TSW
Actuary

VILLAGE OF ALSIP

ALSIP 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 Alsip 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

12/28/2012
Date

SUMMARY OF RESULTS

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

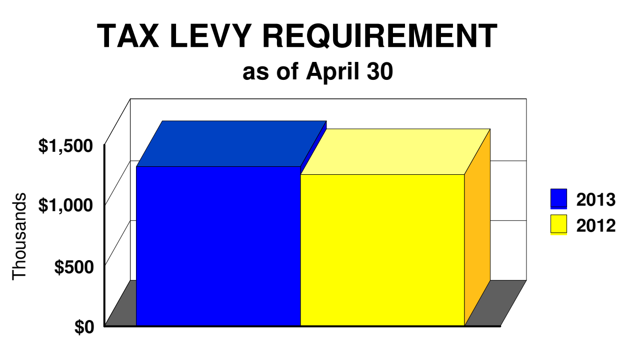
There were no unexpected changes with respect to the participants included in this actuarial valuation (2 new members, 0 termination, 0 retirements, 0 incidents of disability, annual payroll increase 7.6%, average salary increase 3.6%).

There were no unexpected changes with respect to the Fund's investments from the prior year (annual investment return 3.10%).

The Village's Tax Levy Requirement has increased from $1,259,942 last year to $1,319,515 this year (4.7%). 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 57.3% last year to 58.4% this year.

SUMMARY OF RESULTS (Continued)

	For Year Ending April 30	
	2013	2012
Tax Levy Requirement	$ 1,319,515	$ 1,259,942
	as of May 1	
	2012	2011
Village Normal Cost	487,373	474,260
Anticipated Employee Contributions	250,913	233,287
Accrued Liability	32,803,218	31,388,304
Actuarial Value of Assets	19,153,444	17,994,677
Unfunded Accrued Liability/(Surplus)	13,649,774	13,393,627
Amortization of Unfunded Accrued Liability/(Surplus)	745,819	703,256
Percent Funded	58.4%	57.3%
Annual Payroll	$ 2,653,763	$ 2,467,342

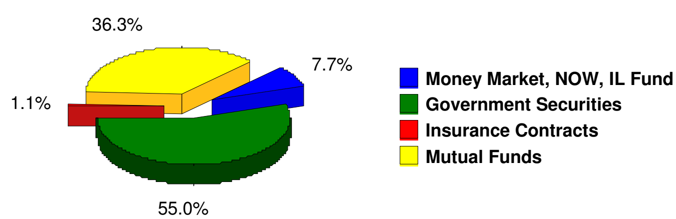


ACTUARIAL VALUATION OF ASSETS

		as of May 1 2012		2011
Money Market, NOW, IL Fund	$	1,429,383	$	1,039,281
Government Securities		10,232,795		10,018,748
Insurance Contracts		200,523		193,071
Mutual Funds		6,745,545		6,760,288
Interest Receivable		64,188		64,691
Miscellaneous Receivable/(Payable)		(81,720)		(81,401)
Market Value of Assets		18,590,714		17,994,677
Actuarial Value of Assets	$	19,153,444	$	

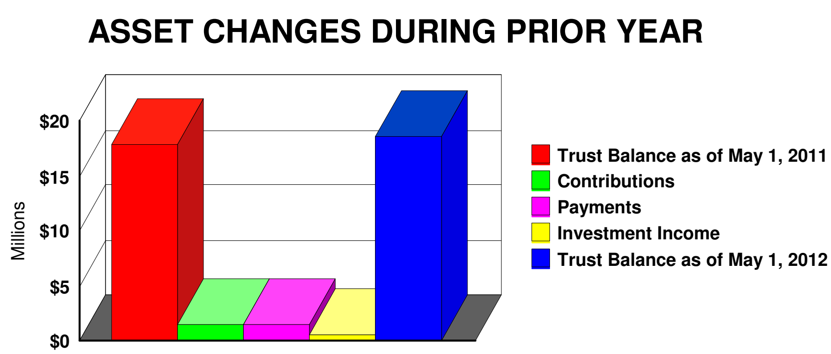
FYE 2012 (Gain)/Loss: $703,412

SUMMARY OF ASSETS
As Of May 1, 2012



ASSET CHANGES DURING PRIOR YEAR

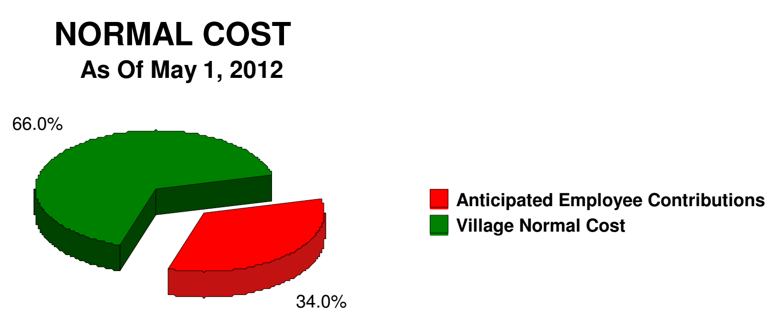
Trust Balance as of May 1, 2011		$	17,994,677
Contributions			
Village	1,272,947		
Employee	253,254		
Total			1,526,201
Payments			
Benefit Payments	1,398,872		
Expenses	88,855		
Total			1,487,726
Investment Income			557,562
Trust Balance as of May 1, 2012		$	18,590,714
Approximate Annual Rate of Return			3.10%



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.

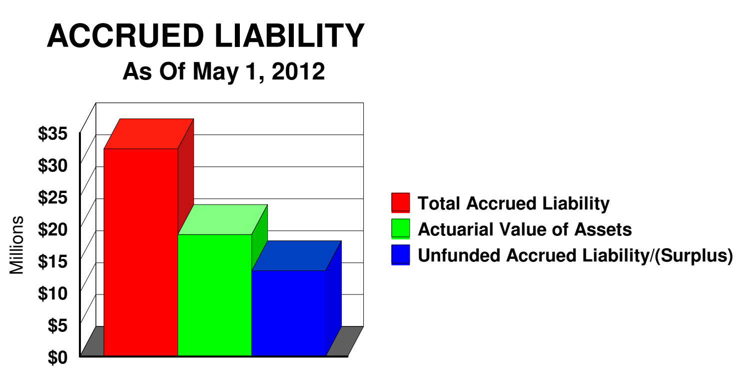
	as of May 1 2012	as of May 1 2011
Total Normal Cost	$ 738,286	$ 707,547
Anticipated Employee Contributions	250,913	233,287
Village Normal Cost	487,373	474,260
Normal Cost Payroll	$ 2,653,763	$ 2,467,342
Village Normal Cost Rate	18.37%	19.22%
Total Normal Cost Rate	27.82%	28.68%



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	$ 14,191,373	$ 12,839,504
Children Annuities	278	539
Disability Annuities	6,581,924	6,668,912
Retirement Annuities	10,599,379	10,402,799
Surviving Spouse Annuities	1,430,264	1,476,550
Terminated Vested Annuities	0	0
Total Annuities	18,611,845	18,548,800
Total Accrued Liability	32,803,218	31,388,304
Actuarial Value of Assets	19,153,444	17,994,677
Unfunded Accrued Liability/(Surplus)	$ 13,649,774	$ 13,393,627
Percent Funded	58.4%	57.3%

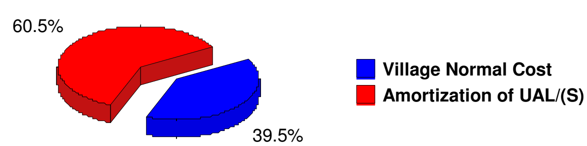


TAX LEVY REQUIREMENT

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	$	487,373	$	474,260
Amortization of Unfunded Accrued Liability/(Surplus)		745,819		703,256
Interest for One Year		86,323		82,426
Tax Levy Requirement as of End of Year	$	1,319,515	$	1,259,942
Public Act 096-1495 Tax Levy Requirement				
1) Normal Cost (PUC)		652,557		622,635
2) Accrued Liability (PUC)		30,873,782		29,445,158
3) Amortization Payment		360,226		345,357
4) Interest for One Year		70,895		67,759
5) PA 096-1495 Tax Levy Requirement (1 + 3 + 4)	$	1,083,678		1,035,751

TAX LEVY REQUIREMENT
For Fiscal Year Ending April 30, 2013



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	25			25		
Nonvested	9			7		
Total	34			32		
Inactive Participants			Annual Benefits			Annual Benefits
Children	1	$	288	1	$	288
Disabled Employees	13		503,115	13		490,409
Retired Employees	12		706,703	12		687,221
Surviving Spouses	5		189,053	5		189,456
Terminated Vesteds	0		0	0		0
Total	31		1,399,159	31		1,367,374
Annual Payroll		$	2,653,763		$	2,467,342

SUMMARY OF PLAN PARTICIPANTS (Continued)

Age and Service Distribution

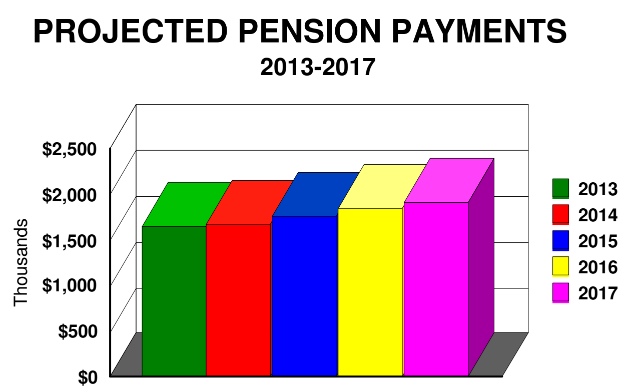
Service / Age	0-4	5-9	10-14	15-19	20-24	25-29	30+	Total	Salary
20-24									
25-29	4	1						5	67,478
30-34	2	1	1					4	68,100
35-39			5					5	80,503
40-44		1	2	1	1			5	78,585
45-49			2	4	2			8	81,616
50-54			1	1	2	2		6	86,477
55-59					1			1	76,740
60+									
Total	6	3	11	6	6	2	0	34	78,052
Salary	63,976	75,207	80,965	78,404	83,355	91,559			

Average Age: 41.2 Average Service: 13.3

DURATION (years) Active Members: 19.1 Retired Members: 9.7 All Members: 13.4

PROJECTED PENSION PAYMENTS

2013	2014	2015	2016	2017
$1,655,269	$1,667,733	$1,775,601	$1,842,481	$1,908,790



SUMMARY OF PLAN PROVISIONS

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

The Village of Alsip 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 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	31	31
Terminated plan members entitled to but not yet receiving benefits	0	0
Active vested plan members	25	25
Active nonvested plan members	9	7
Total	65	63
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	16,451,367	28,811,898	12,360,531	57.1%	2,680,721	461.1%
04/30/11	17,994,677	31,388,304	13,393,627	57.3%	2,467,342	542.8%
04/30/12	18,590,714	32,803,218	14,212,504	56.7%	2,653,763	535.6%

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

ANNUAL PENSION COST AND NET PENSION OBLIGATION

	April 30, 2012	April 30, 2011
Annual required contribution	1,259,942	1,210,183
Interest on net pension obligation	(4,861)	(5,255)
Adjustment to annual required contribution	3,698	3,850
Annual pension cost	1,258,779	1,208,778
Contributions made	1,272,947	1,203,145
Increase (decrease) in net pension obligation	(14,168)	5,633
Net pension obligation beginning of year	(69,441)	(75,074)
Net pension obligation end of year	(83,609)	(69,441)

THREE-YEAR TREND INFORMATION

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
04/30/10	984,577	107.6%	(75,074)
04/30/11	1,208,778	99.5%	(69,441)
04/30/12	1,258,779	101.1%	(83,609)

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

FUNDING POLICY AND ANNUAL PENSION COST

Contribution rates:		
Village	47.968%	48.763%
Plan members	9.455%	Same
Annual pension cost	1,258,779	1,208,778
Contributions made	1,272,947	1,203,145
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*	7.00%	Same
Projected salary increases*	5.50%	Same
*Includes inflation at	3.00%	Same
Cost-of-living adjustments	3.00% per year	Same