

**VILLAGE OF CLARENDON HILLS, ILLINOIS**

**REPORT ON ALLOCATION OF PENSION  
AMOUNTS FOR THE ILLINOIS MUNICIPAL  
RETIREMENT FUND**

For the Year Ended  
April 30, 2016



**VILLAGE OF CLARENDON HILLS, ILLINOIS**  
**REPORT ON ALLOCATION OF PENSION AMOUNTS**  
**FOR THE ILLINOIS MUNICIPAL RETIREMENT FUND**  
**TABLE OF CONTENTS**

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	<u>Page(s)</u>
INDEPENDENT AUDITOR’S REPORT .....	1-2
Schedule of Employer Allocations.....	3
Schedule of Pension Amounts by Employer .....	4
Notes to the Schedule of Employer Allocations and Pension Amounts by Employer.....	5-8



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## INDEPENDENT AUDITOR'S REPORT

The Honorable President  
Members of the Board of Trustees  
Village of Clarendon Hills, Illinois

### **Report on the Schedules**

We have audited the accompanying schedule of employer allocations of the Village of Clarendon Hills, Illinois (the Village) as of and for the year ended April 30, 2016 and the related notes to the schedule of employer allocations and pension amounts by employer. We have also audited the total for all entities of the columns net pension liability as of December 31, 2015, total deferred outflows of resources, total deferred inflows of resources and total pension expense subject to allocation (specified column totals) included in the accompanying schedule of pension amounts by employer (schedules) of the Village for the year ended December 31, 2015.

### **Management's Responsibility for the Schedules**

Management is responsible for the preparation and fair presentation of these schedules 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 the Schedules that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on the schedule of employer allocations and the specified column totals included in the schedules 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 schedule of employer allocations and specified column totals included in the schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule of employer allocations and the specified column totals included in the schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the schedule of employer allocations and the specified column totals included in the schedule of pension amounts by employer, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Village's preparation and fair presentation of the schedule of employer allocations and the specified column totals included in the schedules 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 Village'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 schedule of employer allocations and the specified column totals included in the schedules.

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

### **Opinions**

In our opinion, the schedules referred to above present fairly, in all material respects, the employer allocations as of and for the year ended April 30, 2016 and the total of all participating entities of the Village of Clarendon Hills, Illinois for net pension liability as of December 31, 2015, and total deferred outflows of resources, total deferred inflows of resources and total pension expense subjected to allocation for the total of all participating entities for the Village's participation in the Illinois Municipal Retirement Fund (IMRF) as of and for the year ended December 31, 2015.

### **Other Matter**

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the Village as of and for the year ended April 30, 2016, and our report thereon, dated September 20, 2016, expressed an unmodified opinion on those financial statements.

### **Restriction on Use**

Our report is intended solely for the information and use of the Village of Clarendon Hills and the Clarendon Hills Public Library and is not intended to be, and should not be, used by anyone other than these specified parties.

*Sikich LLP*

Naperville, Illinois  
September 20, 2016

**VILLAGE OF CLARENDON HILLS, ILLINOIS**

**SCHEDULE OF EMPLOYER ALLOCATIONS  
ILLINOIS MUNICIPAL RETIREMENT FUND**

For the Year Ended April 30, 2016

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	<u>Contributions</u>	<u>Average</u>
<b>Employer</b>		
Village of Clarendon Hills	\$ 239,087	84.5%
Clarendon Hills Public Library	43,714	15.5%
<b>TOTAL</b>	<u>\$ 282,801</u>	<u>100.0%</u>

VILLAGE OF CLARENDON HILLS, ILLINOIS

SCHEDULE OF PENSION AMOUNTS BY EMPLOYER

For the Year Ended December 31, 2015

Entity	Deferred Outflows of Resources					Deferred Inflows of Resources				Proportionate Share of Plan Pension Expense
	Net Pension Liability	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Changes of Assumptions	Total Deferred Outflows of Resources	Differences Between Expected and Actual Experience	Changes of Assumptions	Total Deferred Inflows of Resources		
Village	\$ 2,082,561	\$ 237,812	\$ 463,454	\$ 8,328	\$ 709,594	\$ -	\$ -	\$ -	\$ 290,407	
Library	382,009	43,622	85,014	1,528	130,164	-	-	-	53,270	
<b>TOTAL</b>	<b>\$ 2,464,570</b>	<b>\$ 281,434</b>	<b>\$ 548,468</b>	<b>\$ 9,856</b>	<b>\$ 839,758</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 343,677</b>	

# VILLAGE OF CLARENDON HILLS, ILLINOIS

## NOTES TO THE SCHEDULE OF EMPLOYER ALLOCATIONS AND PENSION AMOUNTS BY EMPLOYER

April 30, 2016

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Clarendon Hills, Illinois (the Village) contributes to the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system. The benefits, benefit levels, employee contributions and employer contributions for all three plans are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly. IMRF issues a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained from the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523 or at [www.imrf.org](http://www.imrf.org). As noted above, IMRF is an agent multiple-employer defined benefit pension plan. The Village and the Clarendon Hills Public Library (the Library), a non-employer contributing entity, both participate in the plan and, therefore, the plan is treated as a cost-sharing plan.

All employees (other than those covered by the Police Pension Plan and Firefighters' Pension Plan, single employer defined benefit plans administered by the Village) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members.

#### a. Nature of Schedules

Employers participating in a cost-sharing pension plan are required to recognize their proportionate share of the collective pension amounts for pension benefits provided to members through the IMRF plan.

GASB Statement No. 68, paragraph 92, states that in determining the employer's portion of the collective net pension liability (NPL), the basis should be consistent with the manner in which contributions to the pension plan, excluding those to separately finance specific liabilities of the individual employer to the plan, are determined, which is consistent with paragraphs 48-51. GASB Statement No. 68, paragraph 92, further states that in determining the nonemployer's proportion of the collective NPL and corresponding pension amounts, the Village should follow the terms to determine the specific relationship of the contribution requirements of the nonemployer contributing entity (the Library) to those of the employer (the Village).

The schedule of employer allocations presents the actual fiscal year 2016 contributions used within the proportionate share calculation for the Village and the Library and respective allocation percentage. This percentage was also used to allocate the opening net position.

**VILLAGE OF CLARENDON HILLS, ILLINOIS**  
**NOTES TO THE SCHEDULE OF EMPLOYER ALLOCATIONS**  
**AND PENSION AMOUNTS BY EMPLOYER (Continued)**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

a. Nature of Schedules (Continued)

The schedule of pension amounts by employer presents the proportionate share of total net pension liability, total deferred outflows of resources, total deferred inflows of resources and total pension expense. The pension expense includes the amortization of the differences between expected and actual economic and demographic experience, differences between actual and projected investment earnings (net) on investments and the impact of changes of assumptions and future economic or demographic factors or other inputs.

b. Measurement Focus and Basis of Accounting

The financial transactions are recorded using the economic resources measurement focus and the accrual basis of accounting.

c. Use of Estimates in the Preparation of the Schedules

The preparation of the IMRF schedules in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts, and the changes therein, and disclosures. Actual results could differ from those estimates and differences could be material. IMRF uses an actuary to determine the total pension liability for the defined benefit plan and to calculate the actuarially determined contributions of the Village and Library.

d. Basis of Allocation

In determining the proportionate share of the net pension liability and corresponding employer pension amounts for a cost-sharing plan, the basis should be consistent with the manner in which contributions to IMRF are determined. The Village has determined that the actual contributions made to IMRF during the Village's fiscal year ended April 30, 2016 are appropriate as the basis because they are representative of future contributions.

The NPL is the Village's total pension liability less the fiduciary net position. The NPL was determined by an actuarial valuation measured as of December 31, 2015. The Village allocates a portion of the NPL to the Library based on the allocation percentage calculated within the Schedule of Employer Allocations.



**VILLAGE OF CLARENDON HILLS, ILLINOIS**  
**NOTES TO THE SCHEDULE OF EMPLOYER ALLOCATIONS**  
**AND PENSION AMOUNTS BY EMPLOYER (Continued)**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

e. Pension Expense and Amortization of Expense

Pension expense, as well as deferred outflows of resources and deferred inflows of resources related to pensions, should be recognized for the Village and the Library's proportionate shares of collective pension expense and collective deferred outflows of resources and deferred inflows of resources related to pensions.

Deferred outflows of resources are the consumption/acquisition of net assets that is applicable to future reporting periods. Deferred outflows of resources have a positive effect on net position. Deferred inflows of resources are the acquisition of net position that is applicable to future reporting periods. Deferred inflows of resources have a negative effect on net position. Other than differences between projected and actual investment earnings, deferred inflows and outflows of resources are recognized in pension expense beginning in the current period, using a straight line method over a closed period equal to the average expected remaining service lives of all employees that are provided with pensions through IMRF (active or inactive), determined as of the beginning of the measurement period.

Net deferred inflows (or outflows) of resources pertaining to differences between projected and actual investment earnings are similarly recognized over a closed five-year period.

The components of pension expense for the year ended December 31, 2015 are:

Service Cost	\$ 188,563
Interest	837,843
Difference Between Expected and Actual Experience	404,261
Changes in Assumptions	14,157
Employee Contributions	(85,311)
Net Investment Income	(48,629)
Other (Net Transfer)	(127,449)
Recognition of Deferred Inflows	-
Recognition of Deferred Outflows	<u>(839,758)</u>
 TOTAL	 <u>\$ 343,677</u>

The average of the expected remaining service lives of all members for year ended December 31, 2015 is 3.2913 years.

**VILLAGE OF CLARENDON HILLS, ILLINOIS**  
**NOTES TO THE SCHEDULE OF EMPLOYER ALLOCATIONS**  
**AND PENSION AMOUNTS BY EMPLOYER (Continued)**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

f. Net Pension Liability

The net pension liability, measured as of December 31, 2015, is set forth in the following table:

NET PENSION LIABILITY (BEGINNING)	\$ 1,566,262
Total Pension Expense	343,677
Deferred Outflows of Resources	839,758
Deferred Inflows of Resources	-
Employer Contributions	<u>(285,127)</u>
NET PENSION LIABILITY (ENDING)	<u>\$ 2,464,570</u>