

CITY OF PEORIA
FIREFIGHTERS' PENSION FUND

ACTUARIAL VALUATION
AS OF JANUARY 1, 2015

CONTRIBUTIONS APPLICABLE TO THE
PLAN/FISCAL YEAR ENDED DECEMBER 31, 2015

July 24, 2015

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.

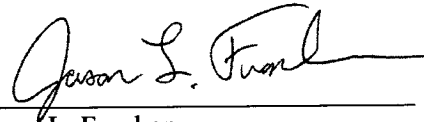
To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the City of Peoria, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the City of Peoria Firefighters' Pension 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 #14-6888

JLF/lke
Enclosures

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2015

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, 2015.

The contribution requirements, compared with those set forth in the January 1, 2014 actuarial report are as follows:

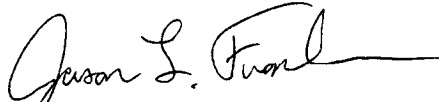
Valuation Date	1/1/2015	1/1/2014
Applicable Plan/Fiscal Year End	<u>12/31/2015</u>	<u>12/31/2014</u>
Total Required Contribution	\$11,357,443	\$10,334,002
% of Total Annual Payroll	68.5%	64.8%
Member Contributions (Est.)	1,567,128	1,508,102
% of Total Annual Payroll	9.455%	9.455%
City Required Contribution	9,790,315	8,825,900
% of Total Annual Payroll	59.1 %	55.3%

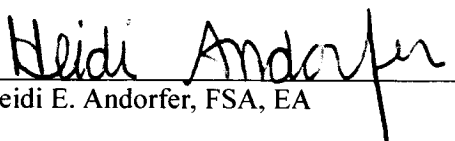
As you can see, the Total Recommended Contribution has increased as compared to the contribution determined in the January 1, 2014 actuarial valuation. The primary reason for the increase is a change in the interest rate from 7.00% to 6.75%; the increase was offset in part by a 7.13% investment return (Actuarial Asset basis) which exceeded the 7.00% assumption, as well as salary increases that were lower than expected.

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

By: 
Heidi E. Andorfer, FSA, EA

Plan Changes Since Prior Valuation

There have been no Plan changes since the prior valuation.

Actuarial Assumption/Method Changes Since Prior Valuation

There have been no method changes since the prior valuation.

The following assumptions have been changed since the prior valuation:

1. The healthy mortality was projected one more year to the valuation date. Last year's mortality was the RP-2000 Combined Healthy with a Blue Collar Adjustment, projected to 2014 using Scale AA. This year's is now the RP-2000 Combined Healthy with a Blue Collar Adjustment, projected to 2015 using Scale AA.
2. Similarly, the disabled mortality was updated to the RP-2000 Disabled Retiree table, projected to 2015 using Scale AA. Last year's mortality was the RP-2000 Disabled Retiree table, projected to 2014 using Scale AA.
3. The valuation interest rate was changed from 7.00% to 6.75%.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	<u>New Assumptions</u>	<u>Old Assumptions</u>	<u>1/1/2014</u>
	<u>1/1/2015</u>	<u>1/1/2015</u>	<u>1/1/2014</u>
A. Participant Data			
Number Included			
Actives	202	202	201
Service Retirees	111	111	108
Beneficiaries	57	57	59
Terminated Vested	4	4	3
Disability Retirees	41	41	43
Total	<u>415</u>	<u>415</u>	<u>414</u>
Total Annual Payroll	\$16,574,595	\$16,574,595	\$15,950,315
Payroll Under Assumed Ret. Age	16,574,595	16,574,595	15,950,315
Annual Rate of Payments to:			
Service Retirees	6,962,408	6,962,408	6,566,941
Beneficiaries	2,133,483	2,133,483	2,131,390
Terminated Vested	37,505	37,505	37,505
Disability Retirees	2,423,886	2,423,886	2,508,944
B. Assets			
Actuarial Value	132,715,497	132,715,497	128,613,429
Market Value	132,530,444	132,530,444	131,204,498
C. Liabilities			
Present Value of Benefits			
Active Members			
Retirement Benefits	128,947,845	122,008,770	116,763,742
Disability Benefits	15,792,589	15,011,869	14,797,031
Death Benefits	2,362,393	2,289,285	2,263,232
Vested Benefits	4,866,617	4,606,641	4,874,312
Service Retirees	93,504,056	91,285,016	87,220,203
Beneficiaries	15,908,409	15,642,530	15,865,193
Terminated Vested	328,985	313,104	292,756
Disability Retirees	30,795,948	30,089,130	31,689,619
Total	<u>292,506,842</u>	<u>281,246,345</u>	<u>273,766,088</u>

	New Assumptions <u>1/1/2015</u>	Old Assumptions <u>1/1/2015</u>	<u>1/1/2014</u>
C. Liabilities - (Continued)			
Present Value of Future Salaries	180,083,982	176,874,595	174,849,338
Present Value of Future Member Cont.	17,026,940	16,723,493	16,532,005
Normal Cost			
Retirement Benefits	4,077,908	3,812,361	3,692,400
Disability Benefits	883,865	844,948	826,746
Death Benefits	141,494	137,677	135,030
Vested Benefits	259,953	247,273	308,016
Total Normal Cost	<u>5,363,220</u>	<u>5,042,259</u>	<u>4,962,192</u>
Present Value of Future Normal Costs	55,538,829	51,273,023	52,819,083
Actuarial Accrued Liability			
Retirement Benefits	86,180,096	82,740,505	77,619,571
Disability Benefits	6,593,298	6,373,366	6,056,283
Death Benefits	919,493	910,242	859,422
Vested Benefits	2,737,728	2,619,429	1,343,958
Inactives	140,537,398	137,329,780	135,067,771
Total Actuarial Accrued Liability	<u>236,968,013</u>	<u>229,973,322</u>	<u>220,947,005</u>
Unfunded Actuarial Accrued Liab (UAAL)	104,252,516	97,257,825	92,333,576
Funded Status	56.0%	57.7%	58.2%
D. Actuarial Present Value of Accrued Benefits			
Vested Accrued Benefits			
Inactives	140,537,398	137,329,780	135,067,771
Actives	41,961,763	39,384,830	42,420,573
Member Contributions	16,204,654	16,204,654	15,172,457
Total	<u>198,703,815</u>	<u>192,919,264</u>	<u>192,660,801</u>
Non-vested Accrued Benefits	<u>2,580,782</u>	<u>2,668,206</u>	<u>8,107,545</u>
Total Present Value Accrued Benefits	201,284,597	195,587,470	200,768,346
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:			
Plan Amendments	0	0	
Assumption Changes	5,697,127	0	
New Accrued Benefits	0	(7,332,741)	
Benefits Paid	0	(11,499,439)	
Interest	0	13,651,304	
Other	0	0	
Total:	5,697,127	(5,180,876)	

Valuation Date Applicable to Fiscal Year Ending	New Assumptions 1/1/2015 <u>12/31/2015</u>	Old Assumptions 1/1/2015 <u>12/31/2015</u>	1/1/2014 <u>12/31/2014</u>
E. Pension Cost			
Normal Cost (with interest) % of Total Annual Payroll ¹	\$5,725,237 34.5	\$5,395,217 32.6	\$5,309,545 33.3
Administrative Expense (with interest) % of Total Annual Payroll ¹	116,550 0.7	116,823 0.7	132,094 0.8
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 26 years (as of 1/1/2015) % of Total Annual Payroll ¹	5,515,656 33.3	5,295,084 31.9	4,892,363 30.7
Total Required Contribution % of Total Annual Payroll ¹	11,357,443 68.5	10,807,124 65.2	10,334,002 64.8
Expected Member Contributions % of Total Annual Payroll ¹	1,567,128 9.5	1,567,128 9.5	1,508,102 9.5
Expected City Contribution % of Total Annual Payroll ¹	9,790,315 59.1	9,239,996 55.7	8,825,900 55.3

F. Past Contributions

Plan Year Ending:	<u>12/31/2014</u>
Total Required Contribution	10,405,499
City Requirement	8,825,900
Actual Contributions Made:	
Members	1,579,599
City	<u>6,131,386</u>
Total	7,710,985

G. Net Actuarial Gain (Loss) (7,977,926)

¹ Contributions developed as of 1/1/2015 are expressed as a percentage of projected annual payroll at 1/1/2015 of \$16,574,595.

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

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2015	\$104,252,516
2016	105,773,905
2017	107,149,783
2022	111,041,359
2027	107,205,606
2037	52,734,251
2041	0

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	12/31/2014	4.68%	6.27% *
Year Ended	12/31/2013	7.44%	4.50%
Year Ended	12/31/2012	4.30%	4.50%

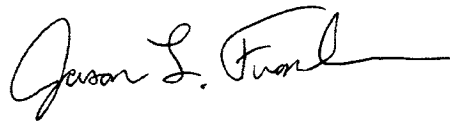
**Assumed salary increases are according to an age-related table, with rates grading from 9.00% to 4.00% at age 50. The rate shown here is the expected increase for the active population in aggregate, given the age distribution of the actives employees who were in both the prior and current valuation.*

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	12/31/2014	7.13%	7.000%
Year Ended	12/31/2013	7.78%	7.075%
Year Ended	12/31/2012	6.80%	7.200%

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 #14-6888

DEVELOPMENT OF JANUARY 1, 2015 AMORTIZATION PAYMENT

(1) Unfunded Actuarial Accrued Liability as of January 1, 2014	\$92,333,576
(2) City's Normal Cost Applicable for the year	3,577,542
(3) Interest on (1) and (2)	6,709,457
(4) Sponsor Contributions to the System during the year ending December 31, 2014	6,131,386
(5) Interest on (4)	<u>214,599</u>
(6) Expected UAAL as of January 1, 2015 (1)+(2)+(3)-(4)-(5)	\$96,274,590
(7) Change in UAAL Due to Actuarial (Gain)/Loss and Assumption Changes	<u>7,977,926</u>
(8) Unfunded Actuarial Accrued Liability as of January 1, 2015	\$104,252,516

	Date Established	Years Remaining	1/1/2015 Amount	Amortization Amount
	1/1/2015	26	104,252,516	5,166,891
Total			104,252,516	5,166,891

PROJECTION OF BENEFIT PAYMENTS

Year	Payments for Current Actives	Payments for Current Inactives	Total Payments
2015	615,090	11,510,530	12,125,620
2016	1,162,261	11,671,957	12,834,218
2017	1,717,288	11,825,729	13,543,017
2018	2,331,079	11,937,565	14,268,644
2019	2,977,688	12,006,578	14,984,266
2020	3,686,317	12,036,735	15,723,052
2021	4,471,992	12,026,453	16,498,445
2022	5,286,911	11,974,582	17,261,493
2023	6,160,322	11,880,345	18,040,667
2024	7,065,332	11,743,577	18,808,909
2025	7,992,835	11,599,117	19,591,952
2026	8,968,459	11,378,382	20,346,841
2027	9,924,933	11,115,967	21,040,900
2028	10,853,841	10,812,691	21,666,532
2029	11,787,651	10,469,605	22,257,256
2030	12,726,139	10,089,329	22,815,468
2031	13,659,251	9,685,490	23,344,741
2032	14,570,415	9,241,918	23,812,333
2033	15,509,185	8,773,252	24,282,437
2034	16,602,613	8,285,052	24,887,665
2035	17,706,767	7,783,143	25,489,910
2036	18,775,647	7,272,972	26,048,619
2037	19,806,417	6,759,731	26,566,148
2038	20,798,023	6,248,734	27,046,757
2039	21,742,032	5,744,202	27,486,234
2040	22,598,637	5,249,233	27,847,870
2041	23,351,326	4,769,914	28,121,240
2042	23,998,151	4,303,851	28,302,002
2043	24,550,042	3,856,069	28,406,111
2044	25,031,258	3,428,622	28,459,880
2045	25,408,110	3,024,144	28,432,254
2046	25,650,127	2,645,026	28,295,153
2047	25,789,936	2,292,802	28,082,738
2048	25,818,231	1,968,776	27,787,007
2049	25,752,381	1,674,521	27,426,902
2050	25,594,346	1,410,516	27,004,862
2051	25,343,320	1,176,345	26,519,665
2052	25,004,018	971,528	25,975,546
2053	24,579,654	794,919	25,374,573
2054	24,075,807	644,552	24,720,359

ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rate	RP-2000 Combined Healthy Mortality with a Blue Collar Adjustment, projected to 2015 using Scale AA.
Disabled Mortality Rate	RP-2000 Disabled Retiree, projected to 2015 using Scale AA.
Interest Rate	6.75% 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

% Terminating During the Year		% Becoming Disabled During the Year		% Retiring During the Year *	
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 FIDUCIARY NET POSITION
December 31, 2014

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
IL Public Treasurers' Inv Pool (IPTIP)	1,182,212	1,182,212
Checking Account	5,010,801	5,010,801
Money Market	2,164,541	2,164,541
Cash	893	893
Total Cash and Equivalents	8,358,447	8,358,447
Receivables:		
Salary Deductions	44,135	44,135
From City	6,043,450	6,043,450
Accrued Past Due Interest	257,719	257,719
Total Receivable	6,345,304	6,345,304
Investments:		
U.S. Gov't and Agency Obligations	19,670,266	18,542,701
Stock Equities	24,501,773	34,396,855
Corporate Bonds	18,238,153	18,152,709
Municipal Obligations	2,067,456	2,174,287
Mutual Funds	37,138,558	44,635,664
Total Investments	101,616,206	117,902,216
Other Assets	7,490	7,490
Total Assets	116,327,447	132,613,457
<u>LIABILITIES</u>		
Liabilities:		
Payable:		
Benefit Payments	9,317	9,317
Expenses	73,696	73,696
Total Liabilities	83,013	83,013
Net Assets:		
Active and Retired Members' Equity	116,244,434	132,530,444
NET POSITION RESTRICTED FOR PENSIONS	116,244,434	132,530,444
TOTAL LIABILITIES AND NET ASSETS	116,327,447	132,613,457

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED December 31, 2014
Market Value Basis

ADDITIONS

Contributions:

Member	1,579,599	
City	6,131,386	

Total Contributions		7,710,985
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Investment Income:

Miscellaneous Income	(59,834)	
Net Realized Gain (Loss)	329,255	
Unrealized Gain (Loss)	2,192,134	
Net Increase in Fair Value of Investments		2,461,555
Interest & Dividends		3,126,207
Less Investment Expense ¹		(364,182)

Net Investment Income		5,223,580
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Other		0
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Total Additions		12,934,565
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DEDUCTIONS

Distributions to Members:

Benefit Payments	11,451,113	
Refund of Contributions/Transfers	48,326	

Total Distributions		11,499,439
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Administrative Expenses		109,180
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Other		0
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Total Deductions		11,608,619
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Net Increase in Net Position		1,325,946
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NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year		131,204,498
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End of the Year		132,530,444
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¹Investment Related expenses include investment advisory, custodial and performance monitoring fees.

ACTUARIAL ASSET VALUATION
December 31, 2014

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.

Gains/(Losses) To Be Recognized by Year

Plan Year Ending	Gain/(Loss)	Amounts Recognized in Valuation Year			
		2015	2016	2017	2018
12/31/2011	(7,201,760)	(1,800,440)	0	0	0
12/31/2012	1,744,724	436,181	436,181	0	0
12/31/2013	5,625,775	1,406,444	1,406,444	1,406,444	0
12/31/2014	(3,645,250)	(911,313)	(911,313)	(911,313)	(911,313)
Total		(869,128)	931,312	495,131	(911,313)

Development of Investment Gain/Loss

Expected Investment Earnings *	8,868,830
Actual Net Investment Earnings	<u>5,223,580</u>
2015 Actuarial Investment Gain/(Loss)	(3,645,250)

*Expected Investment Earnings = 7.00% x 128,613,429 + ((1 + 7.00%) ^ 0.5 - 1) x (7,710,985 + -11,608,619)

Development of Actuarial Value of Assets

Actuarial Value of Assets, 12/31/2013	128,613,429
Total Contributions for 2014	7,710,985
Total Benefit Payments and Expenses for 2014	(11,608,619)
Expected Investment Return for 2014	<u>8,868,830</u>
Expected Value of Assets as of 12/31/2014	133,584,625
Gains/(Losses) Recognized	<u>(869,128)</u>
Actuarial Value of Assets, 12/31/2014	132,715,497
Market Value of Assets, 12/31/2014	132,530,444
1/1/2015 Limited Actuarial Value of Assets	132,715,497

Development of Return on Assets

(A) 12/31/2013 Actuarial Assets:	128,613,429
(I) Net Investment Income:	
1. Interest and Dividends	3,126,207
2. Realized Gains (Losses)	329,255
3. Change in Actuarial Value	5,902,329
4. Investment Expenses	<u>(364,182)</u>
Total	8,993,609
(B) 12/31/2014 Actuarial Assets:	132,715,497

Actuarial Asset Rate of Return = (2 x I) / (A + B - I):	7.13%
Market Value of Assets Rate of Return:	4.09%

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
December 31, 2014
Actuarial Asset Basis

INCOME		
Contributions:		
Member	1,579,599	
City	6,131,386	
Total Contributions		7,710,985
Earnings from Investments		
Interest & Dividends	(59,834)	
Miscellaneous Income	329,255	
Net Realized Gain (Loss)	2,192,134	
Change in Actuarial Value	5,902,329	
Total Earnings and Investment Gains		8,363,884
EXPENSES		
Administrative Expenses:		
Investment Related*	364,182	
Other	109,180	
Total Administrative Expenses		473,362
Distributions to Members:		
Benefit Payments	11,451,113	
Refund of Contributions/Transfers	48,326	
Total Distributions		11,499,439
Change in Net Assets for the Year		4,102,068
Net Assets Beginning of the Year		128,613,429
Net Assets End of the Year**		132,715,497

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

**Net Assets may be limited for actuarial consideration

STATISTICAL DATA *

	<u>1/1/2012</u>	<u>1/1/2013</u>	<u>1/1/2014</u>	<u>1/1/2015</u>
<u>Active Members</u>				
<i>Tier 1</i>				
Number	N/A	N/A	185	181
Average Current Age	N/A	N/A	42.8	43.5
Average Age at Employment	N/A	N/A	26.7	26.7
Average Past Service	N/A	N/A	16.1	16.8
Average Annual Salary	N/A	N/A	\$81,507	\$85,009
<i>Tier 2</i>				
Number	N/A	N/A	16	21
Average Current Age	N/A	N/A	30.6	30.7
Average Age at Employment	N/A	N/A	29.0	28.7
Average Past Service	N/A	N/A	1.6	2.0
Average Annual Salary	N/A	N/A	\$54,476	\$56,568
<u>Retirees & Beneficiaries</u>				
Number	N/A	N/A	167	168
Average Current Age	N/A	N/A	73.7	73.6
Average Annual Benefit	N/A	N/A	\$52,086	\$54,142
<u>Disability Retirees</u>				
Number	N/A	N/A	43	41
Average Current Age	N/A	N/A	66.9	67.7
Average Annual Benefit	N/A	N/A	\$58,348	\$59,119
<u>Terminated Vested Members</u>				
Number	N/A	N/A	3	4
Average Current Age	N/A	N/A	38.1	36.4
Average Annual Benefit	N/A	N/A	\$12,502	\$9,376

* 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	0	0	0	0	0	0	0	0	0	0	0
25 - 29	3	0	2	3	2	3	0	0	0	0	0	13
30 - 34	2	0	4	5	6	24	0	0	0	0	0	41
35 - 39	0	0	2	1	1	10	6	3	0	0	0	23
40 - 44	0	0	0	0	0	4	5	18	11	0	0	38
45 - 49	0	0	0	0	0	0	6	13	18	3	0	40
50 - 54	0	0	0	0	0	0	0	2	18	9	0	29
55 - 59	0	1	0	0	0	0	0	0	4	7	0	12
60 - 64	0	0	0	0	0	0	0	0	0	6	0	6
65+	0	0	0	0	0	0	0	0	0	0	0	0
Total	5	1	8	9	9	41	17	36	51	25	0	202

PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 1/1/2014	201
b. Terminations	
i. Vested (partial or full) with deferred benefits	0
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	0
e. Retired	4
f. Voluntary withdrawal	<u>0</u>
g. Continuing participants	197
h. New entrants	<u>5</u>
i. Total active life participants in 1/1/2015 valuation	202

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

	Service Retirees, Vested Receiving <u>Benefits</u>	Vested <u>Deferred</u>	Receiving Disability <u>Benefits</u>	Receiving Death <u>Benefits</u>	<u>Total</u>
Participants, 1/1/2014	108	3	43	59	213
Retired	4	0	0	0	4
Vested Deferred	0	0	0	0	0
Death, With Survivor	(1)	0	(1)	2	0
Death, No Survivor	0	0	(1)	(5)	(6)
Disabled	0	0	0	0	0
Refund of Contributions	0	0	0	0	0
Transferred to New Fund	0	0	0	0	0
Rehires	0	0	0	0	0
Minor Aged Out	0	0	0	(2)	(2)
Data Corrections ¹	0	1	0	3	4
Participants, 1/1/2015	111	4	41	57	213

¹ The vested deferred member shown as a data correction was a member who was hired during the year, then terminated employment awaiting a refund of member contributions.

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.

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

ANNUAL PENSION COSTS AND RELATED INFORMATION **

Contribution rates as of 12/31/2014

City	55.3%
Plan Members	9.455%
Actuarially Determined Contribution	8,825,900
Contributions made	6,131,386
Actuarial valuation date	1/1/2014
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of pay, open
Remaining amortization period	27 Years (as of 1/1/2014)
Asset valuation method	Four-Year Smoothed
Actuarial assumptions:	
Investment rate of return	7.00%
Projected salary increase***	Age-based table with rates grading from 9.00% to 4.00% at age 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>
12/31/2014	8,825,900	69%	4,085,945
12/31/2013	8,107,096	81%	1,387,839
12/31/2012	7,510,977	97%	(179,488)

* Annual Pension Cost from City sources.

** Annual Pension Cost from City sources. Note, this amount is determined prior to 1/1/2014 separately from the Expected City Contribution shown earlier in this report.

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>12/31/2012</u>	<u>12/31/2013</u>	<u>12/31/2014</u>
Actuarially Determined			
Contribution (A)	7,510,977	8,107,096	8,825,900
Interest on NPO	(26,437)	(12,699)	97,149
Adjustment to (A)	20,474	11,657	(93,557)
	-----	-----	-----
Annual Pension Cost	7,505,014	8,106,054	8,829,492
Contributions Made	7,317,319	6,538,727	6,131,386
	-----	-----	-----
Increase in NPO	187,695	1,567,327	2,698,106
NPO Beginning of Year	(367,183)	(179,488)	1,387,839
	-----	-----	-----
NPO End of Year	(179,488)	1,387,839	4,085,945