AGENDA

MOLINE FIREFIGHTERS' PENSION BOARD

Thursday October 25, 2012 – 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 Thursday, October 25, 2012 in the Conference Room - Moline Fire Department 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 July 26, 2012 meeting

4. Report/Expenses:
   A. Quarterly Investment Report
   B. Expenses
   C. Treasurer's Report
   D. Actuary Report
   E. Compliance Report

5. Correspondence

   A. Letter from Steve Dembosky dated July 27, 2012
   B. Letter from Steve Dembosky dated August 3, 2012
   C. Letter from Investment Consulting Group Inc. dated August 6, 2012
   D. 2012 IPFA Fall Pension Seminar-November 2, 2012
   E. IPPFA 32 hour program
   F. DOI Siren Update

6. New Business
   A. Increases-Ronald Miller, Edward Vize, Jeffrey Miller, Michael Radford, Brett Owen
   B. Application for Widow Benefits-Dunlop
   C. Payroll Service Provider
   D. 2013 Meeting Schedule

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, 524-2250, at least 24 hours prior to the scheduled meeting time.

Minutes

MOLINE FIREFIGHTERS' PENSION BOARD

Thursday July 26, 2012 – 8:30 a.m.
Conference Room-Moline Fire Department
1630 8th Avenue, Moline, Illinois

Present:
Mike Rasche (Secretary)
Scott Raes (Appointed)
Kathy Carr (Treasurer)
Andrea Awbrey (Recording Secretary)
Janet Zam (Benefits Coordinator)
Don Stanforth (Financial Consultant)

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1. Acting President Kathy Carr opened the meeting at 8:40a.m.

2. Roll Call of Members-Dick Brown and Brian Vyncke were absent.

3. Approval of Minutes
   A. Minutes of the April 26, 2012 Meeting.
      Scott Raes, seconded by Mike Rasche, made a motion to approve the minutes. Motion carried unanimously.

4. Report/Expenses:
   A. Quarterly Investment Report
      Don Stanford presented the Quarterly Investment report.
      Mike Rasche, seconded by Scott Raes, made a motion to change the investment policy to allow up to fifty five percent in equities. Motion carried unanimously.
      Scott Raes, seconded by Mike Rasche, made a motion to move one million from fixed and allocate as follows:
      $134,000 into merging markets
      $306,000 into international
      $330,000 into small midcap
      $ 70,000 into large blend
      $160,000 into large value
      Motion carried unanimously
      Mike Rasche, seconded by Scott Raes, made a motion to approve the Quarterly Investment Report. Motion carried unanimously.
   B. Expenses
      Scott Raes, seconded by Mike Rasche, made a motion to approve the expense report as of 05/31/12. Motion carried unanimously.
   C. Treasurer's Report
      Mike Rasche, seconded by Scott Raes, made a motion to approve the treasurer's report dated May 31, 2012. Motion carried unanimously.
   D. Scott Raes, seconded by Mike Rasche, made a motion to accept the audit report. Motion carried unanimously.

5. Correspondence
   A. Correspondence received during the quarter was reviewed and the following action was taken.
      Mike Rasche, seconded by Scott Raes, made a motion to approve expenses for board members and secretary while at the IPPFA in 2012. Motion passed unanimously.

6. New Business
   A. Payroll Services
      Kathy Carr will bring three quotes from different payroll firms to the October meeting.
   B. QILDRO request from Ruud, Scovil & Marsh dated April 2, 2012
      Mike Raes, seconded by Scott Raes, made a motion to accept the QILDRO request for Ted Smith. Motion passed unanimously.
   C. Survivor Pension-Joan Evans
      Scott Raes, seconded by Mike Rasche, made a motion to approve a survivor pension for Joan Evans. Motion carried unanimously.
   D. Fall IPPFA Conference
      Brian Vyncke, seconded by Dick Brown, made a motion to approve expenses for Pension Board members to attend the Fall IPPFA Conference. Motion carried unanimously.

7. Public Comment
   There were no public comments

8 Adjournment
   Mike Rasche, seconded by Scott Raes, made a motion to adjourn at 09:40 a.m. Motion carried unanimously.

Respectfully Submitted
Andrea J. Awbrey
Recording Secretary

Approved by,
Mike Rasche
Secretary

Firefighters' Pension Expenses for Approval as of 10/10/12

Check #	Payee	Amount	Description
1266	First Midwest Bank	$2,508.41	Investment Fees
1267	Investment Consulting Group	$4,790.86	Investment Fees
1268	City of Moline	$4,350.00	Audit Fee
1269	Dana Investment Advisors	$4,840.82	Investment Fees
1270	Advisory Research	$7,080.02	Investment Fees
1271	City of Moline	$2,500.00	Acturial Service
1272	IPPFA	$1,425.00	Conference Registration (5)
1273	AFFI	$125.00	Seminar Registration
1274	City of Moline	$46.65	Postage
1275	VOID	$0.00	
1276	VOID	$0.00	
1277	Richard Brown	$7.36	Conference Reimbursement
1278	City of Moline	$459.98	Conference Reimbursement
1279	Kathleen Carr	$241.53	Conference Reimbursement
1280	Mike Rasche	$676.68	Conference Reimbursement
1281	Scott Raes	$727.39	Conference Reimbursement
Total		$29,779.70	

CITY OF MOLINE
FIREFIGHTERS' PENSION FUND

ACTUARIAL VALUATION
AS OF JANUARY 1, 2012 FOR THE
FISCAL YEAR ENDING DECEMBER 31, 2012

July 19, 2012

Tepfer Consulting Group, Ltd.
Actuaries and Administrators
145 Revere Drive
Northbrook, Illinois 60062-1555
847-509-7740 Fax: 847-509-7745
www.TepferConsulting.com

July 19, 2012

Ms. Kathleen Carr
Finance Director
City of Moline
1630 8th Avenue
Moline, IL 61265-2121

RE: Moline Firefighters' Pension Fund

Dear Kathy:

Enclosed is our actuarial valuation report for the **Moline Firefighters' Pension Fund** for the fiscal year January 1, 2012 through December 31, 2012.

The results of our valuation indicate that the recommended minimum contribution from the City for the next tax year is **$3,279,523** or **70.58%** of current payroll. This contribution coupled with the anticipated $420,383 or 9.455% of current payroll to be collected from participating firefighters will be sufficient to meet the State statutory requirements described in 40 ILCS 5/4. Further information is provided within our report.

Alternatively, under the current statute, our valuation results indicate the statutory minimum contribution for the City for the next tax year to be $2,249,257 or 48.41%.

With the publication of Statement No. 25 of the Governmental Accounting Standards Board, we our report includes the calculation of the unadjusted Annual Required Contribution. (ARC) We have chosen to calculate this contribution as a level percentage of payroll funded amortization of the unfunded liability over a closed 40 year period beginning with the date of adoption of GASB 25. This amount is $3,115,083 or 67.05% of participating payroll.

The increase in employer pension contributions resulting from the implementation of P.A. 93-0689 has been estimated to be **$ 50,878.**

Factors Influencing the Choice of Actuarial Assumptions

As part of the consulting process, it is our policy to talk with selected members of the Board of Trustees and the Sponsor's representatives for the **City of Moline Firefighters' Pension Fund** in order to obtain information which will enable the Actuary to properly choose the actuarial assumptions which are most appropriate for the current cost determination for the pension fund.

Prior to the meeting, statistics are compiled concerning historical investment returns, salary increases, retirement incidence and other factors which are influential in the actuarial assumption setting process. Based upon an analysis of the specifics as they relate to the **City of Moline Firefighters' Pension Fund** and a general understanding of the inter-relationships of the actuarial assumptions, the Board, the Sponsor and the Actuary reach a mutual agreement as to the assumptions which will be used in the current actuarial valuation.

Published statistics regarding experience for police and firefighters are available from the State of Illinois Department of Insurance. These statistics form the basis of the actuarial assumptions selected by the State Actuary in the valuation of pension funds covered under the Downstate Pension System. We have found in our consulting, that whenever appropriate, the actuarial assumptions used by the State Actuary are relied upon as a starting point. However, in order to make the calculations more "***Moline-sensitive***", the analysis of the actual historical performance is carefully examined.

Experience Analysis

As discussed earlier, each year the actuarial process examines the experience of the fund. General parameters indicate that a variance of less than 3% of the unfunded liability is acceptable to assure that the assumptions used remain suitable. The measurement compares the actual unfunded liability to the expected unfunded liability. The total gain and loss developed is then analyzed by individual assumption to assure appropriateness. Based upon the results of this year's analysis, both in aggregate and individually, we have determined that the chosen assumptions remain suitable for continued use. However, we would be remiss if we did not advise that the assumed investment return assumption of 7.5% is only marginally acceptable for continued funding.

Ms. Kathleen Carr
Finance Director
City of Moline
1630 8th Avenue
Moline, IL 61265-2121

Demographic considerations

For this valuation, it was noted that the force continues to remain stable as to its size and demographic composition. In the current valuation, it was observed that the number of inactive participants (100, exclusive of terminated employees who are due a refund of their contributions) as compared to active participants (66) in the Fund is substantially higher than the State average (60% of the total participants are inactive as compared to a State average of 38%) and, the average age and service of the active participating group is slightly higher than the State average. As a percentage of the total pension liabilities, the liabilities for inactive participants are well above the State average.

Of further concern, is the fact that there are currently 12 firefighters who are eligible to retire and 8 firefighters who will become eligible in the next 5 years. This represents about 30% of the current active group. Additionally, pension payments have been escalating. Nonetheless, absent a large growth in the active force, with proper funding, the fund's position should become more favorable for the foreseeable future and although improving the fund is still not in a strong financial condition.

As would be expected in this situation, a very large portion of the assets available for investment has been committed to provide benefits for existing pensioners and beneficiaries. Essentially then, all of the assets in the plan are already dedicated to cover the liabilities for the currently retired participants. Additionally, pension disbursements on an annual basis total approximately $4.1 million and investment earnings are currently insufficient to provide for these payments on an ongoing basis and generally have been for the past few years.

As indicated last year, municipal contributions and contributions by active firefighters are being used to pay current expenses. These funds are generally the major source of new funds for investment purposes to accumulate reserves. Even with improved investment returns, the maturing of the employee group requires that the fund be carefully monitored during the next few years to assure that an orderly funding progress is maintained. If investment income remains insufficient to pay the existing pensioners, then municipal and participant contributions will continue to be used.

Financial considerations

In these uncertain times, the fund continues to experience very limited short-term investment growth. Furthermore, the fund continues to maintain less than adequate funded ratios. The fund has earned marginal rates of return over the short term. As shown in Exhibit 5-C of our report, the composite rate of return for the fund since 2005 is 2.56%. The investment smoothing method adopted initially by the fund and now mandated by statute serves to level the contribution and shield against annual investment volatility. However, it is not unnoticed that annual pension payments far exceeded the investment income during 2011, and an annual investment return of 15.52% would be needed to cover the outgoing benefit expenses. The Trustees should be advised that this is a potentially dangerous situation regarding the fund. Clearly municipal contributions will remain at high levels until the fund can annually increase its investment return.

We ask that you review the section entitled "Actuarial experience since the last actuarial valuation" beginning on page 2 for a further explanation of what has occurred since the last actuarial valuation.

Please do not hesitate to contact us if you have any questions concerning our report.

Sincerely,

TEPFER CONSULTING GROUP, LTD.

Arthur H. Tepfer, A.S.A., M.A.A.A.
Consulting Actuary

AHT/lf
Encl.

TCG Public Consulting, Ltd. is affiliated with Tepfer Consulting Group, Ltd.

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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, 2012 and indicates a **statutorily required contribution in accordance with 40 ILCS 5/4, Section 118 of $2,249,257 or 48.41% of member payroll, a recommended minimum contribution of $3,279,523 or 70.58% of payroll, and an Annual Required Contribution in accordance with paragraph 36f of Statement No. 25 of the Governmental Accounting Standards Board of $3,115,083 or 67.05% 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 19, 2012

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

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.L. 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

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 $ (1,669,648) or 2.58% of the accrued liability at the beginning of the plan year. The dollar amount for the plan's recommended minimum contribution is 109.03% of the prior year's contribution. When measured as a percentage of payroll, the contribution level has changed from 64.54% to 70.58%*.

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, 2012 through December 31, 2012.

Exhibit 1 indicates that the recommended minimum contribution, calculated using the Entry Age Normal Cost method (EANC), from the City is $3,279,523 or 70.58% 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 $2,249,257 or 48.41% 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, 2012 has been determined under the Governmental Accounting Standards Board Statement No. 25 and is required disclosure for the fiscal year ending December 31, 2012. 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, 2012 THROUGH DECEMBER 31, 2012

Recommended Minimum Contribution

1.	Entry Age Normal Cost:	$ 1,017,556
2.	Unfunded Actuarial Accrued Liability (or Surplus):	36,946,538
3.	Actuarial Value of Assets:	27,715,000
4.	Annual Salaries of Active Firefighters:	4,446,145
5.	Recommended Minimum Contribution from the City:	3,279,523
	Contribution Percentage:	70.58%*

Statutory Minimum Contribution

1.	Projected Unit Credit Normal Cost:	$ 1,072,816
2.	Unfunded Actuarial Accrued Liability (or Surplus):	34,525,237
3.	Actuarial Value of Assets:	27,715,000
4.	Annual Salaries of Active Firefighters:	4,446,145
5.	Statutory Minimum Contribution from the City:	2,249,257
	Contribution Percentage:	48.41%*

* Projected for the fiscal year ending December 31, 2012.

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:		$21,748,996	$655,354	$831,539
Survivors Pension:		994,676	54,520	49,225
Disability Pension:		5,774,541	287,028	178,086
Withdrawal Pension:		206,579	20,654	13,966
TOTAL	66	$28,724,792	$1,017,556	$1,072,816
2. Inactive Firefighters and Survivors:				
Normal Retirees:	62	$35,712,010		
Widows (Survivors):	22	2,781,752		
Children (Survivors):	0	0		
Disabled Retirees:	15	6,764,313		
Deferred Vested:	1	54,329		
Terminated/Separated:	1	2,312		
TOTAL	101	$45,314,716		

SUMMARY OF SPECIFIC VALUATION RESULTS
(Continued)

		Entry Age Normal (EAN)	Projected Unit Credit (PUC)
3.	Total Actuarial Present Value of Projected Benefits:	$74,039,508	N/A
4.	Actuarial Present Value of Future Normal Costs:	9,377,970	N/A
5.	Actuarial Accrued Liability: [(3) - (4)]	64,661,538	62,240,237
6.	Actuarial Value of Assets:	27,715,000	27,715,000
7.	Unfunded Actuarial Accrued Liability (or Surplus): [(5) - (6)]	36,946,538	34,525,237
8.	Funded Ratio Percentage: [(6) ÷ (5)] x 100	42.86%	44.53%

HISTORY OF FUNDED PERCENTAGES

For the Year beginning January 1	Valuation Assets	EAN Accrued Liabilities	EAN Funded Percentage	PUC Accrued Liabilities	PUC Funded Percentage
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, 2012 through December 31, 2012
1.	Entry Age Normal Cost:		$1,017,556
	Interest to December 31, 2012:		76,317
	(a)	Total	$1,093,873
	(b)	17½% of Projected Payroll	778,075
	(c)	Minimum Cost Payable, greater of (a) and (b):	$1,093,873
2.	Recommended Minimum Payment to Amortize 90 % of the Entry Age Normal Unfunded Accrued Liability as a level dollar amount over 28.99932 Years from January 1, 2012 with interest to December 31, 2012 :		2,606,033
3.	Credit for Surplus:		0
4.	Initial Recommended Minimum Contribution for Fiscal Year 2012: [(1) + (2) + (3)]		3,699,906
5.	Statutory Minimum Contribution (Exhibit 3B line 5)		2,669,640
6.	Total Recommended Minimum Contribution for Fiscal Year 2012: [Greater of Line 4 and Line 5]		3,699,906
7.	Active Member Contributions (9.91% of Salaries):		420,383
8.	Net Recommended Minimum City Contribution: [(6) - (7)]		3,279,523

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

		Fiscal Year January 1, 2012 through December 31, 2012
1.	Projected Unit Credit Normal Cost:	$1,072,816
	Interest to December 31, 2012:	80,461
	(a) Total	$1,153,277
	(b) 17½% of Projected Payroll	778,075
	(c) Minimum Cost Payable, greater of (a) and (b):	$1,153,277
2.	Minimum Payment to Amortize 90% of the Projected Unit Credit Unfunded Accrued Liability as a level percentage of payroll over 28.99932 Years from January 1, 2012 with interest to December 31, 2012:	1,516,363
3.	Credit for Surplus:	0
4.	Total Statutorily Required Contribution for Fiscal Year December 31, 2012: [(1) + (2) + (3)]	2,669,640
5.	Active Member Contributions (9.455% of Salaries):	420,383
6.	Statutorily Required City Contribution: [(4) - (5)]	2,249,257

RECONCILIATION OF THE CHANGE
IN THE RECOMMENDED MINIMUM CITY CONTRIBUTION

1.	Recommended Minimum Contribution for Year ending 12/31/2011:	$3,007,810
2.	Increase in Normal Cost and Amortization Payment due to anticipated pay changes:	110,264
3.	Increase/(Decrease) in Normal Cost resulting from actual pay changes:	(56,760)
4.	Effect of Asset Smoothing:	(59,373)
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.):	(752,684)
7.	Recommended Minimum Contribution for Year ending December 31, 2012:	$3,279,523

GASB STATEMENT NO. 25 DISCLOSURE INFORMATION

DEVELOPMENT OF THE ANNUAL REQUIRED CONTRIBUTION OF THE MUNICIPALITY

		Fiscal Year January 1, 2012 through December 31, 2012
1.	Entry Age Normal Cost	$1,017,556
2.	Actuarial Accrued Liability	64,661,538
3.	Actuarial Value of Assets*	24,707,190
4.	Unfunded Actuarial Accrued Liability	39,954,348
5.	Payment to Amortize Unfunded Actuarial Accrued Liability Over 40 Years from the Effective Date of Application of GASB 25 (21 years remaining)	2,517,910
6.	Total Annual Required Contribution for Fiscal Year December 31, 2012: [(1) + (5)]	3,535,466
7.	Active Member Contributions (9.455% of Salaries):	420,383
8.	**Annual Required Contribution (ARC) payable at the beginning of the current fiscal year: [(6) - (7)]**	**3,115,083**

*Excluding Contributions Receivable

DERIVATION OF EXPERIENCE GAIN(LOSS) AND COST METHOD CHANGE AS OF JANUARY 1, 2012

1.	EANC Unfunded Actuarial Accrued Liability at 1/1/2011:	$32,849,218
2.	Entry Age Normal Cost Due at 1/1/2011:	1,027,232
3.	Interest on (1) and (2) to January 1, 2012 (at 7.50% per year):	2,540,734
4.	Contributions made for the prior year with interest to January 1, 2012:	3,561,595
5.	Expected EANC Unfunded Actuarial Accrued Liability at January 1, 2012 Before Assumption Changes [(1) + (2) + (3) - (4)]:	32,855,589
6.	Change in EANC Unfunded Actuarial Accrued Liability due to Assumptions Change at January 1, 2012:	0
7.	Expected Unfunded Actuarial Accrued Liability at January 1, 2012 [(5) + (6)]:	32,855,589
8.	Actual EANC Unfunded Actuarial Accrued Liability at January 1, 2012:	36,946,538
9.	Gain (Loss) for the prior Plan Year [(7) – (8)]:	**$ (1,669,648)**

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):	$ (1,544,234)
b)	Contribution experience:	(5,195)
c)	Benefit Payments experience:	(108,501)
d)	Salary increases (greater)/lower than expected:	214,022
	Total from Financial Sources:	(1,443,908)
2.	DEMOGRAPHIC SOURCES	
	Mortality, retirement, disability, termination, etc.:	(1,672,375)
3.	ACTUARIAL ADJUSTMENTS	
	Market value adjustment for asset smoothing, including expenses	1,446,635
4.	GAIN (LOSS) ALL SOURCES	
	Total Gain (Loss) for the prior Plan Year [(1) + (2) + (3)]	$ (1,669,648)

SUMMARY OF DEMOGRAPHIC INFORMATION AS OF JANUARY 1, 2012

	Number	Projected Annual Salaries (Fiscal Year 2012)
Active Firefighters:	66	$4,446,145

	Number	Total Monthly Benefits
Normal Retirees:	62	$256,068
Survivors (Widows):	22	41,513
Survivors (Children):	0	0
Disabled Retirees:	15	40,971
Deferred Vested:	1	0
Terminated/Separated:	1	2,312 *

* Return of Contributions

The actuarial valuation was performed as of January 1, 2012 to determine contribution requirements for fiscal year 2012.

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	1	8									9	47,279
30-34	1	4	4								9	48,641
35-39		5	2	5							12	61,631
40-44		1	4	3	4						12	69,876
45-49			1	2	2	4					9	78,158
50-54				1	2	8	2				13	84,783
55-59						2					2	99,576
60-64											0	-
65+											0	-
TOTAL	2	18	11	11	8	14	2	0	0	0	66	67,366

Age = 40.71 Years

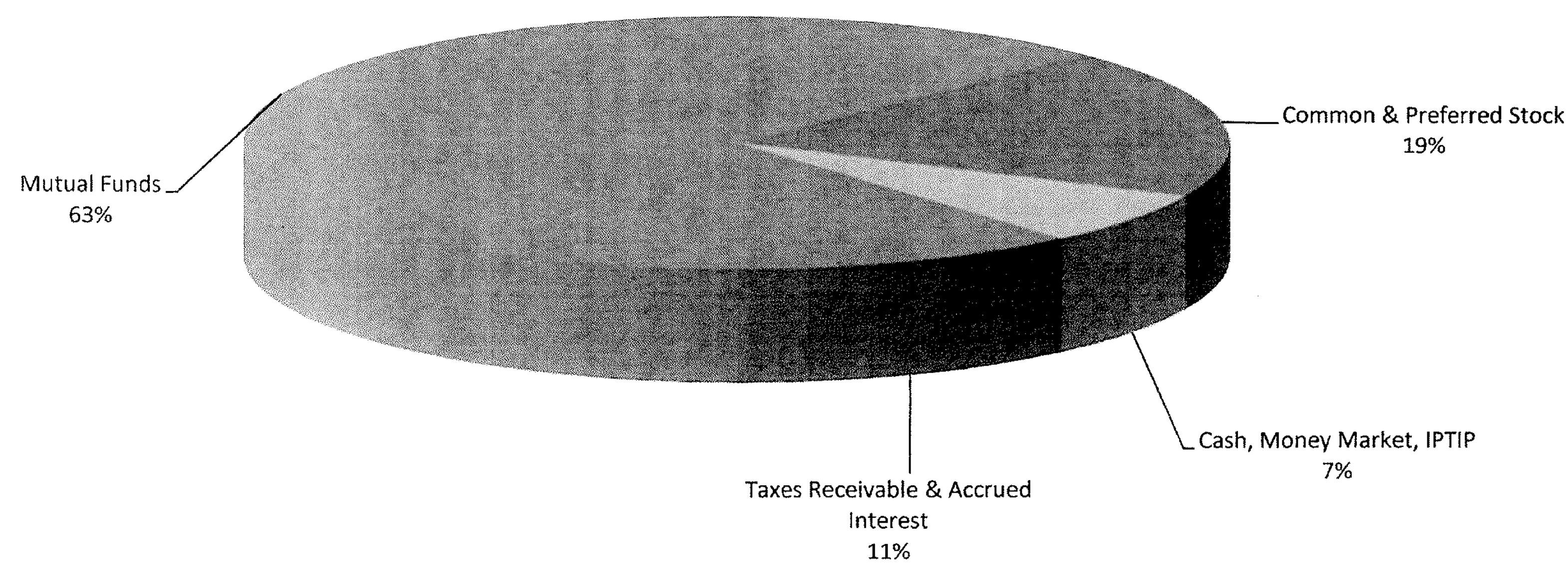
Service = 12.01 Years

ASSET INFORMATION

Cash, Money Market, IPTIP	$1,779,401
Certificates of Deposit	0
State and Local Obligations	0
U.S. Government Obligations	0
Insurance Company Contracts	0
Pooled Investment Accounts	0
Mutual Funds	16,482,108
Common & Preferred Stock	5,126,989
Taxes Receivable	3,007,811
Accrued Interest	13
Other Receivables	0
Net Liabilities	0
Net Present Assets at Market Value	$26,396,322

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, 2011				24,987,381
2.	Actual Income and Disbursements in prior year weighted for timing				

Item	Amount	Timing	Weight for Amount	Weighted Amount
Contributions Received During 2011	3,443,234		50.00%	1,721,617
Miscellaneous Revenue	0		50.00%	0
Benefit Payments and Expenses Made During 2011	4,012,460		(50.00)%	(2,006,230)
Total				(284,613)

3.	Market Value of assets adjusted for actual income disbursements [(1) + 2(d)]	24,702,768
4.	Assumed rate of return on plan assets for the year	7.50%
5.	Expected return on assets [(3) x (4)]	1,852,708
6.	Market Value of Assets, January 1, 2011	24,987,381
7.	Income (less investment income) for prior year	3,443,234
8.	Disbursements paid in prior year	4,012,460
9.	Market Value of Assets, January 1, 2012	$26,396,321
10.	Actual Return [(9) + (8) – (7) – (6)]	1,978,166
11.	Investment Gain/(Loss) for Prior Year [(10) – (5)]	125,458

DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS
(Continued)

12. Market Value of Assets, January 1, 2012: $26,396,321

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

	Plan Year Beginning	Gain/(Loss)	Percent Deferred	Deferred Amount
a)	2012**	$ 125,458	80%	$ 100,367
b)	2011	$ 261,109	60%	$ 156,665
c)	2010	$ (1,290,062)	40%	$ (516,025)
d)	2009	$ (5,298,433)	20%	$ (1,059,687)
e)	Total	$ (6,201,928)		$ (1,318,679)

14. Actuarial value of plan assets for funding,, January 1, 2012: Item (12) less item 13(e): 27,715,000

15. Taxes receivable: 3,004,090

16. Actuarial value of plan assets for GASB reporting January 1, 2012 item (14) less item (15)*: 24,710,910

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. For the actuarial value of plan assets as of March 31, 2011, the actuarial value of assets was set to the market value of assets.

ANALYSIS OF INVESTMENT RETURN

Fiscal Year Ending December 31	Annual Rate of Return
2011	2.43%
2010	8.16
2009	1.91
2008	-11.28
2007	5.75
2006	8.41
2005	3.93
Composite	
2005-2011	2.56%

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						
2012	4,218	0	14,470	89,529	31,921	4,058,909	2,312	4,201,359
2013	3,095	0	22,255	193,667	62,316	4,018,597	0	4,299,930
2014	2,931	0	22,114	295,899	95,524	3,977,973	0	4,394,441
2015	2,517	0	30,364	404,927	129,900	3,913,260	0	4,480,968
2016	1,986	0	36,508	521,755	166,794	3,849,273	0	4,576,316
2017	952	0	44,186	646,921	202,753	3,775,553	0	4,670,365
2018	0	0	50,941	780,764	239,489	3,696,872	0	4,768,066
2019	0	0	58,008	926,555	274,554	3,613,579	0	4,872,696
2020	0	0	65,130	1,060,435	307,191	3,525,870	0	4,958,626
2021	0	0	71,480	1,203,096	339,512	3,434,203	0	5,048,291
2022	0	0	78,736	1,334,814	371,291	3,339,014	0	5,123,855
2023	0	0	84,677	1,453,571	402,809	3,240,233	0	5,181,290
2024	0	0	91,746	1,578,007	435,077	3,138,184	0	5,243,014
2025	0	0	97,167	1,707,970	466,492	3,032,698	0	5,304,327
2026	0	0	103,425	1,857,837	499,060	2,923,995	0	5,384,317
2027	0	0	108,255	1,990,955	531,899	2,811,890	0	5,442,999
2028	0	0	113,914	2,110,063	564,653	2,696,211	0	5,484,841
2029	0	0	117,760	2,219,640	599,658	2,576,571	0	5,513,629
2030	0	0	122,609	2,366,635	629,999	2,452,791	0	5,572,034
2031	0	0	125,450	2,513,156	662,524	2,324,674	0	5,625,804
2032	0	0	129,837	2,651,588	693,408	2,192,164	0	5,666,997
2033	0	0	131,527	2,768,770	718,462	2,055,361	14,987	5,689,107
2034	0	0	134,916	2,882,017	742,151	1,914,534	15,294	5,688,912
2035	0	0	135,643	2,994,848	767,461	1,770,176	15,590	5,683,718
2036	0	0	137,953	3,103,017	790,420	1,623,158	15,870	5,670,418
2037	0	0	137,628	3,188,569	808,751	1,474,683	16,131	5,625,762
2038	0	0	138,716	3,254,108	823,110	1,326,102	16,370	5,558,406
2039	0	0	135,453	3,310,161	833,770	1,179,208	16,591	5,475,183
2040	0	0	135,378	3,351,867	848,197	1,035,798	16,774	5,388,014
2041	0	0	131,677	3,380,364	855,559	897,847	16,923	5,282,370

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 4.50% per year.

Actuarial Asset Basis
The Pension Fund previously used an actuarial value of assets for both government accounting and funding purposes. Starting with the actuarial valuation as of January 1, 2012, 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.

In the first year of application of this statutory smoothing method, the actuarial value of assets on 1/1/2011 was substituted for the market value of assets as of the same date

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%.

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.
<u>Disability Pension - Line of Duty (4-110)</u>

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.

<u>Disability Pension - Not on Duty (4-111)</u>

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.

<u>Disability Pension - Occupational Disease (4-110.1)</u>

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 MUNICIPALITY BY PENSION BOARD
As of 12/31/2011 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):	**$26,396,322**
Actuarial Value of Assets (see item 8 for explanation):	**$27,715,000**

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

Participant Contributions deducted from payroll:	**$420,383**
Employer Contributions and all other sources:	**$2,249,257**

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

(a) pay all pensions and other obligations provided in this Article:	**$4,201,359**
(b) meet the annual requirements of the fund as provided in Sections 4-118 and 4-120:	**$2,669,640**
The increase in employer pension contributions resulting from the implementation of P.A. 93-0689	**$ 50,878**

4.

Total Net Income received from investment of net assets:	**$633,209**
Assumed Investment Return:	**7.50%**
Actual Investment Return:	**2.43%**
Total Net Income received from investment of net assets (FYE 12/31/2011):	**$632,890**
Assumed Investment Return (FYE 12/31/2011):	**7.50%**
Actual Investment Return (FYE 12/31/2011):	**8.16%**

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:	**62**
Total amount that was disbursed in benefits:	**$2,940,689**
(ii) Recipients being paid a disability pension:	
Total number of annuitants:	**15**
Total amount that was disbursed in benefits:	**$499,700**
(iii) Survivors and children in receipt of benefits:	
Total number of annuitants:	**22**
Total amount that was disbursed in benefits:	**$509,663**

7.

Funded ratio of the fund: **42.86%**

8.
Unfunded Actuarial Accrued Liability: **$36,946,538**

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 _________, 2011.

Brian D. Vyncke
President of Moline Fire Pension Board

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

MOLINE FIREFIGHTERS PENSION FUND
BOARD OF TRUSTEES

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

July 27, 2012

Mr. Steve Dembosky, Senior Vice President
First Midwest Bank, Trust Division
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.

In account #92-5001-01-8, mutual funds:

Sell $250,000 DFA Intermediate Govt Fixed-Income I (DFIGX)
Sell $500,000 PIMCO Investment Grade Corp Bd Instl (PIGIX)
Sell $250,000 Vanguard GNMA Adm (VFIJX)

Buy $67,000 to DFA Emerging Markets (DFEMX), account #92-5001-01-8
Buy $67,000 to T. Rowe Price Emerging Markets (PRMSX), account #92-5001-01-8
Buy $153,000 to Fidelity International Discovery (FIGRX), account #92-5001-01-8
Buy $153,000 to Harbor International (HAINX), account #92-5001-01-8
Transfer $70,000 to Large Cap Value, First Midwest, account #92-5001-31-5
Transfer $160,000 to Large Cap Value, Dana Investments, account #92-5001-21-6
Transfer $330,000 to Small Cap Value, Advisory Research, account #92-5001-11-7

Yours truly,

Brian D. Vyncke
Brian Vyncke, President

Kathleen A. Carr
Kathleen A. Carr, Treasurer

MOLINE FIREFIGHTERS PENSION FUND
BOARD OF TRUSTEES

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

August 3, 2012

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

Re: Moline Firefighter's Pension Fund

Dear Mr. Dembosky:

Please transfer $5,000.00 from the Moline Firefighters' Mutual Fund account to the Moline Firefighters' Pension Checking Account #8100269803.

Effective in September 2012, please increase our monthly transfer to the checking account to $355,000.00.

Yours truly,

Brian D. Vyncke — Kathleen A. Carr

Brian Vyncke, President — Kathleen A. Carr, Treasurer

INVESTMENT
CONSULTING
GROUP, INC.

5117 JERSEY RIDGE ROAD • SUITE ONE • DAVENPORT, IOWA 52807
TEL: (563) 322-2322 • TOLL FREE: (800) 824-8668 • FAX: (563) 322-4966

August 6, 2012

Ms. Kathleen A. Carr
Moline Firefighter's Finance Director
1630 8th Avenue
Moline, Illinois 61265

Re: Moline Firefighter's Pension Fund

Dear Kathleen:

I have reviewed Dana Investment Advisors, Inc., First Midwest Bank, and Advisory Research's 2012 registration with The Securities and Commission Exchange and found them to be in order. There were no "yes" answers, which would have indicated securities violations.

If you have any questions, please call me.

Yours truly,

INVESTMENT CONSULTING GROUP, INC.

Donald R. Stanforth, President
Certified Investment Management Analyst

DRS/dlc

ILLINOIS PROFESSIONAL FIREFIGHTERS ASSOCIATION

188 Industrial Drive, Suite 438
Elmhurst, IL 60126-1612

V 630-833-2405 F 630-833-2412

ipfa@aol.com www.ipfaonline.org

2012 FALL PENSION SEMINAR

Black Shift – Friday – November 2nd

Empress Banquets **200 East Lake Street** **Addison, IL 60101** **630-279-5900**

Registration 07:00 to 08:00 **Exhibitors** **Continental Breakfast** **50/50 Raffle**

Pension Legislation

Will it go? If so, when.
State, County, City, Other funds - what system(s) might be affected.
Mark Mifflin, I.P.F.A. Lobbyist

Trustee Ethics

Pension Boards are Independent Boards of a unit of local government
How to Conduct Business
Limitations to Pension Board Trustee Powers / Restrictions
Richard Reimer, I.P.F.A. Board Counsel

The New State Levy Calculation

Update on the D.O.I. contract for Actuarial Study of Yields. Potential changes as a result of the Study and their impact on the levy statement.
Jason Franken, Foster & Foster
and Scott Brandt Actuary, Illinois Department of Insurance

Benefit Calculations

Found a benefit calculation error? Too much, too little - annuitant or survivor. How far back can you go? Going forward?
Hearings - how to document and address the issue.
Allison Barrett, Lauterbach and Amen, LLP
and Richard Reimer, I.P.F.A. Board Counsel

Medical Opinions

How to choose an IME examiner. What to expect from your IME doctors. How to prepare the applicant's medical records. What standards, guidelines and guidance exist for these evaluations.
Dr. Daniel Samo, INSPE Associates

Common Questions

D.O.I. Advisory Opinions – An interactive presentation about pensionable salary issues, Trustee training, Board composition, Tier I-Tier II status.
Travis March, Deputy Director, Illinois Public Pension Division

The I.P.F.A. database that compiles the funding and return yield history of all Article 4 funds from 1964 through 2010 is being updated. A copy of your fund's history will be included in your seminar packet when you attend the I.P.F.A. Fall 2012 Pension Seminar.

Continuing Trustee education: Are your hours completed?

I.P.F.A. Members: $100.00 Non-Members: $125.00 Walk-Ins: $135.00

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Pat Quinn
Governor

September 26, 2012

Andrew Boron
Director

Actuarial Services Bulletin

The Public Pension Division of the Department of Insurance will resume production of suggested tax levy reports effective September 24, 2012. Production was suspended for Fiscal Year 2011 tax levy reports due to implementation of Public Act 96-1495.

The legislation made key changes impacting the actuarial calculation required under 40 ILCS 5/3-125 and 40 ILCS 5/4-118, including:

- Suggested tax levies calculated by the Department must be determined by an Enrolled Actuary;
- The minimum employer contribution is to be calculated using the projected unit credit actuarial cost method. The amount of the amortization payment is based on attaining a 90% funded ratio by the end of the 2040 fiscal year. It will be calculated using the level percent of payroll methodology; and
- In determining the actuarial value of the fund's assets for reports issued after March 30, 2011, any actuarial gains or losses from investment returns incurred in a fiscal year shall be recognized in equal annual amounts over the 5-year period following that fiscal year.

To implement the new requirements, the Department has contracted with Foster & Foster Actuaries and Consultants.

The Department will resume providing suggested tax levy reports to all Article 3 Police pension funds and Article 4 Firefighter pension funds beginning with fiscal years ending May 2011. The funds with annual statements filed and accepted as of Friday, October 12, 2012 will have a suggested tax levy produced and available no later than November 30, 2012.

Suggested tax levies will continue to be produced for the funds with annual statements filed after October 12, 2012. However, the department cannot guarantee the reports will be received in time for the setting of municipal tax levies this year.

Please note that there will be a lag between the annual statement submission and the availability of the suggested tax levy report to the pension fund due to the new Enrolled Actuary review process. For this year only, tax levy reports will be e-mailed to the current e-mail address of the pension fund's president and secretary on file with the Public Pension Division. Please ensure that this information is accurate in the fund's most current annual statement. In 2013, tax levy reports will be accessible via the online annual statement system.

The new tax levy report will consist of three pages. It will provide a summary of the pension fund liabilities, the determination and explanation of the pension fund's actuarial value of assets, the actuarially determined tax levy amount and an explanation of the actuarial methods and assumptions used in determining the liabilities and tax levy amounts.

As part of the new actuarial process to comply with Public Act 96-1495, an experience study was performed to update the actuarial assumptions used in producing the tax levies. The new assumptions resulting from the study will be incorporated into the new reports to more appropriately reflect the actual experience impacting the police and firefighter pension funds.

One substantial change the Department has implemented is to assume different "rate of return" assumptions for the funds that fall into the different asset level investment tiers (40 ILCS 5/1-113.2 to 113.4a). The new rate of return assumptions by investment tier are as follows:

Fund Net Asset Value	Rate of Return Assumption
Under $2.5 Million	5%
$2.5 Million - $5 Million	6%
$5 Million – $10 Million	6.5%
Over $10 Million	6.75%

Previously, a flat investment rate of return of 7% was utilized for all funds. The new rate of return assumptions are based on the results of the experience study and more accurately reflect anticipated future investment returns by fund asset tier.

Adjustments to other assumptions were also made as a result of the experience study, including adjustments to retirement, withdrawal, mortality and disability rates. Additional changes were incorporated to refine the salary progression and payroll growth rates.

The new actuarial assumptions will most likely result in higher annual employer contribution requirements to the pension fund. The amount of the change will vary depending on factors such as fund asset size, average age of fund participants and the funded status of the pension fund.

Article 3 Police and Article 4 Firefighter pension funds and their associated municipalities have the option of utilizing the Department's recommended tax levy or retaining an independent enrolled actuary to determine the annual funding requirements. Hiring an independent actuary is allowed under 40 ILCS 5/3-125 and 4-118, respectively.

If you have questions regarding this bulletin, please contact the Public Pension Division of the Department of Insurance at (800) 207-6958.

This program is be held on four consecutive days

IPPFA

CERTIFIED TRUSTEE PROGRAM

Preparing pension fund trustees for tomorrow

We are now accepting registrations for Program 13-3

The dates are February 18, 19, 20, 21, 2013

The 32-hour program is offered throughout the year in four eight-hour modules. Classes for **Program 13-3** will be held **four (4) consecutive days** from 8:00am to 4:00pm at the **NIU Outreach Center, 5555 Trillium Boulevard, Hoffman Estates, IL.** All modules must be completed within a twelve month period*. The cost of the program **is $750.00 per participant for IPPFA members** and **$1,200.00 for non-members** and includes all instructional material and related handout material. A $25.00 reassignment fee will be assessed for each missed module. The Illinois Department of Insurance has approved this fee as a "necessary pension fund expense" under the Illinois Pension Code.

The IPPFA Certified Trustee Program is the ONLY 32-hour public pension trustee certification program in Illinois that meets the requirements of the Illinois Pension Code and is certified by Northern Illinois University

MODULE 1 February 18, 2013
FIDUCIARY FUNDAMENTALS
FIDUCIARY DUTIES OF PUBLIC PENSION FUND TRUSTEES
FUNDAMENTALS OF PENSION FUND INVESTING

MODULE 2 February 19, 2013
ACTUARIAL/MEDICAL
BASIC FUNDING CONCEPTS
UNDERSTANDING MEDICAL AND DISABILITY ISSUES

MODULE 3 February 20, 2013
INVESTMENTS
FUNDAMENTALS OF FIXED INCOME INVESTING
FUNDAMENTALS OF EQUITY INVESTING

MODULE 4 February 21, 2013
LEGAL/ADMINISTRATIVE PRACTICES
LEGAL ISSUES AND ETHICS FOR PENSION FUND TRUSTEES
UNDERSTANDING THE ADMINISTRATION OF PENSION BENEFITS

For more information, contact the IPPFA, 455 Kehoe Suite 106 Carol Stream, IL 60188 (630-784-0406) or check our website at www.ippfa.org for up to date class schedules and downloadable registration form or use the attached registration form. Fax this form to 630-784-0416 to reserve a seat in this class. Follow up with a check for **$750 (IPPFA members) or $1,200.00 (non-members) payable to the IPPFA** with this form and mail to: IPPFA at 455 Kehoe Suite 106, Carol Stream, IL 60188. Call our office to pay by credit card.

Please print

Name ______________________ Fund ______________________

Address ______________________ City, Zip ______________________

Phone #_______-______________________ FAX # _______-______________________

Your email ______________________________

*This course must be taken in its entirety and is not available in individual modules. Each participant must successfully complete module one before attending any of the three remaining modules. All four modules of instruction must be completed within a 12 month period (a 6 month extension is allowed by statute).

These dates are subject to change.

Moline Firefighters' Pension Fund

NAME:	Ronald Miller	DOB:	9/6/1957
DATE OF RETIREMENT:	11/10/2011	AGE AT TIME	54
Payroll ID:	4352	CURRENT PENSION:	$83,457.88
REASON FOR CHANGE:	First Increase after retirement		

MONTHLY PENSION	INCREASE	NEW PENSION AMT.	EFFECTIVE DATE
$6,954.83	$208.64	$7,163.47	12/1/2012 payable 1/1/2013

Brian Vyncke, President

Kathleen Carr, Treasurer

Approved at October 25, 2012 meeting.

Moline Firefighters' Pension Fund

NAME:	Edward Vize	DOB:	2/13/1956
DATE OF RETIREMENT:	11/29/2011	AGE AT TIME	55
Payroll ID:	4650	CURRENT PENSION:	$67,801.60
REASON FOR CHANGE:	First Annual Increase		

MONTHLY PENSION	INCREASE	NEW PENSION AMT.	EFFECTIVE DATE
$5,650.13	$169.50	$5,819.63	12/1/2012 payable 1/1/2013

Brian Vyncke, President

Kathleen Carr, Treasurer

Approved at October 25, 2012 meeting.

Moline Firefighters' Pension Fund

NAME: Jeffrey Miller

DOB: 12/26/1957

DATE OF RETIREMENT: 2/19/2008

AGE AT TIME 51

Payroll ID: 4350

CURRENT PENSION: $55,566.99

REASON FOR CHANGE: Entitled to 14.5% increase upon the first month of the year after turning age 55

MONTHLY PENSION	INCREASE	NEW PENSION AMT.	EFFECTIVE DATE
$4,630.58	$671.43	$5,302.01	1/1/2013 payable 2/1/2013

Brian Vyncke, President

Kathleen Carr, Treasurer

Approved at October 25, 2012 meeting.

Moline Firefighters' Pension Fund

NAME: Michael Radford

DOB: 3/7/1952

DATE OF DISABILITY: 4/27/1998

AGE AT TIME 46

Payroll ID: 2750

CURRENT PENSION: $33,090.88

REASON FOR CHANGE: Entitled to 42% increase upon the first month of the year after turning age 60

MONTHLY PENSION	INCREASE	NEW PENSION AMT.	EFFECTIVE DATE
$2,757.57	$1,158.18	$3,915.75	1/1/2013 payable 2/1/2013

Brian Vyncke, President

Kathleen Carr, Treasurer

Approved at October 25, 2012 meeting.

Moline Firefighters' Pension Fund

NAME:	Brett Owen	DOB:	1/8/1958
DATE OF RETIREMENT:	1/8/2011	AGE AT TIME	53
Payroll ID:	4410	CURRENT PENSION:	$65,012.61

REASON FOR CHANGE: Entitled to 6% increase upon the first month of the year after turning age 55

MONTHLY PENSION	INCREASE	NEW PENSION AMT.	EFFECTIVE DATE
$5,417.72	$325.06	$5,742.78	2/1/2013 payable 3/1/2013

Brian Vyncke, President

Kathleen Carr, Treasurer

Approved at October 25, 2012 meeting.

BOARD OF TRUSTEES
FIREFIGHTERS' PENSION FUND

2013 MEETING SCHEDULE
(Quarterly - Fourth Thursday)

DATES:	January 24, 2013
	April 25, 2013
	July 25, 2013
	October 24, 2013
TIME:	8:30 a.m.
LOCATION:	Moline Fire Department 1630 8th Avenue, Moline, IL 2nd Floor Conference Room