Gabriel Roeder Smith & Company
Consultants & Actuaries

CITY OF JOLIET POLICE OFFICERS' PENSION FUND ANNUAL ACTUARIAL VALUATION

FOR THE YEAR BEGINNING JANUARY 1, 2014

CONTENTS

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October 3, 2014

The Pension Board
City of Joliet Police Officers Pension Fund
Joliet, Illinois

Dear Board Members:

We are pleased to provide our formal annual Actuarial Valuation Report as of January 1, 2014, covering the City of Joliet Police Officers Pension Fund. This report provides, among other things, the minimum annual contribution requirements of the Plan for the Plan Year commencing January 1, 2014, and ending on December 31, 2014 (which directly affects the City's tax levy in the 2015 fiscal year that is collected and deposited into the Pension Trust in fiscal year 2015). This valuation was based on the plan provisions as outlined in Section C of this report, the Plan participant data as provided by the City of Joliet (i.e., Plan Sponsor), and on the actuarial cost method and the set of actuarial assumptions as described in Section D of the report. The report reflects the following changes in assumptions effective as of January 1, 2014:

- The investment rate of return assumption was changed from 7.00 percent to 6.75 percent.

The other assumptions used in this valuation are the same as those used in the previous valuation.

This valuation also incorporates the Board approved modified funding policy equal to the sum of: (a) annual normal cost plus (b) amortization of unfunded liability as a level percent of pay between January 1, 2011, and January 1, 2046, plus (c) interest on (a) and (b) to date of payment, that is projected to produce a funded ratio of 100 percent by January 1, 2046. The contribution under this modified funding policy satisfies the statutory minimum funding requirements found in Public Act 96-1495.

Chapter 40, Act 5, Article 3 of the Illinois Compiled Statutes requires an actuarial balance sheet (i.e., actuarial valuation) be prepared by a qualified actuary in order to determine the annual tax levy to meet the annual actuarial requirements of the Pension Fund. Alex Rivera and Paul Wood of Gabriel, Roeder, Smith & Company have the following qualifications:

Alex Rivera is a Fellow of the Society of Actuaries, a Member of the American Academy of Actuaries, and an Enrolled Actuary with over 25 years of responsible experience in the actuarial and pension consulting field.

Paul Wood is an Associate of the Society of Actuaries and a Member of the American Academy of Actuaries with over 10 years of responsible experience in the actuarial and pension consulting field.

It is our understanding, in accordance with the Illinois Compiled Statutes, that the undersigned more than satisfy the minimum requirements as set forth in the referenced Pension Code as recently amended.

In addition, it is also our understanding that the Pension Code requires that a member of the American Academy of Actuaries perform the required annual actuarial valuation and does not mandate that the Illinois Department of Insurance's annual actuarial valuation of the Pension Fund be controlling or that the Department of Insurance accept or approve another actuarial valuation of the Pension Fund.

Alex Rivera and Paul Wood are members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

We will be pleased to review this report with you at your convenience.

Sincerely,

Alex Rivera

Alex Rivera, F.S.A., E.A., M.A.A.A., F.C.A.
Senior Consultant

Paul T Wood

Paul T. Wood, A.S.A., M.A.A.A., F.C.A.
Consultant

Additional Disclosures Required by Actuarial Standards of Practice

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law.

This report should not be relied on for any purpose other than the purpose stated.

The signing actuaries are independent of the plan sponsor.

SECTION A

VALUATION RESULTS

SUMMARY OF ACTUARIAL VALUATION RESULTS

	Valuation Date as of	January 1, 2013	January 1, 2014
Employee Data	Number of Active Police Officers	247	256
	Number of Service Retirees	119	124
	Number of Disabled Lives	14	12
	Number of Widow Beneficiaries	26	28
	Number of Children Beneficiaries	0	0
	Number of Separated Deferred Police Officers	9	9
	Number of Handicapped Beneficiaries	1	0
	TOTAL	416	429
	Total Annual Salaries of Police Officers	$ 25,548,490	$ 26,144,818
Plan Liabilities	Gross Actuarial Accrued Liability:		
	Active Police Officers	$ 139,086,812	$ 151,096,422
	Retirees, Beneficiaries & Disabled	149,369,245	162,141,791
	TOTAL	$ 288,456,057	$ 313,238,213
	Actuarial Value of Assets at Valuation Date	$ 152,658,155	$ 167,960,403
	Unfunded (Overfunded) Actuarial Accrued Liability	$ 135,797,902	$ 145,277,810
	Funded Position of Plan's Gross Actuarial Accrued Liability [2]	52.9 %	53.6 %
		For the 2013 Fiscal Year	**For the 2014 Fiscal Year**
Normal Cost	Gross Annual Normal Cost	$ 7,813,771	$ 8,494,903
	Less Expected Member Contributions (for Applicable Plan Year)	2,531,855	2,590,951
	Net Annual Normal Cost (Municipality Paid)	$ 5,281,916	$ 5,903,952
	Net Annual Normal Cost (As a percentage of pay) [1]	20.7 %	22.6 %

[1] *Percents above represent annual plan contributions expressed as percentages of covered Police Officers' salaries.*

[2] *Equals the ratio of the actuarial value of assets to the total gross actuarial accrued liability.*

Annual Contribution Requirements Plan Year End	December 31, 2013 [a]	December 31, 2014 [b]
Net Annual Normal Cost (Municipality Paid)	$5,281,916	$5,903,952
Annual Amortization Payments for Funding Unfunded Actuarial Accrued Liability as a level percentage of payroll	6,254,298	6,609,922
Interest Adjustment to Expected Date of Payment into the Fund (Optional)	1,232,259	1,288,176
Total Minimum Annual Contribution Requirement for the Current Plan Year	$12,768,473	$13,802,050
Minimum Annual Contribution (As a percentage of pay)	50.0%	52.8%

[a] Unfunded Actuarial Accrued Liability is amortized over a 33 year closed period.
[b] Unfunded Actuarial Accrued Liability is amortized over a 32 year closed period.

The contributions shown above satisfy the statutory minimum funding requirements found in Public Act 96-1495 that employer contribution produces 90 percent funding by the end of fiscal year 2040. The statutory minimum funding requirement produces a contribution of $12,167,000 or 43.23 percent of projected pay for the plan year ending December 31, 2014.

Derivation of Experience Gain (Loss)
Year Ended January 1, 2014

Actual experience will never (except by coincidence) coincide exactly with assumed experience. It is expected that gains and losses will cancel each other over time, but year-to-year fluctuations are not uncommon. Detail on the derivation of the experience gain (loss) is shown below, along with a year-by-year comparative schedule.

1.	Unfunded Actuarial Accrued Liability at 01/01/2013	$ 135,797,902
2.	Normal Cost Due at 01/01/2013	7,813,771
3.	Interest on (1) and (2) to 12/31/2013 (at 7.00% per annum)	10,052,817
4.	Contributions (Employer and Employee) applicable to the 2013 Plan Year, with interest to 12/31/2013	17,270,398
5.	Expected Unfunded Actuarial Accrued Liability at 01/01/2014 [(1) + (2) + (3) - (4)]	$ 136,394,092
6.	Effect of Assumption Changes on Unfunded Actuarial Accrued Liability at 01/01/2014 [1]	$ 10,561,679
7.	Expected Unfunded Actuarial Accrued Liability at 01/01/2014 [(5) + (6)]	$ 146,955,771
8.	Actual Unfunded Actuarial Accrued Liability at 01/01/2014	$ 145,277,810
9.	Gain (Loss) for the 2013 Plan Year [(7) - (8)]	$ 1,677,961

Valuation Date January 01	**Experience Gain (Loss) As % of Accrued Liability at the Prior Valuation Date [2]**
2002	1.48 %
2003	(5.74)%
2004	(2.50)%
2005	(5.28)%
2006	2.11 %
2007	(13.32)%
2008	1.38 %
2009	(1.33)%
2010	(8.87)%
2011	(4.14)%
2012	(4.27)%
2013	1.56 %
2014	0.58 %

[1] *Effective as of January 1, 2014, the investment rate of return assumption was changed from 7.00% to 6.75%.*
[2] *Excluding Plan and assumption changes.*

The valuation results pertaining to the current Plan Year are analyzed and discussed in the following paragraphs.

Plan History

The following table provides a summary of the Plan's rate of return on assets and salary increase experience over the last 20 actuarial valuations performed by Gabriel, Roeder, Smith & Company:

Plan Year Ending	Rate of Return On Plan Assets	Salary Scale Increase
12/31/1994	5.8 %	6.5 %
12/31/1995	9.6	7.1
12/31/1996	3.4	8.7
12/31/1997	7.1	3.6
12/31/1998	8.8	5.8
12/31/1999	5.5	8.7
12/31/2000	6.9	6.0
12/31/2001	3.4	5.4
12/31/2002	(0.3)	7.6
12/31/2003	9.4	7.4
12/31/2004	4.9	9.9
12/31/2005	3.8	2.7
12/31/2006	9.0	22.0
12/31/2007	7.1	6.5
12/31/2008	(8.6)	1.6
12/31/2009	7.7	6.4
12/31/2010	6.3	10.2
12/31/2011	0.2	9.3
12/31/2012	7.4	0.8
12/31/2013	12.1	2.2

The Salary Scale increase has averaged 6.8% over the last 20 years. We believe the 5.25% salary increase assumption continues to be a reasonable long-term assumption. The salary scale was recently adjusted to recognize that members with less than three years of service receive higher pay increases. As part of each annual valuation, we will review salary scale increases and determine whether the current assumption continues to be appropriate.

Over the same 20-year period, the Plan's assets have averaged an annual rate of investment return of 5.4%. Beginning with this year's valuation, the investment return assumption was reduced from 7.00% to 6.75%. We believe the 6.75% annual rate of return on Plan assets is within the range of reasonable assumptions. However, we recommend that the City monitor this assumption for continuing reasonableness at each future valuation.

Analysis of the Experience Gain (Loss)

The experience gain(loss) reported on page A-3, is the net result of the following:

(a)	From plan asset performance	$ (1,458,815)
(b)	Other sources ("net effect" of salary increases, terminations, new entrants, retirements, etc.)	3,136,776
	Total Gain/(Loss): [(a) + (b)]	$ 1,677,961

Changes in the Annual Contribution

The dollar amount of the plan's annual minimum required contribution of $13,802,050 is approximately 8.1% higher than the level for the prior plan year of $12,768,473. As a percentage of payroll, the contribution requirement is higher than last year (i.e., increasing from 50.0% to 52.8%). The important factors producing this change are summarized as follows:

1.	Minimum Annual Contribution Requirement for prior plan year	$ 12,768,473
2.	Actual Asset Performance (based on actuarial value of assets)	75,768
3.	Increase in Normal Cost and Amortization Amount due to anticipated pay increases	510,739
4.	Changes in Assumptions	861,341
5.	Other Sources (demographic and salary (gains)/losses)	(414,271)
6.	Minimum Annual Contribution Requirement for current plan year (sum of items 1 through 5)	$ 13,802,050

[1] *Effective as of January 1, 2014, the investment rate of return assumption was changed from 7.00% to 6.75%.*

Comments on Actuarial Value of Assets

Government accounting standards mandate the use of market value of assets or market-related value of assets for accounting purposes. The Pension Fund used market-related value of assets for both government accounting and funding purposes. This market-related value of assets will recognize gains and losses due to return on plan assets over a four-year period. Hence, only a portion of this year's investment loss (see Section B for details) is included in the current year actuarial value of assets. The remainder of the gain or loss will be incorporated into Pension Fund assets over the next three years. The purpose of this technique is to minimize contribution volatility due to fluctuations in the market value of assets. Finally, receivables for plan years prior to the current plan year which are not in Plan assets by December 31, 2013, are not included in assets for Government accounting standards purposes but are included in assets for funding purposes.

GASB Statements No. 25 and 27

GASB Statement No. 25 is applicable to fiscal years beginning after June 15, 1996. It was adopted by the City of Joliet Police Officers Pension Fund in the January 1997 report. GASB Statement 27 is applicable to fiscal years beginning after June 15, 1997. It was adopted by the City of Joliet in the January 1998 report. A transition pension liability (asset) has been developed under Statement No. 27 equal to the cumulative difference between the actuarially determined funding requirement and the actual amount contributed for fiscal years 1987 to the date GASB 27 is adopted. As of the adoption date, all outstanding pension liabilities (assets) are adjusted to equal the transition NPO. Section D of this report provides further details and explanations on these regulations.

GASB Statements No. 67 and 68

Effective with Fiscal Year Ending December 31, 2014, GASB No. 67 is replacing GASB No. 25 for pension plan financial reporting requirements. GASB No. 68 is replacing GASB No. 27 for employer financial reporting effective with fiscal year ending December 31, 2015. The discount rate used for GASB No. 67 and No. 68 reporting purposes will produce a single equivalent discount rate based on 6.75 percent for the projected benefits for all current members that can be paid from current assets and projected investment return, future employee contributions from current members, and future employer contributions attributable to current members, and a municipal bond rate for the portion of the projected benefits after assets are depleted. The municipal bond rate is based on a yield or index rate for 20 year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). We believe the liability based on the GASB single equivalent rate will become the predominant liability that users will focus on.

Due to the single equivalent discount rate and shorter amortization periods required under GASB No. 67 and No. 68, the unfunded liabilities and pension expense will be much higher and more volatile than under the current standards. A measurement of the single equivalent discount rate, unfunded liability and pension expense has not yet been performed.

SECTION B

PROJECTIONS

City of Joliet Police Officers Pension Fund
Actuarial Valuation Projection Results Based on P.A. 96-1495 as of January 1, 2014 (Based on Projected Unit Credit Cost Method)
($ in Thousands)

Year	Actuarial Accrued Liability	Market Value of Assets	Actuarial Value of Assets	Unfunded Liability	Actuarial Value Funded Ratio	Uncapped Payroll	Capped Payroll	Employer Normal Cost	Statutory Minimum Contribution	Statutory Contribution % of Projected Pay	Employee Contributions	Benefit Payments
2014	$304,469	$159,142	$155,602	$148,867	51.11%	$26,145	$26,145	$6,242	$12,167	43.23%	$2,591	$11,107
2015	322,974	174,280	170,601	152,373	52.82%	27,113	27,113	6,485	12,641	43.23%	2,687	11,771
2016	342,404	189,230	187,455	154,949	54.75%	28,145	28,143	6,700	13,141	43.23%	2,789	12,506
2017	362,725	205,025	205,025	157,699	56.52%	29,242	29,232	6,881	13,661	43.23%	2,897	13,392
2018	383,809	221,600	221,600	162,210	57.74%	30,399	30,364	7,031	14,185	43.23%	3,009	14,345
2019	405,613	238,961	238,961	166,652	58.91%	31,601	31,515	7,150	14,698	43.23%	3,123	15,421
2020	428,025	257,041	257,041	170,984	60.05%	32,814	32,642	7,224	15,190	43.23%	3,235	16,615
2021	450,915	275,753	275,753	175,162	61.15%	34,001	33,697	7,232	15,681	43.23%	3,339	17,979
2022	474,060	294,935	294,935	179,125	62.21%	35,139	34,639	7,179	16,200	43.23%	3,433	19,510
2023	497,230	314,434	314,434	182,796	63.24%	36,276	35,502	7,090	16,721	43.23%	3,518	21,202
2024	520,211	334,125	334,125	186,086	64.23%	37,475	36,338	6,947	17,271	43.23%	3,601	22,992
2025	542,830	353,919	353,919	188,911	65.20%	38,681	37,072	6,768	17,829	43.23%	3,674	24,858
2026	564,935	373,763	373,763	191,172	66.16%	39,953	37,760	6,554	18,414	43.23%	3,742	26,828
2027	586,340	393,558	393,558	192,783	67.12%	41,244	38,341	6,306	19,038	43.23%	3,800	28,870
2028	606,877	413,241	413,241	193,636	68.09%	42,597	38,852	6,038	19,728	43.23%	3,850	30,948
2029	626,422	432,804	432,804	193,618	69.09%	44,041	39,316	5,773	20,434	43.23%	3,896	33,037
2030	644,894	452,288	452,288	192,606	70.13%	45,636	39,793	5,485	21,193	43.23%	3,943	35,175
2031	662,147	471,655	471,655	190,492	71.23%	47,270	40,148	5,191	22,003	43.23%	3,979	37,357
2032	678,033	490,896	490,896	187,138	72.40%	49,026	40,471	4,898	22,861	43.23%	4,011	39,500
2033	692,498	510,089	510,089	182,409	73.66%	50,899	40,747	4,597	23,813	43.23%	4,038	41,643
2034	705,435	529,279	529,279	176,156	75.03%	52,884	40,957	4,325	24,814	43.23%	4,059	43,698
2035	716,853	548,645	548,645	168,208	76.54%	55,087	41,229	4,065	25,886	43.23%	4,086	45,697
2036	726,728	568,315	568,315	158,413	78.20%	57,403	41,438	3,829	27,064	43.23%	4,107	47,643
2037	735,028	588,430	588,430	146,599	80.06%	59,883	41,650	3,653	28,326	43.23%	4,128	49,409
2038	741,900	609,317	609,317	132,583	82.13%	62,608	41,969	3,537	29,667	43.23%	4,159	50,977
2039	747,524	631,329	631,329	116,195	84.46%	65,526	42,340	3,478	31,081	43.23%	4,196	52,372
2040	752,063	654,810	654,810	97,253	87.07%	68,628	42,770	3,473	8,456	11.23%	4,238	53,606
2041	755,673	680,106	680,106	75,567	90.00%	71,900	43,248	3,509	8,618	10.93%	4,286	54,719
2042	758,466	682,620	682,620	75,847	90.00%	75,286	43,725	3,582	8,795	10.66%	4,333	55,684
2043	760,579	684,521	684,521	76,058	90.00%	78,812	44,242	3,688	8,979	10.41%	4,384	56,492
2044	762,168	685,951	685,951	76,217	90.00%	82,478	44,810	3,816	9,162	10.17%	4,441	57,180
2045	763,351	687,015	687,015	76,335	90.00%	86,242	45,392	3,954	9,341	9.94%	4,498	57,771
2046	764,211	687,790	687,790	76,421	90.00%	90,082	45,976	4,094	9,510	9.71%	4,556	58,296
2047	764,798	688,318	688,318	76,480	90.00%	93,988	46,563	4,228	9,665	9.48%	4,614	58,773
2048	765,138	688,624	688,624	76,514	90.00%	97,946	47,142	4,353	9,806	9.25%	4,672	59,214
2049	765,238	688,714	688,714	76,524	90.00%	101,965	47,720	4,463	9,930	9.01%	4,729	59,627

City of Joliet Police Officers Pension Fund
Actuarial Valuation Projection Results Based on 32 Years Closed Amortization as of January 1, 2014 (Based on Entry Age Normal Cost Method)
($ in Thousands)

Fiscal Year	Actuarial Accrued Liability	Market Value of Assets	Actuarial Value of Assets	Unfunded Liability	Actuarial Value Funded Ratio	Uncapped Payroll	Capped Payroll	Employer Normal Cost	Annual Required Contribution[1]	ARC as % of Pay	City Contribution	City Contribution % of Pay	Employee Contributions	Benefit Payments
2014	$313,238	$159,142	$167,960	$145,278	53.62%	$26,145	$26,145	$5,904	$13,383	51.19%	$13,802	52.79%	$2,591	$11,107
2015	331,974	174,280	183,960	148,014	55.41%	27,113	27,113	6,045	13,701	50.53%	14,248	52.55%	2,687	11,771
2016	351,542	190,921	202,936	148,605	57.73%	28,145	28,143	6,174	13,880	49.31%	14,587	51.83%	2,789	12,506
2017	371,918	208,492	222,610	149,308	59.85%	29,242	29,232	6,290	14,221	48.63%	14,929	51.05%	2,897	13,392
2018	392,993	226,795	241,244	151,749	61.39%	30,399	30,364	6,392	14,650	48.19%	15,366	50.55%	3,009	14,345
2019	414,734	245,818	260,690	154,044	62.86%	31,601	31,515	6,473	15,077	47.71%	15,794	49.98%	3,123	15,421
2020	437,039	265,581	280,868	156,171	64.27%	32,814	32,642	6,524	15,489	47.20%	16,202	49.38%	3,235	16,615
2021	459,789	286,003	301,684	158,105	65.61%	34,001	33,697	6,531	15,872	46.68%	16,577	48.75%	3,339	17,979
2022	482,785	306,923	322,967	159,818	66.90%	35,139	34,639	6,499	16,231	46.19%	16,923	48.16%	3,433	19,510
2023	505,817	328,157	344,536	161,281	68.11%	36,276	35,502	6,443	16,583	45.71%	17,259	47.58%	3,518	21,202
2024	528,688	349,521	366,226	162,462	69.27%	37,475	36,338	6,348	16,914	45.13%	17,569	46.88%	3,601	22,992
2025	551,240	370,911	387,915	163,325	70.37%	38,681	37,072	6,227	17,237	44.56%	17,866	46.19%	3,674	24,858
2026	573,335	392,210	409,502	163,833	71.42%	39,953	37,760	6,074	17,548	43.92%	18,146	45.42%	3,742	26,828
2027	594,795	413,288	430,851	163,944	72.44%	41,244	38,341	5,895	17,855	43.29%	18,417	44.65%	3,800	28,870
2028	615,464	434,027	451,852	163,612	73.42%	42,597	38,852	5,697	18,166	42.65%	18,685	43.87%	3,850	30,948
2029	635,225	454,350	472,435	162,790	74.37%	44,041	39,316	5,498	18,501	42.01%	18,972	43.08%	3,896	33,037
2030	653,997	474,211	492,573	161,425	75.32%	45,636	39,793	5,273	18,841	41.29%	19,252	42.19%	3,943	35,175
2031	671,639	493,546	512,180	159,459	76.26%	47,270	40,148	5,041	19,203	40.62%	19,546	41.35%	3,979	37,357
2032	688,005	512,258	531,175	156,830	77.21%	49,026	40,471	4,803	19,595	39.97%	19,856	40.50%	4,011	39,500
2033	703,042	530,353	549,571	153,471	78.17%	50,899	40,747	4,556	20,018	39.33%	20,181	39.65%	4,038	41,643
2034	716,647	547,804	567,337	149,310	79.17%	52,884	40,957	4,328	20,504	38.77%	20,551	38.86%	4,059	43,698
2035	728,825	564,666	584,557	144,268	80.21%	55,087	41,229	4,100	21,046	38.20%	20,947	38.03%	4,086	45,697
2036	739,545	581,010	601,285	138,260	81.30%	57,403	41,438	3,880	21,659	37.73%	21,381	37.25%	4,107	47,643
2037	748,765	596,877	617,571	131,194	82.48%	59,883	41,650	3,693	22,384	37.38%	21,880	36.54%	4,128	49,409
2038	756,606	612,459	633,636	122,970	83.75%	62,608	41,969	3,536	23,243	37.12%	22,442	35.85%	4,159	50,977
2039	763,222	628,021	649,742	113,481	85.13%	65,526	42,340	3,407	24,266	37.03%	23,068	35.20%	4,196	52,372
2040	768,745	643,809	666,136	102,609	86.65%	68,628	42,770	3,305	25,509	37.17%	23,759	34.62%	4,238	53,606
2041	773,302	660,079	683,074	90,228	88.33%	71,900	43,248	3,223	27,064	37.64%	24,510	34.09%	4,286	54,719
2042	776,980	677,060	700,782	76,198	90.19%	75,286	43,725	3,160	29,126	38.69%	25,325	33.64%	4,333	55,684
2043	779,892	695,015	719,526	60,366	92.26%	78,812	44,242	3,120	32,155	40.80%	26,217	33.27%	4,384	56,492
2044	782,179	714,241	739,616	42,563	94.56%	82,478	44,810	3,098	37,510	45.48%	27,196	32.97%	4,441	57,180
2045	783,946	735,035	761,357	22,588	97.12%	86,242	45,392	3,089	51,999	60.29%	28,321	32.84%	4,498	57,771
2046	785,272	757,693	785,104	169	99.98%	90,082	45,976	3,091	30,670	34.05%	3,595	3.99%	4,556	58,296
2047	786,210	782,561	786,040	170	99.98%	93,988	46,563	3,102	6,752	7.18%	3,609	3.84%	4,614	58,773
2048	786,793	783,113	786,606	186	99.98%	97,946	47,142	3,120	6,799	6.94%	3,646	3.72%	4,672	59,214
2049	787,039	783,322	786,851	188	99.98%	101,965	47,720	3,143	6,860	6.73%	3,674	3.60%	4,729	59,627

[1] *Based on an amortization period equal to the lesser 30 years and the amortization period used to determine the City's Contribution, with interest adjustment.*

SECTION C

BENEFIT PROVISIONS AND VALUATION DATA

BRIEF SUMMARY OF PLAN PROVISIONS
(JANUARY 1, 2014)

Plan	Police Pension Fund as Incorporated in Chapter 40, Act 5, Article 3 of the Illinois Compiled Statutes
Effective Date	Enacted: July 25, 1963 Last Amended Effective: January 5, 2012
Eligibility to Participate	Generally, any person who is in the Police Department of a city, village or incorporated town (whose population is 500,000 or less) which has adopted the provisions of Chapter 40, Act 5, Article 3 of the Illinois Compiled Statutes concerning Police Officers' pensions, is eligible to participate, subject to the following: (a) The person has been appointed to the Police force of a Police Department and sworn and commissioned to perform Police duties; and (b) Within three months after receiving his/her first appointment (or within three months after any re-appointment) the person makes written application to the Board to be covered under the provisions of the Article; and (c) The person is found to be physically and mentally fit to perform the duties of a Police Officer. Notwithstanding, the following persons are <u>not</u> considered eligible for participation in this Fund: part-time Police Officers, special Police Officers, night watchmen, temporary employees, traffic guards, or auxiliary Police Officers (specially appointed to aid or direct traffic at or near schools or public functions, or to aid in civil defense), municipal parking lot attendants, clerks or other civilian employees of a Police Department who perform clerical duties exclusively.

Employee Contributions (Mandatory)	In order to participate in the plan, each Police Officer must contribute 9.910% of his/her regular salary. "Salary" in this instance means annual salary and includes longevity pay attached to the Police Officer's rank but excludes overtime pay, holiday pay, bonus pay, merit pay or any other cash benefit over and above the salary established by the appropriation ordinance.
Creditable Service	"Creditable Service" is the time period during which a person serves as a Police Officer of a regularly constituted Police force of a municipality. Furloughs without pay exceeding 30 days in any one year shall not be counted, but all leaves of absence for illness or accident, regardless of length, shall be counted. Also, time attributable to disability for which the Police Officer does not receive disability pension benefits under this Article shall be counted as "Creditable Service." In addition, creditable service includes all periods of service in the Military, Naval or Air Forces of the United States of America, entered into when the person was an active Police Officer, provided that the Police Officer contributes to the Fund the amount that he/she would have paid had he/she been a regular contributor during such Military service. Not more than five years may be counted under this provision.

Eligibility For and Amount of Regular Retirement Benefits

I. Age 50 (or More) and 20 or More Years of Creditable Service	Benefit:	A Police Officer who is age 50 (or more) and has 20 years (or more) of Creditable Service and is no longer in service as a Police Officer is entitled to a pension payable for life equal to 50% of his/her salary attached to the rank held by the Officer one year immediately prior to retirement.

Effective July 1, 1987, for persons terminating service on or after that date, the applicable salary will be the greater of: (1) the salary attached to the rank held on the last day of service; or (2) the salary one year prior to the last day of service.

For Creditable Service over 20 years, the pension is increased as follows:

- 2.5% of the Police Officer's salary for each additional year over 20 years of Creditable Service, up to 30 years, subject to the maximum of 75% of his/her salary.

Notwithstanding the above, no Pension in effect or granted for a Police Officer with 20 or more years of service after January 1999 is to be less than $600.00 per month. This increases to $800.00 per month on January 1, 2000, and $1,000.00 per month on January 1, 2001.

II. Eligibility—Age 60 (or More) and 8 (but Less than 20) Years of Creditable Service

Benefit: A Police Officer who retires or is separated from service having at least 8 years (but less than 20) of Creditable Service and who does not apply for a refund of contributions at separation from service, is entitled to a monthly pension upon attaining age 60, payable for life, equal to years of Creditable Service multiplied by 2-1/2% of the salary attached to the rank he/she held in the Police force one year prior to retirement. Effective July 1, 1987, for persons terminating service on or after that date, the applicable salary will be the greater of: (1) the salary attached to the rank held on the last day of service; or (2) the salary one year prior to the last day of service.

A Police Officer who is mandatorily retired from service by reason of age through an operation of law, and has accumulated at least 8 years (but less than 20 years) of Creditable Service, is entitled to a pension payable for life equal to years of Creditable Service multiplied by 2-1/2% of the salary attached to the rank he/she held on the Police force one year immediately prior to retirement. Effective July 1, 1987, for persons terminating service on or after that date, the applicable salary will be the greater of: (1) the salary attached to the rank held on the last day of service; or (2) the salary one year prior to the last day of service.

III. Pension Allowance Increases

- A Police Officer who retired from service with 20 or more years of Creditable Service on or before July 1, 1971, is entitled to an increase of 3% of his/her original monthly pension for each year the Police Officer was in receipt of pension payments; such increase takes effect in the January of the year following the year in which he/she attains age 65, or January of 1972, if then age 65. Each subsequent January thereafter, the monthly pension is increased by 3% of the original monthly pension amount.

- A Police Officer who retired from service after July 1, 1971, and prior to January 1, 1986, is entitled to an increase of 3% of his/her original monthly pension either upon: (a) the first of the month following the first anniversary of his/her date of retirement if he/she was age 60 or more on the retirement date, or (b) the first of the month following the Police Officer's attainment of age 60 (if such occurs after the first anniversary of his/her retirement date). Each subsequent January thereafter, the monthly pension is increased by 3% of the original monthly pension amount.

- A Police Officer who retired from service on or after January 1, 1986, is entitled to an increase of 3% of his/her original monthly pension for each full year that has elapsed since the pension began. This occurs either upon: (a) the first of the month following the anniversary of his/her date of retirement if he/she was age 55 or older on the retirement date, or (b) the first of the month following the Police Officer's attainment of age 55 (if such occurs after the first anniversary of his/her retirement date). Each subsequent January thereafter, the monthly pension is increased by 3% of the original monthly pension amount.

- Notwithstanding the provisions of the second paragraph listed above, a Police Officer who retired from service after January 1, 1977, and prior to January 1, 1986, and did not receive a pension increase before July 1, 1987, is entitled to a 3% increase of his/her original monthly pension for each full year that has elapsed since the pension began. This occurs on the first day of the month following the later of either: (a) the first anniversary of the date of retirement, or (b) the attainment of age 55, or (c) July 1, 1987. Each subsequent January thereafter, the monthly pension is increased by 3% of the original pension amount.

- Notwithstanding the provisions of the previous paragraphs, beginning with increases granted on or after July 1, 1993, the second and all subsequent automatic annual increases under these provisions shall be calculated as 3% of the amount of pension payable at the time of the increase, including any increases previously granted under the prior provisions, rather than 3% of the originally granted pension amount.

Eligibility For and Amount of Disability Benefits

I. Disability Incurred in the Line of Duty

If a Police Officer is injured or suffers an accident or sickness as the result of carrying out his/her duties as a Police Officer (even if those duties take him/her to a place away from the municipality in which he/she serves as a Police Officer, and assuming such duties are related to the Police protection service of such municipality), then such a disabled Police Officer is entitled to a disability retirement pension equal to the maximum of: (a) 65% of the monthly salary attached to the rank held by the officer in the Police Department at the date of suspension of duty or retirement, or (b) his/her accrued benefit.

II. Disability on Account of Occupational Hazards

If a Police Officer suffers a heart attack as a result of the performance and discharge of duties as a Police Officer, then he/she is eligible for any benefits provided under this Article for Police Officers who are injured in the performance of an act of duty.

III. Disability Due to Occurrences Unrelated to Duties

If a Police Officer becomes mentally or physically disabled as the result of any cause other than the performance of an act of duty, he/she is entitled to a disability pension equal to 50% of the salary attached to the rank held by the officer in the Police Department at the date of suspension of duty or retirement.

Notwithstanding the provisions of I, II and III above, no disability pension in effect or granted after January 1, 1987, is to be less than $600.00 per month. This increases to $800.00 per month on January 1, 2000, and $1,000.00 per month on January 1, 2001.

IV. Special Disability Pension Option

A Police Officer, age 50 or more, who is receiving a disability pension and who has completed 20 years of service may apply for a retirement pension equal to 1/2 of the salary attached to his/her rank on the Police force at the date of his/her retirement for disability. In computing years of service for this benefit option, the period during which the Police Officer received a disability pension should be added to his/her period of active service.

V. Disability Pension Allowance Increase

A Police Officer who is receiving a disability pension is entitled to receive an automatic increase upon the attainment of age 60. At this date, the monthly pension is increased by 3% of the original monthly pension for each year the Police Officer was in receipt of monthly pension payments. Each subsequent January thereafter, the monthly pension is again increased by 3% of the original monthly pension amount.

Death Benefits to Surviving Spouse or Dependents

I. Death in Line of Duty	If a Police Officer dies while in the line of duty as a result of any injuries or if a Police Officer sustains injuries from which he/she thereafter dies, then the surviving spouse is entitled to a pension equal to 100% of the salary attached to the rank the Police Officer held for one year immediately prior to his/her death. This benefit is payable to the survivors in the sequence noted in Section VI — Rights on Death of a Pensioner.
II. Death in Service With 10 or More but Less than 20 Years of Creditable Service	If a Police Officer dies while in service after having at least 10 but less than 20 years of Creditable Service, then his/her surviving spouse is entitled to a pension equal to 50% of the salary attached to the rank held by the Police Officer for one year immediately prior to his/her death. Such benefit is payable to the survivors in the sequence noted in Section VI — Rights on Death of a Pensioner.
III. Death in Service With 20 or More Years of Creditable Service	If a Police Officer dies while in service after having at least 20 years of Creditable Service (regardless of age), then the surviving spouse is entitled to a pension earned by the Police Officer as of the date of death. Such benefit is payable to the survivors in the sequence noted in Section VI — Rights on Death of a Pensioner.
IV. Death While on Disability	If a Police Officer who is receiving a disability pension dies while still disabled, his/her disability pension shall continue to be paid to the surviving spouse or dependents in the sequence noted in Section VI — Rights on Death of a Pensioner. Notwithstanding the provisions of I, II, III or IV above, effective January 1, 1999, the minimum death benefit payable to the surviving spouse or dependents is $400.00 per month. This increases to $800.00 per month on January 1, 2000, and $1,000 per month on January 1, 2001.

V. Less than 10 Years of Creditable Service

If a Police Officer dies before he/she has 10 years of Creditable Service, all contributions made by the Officer shall be refunded to the surviving spouses without interest.

VI. Rights on Death of a Pensioner

If a Police Officer who was receiving or was entitled to receive a monthly pension dies, the surviving spouse is entitled to the pension to which the Police Officer was then entitled. Upon the surviving spouse's death or re-marriage, the Police Officer's unmarried children (under age 18) or unmarried children who are dependent because of a physical or mental disability are entitled to equal shares of the pension. If there is no eligible surviving spouse and no eligible children, the dependent parent or parents of the Police Officer are entitled to receive or share such pension until their death, or marriage, or remarriage.

Special Note: If a Police Officer marries subsequent to retirement on any pension, the surviving spouse and the children of such surviving spouse shall receive no pension on the death of the Officer.

Termination of Employment Benefits

Refund of Employee Contributions

A Police Officer who has less than 20 Years of Service and who resigns or is discharged (and has not received any disability payments) is entitled to a refund of his/her total amount contributed to the Police Pension Fund during his/her period of service. If the Police Officer should be subsequently re-employed, he/she must repay to the fund the amount of refund which was received, plus interest at 2% per annum from the date of refund to the date of repayment, before commencing service. When repayment is made, the Police Officer will receive credit for the previous years of service for which the refund was received.

Financing of Pension Benefits

Pension benefits are to be funded by "employee" deductions from wages and salaries of Police Officers and by a property tax levied by the Municipality. The amount derived from these two sources should equal the sum sufficient to meet the annual actuarial requirements of the pension fund as stated below:

(1) Provide a reserve for the pensions and benefits earned by the Police Officers and all beneficiaries — provided that the reserve to be accumulated shall not exceed the estimated total actuarial requirements of the fund,

and

(2) In a municipality that has a reserve less than the actuarial requirements of the fund, the Board of the Pension Fund shall designate the proportionate amount needed annually to insure the accumulation of such actuarial reserve over a period of 35 years subsequent to January 1, 2011, in the case of pension funds in operation on that date.

The minimum funding requirements under P.A. 96-1495 are disclosed on the following page.

Administration

The Police Pension Fund is administered by a Board of Trustees located in each municipality maintaining a Pension Fund for its Police Officers. Its duties are: to control and manage the pension fund, to enforce the collection of the contributions, to hear and determine applications for pensions, to authorize payment of pensions to establish rules, to pay expenses, to invest funds, and to keep records.

Benefits Under P.A. 96-1495

Under P.A. 96-1495, members of the City of Joliet Police Officers' Pension Fund hired after December 31, 2010, are eligible for the following tier-two benefits:

- Minimum retirement eligibility at age 55 with 10 years of service with annuity based on accrual rate of 2.5 percent, subject to a maximum of 75 percent.
- Minimum retirement eligibility at age 50 with 10 years of service with annuity based on accrual rate of 2.5 percent, reduced by ½ of a percent per month for retirement prior to age 55, subject to a maximum of 75 percent.
- Final average salary based on 96 consecutive months within last 120 months.
- Annual salary capped at $106,800, indexed annually at lesser of 3.0 percent and 50 percent of CPI-U. For the January 1, 2014, valuation, annual salary is capped at $110,631.26.
- COLA equal to lesser of 3.0 percent and 50 percent of CPI-U, commencing at age 60, with no cap, applied to originally granted retirement annuity.

- Widow benefits at 66-2/3 percent of retiree's benefit.
- Widow COLAs equal to the lesser of 3.0 percent and 50 percent of CPI-U, commencing when the survivor reaches age 60 and applied to originally granted retirement annuity.

Minimum Funding Requirements under P.A. 96-1495

P.A. 96-1495 includes the following changes to the statutory funding requirements:

- Employer contribution (combined with members contributions and other fund revenue) produces 90 percent funding by the end of fiscal year 2040.
- Contributions based on open group projection and level percent of pay financing.
- Actuarial liabilities based on projected unit credit cost method.
- Assets marked to market at March 30, 2011. For fiscal years after March 30, 2011, actuarial value of assets based on 5-year smoothing.

If the City does not make the statutorily required contributions, then the State, starting in FY 2016, could withhold State grants to the City, and directly deposit the withheld funds into the City of Joliet Police Officers' Pension Fund. The withheld funds are limited to 33 percent of total State grants to the City in FY 2016, 67 percent in FY 2017, and 100 percent on and after FY 2018.

The contribution determined in accordance with P.A. 96-1495 serves as a minimum contribution requirement. The funding policy adopted for this valuation exceeds the minimum contribution established under this Public Act.

ACTIVE MEMBERS AS OF JANUARY 1, 2014
BY ATTAINED AGE AND YEARS OF SERVICE

Attained Age	Years of Service to Valuation Date: 0	1-4	5-9	10-14	15-19	20-24	25-29	30-34	Over 35	Totals	Totals: Valuation Payroll
Under 20										**0**	**$ 0**
20-24										**0**	**0**
25-29	2	3	8							**13**	**877,336**
30-34	3		39	4						**46**	**4,144,838**
35-39	2		20	30	3					**55**	**5,375,468**
40-44			6	26	27	8				**67**	**7,217,348**
45-49				4	18	20	5			**47**	**5,349,791**
50-54					6	11	4	1		**22**	**2,455,950**
55-59					2	1	1	1	1	**6**	**724,087**
60-64										**0**	**0**
65-69										**0**	**0**
Over 70										**0**	**0**
Total	**7**	**3**	**73**	**64**	**56**	**40**	**10**	**2**	**1**	**256**	**$26,144,818**

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Age:	41.1	years
Service:	14.5	years
Annual Pay:	$102,128	

DEVELOPMENT OF ACTUARIAL (MARKET-RELATED) VALUE OF ASSETS

Expected Return on Market Value of Assets for Prior Year

1. Market value of assets at 01/01/2013 — $ 136,413,412

2. Actual income and disbursements in prior year weighted for timing:

Item	Amount	Weight for Timing	Weighted Amount
(a) Member Contributions	$ 3,388,018	50.00%	$ 1,694,009
(b) City Contributions	13,307,906	50.00%	6,653,953
(c) Miscellaneous Revenue	131,574	50.00%	65,787
(d) Benefit Payments	(10,836,973)	50.00%	(5,418,487)
(e) Administration	(115,821)	50.00%	(57,911)
(f) Total			$ 2,937,351

3. Market value of assets adjusted for actual income disbursements [(1) + (2)(f)] — $ 139,350,763

4. Assumed rate of return on plan assets for the year — 7.00%

5. Expected return [(3) * (4)] — $ 9,754,553

Actual Return on Market Value of Assets for Prior Year

6.	Market value of assets at 01/01/2013	$ 136,413,412
7.	Income (less investment income) for prior plan year	16,827,498
8.	Disbursements paid in prior year	10,952,794
9.	Market value of assets at 01/01/2014	159,141,859
10.	Actual Return [(9) + (8) - (7) - (6)]	16,853,743

Gain/(Loss)

11. Investment gain/(loss) for prior year based on market value of assets [(10) - (5)] — $ 7,099,190

DEVELOPMENT OF ACTUARIAL (MARKET-RELATED) VALUE OF ASSETS (CONTINUED)

Actuarial Value of Assets as of 01/01/2014

12. Market value of assets at 01/01/2014 — $ 159,141,859

13. Deferred investment gains and (losses) for last 3 years:

	Plan Year Beginning	Gain/(Loss)	Percent Deferred	Deferred Amount
a)	2011	$ (8,171,978)	25.00%	$ (2,042,995)
b)	2012	516,504	50.00%	258,252
c)	2013	7,099,190	75.00%	5,324,393
d)	Total	$ (556,284)		$ 3,539,650

14.	Item (12) less item 13(d)	$ 155,602,209
15.	2014 Tax Year Levy (i.e., the 2013 Plan Year Contributions)	12,768,473
16.	Interest Adjustment on item (15) to 01/01/2014	(410,279)
17.	Actuarial Value of Plan Assets at 01/01/2014 [(14) + (15) + (16)]	$ 167,960,403

Notes:

(1) The calculated value is determined by adjusting the market value of assets to reflect the investment gains and losses (the difference between the actual investment return and the expected investment return) during each of the last four years at the rate of 25% per year.

(2) Assumes the 2014 tax year levy is collected and deposited in the Pension Fund on July 1, 2014.

SECTION D

VALUATION PROCEDURES

ACTUARIAL COST METHOD

Normal cost and the allocation of benefit values between service rendered before and after the valuation date was determined using the ***individual entry-age actuarial*** *cost method* having the following characteristics:

- The annual normal costs for each individual active member, payable from the date of employment to the date of retirement, are sufficient to accumulate the value of the member's benefit at the time of retirement; and

- Each annual normal cost is a constant percentage of the member's year-by-year projected covered pay.

Financing of Unfunded Actuarial Accrued Liabilities. Unfunded actuarial accrued liabilities were amortized by level (principal and interest combined) percent of payroll contributions over 32 future years.

Actuarial Value of Pension Plan Assets. The current market value of assets (including discounted contributions due for prior Plan Years and not received as of the valuation date) is reduced (increased) for the current year and each of two 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 75% in the current year, 50% in the first succeeding year and 25% in the second succeeding year.

ACTUARIAL ASSUMPTIONS IN THE VALUATION PROCESS

The contribution and benefit values of the System are calculated by applying actuarial assumptions to the benefit provisions and census information furnished, using the actuarial cost method described on the previous page.

The principal areas of financial risk which require assumptions about future experiences are:

- Long-term rates of investment return to be generated by the assets of the System;
- Patterns of pay increases to members;
- Rates of mortality among members, retirees and beneficiaries;
- Rates of withdrawal of active members;
- Rates of disability among members; and
- The age patterns of actual retirement.

In a valuation, the monetary effect of each assumption is calculated for as long as a present covered person survives; a period of time which can be as long as a century.

Actual experience of the System will not coincide exactly with assumed experience. Each valuation provides a complete recalculation of assumed future experience and takes into account all past differences between assumed and actual experience. The result is a continual series of adjustments (usually small) to the computed contribution rate.

From time to time it becomes appropriate to modify one or more of the assumptions, to reflect experience trends (but not random year-to-year fluctuations).

The assumptions used in this valuation, with exception to the assumed rate of investment return, are the same as those used in the previous valuation.

The assumed rate of investment return used was 6.75%, net of expenses, annually.

The mortality table used to measure retirement mortality is the 1994 Group Annuity Mortality Table. This assumption is used to measure the probabilities of members dying before retirement and the probabilities of each benefit payment being made after retirement. This is a static table with no provisions for future mortality improvement.

Sample Attained Ages	Single Life Retirement Values Present Value of $1 Monthly for Life: Men	Women	Future Life Expectancy (years): Men	Women
50	$ 151.44	$ 159.02	30.69	34.89
55	141.72	151.04	26.15	30.17
60	129.97	140.94	21.83	25.59
65	116.60	129.05	17.84	21.28
70	102.28	115.60	14.29	17.31
75	86.85	99.89	11.12	13.60
80	70.91	82.94	8.37	10.31

The disability retirement mortality table was based on 110% of the 1994 Group Annuity Mortality Table.

Sample Attained Ages	Single Life Retirement Values Present Value of $1 Monthly for Life: Men	Women	Future Life Expectancy (years): Men	Women
50	$ 149.80	$ 157.77	29.80	34.03
55	139.70	149.44	25.29	29.34
60	127.53	138.95	21.01	24.78
65	113.79	126.67	17.08	20.51
70	99.21	112.90	13.60	16.60
75	83.63	96.91	10.51	12.96
80	67.67	79.80	7.85	9.75

Rates of separation from active membership are represented by the following table (rates do not apply to members eligible to retire and do not include separation on account of death or disability). This assumption measures the probabilities of members terminating employment.

Years of Service	Sample Employee Withdrawal Rate Per 1,000 Employees	
	Males	Females
0	40.0	40.0
5	24.0	24.0
10	9.0	9.0
15	9.0	9.0
20	9.0	9.0
25	6.0	6.0
30 and Over	0.0	0.0

The rates of salary increase used for individual members are in accordance with the following table. This assumption is used to project a member's current salary to the salaries at the time upon which benefit amounts will be based.

Years of Service	Salary Increase Assumptions For an Individual Member Increase
1	30.00%
2	27.50%
3	18.00%
4	8.00%
>=5	5.25%

Sample rates of disability were as follows:

Employee Disablement Rate Per 1,000 Employees		
Age	**Male**	**Female**
25	0.4	0.4
30	0.5	0.5
35	0.7	0.7
40	1.0	1.0
45	1.6	1.6
50	2.6	2.6
55	5.0	5.0
60	8.7	8.7
65	14.3	14.3

Probabilities of retirement for members eligible to retire during the next year were as follows:

Rates of Retirement			
Age	**Rate**	**Age**	**Rate**
50	7.5 %	60	25.0 %
51	7.5	61	50.0
52	15.0	62	50.0
53	15.0	63	50.0
54	15.0	64	50.0
55	25.0	65	100.0
56	25.0	66	100.0
57	25.0	67	100.0
58	25.0	68	100.0
59	25.0	69	100.0

SECTION E

GASB STATEMENT NO 27

This information is presented in draft form for review by the Fund's auditor. Please let us know if there are any items that the auditor changes so that we may maintain consistency with the Fund's financial statements.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	GASB Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (UAAL) (b – a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Payroll [(b – a)/c]
1/1/2009	$108,992,202	$207,987,440	$98,995,238	52.4%	$24,731,587	400.3%
1/1/2010	116,137,856	226,844,622	110,706,766	51.2	23,117,412	478.9
1/1/2011	123,381,539	256,768,733	133,387,194	48.1	24,847,562	536.8
1/1/2012	129,638,304	277,730,117	148,091,813	46.7	25,893,398	571.9
1/1/2013	140,292,520	288,456,057	148,163,537	48.6	25,548,490	579.9
1/1/2014	155,602,209	313,238,213	157,636,004	49.7	26,144,818	602.9

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended	Annual Required Contribution (a)	Total Employer Contribution (b)	Percentage Contributed (b / a)
12/31/2009	$ 9,749,187	$ 9,475,303	97.2%
12/31/2010	10,350,416	10,185,546	98.4
12/31/2011	11,670,558	10,952,624	93.8
12/31/2012	12,605,549	11,689,752	92.7
12/31/2013	12,519,997	13,307,906	106.3
12/31/2014	13,383,213	TBD	TBD

Contribution rates:

City	Proceeds from a tax levy equal to the sum of: (a) annual normal cost plus (b) amortization of unfunded liability as a level percent of pay between now and 1/1/2046 plus (c) interest on (a) and (b) to date of payment.		
Plan members	9.910% of regular salary		
Annual Required Contribution for fiscal year ending December 31, 2014:	Net Annual Normal Cost (Municipality Paid)	$	5,903,952
	Annual Amortization Payments for Funding Unfunded Actuarial Accrued Liability Over 30 Years as a level percentage of payroll		7,479,261
	Annual Required Contribution (ARC)	$	13,383,213
Annual Pension Cost for fiscal year ending December 31, 2014:	Annual Required Contribution (ARC)	$	13,383,213
	Interest on Net Pension Obligation		574,201
	Adjustment to ARC		(403,611)
	Total Annual Pension Cost	$	13,553,803
Net Pension Obligation (NPO):	Net Pension Obligation (NPO) at Beginning of year, January 01, 2013:	$	9,102,094
	Total Annual Pension Cost from Previous Year:		12,712,489
	Total Employer Contribution for year ended December 31, 2013:		13,307,906
	Net Pension Obligation (NPO) at End of year, December 31, 2013:	$	8,506,677

PENSION COST SUMMARY FOR GASB #27

Year Ended December 31	Annual Pension Cost	Total Employer Contribution	% of Annual Pension Cost Contributed	Net Pension Obligation
2009	$ 9,841,433	$ 9,475,303	96.3%	$ 6,896,740
2010	10,436,471	10,185,546	97.6	7,147,665
2011	11,821,717	10,952,624	92.6	8,016,758
2012	12,775,088	11,689,752	91.5	9,102,094
2013	12,712,489	13,307,906	104.7	8,506,677
2014	13,553,803	TBD	TBD	TBD

SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

The information requested in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date	January 1, 2014
Actuarial Cost Method and Amortization Method	Entry-Age-Normal 35-Year Closed Level-Percentage-of-Pay Amortization (from January 1, 2011) for Funding. 32 years remaining 30-Year Open Level-Percentage-of-Pay Amortization (from January 1, 2011) for GASB 27 Accounting.
Actuarial Value of Assets	4-year smoothed market
Actuarial Assumptions:	
Investment Rate of Return	6.75% per year
Projected Salary Increases*	5.25% per year with a three-year service-based select period
****Includes Wage Inflation Increases***	4.00% per year
Cost-of-Living Increases	3.00% per year