

THE CITY OF PEORIA, ILLINOIS  
FIREFIGHTERS' PENSION FUND

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PUBLIC ACT 95-0950 - MUNICIPAL COMPLIANCE  
REPORT

FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 2018

**THE CITY OF PEORIA, ILLINOIS  
FIREFIGHTERS' PENSION FUND**

**Public Act 95-950 - Municipal Compliance Report  
For the Fiscal Year Ending December 31, 2018**

The Pension Board certifies to the City Council of the City of Peoria, Illinois on the condition of the Pension Fund at the end of its most recently completed fiscal year the following information:

- 1) The total cash and investments, including accrued interest, of the fund at market value and the total net position of the Pension Fund:

	<u>Current Fiscal Year</u>	<u>Preceding Fiscal Year</u>
Total Cash and Investments (including accrued interest)	<u>\$126,349,924</u>	<u>\$139,706,875</u>
Total Net Position	<u>\$126,313,110</u>	<u>\$139,706,855</u>

- 2) The estimated receipts during the next succeeding fiscal year from deductions from the salaries of firefighters' and from other sources:

Estimated Receipts - Employee Contributions	<u>\$1,699,500</u>
Estimated Receipts - All Other Sources	
Investment Earnings	<u>\$8,528,600</u>
Municipal Contributions	<u>\$13,540,045</u>

- 3) The estimated amount necessary during the fiscal year to meet the annual actuarial requirements of the pension fund as provided in Sections 4-118 and 4-120:

Annual Requirement of the Fund as Determined by:

Illinois Department of Insurance	<u>\$11,680,317</u>
Private Actuary - Foster & Foster	
Recommended Municipal Contribution	<u>\$13,540,045</u>
Statutory Municipal Contribution	<u>\$11,752,640</u>

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**Public Act 95-950 - Municipal Compliance Report  
For the Fiscal Year Ending December 31, 2018**

- 4) The total net income received from investment of assets along with the assumed investment return and actual investment return received by the fund during its most recently completed fiscal year compared to the total net income, assumed investment return, and actual investment return received during the preceding fiscal year:

	Current Fiscal Year	Preceding Fiscal Year
Net Income Received from Investment of Assets	(\$9,389,192)	\$17,910,386
Assumed Investment Return		
Illinois Department of Insurance	6.50%	6.50%
Private Actuary - Foster & Foster	6.75%	6.75%
Actual Investment Return	(7.06)%	13.54%

- 5) The increase in employer pension contributions that results from the implementation of the provisions of P.A. 93-0689:

Illinois Department of Insurance	N/A
Private Actuary - Foster & Foster	N/A

- 6) The total number of active employees who are financially contributing to the fund:

Number of Active Members	190
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- 7) The total amount that was disbursed in benefits during the fiscal year, including the number of and total amount disbursed to (i) annuitants in receipt of a regular retirement pension, (ii) recipients being paid a disability pension, and (iii) survivors and children in receipt of benefits:

	Number of	Total Amount Disbursed
(i) Regular Retirement Pension	134	\$9,295,087
(ii) Disability Pension	41	\$2,707,055
(iii) Survivors and Child Benefits	50	\$2,361,001
Totals	225	\$14,363,143

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8) The funded ratio of the fund:

	<u>Current Fiscal Year</u>	<u>Preceding Fiscal Year</u>
Illinois Department of Insurance	<u>48.33%</u>	<u>52.44%</u>
Private Actuary - Foster & Foster	<u>46.63%</u>	<u>52.21%</u>

9) The unfunded liability carried by the fund, along with an actuarial explanation of the unfunded liability:

Unfunded Liability:

Illinois Department of Insurance	<u>\$149,210,895</u>
Private Actuary - Foster & Foster	<u>\$156,907,652</u>

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 the actuarial assumptions employed in the valuation. The unfunded accrued liability is the excess of the accrued liability over the actuarial value of assets.

10) The investment policy of the Pension Board under the statutory investment restrictions imposed on the fund.

Investment Policy - See Attached.

Please see Notes Page attached.

CERTIFICATION OF MUNICIPAL FIREFIGHTERS'  
PENSION FUND COMPLIANCE REPORT

The Board of Trustees of the Pension Fund, based upon information and belief, and to the best of our knowledge, hereby certify pursuant to §4-134 of the Illinois Pension Code 40 ILCS 5/4-134, that the preceding report is true and accurate.

Adopted this \_\_\_\_\_ day of \_\_\_\_\_, 2019

President \_\_\_\_\_ Date \_\_\_\_\_

Secretary \_\_\_\_\_ Date \_\_\_\_\_

**THE CITY OF PEORIA, ILLINOIS  
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INDEX OF ASSUMPTIONS

- 1) Total Cash and Investments - as Reported at Market Value in the Audited Financial Statements for the Years Ended December 31, 2018 and 2017.

Total Net Position - as Reported in the Audited Financial Statements for the Years Ended December 31, 2018 and 2017.

- 2) Estimated Receipts - Employee Contributions as Reported in the Audited Financial Statements for the Year Ended December 31, 2018 plus 4.62% Increase (Actuarial Salary Increase Assumption) Rounded to the Nearest \$100.

Estimated Receipts - All Other Sources:

Investment Earnings - Cash and Investments as Reported in the Audited Financial Statements for the Year Ended December 31, 2018, times 6.75% (Actuarial Investment Return Assumption) Rounded to the Nearest \$100.

Municipal Contributions - Recommended Tax Levy Requirement as Reported by Foster & Foster, Actuarial Valuation for the Year Ended December 31, 2018.

- 3) Annual Requirement of the Fund as Determined by:

Illinois Department of Insurance - Suggested Amount of Tax Levy as Reported in the December 31, 2018 Actuarial Valuation.

Private Actuary - Foster & Foster:

Recommended Amount of Tax Levy as Reported by Foster & Foster in the December 31, 2018 Actuarial Valuation.

Statutorily Required Amount of Tax Levy as Reported by Foster & Foster in the December 31, 2018 Actuarial Valuation.

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INDEX OF ASSUMPTIONS - Continued

- 4) Net Income Received from Investment of Assets - Investment Income (Loss) net of Investment Expense, as Reported in the Audited Financial Statements for the Years Ended December 31, 2018 and 2017.

Assumed Investment Return:

Illinois Department of Insurance - Current and Preceding Fiscal Year Interest Rate Assumption as Reported in the December 31, 2018 and 2017 Actuarial Valuations.

Private Actuary - Current and Preceding Fiscal Year Interest Rate Assumption as Reported in the Foster & Foster, December 31, 2018 and 2017 Actuarial Valuations.

Actual Investment Return - Net Income Received from Investments as Reported Above as a Percentage of the Average of the Beginning balance of the Cash and Investments and the Ending balance of the Cash and Investments, excluding the fiscal year net investment income, as Reported in the Audited Financial Statements for the Fiscal Years Ended December 31, 2018 and 2017.

- 5) Illinois Department of Insurance - Amount of total suggested tax levy to be excluded from the property tax extension limitation law as contemplated by 35 ILCS 200/18-185.

Private Actuary - No Private Actuarial Valuation amount available at the time of this report.

- 6) Number of Active Members - Illinois Department of Insurance Annual Statement for December 31, 2018 - Schedule P.

- 7) (i) Regular Retirement Pension - Illinois Department of Insurance Annual Statement for December 31, 2018 - Schedule P for Number of Participants and Expense page 1 for Total Amount Disbursed.

(ii) Disability Pension - Same as above.

(iii) Survivors and Child Benefits - Same as above.

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INDEX OF ASSUMPTIONS - Continued

8) The funded ratio of the fund:

Illinois Department of Insurance - Current and Preceding Fiscal Year Actuarial Value of Assets as a percentage of Accrued Liability as Reported in the December 31, 2018 and 2017 Actuarial Valuations.

Private Actuary - Current and Preceding Fiscal Year Actuarial Value of Assets as a percentage of Accrued Liability as Reported in the Foster & Foster, December 31, 2018 and 2017 Actuarial Valuations.

9) Unfunded Liability:

Illinois Department of Insurance - Deferred Asset (Unfunded Accrued Liability) as Reported in the December 31, 2018 Actuarial Valuation.

Private Actuary - Deferred Asset (Unfunded Accrued Liability) as Reported by Foster & Foster in the December 31, 2018 Actuarial Valuation.



# ILLINOIS DEPARTMENT OF INSURANCE



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## PEORIA FIREFIGHTERS PENSION FUND Actuarial Valuation Report

Showing Assets and Liabilities of the Fund in  
Accordance with Actuarial Reserve Requirements  
as of January 1, 2019

### Summary

Accrued Liability	\$288,753,984
Actuarial Value of Assets	\$139,543,089
Unfunded Accrued Liability	\$149,210,895

Funded Ratio 48%

### Liabilities

#### Reserves for Annuities and Benefits in Force

	Head Count:	Present Value:	
Retirement Annuities	134	144,516,283	
Disability Annuities	41	33,439,897	
Surviving Spouse Annuities	50	17,410,085	
Minor Dependent Annuities	0	0	
Deferred Retirement Annuities	6	3,702,840	
Handicapped Dependent Annuities	0	0	
Dependent Parent Annuities	0	0	
Terminated Liabilities	7	119,564	
<b>Total:</b>	<b>238</b>		<b>\$199,188,669</b>

Accrued Liabilities for Active Members	190	\$89,565,315
Total Accrued Liabilities		\$288,753,984
Total Normal Cost for Active Members		\$5,261,197
Total Normal Cost as a Percentage of Payroll		32%

Total Annual Payroll \$16,472,021

#### Amortization of Unfunded Liabilities:

Total Accrued Liability	\$288,753,984
90% Funded Ratio Target	\$259,878,586
Actuarial Value of Assets	\$139,543,089
Liabilities Subject to Amortization	\$120,335,497
Amortization Period	22 years
Amortization Payment, Beginning of Year	\$7,263,667

This report is provided to the Board and Municipality as part of the Public Pension Division advisory services under





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## PEORIA FIREFIGHTERS PENSION FUND Actuarial Valuation Report

### Assets

#### Actuarial Value of Assets

##### Current Year Gain/(Loss):

Market value of assets as of December 31, 2017	\$139,706,855
Benefit payments during fiscal year 2018	(14,369,482)
Administrative expense during fiscal year 2018	(134,749)
Total contributions during fiscal year 2018	10,499,677
Expected return during fiscal year 2018	8,950,798
Expected market value of assets as of December 31, 2018	\$144,653,099

Actual market value of assets as of December 31, 2018 \$126,313,110

Investment gain/(loss) during the fiscal year (\$18,339,989)

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

Market value of assets as of December 31, 2018	\$126,313,110
Unrecognized gain/(loss) from fiscal 2018	(14,671,991)
Unrecognized gain/(loss) from fiscal 2017	5,639,538
Unrecognized gain/(loss) from fiscal 2016	(897,308)
Unrecognized gain/(loss) from fiscal 2015	(3,300,218)
Actuarial value of assets as of December 31, 2018	\$139,543,089

### Actuarially Determined Employer Contributions

Actuarially determined amount to provide the employer normal cost based on the annual payroll of active participants as of January 1, 2019. \$3,703,767

Amount necessary to amortize the unfunded accrued liability as determined by the State of Illinois Department of Insurance over the remaining 22 years as prescribed by Section 4-118 of the Illinois Pension Code. \$7,263,667

Interest to the end of the fiscal year. \$712,883

Total suggested amount of employer contributions to arrive at the annual requirements of the fund as prescribed by Section 4-118 of the Illinois Pension Code. \*

\$11,680,317



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## PEORIA FIREFIGHTERS PENSION FUND Actuarial Valuation Report

### Actuarial Information

The following methods have been prescribed in accordance with Section 4-118 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	6.50%
Interest rate, prior fiscal year	6.50%
Healthy mortality rates - Male	RP-2014 Healthy Annuitant with Blue Collar Adjustment, males
Healthy mortality rates - Female	RP-2014 Healthy Annuitant with Blue Collar Adjustment, females
Disability mortality rates - Male	115% of RP-2014 Healthy Annuitant with Blue Collar Adjustment, males
Disability mortality rates - Female	115% of RP-2014 Healthy Annuitant with Blue Collar Adjustment, females
Decrement other than mortality	Experience tables
Rate of service-related deaths	20%
Rate of service-related disabilities	80%
Salary increases	Service-related table with rates grading from 12.50% to 3.50% at 31 years of service
Payroll growth	3.50%
Tier 2 cost-of-living adjustment	1.25%
Marital assumptions for active members	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 4 funds for the State of Illinois in aggregate. The Department of Insurance has approved the above actuarial assumptions. 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.