



VILLAGE OF ALSIP
HEALTH INSURANCE PLAN FOR RETIRED EMPLOYEES

Actuarial Valuation Report

For the Year

Beginning May 1, 2011

And Ending April 30, 2012

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INTRODUCTION

The Village of Alsip provides limited health care insurance coverage for its eligible retired employees. The purpose of this report is to disclose the GASB Statements No. 43 & 45 financial information and related actuarial information for the year beginning May 1, 2011, and ending April 30, 2012. The last actuarial valuation was completed two years ago, thus, the results from April 30, 2009, were relied upon for last year and this year.

The valuation results reported herein are based on the plan provisions, the employee data 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 plan as of April 30, 2011, in accordance with generally accepted actuarial principles and procedures. In my opinion, the assumptions used are reasonably related to expectations.

Respectfully submitted,

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

Date

GASB STATEMENTS NO. 43 & 45 DISCLOSURE INFORMATION

The Governmental Accounting Standards Board (GASB) issued Statements No. 43 & 45 that established generally accepted accounting principles for the annual financial statements for postemployment benefit plans other than pension plans. The required information is as follows:

Membership in the plan consisted of the following as of:

| | <u>April 30, 2011¹</u> | <u>April 30, 2010¹</u> |
|--|-----------------------------------|-----------------------------------|
| Retirees and beneficiaries receiving benefits | 63 | 63 |
| Terminated plan members entitled to but not yet receiving benefits | 0 | 0 |
| Active vested plan members | 64 | 64 |
| Active nonvested plan members | <u>70</u> | <u>70</u> |
| Total | <u>197</u> | <u>197</u> |
| 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 | 0 | 8,628,731 | 8,628,731 | 0.0% | | |
| 04/30/10 ¹ | 0 | 8,628,731 | 8,628,731 | 0.0% | | |
| 04/30/11 ¹ | 0 | 8,628,731 | 8,628,731 | 0.0% | | |

¹ Results from prior year.

GASB STATEMENTS NO. 43 & 45 DISCLOSURE INFORMATION (Continued)

ANNUAL OPEB COST AND NET OPEB OBLIGATION

| | <u>April 30, 2011</u> | <u>April 30, 2010²</u> |
|--|-----------------------|-----------------------------------|
| Annual required contribution | 679,753 | |
| Interest on net OPEB obligation | 52,636 | |
| Adjustment to annual required contribution | <u>(35,091)</u> | |
| Annual OPEB cost | 697,298 | |
| Contributions made | <u>460,650</u> | |
| Increase (decrease) in net OPEB obligation | 236,648 | |
| Net OPEB obligation beginning of year | <u>1,052,726</u> | |
| Net OPEB obligation end of year | <u>1,289,374</u> | <u>1,052,726</u> |

THREE-YEAR TREND INFORMATION

| <u>Fiscal Year Ending</u> | <u>Annual OPEB Cost</u> | <u>Percentage of Annual OPEB Cost Contributed</u> | <u>Net OPEB Obligation</u> |
|-----------------------------------|-----------------------------|---|------------------------------------|
| 04/30/09 | 650,433 | 70.8% | 646,477 |
| 04/30/10 ² | | | 1,052,726 |
| 04/30/11 | 697,298 | 66.1% | 1,289,374 |

ANNUAL REQUIRED CONTRIBUTION

| | <u>April 30, 2012¹</u> | <u>April 30, 2011¹</u> |
|------------------------------|-----------------------------------|-----------------------------------|
| Service Cost | 359,760 | 359,760 |
| Amortization | 287,624 | 287,624 |
| Interest | <u>32,369</u> | <u>32,369</u> |
| Annual required contribution | <u>679,753</u> | <u>679,753</u> |

¹ Results from prior year.

² Completed by Village.

GASB STATEMENTS NO. 43 & 45 DISCLOSURE INFORMATION (Continued)

FUNDING POLICY AND ACTUARIAL ASSUMPTIONS

The last actuarial valuation was completed two years ago (04/30/2009). The Net OPEB Obligation has been updated through 04/30/2011

Contribution rates:

Village

| | |
|--------------|-------|
| Plan members | 0.00% |
|--------------|-------|

| | |
|--------------------------|------------|
| Actuarial valuation date | 04/30/2009 |
|--------------------------|------------|

| | |
|-----------------------|-----------|
| Actuarial cost method | Entry age |
|-----------------------|-----------|

| | |
|---------------------|-------------------------------|
| Amortization period | Level percentage of pay, open |
|---------------------|-------------------------------|

| | |
|-------------------------------|----------|
| Remaining amortization period | 30 years |
|-------------------------------|----------|

| | |
|------------------------|--------|
| Asset valuation method | Market |
|------------------------|--------|

Actuarial assumptions:

| | |
|----------------------------|-------|
| Investment rate of return* | 5.00% |
|----------------------------|-------|

| | |
|----------------------------|-------|
| Projected salary increases | 5.00% |
|----------------------------|-------|

| | |
|---------------------------|-------------------------------|
| Healthcare inflation rate | 8.00% initial, 6.00% ultimate |
|---------------------------|-------------------------------|

| | |
|--|--|
| Mortality, Turnover, Disability, Retirement Ages | Same rates utilized for IMRF, Police and Firefighter Pension Funds |
|--|--|

| | |
|---|------|
| Percentage of Active Employees Assumed to Elect Benefit | 100% |
|---|------|

| | |
|---------------------------|---|
| Employer Provided Benefit | Explicit: 50% of premium to age 65, 10% of premium after age 65 for life (premium post-65 \$728/mo) Implicit: 20% of premium to age 65 (50% of \$728/mo + 50% of \$1,374/mo) |
|---------------------------|---|

| | |
|-------------------------|-------|
| * Includes inflation at | 3.00% |
|-------------------------|-------|

| VILLAGE OF ALSIP | | | | | | | | | |
|--|-------------------------|-----------------------------|------------------------------|----------------------------|---|------------------------------|----------------|-----------------|--------------|
| GASB 45 Summary as of April 30, 2009 | | | | | | | | | |
| Division | Service Cost | Active Liability | Retired Liability | Total Liability | Annual Required Contribution | Expected Payments | Actives | Retirees | Total |
| IMRF | 78,552 | 671,272 | 439,201 | 1,110,473 | 121,346 | 79,036 | 42 | 19 | 61 |
| Police | 153,251 | 1,777,455 | 2,584,779 | 4,362,234 | 313,592 | 271,881 | 54 | 25 | 79 |
| Fire | 127,957 | 1,856,912 | 1,299,112 | 3,156,024 | 244,816 | 109,733 | 38 | 19 | 57 |
| Total | 359,760 | 4,305,639 | 4,323,092 | 8,628,731 | 679,753 | 460,650 | 134 | 63 | 197 |
| Discount Rate: 5.0% | | | | | | | | | |
| Medical Inflation Rate: 8.0% initial, 6.0% ultimate | | | | | | | | | |
| Future Payroll Increases: 5.0% | | | | | | | | | |