AGENDA

MOLINE FIREFIGHTERS' PENSION BOARD

Friday August 2, 2013 at 8:30 a.m.
Conference Room-Moline Fire Department
1630 8th Avenue, Moline, Illinois

Notice is hereby given that the Board of Trustees of the Moline Fire Pension Board will hold a meeting that will commence at 8:30 a.m. on Friday, August 2, 2013 in the Moline Fire Department Conference Room, 1630 8th Avenue, Moline, Illinois to discuss the public business as set forth in the Agenda below.

1. Meeting Call to Order

2. Roll Call of Members

3. Approval of Minutes
   A. Minutes of the April 25, 2013 meeting
   B. Minutes of the June 13, 2013 meeting

4. Report/Expenses
   A. Quarterly Investment Report
   B. Expenses
   C. Treasurers Report

5. Correspondence
   A. Coalition for Qualified Plan Status
   B. Letter dated 4-25-2013 to First Midwest Bank

6. New Business
   A. Pension Discrepancies-Allison
   B. Annual Pension Increases
   C. Application for Widow Benefits-Richmiller
   D. Acceptance of 2012 Audit
   E. 2013 Actuary Reports
   F. Annual Municipal Compliance Report
   G. Department of Insurance Annual Report

7. Public Comment

8. Adjournment

Any person with disabilities who wishes to attend the meeting who requires a special accommodation, or any other person requiring a special accommodation in attending the meeting, should notify Andrea Awbrey, Moline Fire Department, 309-524-2250, at least 24 hours prior to the scheduled meeting time.

Minutes

MOLINE FIREFIGHTERS' PENSION BOARD

Thursday April 25, 2013 – 8:30 a.m.
Conference Room-Moline Fire Department
1630 8th Avenue, Moline, Illinois

Present:
Mike Rasche (Secretary)
Scott Raes (Appointed)
Kathy Carr (Treasurer)
Brian Vyncke (President)
Mike Lucchetti (Elected)
Andrea Awbrey (Recording Secretary)
Don Stanforth (Financial Consultant)
Janet Zam (Employee Services Coordinator)

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1. President Brian Vyncke opened the meeting at 8:35a.m.

2. Roll Call of Members-All were present

3. Approval of Minutes
   A. Minutes of the January 24, 2013 meeting
   Mike Rasche, seconded by Brian Vyncke, made a motion to approve the minutes. Motion carried unanimously.
   B. Minutes of the March 15, 2013 special meeting
   Scott Raes, seconded by Mike Lucchetti, made a motion to approve the minutes. Motion carried unanimously.
   C. Minutes of the April 8, 2013 special meeting
   Kathy Carr, seconded by Brian Vyncke, made a motion to approve the minutes. Motion carried unanimously.
   D. Minutes of the April 15, 2013 special meeting
   Brian Vyncke, seconded by Scott Raes, made a motion to approve the minutes. Motion carried unanimously.

4. Report/Expenses:
   A. Quarterly Investment Report
   Don Stanforth presented the Quarterly Investment report.
   Brian Vyncke, seconded by Mike Rasche, made a motion to approve the following transfers:
   $400,000 from Advisory Research into Money Market account
   $500,000 from Dana into Money Market account
   $100,000 from First Midwest into Money Market account
   Motion carried unanimously.
   Kathy Carr, seconded by Scott Raes, made a motion to approve January, February, and March transactions. Motion carried unanimously.
   B. Expenses
   Scott Raes, seconded by Brian Vyncke, made a motion to approve expenses as of 3/31/13 (checks 30000 to 30005). Motion carried unanimously.
   D. Treasurer's Report
   Scott Raes, seconded by Brian Vyncke, made a motion to approve the Treasurers Report as of 2/28/13. Motion carried unanimously.

5. Correspondence
   A. Correspondence received during the quarter was reviewed with no action taken.

6. New Business
   A. Affirmation of Mayor's Reappointment of Kathy Carr to the Firefighters' Pension Board for a three year term to expire March 31, 2016.
      Mike Rasche, seconded by Scott Raes, made a motion to accept the reappointment. Motion carried unanimously.
   B. Election of Officers
      Mike Rasche, seconded by Mike Lucchetti, made a motion to elect Brian Vyncke as President. Motion carried unanimously.
      Kathy Carr, seconded by Brian Vyncke, made a motion to elect Mike Rasche as Secretary. Motion carried unanimously.

7. There were no public comments

8 Adjournment
   Scott Raes, seconded by Mike Rasche, made a motion to adjourn at 9:50a.m. Motion carried unanimously.

Respectfully Submitted
Andrea J. Awbrey
Recording Secretary

Approved by,
Mike Rasche
Secretary

Special Meeting

MINUTES

MOLINE FIREFIGHTERS' PENSION BOARD

Thursday, June 13, 2013 – 8:30 a.m.
Fire Department Classroom
1630 8th Avenue, Moline, Illinois

Trustees:

Brian Vyncke (President)
Mike Rasche (Secretary)
Kathleen Carr (Treasurer)
Mike Lucchetti (Trustee)
Scott Raes (Appointed Trustee)

President Brian Vyncke called the meeting to order at 8:49

1. Roll Call of Members
   Present-Brian Vyncke, Kathy Carr, Mike Lucchetti
   Absent-Mike Rasche, Scott Raes

2. New Business
   A. Kathy Carr, seconded by Mike Lucchetti, made a motion to approve the retirement application of Dennis Hanks. Lieutenant Hanks was appointed to the Moline Fire Department on February 20, 1989 and will retire on June 30, 2013 with 24 years of service. His salary at the time of retirement was $85,968.26, and will receive a monthly pension of $4,358.11 with an annual 3% COLA. All in favor, motion carried unanimously.
      The meeting recessed at 9:00a.m. and reconvened at 9:30a.m.
   B. Mike Lucchetti, seconded by Brian Vyncke, made a motion to approve one year of military buy back for Eric Becker in the amount of $10,707.50. All in favor, motion carried unanimously.
   C. Mike Lucchetti, seconded by Kathy Carr, made a motion to accept Engineer Jerry Sottos' duty disability application. All in favor, motion carried unanimously.
      Kathy Carr, seconded by Mike Lucchetti, made a motion to approve all expenses related to Jerry Sottos' duty disability application.
      All in favor, motion carried unanimously.
   D. Kathy Carr, seconded by Mike Lucchetti, made a motion to approve expenses for the 2013 Pension Seminar and expenses for the Certified Trustee Training Program. All in favor, motion carried unanimously.

3. Adjournment
   President Brian Vyncke, seconded by Mike Lucchetti, made a motion to adjourn at 10:14a.m. All in favor, motion carried unanimously.

Respectfully Submitted,

Andrea J. Awbrey
Recording Secretary

Approved By
Mike Rasche
Secretary

Firefighters' Pension Expenses for Approval as of 06/30/13

Check #	Payee	Amount	Description
30006	Advisory Research	$9,802.46	Investment Fees
30007	City of Moline	$34.50	Postage Reimbursement
30008	First Midwest Bank	$2,800.46	Investment Fees
30009	Illinois State Treasurer	$5,279.26	Compliance Fee
ACH	Dana Investment Advisors	$5,984.07	Investment Fees
ACH	Investment Consulting Group	$5,106.46	Investment Fees
Total		$29,007.21	

MOLINE FIREFIGHTERS' PENSION
TREASURER'S REPORT
AS OF May 31, 2013

	Debit	Credit
ASSETS:		
Cash - Trust Account	$1,371,567	
Employer Contributions Receivable	$0	
Investments - Equities	$18,422,717	
Other Investments	$3,764,041	
REVENUES:		
Employer Contributions		$89,900
Interest Earnings		$172,639
Employee Contributions		$217,704
Other		$10,708
EXPENSES:		
Pension Payments - Widows	$182,505	
Pension Payments - Duty Disabled	$170,870	
Pension Payments - Retirees	$1,082,591	
Pension Payments - Non Duty Disabled	$0	
Pension Payments - Separation	$0	
Payroll Services	$90	
Medical	$0	
Investment Fees	$22,026	
State Filing Fee	$0	
Seminars	$0	
Actuary Services	$0	
Audit Services	$0	
Insurance Bond	$7,714	
Postage	$44	
Memberships	$0	
Other Supplies	$240	
NET ASSETS		$24,533,455
	$25,024,405	$25,024,405

COALITION FOR QUALIFIED PLAN STATUS

for Illinois Article 3 Police Pension Funds & Article 4 Firefighter Pension Funds

AFFI * IGFOA * ILFOP * IMTA * IPFA * IPPFA * PBPA

June 2013

Dear Illinois Article 3 Police Pension Fund / Article 4 Firefighter Pension Fund:

As many of you know, in 2008 the Internal Revenue Service ("IRS") raised concerns about whether Illinois Article 3 and Article 4 Pension Funds were in compliance with federal tax law and strongly encouraged the Funds to obtain Qualified Plan Determination Letters. It is recognition as a Qualified Plan that allows our Pension Funds to receive the following tax benefits:

- the tax-exempt status of duty disability pensions,
- the withholding of payroll contributions on a pre-tax basis,
- the ability to transfer creditable service time between funds with no tax penalty,
- the ability to roll-over pre-tax contribution refunds into another qualified plan (IRA, 457, etc)
- the benefit of not having to pay tax on investment income,
- the eligibility for certain investment options available only to qualified plans.

To be recognized as a Qualified Plan, the plan document (the Illinois Statutes and Department of Insurance Administrative Code) must incorporate federal tax law changes as they are adopted. The IRS then issues a Determination Letter, which reflects the IRS's opinion that the plan document complies with federal tax law.

The plan documents for Illinois Article 3 and Article 4 Funds had not kept pace with changes in federal tax law. As a result, a coalition of interested organizations was formed (including AFFI, IGFOA, ILFOP, IMTA, IPFA, and IPPFA) to work with the Illinois Department of Financial and Professional Regulation, Division of Insurance (DOI), Ice Miller LLP (a law firm that represents a number of governmental pension plans) and Lauterbach & Amen, LLP to address compliance issues for the Pension Funds as a group.

Overview of Determination Letter Project

The Coalition was successful in obtaining Determination Letters for our Article 3 and Article 4 Pension Funds, and those letters are available on the DOI's webpage. The letters are valid for a 5-year cycle, and the current letters expire January 31, 2014.

Ice Miller will need to file the applications for the new Determination Letters very soon. As with the prior cycle, if any additional compliance language is needed in the plan documents, the Coalition will draft and sponsor the proposed legislation changes required to ensure consistency. The DOI will again serve as the entity requesting the Determination Letters for all of the Article 3 and Article 4 Funds. This approach will require very little effort on the part of each individual Fund. When the IRS issues the Determination Letters, the DOI will hold them and copies will be available on their webpage.

We believe that this approach will serve your Fund very well. Each Fund will be able to rely upon the Determination Letter obtained for the relevant group of plans (Article 3 or Article 4), with a minimum of cost and effort.

(please turn over)

Contribution to Fund Project

Please keep in mind that we need only two Determination Letters – one for Article 3 Funds and one for Article 4 Funds. During the prior cycle, each Fund was asked to voluntarily contribute only $400 to cover the filing fees and legal and accounting expenses involved in the 2009-2014 cycle. If a Fund was to apply individually for a Determination Letter, they would incur a $1,000 filing fee in addition to the expenses and fees for professional assistance in applying for the Letter. Therefore, this united approach was very cost-effective. The contribution also included the costs associated with an annual review and update of the plan documents for each of the five years within the 2009-2014 cycle to be sure that the plans remained in compliance.

The Coalition is asking each Article 3 and Article 4 Pension Fund to contribute $300 for the 2014-2019 cycle.

This voluntary $300 contribution will cover the filing fees and legal and accounting expenses for the 2014-2019 cycle. This figure was determined presuming the majority of the Article 3 and Article 4 Funds participate. Each Pension Fund that elects not to contribute increases the burden placed upon its neighbors. Additionally, it will be necessary to apply for a new Determination Letter and possibly update the State Statutes/Administrative Code every five years. Although the DOI has expended considerable time and interest in assisting the Coalition, the State has no vested interest in obtaining Qualified Plan Status or in making the contributions mandatory. If this voluntary effort cannot be sustained on an ongoing basis, our ability to maintain Qualified Plan status into the future will fall into jeopardy.

Administration

The contributions are held in a designated account administered by Lauterbach & Amen, LLP, to be used exclusively for current and ongoing IRS compliance issues. Approval by a majority of the members of the Coalition is required before any funds are disbursed. Lauterbach & Amen, LLP is providing via their website (www.lauterbachamen.com) a full accounting of all of the Pension Funds that have contributed as well as a detailed listing of all funds disbursed and remaining. All excess funds available in the account after obtaining the current Determination Letters are being applied to annual updates to maintain compliance and to the 2014 renewal of the Determination Letters.

Please send your contribution as indicated below:

Amount of Check:	$300
Payable to:	Coalition for Qualified Plan Status
Send to:	P.O. Box 1486 Warrenville, IL 60555-1486

If you have any questions whatsoever, please do not hesitate to contact any of the Coalition Members listed below. **Thank you for your prompt response and your continued support!**

AFFI (Associated Fire Fighters of Illinois)
Pat Devaney (217) 621-0483
pdevaney@affi-iaff.org

Illinois FOP (Fraternal Order of Police)
Ted Street (217) 726-8885
tstreet@ilfop.org

PBPA (Police Benevolent and Protective Association)
Sean Smoot
ssmoot@pbpa.org

IGFOA (Illinois Government Finance Officers Association)
Stan Helgerson
helgersonstan@hotmail.com
Dave Richardson
davidarichardson55@gmail.com

IMTA (Illinois Municipal Treasurer's Association)
Michael Peterson (847) 913-2303
Mpeterson@village.lincolnshire.il.us

IPPFA (Illinois Public Pension Fund Association)
Jim McNamee (630) 784-0406
jmcnamee@ippfa.org

Lauterbach & Amen, LLP
Allison Barrett (630) 393-1483
abarrett@lauterbachamen.com

IPFA (Illinois Professional Firefighters Association)
Greg Knoll (630) 833-2405
ipfa@aol.org

MOLINE FIREFIGHTERS PENSION FUND
BOARD OF TRUSTEES

1630 8th Avenue Moline, Illinois 61265 Phone (309) 524-2071

April 25, 2013

Mr. Steve Dembosky, Senior Vice President
First Midwest Bank- Wealth Management
506 15th Street
P. O. Box 990
Moline, IL 61266-0990

Re: Moline Firefighter's Pension Fund

Dear Mr. Dembosky:

Per the trustees' instructions, please process the following changes to the Moline Fire Pension Accounts. It is understood that you will complete these instructions via this fax but will need a letter of authorization from the trustees. If you have any questions, feel free to call.

Transfer $100,000 from Large Cap Value, First Midwest, account #92-5001-31-5 to account #92-5001-01-8
Transfer $500,000 from Large Cap Value, Dana Investments, account #92-5001-21-6 to account #92-5001-01-8
Transfer $400,000 from Small Cap Value, Advisory Research, account #92-5001-11-7 to account #92-5001-01-8

In addition please notify Don Stanforth's office when the transfer is complete. 563-322-2322 ext 306.

Yours truly,

Brian Vyncke

Brian Vyncke, President

Kathleen A Carr

Kathleen A. Carr, Treasurer

COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY OF MOLINE, IL

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012

Prepared by Finance Department

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NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Illinois Municipal Retirement Fund

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Public Act 96-0889 created a second tier for IMRF's Regular Plan. Effective January 1, 2011, IMRF assigns a benefit tier to a member when he or she is enrolled in IMRF. The tier is determined by the member's first IMRF participation date. If the member first participated in IMRF before January 1, 2011, they participate in *Regular Tier 1*. If the member first participated in IMRF on or after January 1, 2011, they participate in *Regular Tier 2*.

For *Regular Tier 1*, pension benefits vest after eight years of service. Participating members who retire at or after age 60 with 8 years of service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1 2/3% of their final rate (average of the highest 48 consecutive months earnings during the last 10 years) of earnings for each year of credited service up to 15 years and 2% for each year thereafter. For *Regular Tier 2*, pension benefits vest after ten years of service. Participating members who retire at or after age 67 with 10 years of service, or age 62 with 35 years of service are entitled to an annual retirement benefit as described above. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute. Participating members are required to contribute 4.5% of their annual salary to IMRF. The City's contribution rate for 2012 was 11.75% of annual covered payroll. For 2012, the City's annual required contribution rate was 11.15%. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrual liability for benefits.

Police Pension

Police sworn personnel are covered by the Police Pension Plan, which is a defined benefit single-employer pension plan. Although this is a single employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statutes (Chapter 40 ILCS 5/3) and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund.

At December 31, 2012, the Police Pension membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	79
Current employees:	
Vested	81
Non vested	-
Total	160

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

H. Restatement of Fund Balances/Net Position (cont.)

Total Pension Trusts Net Position - December 31, 2011 (as reported)	$ 55,828,272
Less: Employer contributions receivable recorded in error	(6,084,640)
Net Position - December 31, 2011 (as restated)	$ 49,743,632
Net income of the prior year would have been increased (decreased) by	$ (1,125,765)

NOTE IV - OTHER INFORMATION

A. Employees' Retirement System

Plan Descriptions

The City contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), an agent-multiple-employer public employee retirement system; the Police Pension Plan which is a single-employer pension plan; and the Firefighters' Pension Plan which is a single-employer pension plan. The benefits, benefits levels, employee contributions and employer contributions for the plans are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly. The Police Pension Plan and the Firefighters' Pension Plan do not issue separate reports on the pension plans. IMRF does issue a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Police Pension (cont.)

As provided for in the Illinois Compiled Statutes, the Police Pension Fund provides retirement benefits as well as death and disability benefits to employees grouped into two tiers. Tier 1 is for employees hired prior to January 1, 2011 and Tier 2 is for employees hired after that date. The following is a summary of the Police Pension Fund as provided for in Illinois Compiled Statutes.

Tier 1 - Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one half of the salary attached to the rank on the last day of service, or for one year prior to the last day, whichever is greater. The pension shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least 8 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit. The monthly pension of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and paid upon reaching at least the age 55, by 3% of the original pension and 3% compounded annually thereafter.

Tier 2 - Covered employees attaining the age of 55 or more with 10 or more years of creditable service are entitled to receive a monthly pension of 2.5% of the final average salary for each year of creditable service. The salary is initially capped at $106,800 but increases annually thereafter and is limited to 75% of final average salary. Employees with 10 or more years of creditable service may retire at or after age 50 and receive a reduced retirement benefit. The monthly pension of a police officer shall be increased annually on the January 1 occurring either on or after the attainment of age 60 or the first anniversary of the pension start date, whichever is later. Each annual increase shall be calculated at 3% or one-half the annual unadjusted percentage increase in the CPI, whichever is less.

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plans as actuarially determined by an enrolled actuary. Effective January 1, 2011 the City's contributions must accumulate to the point where the past service cost for the Police Pension Plan is 90% funded by the year 2040. For the year ended December 31, 2012, the City's contribution was 41.91% of covered payroll. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrual liability for benefits.

NOTE IV - OTHER INFORMATION (cont.)

A. Employees' Retirement System (cont.)

Firefighters' Pension

Fire sworn personnel are covered by the Firefighters' Pension Plan, which is a defined benefit single-employer pension plan. Although this is a single employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statutes (Chapter 40 ILCS 5/3) and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund.

At December 31, 2012, the Firefighters' Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	101
Current employees:	
Vested	66
Non vested	-
Total	167

As provided for in the Illinois Compiled Statutes, the Firefighters' Pension Fund provides retirement benefits as well as death and disability benefits to employees grouped into two tiers. Tier 1 is for employees hired prior to January 1, 2011 and Tier 2 is for employees hired after that date. The following is a summary of the Firefighters' Pension Fund as provided for in Illinois Compiled Statutes.

Tier 1 - Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive a monthly retirement benefit of one half of the monthly salary attached to the rank held in the fire service at the date of retirement. The monthly pension shall be increased by one twelfth of 2.5% of such monthly salary for each additional month over 20 years of service through 30 years of service to a maximum of 75% of such monthly salary. Employees with at least 10 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit. The monthly pension of a firefighter who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and paid upon reaching at least the age 55, by 3% of the original pension and 3% compounded annually thereafter.

Tier 2 - Covered employees attaining the age of 55 or more with 10 or more years of creditable service are entitled to receive a monthly pension of 2.5% of the final average salary for each year of creditable service. The salary is initially capped at $106,800 but increases annually thereafter and is limited to 75% of final average salary. Employees with 10 or more years of creditable service may retire at or after age 50 and receive a reduced retirement benefit. The monthly pension of a firefighter shall be increased annually on the January 1 occurring either on or after the attainment of age 60 or the first anniversary of the pension start date, whichever is later. Each annual increase shall be calculated at 3% or one-half the annual unadjusted percentage increase in the CPI, whichever is less.

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Firefighters' Pension (cont.)

Participants contribute a fixed percentage of their base salary to the plans. At December 31, 2012, the contribution percentage was 9.455%. If a participant leaves covered employment with less than 20 years of service, accumulated participant contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plans as actuarially determined by an enrolled actuary. Effective January 1, 2011 the City's contributions must accumulate to the point where the past service cost for the Firefighters' Pension Plan is 90% funded by the year 2040. For the year ended December 31, 2012, the City's contribution was 48.41% of covered payroll. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrual liability for benefits.

Summary of Significant Accounting Policies

Police and Firefighters' Pension Plans

Basis of Accounting. The financial statements of the pension fund are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which contributions are due. The City's contributions are recognized when due and a formal commitment to provide the contributions are made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments. Plan investments are reported at fair value. Short-term investments are reported at cost, which approximated fair value. Investments that do not have an established market are reported at estimated fair values.

NOTE IV - OTHER INFORMATION (cont.)

A. *EMPLOYEES' RETIREMENT SYSTEM* (cont.)

Annual Pension Cost

The City's annual required contribution for the current year and related information for each plan is as follows:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Actuarial valuation date	December 31, 2012	January 1, 2012	January 1, 2012
Contribution rates:			
Employer	11.15%	41.91%	48.41%
Employee	4.50%	9.91%	9.455%
Annual required contribution	$1,783,659	$2,998,141	$3,115,083
Contributions made	$1,787,728	$3,075,321	$3,024,688
Actuarial cost method	Entry-age normal	Entry-age normal	Entry-age normal
Asset valuation method	5 year smoothed market	5 year smoothed market	5 year smoothed market
Amortization method	Level percentage of payroll, closed	Level percentage of payroll	Level percentage of payroll
Amortization period	23 years	25 years	25 years
Actuarial assumptions:			
Investment rate of return	7.50% Compounded annually	7.50% Compounded annually	7.50% Compounded annually
Projected salary increases	0.40% to 11.60%	1.12% to 4.86%	1.12% to 4.86%
Inflation rate included	4.00%	2.00%	2.00%
Cost-of-living adjustments	3.00%	3.00%	3.00%

Net Pension Obligation (Asset)

The following is the net pension obligation (asset) calculation for the year ended December 31, 2012:

Net Pension Obligation (Asset):	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Annual required contribution	$ 1,783,659	$ 2,998,141	$ 3,115,083
Interest on net pension obligation	-	(155,320)	(310,687)
Adjustment to annual required contribution	-	141,679	254,970
Annual pension cost	1,783,659	2,984,500	3,059,366
Contributions made	(1,787,728)	(3,075,321)	(3,024,688)
Change in net pension obligation	(4,069)	(90,821)	34,678
Net pension obligation (asset), beginning of year	708,338	(2,070,930)	(4,142,487)
Net pension obligation(asset), end of year	$ 704,269	$ (2,161,751)	$ (4,107,809)

NOTE IV - OTHER INFORMATION (cont.)

A. *Employees' Retirement System* (cont.)

Interest on net pension obligation and adjustment to annual required contribution for the Illinois Municipal Retirement Fund are immaterial and, therefore, have not been presented.

Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due.

	Fiscal Year	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Annual pension cost (APC)	2012	$ 1,783,659	$ 2,984,500	$ 3,059,366
	2011	1,723,615	2,465,748	2,551,197
	2010	1,680,787	2,108,034	2,462,021
Contributions made	2012	$ 1,787,728	$ 3,075,321	$ 3,024,688
	2011	1,430,600	2,280,805	2,679,017
	2010	1,260,590	2,222,982	2,622,169
Percentage of APC contributed	2012	100.00%	103.04%	98.87%
	2011	83.00%	93.03%	105.01%
	2010	75.00%	105.45%	106.50%
Net pension obligation (asset)	2012	$ 704,269	$ (2,161,751)	$ (4,107,809)
	2011	708,338	(2,070,930)	(4,142,487)
	2010	414,954	(2,255,873)	(3,974,667)

NOTE IV - OTHER INFORMATION (cont.)

A. Employees' Retirement System (cont.)

Funded Status and Funding Progress

The City's actuarial value of plan assets for the current year and related information is as follows:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Actuarial Valuation Date	December 31, 2012	January 1, 2012	January 1, 2012
Actuarial Valuation of Assets (a)	$ 40,277,578	$ 28,536,726	$ 24,707,190
Actuarial Accrued Liability (AAL) - Entry Age (b)	$ 50,324,549	$ 64,193,380	$ 64,661,538
Unfunded AAL (UAAL) (b - a)	$ 10,046,971	$ 35,656,654	$ 39,954,348
Funded Ratio (a/b)	80 %	44 %	38 %
Covered Payroll (c)	15,180,074	6,230,987	4,989,390
UAAL as a Percentage of Covered Payroll ((b-a)/c)	66 %	572 %	801 %

PENSION SEGMENT INFORMATION

Fiduciary Net Position

	Pension Trust		
	Police Pension	Fire Pension	Total
Assets			
Cash and cash equivalents	$ 1,280,093	$ 1,312,067	$ 2,592,160
Investments			
Mutual funds	18,452,092	15,168,091	33,620,183
Stocks	9,556,945	8,053,297	17,610,242
Total Assets	29,289,130	24,533,455	53,822,585
Liabilities	-	-	-
Net Position			
Held in trust for pension benefits	$ 29,289,130	$ 24,533,455	$ 53,822,585

CITY OF MOLINE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

NOTE IV - OTHER INFORMATION (cont.)

A. Employees' Retirement System (cont.)

Changes in Plan Net Position

	Pension Trust		
	Police Pension	Fire Pension	Total
Additions			
Contributions			
Employer	$ 3,075,321	$ 3,024,688	$ 6,100,009
Plan member	563,649	430,686	994,335
Other	12,000	50	12,050
Total Contributions	3,650,970	3,455,424	7,106,394
Investment Income			
Net appreciation in fair value of investments	2,058,438	1,650,344	3,708,782
Interest on investments	738,620	643,283	1,381,903
Total Investment income	2,797,058	2,293,627	5,090,685
Less investment expense	93,676	75,225	168,901
Net investment income	2,703,382	2,218,402	4,921,784
Total Additions	6,354,352	5,673,826	12,028,178
Deductions			
Benefits	3,380,888	4,498,670	7,879,558
Administration	39,456	30,211	69,667
Total Deductions	3,420,344	4,528,881	7,949,225
Net change in net position	2,934,008	1,144,945	4,078,953
Net position, beginning of year (as restated)	26,355,122	23,388,510	49,743,632
Net position, end of year	$ 29,289,130	$ 24,533,455	$ 53,822,585

B. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. The City has established self-insurance funds (internal service funds) to provide coverage for losses from theft of, damage to, or destruction of assets; workers compensation; and health care of its employees.

Self Insurance

For all claims, the uninsured risk of loss is $175,000 per incident and $5,953,250 in the aggregate for a policy year. The City has a $100,000 deductible plan for general liability and a $25,000 deductible for property. The deductible plan for workers' compensation is $600,000 for all City employees. All claim procedures are performed by an independent claims administrator.

NOTE IV - OTHER INFORMATION (cont.)

B. Risk Management (cont.)

Self Insurance (cont.)

All funds of the City participate in the risk management program. Amounts payable to the Liability Insurance fund are based on actuarial estimates of the amounts necessary to pay prior and current year claims and to establish a reserve for catastrophic losses. $1,400,188 was assigned for that reserve at year end, and is included in unrestricted net position of the internal service fund.

A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable. Liabilities include an amount for claims that have been incurred but not reported. The City does not allocate overhead costs or other nonincremental costs to the claims liability.

There have been no significant reductions in insurance coverage in the current year from prior years. The amount of settlements have not exceeded insurance coverage in the past three fiscal years.

Claims Liability

	Prior Year	Current Year
Unpaid claims - Beginning of Year	$ 2,486,946	$ 2,153,632
Current year claims and changes in estimates	6,972,870	6,717,058
Claim payments	(7,306,184)	(6,736,361)
Unpaid Claims - End of Year	$ 2,153,632	$ 2,134,329

C. Commitments and Contingencies

From time to time, the City is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the City attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the City's financial position or results of operations.

The City has active construction projects as of December 31, 2012. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

Other Commitments

The City has an intergovernmental agreement with the Illinois Quad City Civic Center Authority (the Authority) to provide financial assistance relating to operating deficits, if any. During the year ended December 31, 2012, the City made no contributions to the operations of the Authority.

CITY OF MOLINE

FIREFIGHTERS' PENSION FUND
SCHEDULE OF EMPLOYER'S CONTRIBUTIONS AND SCHEDULE OF FUNDING PROGRESS
As of and for the Year Ended December 31, 2012

Fiscal Year Date	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Net Pension (Asset)
12/31/2012	$ 3,115,083	97.10%	$ (4,107,809)
12/31/2011	2,558,184	104.72%	(4,142,487)
12/31/2010	2,497,891	104.98%	(3,974,667)
12/31/2009	2,278,474	102.27%	(3,814,519)
12/31/2008	1,668,190	106.16%	(3,762,805)
12/31/2007	1,526,783	103.38%	(3,660,123)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2012	$ 24,707,190	$ 64,661,538	$ 39,954,348	38.21%	$4,989,390	800.79%
12/31/2011	29,183,658	59,678,809	30,495,151	48.90%	5,250,334	580.82%
12/31/2010	24,987,381	57,338,719	32,351,338	43.58%	4,478,182	722.42%
12/31/2009	25,012,439	51,945,359	26,932,920	48.15%	5,027,040	535.76%
12/31/2008	29,178,270	50,157,247	20,978,977	58.17%	4,221,265	496.98%
12/31/2007	28,512,971	47,907,444	19,394,473	59.52%	3,874,891	500.52%

The information presented in the above required supplementary schedule was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation can be found in the notes to basic financial statements.

Valuation date	1/1/2012
Actuarial cost method	Entry Age normal
Amortization method	Level percentage of pay, closed
Remaining amortization period	25 years
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.50% per year
Projected salary increases	TCG Basic Salary Table providing graded increases from 1.12% to 4.86% varying by age, plus inflation
Inflation factor	2.00% per year
Cost of living adjustments	3.00% per year

See independent auditors' report and accompanying notes to required supplementary information.

CITY OF MOLINE

RETIREE HEALTH PLAN
SCHEDULE OF EMPLOYER'S CONTRIBUTIONS AND SCHEDULE OF FUNDING PROGRESS
As of and for the Year Ended December 31, 2012

Fiscal Year Date	Annual Required Contribution (ARC)	Percentage of ARC Contributed
12/31/2012	$ 1,171,557	86.81 %
12/31/2011	1,225,407	105.08
12/31/2010	1,225,407	82.98

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Projected Unit	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2012	$ -	$ 11,895,773	$ 11,895,773	-%	$ 21,740,587	55%
12/31/2011	-	12,744,551	12,744,551	-%	22,253,419	57%
12/31/2010	-	12,747,914	12,747,914	-%	21,295,138	60%
12/31/2009	-	11,007,293	11,007,293	-%	24,930,237	44%
12/31/2008	-	10,450,275	10,450,275	-%	23,743,083	44%

See independent auditors' report and accompanying notes to required supplementary information.

Tepfer
Consulting
Group, Ltd.

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CITY OF MOLINE
FIREFIGHTERS' PENSION FUND

ACTUARIAL VALUATION
AS OF JANUARY 1, 2013 FOR THE
FISCAL YEAR ENDING DECEMBER 31, 2013

July 12, 2013

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ACTUARIAL STATEMENT

Tepfer Consulting Group, Ltd. was retained by the **City of Moline and City of Moline Firefighters' Pension Fund** to perform an independent actuarial valuation for the Firefighters' Pension Fund. This valuation is permitted under 40 ILCS 5/22, Section 503.2.

The actuarial valuation was performed for the year ended December 31, 2013 and indicates a **statutorily required contribution in accordance with 40 ILCS 5/4, Section 118 of $2,659,916 or 56.33% of member payroll, a recommended minimum contribution of $3,479,730 or 73.69% of payroll, and an Annual Required Contribution in accordance with paragraph 36f of Statement No. 25 of the Governmental Accounting Standards Board of $3,267,089 or 69.19% of payroll.** These contributions are net of contributions made by active member firefighters during the fiscal year.

The results shown in this report have been calculated under the supervision of a qualified Actuary as defined in appropriate State statutes. All results are based upon demographic data submitted by the Firefighters' Pension Fund, financial data submitted by the Firefighters' Pension Fund, applications of actuarial assumptions, and generally accepted actuarial methods.

In our opinion, all calculations and procedures are in conformity with generally accepted actuarial principles and practices; and the results presented comply with the requirements of the applicable State statute, Actuarial Standards Board, or Statements of Governmental Accounting Standards, as applicable.

In our opinion, the actuarial assumptions used are reasonable, taking into account the experience of the plan and future expectations, and represent a reasonable and adequate approach to the financing of the retirement program. The costs, actuarial liabilities and other information presented in this report, in our opinion, fully and fairly disclose the actuarial position of the plan.

I, Arthur H. Tepfer, am an Enrolled Actuary in good standing under the Employee Retirement Income Security Act of 1974. I am a member of the American Academy of Actuaries and I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. I certify that the results presented in this report are accurate and correct to the best of my knowledge.

TCG PUBLIC CONSULTING, LTD.

Arthur H. Tepfer, A.S.A., M.A.A.A.
Enrolled Actuary #11-02352

July 12, 2013

VALUATION OBJECTIVES

The **City of Moline Firefighters' Pension Fund** provides benefits to members when they retire, die, become disabled or terminate employment. As with any plan providing these types of benefits, an appropriate budgeting pattern must be established to enable appropriate funds to be accumulated to meet all payments when due. The actual cost of the plan can best be expressed in the following simplistic manner:

ACTUAL COST EQUALS Benefits Paid

Plus

Expenses Paid

Less

Investment Income Earned

If the actual cost is incurred on a "pay as you go" basis, then the future generations of members will be paying for the benefits of current plan participants. Proper financial planning calls for budgeting the actual cost of the plan over the working lifetime of current plan membership in order to establish an equitable allocation. An actuarial valuation is the procedure used to determine an appropriate amount to be contributed to the pension plan each year in order to attain this equity.

An actuarial valuation is an estimate at a particular point in time of the predicted incidence of the future benefit costs. Since the actual cost of the plan is essentially unknown, pre-funding (budgeting for future benefit costs) requires certain assumptions about future events. Assumptions are made for such things as salary increases, terminations of participants, disablement of participants, death of participants and anticipated investment earnings. These assumptions although not affecting the actual costs of the plan will affect the incidence of predicted future costs. For proper funding, it is required that the Actuary select assumptions which are appropriate in light of the economic, demographic, and legislative environment as they relate to the pension program. The assumptions we have made concerning these future events are described more fully in Appendix 2 of this report. Based on these assumptions, a projection of future benefits was made and a current contribution level sufficient to provide the anticipated benefit payments was determined through the use of an actuarial cost method.

Selection of the Actuarial Cost Method

An actuarial cost method, sometimes called a "funding method", therefore, is essentially an approach to budgeting the estimated future costs. There are many actuarial cost methods which are available to the actuary and each method operates differently. However, all funding methods accomplish the same objective—to assign to each fiscal year of the employer the portion assumed to have accrued in that year. The portion of the actuarial value of benefits assigned to a particular year in respect of an individual participant or the fund as a whole is called the ***normal cost.*** All funding methods are described by how the normal cost is calculated.

The actuarial cost method prescribed by the State statutes to determine the ***statutorily minimum required contribution*** for periods on or after January 1, 2011 is the Projected Unit Credit Cost Method. Under this actuarial cost method, the ongoing cost as a percentage of total payroll will increase. In this method, the normal cost is determined by first calculating the projected dollar amount of each participant's accumulated benefit under the plan as of both the first day of the fiscal year and as of the last day of the fiscal year and then determining the difference between these two amounts. The second step in deriving the normal cost for a given participant is to multiply the dollar amount of this difference by the actuarial present value of $1 of benefit.

The actuarial cost method selected by our firm to determine the ***recommended plan contribution*** is the Entry Age Normal Cost Method. Under this actuarial cost method, ideally, the ongoing cost as a percentage of total payroll should remain fairly stable. In this method, the normal cost is determined by assuming each participant covered by the plan entered the plan under the same conditions that will apply to future plan entrants. The annual normal cost assigned to each year of an employee's career is calculated as a level percentage of the employees assumed earnings each year. These normal costs accumulate to the present value of the employee's benefit at retirement age.

VALUATION OBJECTIVES
(Continued)

Under both the Entry Age Normal Cost Method and the Projected Unit Credit Cost Method, the total funding of projected benefit costs is allocated between an ***unfunded liability***, representing past benefit history, and future normal costs. This allocation is based on the assumption that the municipality will pay the normal cost for each plan year on a regular basis. It should be noted that although the term "unfunded liability" is applied to both funding methods, the resulting amount is different because of the method of calculation. Another feature of these methods is that only the unfunded liability is affected by the experience of the plan, and therefore any adjustments are made in the future amortization payments.

In addition to the methodology changes described above, P.A. 96-1495 also addressed the valuation of pension fund assets—the second component in the determination of the unfunded liability. The statute now provides that the actuarial value of a pension fund's assets be set equal to the market value of the assets on March 30, 2011 and that, in determining the actuarial value of assets after that date, any actuarial gains or losses from investment returns incurred in a fiscal year be recognized in equal amounts over the 5-year period following that fiscal year.

The actuarial valuation process is usually repeated each year and is to a certain extent self-correcting. As part of these actuarial cost methods, any deviation of actual experience from the chosen actuarial assumptions will be reflected in future contributions. A complete description of these actuarial cost methods is explained in Appendix 4 of this report.

Despite the statutory language which requires an application of the Projected Unit Credit method, we feel that funding under this method as a *level percentage of payroll* severely undermines the benefit security of the retirement system and transfers the payment for currently earned pensions to future generations of taxpayers. For these reasons, our valuation report also presents a recommended minimum contribution that will operate to maintain the fundamental fiscal soundness of the retirement program, although a statutorily required contribution has also been calculated. The calculation of the recommended minimum contribution is based upon an amortization payment of 90% of any unfunded accrued liabilities as a *level dollar amount* over 30 years from January 1, 2011, the effective date of P.A. 96-1495. The calculation of the statutorily required contribution is based upon an amortization payment of 90% of any unfunded accrued liabilities as a "*level percentage of payroll*" over 30 years from January 1, 2011, the effective date of P.A. 96-1495.

Although, I do not agree with the statutorily required level percentage of payroll methodology of determining the amortization of the unfunded accrued liability, I would be remiss if I did not advise my funds as to a "statutorily" acceptable calculation under the State law.

Effective for periods beginning after June 15, 1996, the Governmental Accounting Standards Board has issued Statement No. 25 "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans". This Statement establishes a financial reporting framework for defined benefit pension plans that distinguishes between two categories of information: (a) current financial information about plan assets and financial activities and (b) actuarially determined information, from a long-term perspective, about the funded status of the plan and the progress being made in accumulating sufficient assets to pay benefits when due. The calculation of the Annual Required Contribution (ARC) is described in paragraph 36f of the Statement and is based upon an amortization payment of any unfunded accrued liabilities as either a level dollar amount or a level percentage of total payroll over a maximum of 40 years from the effective date of the Statement. Any significant increase in the total unfunded actuarial liability resulting from a change in actuarial methodology should be amortized over a period not less than 10 years.

Actuarial experience since the last actuarial valuation

As part of the actuarial valuation process, it is helpful to examine the actual experience of the fund as compared to the experience which is expected by the actuarial assumptions. The measurement of any deviations of actual to expected experience is commonly referred to as a "Gain and Loss Analysis". In performing this analysis, the actuary analyzes each actuarial assumption used in the valuation process. It is highly unlikely that actual experience will follow expected experience on a year-by-year basis. It is hoped that over the long term, if the actuarial assumptions are "reasonable", the total gains and losses will offset each other.

A "gain and loss analysis' is a useful tool to examine whether the actuarial assumptions used to determine the municipal tax levy are suitable. Care must be taken in placing too much credibility in a short-term analysis as the assumptions are more appropriately measured over the long term. Nonetheless, an annual evaluation of the actuarial assumptions will assist in identifying trends which, if unnoticed, can lead to inappropriate conclusions. When these trends are recognized, it is the actuary's responsibility to modify one or more of the assumptions to better anticipate future experience.

VALUATION OBJECTIVES
(Continued)

Some assumptions are easier to measure than others. In small plans, credible analysis can generally be made regarding the economic (financial) assumptions. These primarily include investment and salary increase assumptions. Unfortunately, it is often impossible to establish credible long term analysis of demographic assumptions (rates of termination, disability, retirement and mortality). Therefore, in choosing demographic assumptions, the actuary generally relies upon standardized tabular assumptions modified only by fund-specific characteristics.

The actuarial gain and loss analysis for the current year is presented in Exhibit 3-C and 3-D of the report. Exhibit 3-C shows the impact of the actuarial gains or losses on the recommended minimum contribution through a reconciliation of this contribution from the end of the prior valuation year to the end of the current valuation year. Exhibit 3-D derives the actuarial gain or loss in total as well as separating the individual financial and demographic components.

The overall experience gain (loss) for the year was $ (1,756,236) or 2.67% of the accrued liability at the beginning of the plan year. The dollar amount for the plan's recommended minimum contribution is 106.10% of the prior year's contribution. When measured as a percentage of payroll, the contribution level has changed from 71.16% to 73.69%.

However, please be advised that the prior year's contribution was substantially understated because of the overstatement of the valuation assets. Therefore, the contribution this year actually increased much less than indicated. The reported large loss this year is a direct result of the actual market investment loss and the assumptions in the aggregate are well within acceptable levels. See Exhibit 3D for specific information.

Thirty-year Projection of Liabilities

The final section of our report illustrates projected payments from the Trust Fund for a 30-year period commencing with the valuation date. These projections are based upon the actuarial assumptions selected for the fund concerning death, disability and retirement actually occurring. Care should be taken in interpreting or relying on these results-- particularly for Funds with fewer than 200 participants. The credibility of this type of projection is rarely realized beyond 10 years. Exhibit 5D presents this projection.

RESULTS OF VALUATION

The following exhibits present the results of our actuarial valuation of the **City of Moline Firefighters' Pension Fund** for the fiscal year January 1, 2013 through December 31, 2013.

Exhibit 1 indicates that the recommended minimum contribution, calculated using the Entry Age Normal Cost method (EANC), from the City is $3,479,730 or 73.69% of total participating payroll. **Under the Entry Age Normal actuarial cost method selected, this percentage of payroll should remain reasonably level over the lifetime of the plan.**

Exhibit 1 also indicates that the statutory minimum contribution, calculated using the Projected Unit Credit method (PUC), from the City is $2,659,916 or 56.33% of total participating payroll. **Under the Projected Unit Credit actuarial cost method selected, this percentage of payroll should increase over the lifetime of the plan.**

Exhibits 2 and 3 provide specific information used to develop the recommended minimum and statutorily required City contribution and GASB Annual Required Contribution (ARC).. The Annual Required Contribution as of January 1, 2013 has been determined under the Governmental Accounting Standards Board Statement No. 25 and is required disclosure for the fiscal year ending December 31, 2013. The Entry Age Normal Cost and the Actuarial Accrued Liability were determined using the Entry Age Normal Cost Actuarial Cost Method.

The Entry Age Normal Cost has been determined as a level percentage of projected payroll of the active members of the group. The amortization method for the Unfunded Actuarial Accrued Liability is determined as a level percentage of payroll amount over a closed Amortization Period as permitted in Governmental Accounting Standards Board Statement No. 25.

Contribution amounts presented in this report have not been adjusted for interest to the date of payment. All values were determined on the basis of the actuarial assumptions and methods as more fully described in Appendix1 of this report.

Exhibit 4 presents a brief description of the demographic characteristics of the current member group.

Exhibit 5 shows information relating to the pension assets.

GENERAL VALUATION RESULTS FOR FISCAL YEAR
JANUARY 1, 2013 THROUGH DECEMBER 31, 2013

Recommended Minimum Contribution

1.	Entry Age Normal Cost:	$ 1,030,844
2.	Unfunded Actuarial Accrued Liability (or Surplus):	38,993,485
3.	Actuarial Value of Assets:	26,794,893
4.	Annual Salaries of Active Firefighters:	4,540,511
5.	Recommended Minimum Contribution from the City:	3,479,730
	Contribution Percentage:	73.69%*

Statutory Minimum Contribution

1.	Projected Unit Credit Normal Cost:	$ 1,244,792
2.	Unfunded Actuarial Accrued Liability (or Surplus):	36,561,349
3.	Actuarial Value of Assets:	26,794,893
4.	Annual Salaries of Active Firefighters:	4,540,511
5.	Statutory Minimum Contribution from the City:	2,659,916
	Contribution Percentage:	56.33%*

* Projected for the fiscal year ending December 31, 2013.

SUMMARY OF SPECIFIC VALUATION RESULTS

	Number	Actuarial Present Value of Projected Benefits	Entry Age Normal Cost	Projected Unit Credit Normal Cost
1. Active Firefighters:	66			
Retirement Pension:		$22,964,551	$662,825	$887,375
Survivors Pension:		1,016,178	55,531	51,879
Disability Pension:		5,845,844	291,416	292,035
Withdrawal Pension:		200,701	21,072	13,503
TOTAL	66	$30,027,274	$1,030,844	$1,244,792
2. Inactive Firefighters and Survivors:				
Normal Retirees:	64	$35,592,694		
Widows (Survivors):	20	2,597,144		
Children (Survivors):	0	0		
Disabled Retirees:	14	6,684,536		
Deferred Vested:	0	0		
Terminated/Separated:	0	0		
TOTAL	98	$44,874,374		

SUMMARY OF SPECIFIC VALUATION RESULTS
(Continued)

		Entry Age Normal (EAN)	Projected Unit Credit (PUC)
3.	Total Actuarial Present Value of Projected Benefits:	$74,901,648	N/A
4.	Actuarial Present Value of Future Normal Costs:	9,113,270	N/A
5.	Actuarial Accrued Liability: [(3) - (4)]	65,788,378	63,356,242
6.	Actuarial Value of Assets:	26,794,893	26,794,893
7.	Unfunded Actuarial Accrued Liability (or Surplus): [(5) - (6)]	38,993,485	36,561,349
8.	Funded Ratio Percentage: [(6) ÷ (5)] x 100	40.73%	42.29%

HISTORY OF FUNDED PERCENTAGES

For the Year beginning January 1	Valuation Assets	EAN Accrued Liabilities	EAN Funded Percentage	PUC Accrued Liabilities	PUC Funded Percentage
2013	$26,794,893	$65,788,378	40.73%	$63,356,242	42.29%
2012	27,715,000	64,661,538	42.86	62,240,237	44.53
2011	29,183,658	62,032,976	47.05	59,678,809	48.90

DEVELOPMENT OF RECOMMENDED MINIMUM CITY CONTRIBUTION

		Fiscal Year January 1, 2013 through December 31, 2013
1.	Entry Age Normal Cost:	$1,030,844
	Interest to December 31, 2013:	77,313
	(a) Total	$1,108,157
	(b) 17½% of Projected Payroll	794,589
	(c) Minimum Cost Payable, greater of (a) and (b):	$1,108,157
2.	Recommended Minimum Payment to Amortize 90 % of the Entry Age Normal Unfunded Accrued Liability as a level dollar amount over 27.99726 Years from January 1, 2013 with interest to December 31, 2013 :	2,800,878
3.	Credit for Surplus:	0
4.	Initial Recommended Minimum Contribution for Fiscal Year 2013: [(1) + (2) + (3)]	3,909,035
5.	Statutory Minimum Contribution (Exhibit 3B line 4)	3,089,221
6.	Total Recommended Minimum Contribution for Fiscal Year 2013: [Greater of Line 4 and Line 5]	3,909,035
7.	Active Member Contributions (9.455% of Salaries):	429,305
8.	Net Recommended Minimum City Contribution: [(6) - (7)]	3,479,730

DEVELOPMENT OF STATUTORILY REQUIRED CITY CONTRIBUTION
(NOTE THAT THIS CONTRIBUTION CALCULATION IS NOT RECOMMENDED)

			Fiscal Year January 1, 2013 through December 31, 2013
1.	Projected Unit Credit Normal Cost:		$1,244,792
	Interest to December 31, 2013:		93,359
	(a)	Total	$1,338,151
	(b)	17½% of Projected Payroll	794,589
	(c)	Minimum Cost Payable, greater of (a) and (b):	$1,338,151
2.	Minimum Payment to Amortize 90% of the Projected Unit Credit Unfunded Accrued Liability as a level percentage of payroll over 27.99726 Years from January 1, 2013 with interest to December 31, 2013:		1,751,070
3.	Credit for Surplus:		0
4.	Total Statutorily Required Contribution for Fiscal Year December 31, 2013: [(1) + (2) + (3)]		3,089,221
5.	Active Member Contributions (9.455% of Salaries):		429,305
6.	Statutorily Required City Contribution: [(4) - (5)]		2,659,916

RECONCILIATION OF THE CHANGE
IN THE RECOMMENDED MINIMUM CITY CONTRIBUTION

1.	Recommended Minimum Contribution for Year ending 12/31/2012:	$3,279,523
2.	Increase in Normal Cost and Amortization Payment due to anticipated pay changes:	119,810
3.	Increase/(Decrease) in Normal Cost resulting from actual pay changes:	2,902
4.	Effect of Asset Smoothing:	(42,336)
5.	Increase/(Decrease) resulting from changes in assumptions:	0
6.	Increase/(Decrease) resulting from other demographic and financial sources (retirements, deaths, new entrants, salary changes, etc.):	(699,983)
7.	Recommended Minimum Contribution for Year ending December 31, 2013:	$3,479,730

GASB STATEMENT NO. 25 DISCLOSURE INFORMATION

DEVELOPMENT OF THE ANNUAL REQUIRED CONTRIBUTION OF THE MUNICIPALITY

		Fiscal Year January 1, 2013 through December 31, 2013
1.	Entry Age Normal Cost	$1,030,844
2.	Actuarial Accrued Liability	65,788,378
3.	Actuarial Value of Assets*	26,794,893
4.	Unfunded Actuarial Accrued Liability	38,993,485
5.	Payment to Amortize Unfunded Actuarial Accrued Liability Over 40 Years from the Effective Date of Application of GASB 25 (20 years remaining)	2,665,550
6.	Total Annual Required Contribution for Fiscal Year December 31, 2013: [(1) + (5)]	3,696,394
7.	Active Member Contributions (9.455% of Salaries):	429,305
8.	**Annual Required Contribution (ARC) payable at the beginning of the current fiscal year: [(6) - (7)]**	**3,267,089**

*Excluding Contributions Receivable

DERIVATION OF EXPERIENCE GAIN(LOSS) AND COST METHOD CHANGE AS OF JANUARY 1, 2013

1.	EANC Unfunded Actuarial Accrued Liability at 1/1/2012:	$36,946,538
2.	Entry Age Normal Cost Due at 1/1/2012:	1,017,556
3.	Interest on (1) and (2) to January 1, 2013 (at 7.50% per year):	2,847,307
4.	Contributions made for the prior year with interest to January 1, 2013:	3,574,152
5.	Expected EANC Unfunded Actuarial Accrued Liability at January 1, 2013 Before Assumption Changes [(1) + (2) + (3) - (4)]:	37,237,249
6.	Change in EANC Unfunded Actuarial Accrued Liability due to Assumptions Change at January 1, 2013:	0
7.	Expected Unfunded Actuarial Accrued Liability at January 1, 2013 [(5) + (6)]:	37,237,249
8.	Actual EANC Unfunded Actuarial Accrued Liability at January 1, 2013:	38,993,485
9.	Gain (Loss) for the prior Plan Year [(7) – (8)]:	**$ (1,756,236)**

The experience gain (loss) reported above is the net result of the following:

1.		FINANCIAL SOURCES	
	a)	Investment experience (based upon market value of assets):	$ (2,728,930)
	b)	Contribution experience:	(259,890)
	c)	Benefit Payments experience:	(307,531)
	d)	Salary increases (greater)/lower than expected:	68,064
		Total from Financial Sources:	(3,228,287)
2.		DEMOGRAPHIC SOURCES	
		Mortality, retirement, disability, termination, etc.:	529,292
3.		ACTUARIAL ADJUSTMENTS	
		Market value adjustment for asset smoothing, including expenses	942,759
4.		GAIN (LOSS) ALL SOURCES	
		Total Gain (Loss) for the prior Plan Year [(1) + (2) + (3)]	$ (1,756,236)

SUMMARY OF DEMOGRAPHIC INFORMATION AS OF JANUARY 1, 2013

	Number	Projected Annual Salaries (Fiscal Year 2013)
Active Firefighters:	66	$4,540,511

	Number	Total Monthly Benefits
Normal Retirees:	64	$264,328
Survivors (Widows):	20	40,612
Survivors (Children):	0	0
Disabled Retirees:	14	41,592
Deferred Vested:	0	0
Terminated/Separated:	0	0 *

* Return of Contributions

The actuarial valuation was performed as of January 1, 2013 to determine contribution requirements for fiscal year 2013.

AGE AND SERVICE DISTRIBUTION

Attained Age	COMPLETED YEARS OF SERVICE										Average Salaries
	0-1	2-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	Total	
15-19											0	-
20-24											0	-
25-29		6	1								7	48,916
30-34		5	5								10	51,262
35-39		4	1	6							11	61,871
40-44			5	2	5						12	68,888
45-49			1	3	1	2					7	74,486
50-54					2	12	1				15	85,310
55-59				1			2				3	89,830
60-64							1				1	107,680
65+											0	-
TOTAL	0	15	13	12	8	14	4	0	0	0	66	68,796

Age = 41.71 Years

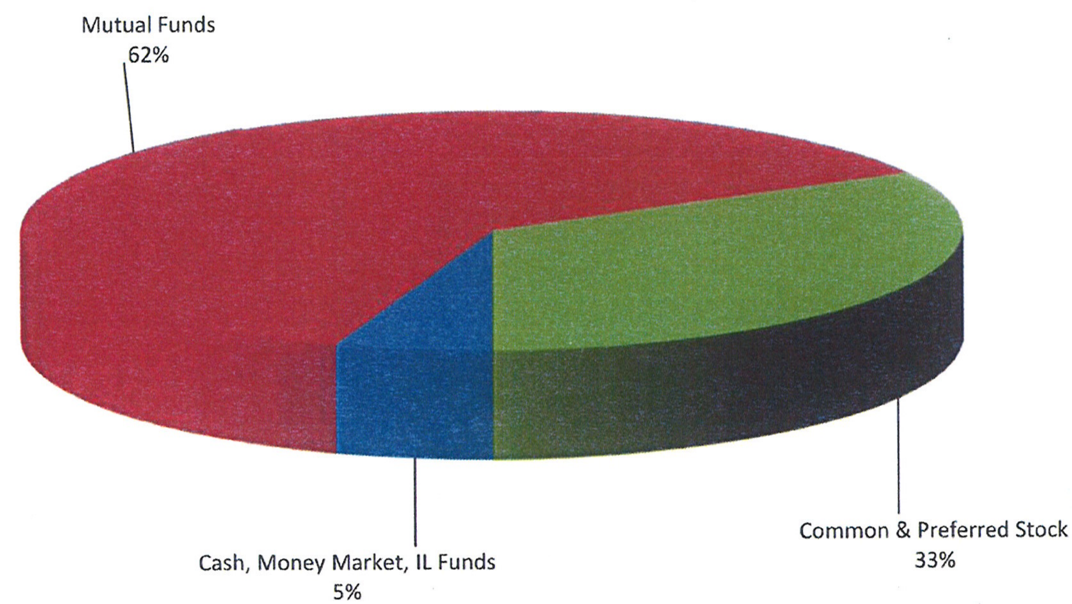
Service = 13.01 Years

ASSET INFORMATION

Cash, Money Market, IL Funds	$1,312,067
Certificates of Deposit	0
State, Local and Corporate Obligations	0
U.S. Government and Agency Obligations	0
Insurance Company Contracts	0
Pooled Investment Accounts	0
Mutual Funds	15,168,091
Common & Preferred Stock	8,053,297
Taxes Receivable	0
Accrued Interest	0
Other Receivables	0
Net Liabilities	0
Net Present Assets at Market Value	$24,533,455

The chart on the following page shows a percentage of invested assets.

ASSET INFORMATION



DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS

1.	Market Value of Assets, January 1, 2012**				$ 26,396,321
2.	Actual Income and Disbursements in prior year weighted for timing				
	Item	**Amount**	**Timing**	**Weight for Amount**	**Weighted Amount**
	Contributions Received During 2012	3,455,424		50.00%	1,727,712
	Miscellaneous Revenue	50		50.00%	25
	Benefit Payments and Expenses Made During 2012	4,528,881		(50.00)%	(2,264,441)
	Total				(536,704)
3.	Market Value of assets adjusted for actual income disbursements [(1) + 2(d)]				25,859,618
4.	Assumed rate of return on plan assets for the year				7.50%
5.	Expected return on assets [(3) x (4)]				1,939,471
6.	Market Value of Assets, January 1, 2012				26,396,321
7.	Income (less investment income) for prior year				3,455,424
8.	Disbursements paid in prior year				4,528,881
9.	Market Value of Assets, January 1, 2013				$24,533,455
10.	Actual Return [(9) + (8) – (7) – (6)]				(789,459)
11.	Investment Gain/(Loss) for Prior Year [(10) – (5)]				(2,728,930)

DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS
(Continued)

12. Market Value of Assets, January 1, 2013: $24,533,455

13. Deferred investment gains and (losses) for last 4 years:

	Plan Year Beginning	Gain/(Loss)	Percent Deferred	Deferred Amount
a)	2013**	$ (2,728,930)	80%	$ (2,183,144)
b	2012	$ 125,458	60%	$ 75,275
c)	2011	$ 261,109	40%	$ 104,444
d)	2010	$ (1,290,062)	20%	$ (258,012)
e)	Total	$ (3,632,425)		$ (2,261,438)

14. Actuarial value of plan assets for funding,, January 1, 2013: Item (12) less item 13(e): $ 26,794,893

15. Taxes receivable: 0

16. Actuarial value of plan assets for GASB reporting January 1, 2013 item (14) less item (15)*: $ 26,794,893

Notes: * excluding taxes receivable

* *The calculated value is determined by adjusting the market value of assets to reflect investment gains and losses (the difference between the actual investment return and the expected investment return) during each of the last five years at the rate of 20% per year.

ANALYSIS OF INVESTMENT RETURN

Fiscal Year Ending December 31	Annual Rate of Return
2012	9.71%
2011	2.58
2010	8.16
2009	1.91
2008	-11.28
2007	5.75
2006	8.41
2005	3.93
Composite	
2005-2012	2.26%

THIRTY - YEAR PROJECTION OF PAYMENTS

	Payouts from Active Group Upon					Payouts from		Total
	Termination		Death	Retirement	Disability	Retired Group	Deferred Pensioners	
Year	Lump Sum	Deferred Pension						
2013	3,165	0	16,046	119,389	33,609	4,154,230	0	4,326,439
2014	3,003	0	23,932	235,356	69,119	4,101,130	0	4,432,540
2015	2,588	0	24,362	357,071	105,103	4,024,550	0	4,513,674
2016	2,061	0	32,184	485,755	143,662	3,949,634	0	4,613,296
2017	1,032	0	39,229	618,978	181,002	3,865,999	0	4,706,240
2018	0	0	47,046	761,828	219,075	3,778,462	0	4,806,411
2019	0	0	54,702	915,274	255,063	3,687,325	0	4,912,364
2020	0	0	61,328	1,055,495	288,258	3,592,732	0	4,997,813
2021	0	0	68,903	1,202,889	321,127	3,495,040	0	5,087,959
2022	0	0	75,240	1,338,113	352,261	3,394,588	0	5,160,202
2023	0	0	82,856	1,459,655	383,392	3,291,184	0	5,217,087
2024	0	0	88,448	1,585,351	415,240	3,185,033	0	5,274,072
2025	0	0	95,243	1,716,013	446,452	3,075,853	0	5,333,561
2026	0	0	100,426	1,866,306	478,852	2,963,778	0	5,409,362
2027	0	0	106,616	1,999,349	511,703	2,848,552	0	5,466,220
2028	0	0	110,971	2,118,034	544,382	2,729,944	0	5,503,331
2029	0	0	116,296	2,226,977	578,974	2,607,522	0	5,529,769
2030	0	0	119,664	2,373,169	609,394	2,481,075	0	5,583,302
2031	0	0	124,304	2,519,565	641,808	2,350,383	0	5,636,060
2032	0	0	126,662	2,657,445	672,858	2,215,372	0	5,672,337
2033	0	0	130,647	2,773,860	698,247	2,076,137	0	5,678,891
2034	0	0	131,902	2,886,243	722,513	1,932,931	0	5,673,589
2035	0	0	134,757	3,000,040	748,216	1,786,260	0	5,669,273
2036	0	0	135,094	3,108,358	771,597	1,637,002	0	5,652,051
2037	0	0	136,841	3,193,459	790,536	1,486,380	0	5,607,216
2038	0	0	136,105	3,258,763	805,601	1,335,763	0	5,536,232
2039	0	0	136,516	3,314,640	817,156	1,186,969	0	5,455,281
2040	0	0	133,386	3,356,566	832,417	1,041,821	0	5,364,190
2041	0	0	132,605	3,385,070	841,315	902,321	0	5,261,311
2042	0	0	129,027	3,394,096	845,979	770,417	0	5,139,519

ACTUARIAL ASSUMPTIONS

(Economic)

Investment Return
7.50% per annum, compounded annually (net of expenses).

Salary Increases
Representative values of assumed salary increases are as follows:

Age	Increase %
25	4.8611
30	2.9848
35	2.0341
40	1.5239
45	1.3083
50	1.1846
55	1.1220

An additional inflation allowance of 2.00% per year is added to the above.

Payroll Growth
It was assumed that payroll will grow 4.00% per year.

Cost of Living Adjustments
It was assumed that the Consumer Price Index – Urban (CPI-U) would increase 2.00% per year

Actuarial Asset Basis
The actuarial value of assets recognizes future gains and losses based on a 5-year smoothed market method as prescribed by Statute.

In a 5-year smoothed market method, the current market value of assets is reduced (increased) for the current year and each of three succeeding years, by a portion of the gain/(loss) in market value during the prior year. Such gain/(loss) is determined as the excess/(deficit) of the current market value of assets over the market value of assets as of the prior year, increased to reflect interest at the actuarial rate and adjusted to reflect contributions and benefit payments during the prior year. The portion of such gain/(loss) by which the current market value of assets is reduced (increased) shall be 80% in the current year, 60% in the first succeeding year, 40% in the second succeeding year and 20% in the third succeeding year.

Additionally, in accordance with government accounting standards, the actuarial value of assets is adjusted to remove any contributions receivable on the reporting date.

Expenses
None assumed.

(Demographic)

Mortality

Active Lives

RP-2000 Combined Healthy Mortality Table (male) with blue collar adjustment and with a 200% load for participants under age 50 and 125% for participants age 50 and over. Five percent (5%) of deaths amongst active firefighters are assumed to be in the performance of their duty.

Non-Active Lives

RP-2000 Combined Healthy Mortality Table (male) with blue collar adjustment and with a 200% load for participants under age 50 and 125% for participants age 50 and over.

Termination

Illustrative rates of withdrawal from the plan for reasons other than death or disability are as follows:

Age	Rate of Withdrawal
20	.0397
25	.0250
30	.0146
35	.0079
40	.0042
45	.0029

It is assumed that terminated firefighters will not be rehired

Disability Rates

Incidence of disability amongst firefighters eligible for disability benefits:

Age	Rate
25	.0009
30	.0025
35	.0046
40	.0065
45	.0097
50	.0166
55	.0314

15% of disabilities amongst active firefighters are assumed to be in the performance of their duty.

Retirement Rates

Retirements are assumed to occur between the ages of 50 and 69 in accordance with the following table:

Age	Rate of Retirement	Age	Rate of Retirement
50	.19	60	.28
51	.12	61	.36
52	.04	62	.44
53	.06	63	.52
54	.09	64	.60
55	.12	65	.68
56	.15	66	.76
57	.19	67	.84
58	.22	68	.92
59	.25	69	1.00

(Additional)

Marital Status

85% of firefighters are assumed to be married.

Spouse's Age

Wives are assumed to be 3 years younger than their husbands.

Actuarial Cost Method

Projected Unit Credit for statutory minimum

Entry Age Normal for recommended and GASB reporting

SUMMARY OF PRINCIPAL PLAN PROVISIONS

Definitions

Tier 1 – For Firefighters first entering Article 4 prior to January 1, 2011

Tier 2 – For Firefighters first entering Article 4 after December 31, 2010

Firefighter (4-106): Any person employed in the municipality's fire service as a firefighter, fire engineer, marine engineer, fire pilot, bomb technician or scuba diver.

Creditable Service (4-108): Time served by a firefighter, excluding furloughs and leaves of absence in excess of 30 days, but including leaves of absence for illness or accident and periods of disability where no disability pension payments are received and also including up to 3 years during which disability payments have been received provided contributions are made.

Creditable Service from other specified agencies is also included. Combined service credit option is available on a voluntary basis.

Pension (4-109)

Normal Pension Age
Tier 1 - Age 50 with 20 or more years of creditable service.

Tier 2 - Age 55 with 10 or more years of creditable service.

Normal Pension Amount
Tier 1 - 50% of the greater of the annual salary held in the year preceding retirement or the annual salary held on the last day of service, plus 2½% of such annual salary for service from 20 to 30 year (maximum 25%)].

Tier 2 - 2½% of Final Average salary for each year of service. Final Average Salary is the highest salary based on the highest consecutive 96 months of the final 120 months of service

Early Retirement at age 50 with 10 or more years of service but with a penalty of ½% for each month prior to age 55.

Annual Salary capped at $106,800 increased yearly by the lesser of ½ of the Consumer Price Index- Urban (CPI-U) or 3%. Salary for valuations beginning in 2013 is $109,971.43.

Minimum Monthly Benefit: $1,000
Maximum Benefit Percentage: 75% of salary
Minimum Monthly Benefit: Annual step rate increases from $1,030.00 to $1,159.27.

Maximum Benefit Percentage: 75% of salary except line of duty.

SUMMARY OF PRINCIPAL PLAN PROVISIONS
(Continued)

Termination Pension Amount
Any firefighter who retires or is separated from service with at least 10, but less than 20 years of credited service, shall be entitled to a monthly pension commencing at age 60 equal to the monthly rate of compensation based on rank at separation multiplied by the applicable percentage below:

Years of Credited Service	Applicable Percentage
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

Pension Increase

Non-Disabled
Tier 1 - 3% increase of the original pension amount after attainment of age 55 for each year elapsed since retirement, followed by an additional 3% of the original pension amount on each January thereafter. Effective July 1, 1993, 3% of the amount of pension payable at the time of the increase including increases previously granted, rather than 3% of the originally granted pension amount.

Tier 2 - The lesser of ½ of the Consumer Price Index- Urban (CPI-U) or 3% increase of the original pension amount after attainment of age 60, followed by an additional 3% of the original pension amount on each January 1 thereafter. For firefighters who retire after January 1, 1986, 3% increase of the original pension amount after attainment of age 55 for each year elapsed since retirement, followed by an additional 3% in each January thereafter.

For firefighters who retire prior to January 1, 1986, but after July 1, 1971, the 3% increase commences at age 60, and for firefighters who retire before July 1, 1971, the 3% increase commences at age 65.

Disabled
3% increase of the original pension amount after attainment of age 60, followed by an additional 3% of the original pension amount in each January thereafter.

Pension to Survivors (4-114)

Eligibility
Death of a firefighter:

(1) on active duty as a result of any illness or accident;

(2) on disability retirement;

(3) on retirement with 20 years of service;

(4) as a terminated member who has rights to a benefit at age 60; and

(5) as a deferred pensioner.

SUMMARY OF PRINCIPAL PLAN PROVISIONS
(Continued)

Death Benefit
Tier 1 - 54% of annual salary based on attained rank at date of separation of service to surviving spouse, plus 12% of such salary to dependent children under 18.

100% of annual salary if death occurs in the line of duty.

Depending upon the survival of the spouse, dependent children benefits may increase to a level of 20% of firefighter's salary.

Greater of 100% of monthly retirement benefit or 54% of annual salary if completed 20 years of service or on disability retirement.

Tier 2 – 66 2/3% of pension amount to surviving spouse (or dependent children), subject to the following increase: the lesser of ½ of the Consumer Price Index- Urban (CPI-U) or 3%.increase of the original pension amount after attainment of age 60, followed by an additional 3% of the original pension amount on each January 1 thereafter.

Minimum Monthly Survivor Pension
Annual step rate increases from $1,030.00 to $1,159.27.

Maximum Survivor Pension
75% of such firefighter's salary.
Disability Pension - Line of Duty (4-110)

Eligibility
Suspension or retirement from fire service due to sickness, accident or injury while on duty.

Pension
Greater of 65% of salary attached to rank at date of suspension or retirement and the retirement pension available.

Minimum Monthly Benefit: Annual step rate increases from $1,030.00 to $1,159.27.

For each dependent child under 18, an additional $20 per month increased annually is granted each disabled member. Maximum total benefit is 75% of salary.

Disability Pension - Not on Duty (4-111)

Eligibility
Suspension or retirement from fire service for any cause other than while on duty. Member must have at least 7 years of credited service.

Pension
50% of salary attached to rank at date of suspension or retirement.

Disability Pension - Occupational Disease (4-110.1)

Eligibility
Suspension or retirement from service after 5 years of service from causes of heart disease, cancer, tuberculosis or other lung disease.

Pension
Same pension as in line of duty.

SUMMARY OF PRINCIPAL PLAN PROVISIONS
(Continued)

Disability Pension Option A (4-113(a))

Eligibility
Member receiving a disabled pension who attains age 50 and whose years of creditable service and years of disablement total 20 years.

Pension Option
Eligible for pension increase upon conversion to retirement. Pension amount remains the same at date of conversion but subject to annual pension increases.

Disability Pension Option B (4-113(b))

Eligibility
Member receiving disability pension who attains age 50 and who had 20 years of creditable service at date of disablement.

Pension Option
Convert to normal pension based upon years of service at disablement and salary attached to rank on date of election.

Other Provisions

Refund (4-116)
At death with no survivors, contributions are returned to estate.

At termination with less than 20 years of service, contributions are refunded upon request.

Contributions by Firefighters (4.118.1)
9.455% of salary, including longevity, but excluding overtime pay, holiday pay, bonus pay, merit pay or other cash benefit. Additional 1% of salary if combined service credit option is selected.

GLOSSARY

Actuarial Accrued Liability
See ***Entry Age Normal Cost*** *Method and* ***Projected Unit Credit Cost*** *Method.*

Actuarial Assumptions
The economic and demographic predictions used to estimate the present value of the plan's future obligations. They include estimates of investment earnings, salary increases, mortality, withdrawal and other related items. The *Actuarial Assumptions* are used in connection with the *Actuarial Cost Method* to allocate plan costs over the working lifetimes of plan participants.

Actuarial Cost Method
The method used to allocate the projected obligations of the plan over the working lifetimes of the plan participants. Also referred to as an *Actuarial Funding Method.*

Actuarial Funding Method
See *Actuarial Cost Method*

Actuarial Gain (Loss)
The excess of the actual *Unfunded Actuarial Accrued Liability* over the expected *Unfunded Actuarial Accrued Liability* represents an *Actuarial Loss.* If the expected *Unfunded Actuarial Accrued Liability* is greater, an *Actuarial Gain* has occurred.

Actuarial Present Value
The value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of *Actuarial Assumptions.*

Actuarial Value of Assets
The asset value derived by using the plan's *Asset Valuation Method.*

Asset Valuation Method
A valuation method designed to smooth random fluctuations in asset values. The objective underlying the use of an asset valuation method is to provide for the long-term stability of employer contributions.

Employee Retirement Income Security Act of 1974 (ERISA)
The primary federal legislative act establishing funding, participation, vesting, benefit accrual, reporting, and disclosure standards for pension and welfare plans.

GLOSSARY
(Continued)

Entry Age Normal Cost Method
One of the standard actuarial funding methods in which the *Present Value of Projected Plan Benefits* of each individual included in the *Actuarial Valuation* is allocated on a level basis over the earnings of the individual between entry age and assumed exit age(s). The portion of this *Actuarial Present Value* allocated to a valuation year is called the *Normal Cost*. The portion of this *Actuarial Present Value* not provided for at a valuation date by the *Actuarial Present Value* of future *Normal Costs* is called the *Actuarial Accrued Liability*.

Normal Cost
The portion of the *Present Value of Projected Plan Benefits* that is allocated to a particular plan year by the *Actuarial Cost Method*. See *Entry Age Normal Cost Method* for a description of the Normal Cost under the *Entry Age Normal Cost Method*. See *Projected Unit Credit Cost Method* for a description of the Normal Cost under the *Projected Unit Credit Cost Method*.

Present Value of Future Normal Costs
The present value of future normal costs determined based on the *Actuarial Cost Method* for the plan. Under the *Entry Age Normal Cost Method*, this amount is equal to the excess of the *Present Value of Projected Plan Benefits* over the sum of the *Actuarial Value of Assets* and *Unfunded Actuarial Accrued Liability*.

Present Value of Projected Plan Benefits
The present value of future plan benefits reflecting projected credited service and salaries. The present value is determined based on the plan's actuarial assumptions.

Projected Unit Credit Cost Method
One of the standard actuarial funding methods in which the *Present Value of Projected Plan Benefits* of each individual included in the *Actuarial Valuation* is allocated by a consistent formula to valuation years. The *Actuarial Present Value* allocated to a valuation year is called the *Normal Cost*. The *Actuarial Present Value* of benefits allocated to all periods prior to a valuation year is called the *Actuarial Accrued Liability*.

Statement No. 25 of the Governmental Accounting Standards Board (GASB No. 25)
The accounting statement that established the standards of financial accounting and reporting for the financial statements of defined benefit pension plans.

Unfunded Actuarial Accrued Liability
The excess of the *Actuarial Accrued Liability* over the *Actuarial Value of Assets*.

Required Reporting to the Municipality

To comply with 40 ILCS 5/4-134, each Downstate Firefighters Pension Fund is required to prepare a report indicating various statistics of the pension fund. Various items in the report are "actuarial in nature" and, therefore, to avoid errors by the fund, we include a "draft required report" as part of the actuarial valuation package.

Items contained in this report are taken directly from the source data used to prepare the actuarial valuation and from the current and prior actuarial valuation reports prepared by our firm.

Some Pension Boards use this report as the formal request for the tax levy. PLEASE BE ADVISED THAT THIS REPORT IS NOT INTENDED TO REPLACE THE FORMAL REQUEST BY THE FUND. Particular attention should be paid to the "Employer contributions and all other sources" in item 2 and the "estimated amount required to meet the annual requirements of the fund" in item 3(b), both of which are completed based upon the calculated statutory minimum contribution as required by the statute. **These items are not based upon the recommended minimum contribution calculated by our firm and presented in the accompanying actuarial valuation report**.

We strongly suggest that a separate formal request for tax levy be submitted by the Pension Board to the municipality. Your Board attorneys should be consulted for the preparation of this formal request.

REQUIRED REPORTING TO MUNICIPALITY BY PENSION BOARD
As of 12/31/2012 fiscal year end

(40 ILCS 5/4-134) (from Ch. 108 1/2, par. 4-134)
Sec. 4-134. Report by pension board.
The board shall report annually to the city council or board of trustees of the municipality on the condition of the pension fund at the end of its most recently completed fiscal year. The report shall be made prior to the council or board meeting held for appropriating and levying taxes for the year for which the report is made.

1.
Total Trust Assets (see attachment 1 for complete listing)

Total Assets (market value):	**$24,533,455**
Actuarial Value of Assets (see item 8 for explanation):	**$26,794,893**

2.
Estimated receipts during the next succeeding fiscal year from:

Participant Contributions deducted from payroll:	**$429,305**
Employer Contributions and all other sources:	**$2,659,916**

3.
Estimated amount required during the next succeeding fiscal year to:

(a) pay all pensions and other obligations provided in this Article:	**$4,326,439**
(b) meet the annual requirements of the fund as provided in Sections 4-118 and 4-120:	**$3,089,221**
The increase in employer pension contributions resulting from the implementation of P.A. 93-0689	**$ 51,542**

4.

Total Net Income received from investment of net assets:	**$2,293,625**
Assumed Investment Return:	**7.50%**
Actual Investment Return:	**9.71%**
Total Net Income received from investment of net assets (FYE 12/31/2011):	**$ 65,418**
Assumed Investment Return (FYE 12/31/2011):	**7.50%**
Actual Investment Return (FYE 12/31/2011):	**2.43%**

5.

Total number of Active Employees that are financially contributing to the fund:	**66**

6.
Disbursements to:

(i) Annuitants in receipt of a regular retirement pension:	
Total number of annuitants:	**64**
Total amount that was disbursed in benefits:	**$3,442,031**
(ii) Recipients being paid a disability pension:	
Total number of annuitants:	**14**
Total amount that was disbursed in benefits:	**$511,949**
(iii) Survivors and children in receipt of benefits:	
Total number of annuitants:	**20**
Total amount that was disbursed in benefits:	**$544,690**

7.

Funded ratio of the fund:	**40.73%**

8.

Unfunded Actuarial Accrued Liability:	**$38,993,485**

The Unfunded Actuarial Accrued Liability is the excess of the Actuarial Accrued Liability over the Actuarial Value of Assets.

The Actuarial Accrued Liability is the portion of the present value of future plan benefits reflecting projected credited service and salaries determined by the actuarial cost method based upon the plan's actuarial assumptions and not provided for at a valuation date by the actuarial present value of future normal costs. The normal cost is the portion of this present value which is allocated to the current valuation year.

The Actuarial Value of Assets is the asset value derived by using the plan's asset valuation method which is a method designed to smooth random fluctuations in asset values. The objective underlying the use of an asset valuation method is to provide for the long-term stability of municipal contributions.

9.
Investment Policy of the pension board under the statutory investment restrictions imposed on the fund. (See attachment 2)

Certification

I, Brian D. Vyncke, President of the Moline Fire Pension Board, City of Moline, Rock Island County, Illinois, do hereby certify that this document is a true and correct copy of: "Required Reporting to Municipality By Pension Board" as outlined in 40 ILCS 5/4-134.

Witness my hand this ______ day of _________, 2013.

Brian D. Vyncke
President of Moline Fire Pension Board

Source: P.A. 95-950, eff. 8-29-08