Actuary

VILLAGE OF ELMWOOD PARK

ELMWOOD PARK 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 Elmwood Park 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, EA, MAAA
Enrolled Actuary No. 11-4384

11/13/2012
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 (5 new members, 0 terminations, 3 retirements, 0 incidents of disability, annual payroll increase 4.1%, average salary increase 5.6%).

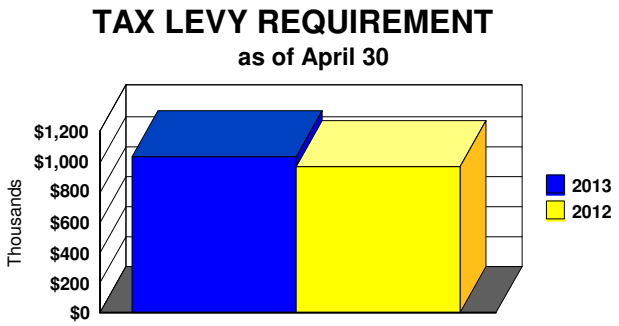
There were no changes with respect to the value of the Fund's investments from the prior year (annual investment return 3.90%).

The Village's Tax Levy Requirement has increased from $970,060 last year to $1,038,329 this year (7.0%). The increase in the Tax Levy is due to the increase in salaries and the investment return was less than assumed, and was offset due to using 5-year market averaging. The Percent Funded has increased from 42.8% last year to 44.3% this year.

SUMMARY OF RESULTS (Continued)

	For Year Ending April 30	
	2013	2012
Tax Levy Requirement	$ 1,038,329	$ 970,060

	as of May 1	
	2012	2011
Village Normal Cost	369,323	331,302
Anticipated Employee Contributions	210,233	201,887
Accrued Liability	25,868,821	24,753,872
Actuarial Value of Assets	11,463,733	10,584,640
Unfunded Accrued Liability/(Surplus)	14,405,088	14,169,232
Amortization of Unfunded Accrued Liability/(Surplus)	601,078	575,296
Percent Funded	44.3%	42.8%
Annual Payroll	$ 2,223,513	$ 2,135,236

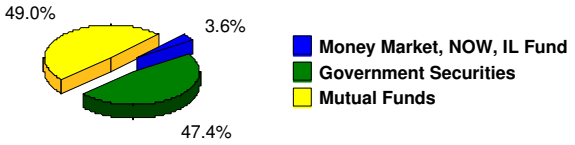


ACTUARIAL VALUATION OF ASSETS

		as of May 1 2012		2011
Money Market, NOW, IL Fund	$	399,147	$	551,848
Certificates of Deposit		0		102,260
Government Securities		5,313,519		4,693,618
Equities		0		351,161
Mutual Funds		5,486,521		4,822,385
Interest Receivable		0		74,778
Miscellaneous Receivable/(Payable)		0		(11,410)
Market Value of Assets		11,199,188		10,584,640
Actuarial Value of Assets	$	11,463,733	$	

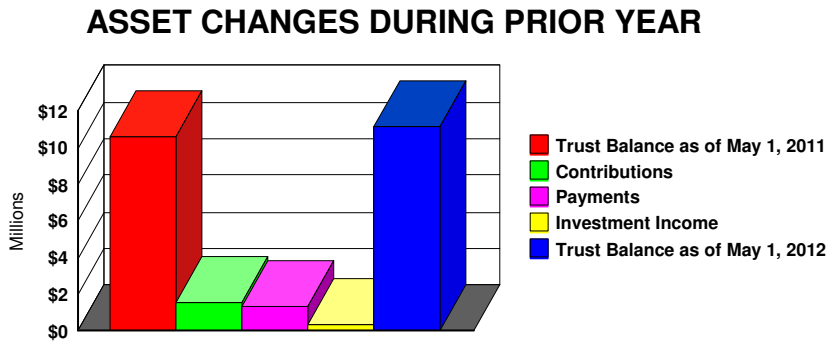
FYE 2012 (Gain)/Loss: $330,682

SUMMARY OF ASSETS
As Of May 1, 2012



ASSET CHANGES DURING PRIOR YEAR

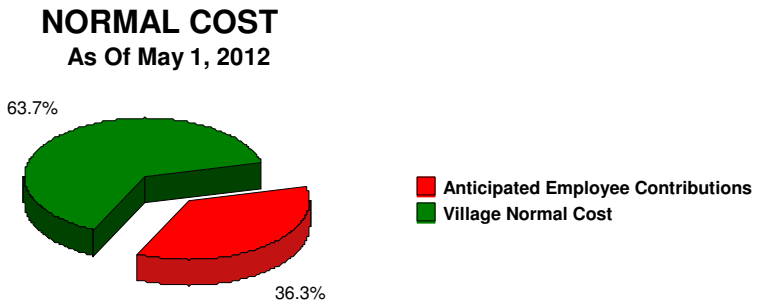
Trust Balance as of May 1, 2011		$	10,584,640
Contributions			
Village	1,348,303		
Employee	185,730		
Total			1,534,033
Payments			
Benefit Payments	1,277,848		
Expenses	58,790		
Total			1,336,638
Investment Income			417,152
Trust Balance as of May 1, 2012		$	11,199,188
Approximate Annual Rate of Return			3.90%



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.

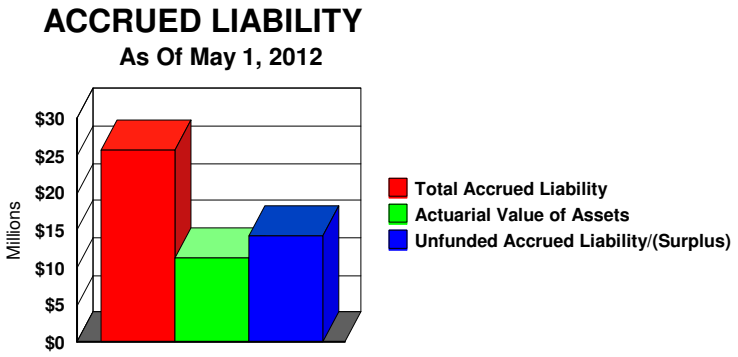
		as of May 1		
		2012		2011
Total Normal Cost	$	579,556	$	533,189
Anticipated Employee Contributions		210,233		201,887
Village Normal Cost		369,323		331,302
Normal Cost Payroll	$	2,223,513	$	2,135,236
Village Normal Cost Rate		16.61%		15.52%
Total Normal Cost Rate		26.06%		24.97%



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.

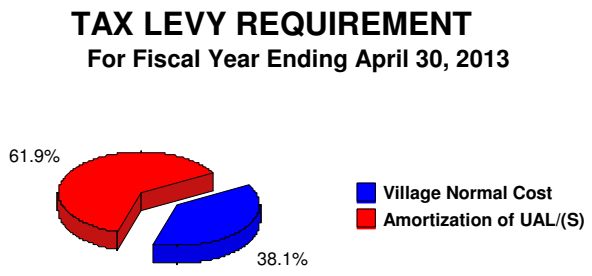
		as of May 1		
Accrued Liability		2012		2011
Active Employees	$	12,573,756	$	13,862,148
Children Annuities		0		0
Disability Annuities		301,925		314,216
Retirement Annuities		11,684,317		9,219,793
Surviving Spouse Annuities		1,308,823		1,357,715
Terminated Vested Annuities		0		0
Total Annuities		13,295,065		10,891,724
Total Accrued Liability		25,868,821		24,753,872
Actuarial Value of Assets		11,463,733		10,584,640
Unfunded Accrued Liability/(Surplus)	$	14,405,088	$	14,169,232
Percent Funded		44.3%		42.8%



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 has been reset to 30 years.

	For Year Ending April 30	
	2013	2012
Village Normal Cost as of Beginning of Year	$ 369,323	$ 331,302
Amortization of Unfunded Accrued Liability/(Surplus)	601,078	575,296
Interest for One Year	67,928	63,462
Tax Levy Requirement as of End of Year	$ 1,038,329	$ 970,060
Public Act 096-1495 Tax Levy Requirement		
1) Normal Cost (PUC)	445,069	446,742
2) Accrued Liability (PUC)	25,132,813	23,878,489
3) Amortization Payment	465,496	442,803
4) Interest for One Year	63,740	62,268
5) PA 096-1495 Tax Levy Requirement (1 + 3 + 4)	$ 974,305	$ 951,813



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	17		20	
Nonvested	10		5	
Total	27		25	
Inactive Participants		Annual Benefits		Annual Benefits
Children	0	$ 0	0	$ 0
Disabled Employees	1	36,408	1	36,408
Retired Employees	19	1,026,481	16	814,898
Surviving Spouses	7	239,551	7	239,551
Terminated Vesteds	0	0	0	0
Total	27	1,302,440	24	1,090,857
Annual Payroll		$ 2,223,513		$ 2,135,236

SUMMARY OF PLAN PARTICIPANTS (Continued)

Age and Service Distribution

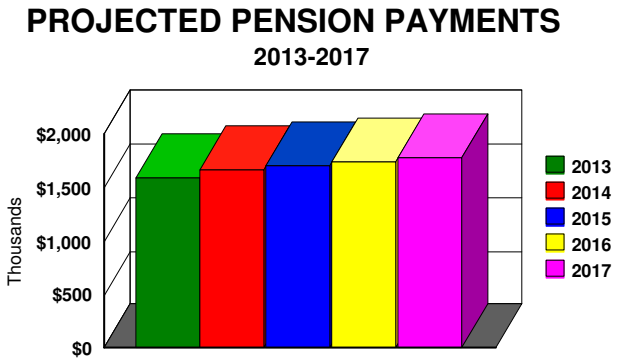
Service Age	0-4	5-9	10-14	15-19	20-24	25-29	30+	Total	Salary
20-24	1							1	51,039
25-29	4							4	51,410
30-34	1	3						4	81,347
35-39		1	1					2	83,228
40-44			1		1			2	94,858
45-49			1	1	2	2		6	92,308
50-54			1	2	1	1		5	89,026
55-59						2	1	3	95,431
60+									
Total	6	4	4	3	4	5	1	27	82,352
Salary	56,158	81,345	84,652	94,638	89,876	92,833	115,000		

Average Age: 41.7 Average Service: 13.6

DURATION (years) Active Members: 17.1 Retired Members: 8.7 All Members: 12.6

PROJECTED PENSION PAYMENTS

2013	2014	2015	2016	2017
$1,606,870	$1,669,923	$1,713,771	$1,755,457	$1,781,797



SUMMARY OF PLAN PROVISIONS

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

The Village of Elmwood Park 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	7.00%
Salary Scale	5.50%
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 60)
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	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	27	24
Terminated plan members entitled to but not yet receiving benefits	0	0
Active vested plan members	17	20
Active nonvested plan members	10	5
Total	54	49
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						
04/30/11	10,584,640	24,753,872	14,169,232	42.8%	2,135,236	663.6%
04/30/12	11,199,188	25,868,821	14,669,633	43.3%	2,223,513	659.8%

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

ANNUAL PENSION COST AND NET PENSION OBLIGATION

	April 30, 2012	April 30, 2011
Annual required contribution	1,348,303	1,238,773
Interest on net pension obligation	123,470	121,201
Adjustment to annual required contribution	(72,634)	(88,788)
Annual pension cost	1,399,139	1,271,186
Contributions made	1,348,303	1,238,773
Increase (decrease) in net pension obligation	50,836	32,413
Net pension obligation beginning of year	1,763,859	1,731,446
Net pension obligation end of year	1,814,695	1,763,859

THREE-YEAR TREND INFORMATION

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
04/30/10			
04/30/11	1,271,186	97.5%	1,763,859
04/30/12	1,399,139	96.4%	1,814,695

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

FUNDING POLICY AND ANNUAL PENSION COST

Contribution rates:		
Village	60.638%	58.016%
Plan members	9.455%	Same
Annual pension cost	1,399,139	1,271,186
Contributions made	1,348,303	1,238,773
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	29 years	30 years
Asset valuation method	Market	Same
Actuarial assumptions:		
Investment rate of return*	7.00%	Same
Projected salary increases*	5.50%	Same
*Includes inflation at	3.00%	Same
Cost-of-living adjustments	3.00% per year	Same