

ROCHELLE POLICE PENSION FUND
Tax Levy Report

**Showing Assets and Liabilities of the Fund in
 Accordance with Actuarial Reserve Requirements
 As of May 1, 2013**

Summary

Accrued Liability	\$	13,896,444
Actuarial Value of Assets	\$	11,280,206
Unfunded Accrued Liability		\$ 2,616,238
Funded Ratio		81%

Liabilities

Reserves for Annuities and Benefits in Force

	Head Count:		Present Value:	
Retirement Annuities	11	\$	8,284,952	
Disability Annuities	0		0	
Surviving Spouse Annuities	6		1,672,324	
Minor Dependent Annuities	0		0	
Deferred Retirement Annuities	0		0	
Handicapped Dependent Annuities	0		0	
Dependent Parent Annuities	0		0	
Total:	17		\$ 9,957,276	
Accrued Liabilities for Active Members	21		\$ 3,939,168	
Total Accrued Liabilities			\$ 13,896,444	
Total Normal Cost for Active Members			\$ 369,356	
Total Normal Cost as a Percentage of Payroll				27%
Total Annual Payroll			\$ 1,361,568	
Amortization of Unfunded Liabilities:				
Total Accrued Liability			\$ 13,896,444	
90% Funded Ratio Target			\$ 12,506,800	
Actuarial Value of Assets			\$ 11,280,206	
Liabilities Subject to Amortization			\$ 1,226,594	
Amortization Period			27 years	
Amortization Payment, Beginning of Year			\$ 59,108	

This report is provided to the Board and Municipality as part of the Public Pension Division advisory services under Section 1A-106 of the Illinois Pension Code. This report should not be relied upon for purposes other than determining the current tax levy required under the Illinois Pension Code. The assumptions have been set based expectations for all Article 3 funds in the State of Illinois. The actuarial methods are prescribed by the Illinois Pension Code and do not necessarily represent the approach recommended by either the actuary or the Department of Insurance. This report was prepared under the direct supervision of the undersigned:

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Assets

Actuarial Value of Assets

Current Year Gain/(Loss):

Market value of assets as of April 30, 2012	\$	10,554,864
Benefit payments during fiscal year 2013		(707,868)
Total contributions during fiscal year 2013		302,025
Expected return during fiscal year 2013		698,756
Expected market value of assets as of April 30, 2013	\$	10,847,777

Actual market value of assets as of April 30, 2013 \$ 10,756,600

Investment gain/(loss) during the fiscal year \$ (91,177)

Development of Actuarial Value of Assets (market value less unrecognized amounts):

Market value of assets as of April 30, 2013	\$	10,756,600
Unrecognized gain/(loss) from fiscal 2013		(72,942)
Unrecognized gain/(loss) from fiscal 2012		(450,664)
Unrecognized gain/(loss) from fiscal 2011		N/A
Unrecognized gain/(loss) from fiscal 2010		N/A
Actuarial value of assets as of April 30, 2013	\$	11,280,206

Actuarially Determined Tax Levy

Actuarially determined amount to provide the employer normal cost based on the annual payroll of active participants as of May 1, 2013 (total normal cost less 9.91% of payroll). \$ 234,425

Amount necessary to amortize the unfunded accrued liability as determined by the State of Illinois Department of Insurance over the remaining 27 years as prescribed by Section 3-125 of the Illinois Pension Code. \$ 59,108

Interest to the end of the fiscal year \$ 19,813

Total suggested amount of Tax Levy to arrive at the annual requirements of the fund as prescribed by Section 3-125 of the Illinois Pension Code. * \$ 313,346

*The above figure is the suggested amount which should be obtained by the fund from the municipality exclusive of any other items of income, such as interest on investments, contributions from participants, etc. These items have already been taken into consideration in arriving at this amount.

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Actuarial Methods

The following methods have been prescribed in accordance with Section 3-125 of the Illinois Pension Code.

Funding method	Projected Unit Credit
Amortization method	Normal cost, plus an additional amount (determined as a level percentage of payroll) to bring the plan's funded ratio to 90% by the end of fiscal year 2040.
Asset valuation method	Investment gains and losses are recognized over a 5-year period.

Actuarial Assumptions

Interest rate	6.75%
Interest rate, prior fiscal year	6.75%
Healthy mortality rates	RP-2000 Combined Healthy Mortality, with Blue Collar Adjustment
Disabled mortality rates	RP-2000 Disabled Retiree Mortality
Decrements other than mortality	Experience tables
Rate of service-related deaths	5%
Rate of service-related disabilities	70%
Salary increases	Service-related table with rates grading from 11% to 4% at 30 years of service
Payroll growth	4.50%
Tier 2 cost-of-living adjustment	1.25%
Marital assumptions	80% of Members are assumed to be married; male spouses are assumed to be 3 years older than female spouses.

The actuarial assumptions used for determining the above amounts are based on experience for all Article 3 funds for the State of Illinois in aggregate, not that of each individual fund. The Department of Insurance has approved the actuarial assumptions based on the results of an experience analysis performed by Foster & Foster, Inc. Contact the Department of Insurance for complete experience tables.

Data and Fund Information

The above valuation uses personnel data as reported to the Department of Insurance in the Schedule P. Specifically, the following data items have been determined as of the date of the Tax Levy Report: attained age, annual salary or pension, completed years of service of each individual participant.

The fund specific information used in the production of this document was provided to the Illinois Department of Insurance by your pension fund board of trustees through the fund's annual statement filing.