	0.16	2.85	0.20	
50	0.53		0.52	20.00
60	1.31		0.60	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, 2011	April 30, 2010
Retirees and beneficiaries receiving benefits	11	11
Terminated plan members entitled to but not yet receiving benefits	1	0
Active vested plan members	11	11
Active nonvested plan members	1	3
Total	24	25
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)
04/30/09	5,545,473	9,802,871	4,257,398	56.6%	1,068,293	398.5%
04/30/10	6,485,325	10,419,427	3,934,102	62.2%	1,123,319	350.2%
04/30/11	7,225,798	11,198,172	3,972,374	64.5%	1,002,203	396.4%

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

ANNUAL PENSION COST AND NET PENSION OBLIGATION

	April 30, 2011	April 30, 2010
Annual required contribution	356,653	255,960
Interest on net pension obligation	12,763	12,516
Adjustment to annual required contribution	(9,694)	(9,209)
Annual pension cost	359,722	259,267
Contributions made	356,185	255,986
Increase (decrease) in net pension obligation	3,537	3,281
Net pension obligation beginning of year	170,167	166,886
Net pension obligation end of year	173,704	170,167

THREE-YEAR TREND INFORMATION

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
04/30/09	224,489	103.7%	166,886
04/30/10	259,267	98.7%	170,167
04/30/11	359,722	99.0%	173,704

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

FUNDING POLICY AND ANNUAL PENSION COST

Contribution rates:		
Village	35.54%	22.79%
Plan members	9.91%	Same
Annual pension cost	359,722	259,267
Contributions made	356,185	255,986
Actuarial valuation date	04/30/2011	04/30/2010
Actuarial cost method	Entry age	Same
Amortization period	Level percentage of pay, closed	Same
Remaining amortization period	22 years	23 years
Asset valuation method	Market	Same
Actuarial assumptions:		
Investment rate of return*	7.25%	7.50%
Projected salary increases*	5.00%	Same
*Includes inflation at	3.00%	Same
Cost-of-living adjustments	3.00% per year	Same