

FIREMEN'S PENSION FUND OF PEORIA, ILLINOIS

OPERATED UNDER THE LAWS OF THE STATE OF
ILLINOIS PERTAINING TO FIREMEN'S
PENSION FUNDS

City Hall Building
Room 401
Peoria, Illinois 61602



Telephone
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November 25, 2014

Honorable Mayor and Members of the City Council
419 Fulton Street, Room 207
Peoria, IL 61602

Dear Honorable Mayor and Members of the City Council:

The City of Peoria Firemen's Pension Fund Actuarial Valuation as of January 1, 2014, is recommending a levy of \$8,825,900, which is the minimum recommended in the report by the firm of Foster & Foster. A majority of the Board of Trustees would like to go on record with their request for the City of Peoria to levy this amount for 2015.

If you have any questions, please contact a Member of the Firemen's Pension Board.

Sincerely,

Jack A. Niekirk, Jr.
President of the Board of Trustees
Of the Firemen's Pension Fund of Peoria, Illinois

CITY OF PEORIA
FIREFIGHTERS' PENSION FUND

ACTUARIAL VALUATION
AS OF JANUARY 1, 2014

CONTRIBUTIONS APPLICABLE TO THE
PLAN/FISCAL YEAR ENDED DECEMBER 31, 2014



November 12, 2014

Board of Trustees
City of Peoria
Firefighters' Pension Fund
419 Fulton Street
City Hall Building, Room 100
Peoria, IL 61602

Re: City of Peoria Firefighters' Pension Fund

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Peoria Firefighters' Pension Fund. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and to develop the appropriate funding requirements for the applicable plan year.

The valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board, and reflects laws and regulations issued to date pursuant to the provisions of Article 4, Illinois Pension Code, as well as applicable federal laws and regulations. In our opinion, the assumptions used in this valuation, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience.

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by the Board of Trustees, financial reports prepared by the custodian bank and the actuarial assumptions and methods described in the Actuarial Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

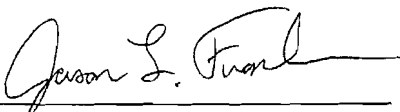
The undersigned is familiar with the immediate and long-term aspects of pension valuations, and meets the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the actuarial opinions.

To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the City of Peoria, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the City of Peoria Firefighters' Pension Fund. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

If there are any questions, concerns, or comments about any of the items contained in this report, please contact us at 630-620-0200.

Respectfully submitted,

Foster & Foster, Inc.

By: 
Jason L. Franken
Enrolled Actuary #14-06888

JLF/lke
Enclosures

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SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Peoria Firefighters' Pension Fund, performed as of January 1, 2014, has been completed and the results are presented in this Report. The contribution amounts set forth herein are applicable to the plan/fiscal year ended December 31, 2014. This is our first actuarial valuation performed for the City of Peoria Firefighters' Pension Fund. Since much of the historical data typically shown in our report is not readily available, we are not able to provide all of the information we would like to include. As a result, we have shown an "N/A" where the data was not available. In future years, the N/A's will be replaced with actual results.

The contribution requirements, compared with those set forth in the January 1, 2013 actuarial report as prepared by Goldstein & Associates, are as follows:

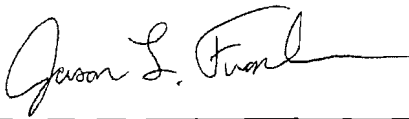
Valuation Date	1/1/2014	1/1/2013
Applicable Plan/Fiscal Year End	<u>12/31/2014</u>	<u>12/31/2013</u>
Total Required Contribution	\$10,334,002	\$9,532,657
% of Total Annual Payroll	64.8%	62.9%
Member Contributions (Est.)	1,508,102	1,432,933
% of Total Annual Payroll	9.455%	9.455%
City Required Contribution	8,825,900	8,099,724
% of Total Annual Payroll	55.3%	53.4%

As you can see, the Total Required Contribution has increased slightly as a percentage of payroll since the January 1, 2013 actuarial valuation report. This increase was the result of a change from Projected Unit Credit to Entry Age Normal, a decrease in the discount rate from 7.075% to 7.00%, and an update to the salary increase assumption. The overall actuarial experience during the year has been somewhat neutral on the basis of the Plan's actuarial assumptions. The primary source of favorable experience was a 7.78% investment return (Actuarial Asset basis) which was higher than the 7.075% assumption. This was offset by higher than expected increases in pensionable earnings.

This report uses actuarial assumptions and methods determined based on our discussion with the Board. The assumptions reflect our best estimate of future experience and the methods assign a reasonable portion of the contribution requirements to today's taxpayers.

The balance of this Report presents additional details of the actuarial valuation and the general operation of the Fund. The undersigned would be pleased to meet with the Board of Trustees in order to discuss the Report and answer any pending questions concerning its contents.

Respectfully submitted,
FOSTER & FOSTER, INC.

By: 
Jason L. Franken, FSA, EA, MAAA

Plan Changes Since Prior Valuation

There have been no Plan changes since the prior valuation.

Actuarial Assumption/Method Changes Since Prior Valuation

The following assumptions have been changed since the prior valuation:

1. The healthy mortality was updated to RP-2000 Combined Healthy with a Blue Collar Adjustment, projected to 2014, which is consistent with the valuation date.
2. The disabled mortality was updated to the RP-2000 Disabled Retiree table, projected to 2014, which is consistent with the valuation date.
3. The valuation interest rate was changed from 7.075% to 7.00%.
4. The salary increase assumption was updated from a flat 4.50% to a graded schedule based on age, and including a load for active employees to grow into the longevity bonus over their career.

Since the prior valuation the following methods have been updated:

1. The funding method was changed from Projected Unit Credit to Entry Age Normal.
2. The minimum recommended contribution is now determined at the end of the year instead of on the valuation date.
3. We are using a closed group valuation vs. the open group valuation methodology employed last year, which considers new entrants to the program.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	New Assum/Method <u>1/1/2014</u>	Old Assum/Method <u>1/1/2014</u>	<u>1/1/2013</u>
A. Participant Data			
Number Included			
Actives	201	201	205
Service Retirees	108	108	108
Beneficiaries	59	59	62
Terminated Vested	3	3	2
Disability Retirees	43	43	43
Total	<u>414</u>	<u>414</u>	<u>420</u>
Total Annual Payroll	\$15,950,315	\$15,950,315	\$15,155,298
Payroll Under Assumed Ret. Age	15,950,315	15,950,315	15,155,298
Annual Rate of Payments to:			
Service Retirees	6,566,941	6,566,941	6,365,840
Beneficiaries	2,131,390	2,131,390	2,010,855
Terminated Vested *	37,505	37,505	N/A
Disability Retirees	2,508,944	2,508,944	2,434,689
B. Assets			
Actuarial Value	128,613,429	128,613,429	122,378,717
Market Value	131,204,498	131,204,498	120,191,427
C. Liabilities			
Present Value of Benefits			
Active Members			
Retirement Benefits	116,763,742	105,631,067	N/A
Disability Benefits	14,797,031	13,210,607	N/A
Death Benefits	2,263,232	2,100,199	N/A
Vested Benefits	4,874,312	4,216,682	N/A
Service Retirees	87,220,203	86,340,144	N/A
Beneficiaries	15,865,193	15,742,130	N/A
Terminated Vested	292,756	287,595	N/A
Disability Retirees	<u>31,689,619</u>	<u>31,362,909</u>	<u>N/A</u>
Total	273,766,088	258,891,333	N/A

* Payments listed here are deferred payments.

	New Assum/Method <u>1/1/2014</u>	Old Assum/Method <u>1/1/2014</u>	<u>1/1/2013</u>
C. Liabilities - (Continued)			
Present Value of Future Salaries	174,849,338	154,302,409	N/A
Present Value of Future Member Cont.	16,532,005	14,589,293	N/A
Normal Cost			
Retirement Benefits	3,692,400	3,438,984	N/A
Disability Benefits	826,746	624,767	N/A
Death Benefits	135,030	97,162	N/A
Vested Benefits	308,016	153,345	N/A
Total Normal Cost	<u>4,962,192</u>	<u>4,314,258</u>	<u>4,452,641</u>
Present Value of Future Normal Costs	52,819,083	39,918,015	N/A
Actuarial Accrued Liability			
Retirement Benefits	77,619,571	72,507,117	N/A
Disability Benefits	6,056,283	8,348,901	N/A
Death Benefits	859,422	1,351,822	N/A
Vested Benefits	1,343,958	3,032,700	N/A
Inactives	135,067,771	133,732,778	N/A
Total Actuarial Accrued Liability	<u>220,947,005</u>	<u>218,973,318</u>	<u>210,586,703</u>
Unfunded Actuarial Accrued Liab (UAAL)	92,333,576	90,359,889	88,207,986
D. Actuarial Present Value of Accrued Benefits			
Vested Accrued Benefits			
Inactives	135,067,771	133,732,778	N/A
Actives	42,420,573	41,508,200	N/A
Member Contributions	15,172,457	15,172,457	N/A
Total	<u>192,660,801</u>	<u>190,413,435</u>	N/A
Non-vested Accrued Benefits	<u>8,107,545</u>	<u>7,955,103</u>	N/A
Total Present Value Accrued Benefits	200,768,346	198,368,538	N/A
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:			
Plan Amendments	0	N/A	
Assumption Changes	2,399,808	N/A	
New Accrued Benefits	0	N/A	
Benefits Paid	0	N/A	
Interest	0	N/A	
Other	0	N/A	
Total:	<u>2,399,808</u>	N/A	

Valuation Date Applicable to Fiscal Year Ending	New Assum/Method 1/1/2014 <u>12/31/2014</u>	Old Assum/Method 1/1/2014 <u>12/31/2014</u>	1/1/2013 <u>12/31/2013</u>
E. Pension Cost			
Normal Cost (with interest) ** % of Total Annual Payroll*	\$5,309,545 33.3	\$4,619,492 29.0	\$4,452,641 29.4
Administrative Expense (with interest) ** % of Total Annual Payroll*	132,094 0.8	132,186 0.8	135,735 0.9
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 27 years (as of 1/1/2014) % of Total Annual Payroll*	4,892,363 30.7	4,830,089 30.3	4,944,281 32.6
Total Required Contribution % of Total Annual Payroll*	10,334,002 64.8	9,581,767 60.1	9,532,657 62.9
Expected Member Contributions % of Total Annual Payroll*	1,508,102 9.455	1,508,102 9.455	1,432,933 9.455
Expected City Contribution % of Total Annual Payroll*	8,825,900 55.3	8,073,665 50.6	8,099,724 53.4

F. Past Contributions

Plan Year Ending:	<u>12/31/2013</u>
Total Required Contribution	9,623,862
City Requirement	8,099,724
Actual Contributions Made:	
Members	1,524,138
City	<u>6,538,727</u>
Total	8,062,865

G. Net Actuarial Gain (Loss) (1,281,020)

* Contributions developed as of 1/1/2014 are expressed as a percentage of projected annual payroll at 1/1/2014 of \$15,950,315.

** The results reported for 1/1/2013 are consistent with the actuarial valuation prepared by Goldstein & Associates. As such, the 2013 results are calculated as of January 1, 2013, with no interest credited through the end of the year.

H. Schedule Illustrating the Amortization of the Total Unfunded Actuarial Accrued Liability as of:

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2014	\$92,333,576
2015	\$93,904,563
2016	\$95,365,362
2021	\$100,338,107
2026	\$99,086,042
2036	\$57,460,730
2041	\$0

I. (i) 3 Year Comparison of Actual and Assumed Increases in Pensionable Compensation

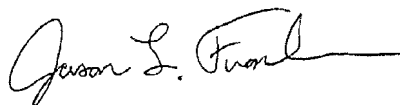
		<u>Actual</u>	<u>Assumed</u>
Year Ended	12/31/2013	7.44%	4.50%
Year Ended	12/31/2012	4.30%	4.50%
Year Ended	12/31/2011	N/A	N/A

(ii) 3 Year Comparison of Investment Return on Actuarial Value

		<u>Actual</u>	<u>Assumed</u>
Year Ended	12/31/2013	7.78%	7.075%
Year Ended	12/31/2012	6.80%	7.20%
Year Ended	12/31/2011	N/A	N/A

STATEMENT BY ENROLLED ACTUARY

This actuarial valuation was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of the Illinois Pension Code and adhere to the Actuarial Standards of Practice. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.



Jason L. Franken, FSA, EA, MAAA
Enrolled Actuary #14-06888

DEVELOPMENT OF JANUARY 1, 2014 AMORTIZATION PAYMENT

(1) Unfunded Actuarial Accrued Liability as of January 1, 2013	\$88,207,986	*
(2) City's Normal Cost Applicable for the year	3,155,443	
(3) Interest on (1) and (2)	6,459,161	
(4) Sponsor Contributions to the System during the year ending December 31, 2013	6,538,727	
(5) Interest on (4)	<u>231,307</u>	
(6) Expected UAAL as of January 1, 2014 (1)+(2)+(3)-(4)-(5)	\$91,052,556	
(7) Change in UAAL Due to Actuarial (Gain)/Loss and Assumption/Method Changes	<u>1,281,020</u>	
(8) Unfunded Actuarial Accrued Liability as of January 1, 2014	\$92,333,576	

	<u>Date Established</u>	<u>Years Remaining</u>	<u>1/1/2014 Amount</u>	<u>Amortization Amount</u>
	1/1/2014	27	<u>92,333,576</u>	<u>4,572,302</u>
Total			92,333,576	4,572,302

* Note, this is based on the report prepared by Goldstein & Associates, which measures the UAAL using the Projected Unit Credit cost method. Going forward, we have employed the Entry Age Normal Cost Method.

PROJECTION OF BENEFIT PAYMENTS

Year	Payments for Current Actives	Payments for Current Inactives	Total Payments
2014	518,206	11,196,998	11,715,204
2015	1,057,636	11,360,458	12,418,094
2016	1,572,281	11,505,799	13,078,080
2017	2,097,759	11,624,663	13,722,422
2018	2,691,600	11,704,019	14,395,619
2019	3,325,568	11,742,799	15,068,367
2020	4,023,465	11,744,202	15,767,667
2021	4,801,907	11,706,856	16,508,763
2022	5,619,583	11,629,536	17,249,119
2023	6,495,650	11,511,434	18,007,084
2024	7,401,372	11,352,351	18,753,723
2025	8,334,490	11,187,240	19,521,730
2026	9,310,788	10,947,625	20,258,413
2027	10,271,181	10,668,247	20,939,428
2028	11,198,042	10,350,128	21,548,170
2029	12,127,604	9,994,525	22,122,129
2030	13,062,939	9,604,224	22,667,163
2031	13,983,669	9,192,697	23,176,366
2032	14,872,368	8,744,341	23,616,709
2033	15,803,070	8,273,558	24,076,628
2034	16,847,614	7,785,933	24,633,547
2035	17,894,863	7,287,313	25,182,176
2036	18,912,858	6,783,049	25,695,907
2037	19,889,850	6,278,338	26,168,188
2038	20,841,733	5,778,493	26,620,226
2039	21,780,148	5,287,698	27,067,846
2040	22,601,868	4,808,956	27,410,824
2041	23,320,052	4,348,204	27,668,256
2042	23,965,890	3,902,865	27,868,755
2043	24,507,679	3,477,770	27,985,449
2044	24,966,230	3,074,629	28,040,859
2045	25,329,902	2,695,775	28,025,677
2046	25,563,109	2,343,377	27,906,486
2047	25,691,572	2,018,667	27,710,239
2048	25,709,163	1,722,561	27,431,724
2049	25,629,862	1,456,153	27,086,015
2050	25,457,461	1,219,420	26,676,881
2051	25,193,488	1,011,462	26,204,950
2052	24,842,650	831,292	25,673,942
2053	24,409,088	677,361	25,086,449

ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rate	RP-2000 Combined Healthy Mortality with a Blue Collar Adjustment, projected to 2014.
Disabled Mortality Rate	RP-2000 Disabled Retiree, projected to 2014.
Interest Rate	7.00% per year compounded annually, net of investment related expenses.
Retirement Age	See table below.
Disability Rate	See table below. 90% of the disabilities are assumed to be in the line of duty.
Termination Rate	See table below.
Salary Increases	Graded schedule based on age:

Age	Salary Increase	Longevity Bonus	Total Increase
18 - 24	8.50%	0.50%	9.00%
25 - 29	8.00%	0.50%	8.50%
30 - 34	7.50%	0.50%	8.00%
35 - 39	6.50%	0.50%	7.00%
40 - 49	5.50%	0.50%	6.00%
>=50	4.00%	0.00%	4.00%

Payroll Growth	4.50% per year
Cost-of-Living Adjustment	<p><u>Tier 1:</u> 3.00% per year after age 55. Those that retire prior to age 55 receive an increase of 1/12 of 3.00% for each full month since benefit commencement upon reaching age 55.</p> <p><u>Tier 2:</u> 1.25% per year after the later of attainment of age 60 or first anniversary of retirement.</p>
Administrative Expenses	Expenses paid out of the fund, other than investment-related expenses, are assumed to be equal to those paid in the previous year.
Marital Status	80% of Members are assumed to be married.
Spouse's Age	Males are assumed to be three years older than females.

ACTUARIAL ASSUMPTIONS AND METHODS

<u>% Terminating During the Year</u>		<u>% Becoming Disabled During the Year</u>		<u>% Retiring During the Year *</u>	
Age	Rate	Age	Rate	Age	Rate
20	9.00%	20	0.10%	50 - 53	14.0%
25	5.00%	25	0.10%	54 - 59	20.0%
30	2.50%	30	0.20%	60 - 62	25.0%
35	2.00%	35	0.35%	63 - 64	33.0%
40	1.00%	40	0.50%	65 - 69	50.0%
45	1.00%	45	0.65%	70	100.0%
50	1.00%	50	1.00%		
55	1.00%	55	1.50%		
60	1.00%	60	3.00%		
65	1.00%	65	4.25%		

* The retirement rates for Tier 2 Members are the same as for Tier 1 Members shown above except there is a 0% probability of retirement until age 55.

Funding Method

Entry Age Normal Actuarial Cost Method.

Actuarial Asset Method

Investment gains and losses are smoothed over a 4-year period.

Amortization Method

Level Percentage of Payroll over a period ending on December 31, 2040.

VALUATION NOTES

Total Annual Payroll is the projected annual rate of pay for the fiscal year following the valuation date of all covered members.

Present Value of Benefits is the single sum value on the valuation date of all future benefits to be paid to current Members, Retirees, Beneficiaries, Disability Retirees and Vested Terminations.

Normal (Current Year's) Cost is the current year's cost for benefits yet to be funded.

Unfunded Accrued Liability is a liability which arises when a pension plan is initially established or improved and such establishment or improvement is applicable to all years of past service.

Total Required Contribution is equal to the Normal Cost plus an amount sufficient to amortize the Unfunded Accrued Liability by the end of 2040. The required amount is adjusted for interest according to the timing of contributions during the year.

Entry Age Normal Cost Method - Under this method, the normal cost is the sum of the individual normal costs for all active participants. For an active participant, the normal cost is the participant's normal cost accrual rate, multiplied by the participant's current compensation.

(a) The normal cost accrual rate equals:

(i) the present value of future benefits for the participant, determined as of the participant's entry age, divided by

(ii) the present value of the compensation expected to be paid to the participant for each year of the participant's anticipated future service, determined as of the participant's entry age.

(b) In calculating the present value of future compensation, the salary scale is applied both retrospectively and prospectively to estimate compensation in years prior to and subsequent to the valuation year based on the compensation used for the valuation.

(c) The accrued liability is the sum of the individual accrued liabilities for all participants and beneficiaries. A participant's accrued liability equals the present value, at the participant's attained age, of future benefits less the present value at the participant's attained age of the individual normal costs payable in the future. A beneficiary's accrued liability equals the present value, at the beneficiary's attained age, of future benefits. The unfunded accrued liability equals the total accrued liability less the actuarial value of assets.

(d) Under this method, the entry age used for each active participant is the participant's age at the time he or she would have commenced participation if the plan had always been in existence under current terms, or the age as of which he or she first earns service credits for purposes of benefit accrual under the current terms of the plan.

STATEMENT OF PLAN NET ASSETS
December 31, 2013

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
IL Public Treasurers' Inv Pool (IPTIP)	846,032	846,032
Checking Account	3,643,601	3,643,601
Money Market	2,271,866	2,271,866
Cash	893	893
 Total Cash and Equivalents	 6,762,392	 6,762,392
Receivable:		
Member Contributions	44,661	44,661
From City	6,513,566	6,513,566
Accrued Past Due Interest	359,027	359,027
 Total Receivable	 6,917,254	 6,917,254
Investments:		
U.S. Gov't and Agency Obligations	18,792,378	17,668,969
Stocks	27,025,393	38,790,087
Corporate Bonds	22,239,025	21,930,670
Municipal Obligations	2,132,456	2,235,527
Mutual Funds	26,555,799	37,004,701
 Total Investments	 96,745,051	 117,629,954
 Other Assets	 6,109	 6,109
 TOTAL ASSETS	 110,430,806	 131,315,709
 <u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Payable:		
Expenses	111,211	111,211
 Total Liabilities	 111,211	 111,211
Net Assets:		
Active and Retired Members' Equity	110,319,595	131,204,498
 Total Net Assets	 110,319,595	 131,204,498
 <u>TOTAL LIABILITIES AND NET ASSETS</u>	 <u>110,430,806</u>	 <u>131,315,709</u>

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
December 31, 2013
Market Value Basis

INCOME		
Contributions:		
Member	1,524,138	
City	6,538,727	
Total Contributions		8,062,865
Earnings from Investments		
Interest & Dividends	3,370,828	
Miscellaneous Income	(130,826)	
Net Realized Gain (Loss)	(2,323,948)	
Unrealized Gain (Loss)	13,604,200	
Total Earnings and Investment Gains		14,520,254
EXPENSES		
Administrative Expenses:		
Investment Related*	346,097	
Other	123,452	
Total Expenses		469,549
Distributions to Members:		
Benefit Payments	11,100,499	
Total Distributions		11,100,499
Change in Net Assets for the Year		11,013,071
Net Assets Beginning of the Year		120,191,427
Net Assets End of the Year		131,204,498

*Investment Related expenses include investment advisory, custodial and performance monitoring fees.

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
December 31, 2013
Actuarial Asset Basis

INCOME		
Contributions:		
Member	1,524,138	
City	6,538,727	
Total Contributions		8,062,865
Earnings from Investments		
Interest & Dividends	3,370,828	
Miscellaneous Income	(130,826)	
Net Realized Gain (Loss)	(2,323,948)	
Change in Actuarial Value	8,825,841	
Total Earnings and Investment Gains		9,741,895
EXPENSES		
Administrative Expenses:		
Investment Related*	346,097	
Other	123,452	
Total Administrative Expenses		469,549
Distributions to Members:		
Benefit Payments	11,100,499	
Total Distributions		11,100,499
Change in Net Assets for the Year		6,234,712
Net Assets Beginning of the Year		122,378,717
Net Assets End of the Year**		128,613,429

*Investment Related expenses include investment advisory, custodial and performance monitoring fees.

**Net Assets may be limited for actuarial consideration.

City of Peoria
Firefighters Pension Fund

ACTUARIAL ASSET VALUATION
December 31, 2013

Actuarial Assets for funding purposes are developed by recognizing the total actuarial investment gain or loss for each Plan Year over a four year period. In each of the four years following a gain/loss, 25% of the gain/loss is used to adjust the prior year actuarial value of assets. The actuarial investment gain or loss is defined as the actual return on investments minus the actuarial assumed investment return. Actuarial Assets shall not be less than 80% nor greater than 120% of the Market Value of Assets.

Plan Year Ending	Gain/(Loss)	Gains/(Losses) To Be Recognized by Year			
		Amounts Recognized by Valuation Year			
		2014	2015	2016	2017
12/31/2010	3,220,924	805,231	0	0	0
12/31/2011	(7,201,760)	(1,800,440)	(1,800,440)	0	0
12/31/2012	1,744,724	436,181	436,181	436,181	0
12/31/2013	5,625,775	1,406,444	1,406,444	1,406,444	1,406,444
Total		847,416	42,185	1,842,625	1,406,444

Development of Investment Gain/Loss

Expected Investment Earnings *	8,548,382
Actual Net Investment Earnings	<u>14,174,157</u>
2014 Actuarial Investment Gain/(Loss)	5,625,775

*Expected Investment Earnings = $7.075\% \times 122,378,717 + ((1 + 7.075\%)^{0.5} - 1) \times (8,062,865 + -11,223,951)$

Development of Actuarial Value of Assets

Actuarial Value of Assets, 12/31/2012	122,378,717
Total Contributions for 2013	8,062,865
Total Benefit Payments and Expenses for 2013	(11,223,951)
Expected Investment Return for 2013	<u>8,548,382</u>
Expected Value of Assets as of 12/31/2013	127,766,013
Gains/(Losses) Recognized	<u>847,416</u>
Actuarial Value of Assets, 12/31/2013	128,613,429
Market Value of Assets, 12/31/2013	131,204,498
1/1/2014 Limited Actuarial Value of Assets	128,613,429

Development of Return on Assets

(A) 12/31/2012 Actuarial Assets:	122,378,717
(I) Net Investment Income:	
1. Interest and Dividends	3,240,002
2. Realized Gains (Losses)	(2,323,948)
3. Change in Actuarial Value	8,825,841
4. Investment Expenses	<u>(346,097)</u>
Total	9,395,798
(B) 12/31/2013 Actuarial Assets:	128,613,429
Actuarial Asset Rate of Return = $(2 \times I) / (A + B - I)$:	7.78%
Market Value of Assets Rate of Return:	11.95%

STATISTICAL DATA*

	<u>1/1/2011</u>	<u>1/1/2012</u>	<u>1/1/2013</u>	<u>1/1/2014</u>
<u>Active Members</u>				
<i>Tier 1</i>				
Number	N/A	N/A	N/A	185
Average Current Age	N/A	N/A	N/A	42.8
Average Age at Employment	N/A	N/A	N/A	26.7
Average Past Service	N/A	N/A	N/A	16.1
Average Annual Salary	N/A	N/A	N/A	\$81,507
<i>Tier 2</i>				
Number	N/A	N/A	N/A	16
Average Current Age	N/A	N/A	N/A	30.6
Average Age at Employment	N/A	N/A	N/A	29.0
Average Past Service	N/A	N/A	N/A	1.6
Average Annual Salary	N/A	N/A	N/A	\$54,476
<u>Retirees & Beneficiaries</u>				
Number	N/A	N/A	N/A	167
Average Current Age	N/A	N/A	N/A	73.7
Average Annual Benefit	N/A	N/A	N/A	\$52,086
<u>Disability Retirees</u>				
Number	N/A	N/A	N/A	43
Average Current Age	N/A	N/A	N/A	66.9
Average Annual Benefit	N/A	N/A	N/A	\$58,348
<u>Terminated Vested Members</u>				
Number	N/A	N/A	N/A	3
Average Current Age	N/A	N/A	N/A	38.1
Average Annual Benefit	N/A	N/A	N/A	\$12,502

* Foster & Foster does not have enough historical data to include data prior to 1/1/2014. We will add historical data going forward.

AGE AND SERVICE DISTRIBUTION

PAST SERVICE

AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	0	1	0	0	0	0	0	0	0	0	0	1
25 - 29	0	1	3	6	0	6	0	0	0	0	0	16
30 - 34	0	4	6	2	0	25	0	0	0	0	0	37
35 - 39	0	2	0	1	0	9	9	5	0	0	0	26
40 - 44	0	0	0	0	0	3	8	21	9	0	0	41
45 - 49	0	0	0	0	0	1	5	11	17	3	0	37
50 - 54	0	0	0	0	0	0	1	3	16	6	0	26
55 - 59	1	0	0	0	0	0	0	0	5	6	0	12
60 - 64	0	0	0	0	0	0	0	0	0	5	0	5
65+	0	0	0	0	0	0	0	0	0	0	0	0
Total	1	8	9	9	0	44	23	40	47	20	0	201

PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 1/1/2013		205
b. Terminations		
i. Vested (partial or full) with deferred benefits		1
ii. Non-vested or full lump sum distribution received		0
c. Deaths		
i. Beneficiary receiving benefits		0
ii. No future benefits payable		0
d. Disabled		1
e. Retired		3
f. Voluntary withdrawal		0
g. Continuing participants		200
h. New entrants		1
i. Total active life participants in 1/1/2014 valuation		201

2. Non-Active lives (including beneficiaries receiving benefits)

	Service Retirees, Vested Receiving <u>Benefits</u>	<u>Vested Deferred</u>	Receiving Disability <u>Benefits</u>	Receiving Death <u>Benefits</u>	<u>Total</u>
Participants, 1/1/2013	108	2	43	62	215
Retired	3	0	0	0	3
Vested Deferred	0	1	0	0	1
Death, With Survivor	(3)	0	(1)	4	0
Death, No Survivor	0	0	0	(4)	(4)
Disabled	0	0	1	0	1
Refund of Contributions	0	0	0	0	0
Rehires	0	0	0	0	0
Data Corrections	0	0	0	(3)	(3)
Participants, 1/1/2014	108	3	43	59	213

SUMMARY OF CURRENT PLAN

Article 4 Pension Fund

The Plan is established and administered as prescribed by "Article 4. Firefighters' Pension Fund – Municipalities 500,000 and Under" of the Illinois Pension Code.

Credited Service

Years and fractional parts of years of service as a sworn Firefighter employed by the City.

Salary

Annual salary, including longevity, attached to firefighter's rank, as established by the municipality appropriation ordinance, excluding overtime pay, bonus pay and holiday pay except for the base 8 hours of the 10 pensionable holidays which is included.

Normal Retirement

Date

Tier 1: Age 50 and 20 years of Credited Service.

Tier 2: Age 55 with 10 years of service.

Benefit

Tier 1: 50% of annual salary attached to rank on last day of service plus 2.50% of annual salary for each year of service over 20 years, up to a maximum of 75% of salary. The minimum monthly benefit is \$1,159.27 per month.

Tier 2: 2.50% per year of service times the average salary for the eight consecutive years prior to retirement times the number of years of service. The maximum benefit is 75% of average salary.

Form of Benefit

Tier 1: For married retirees, an annuity payable for the life of the Member; upon the death of the member, 100% of the Member's benefit payable to the spouse until death. For unmarried retirees, the normal form is a Single Life Annuity.

Tier 2: Same as above, but with 66 2/3% of benefit continued to spouse.

Cost-of-Living Adjustment

Tier 1:

Retirees: An annual increase equal to 3.00% per year after age 55. Those that retire prior to age 55 receive an increase of 1/12 of 3.00% for each full month since benefit commencement upon reaching age 55.

Disabled Retirees: An annual increase equal to 3.00% per year of the original benefit amount beginning at age 60. Those that become disabled prior to age 60 receive an increase of 3.00% of the original benefit amount for each year since benefit commencement upon reaching age 60.

Tier 2: An annual increase each January 1 equal to 3.00% per year or one-half of the annual unadjusted percentage increase in the consumer price index-u for the 12 months ending with the September preceding each November 1, whichever is less, of the original pension after the attainment of age 60 or first anniversary of pension start date whichever is later.

Disability Benefit

Eligibility

Total and permanent as determined by the Board of Trustees. Seven years of service required for non-service connected disability.

Benefit Amount

A maximum of:

- a.) 65% of salary attached to the rank held by Member on last day of service, and;
- b.) The monthly retirement pension that the Member is entitled to receive if he or she retired immediately.

For non-service connected disabilities, a benefit of 50% of salary attached to rank held by Member on last day of service.

Pre-Retirement Death Benefit

Service Incurred

100% of salary attached to rank held by Member on last day of service.

Non-Service Incurred

A maximum of:

- a.) 54% of salary attached to the rank held by Member on last day of service, and;
- b.) The monthly retirement pension earned by the deceased Member at the time of death, regardless of whether death occurs before or after age 50.

Contributions

Employee 9.455% of Salary.

City Remaining amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability by December 31, 2040.

Vesting (Termination)

Less than 10 years Refund of Member Contributions.

10 or more years Either the termination benefit, payable upon reaching age 60, provided contributions are not withdrawn, or a refund of member contributions.

The termination benefit is based on the monthly salary attached to the Member's rank at separation from service. The following schedule applies:

<u>Service</u>	<u>% of Salary</u>
10	15.0%
11	17.6%
12	20.4%
13	23.4%
14	26.6%
15	30.0%
16	33.6%
17	37.4%
18	41.4%
19	45.6%

Board of Trustees

The Board consists of two members appointed by the Fire Protection City, two active Members of the Fire Department elected by the Membership and one retired Member of the Fire Department elected by the Membership.

GOVERNMENTAL ACCOUNTING STANDARDS BOARD

The schedule provided below has been prepared in accordance with the requirements of paragraph 37 of Statement No. 25 of the Governmental Accounting Standards Board.

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 % of Covered Payroll ((b-a)/c)
1/1/2014	128,613,429	220,947,005	92,333,576	58.2%	15,950,315	578.9%
1/1/2013	122,378,717	210,586,703	88,207,986	58.1%	15,155,298	582.0%
1/1/2012	116,534,266	198,200,029	81,665,763	58.8%	14,659,650	557.1%
1/1/2011	116,776,441	189,042,373	72,265,932	61.8%	14,071,164	513.6%
1/1/2010	114,232,171	182,546,122	68,313,951	62.6%	13,575,743	503.2%

The schedule provided below has been prepared in accordance with the requirements of paragraph 38 of Statement No. 25 of the Governmental Accounting Standards Board.

SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER AND OTHER CONTRIBUTING ENTITIES

Year Ended December 31	Annual Required Contribution	City Contribution	Percentage Contributed
2013	8,107,096	6,538,727	80.7%
2012	7,510,977	7,317,319	97.4%
2011	6,815,026	6,463,705	94.8%
2010	6,814,550	6,745,308	99.0%
2009	5,681,839	5,614,164	98.8%

DISCLOSURE INFORMATION PER STATEMENT NO. 27 OF THE
GOVERNMENTAL ACCOUNTING STANDARDS BOARD

ANNUAL PENSION COSTS AND RELATED INFORMATION

Contribution rates as of 12/31/2013

City	53.5%
Plan Members	9.455%
Actuarially Determined Contribution	8,107,096
Contributions made	6,538,727
Actuarial valuation date	1/1/2013
Actuarial cost method	Projected Unit Credit
Amortization method	Level percentage of pay, open
Remaining amortization period	28 Years (as of 1/1/2013)
Asset valuation method	Four-Year Smoothed
Actuarial assumptions:	
Investment rate of return	7.075%
Projected salary increase**	4.50%
** Includes inflation at	3.00%
Post Retirement COLA	3.00%

THREE YEAR TREND INFORMATION

<u>Year Ending</u>	<u>Actuarially Determined Contribution</u>	<u>Percentage of APC * Contributed</u>	<u>Net Pension Obligation</u>
12/31/2013	8,107,096	81%	1,387,839
12/31/2012	7,510,977	97%	(179,488)
12/31/2011	6,815,026	95%	(367,183)

* Annual Pension Cost from City sources.

DISCLOSURE INFORMATION PER STATEMENT NO. 27 OF THE
GOVERNMENTAL ACCOUNTING STANDARDS BOARD

DEVELOPMENT OF NET PENSION OBLIGATION (NPO)

The recent development of the Net Pension Obligation is as follows:

	<u>12/31/2011</u>	<u>12/31/2012</u>	<u>12/31/2013</u>
Actuarially Determined			
Contribution (A)	6,815,026	7,510,977	8,107,096
Interest on NPO	(51,196)	(26,437)	(12,699)
Adjustment to (A)	38,845	20,474	11,657
	-----	-----	-----
Annual Pension Cost	6,802,675	7,505,014	8,106,054
Contributions Made	6,463,705	7,317,319	6,538,727
	-----	-----	-----
Increase in NPO	338,970	187,695	1,567,327
NPO Beginning of Year	(706,153)	(367,183)	(179,488)
	-----	-----	-----
NPO End of Year	(367,183)	(179,488)	1,387,839

