TSW
Actuary

VILLAGE OF ALSIP

ALSIP 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

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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, 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

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

1/2/2014
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.

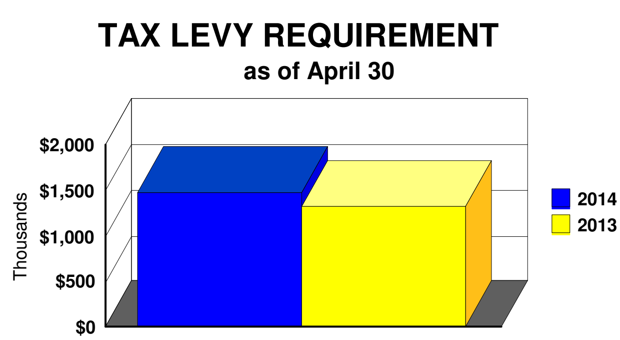
There were no unexpected changes with respect to the participants included in this actuarial valuation (2 new members, 0 termination, 1 retirement, 0 incidents of disability, annual payroll increase 4.4%, average salary increase 4.8%).

There were no unexpected changes with respect to the Fund's investments from the prior year (annual investment return 7.68%).

The Village's Tax Levy Requirement has increased from $1,319,515 last year to $1,480,436 this year (12.2%). The increase in the Tax Levy is due to the increase in salaries and the change to the mortality table, and was offset due to the investment return was greater than assumed. The Percent Funded has decreased slightly from 58.4% last year to 57.5% this year.

SUMMARY OF RESULTS (Continued)

	For Year Ending April 30	
	2014	2013
Tax Levy Requirement	$ 1,480,436	$ 1,319,515
	as of May 1	
	2013	2012
Village Normal Cost	531,124	487,373
Anticipated Employee Contributions	261,939	250,913
Accrued Liability	35,156,942	32,803,218
Actuarial Value of Assets	20,198,197	19,153,444
Unfunded Accrued Liability/(Surplus)	14,958,745	13,649,774
Amortization of Unfunded Accrued Liability/(Surplus)	852,461	745,819
Percent Funded	57.5%	58.4%
Annual Payroll	$ 2,770,376	$ 2,653,763

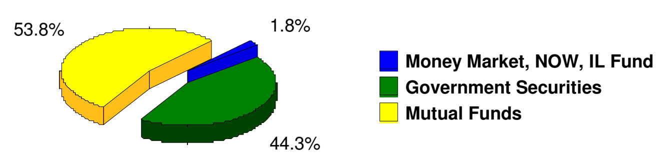


ACTUARIAL VALUATION OF ASSETS

	as of May 1 2013	2012
Money Market, NOW, IL Fund	$ 366,521	$ 1,429,383
Government Securities	8,820,695	10,232,795
Insurance Contracts	0	200,523
Mutual Funds	10,710,848	6,745,545
Interest Receivable	59,664	64,188
Miscellaneous Receivable/(Payable)	(81,401)	(81,720)
Market Value of Assets	19,876,326	18,590,714
Actuarial Value of Assets	$ 20,198,197	$ 19,153,444

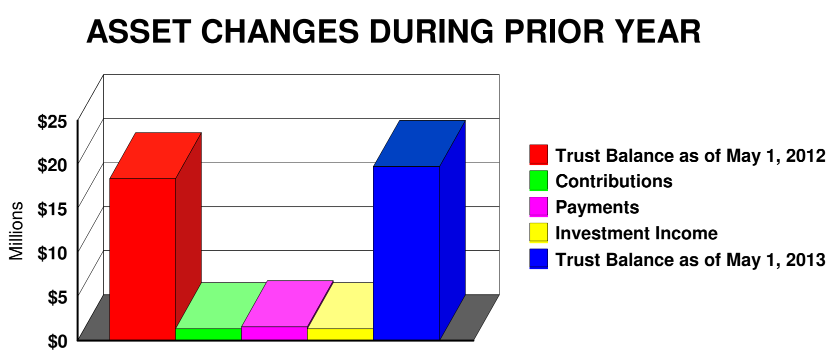
FYE 2012-2013 (Gain)/Loss: $703,412; ($125,220)

SUMMARY OF ASSETS
As Of May 1, 2013



ASSET CHANGES DURING PRIOR YEAR

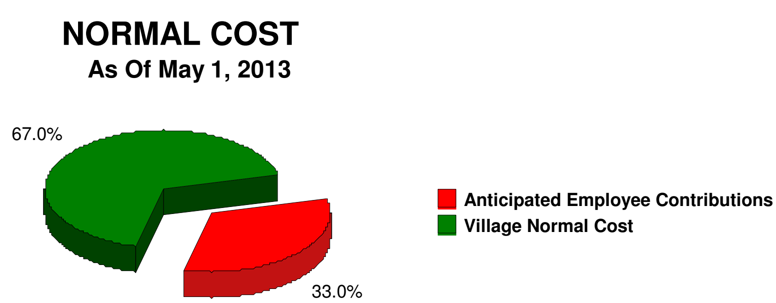
Trust Balance as of May 1, 2012		$	18,590,714
Contributions			
Village	1,222,157		
Employee	255,960		
Total			1,478,117
Payments			
Benefit Payments	1,515,507		
Expenses	98,802		
Total			1,614,308
Investment Income			1,421,803
Trust Balance as of May 1, 2013		$	19,876,326
Approximate Annual Rate of Return			7.68%



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.

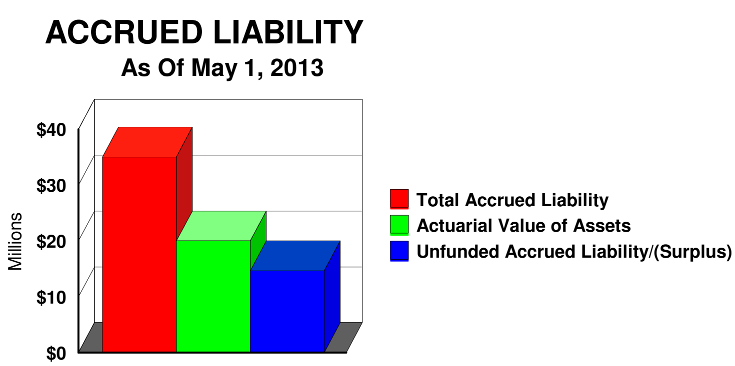
	as of May 1 2013	as of May 1 2012
Total Normal Cost	$ 793,063	$ 738,286
Anticipated Employee Contributions	261,939	250,913
Village Normal Cost	531,124	487,373
Normal Cost Payroll	$ 2,770,376	$ 2,653,763
Village Normal Cost Rate	19.17%	18.37%
Total Normal Cost Rate	28.63%	27.82%



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 2013	2012
Accrued Liability	2013	2012
Active Employees	$ 15,068,033	$ 14,191,373
Children Annuities	0	278
Disability Annuities	6,828,031	6,581,924
Retirement Annuities	11,926,036	10,599,379
Surviving Spouse Annuities	1,334,842	1,430,264
Terminated Vested Annuities	0	0
Total Annuities	20,088,909	18,611,845
Total Accrued Liability	35,156,942	32,803,218
Actuarial Value of Assets	20,198,197	19,153,444
Unfunded Accrued Liability/(Surplus)	$ 14,958,745	$ 13,649,774
Percent Funded	57.5%	58.4%



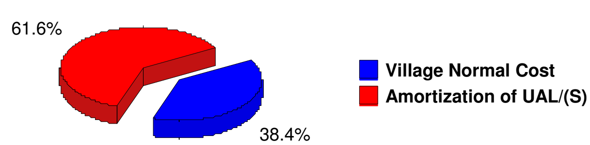
TAX LEVY REQUIREMENT

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		
		2014		2013
Village Normal Cost as of Beginning of Year	$	531,124	$	487,373
Amortization of Unfunded Accrued Liability/(Surplus)		852,461		745,819
Interest for One Year		96,851		86,323
Tax Levy Requirement as of End of Year	$	1,480,436	$	1,319,515
Public Act 096-1495 Tax Levy Requirement				
1) Normal Cost (PUC)		756,584		652,557
2) Accrued Liability (PUC)		33,058,937		30,873,782
3) Amortization Payment		410,221		360,226
4) Interest for One Year		81,676		70,895
5) PA 096-1495 Tax Levy Requirement (1 + 3 + 4)	$	1,248,481		1,083,678

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	2013		2013	2012		2012
Current Employees						
Vested	25			25		
Nonvested	10			9		
Total	35			34		
Inactive Participants			Annual Benefits			Annual Benefits
Children	0	$	0	1	$	288
Disabled Employees	13		517,125	13		503,115
Retired Employees	13		806,471	12		706,703
Surviving Spouses	5		183,677	5		189,053
Terminated Vesteds	0		0	0		0
Total	31		1,507,273	31		1,399,159
Annual Payroll		$	2,770,376		$	2,653,763

SUMMARY OF PLAN PARTICIPANTS (Continued)

Age and Service Distribution

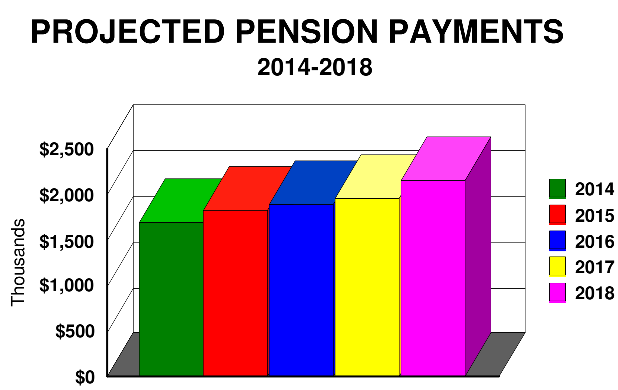
Service Age	0-4	5-9	10-14	15-19	20-24	25-29	30+	Total	Salary
20-24									
25-29	3	3						6	63,858
30-34	2	2						4	71,970
35-39			4	1				5	83,040
40-44			2	3				5	82,939
45-49				6	3			9	85,023
50-54			1	1	1	1		4	81,764
55-59					2			2	88,596
60+									
Total	5	5	7	11	6	1	0	35	79,154
Salary	57,951	76,254	80,361	85,673	85,823	79,483			

Average Age: 40.9 Average Service: 13.1

DURATION (years) Active Members: 19.3 Retired Members: 9.6 All Members: 13.4

PROJECTED PENSION PAYMENTS

2014	2015	2016	2017	2018
$1,703,217	$1,821,044	$1,892,060	$1,962,599	$2,158,094



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 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	7.00% net of investment expenses.
Salary Scale	5.50%
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

Age	Mortality	Withdrawal	Disability	Retirement
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:

	April 30, 2013	April 30, 2012
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	10	9
Total	66	65
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	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%
04/30/13	19,876,326	35,156,942	15,280,616	56.5%	2,770,376	551.6%

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

ANNUAL PENSION COST AND NET PENSION OBLIGATION

	April 30, 2013	April 30, 2012
Annual required contribution	1,319,515	1,259,942
Interest on net pension obligation	(5,853)	(4,861)
Adjustment to annual required contribution	4,633	3,698
Annual pension cost	1,318,295	1,258,779
Contributions made	1,222,157	1,272,947
Increase (decrease) in net pension obligation	96,138	(14,168)
Net pension obligation beginning of year	(83,609)	(69,441)
Net pension obligation end of year	12,529	(83,609)

THREE-YEAR TREND INFORMATION

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
04/30/11	1,208,778	99.5%	(69,441)
04/30/12	1,258,779	101.1%	(83,609)
04/30/13	1,318,295	92.7%	12,529

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

FUNDING POLICY AND ANNUAL PENSION COST

Contribution rates:		
Village	44.115%	47.968%
Plan members	9.455%	Same
Annual pension cost	1,318,295	1,258,779
Contributions made	1,222,157	1,272,947
Actuarial valuation date	04/30/2013	04/30/2012
Actuarial cost method	Entry age	Same
Amortization period	Level percentage of pay, closed	Same
Remaining amortization period	20 years	21 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