# New York City Fire Pension Fund

**Comprehensive Annual Financial Report**

**A Pension Trust Fund of the City of New York**

**For The Fiscal Year Ended**

**June 30, 2012 and June 30, 2011**

**Salvatore J. Cassano**

**Fire Commissioner**

**and Chairperson of the Board of Trustees**

**City of New York**

# New York City Fire Pension Fund

9 MetroTech Center, Brooklyn, N.Y. 11201
(718) 999 - 1190

## Comprehensive Annual Financial Report
## A Pension Trust Fund of the City of New York
## For Fiscal Year Ended

## June 30, 2012

Prepared under the Direction of: **Mary E. Basso**
Pension Director

Prepared By: **Angel G. Garcia**
Assistant Deputy Director

**Maureen V. Dale**
Administrative Staff Analyst

**Agnes S. Chan**
Associate Accountant

Actuary: **Robert C. North, Jr.**
Chief Actuary

Custodian of the Fund: **John C. Liu**
Comptroller of the City of New York

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# New York City Fire Pension Fund

# Comprehensive Annual Financial Report

## A Pension Trust Fund of the City of New York

## Introductory Section

## Part I

## Fiscal Year Ended June 30, 2012

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# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## New York City Fire Department SubChapter Two Pension Fund New York

For its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

Linda C. Davison

President

Jeffrey R. Esser

Executive Director

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The City of New York

FIRE DEPARTMENT
9 METROTECH CENTER. BROOKLYN N. Y. 11201-3857

SALVATORE J. CASSANO
*Fire Commissioner*

Suite 8W-6

December 10, 2012

TO: **ALL MEMBERS OF THE NEW YORK CITY FIRE PENSION FUND**

RE: **PENSION FUND COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR 2012**

I am pleased to present the New York City Fire Pension Fund Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012. I believe you will find the financial, investment, actuarial and statistical information and disclosures within this report to be both interesting and useful.

The external auditors, Deloitte & Touche LLP, confirm in their Independent Auditors' Report on the financial condition of the Fund for fiscal year 2012 that we have adhered to required standards in all material respects. Our members and their beneficiaries can therefore remain confident that their Pension Fund is well managed and that their retirement benefits are secure.

During fiscal year 2012, the Pension Bureau and the Fire Department Bureau of Technology Development and systems (BTDS), in conjunction with the selected vendor, successfully implemented a new pension administrative system, the Electronic Uniformed Pension System (e-UPS). The new system, which became operational in June 2012, incorporates and modernizes a wide range of key administrative pension processes. Our operational capability has improved greatly and the system is now well positioned for future enhancements. This upgrade is a part of our continuing effort to provide outstanding services to our members.

As Fire Commissioner and Chairperson of the Board of Trustees, I wish to express our gratitude to all active and retired uniformed members for their valuable contributions to the Fire Department and the City of New York.

Sincerely,

Salvatore J. Cassano
Chairperson of the Board of Trustees

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The City of New York

FIRE DEPARTMENT
9 METROTECH CENTER, 6TH FLOOR BROOKLYN N. Y. 11201-3857

*Mary E. Basso*
*Director*
*Bureau of Pension*

December 10, 2012

TO: **Board of Trustees**
**New York City Fire Pension Fund**

It is my privilege to present this Comprehensive Annual Financial Report of the New York City Fire Pension Fund ("Fire" or the "Plan"), also known as the New York City Fire Department Subchapter Two Pension Fund, for the fiscal year ended June 30, 2012. Management is responsible for the preparation, accuracy and completeness of this presentation. We believe that the data in this report is a fair representation of the financial position and results of operations of the Fund and to the best of our knowledge, the information is accurate and includes all required disclosures. Our report is organized into the Introductory, Financial, Investment, Actuarial and Statistical sections. Users of the financial statements are encouraged to review the Management's Discussion and Analysis (MD&A) presented in the financial section.

## Profile of the Fund

The New York City Fire Pension Fund, also known as The New York City Fire Department Subchapter Two Pension Fund (formerly Article 1-B), was established pursuant to Local Law No. 53, enacted July 14, 1941. On that date all participants covered under Article 1-A and those subsequently appointed to the Fire Department were granted the option of membership in either Article 1-A or Subchapter Two, in accordance with the legislation. At that time, all members of the Article 1-A Fund became participants in the Fund established under Subchapter Two and, with one exception, all new appointees elected membership in the Subchapter Two Fund.

Effective July 1, 1980, the Article 1-A Fund was terminated and its assets transferred to the Subchapter Two Fund. Prior to July 1, 1980, each member contributed by salary deduction an amount determined to provide approximately 25% of the cost of their benefits, while the City contributed the remaining 75%. The total contributions under this arrangement proved inadequate to fund the benefits, and the Pension Fund became actuarially unsound.

Pursuant to an increased take home pay (ITHP) provision established under Section 13-326 of the New York City Administrative Code, members' contributions were reduced by 2½ % of their earnings. The ITHP rate has since been increased from 2½ % to 5%, under the provisions of Chapter 373 of the laws of 2000. Additional City funding made up the reduction in the amount of member contributions.

New State laws, effective July 1, 1980, July 1, 1981, and July 1, 1982, amended the benefit provisions of the Fund by establishing a new Plan known as the Improved Benefits Plan (IBP). The IBP provides increased benefits along with higher member and City contributions. The Original Plan (OP) was closed to new entrants on July 1, 1981. Membership in the IBP is mandatory for employees hired on or after that date. Members of the OP have the option, during specified time periods each year, to transfer to the IBP. The new laws were expected to correct the previous under-funding of the Pension Fund. The provisions of these laws increased City contributions each year to provide an amount deemed sufficient to cover benefits, excluding annuities and refunds from member contribution accounts. This amount covers the normal cost of operation each year.

## Current Initiatives

Management's goal is to administer the Plan in a manner that will ensure accurate and timely payment of benefits to retirees and beneficiaries and provide members with the best information available so that they may plan for a secure retirement. The highlights of our accomplishments during the past year evidence our commitment to deliver exemplary member services.

Fiscal year 2012 provided many challenges for the pension unit including our continuing work on the development and implementation of the new administrative pension system (e-UPS). Finally, in June of 2012, through the combined efforts of management and key personnel in the Pension Bureau, the Fire Department Bureau of Technology Development and Systems (BTDS) and the vendor, our project was completed and e-UPS became operational. The system has integrated and modernized key processes in member services, such as pension computations and loan processing. Streamlining our operations enables our unit to function more efficiently and improve the services provided to our members. Future enhancements include a member self-service portal and electronic Annual Pension Statements.

The Retirement Counseling unit advised many prospective retirees and processed new retirement applications for over 350 members during fiscal year 2012. These applicants are now receiving 90% of their expected retirement benefit, pending finalization.

In addition, the Pension Payroll and Calculations Units were able to finalize approximately 400 retirees and beneficiaries who were previously receiving 90% of their benefits. These retirees and beneficiaries are now receiving the full amount of their benefits.

# Financial Information

## Economic Conditions in Fiscal Year 2012 and Outlook for Fiscal Year 2013

Economic conditions at both the national and local levels significantly impact financial markets and investment revenues. Our pension fund relies on employer and employee contributions and investment revenues to meet current obligations and future commitments. The state of the economy is therefore always of great concern. The U.S. economy, as measured by the change in real Gross Domestic Product (GDP), grew modestly at an annual rate of 2% in fiscal year 2012. This level of growth is slower than the 2.2% growth in fiscal year 2011 and is not sufficient for a sustained recovery; growth in the national economy appears to have lost momentum. The unemployment rate, however, improved modestly, moving from a high of 9.1% in July 2011 to 8.1% in June 2012. The Federal Reserve attempted to bolster the economy with a series of quantitative easing (QE) programs, however, while the Federal Reserve actions helped to recapitalize the banks, the banks have not responded by loosening credit. The target range, for the Federal Funds short term interest rate continued to be held at levels between 0% and 0.25% over the period. During the fiscal year 2012, market volatility and concerns about the global economy persisted. The major concerns include the persistent European debt crisis, the austerity programs pursued to stabilize the economies of the Euro Zone, the escalating political unrest in the Middle East, the slow pace of domestic jobs recovery, the national debt and required financial reforms.

The City's economy as measured by the change in real Gross City Product (GCP) grew by 1% during fiscal year 2012. This was at a slower pace than the national economy and also far less than the 3.7% growth achieved in fiscal year 2011. The slow national recovery and anxiety over high unemployment rates continue to negatively impact growth in the City's economy. The City's unemployment rate rose to 9.4% in fiscal year 2012, up from 9% in fiscal year 2011. The increase in the rate can be attributed to more workers joining the labor force. The labor force increased by 10,500 while the City's unemployed rolls rose by 16,400. Although the City's economy has shown some signs of resiliency in the fourth quarter of fiscal year 2012, there are still significant downside risks to the economy.

The Fund's investment returns for fiscal year 2012 are reflective of the uncertainty and volatility experienced in financial markets during the period. The outlook for recovery of the national economy in fiscal year 2013 remains uncertain, as the factors that impeded growth during fiscal year 2012 will continue to impact the economy. The Comptroller's Office foresees a weak and halting recovery for both the national and the local economies, with the unemployment rate not returning to acceptable levels for several more years. The Bureau of Economic Analysis indicates that GDP increased at the slow rate of 2% in the third quarter of 2012 (advance estimate). On a positive note, the Bureau of Labor Statistics reported the unemployment rate as falling to 7.8% at the end of September 2012.

## Accounting and Reporting

This report was prepared to conform to principles of governmental accounting and reporting as promulgated by the Governmental Accounting Standards Board (GASB) and according to guidelines adopted and published by the Government Finance Officer's Association of the United States and Canada (GFOA). The requirements of GASB Statement No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans," have been adhered to in determining the information in the financial statements.

The accrual basis of accounting is used to record all transactions executed by the Pension Fund. Under this method, revenue is recognized when earned and expenses are recognized when the fund incurs an unconditional obligation to pay. The accrual basis of accounting provides a more realistic picture of the financial activity and performance of the Pension Fund for each period.

## Internal Control

The management of the Pension Fund is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Fund are protected from loss, theft, or misuse. The control structure should also ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Our internal control structure is designed to provide reasonable assurance that these objectives are met.

## Independent Audit

The Fire Pension Fund is required to undergo an annual audit by independent certified public accountants in accordance with generally accepted auditing standards. The accounting firm of Deloitte & Touche was selected to perform the annual audits for the fiscal years ended June 30, 2010 through June 30, 2013. The Independent Auditor's Report on the general-purpose financial statements and schedules of historical information required by the Governmental Accounting Standard Board (GASB) is presented in the financial section of this report. As required under GASB pronouncement 34, adopted in fiscal year 2001, the financial section also contains Management's' Discussion and Analysis (MD&A) with comparative data for fiscal years 2010, 2011 and 2012. The contents of this letter should be considered along with additional information contained in the MD&A.

## Funding

Adequate funding is essential for the financial soundness of a pension plan. If funding levels are adequate, the total amount of accumulated assets will be comparable to the total amount of benefit obligations of the Plan. The City's funding policy is to contribute statutorily- required contributions, which along with member contributions and investment income will be ultimately sufficient to pay benefits when due. A well-funded plan gives members the assurance that the pension benefits promised are secure. The Plan's funded ratio, which is the ratio of Actuarial Asset Value to the Actuarial Accrued Liability, stands at 48.2% for fiscal year 2012, down from 99.7% in the previous period. (Funded status - Note 5 of Notes to Financial Statements). The change can be attributed to the revised actuarial assumptions and methods adopted by the Plan for fiscal year 2012. Funding is further addressed in the actuarial section of our report, which details the revised actuarial methods and assumptions used in the determination of the required funding for the Plan.

## Investments

The Comptroller of the City of New York is the designated custodian of the Fund's investment portfolio, subject to the direction, control and approval of the Board of Trustees. The investment policy adopted by the Board is one that promotes growth through increasing returns. The strategy used to implement this policy is the allocation of assets, which are diversified into a broad array of instruments to minimize overall risk, maintain liquidity and generate competitive returns.

The Fund's portfolio is comprised largely of holdings in domestic, international and private equities and fixed income securities. Equity investments, although historically volatile, provide superior performance and growth over time, while fixed income investments provide predictable cash flow to meet the Fund's current obligations. For fiscal year 2012, the Fund's investment portfolio posted gains of 1.1%, while the Policy Index Returns posted gains of 2.99%. A detailed discussion of investment policy, activities and results is presented in the Investment Section of our report.

# Other Information

## Awards

The Government Finance Officers' Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the New York City Fire Department Subchapter Two Pension Fund, for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2011. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to conform to the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for fiscal year 2012.

## Professional Services

The Comptroller of the City of New York provides investment services through independent advisors. The Chief Actuary of the City's pension systems provides actuarial services to the Fund, while the Corporation Counsel provides legal services to the Fund. The City of New York defrays the expenses associated with these services.

## Acknowledgements

The compilation of this annual report represents the endeavors of the management and staff of the Pension Accounting Unit, whom we commend for their outstanding work. Our report presents complete and reliable information to provide a basis for making management decisions, to comply with legal provisions and to assure responsible stewardship of the assets of the Fund.

I wish to thank the Office of the Actuary and the Office of the Comptroller for the expertise and the wide range of valuable information they provided for our unit. I am also very grateful to the Board of Trustees for the guidance and support they provided during this period.

In closing, I wish to extend my sincere appreciation to the managers and staff of the Pension Bureau, who have worked so diligently to assure the successful daily operation of the Fire Department Pension Fund.

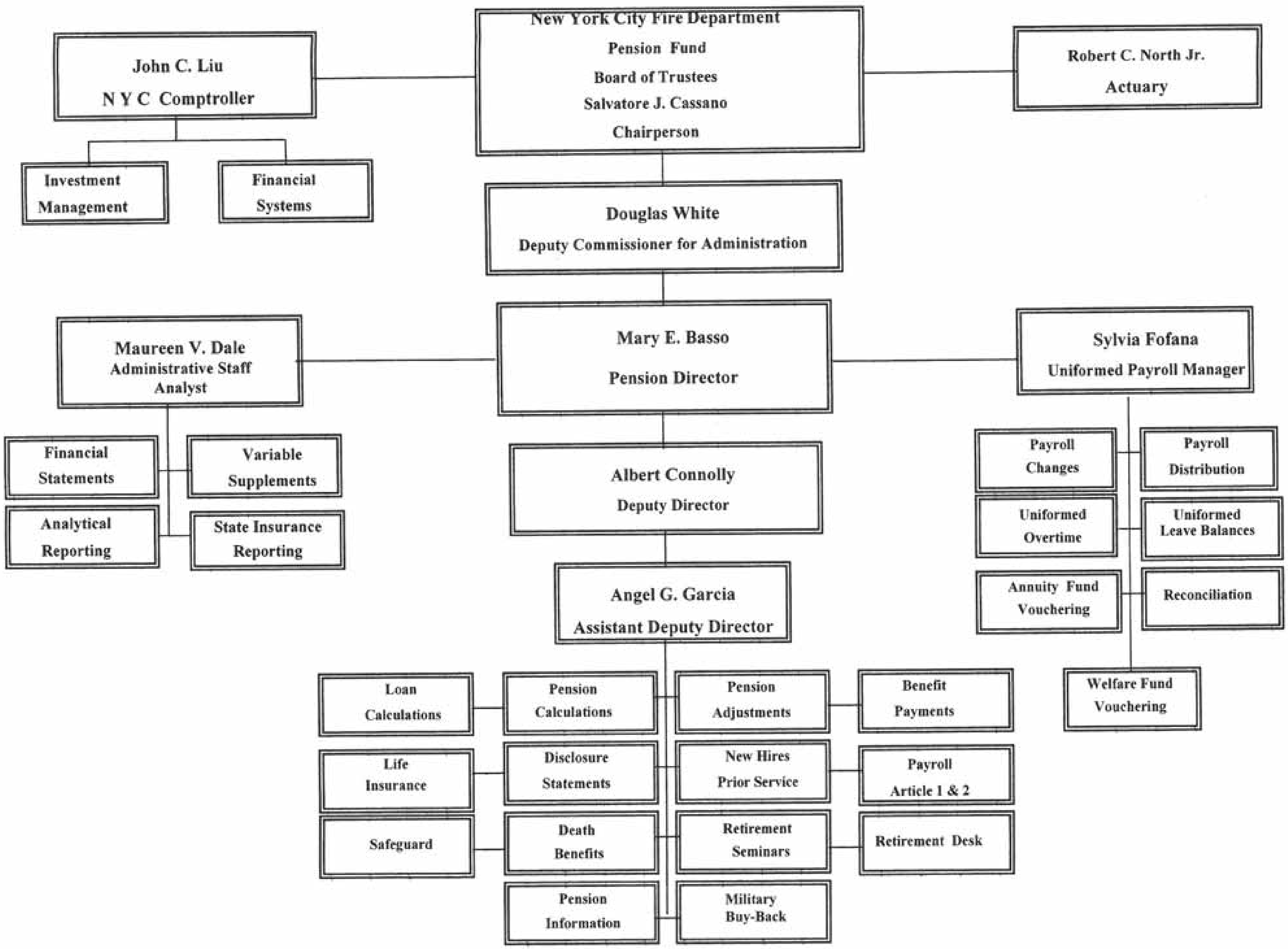
Respectfully submitted,

Mary E Basso

Mary E. Basso
Director of Pensions

# ADMINISTRATIVE ORGANIZATION





## MEMBERS OF THE BOARD OF TRUSTEES

As of June 30, 2012

# PENSION FUND ADMINISTRATION AND REPORTING

**Douglas White**
Deputy Commissioner for Administration

**Mary E. Basso**
Pension Director

**Albert Connolly**
Deputy Director

**Angel G. Garcia**
Assistant Deputy Director

**Maureen V. Dale**
Administrative Staff Analyst

# SUMMARY OF PLAN BENEFITS

## I. Service Retirement

A member may retire after having completed 20 years of service in the Fire Department.

1. Under the Original Plan, upon retirement at any time after having become eligible for service retirement but not later than age 65, the member received a retirement allowance which is the sum of:

   a) 50% of final salary, and

   b) for all years of service other than the minimum required service, 1/60 of the pensionable earning for the period of service after the completion of the member's minimum required service.

2. Under the Improved Benefits Plan, upon retirement after having become eligible for service retirement but no later than the attainment of age 65, the member will receive an allowance, which is the sum of:

   a) 50% of final salary, reduced by an annuity which is the actuarial equivalent of the minimum accumulation.

   b) an annuity which is the actuarial equivalent of the accumulated excess deductions, above the minimum required.

   c) for all years of service other than the minimum required service i)1/60 of the pensionable earnings for the period of service after the completion of the member's minimum required service for each year of such service; and, (ii) a pension for increased-take-home-pay,
   ("ITHP") which is the actuarial equivalent of the accumulated contributions for ITHP made in each year after member's 20th anniversary.

## II. Ordinary Disability Retirement

An ordinary disability retirement allowance is paid upon the disablement of a member from causes other than by an accident in the actual performance of duty.

Under both plans, the ordinary disability retirement allowance is equal to 1/40 of final salary multiplied by the number of years of service However, the benefit is at least 1/2 of final year salary if the member completed 10 or more years of City service, or 1/3 of final salary if the member completed less than 10 years of City service. Under the improved benefits plan, the above is reduced by a benefit actuarially equivalent to any unpaid contribution rate deficiency

## III. Accidental Disability Retirement

Upon the occurrence of disability caused by an accident in the actual performance of duty, a member is granted a retirement allowance.

**1.** Under the Original Plan, the allowance is the sum of:

**a)** 75% of final salary

**b)** If eligible for service retirement, for all years of service other than the minimum required service, 1/60 of pensionable earnings for the period of service after the completion of the member's minimum required service for each year of such service;

**c)** the accumulated contributions, which are paid in a lump sum.

**2.** Under the Improved Benefits Plan, the allowance is the sum of:

**a)** 75% of final salary

**b)** an annuity which is the actuarial equivalent of the accumulated deductions

**c)** a pension-for-increased-take-home-pay which is the actuarial equivalent of the accumulated contributions for increased-take-home-pay made in each year since January 1, 1963, and

**d)** for all years of service other than the minimum required service, 1/60 of pensionable earnings after the completion of the members' minimum required service for each year of such service;

## IV. Ordinary Death Benefit

Upon the death of a member in active service from causes other than for an accident in the actual performance of duty, a benefit is paid to the member's estate or to the member's designated beneficiary.

The benefit payable on account of such a member who at the time of death would have been eligible for service retirement is the amount equal to the reserve on the retirement allowance, which would have been payable had the member retired on the day preceding death, whichever is larger.

A member with less than 20 years is covered for a death benefit upon completion of 90 days of service. The amount of the death benefit is equal to three times the member's salary raised to the next higher multiple of $1,000. In addition, the member's accumulated contributions or deductions are returned.

The Rules and Regulations adopted by the Board of Trustees in accordance with Chapter 581 of the Laws of 1970, provide that the first $50,000.00 of each benefit on account of death in active service is payable from the Group Term Life Insurance Plan. Only the amount in excess of $50,000.00, if any, is payable by the Pension Fund.

## V. Accidental Death Benefit

Upon the death of a member which occurs as the result of an accident sustained in the performance of duty, a death benefit is payable.

Under the Original Plan, the benefit is a lump sum payment of the accumulation for increased-take-home-pay and a pension equal to one-half of the member's final salary but not less one-half of the full salary of a first grade firefighter, payable to the surviving spouse until death, or if there is no surviving spouse, to a child or children until the youngest attains age 18 or age 23 if still a student, or if there is no surviving spouse or child, to a dependent parent. In addition, the member's accumulated contributions and the City's obligation on account of military service, if any, are paid to his estate or designated beneficiary

Under the Improved Benefits Plan, the benefit is a lump sum payment of the reserve for increased-take-home-pay and a pension equal to one-half of the average salary in the five years immediately preceding death, but not less than one-half of the full salary of a first grade firefighter, payable to the surviving spouse until death, or if there is no surviving spouse, to a child or children until the youngest attains age 18 or age 23 if still a student or if there is no surviving spouse or child, to a dependent parent. In addition, the member's accumulated deductions and the City's obligation on account of military service, if any, are paid to the member's estate or designated beneficiary

## VI. Withdrawal Benefit

Under the Original Plan, a member who either resigns or is dismissed receives a benefit equal to the member's accumulated contributions. Under the Improved Benefits Plan, such a member receives a benefit equal to the member's accumulated deductions. Members with at least five years of service may make application for vested retirement, in lieu of a return of the member's accumulated deductions. The allowance is deferred to the earliest date on which the member could have been eligible for service retirement. Should a member who elected to receive a service retirement allowance die during the period of deferment, the benefit will be the accumulated deductions, if the member dies during the period of deferment with 10 or more years of vested service, the benefit will be one half of the ordinary death benefit.

## VII. Supplemental Retirement Allowance (Cost of Living Adjustment)

Supplemental Retirement Allowances are payable to members who retired prior to calendar year and who were retired for disability or have attained the age of 62. The benefit is equal to a percentage, depending on the calendar year of retirement, of the first $18,000 of the retirement allowance that the member was entitled to receive, had the member not elected any optional form of benefit. The benefit to spouses is equal to one-half the benefit that the pensioner would received if living, where such pensioner had elected one of the options under the Administrative Code which provided that benefits are to be continued for the life of such spouse after the death of the pensioner.

# New York City Fire Pension Fund

# Comprehensive Annual Financial Report

## A Pension Trust Fund of the City of New York

## Financial Section

## Part II

## Fiscal Year Ended June 30, 2012

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Deloitte.

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USA

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Trustees of the
New York City Fire Department Pension Fund

We have audited the accompanying statements of plan net assets of the New York City Fire Department Pension Fund (the "Plan") as of June 30, 2012 and 2011, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets of the Plan as of June 30, 2012 and 2011, and the changes in plan net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 5 to the Plan's financial statements, in 2012 certain actuarial assumptions and methods were revised.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule 1, Schedule 2 and Schedule 3, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of the Plan. The accompanying supplementary information listed as Additional Supplementary Information, in the foregoing table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepared the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the Additional Supplementary Information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements. The Introductory, Investment, Actuarial, and Statistical Sections, as listed in the foregoing table of contents are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Deloitte & Touche LLP

October 26, 2012

This narrative discussion and analysis of the New York City Fire Department Pension Fund's ("Fire" or the "Plan"), also known as the New York City Fire Department Subchapter Two Pension Fund, financial performance provides an overview of the Plan's financial activities for the fiscal years ended June 30, 2012 and 2011. It is meant to assist the reader in understanding the Plan's financial statements by providing an overall review of the financial activities during the two years and the effects of significant changes, as well as a comparison with the prior years' activity and results. This discussion and analysis is intended to be read in conjunction with the Plan's financial statements.

### OVERVIEW OF BASIC FINANCIAL STATEMENTS

The following discussion and analysis are intended to serve as an introduction to the basic financial statements. The basic financial statements are:

- **The Statement of Plan Net Assets** — presents the financial position of the Plan at each fiscal year end. It indicates the assets available for payment of future benefits and any liabilities that are owed as of the statement date. Investments are shown at fair value. All assets and liabilities are determined on an accrual basis.

- **The Statement of Changes in Plan Net Assets** — presents the results of activities during the fiscal year. All changes affecting the assets and liabilities of the Plan are reflected on an accrual basis when the activity occurred, regardless of the timing of the related cash flows. In that regard, changes in the fair values of investments are included in the year's activity as net appreciation (depreciation) in fair value of investments.

- **The Notes to Financial Statements** — provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes present information about the Plan's accounting policies, significant account balances and activities, material risks, obligations, contingencies, and subsequent events, if any.

Other information as required by the Governmental Accounting Standards Board (GASB) is presented after the Notes to the Financial Statements.

The financial statements are prepared in accordance with GASB Pronouncements.

### FINANCIAL HIGHLIGHTS

For fiscal year ended June 30, 2012, the Plan's net assets held in trust for pension benefits increased by \$169.0 million (2.1%) to approximately \$8.1 billion, compared to the Plan's net assets for fiscal year 2011. The increase for fiscal year 2012 can be attributed to the excess of total contributions and net investment income over pension benefits paid. In addition, during the period a net depreciation in fair value of the Plan's investment portfolio, primarily the decrease in value of equity investments, served to reduce the amount of net investment income reported.

For fiscal year ended June 30, 2011, the Plan's net assets held in trust for pension benefits increased by \$1,517 million (23.6%) to approximately \$8.0 billion, compared to the Plan's net assets for fiscal year 2010.

The increase for fiscal year 2011 can be attributed primarily to the increase in fair value of equity investments.

**Changes in Plan Net Assets**
**Years Ended June 30, 2012, 2011 and 2010**
**(In thousands)**

| | 2012 | 2011 | 2010 |
|---|---|---|---|
| Additions: | | | |
| Member contributions | $ 98,494 | $ 94,893 | $ 89,223 |
| Employer contributions | 976,895 | 890,706 | 874,331 |
| Net investment income (loss) | 93,548 | 1,472,892 | 818,201 |
| Other | 37,661 | 41,887 | 34,990 |
| Total | 1,206,598 | 2,500,378 | 1,816,745 |
| Deductions: | | | |
| Benefit payments and withdrawals | 1,037,589 | 983,474 | 954,773 |
| Net increase (decrease ) | 169,009 | 1,516,904 | 861,972 |
| Plan net assets held in trust for pension benefits: | | | |
| Beginning of year | 7,955,668 | 6,438,764 | 5,576,792 |
| End of year | $ 8,124,677 | $ 7,955,668 | $ 6,438,764 |

For fiscal year ended June 30, 2012, member contributions were approximately $98.5 million or an increase of $3.6 million (3.8%) compared to member contributions for fiscal year 2011. For fiscal year ended June 30, 2011, member contributions were approximately $94.9 million or an increase of $5.7 million (6.4%) compared to member contributions for fiscal year 2010. The increases in member contributions are primarily due to a greater number of active Plan members making voluntary contributions in addition to their required contributions and increases in the average annual pay of Plan members.

Employer contributions are made on a statutory basis determined by the actuarial valuations performed as of June 30, 2010, 2009 and 2008. Employer contributions for fiscal year 2012 totaled $976.9 million, an increase of $86.2 million (9.7%) over employer contributions for fiscal year 2011. Employer contributions for fiscal year 2011 totaled $890.7 million, an increase of $16.4 million (1.9%) over employer contributions for fiscal year 2010.

For fiscal year ended June 30, 2012, the Plan had a net investment gain of $93.5 million, this amount was however a decrease of 93.6% compared to the net investment gain of $1,472.9 million recorded for fiscal year 2011. The gain for fiscal year 2012 can be attributed to the excess of interest and dividends received over the net depreciation in fair value of the Plan's investment portfolio.

For fiscal year ended June 30, 2011, the Plan had a net investment gain of $1,472.9 million, an increase of 80% compared to the net investment gain of $818.2 million recorded for fiscal year 2010. The gain for fiscal year 2011 can be attributed to the net appreciation in the fair value of the Plan's investment portfolio, primarily the increase in value of equity investments.

Benefit payments and withdrawals recorded were $1,037.6 million for the period ended June 30, 2012; this was an increase of 5.5% over benefit payments and withdrawals recorded in fiscal year 2011. Benefit payments and withdrawals recorded were $983.5 million for the period ended June 30, 2011; this was an increase of 3.0% over benefit payments and withdrawals recorded in fiscal year 2010. Increases in benefit payments and withdrawals are primarily due to changes in the number of new retirees and the amount of payments made to beneficiaries. In addition, legislatively enacted cost of living increase for certain retirees and beneficiaries also serves to increase benefit payments each year.

## PLAN NET ASSETS

For fiscal year 2012, Fire's plan net assets held in trust for benefits increased by 2.1% to approximately $8.1 billion, compared to plan net assets of $8.0 billion in fiscal year 2011. The increase for fiscal year 2012 can be attributed to the excess of total contributions and net investment income over pension benefits paid. In addition, during the fiscal period a net depreciation in fair value of the Plan's investment portfolio, primarily the decrease in value of equity investments, served to reduce the amount net investment income reported.

For fiscal year 2011, Fire's plan net assets held in trust for benefits increased by 23.6% to approximately $8.0 billion, compared to plan net assets of $6.4 billion in fiscal year 2010. The increase can be attributed to the net appreciation in the fair value of the Plan's investment portfolio, primarily the increase in value of equity investments.

Outstanding member loans for fiscal year 2012 were $32.4 million, a decrease over member loans reported in fiscal year 2011. Outstanding member loans for fiscal year 2011 were $34.7 million, a slight increase over member loans reported in fiscal year 2010. Changes in member loans can be attributed to changes in the number and amounts of new loans disbursed and the amount of repayments received. Members are permitted to borrow up to 75% (for certain members up to 90%) of their required contributions, including accumulated interest.

**Plan Net Assets**
**June 30, 2012, 2011 and 2010**
**(In thousands)**

| | 2012 | 2011 | 2010 |
|---|---|---|---|
| Cash | $ 9,929 | $ 2,331 | $ 182 |
| Receivables | 243,784 | 213,733 | 354,823 |
| Investments — at fair value | 8,392,441 | 8,325,700 | 6,710,573 |
| Collateral from securities lending | 730,002 | 746,949 | 604,956 |
| Other assets | 57,929 | 3,545 | 76,190 |
| Total assets | 9,434,085 | 9,292,258 | 7,746,724 |
| Accounts payable | 108,237 | 28,201 | 38,761 |
| Payables for investments purchased | 452,438 | 543,353 | 646,837 |
| Accrued benefits payable | 15,302 | 14,658 | 13,977 |
| Payables for securities lending transactions | 733,431 | 750,378 | 608,385 |
| Total liabilities | 1,309,408 | 1,336,590 | 1,307,960 |
| Plan net assets held in trust for benefits | $ 8,124,677 | $ 7,955,668 | $ 6,438,764 |

The Plan's receivables and payables are primarily generated through the timing difference between the trade and settlement dates for investment securities purchased or sold.

## INVESTMENT SUMMARY

**Investment Summary**
**June 30, 2012, 2011 and 2010**
**(In thousands)**

| Type of Investment (Fair Value) | 2012 | 2011 | 2010 |
|---|---|---|---|
| Short-term investments | $ 479,205 | $ 774,441 | $ 407,652 |
| U.S. debt securities | 2,144,762 | 1,839,397 | 1,746,428 |
| Yankee bonds | 10,265 | 6,634 | 6,278 |
| U.S. equity securities | 2,856,302 | 3,271,136 | 2,746,864 |
| Mutual funds | 1,797,489 | 1,677,960 | 1,243,461 |
| Collateral from securities lending | 730,002 | 746,949 | 604,956 |
| Promissory notes | 3,320 | 3,628 | 2,852 |
| Private equity | 1,101,098 | 752,504 | 557,038 |
| Total | $ 9,122,443 | $ 9,072,649 | $ 7,315,529 |

## INVESTMENTS

The table above summarizes the Plan's investment portfolio including collateralized securities lending. Due to the long-term nature of the Plan's benefit obligations, the Plan's assets are invested with a long-term investment horizon. Assets are invested in a diversified portfolio of capital market securities. Investments in these assets are expected to produce higher returns, but are also subject to greater volatility and may produce negative returns. For example, the Russell 3000 index, a broad measure of the United States stock market posted gains of 3.8% in fiscal year 2012, compared to gains posted of 32.4% in fiscal year 2011. The Investment results for fiscal year 2012 were generally consistent with related benchmarks, within asset classes. Overall, the most significant gains were posted within the fixed income asset classes during the fiscal period. The Plan's investment portfolio posted gains of 1.1% for fiscal years 2012 compared to the gain of 23.2% for fiscal year 2011. For the three-year period ended June 30, 2012, the overall rate of return on the Plan's investment portfolio was 12.6%.

## CONTACT INFORMATION

This financial report is designed to provide a general overview of the New York City Fire Department Pension Fund's finances. Questions concerning any data provided in this report or requests for additional information should be directed to Chief Accountant, New York City Fire Department Pension Fund, 9 Metrotech Center, 6W-07-K, Brooklyn, NY 11201-3751.

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# NEW YORK CITY FIRE DEPARTMENT PENSION FUND

## STATEMENTS OF PLAN NET ASSETS
## JUNE 30, 2012 AND 2011
## (In thousands)

| | 2012 | 2011 |
|---|---|---|
| ASSETS: | | |
| Cash | $ 9,929 | $ 2,331 |
| Receivables: | | |
| Investment securities sold | 184,757 | 158,461 |
| Member loans (Note 6) | 32,350 | 34,691 |
| Accrued interest and dividends | 26,677 | 20,581 |
| Total receivables | 243,784 | 213,733 |
| Investments — at fair value (Notes 2 and 3): | | |
| Short-term investments: | | |
| Short-term investment fund | 172,383 | 184,090 |
| Commercial paper | 306,822 | 590,351 |
| Debt securities: | | |
| U.S. Government | 1,045,802 | 1,028,655 |
| Corporate | 1,098,960 | 810,742 |
| Yankee bonds | 10,265 | 6,634 |
| Equities: | | |
| Domestic | 2,856,302 | 3,271,136 |
| Private equity | 839,603 | 576,310 |
| Private equity real estate | 261,495 | 176,194 |
| Mutual fund: | | |
| International — equity | 1,555,269 | 1,383,278 |
| Fixed Investment | 26,233 | |
| Domestic — equity | 93 | 62,511 |
| Mortgage — debt security | 50,052 | 46,143 |
| Treasury inflation protected securities | 165,842 | 186,028 |
| Promissory notes | 3,320 | 3,628 |
| Collateral from securities lending | 730,002 | 746,949 |
| Total investments | 9,122,443 | 9,072,649 |
| Other assets | 57,929 | 3,545 |
| Total assets | 9,434,085 | 9,292,258 |
| LIABILITIES: | | |
| Accounts payable | 108,237 | 28,201 |
| Payables for investment securities purchased | 452,438 | 543,353 |
| Accrued benefits payable (note 1) | 15,302 | 14,658 |
| Securities lending (note 2) | 733,431 | 750,378 |
| Total liabilities | 1,309,408 | 1,336,590 |
| Plan net assets held in trust for benefits | $ 8,124,677 | $ 7,955,668 |

# NEW YORK CITY FIRE DEPARTMENT PENSION FUND

## STATEMENTS OF CHANGES IN PLAN NET ASSETS
## YEARS ENDED JUNE 30, 2012 AND 2011
## (In thousands)

| | 2012 | 2011 |
|---|---|---|
| ADDITIONS: | | |
| Contributions: | | |
| Member contributions | $ 98,494 | $ 94,893 |
| Employer contributions | 976,895 | 890,706 |
| Total contributions | 1,075,389 | 985,599 |
| Investment income (Note 2): | | |
| Interest income | 97,567 | 91,695 |
| Dividend income | 122,806 | 100,972 |
| Net appreciation (depreciation) in fair value of investments | (98,920) | 1,304,444 |
| Total investment income | 121,453 | 1,497,111 |
| Less: | | |
| Investment expenses | 32,928 | 28,242 |
| Net income | 88,525 | 1,468,869 |
| Securities lending transactions: | | |
| Securities lending income | 5,340 | 4,756 |
| Securities lending fees | (317) | (733) |
| Net securities lending income | 5,023 | 4,023 |
| Net investment income | 93,548 | 1,472,892 |
| Other: | | |
| Net receipts from other retirement systems | 35,470 | 40,745 |
| Litigation income | 2,191 | 1,142 |
| Total additions | 1,206,598 | 2,500,378 |
| DEDUCTIONS | | |
| Benefit payments and withdrawals | 1,037,589 | 983,474 |
| Total deductions | 1,037,589 | 983,474 |
| INCREASE IN PLAN NET ASSETS | 169,009 | 1,516,904 |
| PLAN NET ASSETS HELD IN TRUST FOR BENEFITS: | | |
| Beginning of year | 7,955,668 | 6,438,764 |
| End of year | $ 8,124,677 | $ 7,955,668 |

See notes to financial statements.

## 1. PLAN DESCRIPTION

The City of New York ("The City") maintains a number of pension systems providing benefits for employees of its various agencies (as defined within New York State ("State") statutes and City laws). The City's five major actuarially-funded pension systems are the New York City Fire Department Pension Fund (the "Plan"), the New York City Employees' Retirement System (NYCERS), the Teachers' Retirement System of the City of New York - Qualified Pension Plan (TRS), the New York City Board of Education Retirement System - Qualified Pension Plan (BERS) and the New York City Police Pension Fund (POLICE). Each pension system is a separate Public Employee Retirement System (PERS) with a separate oversight body and is financially independent of the others.

The New York City Fire Department, Subchapter Two Pension Fund is generally being referred to herein as the New York City Fire Department Pension Fund as set forth in Administrative Code of The City of New York Section 13-313.1.

The Plan is a single-employer PERS. The Plan provides pension benefits for full-time uniformed employees of the New York City Fire Department (the "Employer"). All full-time uniformed employees of the New York City Fire Department become members of the Plan upon employment.

The Plan functions in accordance with existing State statutes and City laws. It combines features of a defined benefit pension plan with those of a defined contribution pension plan. Contributions are made by the Employer and the members.

In June 1991, the Governmental Accounting Standards Board (GASB) issued Statement No. 14, *The Financial Reporting Entity*. The definition of the reporting entity is based primarily on the notion of financial accountability. In determining financial accountability for legally separate organizations, the Plan considered whether its officials appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or if there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the Plan. The Plan also considered whether there are organizations that are fiscally dependent on it. It was determined that there are no component units of the Plan.

The Plan is included in the Pension and Other Employee Benefit Trust Funds section of The City's Comprehensive Annual Financial Report (CAFR).

At June 30, 2010 and June 30, 2009, the dates of the Plan's most recent actuarial valuations, the Plan's membership consisted of:

| | 2010 | 2009 |
|---|---|---|
| Retirees and beneficiaries receiving benefits | 17,140 | 17,263 |
| Terminated vested members not yet receiving benefits | 33 | 34 |
| Other inactives * | 23 | 30 |
| Active members receiving salary | 11,080 | 11,460 |
| Total | 28,276 | 28,787 |

* Represents members who are no longer on payroll but not otherwise classified.

Under the One-Year Lag Methodology (OYLM) in effect for Fiscal Years beginning 2006, the actuarial valuation determines the Employer Contribution for the second following Fiscal Year. June 30, 2010 and June 30, 2009 are the dates used for calculating Fiscal Year 2012 and Fiscal Year 2011 Employer Contributions, respectively.

For most Plan participants, there are two benefit structures: The Original Plan (old program) covering members hired prior to July 1, 1981 and the Improved Benefits Plan (new program) covering members hired on and after July 1, 1981 and members hired prior to July 1, 1981 who elected the Improved Benefits Plan. The Plan pays the benefits for both programs.

The Plan provides three main types of retirement benefits: service retirements, ordinary disability retirements (non job-related disabilities) and accident disability retirements (job-related disabilities). For Tier I (Tier 1) and Tier II (Tier 2) members, the Plan generally provides:

- A service retirement benefit, in both programs, provides an allowance of one-half of "final salary" after 20 years or 25 years of service (as elected), with additional benefits equal to a specified percentage per year of service (currently approximately 1.67%) of "average salary" times the number of years of service in excess of the 20-year or 25-year minimum. Under the new program, these additional benefits are increased, where applicable, by an annuity attributable to employee contributions accumulated with interest with respect to service over the 20-year or 25-year minimum and an annuity attributable to the Increased-Take-Home-Pay (ITHP) contributions accumulated after required member qualifying service. ITHP represents amounts contributed by The City in lieu of members' own contributions. These amounts reduce the contributions that the members would have to make to the Plan during their service and thereby increases their take-home pay. Members have the choice of waiving their ITHP reduction, which would reduce their take-home pay, but provide them with additional benefits upon retirement.

- An ordinary disability retirement benefit generally provides a pension equal to 1/40 of "final salary" times the number of years of service but not less than one-half of "final salary" if 10 or more years of service were completed, or one-third of "final salary" if less than 10 years of service were completed. Members of the Improved Benefits Plan with years of service in excess of 20 years receive the actuarial equivalent of their Annuity Savings Fund balance.

- An accident disability retirement benefit provides a pension of three-fourths of "final salary" plus an increment, as described above based on years of service in excess of the 20-years or 25-years minimum plus; (i) under the Original Plan, accumulated employee contributions without interest as a lump sum or an actuarially equivalent annuity, (ii) under the Improved Benefits Plan, an annuity based on the member's contributions and ITHP contributions both of which are accumulated with interest.

Annuities attributable to member contributions are reduced on an actuarial basis for any loans with unpaid balances outstanding at the date of retirement.

Chapter 659 of the Laws of 1999 reduced the amount of service credit needed for vesting purposes to five years, subject to certain conditions. In addition, the Plan includes provisions for death benefits.

During the Spring 2000 session, the State Legislature approved and the State Governor (Governor) signed laws that provide automatic Cost-of-Living Adjustments (COLA) for certain retirees and beneficiaries (Chapter 125 of the Laws of 2000), an increase of the ITHP contributions rate to 5.0% from 2.5% for certain Tier 1 and Tier 2 members (Chapter 373 of the Laws of 2000) and a revised definition of salary to be used for the computation of certain Tier 2 benefits (Chapter 372 of the Laws of 2000).

Finally, certain service retirees also receive supplemental benefits under the New York City Fire Department Variable Supplements Funds, which are not included in these financial statements.

The State Constitution provides that the pension rights of public employees are contractual and shall not be diminished or impaired. In 1973, amendments were made to the New York State Retirement and Social Security Law (RSSL) to modify certain benefits for employees joining the Plan on or after the effective date of such amendments. These amendments, which affect employees who joined the Plan on or after July 1, 1973, established certain benefit limitations relating to eligibility for retirement, the salary base for benefits and maximum benefits. Recent laws, including but not limited to Chapter 372 of the Laws of 2000 which provides a revised definition of salary base to be used in the computation of certain benefits for Tier 2 members of the Plan and Chapter 589 of the Laws of 2001 which eliminated the Tier 2 maximum 30 years of service limitation, have lessened these limitations.

Tier III (Tier 3) — During June 2009 the Governor vetoed legislation that would have extended Tier II (Tier 2) to members hired after June 30, 2009. As a result of the Governor's veto, FIRE members hired on and after July 1, 2009 are covered under Tier III (Tier 3).

Tier VI (Tier 6) – During March 2012 the Governor signed legislation that placed certain limitations on the Tier 3 and Tier 4 benefits available to participants hired on and after April 1, 2012 in most New York State PERS, including FIRE. These changes are sometimes referred to as Tier 6.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PLAN ASSET MATTERS

**Basis of Accounting** — The Plan uses the accrual basis of accounting where the measurement focus is on the flow of economic resources. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred. Contributions from members are recognized when the Employer makes payroll deductions from Plan members. Employer contributions are recognized when due and the Employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

**Investment Valuation** — Investments are reported at fair value. Securities purchased pursuant to agreements to resell are carried at the contract price, exclusive of interest, at which the securities will be resold. Fair value is defined as the quoted market value on the last trading day of the period, except for the Short-Term Investment Fund (STIF) (a money market fund), International Investment funds (IIF) and Alternative Investment funds (ALTINVF). The IIF are private funds of publicly traded securities which are managed by various investment managers on behalf of the Plan. Fair value is determined by Plan management based on information provided by the various investment managers. The investment managers determine fair value using the last available quoted price for each security owned adjusted by any contributions to or withdrawals from the fund during the period. The ALTINVF are Investments for which exchange quotations are not readily available and are valued at estimated fair value as determined in good faith by the General Partner (GP). These investments are initially valued at cost with subsequent adjustments that reflect third party transactions, financial operating results and other factors deemed relevant by the GP. Fair value is determined by plan management based on information provided by the various GP's after review by an independent consultant and the custodian bank for the fund.

Purchases and sales of securities are reflected on the trade date. Dividend income is recorded on the ex-dividend date. Interest income is recorded as earned on an accrual basis.

No investment in any one security represents 5% or more of the Plan net assets held in trust for benefits.

The Plan does not possess an investment risk policy statement nor does it actively manage Plan assets to specified risk targets. Rather, investment risk management is an inherent function of our asset allocation process. Plan assets are diversified over a broad range of asset classes and encompass multiple investment strategies aimed at limiting concentration risk.

**Income Taxes** — Income earned by the Plan is not subject to Federal income tax.

**Accounts Payable** — Accounts payable is principally comprised of amounts owed to the Plan's banks for overdrawn bank balances. The Plan's practice is to fully invest cash balances in most bank accounts on a daily basis. Overdrawn balances result primarily from outstanding benefit checks that are presented to the banks for payment on a daily basis, and these balances are routinely settled each day.

**Securities Lending Transactions** — State statutes and Board policies permit the Plan to lend its investments to broker-dealers and other entities for collateral, with a simultaneous agreement to return the collateral for the same securities in the future. The Plan's custodian lends the following types of securities: short-term securities, common stock, long-term corporate bonds, U.S. Government and U.S. Government agencies' bonds, asset-backed securities and international equities and bonds held in collective investment funds. In return, it receives collateral in the form of cash and U.S Treasury and U.S. Government agency securities at 100 percent to 105 percent of the principal plus accrued interest for reinvestment. At June 30, 2012, management believes the Plan had no credit risk exposure to borrowers because the amounts the Plan owed the borrowers equaled or exceeded the amounts the borrowers owed the Plan. The contracts with the Plan's custodian require borrowers to indemnify the Plan if the borrowers fail to return the securities and if the collateral is inadequate to replace the securities loaned or fail to pay the Plan for income distributions by the securities' issuers while the securities are on loan. All securities loans can be terminated on demand within a period specified in each agreement by either the Plan or the borrowers. Cash collateral is invested in the lending agents' short-term investment pools, which have a weighted-average maturity of 90 days. The underlying fixed income securities in these pools have an average maturity of ten years.

During Fiscal Year 2003, the value of certain underlying securities became impaired because of the credit failure of the issuer. Accordingly, the carrying amount of the collateral reported in the Plan's statements of plan net assets for fiscal year 2003 was reduced by $10 million to reflect this impairment and reflect the net realizable value of the securities purchased with collateral from securities lending transactions. In fiscal years 2004 through 2007, the Plan received $2.6 million from distribution in bankruptcy proceedings from the defaulted issuers. During the same period, the Plan also received $3.9 million from litigation settlements. For fiscal years 2008 and 2009, the Plan received securities totaling $102.4 thousand from distributions in bankruptcy proceedings. There were no recoveries for the defaulted security in fiscal years 2012, 2011 and 2010.

The securities lending program in which the Plan participates only allows pledging or selling securities in the case of borrower default.

GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions*, requires that securities loaned as assets and related liabilities be reported in the statements of Plan net assets. Cash received as collateral on securities lending transactions and investments made with that cash are reported as assets. Securities received as collateral are also reported as assets if the government entity has the ability to pledge or sell them without a borrower default. Accordingly, the Plan recorded the investments purchased with the cash collateral as collateral from securities lending with a corresponding liability for securities lending.

Securities on loan are carried at market value and the value as of June 30, 2012 is $861.8 million. As of the balance sheet date the maturities of the investments made with cash collateral on average exceed the maturities of the securities loans by approximately 30 days.

**New Accounting Standard Adopted** — In fiscal year 2011, the Plan adopted one new statement on financial accounting standards issued by the Governmental Accounting Standards Board ("GASB"). GASB Statement No. 59, *Financial Instruments Omnibus,* updates and improves existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. The Plan has determined that GASB Statement No. 59 had no impact on the Plan's financial statements as a result of the implementation.

**New Accounting Standard Issued but Not Yet Effective-** In June of 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans.* This Statement establishes financial reporting standards for state and local governmental pension plans, defined benefit pension plans and defined contribution pension plans that are administered through trusts or equivalent arrangements in which: (1) contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable (2) pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms and (3) pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members. For defined benefit pension plans, this statement establishes standards of financial reporting for separately issued financial reports and specifies the required approach to measuring the pension liability of employers and nonemployer contributing entities for benefits provided through the pension plan (the net pension liability), about which information is required to be presented. Distinctions are made regarding the particular requirements depending upon the type of pension plan administered. This Statement replaces the requirements of Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans,* and Statement No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 25 and Statement No. 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. The provisions of Statement No. 67 are effective for financial statements for fiscal years beginning after June 15, 2013. Earlier application is encouraged. The Plan has not completed the process of evaluating the impact of Statement No. 67 on its financial statements.

## 3. INVESTMENTS AND DEPOSITS

The Comptroller of The City of New York (the "Comptroller") acts as an investment advisor to the Plan. In addition, the Plan employs an independent investment consultant as an investment advisor. The Plan utilizes several investment managers to manage the long-term debt and equity portfolios. The managers are regularly reviewed, with regard to both their investment performance and their adherence to investment guidelines.

**Concentration of Credit Risk**

The Plan does not have any investments in any one entity that represent 5% or more of plan net assets.

The legal requirements for Plan investments are as follows:

a. Fixed income, equity and other investments may be made as permitted by New York State RSSL §§ 176-178(a) and Banking Law § 235, the New York City Administrative Code, and the Legal Investments for New York Savings Banks list as published by The New York State Banking Department, subject to Note 3(b).

b. Investments up to 25% of total pension fund assets may be made in instruments not expressly permitted by the State RSSL.

Bank of New York Mellon (BNYM) is the primary custodian for substantially all of the securities of the Plan.

Cash deposits are insured by the Federal Deposit Insurance Corporation for up to $250,000 per Plan member and are, therefore, fully insured.

**Credit Risk** — Portfolios other than U.S. Government and related portfolios have credit rating limitations. Investment Grade portfolios are limited to mostly ratings of BBB and above except that they are also permitted a 10% maximum exposure to BB & B rated securities. While non-investment grade managers are primarily invested in BB & B rated securities, they can also invest up to 7% of their portfolio in securities rated CCC. Non-rated securities are considered to be non-investment grade. The quality ratings of investments, by percentage of the rated portfolio, as described by nationally recognized statistical rating organizations, are as follows:

| Investment Type* | S&P Quality Ratings | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| June 30, 2012 | AAA | AA | A | BBB | BB | B | CCC & Below | Short term | Not Rated | Total |
| U.S. Government | - % | - % | - % | - % | - % | - % | - % | - % | - % | - % |
| Corporate bonds | 1.16 | 3.64 | 13.42 | 20.74 | 13.51 | 12.88 | 3.20 | - | 4.70 | 73.25 |
| Yankee bonds | 0.02 | 0.05 | 0.17 | 0.29 | 0.04 | - | - | - | 0.11 | 0.68 |
| Short-term: | | | | | | | | | | |
| Commercial paper | - | - | - | - | - | - | - | 14.58 | - | 14.58 |
| Pooled fund | - | - | - | - | - | - | - | - | 11.49 | 11.49 |
| U.S. Treasuries | - | - | - | - | - | - | - | - | - | - |
| U.S. Agencies | - | - | - | - | - | - | - | - | - | - |
| Percent of rated portfolio | 1.18 % | 3.69 % | 13.59 % | 21.03 % | 13.55 % | 12.88 % | 3.20 % | 14.58 % | 16.30 % | 100.00 % |

| Investment Type* | S&P Quality Ratings | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| June 30, 2011 | AAA | AA | A | BBB | BB | B | CCC & Below | Short term | Not Rated | Total |
| U.S. Government | - % | - % | - % | - % | - % | - % | - % | - % | - % | - % |
| Corporate bonds | 1.27 | 3.05 | 11.06 | 15.17 | 8.85 | 9.56 | 2.68 | - | 2.65 | 54.29 |
| Yankee bonds | 0.02 | 0.01 | 0.10 | 0.10 | - | - | - | - | 0.12 | 0.35 |
| Short-term: | | | | | | | | | | |
| Commercial paper | - | - | - | - | - | - | - | 33.06 | - | 33.06 |
| Pooled fund | - | - | - | - | - | - | - | - | 12.30 | 12.30 |
| U.S. Treasuries | - | - | - | - | - | - | - | - | - | - |
| U.S. Agencies | - | - | - | - | - | - | - | - | - | - |
| Percent of rated portfolio | 1.29 % | 3.06 % | 11.16 % | 15.27 % | 8.85 % | 9.56 % | 2.68 % | 33.06 % | 15.07 % | 100.00 % |

*U.S. Treasury Bonds, Notes and Treasury-inflation protected securities are obligations of the U.S. government or explicitly guaranteed by the U.S. government and therefore not considered to have credit risk and are not included above.

**Custodial Credit Risk** — Deposits are exposed to custodial credit risk if they are uninsured and uncollateralized. Custodial credit risk is the risk that, in the event of a failure of the counterparty, the Plan will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Plan and are held by either the counterparty or the counterparty's trust department or agent but not in the Plan's name.

Consistent with the Plan's investment policy, the investments are held by the Plan's custodian and registered in the Plan's name.

All of the Plan's deposits are insured and or collateralized by securities held by a financial institution separate from the Plan's depository financial institution.

All of the Plan's securities are held by the Plan's custodial bank in the Plan's name.

**Interest Rate Risk** — Interest rate risk is the risk that the fair value of investments could be adversely affected by the change in interest rates. Duration limits are used to control the portfolios exposure to interest rate changes. In the investment grade core Fixed Income portfolios duration is limited to a range of -1 to .75 years versus the duration of the benchmark indices. Duration range is a measure of the overall portfolio, while statements of the stated maturity reflect the specific maturities of the individual securities held. The Plan has no formal risk policy. The lengths of investment maturities (in years), as shown by the percent of the rated portfolio, are as follows:

| | | Investment Maturities | | | |
|---|---|---|---|---|---|
| **Years to Maturity June 30, 2012** | Fair Value | Less Than One Year | One to Five Years | Six to Ten Years | More Than Ten Years |
| U.S. Government | 39.70 % | 0.22 % | 1.27 % | 4.75 % | 33.46 % |
| Corporate bonds | 41.73 | 0.79 | 11.71 | 20.20 | 9.03 |
| Yankee bonds | 0.39 | 0.02 | 0.14 | 0.14 | 0.09 |
| Short-term: | | | | | |
| Commercial paper | 8.30 | 8.30 | - | - | - |
| Pooled fund | 6.54 | 6.54 | - | - | - |
| U.S. Agencies | 3.34 | 3.34 | - | - | - |
| U.S. Treasuries | - | - | - | - | - |
| Percent of rated portfolio | 100.00 % | 19.21 % | 13.12 % | 25.09 % | 42.58 % |

| | | Investment Maturities | | | |
|---|---|---|---|---|---|
| **Years to Maturity June 30, 2011** | Fair Value | Less Than One Year | One to Five Years | Six to Ten Years | More Than Ten Years |
| U.S. Government | 39.17 % | - % | 2.07 % | 6.08 % | 31.02 % |
| Corporate bonds | 31.03 | 0.86 | 9.32 | 13.50 | 7.35 |
| Yankee bonds | 0.20 | 0.04 | 0.08 | 0.06 | 0.02 |
| Short-term: | | | | | |
| Commercial paper | 18.87 | 18.87 | - | - | - |
| Pooled fund | 7.02 | 7.02 | - | - | - |
| U.S. Agencies | 3.71 | 3.71 | - | - | - |
| U.S. Treasuries | - | - | - | - | - |
| Percent of rated portfolio | 100.00 % | 30.50 % | 11.47 % | 19.64 % | 38.39 % |

**Foreign Currency Risk** — Foreign currency risk is the risk that changes in the exchange rates will adversely impact the fair value of an investment. Currency risk is present in underlying portfolios that invest in foreign stocks and/or bonds. The currency markets have proven to be good diversifiers in a total portfolio context; therefore, the Plan has numerous managers that invest globally. In general, currency exposure is viewed as a benefit for its diversification reasons and not as an inherent risk within the portfolio. The Plan has no formal risk policy.

In addition to investments in foreign stocks and/or bonds, the Plan invests in foreign currencies. The Plan's foreign currency holdings as of June 30, 2012 and 2011 are as follows (amounts in U.S. dollars, in thousands):

| Trade Currency | 2012 | 2011 |
|---|---|---|
| British Pnd Sterling | $ 187,164 | $ 185,149 |
| Euro Currency | 171,473 | 242,778 |
| Japanese Yen | 148,891 | 150,665 |
| Hong Kong Dollar | 132,544 | 97,033 |
| South Korean Won | 84,875 | 85,097 |
| Swiss Franc | 63,515 | 68,292 |
| New Taiwan Dollar | 57,527 | 52,581 |
| Brazilian Real | 47,193 | 47,054 |
| Australian Dollar | 40,168 | 44,503 |
| Indian Rupee | 32,937 | 31,370 |
| South African Rand | 32,403 | 32,087 |
| Canadian Dollar | 31,830 | 21,237 |
| Singapore Dollar | 21,897 | 18,280 |
| Mexican Nuevo Peso | 20,054 | 14,179 |
| Thai Baht | 18,613 | 12,053 |
| Indonesian Rupiah | 15,792 | 13,549 |
| Malaysian Ringgit | 15,438 | 7,926 |
| Swedish Krona | 14,859 | 13,412 |
| Danish Krone | 8,898 | 9,952 |
| Polish Zloty | 8,547 | 10,102 |
| Norwegian Krone | 8,494 | 9,643 |
| Chilean Peso | 5,380 | 1,844 |
| Philippines Peso | 3,817 | 2,254 |
| Hungarian Forint | 3,036 | 1,780 |
| Colombian Peso | 2,797 | 850 |
| Egyptian Pound | 2,474 | 2,620 |
| Czech Koruna | 2,102 | 3,359 |
| Turkish Lira | 1,820 | 5,332 |
| Other | 1,802 | - |
| Moroccan Dirham | 942 | 89 |
| Israeli Shekel | 823 | 1,138 |
| Pakistan Rupee | 690 | 395 |
| New Zealand Dollar | 427 | 555 |
| Renminbi Yuan | 402 | 2,113 |
| Russian Ruble | - | 4,277 |
| Totals | $ 1,189,624 | $ 1,193,548 |

## Securities Lending Transactions:

*Credit Risk* — The quality ratings of investments held as collateral for Securities Lending are as follows:

**Investment Type and Fair Value of Securities Lending Transactions (In Thousands)**

| | S&P Quality Ratings | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **June 30, 2012** | **AAA** | **AA** | **A** | **BBB** | **BB** | **B** | **CCC & Below** | **Short Term** | **Not Rated** | **Total** |
| U.S. Government | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 26,855 | $ 26,855 |
| Corporate bonds | 89,279 | 202,468 | 147,473 | - | - | 6,936 | - | - | 3,105 | 449,261 |
| Yankee bonds | - | - | - | - | - | - | - | - | - | - |
| Short-term: | | | | | | | | | | |
| Reverse repurchase agreements | - | - | - | - | - | - | - | - | 172,149 | 172,149 |
| Certificate of deposits | - | - | 70,827 | - | - | - | - | - | - | 70,827 |
| Commercial paper | - | - | 11,049 | - | - | - | - | - | - | 11,049 |
| Uninvested | - | - | - | - | - | - | - | - | (139) | (139) |
| Time deposit | - | - | - | - | - | - | - | - | - | - |
| Total | $ 89,279 | $ 202,468 | $ 229,349 | $ - | $ - | $ 6,936 | $ - | $ - | $ 201,970 | $ 730,002 |
| Percent of securities lending portfolio | 12.23 % | 27.73 % | 31.42 % | - % | - % | 0.95 % | - % | - % | 27.67 % | 100.00 % |

| | S&P Quality Ratings | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **June 30, 2011** | **AAA** | **AA** | **A** | **BBB** | **BB** | **B** | **CCC & Below** | **Short Term** | **Not Rated** | **Total** |
| U.S. Government | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Corporate bonds | 146,629 | 209,243 | 182,249 | - | - | - | - | - | - | 538,121 |
| Yankee bonds | - | - | - | - | - | - | - | - | - | - |
| Short-term: | | | | | | | | | | |
| Repurchase agreements | - | - | - | - | - | - | - | - | - | - |
| Reverse repurchase agreements | - | - | - | - | - | - | - | - | 156,121 | 156,121 |
| Certificate of deposits | - | - | 14,771 | - | - | - | - | - | - | 14,771 |
| Commercial paper | - | - | 14,515 | - | - | - | - | - | - | 14,515 |
| Money market | - | - | - | - | - | - | - | - | 473 | 473 |
| Time deposit | - | - | 22,948 | - | - | - | - | - | - | 22,948 |
| Total | $ 146,629 | $ 209,243 | $ 234,483 | $ - | $ - | $ - | $ - | $ - | $ 156,594 | $ 746,949 |
| Percent of securities lending portfolio | 19.63 % | 28.01 % | 31.39 % | - % | - % | - % | - % | - % | 20.97 % | 100.00 % |

**Interest Rate Risk** — The lengths of investment maturities (in years) of the collateral for Securities Lending are as follows:

**Years to Maturity**
**Investment Type**
**(In Thousands)**

| June 30, 2012 | Fair Value | Investment Maturities: Less Than One Year | One to Five Years | Six to Ten Years | More Than Ten Years |
|---|---|---|---|---|---|
| U.S Government | $ 26,855 | $ 10,535 | $ 16,320 | $ - | $ - |
| Corporate bonds | 449,261 | 317,814 | 131,447 | - | - |
| Yankee bonds | - | - | | | |
| Short-term: | | | | | |
| Repurchase agreements | - | - | - | - | - |
| Reverse repurchase agreements | 172,149 | 172,149 | - | - | - |
| Certificate of deposits | 70,827 | 70,827 | - | - | - |
| Commercial paper | 11,049 | 11,049 | - | - | - |
| Money market | - | - | - | - | - |
| Bank notes | - | - | - | - | - |
| U.S. Agency | - | - | - | - | - |
| Time deposits | - | - | - | - | - |
| Uninvested | (139) | (139) | - | - | - |
| Total | $ 730,002 | $ 582,235 | $ 147,767 | $ - | $ - |
| Percent of securities lending portfolio | 100.00 % | 79.38 % | 20.62 % | - % | - % |

| (In Thousands) June 30, 2011 | Fair Value | Investment Maturities: Less Than One Year | One to Five Years | Six to Ten Years | More Than Ten Years |
|---|---|---|---|---|---|
| U.S Government | $ - | $ - | $ - | $ - | $ - |
| Corporate bonds | 538,121 | 296,134 | 241,987 | - | - |
| Yankee bonds | - | - | - | - | - |
| Short-term: | | | | | |
| Repurchase agreements | - | - | - | - | - |
| Reverse repurchase agreements | 156,121 | 156,121 | - | - | - |
| Certificate of deposits | 14,771 | 14,771 | - | - | - |
| Commercial paper | 14,515 | 14,515 | - | - | - |
| Money market | 473 | 473 | - | - | - |
| Bank notes | - | - | - | - | - |
| U.S. Agencies | - | - | - | - | - |
| Time deposits | 22,948 | 22,948 | - | - | - |
| Total | $ 746,949 | $ 504,962 | $ 241,987 | $ - | $ - |
| Percent of securities lending portfolio | 100.00 % | 67.60 % | 32.40 % | - % | - % |

## 4. DUE TO VARIABLE SUPPLEMENTS FUNDS ("VSFs")

The Administrative Code of The City of New York (ACNY) provides that the Plan transfer to the Firefighters' Variable Supplements Fund (FFVSF) and the Fire Officers' Variable Supplements Fund (FOVSF) amounts equal to certain excess earnings on equity investments of the Plan, if any. These excess earnings are defined as the amount by which earnings on equity investments of the Plan exceed what the earnings would have been had such funds been invested at a yield comparable to that available from fixed income securities, less any cumulative deficiencies of prior years' excess earnings that fell below the yield of fixed income investments. In addition, such transfers from the Plan to the FFVSF and FOVSF are limited to the unfunded Accumulated Benefit Obligation (ABO) of these VSFs.

For Fiscal Year 2012, the excess earnings of the Plan, inclusive of prior years' cumulative deficiencies, are estimated to be equal to zero and therefore, no transfers were due from the Plan to the VSFs as of June 30, 2012.

For Fiscal Year 2011, the excess earnings of the Plan, inclusive of prior years' cumulative deficiencies, were equal to zero and therefore, no transfers were due from the Plan to the VSFs as of June 30, 2011.

## 5. CONTRIBUTIONS AND ACTUARIAL ASSUMPTIONS

The financial objective of the Plan is to fund members' retirement benefits during their active service and to establish Employer contribution rates which, expressed as a percentage of annualized covered payroll, will remain approximately level from year to year. The Employer contributes amounts that, together with Member Contributions and investment income, are intended to ultimately be sufficient to accumulate assets to pay benefits when due.

**Member Contributions** – Tier I (Tier 1) and Tier II (Tier 2) members contribute by salary deductions on the basis of a normal rate of contribution which is assigned by the Plan at membership. This member normal rate, which is dependent upon age and actuarial tables in effect at the time of membership, is determined so as to provide approximately one-fourth of the service retirement allowance at the earliest age for service retirement. For Tier 1, the average member normal rate is approximately 7.4%. For Tier 2, the average member normal rate is approximately 6.8%.

These member contributions are reduced by 5.0% under the ITHP program.

Members may voluntarily increase their rates of contribution by 50% for the purpose of purchasing an additional annuity. Members are permitted to borrow up to 90% of their own contributions including accumulated interest.

Tier III (Tier 3) members contribute 3.0% of salary until they have 25 years of credited service.

Tier VI (Tier 6) members contribute between 3.0% and 6.0% of salary, depending on salary level.

**Employer Contributions** — Statutory Contributions to the Plan, determined by the Plan's Chief Actuary of the Office of the Actuary (the "Actuary") in accordance with State statutes and City laws, are generally funded by the Employer within the appropriate fiscal year.

The June 30, 2010 (Lag) actuarial valuation used to determine the Fiscal Year 2012 Employer Contribution was based on revised actuarial assumptions and methods proposed by the Actuary (the "2012 A&M"). Where required, the Board of Trustees of the Plan adopted those changes to the actuarial assumptions and methods that required Board approval. The State Legislature and Governor were expected to enact enabling legislation prior to June 30, 2012 and are now expected, upon the Legislature reconvening, to enact a Chapter Law to provide for those changes in actuarial assumptions and methods that require legislation, including the Actuarial Interest Rate (AIR) assumption of 7.0% per annum, net of expenses, the Entry Age Actuarial Cost Method and the amortization of Unfunded Actuarial Accrued Liabilities.

The June 30, 2009 (Lag) actuarial valuation was used to determine the Fiscal Year 2011 Employer Contribution. There were no changes in actuarial assumptions and methods from the June 30, 2008 (Lag) actuarial valuation.

Beginning with the June 30, 2010 (Lag) actuarial valuation under the 2012 A&M, the Entry Age Actuarial Cost Method (EAACM) of funding is utilized by the Plan's Actuary to calculate the contribution required of the Employer.

Under this method, the Actuarial Present Value (APV) of Benefits (APVB) of each individual included in the actuarial valuation is allocated on a level basis over the earnings (or service) of the individual between entry age and assumed exit age(s). The employer portion of this APV allocated to a valuation year is the Normal Cost. The portion of this APV not provided for at a valuation date by the APV of Future Normal Costs or future member contributions is the Actuarial Accrued Liability (AAL).

The excess, if any, of the AAL over the Actuarial Asset Value (AAV) is the Unfunded Actuarial Accrued Liability (UAAL).

Under this method, actuarial gains (losses), as they occur, reduce (increase) the UAAL and are explicitly identified and amortized.

Increases (decreases) in obligations due to benefit changes, actuarial assumption changes and/or actuarial method changes are also explicitly identified and amortized.

Previously, the Frozen Initial Liability Actuarial Cost Method was utilized by the Actuary to calculate the contributions from the Employer. Under this actuarial cost method, the Initial Liability was reestablished by the Entry Age Actuarial Cost Method as of June 30, 1999, but with the Unfunded Actuarial Accrued Liability not less than zero. The excess of the Actuarial Present Value (APV) of projected benefits of members as of the valuation date, over the sum of the Actuarial Asset Value (AAV) plus UAAL, if any, and the APV of future employee contributions, was allocated on a level basis over the future earnings of members who were on the payroll as of the valuation date. Actuarial gains and losses were reflected in the employer normal contribution rate.

Chapter 85 of the Laws of 2000 (Chapter 85/00) reestablished the UAAL and eliminated the Balance Sheet Liability (BSL) for actuarial purposes as of June 30, 1999. The schedule of payments toward the reestablished UAAL provides that the UAAL be amortized over a period of 11 years beginning Fiscal Year 2000, where each annual payment after the first equals 103% of its preceding annual payment.

The obligations of the Plan to the FFVSF and the FOVSF are recognized through the Liability Valuation Method.

Under this method the APV of Future SKIM from the Plan to the FFVSF and FOVSF is included directly as an actuarial liability to the Plan. SKIM is all or a portion of the excess earnings on equity securities of the Plan which are transferable to the FFVSF and FOVSF. The APV of Future SKIM is computed as the excess, if any, of the APV of benefits of the FFVSF and FOVSF offset by the AAV of the FFVSF and FOVSF, respectively. Under the EAACM, a portion of the APV of Future SKIM is reflected in the APV of Future Normal Costs and a portion is reflected in the UAAL.

The concept in use for the Actuarial Asset Valuation Method (AAVM) for actuarial valuations on and after June 30, 2012 is the same as that in use for the June 30, 2009 (Lag) actuarial valuation.

In accordance with this AAVM, actual Unexpected Investment Returns (UIR) for Fiscal Years 2012, 2013, etc. are phased into the Actuarial Asset Value (AAV) beginning June 30, 2012, 2013, etc. at rates of 15%, 15% 15%, 15%, 20% and 20% per year (i.e., cumulative rates of 15%, 30%, 45%, 60%, 80% and 100% over a period of six years).

The Actuary reset the Actuarial Asset Value to the Market Value of Assets (MVA) as of June 30, 2011 (i.e., "Market Value Restart").

For the June 30, 2010 (Lag) actuarial valuation, the AAV is defined to recognize Fiscal Year 2011 investment performance. The June 30, 2010 AAV is derived as equal to the June 30, 2011 MVA, discounted by the AIR assumption (adjusted for cash flow) to June 30, 2010.

Chapter 125 of the Laws of 2000 (Chapter 125/00) provided eligible retirees and eligible beneficiaries with increased Supplementation as of September 2000 and with automatic COLA beginning September 2001. Chapter 125/00 also provided for a five-year phase-in schedule for funding the additional actuarial liabilities created by the benefits provided by this law. Chapter 278 of the Laws of 2002 (Chapter 278/02) required the Actuary to revise the methodology and timing for determining the Statutory Contributions on account of the additional actuarial liabilities attributable to the benefits provided under Chapter 125/00 by extending the phase-in period for funding these liabilities from five years to ten years.

The impact of the ten-year phase-in of Chapter 278/02 was to postpone funding of the additional actuarial liabilities attributable to Chapter 125/00 resulting in greater Employer Contributions in later years.

Chapter 152 of the Laws of 2006 (Chapter 152/06) eliminated the ten-year phase-in. All actuarial liabilities attributable to Chapter 125/00 are now recognized in the actuarial valuation.

Fiscal Year 2012 employer contributions to FIRE are equal to those recommended by the Actuary ("Actuarial Contributions") and approved by the Board of Trustees of FIRE. The Actuarial Contributions are expected to represent the statutorily–required contributions ("Statutory Contributions") for Fiscal Year 2012. Technically, as of October 2012, the representation of Fiscal Year 2012 employer contributions as Statutory Contributions still requires the enactment of certain pending enabling legislation. The delay in the pending legislation was due to a technical problem and not due to substantive opposition. The pending legislation is expected to be enacted when the New York State Legislature next reconvenes. The Statutory Contribution for Fiscal Year 2011 was equal to the Actuarial Contribution.

**Funded Status and Funding Progress** — One measure of the funded status of the Plan as of June 30, 2010, the most recent actuarial valuation date, based on the Entry Age Actuarial Cost Method, the plan's revised funding method, is as follows (dollar amounts in thousands):

| Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|---|---|---|---|---|---|
| $7,392,656 | $ 15,349,598 | $7,956,942 | 48.2% | $ 1,138,188 | 699.1 % |

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits under the Plan's Actuarial Cost Method.

An additional schedule of funding progress, presented as supplementary information following the notes to the financial statements, presents multiyear trend information about whether actuarial values of plan assets are increasing or decreasing over time relative to AALs for benefits under the Entry Age Actuarial Cost Method.

Additional information as of the latest actuarial valuation follows:

| | |
|---|---|
| Valuation Date | June 30, 2010 (Lag) |
| Actuarial Cost Method | Entry Age |
| Amortization Method | |
| Initial Unfunded | Increasing Dollar |
| Post-2010 Unfunded | Level Dollar |
| Remaining Amortization Period | |
| Initial Unfunded | 22-years (Closed) |
| Post-2010 Unfunded | NA |
| Actuarial Asset Valuation Method | 6-Year Smoothed Market# |
| Actuarial Assumptions | |
| Projected Salary Increases * | In general, merit and promotion increases plus assumed General Wage Increases of 3.0% per annum. |
| Investment Rate of Return * | 7.0% per annum, net of Investment Expenses |
| COLAs * | 1.5% per annum for Tier I and Tier II, 2.5% per annum for Tier III. |

# With the June 30, 2010 Actuarial Asset Value defined to recognize Fiscal Year 2011 investment performance.

* Developed assuming a long-term Consumer Price Inflation assumption of 2.5% per annum.

## 6. MEMBER LOANS

Members are permitted to borrow up to 90% (for certain members, the 75% has been increased to 90% effective July 20, 2004) of their own accumulated contributions including accumulated interest. The balance of member loans receivable at June 30, 2012 and 2011 is $32.4 and $34.7 million, respectively. Upon termination of employment before retirement, certain members are entitled to refunds of their own contributions including, for new program members, accumulated interest less any loans outstanding. Certain prior year loans to retirees were removed from member loans receivables. Such balances should be reduced at the effective date of retirement as a result of payoff or future benefit reductions.

## 7. RELATED PARTIES

The Comptroller has been appointed by law as custodian for Fixed Annuity Program assets with revocable discretionary authority. Securities are held by certain banks under custodial agreements with the Comptroller. The Comptroller also provides cash receipt and cash disbursement services to the Plan. Actuarial services are provided to the Plan by the Office of the Actuary employed by the Boards of Trustees of The City's main pension systems. The City's Corporation Counsel provides legal services to the Plan. Other administrative services are also provided by The City. The cost of providing such services amounted to $1,894,451 and $1,742,426 in Fiscal Years 2012 and 2011, respectively.

## 8. ADMINISTRATIVE AND INVESTMENT EXPENSES

There are no administrative expenses paid out of the Plan because they are paid for by related parties. Investment expenses charged to the investment earnings of the Plan, exclusive of expenses relating to securities-lending transactions amounted to approximately $32.9 and $28.2 in 2012 and 2011, respectively.

## 9. CONTINGENT LIABILITIES AND OTHER MATTERS

**Contingent Liabilities** — The Plan has a number of claims pending against it and has been named as a defendant in a number of lawsuits. The Plan also has certain other contingent liabilities. Management of the Plan, on the advice of legal counsel, believes that such proceedings will not have a material effect on the Plan net assets or changes in Plan net assets. Under the existing State statutes and City laws that govern the functioning of the Plan, increases in the obligations of the Plan to members and beneficiaries ordinarily result in increases in the obligations of The City to the Plan.

**Other Matters** — During Fiscal Years 2012 and 2011, certain events described below took place which, in the opinion of Plan management, could have the effect of increasing benefits to members and/or their beneficiaries. The effect of such events has not been fully quantified. However, it is the opinion of Plan management that such developments would not have a material effect on the statements of Plan net assets held in trust for pension benefits or cause changes in Plan net assets held in trust for pension benefits.

**Actuarial Audit** — Pursuant to Section 96 of the New York City Charter, studies of the actuarial assumptions used to value liabilities of the five actuarially-funded New York City Retirement Systems (NYCRS) are conducted every two years.

The most recently completed study was published by the Hay Group (Hay) dated December 2011 and analyzed experience for Fiscal Years 2006 through 2009. Hay made recommendations with respect to the actuarial assumptions and methods based on their analysis.

The previously completed study was published by The Segal Company (Segal) dated November 2006 and analyzed experience for Fiscal Years 2002 through 2005. Segal made recommendations with respect to the actuarial assumptions and methods based on their analysis.

**Revised Actuarial Assumptions and Methods** — In accordance with the ACNY and with appropriate practice, the Boards of Trustees of the five actuarially-funded NYCRS are to periodically review and adopt actuarial assumptions as proposed by the Actuary for use in the determination of Employer Contributions.

Based in part upon a review of the Segal and Hay studies, the Actuary issued a February 10, 2012 Report entitled "Proposed Changes in Actuarial Assumptions and Methods for Determining Employer Contributions for Fiscal Years Beginning on and After July 1, 2011 for the New York City Fire Department Pension Fund" ("February 2012 Report").

Where required, the Board of Trustees of the Plan adopted those changes to actuarial assumptions that required Board approval. The State Legislature and the Governor are expected to enact legislation to provide for those changes to the actuarial assumptions and methods that require legislation, including the AIR assumption of 7.0% per annum, net of expenses.

**New York State Legislation** (only significant laws included) — Chapter 104 of the Laws of 2005, as amended by Chapter 93 of the Laws of 2005, created a presumptive eligibility for accidental disability in connection with the World Trade Center attack on September 11, 2001.

Chapter 105 of the Laws of 2005 states that a member killed in the US Armed Forces on and after June 14, 2005 is deemed a Line-of-Duty death while on active payroll.

Chapter 152/06 provided for the changes in actuarial assumptions and methods that require legislation, including the continuation of the AIR assumption of 8.0% per annum and continuation of the current Frozen Initial Liability (FIL) Actuarial Cost Method and the existing Unfunded Actuarial (Accrued) Liability (UAL). In addition, Chapter 152/06 provides for elimination of the use of the ten-year phase-in of Chapter 278/02 for funding the additional actuarial liabilities created by the benefits provided by Chapter 125/00.

Chapter 445 of the Laws of 2006 (Chapter 445/06) created a presumptive eligibility for accidental death benefits in connection with the World Trade Center attack on September 11, 2001.

Chapter 654 of the Laws of 2006 expanded presumptive eligibility for Line-of-Duty accidental disability and accidental death benefits to include strokes effective from January 1, 2002.

Chapter 713 of the Laws of 2006 provides that FIRE members retired from the Fire Marshall title who are appointed to the Office of NYC Marshall will have no reduction or suspension of retirement allowance.

Chapter 5 of the Laws of 2007 amended Chapter 445/06 to clarify the World Trade Center accidental disability benefits payable to retirees who die in the first 25 years of retirement. It also amended Chapter 445/06 to include World Trade Center deaths as presumptive accidental death benefits in the Line-of-Duty.

Chapter 637 of the Laws of 2007 deems prior EMT service and service in certain other job titles as qualifying time for all pension purposes.

Chapter 489 of the Laws of 2008 expanded and redefined the eligibility provisions of the accidental disability and accidental death benefits that arise in connection with the World Trade Center attack on September 11, 2001.

Chapter 211 of the Laws of 2009 continued the valuation and other interest rates for one year to June 30, 2010 from June 30, 2009.

Chapter 265 of the Laws of 2010 continued the valuation and other interest rates for one year to June 30, 2011 from June 30, 2010.

Chapter 180 of the Laws of 2011 continued the valuation and other interest rates for one year to June 30, 2012 from June 30, 2011.

Tier III (Tier 3) – During June 2009 the Governor vetoed legislation that would have extended Tier II (Tier 2) to members hired after June 30, 2009. As a result of the Governor's veto, FIRE members hired on and after July 1, 2009 are covered under Tier III (Tier 3).

Chapter 18 of the Laws of 2012 placed certain limitations on the Tier 3 and Tier 4 benefits available to participants hired on and after April 1, 2012 in most New York State PERS, including FIRE. These changes are sometimes referred to as Tier 6.

* * * * * *

NEW YORK CITY FIRE DEPARTMENT PENSION FUND
QUALIFIED PENSION PLAN

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF FUNDING PROGRESS
(IN CONFORMITY WITH THE PLAN'S FUNDING METHOD)
(In Thousands)

| Actuarial Valuation Date June 30 | (1) Actuarial Asset Value (AAV) | (2) Actuarial Accrued Liability (AAL)* | (3) Unfunded AAL (UAAL) | (4) Funded Ratio | (5) Covered Payroll | (6) UAAL as a Percentage of Covered Payroll |
|---|---|---|---|---|---|---|
| | (A) | (A) & (B) | (C) (2) - (1) | (1) ÷ (2) | | (3) ÷ (5) |
| 2010 (Lag)# | $ 7,392,656 | $ 15,349,598 | $ 7,956,942 | 48.2 % | $ 1,138,188 | 699.1 % |
| 2009 (Lag) | 7,304,758 | 7,327,560 | 22,802 | 99.7 | 1,079,682 | 2.1 |
| 2008 (Lag) | 6,942,992 | 6,986,243 | 43,251 | 99.4 | 1,051,592 | 4.1 |
| 2007 (Lag) | 6,459,130 | 6,520,670 | 61,540 | 99.1 | 1,000,383 | 6.2 |
| 2006 (Lag) | 6,174,111 | 6,251,960 | 77,849 | 98.8 | 932,730 | 8.3 |
| 2005 (Lag) | 6,169,209 | 6,261,550 | 92,341 | 98.5 | 908,261 | 10.2 |

* Effective June 30, 2010, based on Entry Age Actuarial Cost Method (EAACM). Previously, based on the Frozen Initial Liability Actuarial Cost Method.

\# Reflects revised actuarial assumptions and methods based on experience review.

AAL includes the Accrued Liabilities attributable to the Variable Supplements Funds, net of their Actuarial Asset Values, if any.

Notes:

A. For the June 30, 2010 (Lag) actuarial valuation, the AAV is defined to recognize Fiscal Year 2011 investment performance. The June 30, 2010 AAV is derived as equal to the June 30, 2011 MVA, discounted by the AIR assumption (adjusted for cash flow) to June 30, 2010.

For the June 30, 2011 (Lag) actuarial valuation, the AAV was reset to the MVA (i.e., "Market Value Restart").

The Actuarial Asset Valuation Method (AAVM) in use for actuarial valuations after the June 30, 2011 (Lag) actuarial valuation is unchanged from the AAVM in use for the June 30, 2009 (Lag) actuarial valuation.

Beginning with the June 30, 2004 (Lag) actuarial valuation, the Actuarial Asset Valuation Method (AAVM) was changed to a method which reset the AAV to Market Value (i.e., "Market Value Restart") as of June 30, 1999. As of each June 30 thereafter the AAVM recognizes investment returns greater or less than expected over a period of six years.

Under this revised AAVM, any Unexpected Investment Returns (UIR) for Fiscal Years 2000 and later are phased into the AAV beginning the following June 30 at rates of 15%, 15%, 15%, 15%, 20% and 20% per year (i.e., cumulative rates of 15%, 30%, 45%, 60%, 80% and 100% over a period of six years).

The UIR for Fiscal Years 2000 to 2004 under the revised AAVM was set equal to the UIR under the prior AAVM.

The prior AAVM was changed as of June 30, 1999 to reflect a market basis for investments held by the Plan.

B. To effectively assess the funding progress of the Plan, it is necessary to compare the AAV and the AAL calculated in a manner consistent with the Plan's funding method over a period of time. The AAL is the portion of the Actuarial Present Value of pension plan benefits and expenses which is not provided for by future Employer normal costs and future Member Contributions. The UAAL is the excess of the AAL over the AAV. Under the EAACM, actuarial gains (losses), as they occur, reduce (increase) the UAAL and are explicitly identified and amortized. Increases (decreases) in obligations due to benefit changes, actuarial assumption changes and/or actuarial method changes are also explicitly identified and amortized.

(Schedule of Funding Progress Concluded)

# NEW YORK CITY FIRE DEPARTMENT PENSION FUND
# QUALIFIED PENSION PLAN

## REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
## SCHEDULE OF EMPLOYER CONTRIBUTIONS
## (In thousands)

| Fiscal Years Ended June 30 | Annual Required Contribution (ARC) | Percentage of ARC Contributed | Net Pension Obligation |
|---|---|---|---|
| 2012 | $976,895 | 100.0 % | $ 185,834 |
| 2011 | 890,706 | 100.0 | 185,874 |
| 2010 | 874,331 | 100.0 | 193,030 |
| 2009 | 843,751 | 100.0 | 199,928 |
| 2008 | 780,202 | 100.0 | 206,676 |
| 2007 | 683,193 | 100.0 | 213,374 |

Under the requirements of Governmental Accounting Standards Board Statement Number 25 (GASB25) as amended by GASB Statement No. 50 (GASB50), the Annual Required Contribution (ARC) is determined through an actuarial valuation reflecting all liabilities of the Plan. The Employer Contribution to the Plan is determined in accordance with statute (i.e., Statutory Contribution).

The Fiscal Year 2012 ARC was determined in accordance with New York State Legislation that is pending but expected to be enacted when the Legislature next reconvenes.

# NEW YORK CITY FIRE DEPARTMENT PENSION FUND
# QUALIFIED PENSION PLAN

## REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
## SCHEDULE OF ACTUARIAL METHODS AND ASSUMPTIONS

The information presented in the required supplementary schedules was determined as part of the actuarial valuations as of June 30, 2010 (Lag) and June 30, 2009 (Lag). These actuarial valuations were used to determine Employer Contributions for Fiscal Years 2012 and 2011, respectively. Additional information as of the last two actuarial valuations follows:

| | June 30, 2010 (Lag)[1] | June 30, 2009 (Lag)[1] |
|---|---|---|
| Actuarial cost method | Entry Age. | Frozen Initial Liability.[2] |
| Amortization Method for Unfunded Actuarial Accrued Liabilities | | |
| Initial Unfunded | Increasing Dollar. | Increasing Dollar[3] |
| Post-2010 Unfundeds | Level Dollar. | NA |
| Remaining amortization period | All outstanding components of UAAL are being amortized over closed periods. | All outstanding components of UAAL are being amortized over closed periods. [3] |
| Initial Unfunded | 22 years for reestablished UAAL. | 0 years for reestablished UAAL.[3] |
| Post-2010 Unfundeds | NA | NA |
| Actuarial Asset Valuation Method | Modified 6-year moving average of market values with a "Market Value Restart" as of June 30, 2011.[4] | Modified 6-year moving average of market values with a "Market Value Restart" as of June 30, 1999. |
| Actuarial assumptions: | | |
| Investment rate of return | 7.0% per annum,[5] net of Investment Expenses. | 8.0% per annum,[5] gross of Investment Expenses. |
| Post-retirement mortality | Tables adopted by Board of Trustees during Fiscal Year 2012. | Tables adopted by Board of Trustees during Fiscal Year 2006. |
| Active service: withdrawal, death, disability, service retirement | Tables adopted by Board of Trustees during Fiscal Year 2012. | Tables adopted by Board of Trustees during Fiscal Year 2006. |
| Salary increases | In general, merit and promotion increases plus assumed General Wage Increases of 3.0% per annum.[5] | In general, merit and promotion increases plus assumed General Wage Increases of 3.0% per annum.[5] |
| Cost-of-Living adjustments | 1.5% per annum[5] for Tier I and Tier II, 2.5% per annum for Tier III. | 1.3% per annum.[5] |

1. Under the One-Year Lag Methodology, the actuarial valuation determines the Employer Contribution for the second following Fiscal Year.

2. Under this Actuarial Cost Method, the Initial Liability was reestablished as of June 30, 1999 by the Entry Age Actuarial Cost Method but with the UAAL not less than $0. The financial results using this Frozen Initial Liability Actuarial Cost Method are the same as those that would be produced using the Frozen Entry Age Actuarial Cost Method.

3. In conjunction with Chapter 85/00, there is an amortization method. It reestablished UAAL as of June 30, 1999. The schedule of payments toward the reestablished UAAL (referred to in the ACNY as the Fire Department Pension Fund (FPF) 1999 UAL and elsewhere as the UAAL) provides that the UAAL be amortized over a period of 11 years beginning Fiscal Year 2000, where each annual payment after the first equals 103% of its preceding annual payment.

4. With the June 30, 2010 Actuarial Asset Value defined to recognize Fiscal Year 2011 investment performance.

5. Developed assuming a long-term Consumer Price Inflation assumption of 2.5% per annum.

# Additional Supplementary Information
# Schedule of Investment Expenses
# For Fiscal year ended June 30,2012

Schedule 4

| | Average assets under management ($MMS) | Total Fees |
|---|---|---|
| **U.S. Equities** | | |
| **Active** | | |
| **Small Cap Growth** | | |
| Brown AM | 21.87 | 207,564.32 |
| Perimeter | 53.37 | 344,982.69 |
| **Small Cap Value** | | |
| Dalton Greiner | 71.98 | 399,139.02 |
| **Small/Mid Cap Value** | | |
| Security Global Inv SMDV | 51.26 | 310,868.00 |
| **Mid Cap Growth** | | |
| Timessquare Capital MCG | 107.49 | 683,969.24 |
| **Mid Cap Value** | | |
| Iridian Asset MCV | 55.22 | 321,775.82 |
| **Mid Cap Core** | | |
| Wellington Mgmt MCC | 63.36 | 330,217.79 |
| **Mid Cap Passive** | | |
| State Street GA S&P 400 | 178.29 | 10,189.12 |
| **Large Cap Growth** | | |
| Profit Investment Mgmt | 35.18 | 129,179.65 |
| Zevenbergen | 120.80 | 285,561.07 |
| **Large Cap Value** | | |
| Aronson Johnson | 78.15 | 164,301.00 |
| **Large Cap Core** | | |
| Seizert Cap Ptnrs | 35.64 | 123,751.83 |
| **Emerging Managers** | | |
| Attucks | 16.67 | 124,037.61 |
| Capital Prospects | 25.22 | 138,000.43 |
| Total Progress Trust | 63.99 | 354,029.37 |
| **Passive Equities** | | |
| BlackRock | 1,032.89 | 203,245.68 |
| State Street | 792.19 | 60,393.29 |
| **Real Estate Equity Securities** | | |
| Adelante Capital Management | 69.65 | 344,818.62 |
| **TOTAL U.S. EQUITIES** | **2,873.23** | **4,536,024.55** |
| **International Equities** | | |
| **EAFE Markets Equities** | | |
| **Active** | | |
| **Growth** | | |
| Pyramis Global Advisors | 143.77 | 390,187.63 |
| **Value** | | |
| Sprucegrove | 175.79 | 389,534.41 |
| **Core** | | |
| Philadelphia | 127.20 | 319,009.71 |
| Thornburg | 185.27 | 789,952.02 |
| **Passive** | | |
| SSGA | 144.15 | 16,719.00 |
| **NON-U.S. Activist** | | |
| **Emerging Markets** | | |
| **Active** | | |
| Acadian | 94.73 | 416,141.00 |
| Baillie Gifford | 144.96 | 861,638.43 |
| DFA | 47.63 | 60,525.00 |
| Eaton Vance | 56.25 | 310,213.57 |

(Continued)

# Additional Supplementary Information
## Schedule of Investment Expenses
## For Fiscal year ended June 30,2012

Schedule 4

| | Average assets under management ($MMS) | Total Fees |
|---|---|---|
| **Passive** | | |
| Blackrock Account EM | 161.92 | 76,000.00 |
| **Real Estate Equity Securities** | | |
| European REIT MTA | 93.38 | 110,000.00 |
| MS REIT MTA | 169.55 | 125,000.00 |
| **Global Fixed Income** | | |
| LM CAPITAL -MTA | 10.40 | 22,116.29 |
| **TOTAL INTERNATIONAL EQUITIES** | **1,555.00** | **3,887,037.06** |
| **Hedge Funds** | | |
| **Total Permal Hedge Fund of Funds** | 48.49 | 287,889.00 |
| **Direct Hedge Funds** | | |
| Blue Trend Fd | 19.70 | - |
| Brevan Howard | 37.59 | 155,600.00 |
| Brigade Lev Cap Str | 22.32 | 108,591.00 |
| Caspian Select CF | 16.11 | (33,517.00) |
| D.E. Shaw | 41.10 | 506,630.00 |
| **TOTAL HEDGE FUNDS** | **185.31** | **1,025,193.00** |
| **Private Equity Investments** | | |
| AEA Investors 2006 Fd | 9.12 | 86,883.00 |
| Aisling Capital II | 0.63 | 10,992.00 |
| Aisling Capital III | 0.98 | 63,048.00 |
| Aldus New York Fire Fund | 31.48 | 650,479.00 |
| American Sec Ptnrs VI | 3.29 | 133,759.00 |
| Ampersand 2011 | 2.27 | 100,013.80 |
| Apollo Investment Fd V | 5.89 | - |
| Apollo Investment Fd VI | 21.11 | - |
| Apollo Investment Fd VII | 21.74 | 238,978.00 |
| Ares Corp Opp | 2.06 | 13,506.00 |
| Ares Corp Opp Fd II | 3.32 | 20,845.00 |
| Ares Corp Opp Fd III | 7.91 | 148,241.00 |
| Aurora Equity Capital Partners III | 5.25 | 6,234.00 |
| Avista Capital Partners | 3.88 | 40,251.00 |
| Avista Capital Partners II | 9.75 | - |
| AXA Secondary Fd V | 9.77 | 400,000.00 |
| BC EUR Cap IX | 2.19 | 331,632.00 |
| BDCM Opportunity Fd III | 3.60 | 150,207.00 |
| Blackstone Capital Ptnrs IV | 10.78 | - |
| Blackstone Capital Ptnrs V | 8.69 | 36,272.00 |
| Blackstone Capital Ptnrs VI | 1.14 | 99,560.00 |
| Blackstone Mezz Ptnrs II | 1.49 | 17,243.00 |
| Bridgepoint Europe III | 4.11 | 33,149.00 |
| **Private Equity Investments(ctd)** | | |
| Bridgepoint Europe IV | 4.18 | 81,442.00 |
| Carlyle Ptnrs III | 2.30 | 7,083.00 |
| Carlyle Ptnrs IV | 5.08 | 17,643.00 |
| Carlyle Ptnrs V | 6.59 | 76,597.00 |
| Catterton Partners VI | 7.04 | 75,038.00 |
| CCMP Capital Investors II | 4.44 | 69,858.00 |
| Clayton, Dubilier and Rice Fund VII | 2.33 | 23,188.00 |
| Clayton, Dubilier and Rice Fund VIII | 2.81 | 84,375.00 |
| Celtic Pharm Hldgs, LP | 4.64 | 57,771.00 |
| Coller International Ptnrs V | 3.22 | 50,744.00 |
| Comvest Investment Ptnrs IV | 6.10 | 320,981.00 |
| Constellation Ventures III | 4.24 | 57,204.00 |

(Continued)

# Additional Supplementary Information
## Schedule of Investment Expenses
## For Fiscal year ended June 30,2012

Schedule 4

| | Average assets under management ($MMS) | Total Fees |
|---|---|---|
| Credit Suisse EM Fd | 1.27 | 76,081.00 |
| Credit Suisse EM Co/Inv Fd | 2.89 | 6,057.00 |
| Crestview Ptnrs II | 5.54 | 29,060.00 |
| CVC Euro Eq Ptnrs III | 3.21 | - |
| CVC Euro Eq Ptnrs V | 9.94 | 117,575.00 |
| Cypress Merch Bk Ptnrs II | 2.52 | 17,172.00 |
| EQT VI | 1.18 | 255,998.00 |
| Erasmus NYC Growth FD A | 0.99 | - |
| Fairview Emerging Mgrs Fd | 3.61 | 43,651.00 |
| FdG Capl Ptnrs | 5.25 | - |
| FdG Capl Ptnrs II | 3.31 | 18,996.00 |
| Fenway Ptnrs Capital III | 5.25 | 55,713.00 |
| First Mark Fd IV | 1.85 | 28,108.00 |
| First Reserve Fd XI | 3.75 | 24,272.00 |
| First Reserve Fd XII | 3.56 | 57,235.00 |
| Fourth CINVEN Fd | 2.55 | 35,472.00 |
| FS Equity Ptnrs V | 8.91 | 17,079.00 |
| FS Equity Ptnrs VI | 6.58 | 147,648.00 |
| FT Ventures Fd III | 3.02 | 17,111.00 |
| GI Ptnrs Fd II | 2.28 | 21,369.00 |
| GI Partners Fund III | 7.41 | 47,261.00 |
| GSO Capital Opportunities Fd | 6.89 | 23,656.00 |
| Highland Consumer Fd I | 1.18 | 50,069.00 |
| HM 2006 Sector Perform Fd | 3.60 | 58,180.00 |
| Intermedia Ptnrs VII | 3.07 | 32,884.00 |
| JP Morgan Investment Mgmt | 2.28 | 10,094.00 |
| Landmark Equity Ptnrs XI | 1.10 | 22,153.00 |
| Landmark Equity Ptnrs XIV | 6.40 | 136,300.00 |
| Lee Equity Ptnrs | 2.53 | 96,965.00 |
| Levine Leichtman Cap Ptnrs IV | 4.38 | 55,507.00 |
| Lexington Capital Ptnrs VII | 4.91 | 111,869.00 |
| Lincolnshire Eq Fd II | 1.63 | - |
| Lincolnshire Eq Fd III | 3.30 | 20,928.00 |
| Lincolnshire Eq Fd IV | 0.41 | 40,097.00 |
| LODH Euro Choice II | 5.26 | 63,705.00 |
| LODH Euro Choice III | 3.58 | 51,064.00 |
| LODH Euro Choice IV | 2.14 | 65,554.00 |
| **Private Equity Investments(ctd)** | | |
| Markstone Capital Ptnrs | 2.54 | 28,354.00 |
| Midocean Eq Ptnrs III | 6.72 | 105,629.00 |
| Montreux Eq Ptnrs IV | 3.54 | 90,943.00 |
| Neuberger Berman Emg Mgr | 3.08 | 43,488.00 |
| New Mountain Ptnrs | 1.14 | - |
| New Mountain Ptnrs II | 1.90 | 7,265.00 |
| New Mountain Ptnrs III | 6.65 | 113,908.00 |
| Newspring Venture II | 4.46 | 102,631.00 |
| NGN Biomed Opportunity II | 2.50 | 62,370.00 |
| Olympus Capital Asia III | 1.53 | 100,000.00 |
| Onex Ptnrs III | 2.16 | 85,986.00 |
| Paladin Homeland Security Fd | 2.94 | - |
| Paladin Fund III | 3.86 | 148,052.00 |
| Palladium Eq Ptnrs III | 10.03 | 93,587.00 |
| PCGAM Clean Energy & Tech Fund | 6.86 | 46,498.00 |
| Pegasus Partners IV | 9.76 | 80,055.00 |
| Pegasus Partners V | 2.68 | 162,853.00 |
| Permira Fd IV | 5.13 | 64,672.00 |
| Perseus Ptnrs VII | 4.15 | 57,679.00 |



(Continued)

# Additional Supplementary Information
## Schedule of Investment Expenses
## For Fiscal year ended June 30,2012

Schedule 4

| | Average assets under management ($MMS) | Total Fees |
|---|---|---|
| Pine Brook Capital Ptnrs | 4.89 | 138,866.00 |
| Prism Venture Ptnrs IV | 3.29 | 156,946.00 |
| Prism Venture Ptnrs V-A | 3.59 | 209,089.00 |
| Psilos Group Partners III | 1.56 | 41,714.00 |
| Riverstone/Carlyle GLB EP IV | 7.35 | 72,462.00 |
| RRE Ventures IV | 3.01 | 62,500.00 |
| Scale Venture Ptnrs III | 5.62 | 126,263.00 |
| SCP Priv Eq Ptnrs II | 6.83 | 92,979.00 |
| SCP Vitalife Partners II | 3.04 | 125,000.00 |
| Snow Phipps Group | 4.72 | 74,404.00 |
| Snow Phipps II | 2.46 | 169,641.00 |
| Summit Partnern Gr EQ VIII | 1.35 | 13,333.00 |
| Tailwind Capital Partners | 4.13 | 94,270.00 |
| Terra Firma Cap III | 2.45 | 70,549.00 |
| Trident V | 5.02 | 208,423.00 |
| Trilantic Capital Ptnrs III | 1.66 | 11,360.00 |
| Trilantic Capital Ptnrs IV | 6.21 | 108,248.00 |
| US Power Fund II | 4.32 | 64,284.00 |
| US Power Fund III | 3.60 | 71,822.00 |
| Vista Equity Ptnrs III | 11.38 | 69,397.00 |
| Vista Equity Ptnrs IV | 10.02 | 237,772.00 |
| Vitruvian Ptnrs | 4.87 | 137,405.00 |
| VS&A Comm Ptnrs III | 0.90 | - |
| VSS Comm Ptnrs IV | 1.71 | 19,277.00 |
| Warburg Pincus XI | 2.21 | - |
| Wellspring Capital Ptnrs V | 1.40 | 130,032.00 |
| Welsh, Carson, Anderson & Stowe XI | 4.92 | 106,861.00 |
| Yucaipa American Alliance Fd | 3.55 | 11,242.00 |
| Yucaipa American Alliance Fd II | 22.22 | 191,697.00 |
| Yucaipa Corp Initiative II | 2.72 | 69,375.00 |
| **Opportunisitc Fixed Income Strategies** | | |
| Ave Euro Special Situations Fd | 2.32 | 20,928.00 |
| Ave Special Situations Fd V | 0.34 | - |
| Ave Special Situations Fd VI | 13.53 | 151,409.00 |
| Torchlight Investors | 15.75 | 224,028.00 |
| Angelo Gordon Ptnrs LP | 6.98 | 118,623.00 |
| Apollo Prtnrshp LP | 11.67 | 15,227.00 |
| Fortress Ptnrs LP | 2.10 | 66,668.00 |
| Goldentree OD MTA | 19.78 | 91,288.72 |
| Marathon OD MTA | 18.22 | 58,575.00 |
| Total Strategic Mandates | 58.76 | 350,381.72 |
| **Opportunistic Equity Strategies** | | |
| **NON-U.S. Activist** | | |
| Governance For Owners | 16.83 | 116,221.00 |
| **TOTAL PRIVATE EQUITY INVESTMENTS** | **749.87** | **10,850,630.24** |
| **PRIVATE REAL ESTATE** | | |
| AG Realty Fd VII | 10.66 | 274,582.00 |
| Amer Value Ptnrs I | 2.19 | 30,407.80 |
| Apollo Europe III | 12.13 | 195,171.00 |
| ARA Asia Dragon Fd | 12.41 | 137,062.16 |
| Blackrock Carbon III | 8.39 | 121,018.33 |
| Blackstone Real Estate Ptnrs EU III | 2.07 | 77,059.00 |
| Blackstone Real Estate Ptnrs IV | 2.78 | 53,418.00 |
| Blackstone Real Estate Ptnrs VI | 11.66 | 152,106.00 |
| Blackstone Real Estate Ptnrs VII | 6.01 | 229,170.00 |

(Continued)

## Additional Supplementary Information
## Schedule of Investment Expenses
## For Fiscal year ended June 30,2012

Schedule 4

| | Average assets under management ($MMS) | Total Fees |
|---|---|---|
| Canyon Johnson Urban Fd | 0.21 | 26,184.00 |
| Canyon Johnson Urban Fd II | 5.34 | 130,611.00 |
| Canyon Johnson Urban Fd III | 2.81 | 81,252.00 |
| Carlyle R.P. Fd V | 3.49 | 57,343.00 |
| Carlyle Realty VI | 3.65 | - |
| Colony Investors VIII | 5.76 | 209,100.00 |
| Colony Realty Ptnrs II | 2.53 | 75,474.00 |
| Divco West Fd III | 12.04 | - |
| H/2 Spec Opportunity Fd II | 2.32 | 17,153.00 |
| Heitman America Fd | 10.23 | 48,319.00 |
| JPM Strategic Prop Fd | 25.60 | 217,772.00 |
| JPM Special Sit Fd | 3.84 | 61,167.00 |
| Lasalle US Property Fd | 17.32 | 107,301.00 |
| Metro Workforce Housing Fd | 2.20 | 51,912.00 |
| PRISA | 6.66 | 53,854.00 |
| PRISA II | 18.15 | 165,374.00 |
| Prologis Targeted US Logistics Fd | 3.63 | - |
| RREEF Amer. II | 6.66 | 107,152.00 |
| RREEF Amer. III | 1.90 | 14,408.00 |
| Silverpeak RE Ptnrs Fd III | 1.00 | 20,771.00 |
| Stockbridge Real Estate Fd | 8.40 | 165,768.00 |
| The City Investment Fd | 14.01 | 188,229.00 |
| Thor Urban Property Fd II | 1.41 | (69,292.00) |
| UBS Trumbull Property Fd | 29.67 | 171,736.00 |
| **PRIVATE REAL ESTATE(ctd)** | | |
| Walton St RE Fd VI | 4.11 | 52,609.00 |
| Westbrook RE Fd VIII | 3.19 | 75,104.00 |
| **TOTAL PRIVATE REAL ESTATE** | 264.43 | 3,299,295.29 |
| **TOTAL PRIVATE EQUITY & REAL ESTATE** | **749.87** | **14,149,925.53** |
| **Fixed Income** | | |
| **Structured Program** | | |
| **Government Treas/Agency Sector** | | |
| Fischer Francis | 60.38 | 39,248.56 |
| Pimco | 101.85 | 58,091.73 |
| State Street | 58.96 | 52,019.32 |
| **Mortgage Sector** | | |
| Blackrock | 235.14 | 190,127.00 |
| Goldman Sachs | 87.94 | 27,786.00 |
| Neuberger Berman | 111.08 | 61,032.00 |
| Pimco | 234.78 | 148,482.44 |
| **Investment Grade Credit Sector** | | |
| Blackrock | 117.68 | 190,127.00 |
| Prudential | 116.19 | 64,202.30 |
| Taplin Canida | 202.13 | 136,246.67 |
| T. Rowe Price | 187.40 | 201,217.62 |
| **Enhanced Yield** | | |
| Mackay Shields | 129.19 | 375,689.00 |
| Seix | 1.45 | 163,592.72 |
| T. Rowe Price | 213.99 | 481,047.86 |
| High Yield Transition | 129.31 | - |
| **Convertible Bonds** | | |
| Advent | 42.38 | 216,326.21 |
| Lord Abbett | 37.85 | 85,064.90 |
| **TOTAL FIXED INCOME** | **2,067.70** | **2,490,301.33** |

(Continued)

## Additional Supplementary Information
## Schedule of Investment Expenses
## For Fiscal year ended June 30,2012

Schedule 4

| | Average assets under management ($MMS) | Total Fees |
|---|---|---|
| **Mutual Fund - Fixed Income** | | |
| **Progress Fixed Emerging Managers** | | |
| **Total Progress Fixed Emerging Managers** | 26.23 | 32,150.00 |
| **TOTAL MUTUAL FUND- FIXED INCOME** | **26.23** | **32,150.00** |
| **Mutual Fund - Equity** | | |
| **Small Cap Passive** | | |
| Blackrock R2000 | 0.09 | 29,275.00 |
| **TOTAL MUTUAL FUND - EQUITY** | **0.09** | **29,275.00** |
| **Mutual Fund - Mortgages** | | |
| **Internal Management** | | |
| **Access RBC** | 8.20 | 34,720.63 |
| **AFL-CIO Housing Inv Trust** | 40.20 | 174,654.00 |
| **CFSB-PPAR** | 0.36 | - |
| **NCBCI-PPAR** | 0.15 | - |
| **CCD-PPAR** | 0.84 | - |
| **LIIF-PPAR** | 0.30 | - |
| **Mutual Fund - Mortgages(ctd)** | | |
| **Targeted Investment** | 0.06 | - |
| **GNMA** | 0.06 | - |
| **CPC - Term Loan** | 3.33 | - |
| **Short Term** | 245.77 | - |
| **TOTAL MUTUAL FUND - MORTGAGES** | **299.26** | **209,374.63** |
| **Mutual Fund - TIPS** | | |
| **Active TIPS Managers** | | |
| Blackrock | 62.28 | 44,000.00 |
| Pimco | 62.17 | 45,537.97 |
| **Passive TIPS Managers** | | |
| State Street | 41.38 | 1,600.57 |
| **TOTAL MUTUAL FUND - TIPS** | **165.84** | **91,138.54** |
| **Consultants** | | |
| Akisa (Hedge Fund) | | 118,100.03 |
| Alcaraz (Tax) | | 227.45 |
| Capital Analytics II (Accounting Services) | | 36,322.05 |
| Courtlandt Partners, Ltd (Real Estate) | | 10,866.00 |
| New England Pension (General) | | 338,865.12 |
| Price Water House Coopers (Tax) | | 1,651.65 |
| StepStone (P/E) | | 187,500.00 |
| Townsend Group (Real Estate) | | 92,561.00 |
| Torrey Cove (P/E) | | 443,141.41 |
| **TOTAL CONSULTANT FEES** | - | **1,229,234.71** |
| **Legal Fees** | | |
| Foster, Pepper.. | | 25,641.41 |
| Conway Mackenzie | | 40.48 |
| Cox, Castle.. | | 13,166.02 |
| Debevoise &.. | | 1,178.51 |
| Pillsbury | | 27,237.49 |
| Sadis.. | | 8,374.12 |
| Seward & Kissel | | 4,520.03 |
| Simpson Thacher.. | | 270.00 |
| Morgan, Lewis &.. | | 41,487.29 |
| Orrick, Herrington &.. | | 4,127.63 |
| Nixon Peabody, LLP | | 9,732.03 |
| Weil, Gotshal &.. | | 954.75 |
| **TOTAL LEGAL FEES** | - | **136,729.76** |

(Continued)

## Additional Supplementary Information
## Schedule of Investment Expenses
## For Fiscal year ended June 30,2012

Schedule 4

| | Average assets under management ($MMS) | Total Fees |
|---|---|---|
| **Total Investment Management Fees** | **8,186.98** | **27,816,384.11** |
| Operating Expenes Mutual Funds | - | 73.86 |
| Other Miscellaneous Investment Fees | - | 5,111,248.53 |
| **Total Investment Expenses F/Y 2012** | **8,186.98** | **32,927,706.50** |

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# New York City Fire Pension Fund

## Comprehensive Annual Financial Report

## A Pension Trust Fund of the City of New York

## Investment Section

## Part III

## Fiscal Year Ended June 30, 2012

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# INVESTMENT REPORT

This report is prepared by management on the basis of information provided by the investment managers of the New York City Fire Pension Fund and the Comptroller of the City of New York. The Comptroller administers the Funds' investment portfolio subject to the direction and control of the Board of Trustees. The Board of Trustees assumes the responsibility of ensuring that assets of the Plan are managed efficiently and prudently, in full compliance with the Administrative code of the City of New York (ACNY) and the State Retirement and Social Security Laws, for the benefit of the Fund's membership.

## Investment Policy

The Fund's primary purpose is to provide retirement benefits for members and their beneficiaries. These benefits are financed through the accumulation of employer and member contributions and investment earnings. The Board of Trustees therefore sets investment objectives to assure adequate accumulation of reserves and also to protect the long term value of the assets. The Board's overall philosophy on strategic factors, i.e. risk tolerance, returns, diversification and liquidity requirements determines the objectives of the investment policy adopted. Listed below is a brief outline of key objectives and philosophy:

- To assure that members and beneficiaries receive benefits now and in the future, the level of investment risk in the portfolio will be prudent and not exceed levels that may jeopardize objectives.
- To enhance portfolio returns moderate risk levels are assumed, since over the long term there is a relationship between the level of risk taken and the rate of return realized.
- Diversification through investing in a broad array of investments reduces portfolio risk. This is achieved by allocating funds among many asset categories, industries and geographic locations.
- Liquidity requirements are maintained through the structuring of cash flows from contributions, investment income and short term investments; this assures timely payment of benefits.

The overall policy adopted is therefore one that minimizes credit and market risks while maintaining a competitive yield on the investment portfolio. The portfolio assets are managed by registered investment advisors pursuant to applicable laws and guidelines issued by the Comptroller, except for certain private equity and real estate investments where registration is not required. Fund managers are periodically reviewed for ongoing performance and adherence to investment guidelines.

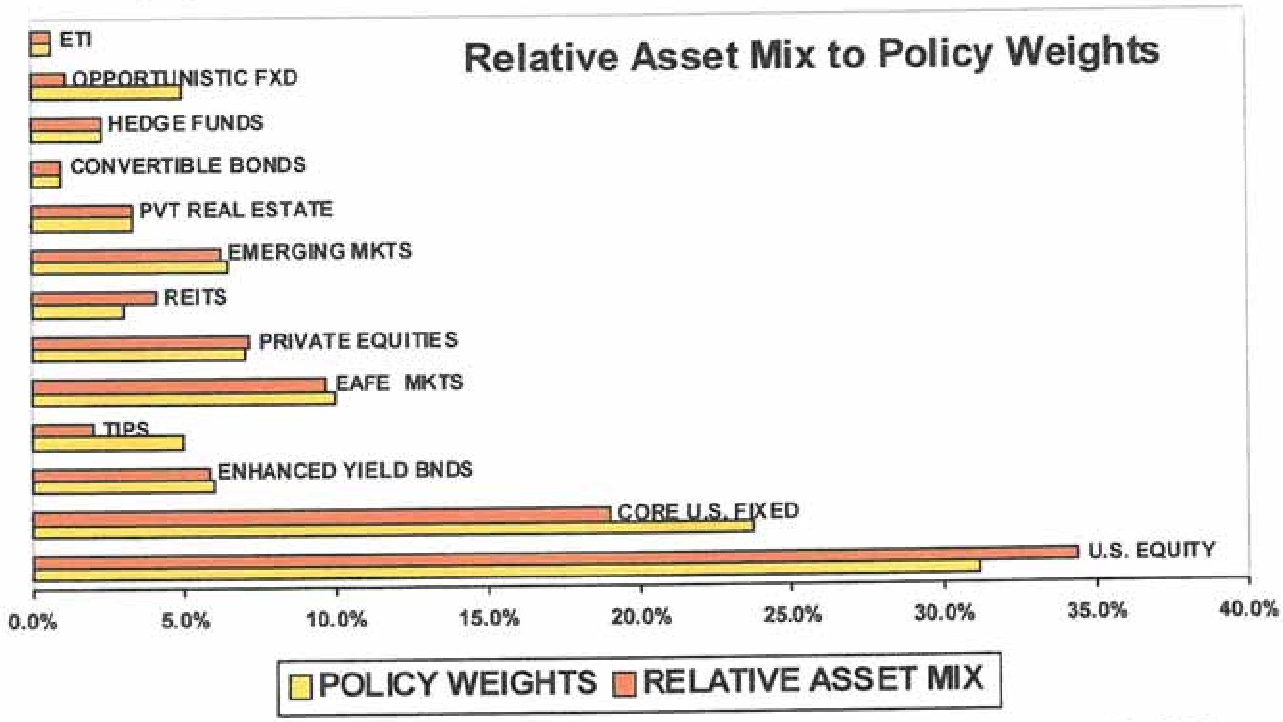
## Investment Criteria and Asset Allocation

The Board's investment policy is implemented using a strategic allocation of assets that meet the objectives of the Fund, while working within the confines of the legislative guidelines. The guidelines dictate that Fixed income investments may be made in securities guaranteed by the U.S Government or U.S. Government agencies, or in companies rated BBB or better by both Standard and Poor's Corporation and Moody's Investors service, Inc., and any bond that meets the qualifications of The New York State Retirement and Social Security Laws (RSSL), the New York State Banking Law and the ACNY. Equity investments may be made only in those stocks that meet the qualifications of the (RSSL), the New York State Banking Law and the ACNY.

Short-term investments may be made in U.S. Government securities, Commercial paper rated A1, P1 or F1 by Standard & Poor Corporation, Moody's Investors service inc. or Fitch respectively. Additionally, up to 25% of total pension fund assets may be made in instruments not specifically covered by RSSL. The largest share of the portfolio is invested in equities, as equity investments provide superior returns over the long term, despite historical volatility. For further discussion on investment criteria see note 3, of Notes to financial statements.

The Fund's asset allocation policy is constructed to meet both short-term funding requirements and long-term pension obligations. Investments are therefore made in a broad array of financial instruments including domestic stocks, bonds and international securities through a collective fund investment vehicle. The percentages assigned each category of assets held in the Fund are determined based on the results of a study, which indicates the expected rates of return and levels of risk for various asset allocations. These allocations are reviewed periodically to address fluctuating market events and new investment opportunities.

The current policy mix implemented is comprised of items in the following major categories: U.S equity, Core U.S. fixed income, Enhanced yield bonds, Treasury inflation protected securities (TIPS), International equity(EAFE Markets), Private equity, Real estate investments trusts (REITS), Emerging markets, Private Real Estate investments, Convertible Bonds, Hedge Funds, Opportunistic Fixed and Economically Targeted Investments(ETI).




The chart above shows a comparison of relative asset mix to policy weights as at June 30, 2012. Although the Fund's assets are periodically re-balanced to keep in line with long term asset allocation objectives, actual allocation may vary from policy weights as market values shift and investments are added or terminated. As indicated in the chart, the Fund exceeded targeted allocations of U.S. equity, Private Equity and Real Estate Investments Trusts by 3.2, .2, 1.1 percentage points respectively. While Core U.S Fixed, Enhanced Yield bonds, TIPS, EAFE Markets, Emerging Markets and Opportunistic fixed investments fell below the current targeted allocations by approximately 4.7, .2, 3.0, .3, .3, and 3.9 percentage points respectively. Investments in Convertible Bonds, Hedge Funds and ETI closely matched targeted allocations. Actual asset allocation in effect on 6/30/2011 is presented in the chart titled "Asset Allocation" (Exhibit 1). Changes in actual asset allocation over a period of ten years covering June 2003 through June 2012 are presented in an area graph showing the major categories and amount of assets held at the end of each fiscal period (also Exhibit 1).

## Summary of Investment Results for fiscal year 2012

The return on the Fund's investment portfolio for fiscal year ended June 2012, although positive, is reflective of the uncertainty and the volatility experienced in financial markets, during the period. The Fund returned a net gain of 1.1 %[1], ranking in the median quartile of the ICC Public Funds universe. This result was well below the actuarial assumed rate of return at 7.0% and also below the gain of 2.9% posted by the Fund's policy benchmark over the same fiscal period.

The portfolio's marginal gain for fiscal year ended June 30, 2012 was affected by weak performances in the equity markets during the period. For the quarter ended June 30, 2012, returns posted across asset classes were mostly negative except for fixed income securities, which were modestly positive. U.S. equities, the largest segment in the portfolio, ended the period with overall gains of 1.3%, despite negative returns of 4.1% for the quarter ended June 2012. This result was, however, well below the Russell 3000 index, a broad measure of the U.S stock market, which posted gains of 3.9% over the fiscal period.

International equities as a group were among the worst performers, all categories declined during the period. Investments from the developed international markets in the portfolio declined by 13.03%, modestly ahead of the benchmark, the MSCI Europe, Australia and Far East (EAFE) Index which declined by13.8 percent. While active emerging markets equities in the portfolio declined 15.0%, also ahead of its benchmark, the MSCI Emerging Markets Free index which declined 15.7% over the same period.

Overall, the domestic fixed income composite portfolio, the best performer among the asset classes, closed fiscal year 2012 with gains of 7.1%. Within this category, the structured or core investment grade fixed income group were among the top performers, posting gains of 9.3%, just below the return of 9.4% posted by its benchmark the New York City core plus 5 index, for the same period. Enhanced Yield bonds were among the lower performers in this category, posting gains of 6.8%, underperforming its benchmark Citigroup BB&B which posted gains of 8.5%. Treasury Inflation Protected securities, the best performer in this category posted gains of 12.0%, outperforming its benchmark, the Barclays Capital US TIPS index, which posted gains of 11.7% for the period.

For the five-year period ended June 30, 2012 the Fund's annualized returns stood at 1.9 %, compared to the portfolio policy benchmark return at 3.2%.

**Schedule 1A** presents our Consolidated Performance Report, displaying the percentage of portfolio market value and returns for each major investment asset class along with the returns for corresponding benchmarks through June 30, 2012.

Total investments including Collateral from securities lending rose from $9,072.6 million to $9,122.4 million, during fiscal year 2012. This change is depicted in **Exhibit 2**, a chart showing changes in total investment at market value over the ten fiscal periods between 2003 and 2012. Listings of the Fund's largest bonds, stocks and Alternative Investment holdings are presented in **Schedule 2A, 3A & 4A** respectively.

Portfolio assets invested during fiscal year 2012 returned net gains of $93.5 million. The overall gain was due mainly to the excess of total contributions and net investment income over benefits paid. **Exhibit 3** shows a summary of the changes in investment income over the ten-year period 2003 through 2012.

Fees and Brokers' commissions are calculated based on total assets under management for the period. Summaries of Brokers' commissions for investments traded are presented in schedule **5A.**

The Summary of investments presented in **Schedule 6A** shows the overall market values of each major investment asset class in the portfolio, including short-term holdings and collateral from securities lending. The schedule also shows the percentage value of each category in relation to total investments for fiscal year 2012.

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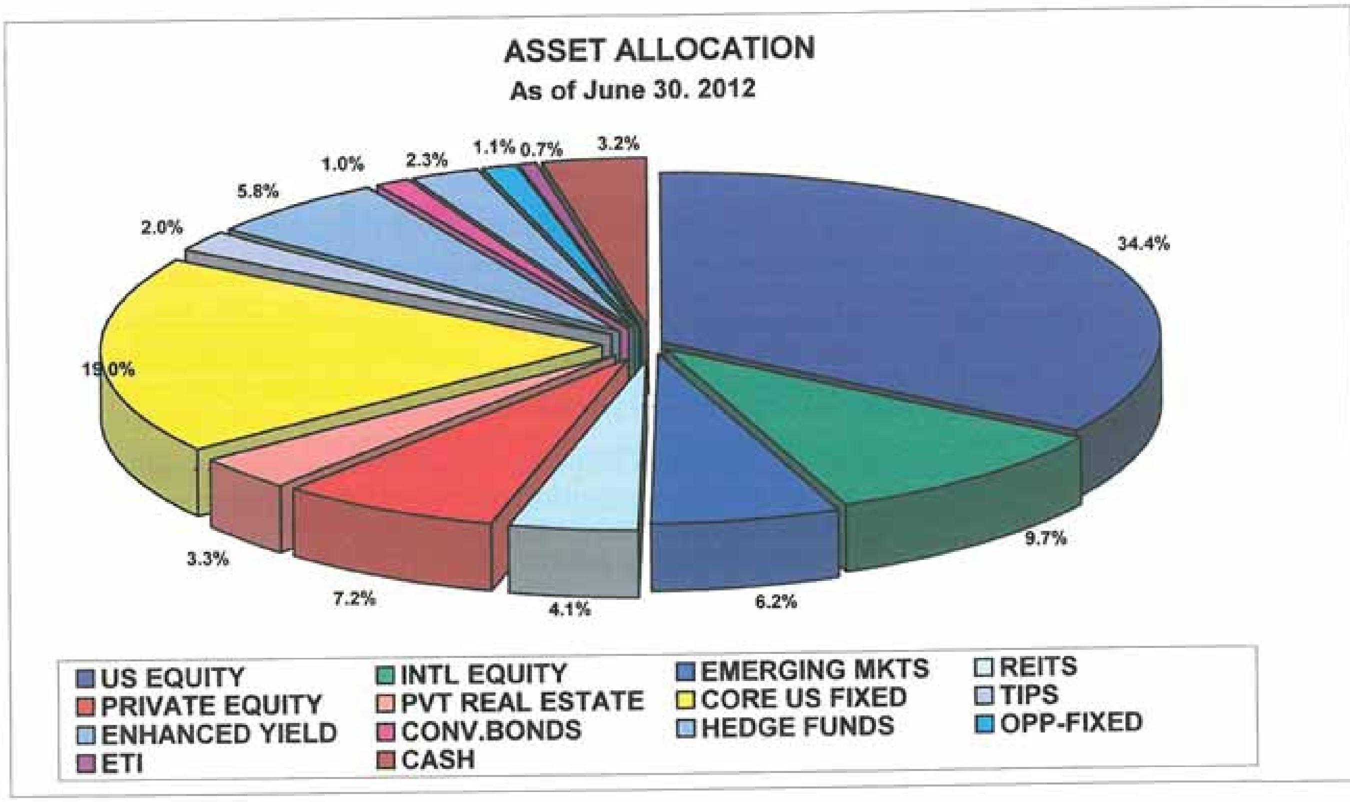
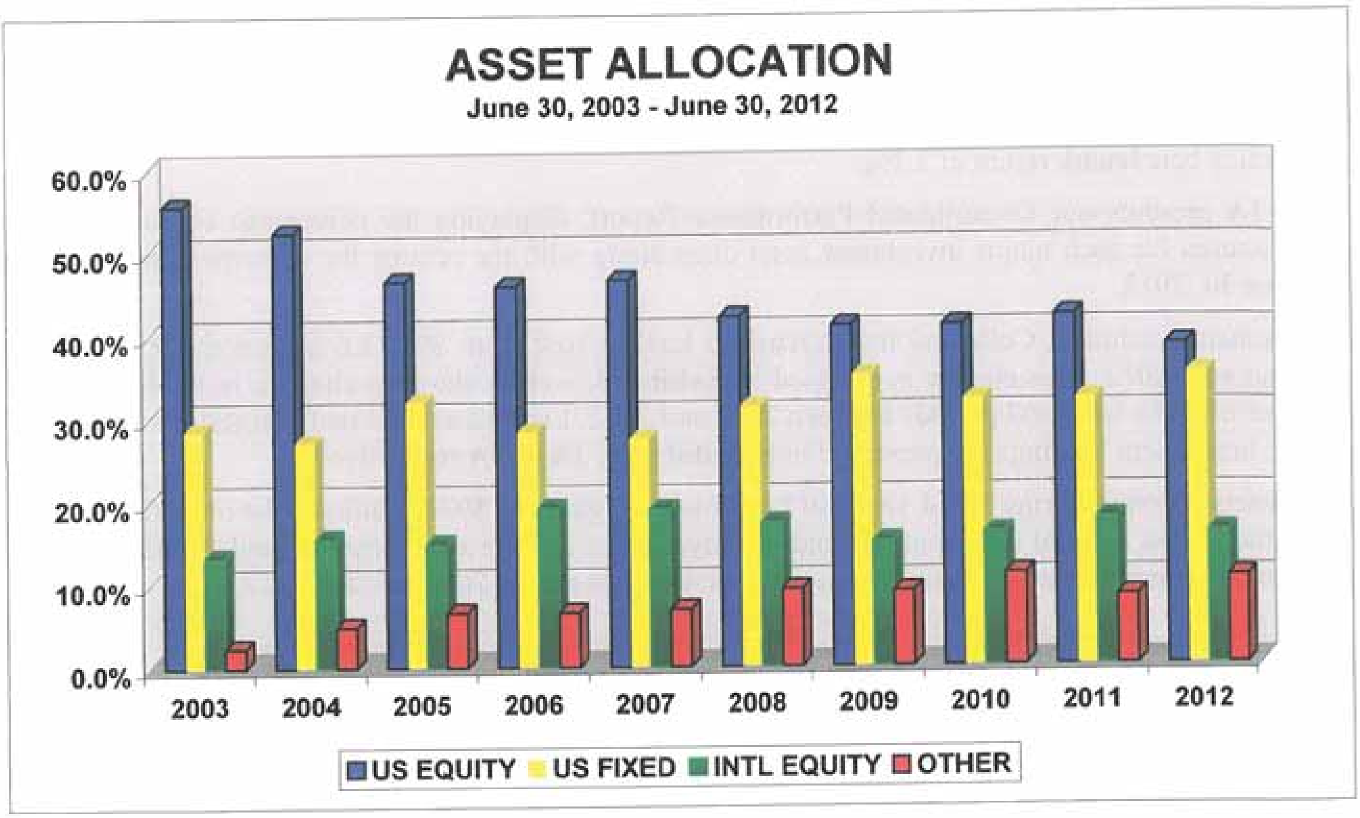
[1] Calculations on the rate of return for investments were prepared using a time -weighted rate of return, based on the market rate of return consistent with Global Investment Performance Standards (GIPS).

EXHIBIT 1


ASSET ALLOCATION
As of June 30. 2012
34.4%
9.7%
6.2%
4.1%
7.2%
3.3%
19.0%
2.0%
5.8%
1.0%
2.3%
1.1%
0.7%
3.2%
US EQUITY
PRIVATE EQUITY
ENHANCED YIELD
ETI
INTL EQUITY
PVT REAL ESTATE
CONV.BONDS
CASH
EMERGING MKTS
CORE US FIXED
HEDGE FUNDS
REITS
TIPS
OPP-FIXED


ASSET ALLOCATION
June 30, 2003 - June 30, 2012
60.0%
50.0%
40.0%
30.0%
20.0%
10.0%
0.0%
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
US EQUITY
US FIXED
INTL EQUITY
OTHER

# TOTAL INVESTMENTS

(At Market - Value)

Exhibit 2

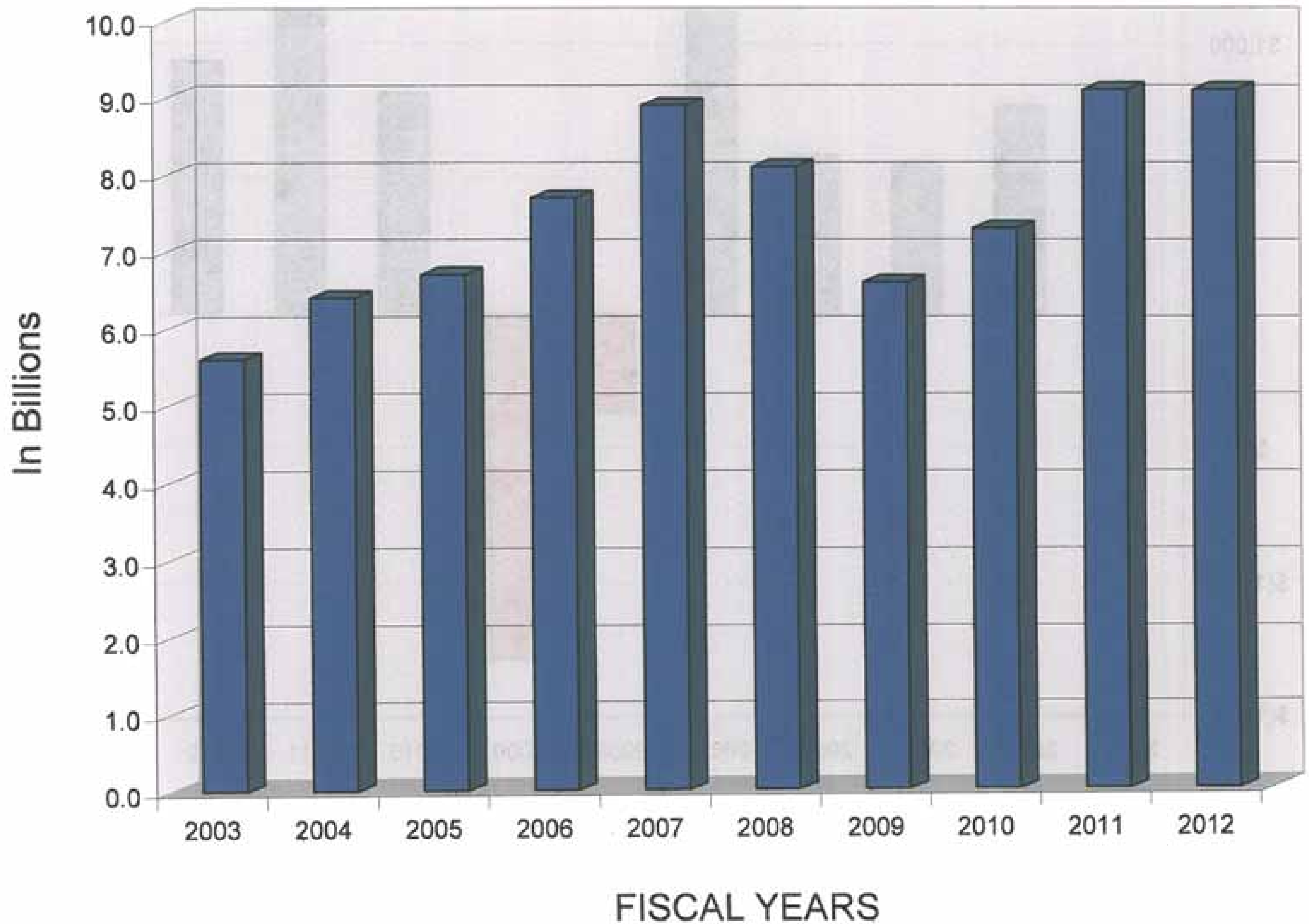
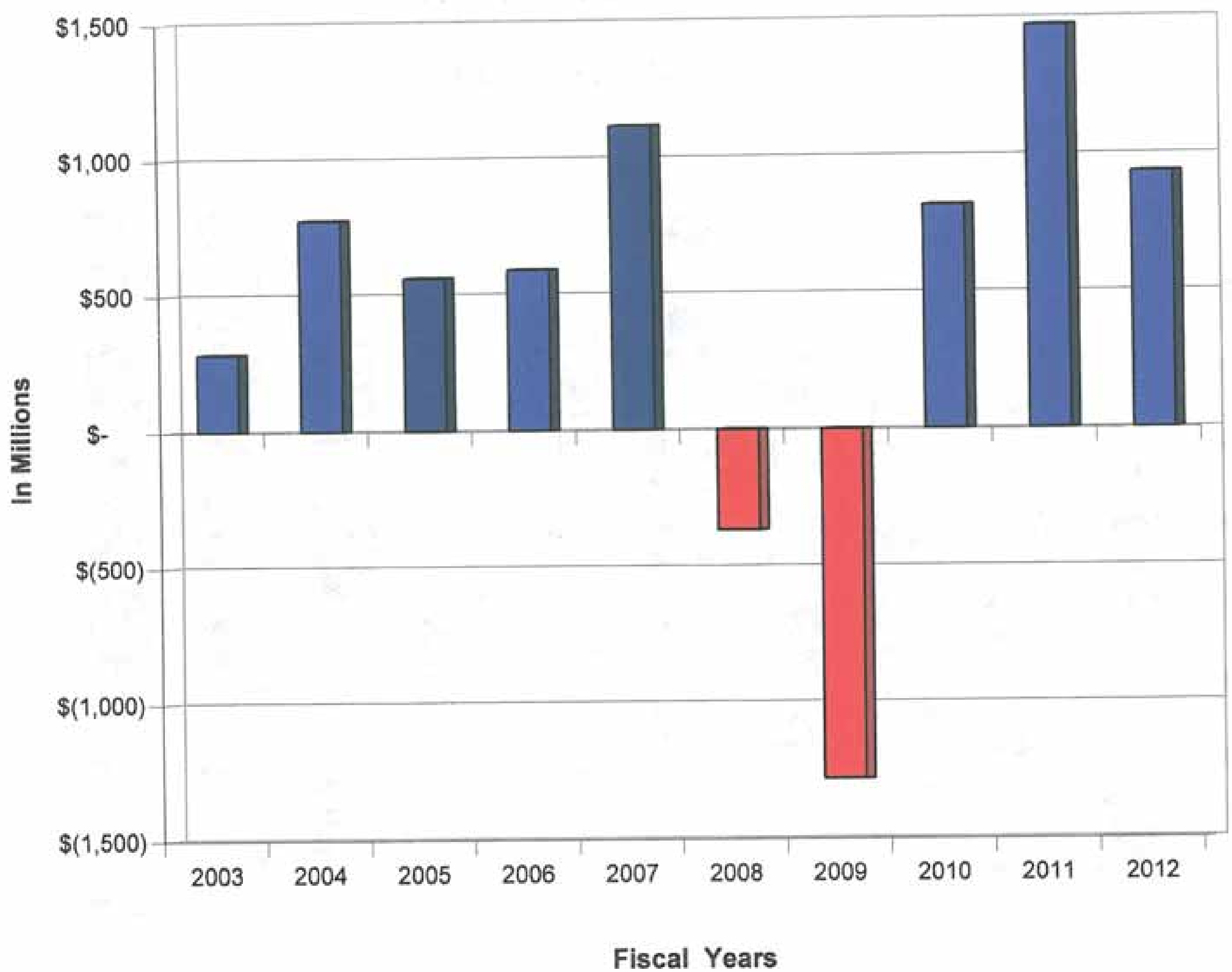


Exhibit 3

## INVESTMENT INCOME



## Schedule of Portfolio Returns*
## June 30, 2012

Schedule 1A

| Assets ($MM) | % Total | Asset Class | 3 Mos Apr-12 Jun-12 | YTD Jan-12 Jun-12 | 1 YR Jul-11 Jun-12 | 3 YRS Jul-09 Jun-12 | 5 YRS Jul-07 Jun-12 | 10 YRS Jul-02 Jun-12 |
|---|---|---|---|---|---|---|---|---|
| **2,803.75** | **34.42** | **U.S. Equities** | **-4.08** | **8.79** | **1.33** | **15.98** | **-0.01** | **5.50** |
| 147.31 | 1.81 | Total Small Cap | -5.38 | 6.52 | -4.96 | 15.37 | -2.35 | n/a |
| | | Russell 2000 | -3.47 | 8.53 | -2.08 | 17.79 | 0.54 | n/a |
| 51.26 | 0.63 | Total Small/Mid Cap | -6.23 | 5.74 | -5.48 | n/a | n/a | n/a |
| | | Russell 2500 Value | -3.02 | 8.15 | -1.49 | n/a | n/a | n/a |
| 404.37 | 4.96 | Total Mid Cap | -4.98 | 9.19 | -1.47 | 18.15 | -0.48 | n/a |
| | | Russell Mid Cap | -4.40 | 7.97 | -1.65 | 19.44 | 1.05 | n/a |
| 269.78 | 3.31 | Total Large Cap | -7.43 | 6.74 | -3.97 | 13.48 | -0.59 | n/a |
| | | Russell 1000 | -3.12 | 9.38 | 4.37 | 16.64 | 0.38 | n/a |
| 105.95 | 1.30 | Total Emerging Managers | -5.22 | 8.70 | -0.85 | 15.45 | 0.25 | 5.75 |
| | | Russell 3000 | -3.15 | 9.32 | 3.84 | 16.73 | 0.39 | 5.81 |
| 1,825.08 | 22.41 | Total Russell 3000 | -3.14 | 9.30 | 3.88 | 16.73 | 0.51 | 5.83 |
| | | Russell 3000 | -3.15 | 9.32 | 3.84 | 16.73 | 0.39 | 5.81 |
| **1,298.84** | **15.95** | **Total International Equity** | **-8.21** | **3.52** | **-14.14** | **8.21** | **-4.01** | **7.14** |
| 776.30 | 9.53 | Total Developed Markets | -6.79 | 3.62 | -13.03 | 7.95 | -4.84 | 5.64 |
| | | MSCI EAFE(Net dividend) Benchmark | -7.13 | 2.96 | -13.83 | 5.96 | -6.10 | 5.14 |
| | | International Equity Median Benchmark | -6.75 | 4.82 | -12.70 | 8.22 | -3.92 | 6.80 |
| 16.83 | 0.21 | Non US Activist | -15.59 | 2.24 | -25.49 | 13.19 | n/a | n/a |
| | | MSCI Europe SMID Cap | -9.05 | 5.95 | -19.00 | 9.09 | n/a | n/a |
| 343.79 | 4.22 | Total Active Emerging Markets | -10.57 | 3.47 | -14.99 | 10.44 | -0.24 | n/a |
| | | MSCI Emerging Markets Free-Benchmark | -8.77 | 4.12 | -15.67 | 10.09 | 0.21 | n/a |
| 161.92 | 1.99 | Total Passive Emerging Markets | -8.88 | 3.92 | -16.43 | n/a | n/a | n/a |
| | | MSCI Emerging Markets Free-Benchmark | -8.77 | 4.12 | -15.67 | n/a | n/a | n/a |
| **185.31** | **2.27** | **Total Hedge Funds** | **-1.27** | **1.05** | **-1.97** | **n/a** | **n/a** | **n/a** |
| | | 1 Year Treasury Bill Yield + 4% | 1.03 | 2.02 | 4.26 | n/a | n/a | n/a |
| **332.58** | **4.08** | **Total Real Estate Equity Sec.(REITS)** | **2.59** | **14.29** | **11.82** | **32.68** | **1.58** | **n/a** |
| | | DJ US Select Real Estate Securities Index | 3.65 | 14.93 | 12.77 | 33.52 | 1.79 | n/a |
| **583.57** | **7.16** | **Private Equity** | **5.51** | **7.34** | **7.57** | **14.55** | **6.67** | **n/a** |
| **264.43** | **3.25** | **Private Real Estate** | **4.19** | **7.67** | **10.78** | **3.78** | **-5.28** | **n/a** |
| **2,660.10** | **32.66** | **Total Fixed Income** | **2.04** | **3.82** | **7.09** | **9.35** | **7.38** | **6.87** |
| 1,513.52 | 18.58 | Total Structured Program | 2.48 | 3.54 | 9.29 | 8.92 | 7.84 | 6.60 |
| | | NYC Core Plus Five Index | 2.61 | 3.00 | 9.35 | 7.96 | 7.79 | 6.34 |
| 473.95 | 5.82 | Enhanced Yield | 1.49 | 5.88 | 6.80 | 14.02 | 8.04 | 9.99 |
| | | Citigroup BB & B | 2.08 | 6.72 | 8.45 | 14.05 | 6.28 | 8.64 |
| 10.40 | 0.13 | Total Core plus Fixed income | 1.88 | 3.11 | 7.65 | 8.25 | n/a | n/a |
| | | Barclays Capital Aggregate bond index | 2.06 | 2.37 | 7.47 | 6.93 | n/a | n/a |
| 26.23 | 0.32 | Total Progress Fixed income | n/a | n/a | n/a | n/a | n/a | n/a |
| | | Barclays Capital Aggregate | n/a | n/a | n/a | n/a | n/a | n/a |
| 165.84 | 2.04 | Total Tips Managers | 3.16 | 3.94 | 12.03 | 9.68 | 8.58 | n/a |
| | | Barclays Capital US Tips index | 3.15 | 4.04 | 11.66 | 9.65 | 8.45 | n/a |
| 80.24 | 0.98 | Total Convertible Bonds | -2.34 | 5.52 | -2.72 | 11.79 | n/a | n/a |
| | | BofA ML All Conv. Ex mandatory index | -2.68 | 6.91 | -1.68 | 13.76 | n/a | n/a |
| 90.71 | 1.11 | Total Opportunistic Fixed | 4.42 | 10.69 | -2.56 | 22.20 | n/a | n/a |
| | | NYC 10% Annual return | 1.91 | 8.45 | 10.67 | 19.92 | n/a | n/a |
| 53.44 | 0.66 | Total Targeted- ETI (with cash) | 2.22 | 2.58 | 7.05 | 6.15 | 6.75 | 5.21 |
| | | Barclays Capital Aggregate | 2.06 | 2.37 | 7.47 | 6.93 | 6.79 | 5.63 |
| 245.77 | 3.02 | State Street Short Term | 0.11 | 0.20 | 0.41 | 0.55 | 1.80 | 2.36 |
| **16.95** | **0.21** | **Securities Lending** | n/a | n/a | n/a | n/a | n/a | n/a |
| **0.27** | - | **Bank of New York -CD** | n/a | n/a | n/a | n/a | n/a | n/a |
| **8,145.80** | **100.00** | **Total Portfolio** | **-1.81** | **6.15** | **1.10** | **12.63** | **1.93** | **6.85** |
| | | **Policy Benchmark** | -1.34 | 6.56 | 2.99 | 14.53 | 3.21 | 7.31 |

*Calculations on the rate of return for Investments were prepared using a time weighted rate of return, based on the market rate of return-consistent with Global Investment Performance Standards (GIPS).

## List of 50 Largest Bond Holdings by Market Value as of June 30, 2012

Schedule 2A

| Cusip Number | Security Description | Interest Rate | Maturity Date | Par/Face Value | Market Value |
|---|---|---|---|---|---|
| S86826400 | MORGAN STANLEY ONE LN | - | - | 100 | 169,553,148 |
| S99993000 | NYC CUSTOM STIF | - | - | 112,296,598 | 112,308,116 |
| S86253410 | TIPS POS. AT BLACKROCK | - | - | 1 | 62,284,610 |
| S86253430 | TIPS POS. HELD AT PIMCO | - | - | 1 | 62,172,663 |
| S86924920 | AFL-CIO HOUSING INV TR. | - | - | 34,066 | 40,199,736 |
| 3138LTNU8 | FED. NAT'L MTGE ASSN AO3102 | 3.0% | 01-Jun-42 | 32,014,272 | 32,969,253 |
| 01F040479 | FNMA TBA 15YR SFM JUL | 4.0% | 01-Jul-27 | 22,000,000 | 23,395,625 |
| 02R040672 | FHLMC TBA 30YR GOLD SFM | 4.0% | 01-Jul-41 | 18,280,000 | 19,411,583 |
| 01F030470 | FNMA TBA 15YR SFM JUL | 3.0% | 01-Jul-27 | 18,280,000 | 19,165,823 |
| 01N040678 | GNMA I TBA SFM 30YR JULY | 4.0% | 01-Jul-42 | 15,800,000 | 17,272,694 |
| 01N050677 | GNMA I TBA 30YR SFM JUL | 5.0% | 01-Jul-39 | 15,100,000 | 16,594,969 |
| 912810EL8 | U S TREASURY BONDS | 8.0% | 15-Nov-21 | 9,600,000 | 15,168,587 |
| 02R040680 | FHLMC TBA 30YR GOLD SFM | 4.0% | 15-Aug-39 | 13,000,000 | 13,769,844 |
| 912810EP9 | U S TREASURY BONDS | 7.1% | 15-Feb-23 | 8,505,000 | 13,232,752 |
| 313396L76 | FED.HOME LN MTG CORP DSC | - | 23-Oct-12 | 13,000,000 | 12,996,360 |
| 01F052672 | FNMA TBA 30YRS SFM JULY | 5.5% | 01-Jul-42 | 11,335,000 | 12,368,879 |
| S86885060 | VANGUARD TOTL BND IDX FND | - | | 1,097,820 | 12,185,807 |
| 9127956H9 | U S TREASURY BILLS | - | 13-Sep-12 | 11,200,000 | 11,198,250 |
| 3128M73B0 | FED'L HM LN MTG GP#G05894 | 4.5% | 01-Apr-40 | 15,770,808 | 10,325,588 |
| 9127955C1 | U S TREASURY BILLS | - | 20-Sep-12 | 10,200,000 | 10,198,406 |
| 9127956U0 | U S TREASURY BILLS | - | 29-Nov-12 | 10,000,000 | 9,994,600 |
| 01F040685 | FNMA TBA 30YR SFM 4.00 AUG | 4.0% | 25-Aug-39 | 9,000,000 | 9,561,094 |
| 912828KQ2 | UNITED STATES TREAS NTS | 3.1% | 15-May-19 | 8,380,000 | 9,557,840 |
| 912828RR3 | UNITED STATES TREAS NTS | 2.0% | 15-Nov-21 | 9,170,000 | 9,530,879 |
| 01F032682 | FNMA TBA 30YR SFM AUG | 3.5% | 01-Aug-40 | 9,000,000 | 9,434,531 |
| 01F050676 | FNMA TBA 30YRS SFMJULY | 5.0% | 01-Jul-41 | 8,460,000 | 9,156,223 |
| 312942NM3 | FED'L HM LN MTG CORP- A93996 | 4.5% | 01-Sep-40 | 11,500,000 | 8,902,644 |
| 31402RF87 | FED NT'L MTG ASN PL # 735591 | 5.0% | 01-Jun-35 | 30,000,000 | 8,741,096 |
| 912828JQ4 | UNITED STATES TREAS NTS | 2.8% | 31-Oct-13 | 7,800,000 | 8,089,951 |
| 312930XX3 | FED'L HM LN MTG GRP A84294 | 4.5% | 01-Feb-39 | 19,916,571 | 8,079,943 |
| 912810QL5 | UNITED STATES TREAS BDS | 4.3% | 15-Nov-40 | 5,780,000 | 7,592,336 |
| 01F032476 | FNMA TBA 15YR SFM JUL | 3.5% | 01-Jul-26 | 7,145,000 | 7,551,006 |
| 01F042681 | FNMA TBA 30YR SFM AUG | 4.5% | 01-Aug-31 | 7,000,000 | 7,503,125 |
| 313384D30 | FED HM LN BK DISC.PL#A02975 | 0.0% | 24-Aug-12 | 7,500,000 | 7,499,475 |
| 3138LTJV1 | FED NAT'L MTG ASSN PL02975 | 3.5% | 01-May-42 | 6,960,000 | 7,358,295 |
| 3128LXAT7 | FED'L HM LN MTG GP G01818 | 5.0% | 01-May-35 | 27,537,800 | 7,283,847 |
| 01F032674 | FNMA TBA 30YR SFM JUL | 3.5% | 01-Jul-42 | 6,750,000 | 7,091,995 |
| 31412PLP4 | FED NT'L MTG ASN PL # 931034 | 4.5% | 01-Apr-39 | 9,312,708 | 6,813,245 |
| 3128MJMN7 | FED HM LN MTG CRP GP G08364 | 4.5% | 01-Sep-39 | 10,862,890 | 6,808,902 |
| 36202FHY5 | GOV'T NT'L MTG ASN II PL - 4747 | 5.0% | 20-Jul-40 | 8,200,000 | 6,715,664 |
| 01F060675 | FNMA TBA 30YRS SFM JULY | 6.0% | 01-Jul-41 | 6,000,000 | 6,604,438 |
| S86842280 | PIM FI MTA NIB NC | - | | 1 | 6,561,846 |
| S86842350 | PIM FI MTA NIB AC | - | | 1 | 6,530,457 |
| 912828HH6 | UNITED STATES TREAS NTS | 4.3% | 15-Nov-17 | 5,370,000 | 6,362,392 |
| 9127955G2 | U S TREASURY BILLS | - | 18-Oct-12 | 6,000,000 | 5,998,080 |
| 31416CE93 | FED NT'L MTG ASN PL # 995760 | 5.5% | 01-Jan-38 | 13,090,440 | 5,947,534 |
| 912828LJ7 | UNITED STATES TREAS NTS | 3.6% | 15-Aug-19 | 4,920,000 | 5,837,745 |
| 912810EE4 | U S TREASURY BONDS | 8.5% | 15-Feb-20 | 3,645,000 | 5,703,711 |
| 912828MK3 | UNITED STATES TREAS NTS | 3.1% | 31-Jan-17 | 4,900,000 | 5,500,247 |
| 01F052680 | FNMA TBA 30YR SFM -AUG | 5.5% | 01-Aug-41 | 5,000,000 | 5,451,563 |

A Complete listing of the portfolio holdings is available from our office upon request

## List of 50 Largest Stock Holdings by Market Value as of June 30, 2012

Schedule 3A

| Cusip Number | Security Description | Number of Shares | Market Value |
|---|---|---|---|
| S86749770 | GRP TR EAFE SSGA | 1,000 | 144,148,523.26 |
| S86792830 | GR TR EAFE POS HELD AT PIA | 1,001 | 128,578,865.75 |
| 037833100 | APPLE INC COM | 114,452 | 66,839,968.00 |
| 30231G102 | EXXON MOBIL CORP | 614,705 | 52,600,306.85 |
| S86968860 | COINVESTMENTSLLC | 2 | 41,966,390.08 |
| 594918104 | MICROSOFT CORP COM | 965,536 | 29,535,746.24 |
| 166764100 | CHEVRON CORPORATION | 278,463 | 29,377,846.50 |
| 369604103 | GENERAL ELECTRIC CO | 1,345,659 | 28,272,304.77 |
| 00206R102 | AT&T INC | 760,942 | 27,135,191.72 |
| S99993000 | NYC CUSTOM STIF | 25,935,923 | 25,938,980.56 |
| 459200101 | CORP | 132,142 | 25,844,332.36 |
| 717081103 | PFIZER INC COM | 1,048,630 | 24,118,490.00 |
| 478160104 | JOHNSON & JOHNSON COM | 348,552 | 23,548,173.12 |
| 949746101 | WELLS FARGO & CO NEW | 673,102 | 22,508,530.88 |
| 742718109 | PROCTER & GAMBLE CO COM | 331,178 | 20,284,652.50 |
| 46625H100 | JPMORGAN CHASE & CO | 565,868 | 20,218,463.64 |
| 084670702 | BERKSHIRE HATHAWAY INC DEL | 228,902 | 19,074,403.66 |
| 718172109 | PHILIP MORRIS INTL INC | 214,943 | 18,921,176.65 |
| 38259P508 | GOOGLE INC CL A | 32,572 | 18,894,040.04 |
| 191216100 | COCA-COLA CO | 235,464 | 18,532,803.84 |
| 458140100 | INTEL CORPORATION | 656,921 | 17,506,944.65 |
| 92343V104 | VERIZON COMMUNICATIONS INC | 393,349 | 17,480,429.56 |
| 58933Y105 | MERCK & CO INC NEW | 392,658 | 16,560,648.72 |
| S86849230 | CASPIAN SELECT CREDIT FUND, LP | 1 | 16,113,913.86 |
| S86927510 | FUNDIII,LLC | 1 | 15,751,000.00 |
| 68389X105 | ORACLE CORPORATION | 509,997 | 15,146,910.90 |
| 931142103 | WAL MART STORES INC | 212,075 | 14,785,869.00 |
| 828806109 | SIMON PPTY GROUP INC NEW | 91,193 | 14,195,102.38 |
| 17275R102 | CISCO SYS INC | 808,967 | 13,889,963.39 |
| 713448108 | PEPSICO INC COM | 190,018 | 13,426,671.88 |
| 002824100 | ABBOTT LABORATORIES | 190,115 | 12,256,714.05 |
| 060505104 | BANK OF AMER CORP | 1,450,073 | 11,861,597.14 |
| 172967424 | CITIGROUP INC | 424,257 | 11,628,884.37 |
| 747525103 | QUALCOMM INC | 207,539 | 11,555,771.52 |
| 674599105 | COMMON | 131,569 | 11,357,398.17 |
| 20030N101 | COMCAST CORP NEW CL A | 347,837 | 11,176,801.39 |
| 20825C104 | CONOCOPHILLIPS | 195,221 | 10,908,949.48 |
| 580135101 | MC DONALDS CORPORATION COMMON | 122,750 | 10,867,057.50 |
| 806857108 | SCHLUMBERGER LIMITED COM | 161,455 | 10,526,439.30 |
| 254687106 | DISNEY (WALT) COMPANY . | 216,182 | 10,484,827.00 |
| S86911560 | GR TR EAFE POS HELD AT LM | 1 | 10,400,597.65 |
| 023135106 | AMAZON COM INC | 43,879 | 10,019,769.65 |
| 437076102 | HOME DEPOT INC USD 0.05 | 185,068 | 9,806,753.32 |
| 126650100 | CVS CAREMARK CORP | 200,368 | 9,363,196.64 |
| 031162100 | AMGEN INC | 127,682 | 9,325,893.28 |
| 02209S103 | ALTRIA GROUP INC | 266,130 | 9,306,708.79 |
| 902973304 | US BANCORP DEL | 266,354 | 8,617,836.68 |
| 50075N104 | KRAFT FOODS INC | 214,560 | 8,348,389.24 |
| 913017109 | UNITED TECHNOLOGIES CORP | 110,337 | 8,333,753.61 |
| 92826C839 | VISA INC | 66,010 | 8,160,816.30 |

A complete listing of the portfolio holdings is available from our office upon request

## List of 50 Largest International Investment Holdings by Market Value as of June 30,2012

Schedule 4A

| Cusip Number | Security Description | Quantity | Market Value |
|---|---|---|---|
| H57312466 | NESTLE SA CHF 0.1 | 258,150 | 15,621,304 |
| H5820Q150 | NOVARTIS AG CHF 0.5 | 246,668 | 13,997,739 |
| FCB418229 | FORWARD USD/EUR | 12,546,552 | 12,546,552 |
| G4634U169 | HSBC HOLDINGS PLC USD 0.5 | 1,136,647 | 10,107,036 |
| G7690A118 | ROYAL DUTCH SHELL PLC-B SHS | 288,114 | 10,056,216 |
| G93882135 | VODAFONE GR PLC US | 3,098,842 | 9,025,814 |
| G1510J102 | BRITISH AMERICAN TOBACCO P GBP 0.25 | 172,107 | 8,751,555 |
| J92676113 | TOYOTA MOTOR CORP NPV | 217,163 | 8,684,339 |
| K7314N152 | NOVO NORDISK A/S DKK 1.0 | 56,220 | 8,144,010 |
| D0065L101 | ADIDAS AG NPV | 111,321 | 8,014,902 |
| G87621101 | TESCO PLC | 1,443,903 | 7,292,073 |
| D03080112 | ALLIANZ SE-REG | 69,730 | 7,116,208 |
| G12793108 | BP PLC USD 0.25 | 1,059,590 | 7,013,558 |
| D69671218 | SIEMENS AG NPV | 81,720 | 6,949,796 |
| D66992104 | SAP AG NPV | 111,554 | 6,671,896 |
| H69293217 | ROCHE HOLDING AG NPV | 37,638 | 6,618,061 |
| G19081101 | CARNIVAL PLC USD 1 | 192,484 | 6,588,547 |
| G1245Z108 | BG GROUP PLC 10P | 313,789 | 6,399,133 |
| J44497105 | MITSUBISHI UFJ FINANCIAL GROUP NPV | 1,333,320 | 6,318,103 |
| F58485115 | LVMH MOET HENNESSY LOUI EUR 0.3 RFD | 40,722 | 6,194,375 |
| G10877101 | BHP BILLITON PLC U | 217,551 | 6,163,385 |
| J22302111 | HONDA MOTOR CO LTD NPV | 177,345 | 6,111,586 |
| J05124144 | CANON INC NPV | 143,771 | 5,812,496 |
| 881624209 | TEVA PHARMACEUTICAL IND USD 0.1 ADR | 140,644 | 5,546,995 |
| F01764103 | AIR LIQUIDE SA EUR 5.5 | 47,949 | 5,480,108 |
| G7690A100 | ROYAL DUTCH SHELL PLC EUR 0.07 | 161,519 | 5,450,850 |
| F92124100 | TOTAL SA EUR 2.5 | 119,711 | 5,393,783 |
| G3910J112 | GLAXOSMITHKLINE PLC | 232,306 | 5,340,657 |
| Q65336119 | NATIONAL AUSTRALIA BANK LTD NPV | 211,529 | 5,299,718 |
| G74079107 | RECKITT BENCKISER GROUP PLC 10P | 99,186 | 5,235,714 |
| 40428K980 | HSBC HOLDINGS HONGKONG REG | 588,861 | 5,204,135 |
| F5548N101 | SANOFI | 68,091 | 5,162,816 |
| G84228157 | STANDARD CHARTERED PLC USD 0.5 | 236,665 | 5,140,048 |
| Q09504137 | AUSTRALIA AND NZ BANKING GROUP | 216,913 | 5,052,211 |
| D06216101 | BASF SE NPV | 70,754 | 4,979,560 |
| D0712D163 | BAYER AG NPV | 66,922 | 4,860,351 |
| J35759125 | KOMATSU LTD NPV | 200,312 | 4,715,881 |
| D2734Z107 | FRESENIUS MEDICAL CARE AG + CO NPV | 65,764 | 4,676,022 |
| FCB419795 | FORWARD USD/EUR | 4,500,910 | 4,500,910 |
| D94523103 | VOLKSWAGEN AG CUM PFD | 28,267 | 4,500,679 |
| G72899100 | PRUDENTIAL PLC ORD GBP 0.05 | 377,545 | 4,370,835 |
| Y1662W117 | CNOOC LTD HKD 0.02 | 2,166,150 | 4,300,688 |
| W41422101 | HENNES + MAURITZ AB NPV | 119,787 | 4,294,730 |
| Q1498M100 | BHP BILLITON LTD NPV | 131,350 | 4,235,475 |
| 796050888 | SAMSUNG ELECTERS | 7,969 | 4,235,472 |
| G77395104 | SABMILLER PLC USD | 104,279 | 4,179,534 |
| D12096109 | BAYERISCHE MOTOREN WERKE AG EUR 1.0 | 56,698 | 4,141,574 |
| 806857108 | SCHLUMBERGER LTD USD 0.01 | 61,048 | 3,978,585 |
| E19790109 | BANCO SANTANDER SA EUR 0.5 | 585,024 | 3,876,657 |
| G5256E441 | KINGFISHER PLC GBP 0.15714287 | 859,028 | 3,872,875 |
| G03764134 | ANGLO AMERICAN PLC | 113,514 | 3,718,990 |

A Complete Listing of the portfolio holdings is available from our office upon request

## Schedule of Broker's Commissions

### For Fiscal Year ended June 30, 2012

**Emerging Markets**

Schedule 5A

| Brokerage Firm | Number of Shares Traded | Commissions Paid | Average cost per share |
|---|---|---|---|
| ABN AMRO HG KG(SECS TRADING) | - | - | n/a |
| ABN AMRO HOARE GOVETT ASIA, SEOUL | - | - | n/a |
| ADP COSI/SANTANDER | 30,768 | 1,231 | 0.04 |
| AGORA COR DE TITUL E VAL MOB | 205,094 | 6,444 | 0.03 |
| ASSENT LLC | 103,219 | 765 | 0.01 |
| BANCHILE CORREDORES DE BOLSA S.A. | 29 | 225 | 7.83 |
| BANCO PACTUAL SA, RIO DE JANEIRO | 302,144 | 6,778 | 0.02 |
| BANCO SANTANDER CENTRAL HISPANO SA | 94,456 | 2,628 | 0.03 |
| BARCLAYS BANK PLC, NY | 21,201 | 879 | 0.04 |
| BARCLAYS CAPITAL INC LE | 136,975 | 2,323 | 0.02 |
| BARCLAYS CAPITAL SECS LONDON | 13,725 | 806 | 0.06 |
| BNP PARIBAS PEREGRINE SECS HK | 79,519 | 3,366 | 0.04 |
| BNP PARIBAS PEREGRINE SECS KOREA | 2 | 1,527 | 867.89 |
| BNP PARIBAS PEREGRINE SECU PTE, SGP | 20,852 | 1,720 | 0.08 |
| BNY CONVERGEX EXEC SOLUTION | 14,911 | 75 | 0.01 |
| BROCKHOUSE AND COOPER MONTREAL CANA | - | - | n/a |
| CA CHEUVREUX,PARIS | 49,376 | 200 | 0.00 |
| CABRERA CAPITAL MARKETS LLC | - | - | n/a |
| CALYON, NEW YORK | - | - | n/a |
| CANACCORD CAPITAL EUROPE LTD, LDN | 834,739 | 904 | 0.00 |
| CANTOR FITZGERALD AND CO INC | - | - | n/a |
| CAPITAL MARKETS BROKERS LIMITED | 514 | 271 | 0.53 |
| CELFIN S.A., SANTIAGO | 3,346 | 1,205 | 0.36 |
| CHINA INTL CAP CORP HK SEC LTD | 456,602 | 9,437 | 0.02 |
| CITIBANK MAILAND AT CREDIT AGR CHVR | 24,617 | 119 | 0.00 |
| CITIGROUP GLOBAL MARKETS INC | 349,148 | 3,901 | 0.01 |
| CITIGROUP GLOBAL MARKETS INDIA PRV | 1,332 | 246 | 0.18 |
| CITIGROUP GLOBAL MARKETS LTD, LDN | 221,159 | 2,557 | 0.01 |
| CITIGROUP GLOBAL MARKETS UK EQ LTD | 240,649 | 966 | 0.00 |
| CLSA GUERNSEY LIMITED, GUERNSEY | 106 | 112 | 1.05 |
| CLSA LTD, HONG KONG | 161,872 | 4,482 | 0.03 |
| CLSA SECURITIES KOREA | 56 | 7,119 | 127.28 |
| CLSA SINGAPORE PTE LTD | 78 | 1,685 | 21.70 |
| COLLINS STEWART EUROPE LTD | 225,070 | 182 | 0.00 |
| CREDIT AGRICOLE SEC USA INC | - | - | n/a |
| CREDIT LYON SECS ASIA LTD, TAIPEI | 6,772 | 442 | 0.07 |
| CREDIT LYONNAIS SECURITIES INDIA | 1,736 | 3,068 | 1.77 |
| CREDIT SUIS FST BOSTON (EUR), SEOUL | 5 | 1,757 | 387.83 |
| CREDIT SUISSE 1ST BOSTON CORP,NY | 1,092,292 | 9,568 | 0.01 |
| CREDIT SUISSE F B CHASE NYC F B | 54,587 | 955 | 0.02 |
| CREDIT SUISSE FIRST BOSTON | 26,865 | 4,891 | 0.18 |
| CREDIT SUISSE FIRST BOSTON HK | 8,463 | 39 | 0.00 |
| CREDIT SUISSE FIRST BOSTON, TAIPEI | 71,857 | 393 | 0.01 |
| CREDIT SUISSE SECS (MALAYSIA) | 63,058 | 413 | 0.01 |
| CS FIRST BOSTON INDIA SEC PTE LTD | 2,456 | 1,340 | 0.55 |
| CSFB (EUROPE) LTD, LONDON | 27,381 | 3,261 | 0.12 |
| CSFB EUR, LONDON | 44,510 | 283 | 0.01 |
| DAIWA SECURITIES SMBC HK LTD | 159,540 | 1,977 | 0.01 |

(Continued)

## Schedule of Broker's Commissions

### For Fiscal Year ended June 30, 2012

Schedule 5A

**Emerging Markets**

| Brokerage Firm | Number of Shares Traded | Commissions Paid | Average cost per share |
|---|---|---|---|
| DAVY STOCKBROKERS, DUBLIN | 848,827 | 454 | 0.00 |
| DEUTSCHE BANC/ALEX BROWN | 292,353 | 6,083 | 0.02 |
| DEUTSCHE BANK AG, LONDON | 274,832 | 8,362 | 0.03 |
| DEUTSCHE BANK SECURITIES INC | 961,507 | 13,726 | 0.01 |
| DEUTSCHE BK SECS, NY | 17,554 | 86 | 0.00 |
| DEUTSCHE EQUITIES INDIA PRIVATE LIM | 1,145 | 1,658 | 1.45 |
| DEUTSCHE SECURITIES ASIA LTD TAIPEI | 12,631 | 3,707 | 0.29 |
| DEUTSCHE SECURITIES ASIA LTD, HK | 449,235 | 10,166 | 0.02 |
| DEUTSCHE SECURITIES KOREA CO, SEOUL | 4 | 1,012 | 248.02 |
| DONGWONSECURITIES SEOUL KOREA | - | - | n/a |
| DSP MERRILL LYNCH LTD | 8,374 | 3,382 | 0.40 |
| EUROCLEAR BANK S.A N.V, BRUSSELS | 140,054 | 94 | 0.00 |
| FATOR - DORIA ATHERINO S/A CV | 1,265 | 27 | 0.02 |
| FINANCIAL BROKERAGE GROUP, CAIRO | 21,022 | 103 | 0.00 |
| GOLDMAN SACHS AND CO | 24,952 | 459 | 0.02 |
| GOLDMAN SACHS CO CUST ISCC PO, NY | 9,023 | 371 | 0.04 |
| GOLDMAN SACHS CO, NY | 541,939 | 3,129 | 0.01 |
| GOLDMAN SACHS INTL LONDON | 14,217 | 27 | 0.00 |
| G-TRADE SERVICES LTD | 539,584 | 8,845 | 0.02 |
| HSBC BANK BRASIL, SAO PAULO | 27,665 | 543 | 0.02 |
| HSBC BANK PLC (ALL U.K. OFFICES) | 14,166 | 1,275 | 0.09 |
| HSBC BANK PLC (JC HIB SETTLEMENT) | 302,563 | 11,444 | 0.04 |
| HSBC BROKERAGE USA | 111,735 | 1,117 | 0.01 |
| HSBC LTD SEOUL SECURITIES BRANCH | 4 | 199 | 44.49 |
| HSBC MEXICO S A INSTITUCION | 24,238 | 995 | 0.04 |
| HSBC SECS BROKERS(ASIA) LTD | 21,051 | 132 | 0.01 |
| HSBC SECURITIES ASIA LTD, TAIPEI | 109,410 | 1,509 | 0.01 |
| HSBC SECURITIES INDIA HLDGS, MUMBAI | 7,936 | 2,100 | 0.26 |
| HSBC SECURITIES USA INC | 91,640 | 3,369 | 0.04 |
| ING BANK NV LONDON | 50,872 | 813 | 0.02 |
| INSTINET CLEARING SERVICES INC | 167,225 | 1,452 | 0.01 |
| Instinet Europe Limited Londo | 7,157 | 324 | 0.05 |
| INSTINET PACIFIC LTD | 132,484 | 324 | 0.00 |
| INVESTEC SECURITIES, LONDON (331) | 41,944 | 460 | 0.01 |
| INVESTMENT TECHN GROUP, DUBLIN | 3,307 | 120 | 0.04 |
| ITAU UNIBANCO SA | 54,806 | 1,113 | 0.02 |
| ITG HOENIG LIMITED, HONG KONG | 102,876 | 373 | 0.00 |
| ITG INC | 150,355 | 1,025 | 0.01 |
| J P MORGAN CLEARING CORP | 283,263 | 2,020 | 0.01 |
| J.P. MORGAN CLEARING CORP. | 228,152 | 337 | 0.00 |
| J.P. MORGAN SECURITES SINGAP PV LTD | 2,124 | 122 | 0.06 |
| J.P.MORGAN SECURITIES (FAR EAST) LT | - | - | n/a |
| JEFFERIES AND COMPANIES INC JERSEY | 121 | 5 | 0.04 |
| JEFFERIES AND COMPANY INC | 10,899 | 104 | 0.01 |
| JEFFRIES INTERNATIONAL LTD LONDON | 36,406 | 455 | 0.01 |
| JP MORGAN CHASE BANK | 50,510 | 1,899 | 0.04 |
| JP MORGAN SECS INC NEW YORK | 44,949 | 1,016 | 0.02 |
| JP MORGAN SECS LTD LONDON | 120,246 | 1,493 | 0.01 |

Continued)

## Schedule of Broker's Commissions

### For Fiscal Year ended June 30, 2012

**Emerging Markets** Schedule 5A

| Brokerage Firm | Number of Shares Traded | Commissions Paid | Average cost per share |
|---|---|---|---|
| JP MORGAN SECURITIES (TAIWAN) LTD | 27,080 | 4,949 | 0.18 |
| JPMORGAN SECURIT (ASIA PACIFIC), HK | 21,816 | 532 | 0.02 |
| KB SECURITIES N.V. ANTWERPEN | - | - | n/a |
| KESTREL CAPITAL LTD NAIROBI | 243 | 127 | 0.52 |
| KIM ENG SECS PTE LTD SINGAPORE | 73 | 352 | 4.84 |
| KOTAK SECURITIES MUMBAI | 635 | 1,251 | 1.97 |
| LARRAIN VIAL, SANTIAGO | 1,743 | 65 | 0.04 |
| LIQUIDNET ASIA LIMITED | 45,489 | 417 | 0.01 |
| LOOP CAPITAL MARKETS LLC | - | - | n/a |
| MACQUARIE CAPITAL (EUROPE) LIMITED | 2,137 | 31 | 0.01 |
| MACQUARIE EQUITIES LTD SYDNEY | 608,836 | 1,624 | 0.00 |
| MACQUARIE SECS (SINGAPORE) PTE LTD | - | - | n/a |
| MACQUARIE SECURITIES LTD - SEOUL | 16 | 329 | 19.95 |
| MACQUARIE SECURITIES LTD, HONG KONG | 285,901 | 3,388 | 0.01 |
| MACQUARIE SECURITIES, MUMBAI | 12,300 | 2,638 | 0.21 |
| MERRILL LYNCH AND CO INC NEW YORK | 67,710 | 2,869 | 0.04 |
| MERRILL LYNCH INTL LTD EQUIT SETTL | 4,459,290 | 8,005 | 0.00 |
| MERRILL LYNCH PIERCE FENNER | 177,093 | 2,572 | 0.01 |
| MERRILL LYNCH,PIERCE, FENNER, SMITH | 1,208,688 | 12,997 | 0.01 |
| MIRAE ASSET SECURITIES | 7 | 3,730 | 547.69 |
| MIRAE ASSET SECURITIES CO LTD | 5 | 2,410 | 520.43 |
| MORGAN STANLEY | 22,532 | 99 | 0.00 |
| MORGAN STANLEY AND CO | 429,814 | 4,303 | 0.01 |
| MORGAN STANLEY AND CO INTL LTD,LDN | 7,163 | 562 | 0.08 |
| MORGAN STANLEY AND CO INTL, SEOUL | 80 | 6,114 | 76.39 |
| MORGAN STANLEY CO INC NEW YORK | 1,146,988 | 25,374 | 0.02 |
| MORGAN STANLEY CO INC, NYK | 7,274 | 46 | 0.01 |
| MORGAN STANLEY DW ASIA, HONG KONG | 2,684 | 15 | 0.01 |
| MORGAN STANLEY HK SECS LTD HONGKONG | 434,533 | 1,005 | 0.00 |
| MORGAN STANLEY SECURITIES, LONDON | 267,159 | 1,348 | 0.01 |
| NATEXIS BLEICHROEDER NEW YORK | - | - | n/a |
| NCB STOCKBROKERS LIMITED | 92,746 | 52 | 0.00 |
| NESBITT BURNS INC TORONTO | 73,730 | 1,552 | 0.02 |
| NOMURA FINANCIAL ADVISORY AND SECUR | 1,157 | 639 | 0.55 |
| NOMURA INTERNATIONAL PLC LONDON | 91 | 1 | 0.01 |
| NOMURA SECURITIES INTERNATIONAL INC | 48,505 | 340 | 0.01 |
| NOMURA SECURITIES INTL INC | 233,281 | 1,471 | 0.01 |
| NOMURA SECURITIES INTL INC NY | 55,730 | 2,471 | 0.04 |
| PERSHING, JERSEY CITY | 17,850 | 444 | 0.02 |
| RBS Asia Limited | 22,067 | 6 | 0.00 |
| RBS SECURITIES INC | 62,514 | 735 | 0.01 |
| RENAISSANCE CAPITAL LTD | 99,601 | 408 | 0.00 |
| RENAISSANCE SECURITIES (CYPRUS) LTD | 47,042 | 1,316 | 0.03 |
| ROYAL BANK OF CANADA EUROPE LTD,LDN | 282,369 | 190 | 0.00 |
| ROYAL BANK OF SCOTLAND PLC | 390 | 35 | 0.09 |
| SAMSUNG SECURITIES CO LTD SEOUL | 57 | 5,425 | 94.94 |
| SANFORD C BERNSTEIN AND CO INC | 12,680 | 174 | 0.01 |
| SG COWEN SECURITIES CORP, NEW YORK | 2,273 | 54 | 0.02 |

(Continued)

## Schedule of Broker's Commissions

### For Fiscal Year ended June 30, 2012

Schedule 5A

**Emerging Markets**

| Brokerage Firm | Number of Shares Traded | Commissions Paid | Average cost per share |
|---|---|---|---|
| SG SECURITIES (HK) LIMITED | 135,855 | 6,351 | 0.05 |
| SG SECURITIES (LONDON) LTD, TAIPEI | - | - | n/a |
| SINOPAC SEC CO SP ASSETS MGT, TAIW | 45,359 | 7,292 | 0.16 |
| SOCIETE GENERALE LONDON BRANCH, LDN | 108,275 | 1,199 | 0.01 |
| SOCOPA SOCIEDADE CORRETORA PAULISTA | 6,025 | 98 | 0.02 |
| STOCKBROKERS BOTSWANA LTD, GABORONE | 9,896 | 282 | 0.03 |
| TROIKA DIALOG (UK) LIMITED | 29,070 | 437 | 0.02 |
| UBS AG | 41,455 | 2,354 | 0.06 |
| UBS AG LONDON EQUITIES | 291,840 | 13,104 | 0.04 |
| UBS AG/EQ-CONV-WTS,LDN | - | - | n/a |
| UBS SECURITIES ASIA LTD | 623,448 | 5,312 | 0.01 |
| UBS SECURITIES CANADA INC | 79,590 | 1,092 | 0.01 |
| UBS SECURITIES LLC | 247,162 | 2,193 | 0.01 |
| UBS SECURITIES LLC, STAMFORD | 4,419 | 305 | 0.07 |
| UBS SECURITIES LTD, SEOUL BRANCH | 29 | 2,178 | 75.30 |
| UBS SECURITIES LTD, TAIWAN BRANCH | 40,118 | 1,608 | 0.04 |
| UBS SECURITIES SINGAPORE PTE. LTD | 2,154 | 268 | 0.12 |
| UOB KAY HIAN PTE LIMITED | - | - | n/a |
| WINTERFLOOD SECURITIES LTD | 67,888 | 119 | 0.00 |
| WOOD AND COMPANY SECURITIES PRAGUE | - | - | n/a |
| XP INVESTIMENTOS CCTVM SA | - | - | n/a |
| YUANTA CORE PACIFIC SECURITIES | - | - | n/a |
| ZAO INV COMPANY TROIKA DIALOG | - | - | n/a |
| | 23,529,662 | 335,026 | |

# Schedule of Broker's Commissions

## For Fiscal Year ended June 30, 2012

Schedule 5A

**Equity securities**

| Brokerage Firm | Number of Shares Traded | Commissions Paid | Average cost per share |
|---|---|---|---|
| AMALGAMATED BANK | 2,200 | 0 | 0.00 |
| AMERICAN PORTFOLIOS FINANCIAL | 1,549 | 62 | 0.04 |
| AMERICAN TECHNOLOGY RESEARCH | 375 | 15 | 0.04 |
| ANCORA SECURITIES INC | 6,500 | 325 | 0.05 |
| AQUA SECURITIES L.P. | 4,655 | 93 | 0.02 |
| ASSENT LLC | 1,035 | 41 | 0.04 |
| AURIGA USA LLC | 5,000 | 250 | 0.05 |
| AVONDALE PARTNERS, LLC | 55,522 | 2,076 | 0.04 |
| BAIRD ROBERT W & CO INC | 467,534 | 18,857 | 0.04 |
| BARCLAYS CAPITAL INC/LE | 63,645 | 1,515 | 0.02 |
| BARCLAYS CAPITAL LE | 1,198,121 | 18,392 | 0.02 |
| BARRINGTON RESEARCH ASSOCS INC | 670 | 13 | 0.02 |
| BAYPOINT TRADING LLC | 472,829 | 18,635 | 0.04 |
| BLAIR WILLIAM & COMPANY LLC | 264,294 | 10,493 | 0.04 |
| BLAYLOCK & CO INC | 32,483 | 1,175 | 0.04 |
| BLEY INVESTMENT GROUP | 2,350 | 94 | 0.04 |
| BLOOMBERG TRADEBOOK LLC | 32,440 | 324 | 0.01 |
| BMO NESBITT BURNS CORP | 41,390 | 1,830 | 0.04 |
| BNP PARIBAS BROKERAGE SEC INC | 4,320 | 173 | 0.04 |
| BNP SECURITIES (U.S.A.) INC | 3,740 | 37 | 0.01 |
| BNY BROKERAGE INC | 190,010 | 7,340 | 0.04 |
| BNY CONVERGEX EXEC SOLUTIONS | 659,821 | 28,299 | 0.04 |
| BNY/MELLON TR OF NEW ENGLAND | 22,000 | 0 | 0.00 |
| BOE SECS INC/BROADCORT CAP | 263,208 | 7,965 | 0.03 |
| BOENNING AND SCATTERGOOD INC. | 1,730 | 69 | 0.04 |
| BREAN MURRAY CARRET& CO. LLC | 8,520 | 332 | 0.04 |
| BROADCORT CAPITAL CORP-SUB OF | 81,890 | 3,125 | 0.04 |
| BROCKHOUSE & COOPER INC | 625 | 13 | 0.02 |
| BUCKINGHAM RESEARCH GROUP INC | 36,100 | 1,681 | 0.05 |
| BURKE & QUICK PARTNERS LLC | 1,400 | 56 | 0.04 |
| CABRERA CAPITAL MARKETS | 695,768 | 17,106 | 0.02 |
| CITIGROUP GLOBAL MARKETS INC | 4,215,504 | 14,835 | 0.00 |
| CLEARVIEW CORRESPONDENT SVCS | 48,923 | 2,366 | 0.05 |
| COLLINS STEWART LLC | 20,620 | 936 | 0.05 |
| COWEN & CO LLC | 96,525 | 3,649 | 0.04 |
| CRAIG - HALLUM | 176,439 | 5,578 | 0.03 |
| CREDIT AGRICOLE SEC USA | 22,270 | 891 | 0.04 |
| CREDIT RESEARCH TRADING L.L.C | 11,230 | 400 | 0.04 |
| CREDIT SUISSE FIRST BOSTON | 949,115 | 14,860 | 0.02 |
| CREDIT SUISSE SECS USA LLC | 2,973 | 119 | 0.04 |
| CUSTOM EQUITY RESEARCH DBA SUM | 1,980 | 59 | 0.03 |



(Continued)

## Schedule of Broker's Commissions

### For Fiscal Year ended June 30, 2012

**Schedule 5A**

**Equity securities**

| Brokerage Firm | Number of Shares Traded | Commissions Paid | Average cost per share |
|---|---|---|---|
| DAHLMAN ROSE & COMPANY, LLC | 20,250 | 952 | 0.05 |
| DAVENPORT & COMPANY LLC | 1,500 | 60 | 0.04 |
| DAVIDSON D.A & CO INC NSCC | 114,295 | 4,862 | 0.04 |
| DEUTSCHE BANC SECURITIES INC. | 4,277,821 | 29,230 | 0.01 |
| DEUTSCHE BANK ALEX BROWN | 142,100 | 0 | 0.00 |
| ABEL NOSER CORPORATION | 165,010 | 1,418 | 0.01 |
| ADJUSTMENT REORGANIZATION | 39 | 0 | 0.00 |
| CANACCORO ADAMS INC | 35,697 | 1,570 | 0.04 |
| CANTOR FITZGERALD & CO . INC | 129,319 | 3,713 | 0.03 |
| CANTOR FITZGERALD/CASTLEOAK | 275,927 | 8,067 | 0.03 |
| CAP INSTL SVCS INC-EQUITIES | 65,326 | 2,313 | 0.04 |
| CARIS AND COMPANY INC. | 25,300 | 1,143 | 0.05 |
| CASH MERGER | 551,199 | 0 | 0.00 |
| CHARLES SCHWAB & CO. | 45,142 | 439 | 0.01 |
| CHEEVERS & CO INC | 598,451 | 18,634 | 0.03 |
| CITATION GROUP/BCC CLRG | 632,074 | 19,742 | 0.03 |
| CITIBANK N.A. | 100 | 0 | 0.00 |
| DIRECT ACCESS PARTNERS LLC | 21,506 | 719 | 0.03 |
| DISTRIBUTION | 17,687 | 0 | 0.00 |
| DIVIDEND REINVESTMENT | 8,520 | 0 | 0.00 |
| DIVINE CAPITAL MARKETS LLC - E | 34,279 | 776 | 0.02 |
| DOUGHERTY COMPANY | 43,630 | 1,882 | 0.04 |
| DOWLING & PARTNERS | 2,775 | 111 | 0.04 |
| EVERCORE GROUP LLC | 6,760 | 327 | 0.05 |
| EXCHANGE OFFER | 494 | 0 | 0.00 |
| FIDELITY CAPITAL MARKETS | 440 | 13 | 0.03 |
| FIG PARTNERS LLC | 56,306 | 2,508 | 0.04 |
| FIRST ANALYSIS SECURITIES CORP | 2,285 | 46 | 0.02 |
| FIRST CLEARING, LLC | 10,570 | 529 | 0.05 |
| FRED, ALBERT & CO LLC | 2,700 | 135 | 0.05 |
| FRIEDMAN, BILLINGS & RAMSEY | 186,110 | 6,647 | 0.04 |
| GARDNER RICH AND COMPANY | 16,284 | 490 | 0.03 |
| GLEACHER & COMPAY SEC, INC | 7,940 | 397 | 0.05 |
| GLOBAL HUNTER SECURITIES LLC | 11,000 | 330 | 0.03 |
| GLOBAL HUNTER SECURITIES, LLC | 4,500 | 203 | 0.05 |
| GOLDMAN SACHS AND CO | 882,758 | 11,513 | 0.01 |
| GOLDMAN SACHS EXECUTION & CL | 34,565 | 335 | 0.01 |
| GREEN STREET ADVISORS | 86,130 | 3,529 | 0.04 |
| GUGGENHEIM CAPITAL MARKETS LLC | 33,085 | 1,160 | 0.04 |
| GUZMAN & COMPANY | 55,038 | 1,147 | 0.02 |
| GUZMAN AND COMPANY | 33,660 | 673 | 0.02 |
| HEFLIN & CO LLC | 6,475 | 259 | 0.04 |



(Continued)

# Schedule of Broker's Commissions

## For Fiscal Year ended June 30, 2012

Schedule 5A

**Equity securities**

| Brokerage Firm | Number of Shares Traded | Commissions Paid | Average cost per share |
|---|---|---|---|
| HEIGHT SECURITIES, LLC | 11,661 | 464 | 0.04 |
| HIBERNIA SOUTHCOAST CAPITAL | 25,000 | 750 | 0.03 |
| HNGTN NATL BK/FBO SC EMP RE SY | 9,900 | 0 | 0.00 |
| HOWARD WEIL INCORPORATED | 38,831 | 1,194 | 0.03 |
| HSBC BROKERAGE (USA) INC | 1,000 | 40 | 0.04 |
| INSTINET CLEARING SERVICES INC | 4,914 | 15 | 0.00 |
| INSTINET CORPORATION | 560,819 | 10,064 | 0.02 |
| INVESTMENT TECHNOLOGY GROUP | 904,849 | 17,312 | 0.02 |
| ISI GROUP, INC. | 436,167 | 17,037 | 0.04 |
| ISLAND TRADER SECURITIES INC | 171,216 | 7,543 | 0.04 |
| IVY SECURITIES, INC | 781,402 | 30,235 | 0.04 |
| J.P MORGAN SECURITIES INC. | 638,724 | 20,208 | 0.03 |
| J.P. MORGAN CLEARING CORP. | 125,777 | 398 | 0.00 |
| JANNEY MONTGOMERY SCOTT INC. | 52,096 | 2,279 | 0.04 |
| JEFFERIES & COMPANY, INC. | 893,560 | 33,297 | 0.04 |
| JMP SECURITIES | 28,910 | 1,369 | 0.05 |
| JNK SECURITIES INC | 99,680 | 2,897 | 0.03 |
| JOHNSON RICE & CO | 14,430 | 344 | 0.02 |
| JONESTRADING INST SVCS LLC | 265,616 | 8,724 | 0.03 |
| JPMORGAN CHASE BANK | 4,200 | 0 | 0.00 |
| KEEFE BRUYETTE & WOODS INC. | 282,183 | 10,962 | 0.04 |
| KEYBANC CAPITAL MARKETS INC. | 220,117 | 8,448 | 0.04 |
| KING, CL, & ASSOCIATES | 299,134 | 13,689 | 0.05 |
| KNIGHT CLEARING SERVICES LLC | 204,621 | 6,677 | 0.03 |
| KNIGHT EQITY MARKETS L.P. | 360,599 | 14,794 | 0.04 |
| LAZARD FRERES & COMPANY | 68,880 | 2,837 | 0.04 |
| LEERINK SWANN AND COMPANY | 44,859 | 1,950 | 0.04 |
| LIQUIDNET INC | 1,149,926 | 36,786 | 0.03 |
| LONGBOW SECURITIES LLC | 7,260 | 315 | 0.04 |
| LOOP CAPITAL MARKETS | 1,923,935 | 63,908 | 0.03 |
| LYNCH JONES & RYAN INC | 134,901 | 225 | 0.00 |
| M. RAMSEY KING SECURITIES | 8,502 | 255 | 0.03 |
| MACQUARIE CAPITAL USA INC | 2,770 | 97 | 0.04 |
| MACQUARIE SECS USA INC | 22,950 | 974 | 0.04 |
| MELVIN SECURITIES | 146,566 | 6,353 | 0.04 |
| MERGER | 63,750 | 0 | 0.00 |
| MERRILL LYNCH BROADCOURT CAP | 802 | 32 | 0.04 |
| MERRILL LYNCH PIERCE FENNER | 445,705 | 7,744 | 0.02 |
| MERRILL LYNCH PROFESSIONAL | 138,655 | 4,979 | 0.04 |
| MIDWOOD SECURITIES | 104,953 | 4,198 | 0.04 |
| MILLER,TABAK, HIRSCH & CO | 6,870 | 275 | 0.04 |
| MISCHLER FINANCIAL GROUP, INC | 19,479 | 674 | 0.03 |



(Continued)

# Schedule of Broker's Commissions

## For Fiscal Year ended June 30, 2012

Schedule 5A

**Equity securities**

| Brokerage Firm | Number of Shares Traded | Commissions Paid | Average cost per share |
|---|---|---|---|
| MIZUHO SECURITIES USA INC | 30 | 2 | 0.05 |
| MKM PARTNERS LLC | 133,745 | 4,778 | 0.04 |
| MOGAVERO LEE & CO.,INC | 15,210 | 366 | 0.02 |
| MONNESS CRESPI HARDT & CO INC | 27,600 | 1,380 | 0.05 |
| MONTROSE SECURITIES EQUITIES | 1,980,203 | 60,971 | 0.03 |
| MORGAN JOSEPH & CO. INC | 200 | 10 | 0.05 |
| MORGAN KEEGAN & COMPANY, INC. | 75,127 | 3,450 | 0.05 |
| MORGAN STANLEY & CO | 2,319,400 | 18,029 | 0.01 |
| MORGAN STANLEY DW INC | 16,300 | 472 | 0.03 |
| MR BEAL & COMPANY | 554,097 | 13,601 | 0.02 |
| MS SECURITIES SERVICES INC. | 600 | 0 | 0.00 |
| NATL FINANCIAL SERVICES CORP | 488,155 | 12,071 | 0.02 |
| NEEDHAM & CO | 175,275 | 6,654 | 0.04 |
| NOMURA SECURITIES INTL INC | 195,140 | 3,776 | 0.02 |
| NORTH SOUTH CAPITAL LLC | 16,321 | 338 | 0.02 |
| NORTHERN TRUST CO-TRUST | 34,900 | 0 | 0.00 |
| NORTHLAND SECURITIES INC. | 59,872 | 2,153 | 0.04 |
| O'NEIL, WILLIAM & CO/BCC CLRG | 9,130 | 183 | 0.02 |
| OPPENHEIMER AND CO INC | 236,928 | 10,386 | 0.04 |
| PACIFIC AMERICAN SECS LLC | 3,941 | 118 | 0.03 |
| PACIFIC CREST SECS | 72,895 | 3,063 | 0.04 |
| PACIFIC CREST SECURITIES | 62,780 | 2,305 | 0.04 |
| PENSERRA SECURITIES | 52,660 | 2,633 | 0.05 |
| PENSERRA SECURITIES LLC | 27,305 | 1,284 | 0.05 |
| PENSON FINANCIL SER INC./RIDGE | 17,540 | 614 | 0.04 |
| PERCIVAL FINANCIAL PARTNERS | 33,239 | 725 | 0.02 |
| PERSHING & COMPANY | 90,420 | 3,544 | 0.04 |
| PICKERING ENERGY PARTNERS INC | 11,130 | 445 | 0.04 |
| PIPELINE TRADING SYSTEMS LLC | 12,755 | 128 | 0.01 |
| PIPER JAFFRAY & CO | 245,163 | 8,898 | 0.04 |
| PULSE TRADING LLC | 144,775 | 2,115 | 0.01 |
| PURCHASE OFFER | 308,164 | 0 | 0.00 |
| R B C DOMINION SECURITIES CORP | 4,084 | 0 | 0.00 |
| RAYMOND, JAMES & ASSOC., INC. | 364,258 | 13,960 | 0.04 |
| RBC CAPITAL MARKETS CORP | 784,429 | 21,250 | 0.03 |
| ROSENBLATT SECURITIES LLC | 230,800 | 2,552 | 0.01 |
| ROTH CAPITAL PARTNERS, LLC | 53,632 | 1,725 | 0.03 |
| SAMUEL A RAMIREZ & COMPANY INC | 5,473 | 119 | 0.02 |
| SAMUELS CHASE & CO., INC | 82,039 | 3,158 | 0.04 |
| SANDLER O'NEILL & PARTNERS LP | 60,280 | 2,598 | 0.04 |
| SANFORD C BERNSTEIN & CO.,LLC | 139,027 | 3,907 | 0.03 |
| SESLIA SECURITIES | 573 | 17 | 0.03 |



(Continued)

## Schedule of Broker's Commissions

### For Fiscal Year ended June 30, 2012

**Fixed Investments**

**Schedule 5A**

| Brokerage Firm | Number of Shares Traded | Commissions Paid | Average cost per share |
|---|---|---|---|
| BANK OF NEW YORK/BARCLAYS CAP- | 1,150,000 | 0 | 0.00 |
| BARCLAYS CAPITAL FIXED INCOME | 860,000 | 0 | 0.00 |
| BARCLAYS CAPITAL INC FIXED | 23,047,000 | 0 | 0.00 |
| BARCLAYS CAPITAL INC/LE | 8,234,730 | 654 | 0.00 |
| BLAIR WILLIAM & COMPANY LLC | 79,000 | 0 | 0.00 |
| BNP PARIBAS BROKERAGE SEC INC | 946,740 | 70 | 0.00 |
| BNP PARIBAS SEC CORP/BONDS | 2,030,000 | 0 | 0.00 |
| BNP SECURITIES (U.S.A.) INC | 811,000 | 0 | 0.00 |
| BNY CAPITAL MARKETS INC | 3,574,000 | 0 | 0.00 |
| BNY/SUNTRUST CAPITAL MARKETS | 670,000 | 0 | 0.00 |
| BROADPOINT CAPITAL | 840,000 | 0 | 0.00 |
| CANTOR FITZGERALD & CO . INC | 9,355,000 | 0 | 0.00 |
| CIBC WORLD MARKETS CORP | 475,000 | 0 | 0.00 |
| CITIBANK N.A. | 38,000 | 0 | 0.00 |
| CITIGROUP GLOBAL MARKETS INC | 10,911,906 | 357 | 0.00 |
| CITIGROUP GLOBAL MKTS/SALOMON | 30,910,000 | 0 | 0.00 |
| CLEARVIEW CORRESPONDENT SVCS | 375,000 | 0 | 0.00 |
| CONVERSION | 1,150,000 | 0 | 0.00 |
| CREDIT AGRICOLE SEC USA INC | 1,375,000 | 0 | 0.00 |
| CREDIT SUISSE FIRST BOSTON | 44,259,516 | 12 | 0.00 |
| CRT CAPITAL GROUP LLC | 475,000 | 0 | 0.00 |
| DAIWA CPTL MKETS AMERICA, INC. | 2,626,000 | 0 | 0.00 |
| DEUTSCHE BANC SECURITIES INC. | 27,296,027 | 51 | 0.00 |
| ENTIRE CALL FOR REDEMPTION | 584,250 | 0 | 0.00 |
| FRIEDMAN, BILLINGS & RAMSEY | 113,000 | 0 | 0.00 |
| FTN FINANCIAL SECURITIES | 50,000 | 0 | 0.00 |
| GLOBAL HUNTER SECURITIES LLC | 200,000 | 0 | 0.00 |
| GOLDMAN SACHS AND CO | 30,557,284 | 139 | 0.00 |
| GOLDMAN SACHS EXECUTION & CL | 163 | 8 | 0.05 |
| GREENWICH CAPITAL MARKETS INC | 795,000 | 0 | 0.00 |
| GREENWICH CAPITALMKT | 895,000 | 0 | 0.00 |
| GRIGSBY & ASSOCIATES | 150,000 | 0 | 0.00 |
| GUGGENHEIM CAPITAL MARKETS LLC | 293,000 | 0 | 0.00 |
| HSBC SECURITIES INC. | 225,000 | 0 | 0.00 |
| IMPERIAL CAPITAL LLC | 1,028,275 | 0 | 0.00 |
| J.P MORGAN SECURITIES INC. | 6,137,000 | 0 | 0.00 |
| J.P. MORGAN CLEARING CORP. | 3,505,950 | 88 | 0.00 |
| J.P. MORGAN SECURITIES LLC | 65,428,000 | 0 | 0.00 |
| JANNEY MONTGOMERY SCOTT INC. | 25,000 | 0 | 0.00 |
| JEFFERIES & CO. - BONDS DIRECT | 45,000 | 0 | 0.00 |
| JEFFERIES & COMPANY, INC. | 9,545,150 | 30 | 0.00 |
| JEFFERIES PARTNERS | 1,735,000 | 0 | 0.00 |
| KEYBANC CAPITAL MARKETS INC. | 355,000 | 0 | 0.00 |
| LAZARD FRERES & COMPANY | 346,645 | 248 | 0.00 |
| LIBERTAS PARTNERS LLC | 950,000 | 0 | 0.00 |

(Continued)

# Schedule of Broker's Commissions

## For Fiscal Year ended June 30, 2012

Schedule 5A

**Equity securities**

| Brokerage Firm | Number of Shares Traded | Commissions Paid | Average cost per share |
|---|---|---|---|
| SG AMERICAS SECURITIES LLC | 910,500 | 9,105 | 0.01 |
| SIDOTI & COMPANY, LLC | 185,136 | 6,974 | 0.04 |
| SIMMONS & CO | 107,410 | 4,604 | 0.04 |
| SOURCE CAPITAL GROUP, INC. | 1,200 | 60 | 0.05 |
| STATE ST GLOBAL MARKETS LLC | 35,984 | 1,028 | 0.03 |
| STATE STREET BANK & TRUST CO. | 1,067,300 | 0 | 0.00 |
| STEPHEN M. FERRETTI INC. | 37,400 | 1,122 | 0.03 |
| STEPHENS, INC. | 142,311 | 5,813 | 0.04 |
| STERNE AGEE & LEACH INC | 134,711 | 5,772 | 0.04 |
| STIFEL NICHOLAUS & CO, INC | 667,897 | 25,573 | 0.04 |
| STOCK ELECTION | 531 | 0 | 0.00 |
| STRATEGAS SECURITIES LLC | 2,540 | 127 | 0.05 |
| STUART FRANKEL & CO INC | 3,680 | 147 | 0.04 |
| STURDIVANT AND CO., INC. | 184,590 | 9,230 | 0.05 |
| SUNTRUST CAPITAL MARKETS, INC | 49,573 | 2,303 | 0.05 |
| THE BANK OF NEW YORK | 6,300 | 0 | 0.00 |
| THE WILLIAMS CAPITAL GROUP LP | 303,233 | 8,950 | 0.03 |
| TOPEKA CAPITAL MARKETS INC. | 2,229 | 89 | 0.04 |
| TUOHY BROTHERS INVESTMENT RESE | 12,770 | 639 | 0.05 |
| UBS SECURITIES LLC | 1,665,132 | 41,357 | 0.02 |
| VANDHAM SECURITIES CORP | 2,321 | 68 | 0.03 |
| WEDBUSH MORGAN SECURITIES,INC. | 181,236 | 7,260 | 0.04 |
| WEEDEN & CO | 1,026,045 | 39,533 | 0.04 |
| WELLS FARGO SECS LLC | 452,652 | 17,990 | 0.04 |
| WESTMINSTER RESEARCH | 151,354 | 4,797 | 0.03 |
| WJB CAPITAL GROUP, INC. | 38,130 | 1,500 | 0.04 |
| WUNDERLICH SECURITIES INC. | 33,700 | 1,685 | 0.05 |
| YAMNER & COMPANY, INC. | 31,350 | 1,097 | 0.04 |
| **Total** | 46,125,779 | 1,060,993 | 0.02 |

## Schedule of Broker's Commissions

**For Fiscal Year ended June 30, 2012**

**Fixed Investments** **Schedule 5A**

| Brokerage Firm | Number of Shares Traded | Commissions Paid | Average cost per share |
|---|---|---|---|
| MACQUARIE CAPITAL USA INC | 250,000 | 0 | 0.00 |
| MERRILL LYNCH PIERCE FENNER | 72,907,365 | 800 | 0.00 |
| MILLER TABAK ROBERTS SEC LLC | 85,000 | 0 | 0.00 |
| MILLER,TABAK, HIRSCH & CO | 460,000 | 0 | 0.00 |
| MITSUBISHI UFJ SECS (USA) INC | 2,341,000 | 0 | 0.00 |
| MIZUHO SECURITIES USA INC | 119,000 | 0 | 0.00 |
| MORGAN STANLEY & CO | 24,988,359 | 730 | 0.00 |
| NESBITT BURNS SECURITIES INC. | 100,000 | 0 | 0.00 |
| NOMURA SEC INTL.,FIXED INCOME | 1,890,000 | 0 | 0.00 |
| NOMURA SECURITIES INTL INC | 3,948,612 | 247 | 0.00 |
| NORTHERN TRUST CO-TRUST | 5,830,950 | 0 | 0.00 |
| OPPENHEIMER AND CO INC | 4,548,000 | 131 | 0.00 |
| PENSON FINANCIL SER INC./RIDGE | 380,000 | 0 | 0.00 |
| PERSHING & COMPANY | 8,892,000 | 0 | 0.00 |
| PICKERING ENERGY PARTNERS INC | 130,000 | 0 | 0.00 |
| PURCHASE OFFER | 7,608,770 | 0 | 0.00 |
| PUT OPTION - DTC | 1,629,000 | 0 | 0.00 |
| RBC CAPITAL MARKETS CORP | 8,538,168 | 0 | 0.00 |
| RECEIPTS FROM FISCAL AGENTS | 561,000 | 0 | 0.00 |
| REDEMPTION | 655,000 | 0 | 0.00 |
| SANDLER O'NEILL & PARTNERS LP | 250,000 | 0 | 0.00 |
| SCOTIA CAITAL (USA) INC. | 25,000 | 0 | 0.00 |
| SEAPORT GROUP SECURITIES, LLC | 410,000 | 0 | 0.00 |
| SOUTHWEST SECURITIES, INC. | 130,000 | 0 | 0.00 |
| STERNE AGEE & LEACH INC | 16,579,312 | 0 | 0.00 |
| STIFEL NICHOLAUS & CO, INC | 1,031,550 | 262 | 0.00 |
| THE PRINCERIDGE GROUOP LLC | 2,679,000 | 0 | 0.00 |
| THE WILLIAMS CAPITAL GROUP LP | 160,000 | 0 | 0.00 |
| TORONTO DOMINION SECURITIES | 175,000 | 0 | 0.00 |
| UBS SECURITIES LLC | 15,145,470 | 0 | 0.00 |
| US BANCORP PIPER JAFFRAY INC | 438,000 | 0 | 0.00 |
| WELLS FARGO SECS LLC | 16,620,350 | 22 | 0.00 |
| **Total** | 493,958,542 | 3,849 | 0.00 |

Schedule 6A

# Investment Summary

**Year ended June 30, 2012**

**(Dollar amount in thousands)**

| | Market Value | Percent of total market value |
|---|---|---|
| **Type of Investment:** | | |
| **Short Term Investments:** | | |
| Short Term Investments | $ 172,383 | 1.89% |
| Commercial paper | 306,822 | 3.36% |
| **Total Short-Term** | 479,205 | 5.25% |
| **Fixed Income:** | | |
| U.S. Govt Securities | 1,045,802 | 12.05% |
| Corporate Bonds | 1,098,960 | 11.46% |
| Yankee Bonds | 10,265 | 0.12% |
| **Total Fixed Income** | 2,155,027 | 23.63% |
| **Domestic Equities:** | 2,856,302 | 31.31% |
| **Private Equity** | 839,603 | 9.20% |
| **Private Equity-real estate** | 261,495 | 2.87% |
| **Mutual Funds:** | | |
| International Equity | 1,555,269 | 17.05% |
| Fixed Investment | 26,233 | |
| Domestic Equity | 93 | 0.22% |
| Mortgage Debt | 50,052 | 0.55% |
| Treasury Inflation -protected securities | 165,842 | 2.61% |
| **Total Mutual Funds** | 1,797,489 | 19.70% |
| **Promissory Notes** | 3,320 | 0.04% |
| **Collateral from securities lending** | 730,002 | 7.99% |
| **Total Market Value** | **$ 9,122,443** | **100.00%** |

# New York City Fire Pension Fund

# Comprehensive Annual Financial Report

## A Pension Trust Fund of the City of New York

## Actuarial Section

## Part IV

## Fiscal Year Ended June 30, 2012

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The City of New York

**OFFICE OF THE ACTUARY**

255 GREENWICH STREET • 9th FLOOR
NEW YORK, NY 10007
( 212 ) 442 - 5775 • FAX: ( 212 ) 442 - 5777

ROBERT C. NORTH, JR.
CHIEF ACTUARY

November 16, 2012

Board of Trustees
New York City Fire Department
Pension Fund
9 Metrotech Center
Brooklyn, NY 11201-3857

Re: Actuarial Information for the Comprehensive Annual Financial Report ("CAFR") for the Fiscal Year Ended June 30, 2012

Dear Members:

The financial objective of the New York City Fire Department Pension Fund ("FIRE" or the "Plan") is to fund members' retirement benefits during their active service and to establish employer Normal contribution rates that, expressed as a percentage of active member annualized covered payroll, Would remain approximately level over the future working lifetimes of those active members and, Together with member contributions and investment income, are intended to ultimately be sufficient to accumulate assets to pay benefits when due.

An actuarial valuation of the Plan is performed annually as of the second June 30 preceding each fiscal year to determine the Employer Contributions to be paid for that fiscal year (i.e., June 30, 2010 (Lag) actuarial valuation to determine Fiscal Year 2012 Employer Contributions).

The funding policy of The City of New York (the "City") is to contribute statutorily-required contributions ("Statutory Contributions") and these contributions are generally funded by the City within the appropriate fiscal year.

For Fiscal Year 2012, the Employer Contributions to FIRE, based on the June 30, 2010 actuarial valuation, are equal to those recommended by the Actuary for the New York City Retirement Systems (the "Actuary") and are expected to represent the Statutory Contributions. Technically, this representation of the Fiscal Year Employer Contributions to FIRE still (as of November 2012) requires the enactment of certain enabling legislation that is expected when the New York State Legislature next reconvenes.

Employer Contributions for Fiscal Year 2012 were equal to the Annual Required Contributions as defined under Governmental Accounting Standards Board ("GASB") Statement Number 25 ("GASB 25") as amended by GASB Statement No. 50 ("GASB 50").

The Annual Required Contributions, computed in accordance with GASB 25 as amended by GASB 50, are consistent with generally accepted actuarial principles.

## Actuarial Assumptions and Methods

Provided in this Actuarial Section of the CAFR is a "Summary of Actuarial Assumptions and Methods in Effect for the June 30, 2010 (Lag) Actuarial Valuation." These actuarial assumptions and methods were first employed in the June 30, 2010 (Lag) actuarial valuation that was used to determine Fiscal Year 2012 Employer Contributions to the Plan (the "2012 A&M").

These actuarial assumptions and methods differ from those employed in the June 30, 2009 (Lag) actuarial valuation that was used to determine Fiscal Year 2011 Employer Contributions to the Plan.

After reviewing the results of independent actuarial studies dated December 2011 by The Hay Group ("Hay") and November 2006 by The Segal Company ("Segal") in accordance with Section 96 of the New York City Charter, the Actuary issued a February 10, 2012 Report entitled "Proposed Changes in Actuarial Assumptions and Methods for Determining Employer Contributions for Fiscal Years Beginning on and After July 1, 2011 for the New York City Fire Department Pension Fund" ("February 2012 Report").

The Board of Trustees of the Plan adopted those changes in actuarial assumptions that require Board approval. The State Legislature and the Governor are expected to enact legislation to provide for those changes to the actuarial assumptions and methods that require legislation, including the Actuarial Interest Rate ("AIR") assumption of 7.0% per annum, net of expenses.

## Benefits and Census Data

A summary of the benefits applicable to Plan members included in the June 30, 2010 (Lag) actuarial valuation is shown earlier in the Introductory Section of the CAFR.

Census data are submitted by the Plan's administrative staff and by the employer's payroll facilities and are reviewed by the Office of the Actuary ("OA") for consistency and reasonability.

A summary of the census data used in the June 30, 2010 (Lag) actuarial valuation is included in this CAFR. A summary of the census data used in the June 30, 2009 (Lag) actuarial valuation of the Plan is available in the June 30, 2011 CAFR.

Funded Status

The Funded Status of the Plan is usually expressed in various relationships of Assets to Liabilities.

With respect to the Funded Status of the Plan, included in the Financial Section of the CAFR is a Schedule of Funding Progress (Schedule 1).

Included in the Actuarial Section of the CAFR is a Solvency Test (i.e., Comparative Summary of Actuarial Values and Percentages Covered by Actuarial Value of Assets) as prescribed by the Government Finance Officers Association ("GFOA"). This Solvency Test represents an alternative approach to describing progress toward funding objectives.

In addition to the Schedule of Funding Progress and the Solvency Test, included for informational purposes in the Actuarial Section of the CAFR (following the Solvency Test) is an Additional Discussion of Plan Funding and Other Measures of Funded Status that provides different comparisons between the Assets and Liabilities of the Plan. Included in this Other Measures of Funded Status discussion is information consistent with the disclosure requirements of GASB 50.

Presentation Style and Sources of Information

The actuarial information herein is being presented in a manner believed to be consistent with the requirements of the GFOA and, where applicable, with GASB 25 which was adopted for financial reporting purposes beginning Fiscal Year 1995 and with GASB 50 which was adopted for financial reporting purposes beginning Fiscal Year 2008.

The Additional Discussion of Plan Funding and Other Measures of Funded Status represents information provided by the Actuary to assist those users who desire additional disclosures.

As prescribed by GASB 25, as amended by GASB 50, included in the Financial Section of the CAFR are the following schedules prepared by the OA:

- Schedule of Funding Progress.
- Schedule of Employer Contributions.
- Schedule of Actuarial Assumptions and Methods.

The following schedules in the Actuarial Section of the CAFR were prepared by the OA:

- Summary of Actuarial Assumptions and Methods in Effect for the June 30, 2010 (Lag) Actuarial Valuation.
- Active Member Valuation Data.
- Summary of Plan Membership.
- Retirants and Beneficiaries Added to and Removed from Rolls.
- Statutory vs. Annual Required Contributions.
- Funded Status Based on Entry Age Actuarial Cost Method.
- Comparative Summary of Actuarial Values and Percentages Covered by Actuarial Value of Assets – Solvency Test.
- Additional Discussion of Plan Funding and Other Measures of Funded Status.

The Summary of Plan Membership in the Financial Section of the CAFR was prepared by the OA.

If you have any questions about any of the information in this Actuarial Section or any of the actuarial information elsewhere presented in this CAFR, please do not hesitate to contact Mr. John R. Gibney, Jr., Mr. Edward Hue or me.

Acknowledgement of Qualification

A Statement of Actuarial Opinion ("SAO"), acknowledging the qualification of the Actuary to render the actuarial opinion contained herein, appears at the end of this Actuarial Section.

Respectfully submitted,

Robert C. North, Jr.

Robert C. North, Jr., FSA, MAAA
Chief Actuary

RCN/aip

Att.

cc: Ms. M.E. Basso
Mr. A.G. Garcia
Mr. J.R. Gibney
Mr. E. Hue
Mr. S.H. Rumley
Ms. L. Tian

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## NEW YORK CITY FIRE DEPARTMENT PENSION FUND

### SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS IN EFFECT FOR THE JUNE 30, 2010 (LAG) ACTUARIAL VALUATION

(1) Pursuant to Section 96 of the New York City Charter, studies of the actuarial assumptions used to value liabilities of the five actuarially-funded New York City Retirement Systems ("NYCRS") are conducted every two years.

The most recently completed study was published by The Hay Group ("Hay"), dated December 2011 and analyzed experience for Fiscal Years 2006 through 2009. Hay made recommendations with respect to the actuarial assumptions and methods based on their analysis.

The previously completed study was published by The Segal Company ("Segal") dated November 2006, and analyzed experience for Fiscal Years 2002 through 2005. Segal made recommendations with respect to the actuarial assumptions and methods based on their analysis.

In accordance with the Administrative Code of the City of New York ("ACNY") and with appropriate practice, the Boards of Trustees of the five actuarially-funded NYCRS are to periodically review and adopt actuarial assumptions as proposed by the Actuary for use in the determination of Employer Contributions.

Based, in part, upon a review of the Segal and Hay studies, the Actuary issued a February 10, 2012 Report entitled "Proposed Changes in Actuarial Assumptions and Methods for Determining Employer Contributions for Fiscal Years Beginning on and After July 1, 2011 for the New York City Fire Department Pension Fund" ("February 2012 Report").

The Board of Trustees of the Plan adopted those changes to actuarial assumptions that require Board approval. The State Legislature and the Governor are expected to enact legislation to provide for those changes to the actuarial assumptions and methods that require legislation, including the Actuarial Interest Rate ("AIR") assumption of 7.0% per annum, net of expenses, the Entry Age Actuarial Cost Method and the amortization of Unfunded Actuarial Accrued Liabilities.

(2) The investment rate of return assumption is 7.0% per annum, net of expenses (previously, 8.0% per annum, gross of expenses).

(3) The mortality tables for service and disability pensioners were developed from an experience study of the Plan's and the predecessor Plan's pensioners. Sample probabilities are shown in Table 1a. The mortality tables for beneficiaries were developed from experience review. Sample probabilities are shown in Table 1b.

(4) Active Service tables are used to estimate various withdrawals from Active Service. Sample probabilities are shown in Tables 2a, 2b and 2c for members withdrawing from active service due to Death or Disability, in Table 3 for members withdrawing from Active Service without employer-provided benefits or with Vested Benefits and in Tables 4a and 4b for members withdrawing from Active Service for Service Retirement.

(5) A Salary Scale is used to estimate salaries at termination, retirement or death. Sample percentage increases are shown in Table 5. The Salary Scale includes a General Wage Increase ("GWI") assumption of 3.0% per annum.

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS
IN EFFECT FOR THE JUNE 30, 2010 (LAG) ACTUARIAL VALUATION
(Cont'd)

(6) Overtime earnings are also used to estimate salaries at termination, retirement or death. A Dual Overtime assumption (i.e., a Baseline Overtime assumption for most years and a separate overtime assumption for the years included in the calculation of Final Salary or Final Average Salary) was introduced as of the June 30, 1995 actuarial valuation. Sample percentage increases in the Baseline Overtime assumptions and the Dual Overtime assumptions to be effective with the June 30, 2010 (Lag) actuarial valuation are shown in Table 6.

(7) The economic assumptions (i.e., the assumed investment return rate, GWI rate and Cost-of-Living Adjustments ("COLA")) were developed assuming a long-term Consumer Price Inflation ("CPI") assumption of 2.5% per annum. The COLA assumption is 1.5% per annum (previously 1.3% per annum).

(8) The valuation assumes a closed group of members. Salaries of members on the valuation date are assumed to increase in accordance with the Salary Scale.

(9) Beginning with the June 30, 2010 (Lag) actuarial valuation, the Entry Age Actuarial Cost Method ("EAACM") of funding is utilized by the Plan's Actuary to calculate the contribution required of the Employer.

Under this method, the Actuarial Present Value ("APV") of Benefits ("APVB") of each individual included in the actuarial valuation is allocated on a level basis over the earnings (or service) of the individual between entry age and assumed exit age(s). The employer portion of this APV allocated to a valuation year is the Employer Normal Cost. The portion of this APV not provided for at a valuation date by the APV of Future Employer Normal Costs or future member contributions is the Actuarial Accrued Liability ("AAL").

The excess, if any, of the AAL over the Actuarial Asset Value (AAV) is the Unfunded Actuarial Accrued Liability ("UAAL").

Under this method, actuarial gains (losses), as they occur, reduce (increase) the UAAL and are explicitly identified and amortized.

Increases (decreases) in obligations due to benefit changes, actuarial assumption changes and/or actuarial method changes are also explicitly identified and amortized.

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS
IN EFFECT FOR THE JUNE 30, 2010 (LAG) ACTUARIAL VALUATION
(Cont'd)

Previously, the Frozen Initial Liability Actuarial Cost Method was utilized by the Plan's Actuary to calculate the employer contribution. Under this Actuarial Cost Method, the Initial Liability was reestablished under the Entry Age Actuarial Cost Method as of June 30, 1999 but with the UAAL not less than $0.

Under this method, the excess of the Actuarial Present Value ("APV") of projected benefits of members as of the valuation date, over the sum of the Actuarial Asset Value ("AAV") plus UAAL, if any, and the APV of future member contributions, is allocated on a level basis over the future earnings of members who are on payroll as of the valuation date. Actuarial gains and losses are reflected in the employer normal contribution rate.

All outstanding components of the UAAL were amortized over closed periods.

Chapter 85 of the Laws of 2000 ("Chapter 85/00") reestablished the UAAL and eliminated the Balance Sheet Liability ("BSL") for actuarial purposes as of June 30, 1999.

The schedule of payments toward the reestablished UAAL provided that the UAAL be amortized over a period of 11 years beginning Fiscal Year 2000, where each annual payment after the first annual payment equals 103% of its preceding annual payment.

(10) One-Year Lag Methodology ("Lag" or "OYLM") uses a June 30, 2010 valuation date to determine Fiscal Year 2012 Employer Contributions.

This methodology requires technical adjustments to certain components used to determine Fiscal Year 2012 Employer Contributions as follows:

- Present Value of Future Salary ("PVFS")

  The PVFS at June 30, 2010 is reduced by the value of salary projected to be paid during Fiscal Year 2011.

- Salary for Determining Employer Contributions

  Salary used to determine the employer Normal Cost is the salary projected to be paid during Fiscal Year 2012 to members on payroll at June 30, 2010.

- UAAL Payments

  For determining the UAAL payments for Fiscal Year 2012, and to be consistent with the OYLM, the UAAL as of June 30, 2010 is adjusted by the discounted value of employer contributions paid during Fiscal Year 2011.

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS
IN EFFECT FOR THE JUNE 30, 2010 (LAG) ACTUARIAL VALUATION
(Cont'd)

(11) Beginning with the June 30, 2004 (Lag) actuarial valuation, the Actuarial Asset Valuation Method ("AAVM") was changed to a method that reset the Actuarial Asset Value ("AAV") to Market Value (i.e., "Market Value Restart") as of June 30, 1999. As of each June 30 thereafter, the AAVM recognizes investment returns greater or less than expected over a period of six years.

Under this revised AAVM, any Unexpected Investment Returns ("UIR") for Fiscal Years 2000 and later are phased into the AAV beginning the following June 30 at a rate of 15%, 15%, 15%, 15%, 20% and 20% per year (or cumulative rates of 15%, 30%, 45%, 60%, 80% and 100% over a period of six years).

These revised averaging factors were applied against the UIR computed under the prior five-year AAVM used for Fiscal Years 2000 to 2004.

The revised AAVM was utilized for the first time in the June 30, 2004 (Lag) actuarial valuation to determine the Fiscal Year 2006 Employer Contribution in conjunction with the One-Year Lag Methodology and the revised economic and noneconomic assumptions.

The AAVM in effect for the June 30, 2009 (Lag) actuarial valuation was unchanged from the AAVM used in the June 30, 2008 (Lag) actuarial valuation.

The concept in use for the AAVM for actuarial valuations on and after June 30, 2012 is the same as that in use for the June 30, 2009 (Lag) actuarial valuation.

In accordance with this AAVM, actual Unexpected Investment Returns ("UIR") for Fiscal Years 2012, 2013, etc. are phased into the Actuarial Asset Value ("AAV") beginning June 30, 2012, 2013, etc. at rates of 15%, 15%, 15%, 15%, 20% and 20% per year (i.e., cumulative rates of 15%, 30%, 45%, 60%, 80% and 100% over a period of six years).

The Actuary reset the Actuarial Asset Value to the Market Value of Assets ("MVA") as of June 30, 2011 (i.e., "Market Value Restart").

For the June 30, 2010 (Lag) actuarial valuation, the AAV is defined to recognize Fiscal Year 2011 investment performance. The June 30, 2010 AAV is derived as equal to the June 30, 2011 MVA, discounted by the AIR assumption (adjusted for cash flow) to June 30, 2010.

## NEW YORK CITY FIRE DEPARTMENT PENSION FUND

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS
IN EFFECT FOR THE JUNE 30, 2010 (LAG) ACTUARIAL VALUATION
(Cont'd)

(12) The obligations of the Plan to the Firefighters' Variable Supplements Fund ("FFVSF") and the Fire Officers' Variable Supplements Fund ("FOVSF") are recognized through the Liability Valuation Method.

Under this method, the APV of Future SKIM from the Plan to the FFVSF and FOVSF is included directly as an actuarial liability to the Plan. SKIM is all or a portion of the excess earnings on equity securities of the Plan which are transferable to the FFVSF and FOVSF. The APV of Future SKIM is computed as the excess, if any, of the APV of benefits of the FFVSF and FOVSF offset by the AAV of the FFVSF and FOVSF, respectively. Under the EAACM, a portion of the APV of Future SKIM is reflected in the APV of Future Normal Costs and a portion is reflected in the AAL.

(13) Distinct male and female probabilities for mortality are used effective June 30, 1995.

(14) The Actuarial Present Value of Future Benefits ("APVB") as of June 30, 2010, used to determine the Fiscal Year 2012 Employer Contributions, includes estimates of liabilities for:

- World Trade Center Post-Retirement Reclassifications.

(15) As discussed herein, the actuarial assumptions and methods generally differ from those used in the June 30, 2009 (Lag) actuarial valuation.

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS
IN EFFECT FOR THE JUNE 30, 2010 (LAG) ACTUARIAL VALUATION
(Cont'd)

**Table 1a**

**Deaths among Service and Disability Pensioners**

**Percentage of Pensioners Dying within Next Year**

| | Service Pensioners | | Disability Pensioners | |
|---|---|---|---|---|
| Age | Males | Females | Males | Females |
| 40 | .1167% | .0532% | .1997% | .0595% |
| 45 | .1555 | .0747 | .2427 | .1101 |
| 50 | .1851 | .1112 | .2907 | .1945 |
| 55 | .3410 | .1815 | .4170 | .3832 |
| 60 | .5096 | .4081 | .6538 | .5537 |
| 65 | .8721 | .6640 | 1.0885 | .9165 |
| 70 | 1.2401 | .9654 | 1.6834 | 1.5179 |
| 75 | 2.1980 | 1.4017 | 2.5814 | 2.5123 |
| 80 | 4.0910 | 2.5675 | 4.6502 | 4.4692 |
| 85 | 8.2212 | 4.4439 | 8.9563 | 7.8883 |
| 90 | 13.6044 | 8.3918 | 13.7694 | 13.5234 |
| 95 | 25.0224 | 15.9320 | 25.7915 | 20.1960 |
| 100 | 33.6045 | 23.1601 | 33.6045 | 23.4195 |
| 105 | 39.7886 | 29.3116 | 39.7886 | 29.3116 |
| 110 | 100.0000 | 100.0000 | 100.0000 | 100.0000 |

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS
IN EFFECT FOR THE JUNE 30, 2010 (LAG) ACTUARIAL VALUATION
(Cont'd)

**Table 1b**

**Deaths among Beneficiaries**

**Percentage of Beneficiaries Dying within Next Year**

| Age | Males | Females |
|---|---|---|
| 20 | .0214% | .0124% |
| 25 | .0292 | .0146 |
| 30 | .0392 | .0205 |
| 35 | .0719 | .0411 |
| 40 | .1021 | .0591 |
| 45 | .2684 | .1014 |
| 50 | .3401 | .1846 |
| 55 | .5880 | .3893 |
| 60 | .8400 | .7716 |
| 65 | 1.3072 | 1.1533 |
| 70 | 1.8086 | 1.5676 |
| 75 | 2.7100 | 2.2479 |
| 80 | 5.3016 | 3.7819 |
| 85 | 8.4627 | 6.3549 |
| 90 | 15.2335 | 11.5224 |
| 95 | 24.6664 | 19.5152 |
| 100 | 33.6045 | 23.1881 |
| 105 | 39.7886 | 29.3116 |
| 110 | 100.0000 | 100.0000 |

## NEW YORK CITY FIRE DEPARTMENT PENSION FUND

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS
IN EFFECT FOR THE JUNE 30, 2010 (LAG) ACTUARIAL VALUATION
(Cont'd)

**Table 2a**

**Withdrawals from Active Service (Due to Death or Disability)**

**Tier I and Tier II Members Not Eligible for WTC Benefits**

**Percentage of Active Members Separating within Next Year**

| Age | Accidental Disability | Ordinary Disability | Ordinary Death Males | Ordinary Death Females | Accidental Death |
|---|---|---|---|---|---|
| 20 | 0.03% | 0.01% | 0.04% | 0.03% | 0.02% |
| 25 | 0.03 | 0.01 | 0.04 | 0.03 | 0.02 |
| 30 | 0.15 | 0.05 | 0.04 | 0.03 | 0.02 |
| 35 | 0.60 | 0.10 | 0.04 | 0.03 | 0.02 |
| 40 | 1.30 | 0.15 | 0.05 | 0.04 | 0.02 |
| 45 | 2.00 | 0.20 | 0.10 | 0.07 | 0.05 |
| 50 | 3.50 | 0.30 | 0.15 | 0.10 | 0.10 |
| 55 | 5.00 | 1.00 | 0.20 | 0.15 | 0.20 |
| 60 | 15.00 | 6.00 | 0.30 | 0.20 | 0.30 |
| 63 | NA | NA | NA | NA | NA |

**NEW YORK CITY FIRE DEPARTMENT PENSION FUND**

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS
IN EFFECT FOR THE JUNE 30, 2010 (LAG) ACTUARIAL VALUATION
(Cont'd)

**Table 2b**

**Withdrawals from Active Service (Due to Death or Disability)**

**Tier I and Tier II Members Eligible for WTC Benefits**

**Percentage of Active Members Separating within Next Year**

| Age | Accidental Disability | Ordinary Disability | Ordinary Death Males | Ordinary Death Females | Accidental Death |
|---|---|---|---|---|---|
| 20 | 0.05% | 0.01% | 0.04% | 0.03% | 0.02% |
| 25 | 0.05 | 0.01 | 0.04 | 0.03 | 0.02 |
| 30 | 0.25 | 0.05 | 0.04 | 0.03 | 0.02 |
| 35 | 1.00 | 0.10 | 0.04 | 0.03 | 0.02 |
| 40 | 2.00 | 0.15 | 0.05 | 0.04 | 0.02 |
| 45 | 3.00 | 0.20 | 0.10 | 0.07 | 0.05 |
| 50 | 5.00 | 0.30 | 0.15 | 0.10 | 0.10 |
| 55 | 8.00 | 1.00 | 0.20 | 0.15 | 0.20 |
| 60 | 21.00 | 6.00 | 0.30 | 0.20 | 0.30 |
| 63 | NA | NA | NA | NA | NA |

## NEW YORK CITY FIRE DEPARTMENT PENSION FUND

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS
IN EFFECT FOR THE JUNE 30, 2010 (LAG) ACTUARIAL VALUATION
(Cont'd)

**Table 2c**

**Withdrawals from Active Service (Due to Death or Disability)**

**Tier III Members**

**Percentage of Active Members Separating within Next Year**

| Age | Accidental Disability | Ordinary Disability | Ordinary Death Males | Ordinary Death Females | Accidental Death |
|---|---|---|---|---|---|
| 20 | 0.03% | 0.01% | 0.04% | 0.03% | 0.02% |
| 25 | 0.03 | 0.01 | 0.04 | 0.03 | 0.02 |
| 30 | 0.15 | 0.05 | 0.04 | 0.03 | 0.02 |
| 35 | 0.60 | 0.10 | 0.04 | 0.03 | 0.02 |
| 40 | 1.20 | 0.15 | 0.05 | 0.04 | 0.02 |
| 45 | 1.80 | 0.20 | 0.10 | 0.07 | 0.05 |
| 50 | 2.40 | 0.30 | 0.15 | 0.10 | 0.10 |
| 55 | 3.00 | 1.00 | 0.20 | 0.15 | 0.20 |
| 60 | 8.00 | 6.00 | 0.30 | 0.20 | 0.30 |
| 63 | NA | NA | NA | NA | NA |

## NEW YORK CITY FIRE DEPARTMENT PENSION FUND

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS
IN EFFECT FOR THE JUNE 30, 2010 (LAG) ACTUARIAL VALUATION
(Cont'd)

**Table 3**

**Withdrawals from Active Service**

**Percentage of Active Members Wit**

**hdrawing within Next Year**

| Years of Service | All Tiers Withdrawal | Tier III Early Service Retirement: Reduced Retirement | Tier III Early Service Retirement: Unreduced Before Full COLA |
|---|---|---|---|
| 0 | 2.00% | NA | NA |
| 5 | 0.40 | NA | NA |
| 10 | 0.20 | NA | NA |
| 15 | 0.10 | NA | NA |
| 20 | NA | 5.00% | NA |
| 21 | NA | 2.00 | NA |
| 22 | NA | NA | 5.00% |
| 23 | NA | NA | 2.00 |
| 24 | NA | NA | 2.00 |

NEW YORK CITY FIRE DEPARTMENT PENSION FUND

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS
IN EFFECT FOR THE JUNE 30, 2010 (LAG) ACTUARIAL VALUATION
(Cont'd)

**Table 4a**

**Withdrawals from Active Service (for Service Retirement)**

**Tier I and Tier II Members**

**Percentage of Eligible Active Members Retiring within Next Year**

| Age | Years of Service Since First Eligible: 0-1 | 1-2 | 2+ |
|---|---|---|---|
| 40 | 10.00% | 2.00% | 2.00% |
| 45 | 10.00 | 2.00 | 2.00 |
| 50 | 15.00 | 2.00 | 2.00 |
| 55 | 20.00 | 6.00 | 6.00 |
| 60 | 20.00 | 12.00 | 12.00 |
| 63 | 100.00 | 100.00 | 100.00 |

**Table 4b**

**Withdrawals from Active Service (for Service Retirement)**

**Tier III Members - Unreduced with Full COLA**

**Percentage of Eligible Active Members Retiring within Next Year**

| Age | Years of Service Since First Eligible: 0-1 | 1-2 | 2+ |
|---|---|---|---|
| 40 | 10.00% | 2.00% | 2.00% |
| 45 | 10.00 | 2.00 | 2.00 |
| 50 | 15.00 | 2.00 | 2.00 |
| 55 | 20.00 | 6.00 | 6.00 |
| 60 | 20.00 | 12.00 | 12.00 |
| 63 | 100.00 | 100.00 | 100.00 |

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS
IN EFFECT FOR THE JUNE 30, 2010 (LAG) ACTUARIAL VALUATION
(Cont'd)

**Table 5**

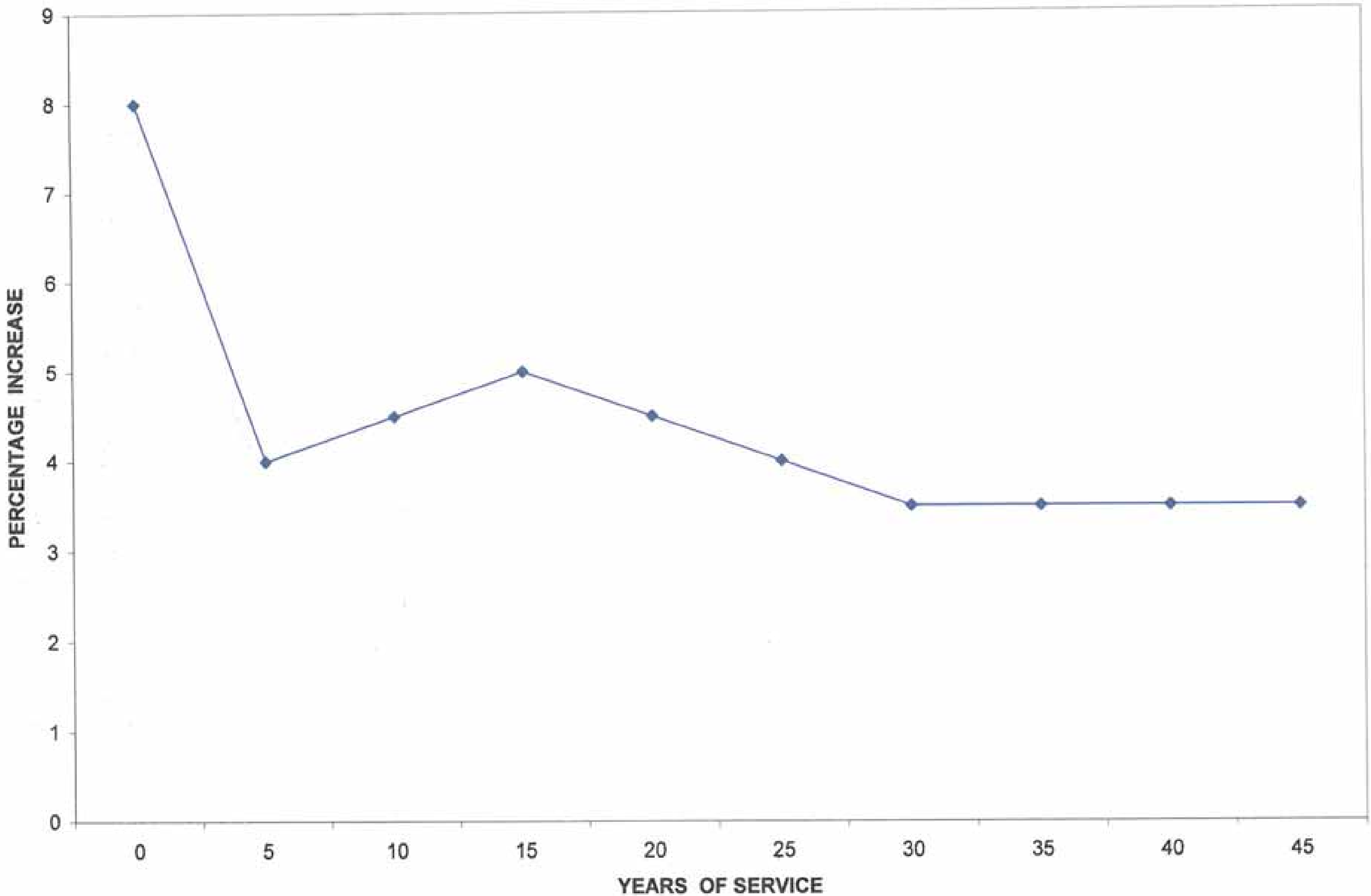
**Salary Scale**

| Years of Service | Assumed Annual Percentage Increases Within Next Year* |
|---|---|
| 0 | 8.00% |
| 5 | 4.00 |
| 10 | 4.50 |
| 15 | 5.00 |
| 20 | 4.50 |
| 25 | 4.00 |
| 30 | 3.50 |
| 35 | 3.50 |
| 40 | 3.50 |
| 45 | 3.50 |

* Salary Scale includes a General Wage Increase assumption of 3.0% per annum.

**SALARY SCALE**

(From Table 5 Data)



## NEW YORK CITY FIRE DEPARTMENT PENSION FUND

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS
IN EFFECT FOR THE JUNE 30, 2010 (LAG) ACTUARIAL VALUATION
(Cont'd)

**Table 6**

**Overtime**

| Years of Service | All Tiers Baseline | Tier I/II Dual Service | Tier I/II Dual Disability | Tier III Dual Service | Tier III Dual Disability |
|---|---|---|---|---|---|
| 0 | 15.00% | 16.00% | 15.00% | 16.00% | 15.00% |
| 5 | 15.00 | 16.00 | 15.00 | 16.00 | 15.00 |
| 10 | 15.00 | 16.00 | 15.00 | 16.00 | 15.00 |
| 15 | 15.00 | 18.00 | 15.00 | 16.00 | 15.00 |
| 20 | 18.00 | 23.00 | 20.00 | 21.00 | 20.00 |
| 25 | 13.00 | 18.00 | 15.00 | 16.00 | 15.00 |
| 30 | 8.00 | 10.00 | 8.00 | 9.00 | 8.00 |
| 35 | 5.00 | 6.00 | 5.00 | 6.00 | 5.00 |
| 40 | 5.00 | 6.00 | 5.00 | 6.00 | 5.00 |
| 45 | 5.00 | 6.00 | 5.00 | 6.00 | 5.00 |

# NEW YORK CITY FIRE DEPARTMENT PENSION FUND

## ACTIVE MEMBER VALUATION DATA

| Valuation Date | Number | Annual Payroll[1] | Annual Average Pay | Percentage Increase (Decrease) in Average Pay |
|---|---|---|---|---|
| 6/30/99 | 11,477 | $729,726,243 | $63,582 | 5.6% |
| 6/30/00 | 11,492 | 741,486,584 | 64,522 | 1.5 |
| 6/30/01 | 11,333 | 799,232,008 | 70,523 | 9.3 |
| 6/30/02 | 11,271 | 789,694,432 | 70,064 | (0.7) |
| 6/30/03 | 10,860 | 748,763,008 | 68,947 | (1.6) |
| 6/30/04 | 11,239 | 804,974,081 | 71,623 | 3.9 |
| 6/30/04 (Lag) | 11,239 | 864,824,737[2] | 76,948 | 11.6[3] |
| 6/30/05 (Lag) | 11,470 | 908,261,197 | 79,186 | 2.9 |
| 6/30/06 (Lag) | 11,641 | 932,730,174 | 80,125 | 1.2 |
| 6/30/07 (Lag) | 11,528 | 1,000,383,326 | 86,779 | 8.3 |
| 6/30/08 (Lag) | 11,574 | 1,051,591,517 | 90,858 | 4.7 |
| 6/30/09 (Lag) | 11,460 | 1,079,682,340 | 94,213 | 3.7 |
| 6/30/10 (Lag)[4] | 11,080 | 1,138,187,795 | 102,725 | 9.0 |

(1) Annual Payroll was increased by a percentage to reflect overtime earnings, and, where applicable, adjusted to be consistent with collective bargaining agreements estimated to be achieved.

(2) The annualized covered payroll under the One-Year Lag Methodology as of June 30, 2004 used for the Fiscal Year 2006 Employer Contributions differs from that used to compute Fiscal Year 2005 Employer Contributions due to changes in actuarial assumptions and updated information on labor contract settlements.

(3) Increase from June 30, 2003.

(4) The annualized covered payroll as of June 30, 2010 used for the Fiscal Year 2012 Employer Contributions is based on revised actuarial assumptions and methods.

## NEW YORK CITY FIRE DEPARTMENT PENSION FUND

### SUMMARY OF PLAN MEMBERSHIP

As of the June 30, 2010 (Lag) and June 30, 2009 (Lag) actuarial valuations, the Plan's Membership consisted of:

| Group | 2010 (Lag) | 2009 (Lag) |
|---|---|---|
| Retirees and beneficiaries currently receiving benefits | 17,140 | 17,263 |
| Terminated vested members not yet receiving benefits | 33 | 34 |
| Other Inactives* | 23 | 30 |
| Active members | 11,080 | 11,460 |
| Total | 28,276 | 28,787 |

* Represents members who are no longer on payroll but not otherwise classified.

## NEW YORK CITY FIRE DEPARTMENT PENSION FUND

### RETIRANTS AND BENEFICIARIES ADDED TO AND REMOVED FROM ROLLS

(Dollar Amounts in Thousands)

| Year Ended | Added to Rolls | | Removed from Rolls | | Rolls End of Year | | % Increase In Annual Allowances |
|---|---|---|---|---|---|---|---|
| | Number | Annual Allowances[2] | Number | Annual Allowances | Number | Annual Allowances[1] | |
| 6/30/99 | 524 | $40,336 | 558 | $9,525 | 16,146 | $457,102 | 7.2% |
| 6/30/00 | 576 | 31,757 | 559 | 10,724 | 16,163 | 478,136 | 4.6 |
| 6/30/01 | 599 | 81,850 | 607 | 11,301 | 16,155 | 548,685 | 14.8 |
| 6/30/02 | 1,123 | 56,005 | 563 | 13,109 | 16,715 | 591,581 | 7.8 |
| 6/30/03 | 1,310 | 79,286 | 616 | 15,236 | 17,409 | 655,631 | 10.8 |
| 6/30/04 | 619 | 47,404 | 569 | 15,596 | 17,459 | 687,439 | 4.9 |
| 6/30/05 | 725 | 51,588 | 741 | 23,571 | 17,443 | 715,456 | 4.1 |
| 6/30/06 | 756 | 55,146 | 714 | 21,538 | 17,485 | 749,064 | 4.7 |
| 6/30/07 | 777 | 71,664 | 783 | 26,221 | 17,479 | 794,507 | 6.1 |
| 6/30/08 | 616 | 62,100 | 691 | 23,260 | 17,404 | 833,347 | 4.9 |
| 6/30/09 | 476 | 49,098 | 617 | 20,248 | 17,263 | 862,197 | 3.5 |
| 6/30/10 | 556 | 54,884 | 679 | 25,161 | 17,140 | 891,920 | 3.4 |

(1) Allowances shown in table are those used in the actuarial valuation as of the Year Ended date and are not adjusted for anticipated changes due to finalization of benefit calculation or contract settlements.

(2) Balancing Item – Amounts shown include changes due to benefit finalization, changes in benefit type (e.g., Service to Accidental Disability), COLA increases and other changes.

## NEW YORK CITY FIRE DEPARTMENT PENSION FUND

STATUTORY VS. ANNUAL REQUIRED CONTRIBUTIONS

(Dollar Amounts in Thousands)

| Fiscal Year Ended | Statutory Contribution[1] | Annual Required Contribution | Employer Rate of Contribution[2] |
|---|---|---|---|
| 6/30/00 | $182,854 | $182,854 | 25.058% |
| 6/30/01 | 241,311 | 298,897 | 32.544 |
| 6/30/02 | 302,318 | 346,220 | 37.826 |
| 6/30/03 | 316,967 | 389,502 | 40.138 |
| 6/30/04 | 392,693 | 427,660 | 52.446 |
| 6/30/05 | 489,508 | 518,398 | 60.810 |
| 6/30/06 | 608,771 | 608,771 | 69.774 |
| 6/30/07 | 683,193 | 683,193 | 74.537 |
| 6/30/08 | 780,202 | 780,202 | 82.608 |
| 6/30/09 | 843,751 | 843,751 | 83.238 |
| 6/30/10 | 874,331 | 874,331 | 82.491 |
| 6/30/11 | 890,706 | 890,706 | 82.248 |
| 6/30/12[3] | 976,895 | 976,895 | 84.990 |

(1) Represents total employer contributions accrued for fiscal year.

The Statutory Contributions for Fiscal Years 2001 and 2002 were computed in accordance with Chapter 125/00 which provided for a five-year phase-in of the additional actuarial liabilities attributable to Chapter 125/00.

The Statutory Contributions for Fiscal Years 2003 through 2005 were computed in accordance with Chapter 278/02 which extended from five to ten years the phase-in period for the funding of the additional actuarial liabilities attributable to Chapter 125/00.

Beginning Fiscal Year 2006, the Statutory Contributions were computed using a One-Year Lag Methodology in accordance with Chapter 152/06 which also eliminated the use of ten-year phase-in of Chapter 278/02 for funding the additional actuarial liabilities attributable to Chapter 125/00.

(2) The Employer Rate of Contribution equals the Statutory Contributions as a percentage of the salaries of members who were on payroll or projected to be on payroll (under One-Year Lag Methodology) as of the preceding June 30 increased to reflect overtime earnings and adjusted, where applicable, to be consistent with collective bargaining agreements estimated to be achieved.

(3) For Fiscal Year Ended June 30, 2012, the Employer Contributions to FIRE, based on the June 30, 2010 actuarial valuation, are equal to those recommended by the Actuary for the New York City Retirement Systems (the "Actuary") and are expected to represent the Statutory Contributions. Technically, this representation of the Fiscal Year Employer Contribution to FIRE still (as of November 2012) requires the enactment of certain enabling legislation that is expected when the New York State Legislature next reconvenes.

## NEW YORK CITY FIRE DEPARTMENT PENSION FUND

FUNDED STATUS BASED ON ENTRY AGE ACTUARIAL COST METHOD
(Dollar Amounts in Thousands)

This Schedule is being provided by the Actuary for the Plan to improve the transparency and decision usefulness of this financial report.

Prior to the June 30, 2010 (Lag) Actuarial Valuation, the Actuarial Cost Method ("ACM") used to develop the funding requirements for the Plan was the Frozen Initial Liability ("FIL") ACM. Under this ACM, following establishment of any Initial Unfunded Actuarial Accrued Liabilities ("UAAL"), actuarial gains and losses are financed over the working lifetimes of active participants and are not identified as separate UAAL.

The funding status and funding progress information provided in this Schedule has been prepared using the Entry Age ACM where the Actuarial Present Value ("APV") of any obligations of the Plan not provided by the APV of Future Contributions (Employer and Employee), as determined under the Entry Age ACM, equals the Actuarial Accrued Liability ("AAL"). Under the Entry Age ACM, the UAAL equals the AAL minus the Actuarial Value of Assets.

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL)[1] — Entry Age (b) | Unfunded AAL (UAAL) — Entry Age (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|---|---|---|---|---|---|---|
| June 30, 2010 (Lag)[2] | $7,392,656 | $15,349,598 | $7,956,942 | 48.2% | $1,138,188 | 699.1% |
| June 30, 2009 (Lag) | 7,304,758 | 12,864,974 | 5,560,216 | 56.8 | 1,079,682 | 515.0 |
| June 30, 2008 (Lag) | 6,942,992 | 12,313,206 | 5,370,214 | 56.4 | 1,051,592 | 510.7 |
| June 30, 2007 (Lag) | 6,459,130 | 11,731,140 | 5,272,010 | 55.1 | 1,000,383 | 527.0 |
| June 30, 2006 (Lag) | 6,174,111 | 11,061,482 | 4,887,371 | 55.8 | 932,730 | 524.0 |
| June 30, 2005 (Lag) | 6,169,209 | 10,236,380 | 4,067,171 | 60.3 | 908,261 | 447.8 |
| June 30, 2004 (Lag) | 6,277,298 | 9,817,113 | 3,539,815 | 63.9 | 864,824 | 409.3 |

(1) AAL includes the accrued liabilities attributable to the Variable Supplements Funds, net of their Actuarial Asset Values, if any.

(2) Reflects revised actuarial assumptions and methods based on experience review, including an AIR assumption of 7.0% per annum, net of expenses.

**NEW YORK CITY FIRE DEPARTMENT PENSION FUND**
COMPARATIVE SUMMARY OF ACTUARIAL VALUES AND PERCENTAGES
COVERED BY ACTUARIAL VALUE OF ASSETS
SOLVENCY TEST
(Dollar Amounts in Thousands)

| | Aggregate Accrued Liabilities for | | | | Percentage of Actuarial Values Covered by Actuarial Value of Assets | | |
|---|---|---|---|---|---|---|---|
| As of June 30 | Accumulated Member Contributions (A) | Current Retirants and Beneficiaries (B) | Active Members' Employer Financed Portion (C) | Actuarial Value of Assets (D) | (A) | (B) | (C) |
| 1999 | $370,092 | $4,005,134 | $2,117,282 | $6,179,799 | 100% | 100% | 85% |
| 2000 | 396,418 | 4,773,314 | 2,267,706 | 6,388,132 | 100 | 100 | 54 |
| 2001 | 446,921 | 4,939,847 | 2,467,328 | 6,525,746 | 100 | 100 | 46 |
| 2002 | 496,972 | 5,457,660 | 2,357,209 | 6,612,273 | 100 | 100 | 28 |
| 2003 | 537,841 | 6,159,223 | 2,026,273 | 6,441,534 | 100 | 96 | 0 |
| 2004 | 582,691 | 6,474,286 | 2,115,777 | 6,185,754 | 100 | 87 | 0 |
| 2004 (Lag) | 582,691 | 6,534,286 | 2,667,287 | 6,277,298 | 100 | 87 | 0 |
| 2005 (Lag) | 582,259 | 6,740,143 | 2,832,468 | 6,169,209 | 100 | 83 | 0 |
| 2006 (Lag) | 661,712 | 7,319,033 | 2,915,997 | 6,174,111 | 100 | 75 | 0 |
| 2007 (Lag) | 724,622 | 7,672,323 | 3,145,238 | 6,459,130 | 100 | 75 | 0 |
| 2008 (Lag) | 784,897 | 7,961,318 | 3,352,573 | 6,942,992 | 100 | 77 | 0 |
| 2009 (Lag) | 864,004 | 8,188,720 | 3,525,921 | 7,304,758 | 100 | 79 | 0 |
| 2010 (Lag) | 948,223 | 9,695,971 | 4,831,637 | 7,392,656 | 100 | 66 | 0 |

Also, see following "SOLVENCY TEST – NOTES."

## NEW YORK CITY FIRE DEPARTMENT PENSION FUND

### COMPARATIVE SUMMARY OF ACTUARIAL VALUES AND PERCENTAGES COVERED BY ACTUARIAL VALUE OF ASSETS

### SOLVENCY TEST - NOTES

The ultimate test of financial soundness in a retirement system is its ability to pay all of its promised benefits when due. The retirement system's progress in accumulating assets to pay all promised benefits can be measured by comparing the Actuarial Value of Assets of the retirement system with the Aggregate Accrued Liabilities for:

(A) Accumulated Member Contributions;
(B) Current Retirants and Beneficiaries; and
(C) Active Members' Employer Financed Portion.

The Aggregate Accrued Liabilities are the APV of projected benefits produced by the projected benefit attribution approach prorated on service. The Aggregate Accrued Liabilities were calculated in accordance with Governmental Accounting Standards Board Statement No. 5 ("GASB 5").

This comparative summary allocated assets as if they were priority groups, somewhat similar to (but not identical to) the priority categories of Section 4044 of the Employee Retirement Income Security Act of 1974 ("ERISA").

The values in the table are dependent upon census data, benefit levels (which have changed on occasion over the past years), and the actuarial assumptions and methods employed at each valuation date. The two most recent changes in assumptions and methods occurred in the June 30, 2004 (Lag) valuation used to compute the employer contribution for Fiscal Year 2006 and in the June 30, 2010 (Lag) valuation used to compute the employer contribution for Fiscal Year 2012. These underlying bases can be found within the Comprehensive Annual Financial Report for each respective year.

To fully evaluate trends in financial soundness, changes in assumptions need to be evaluated. For the valuation dates shown in the table, the Actuarial Interest Rate and General Wage Increase assumptions were equal to 8.0% per annum, gross of expenses and 3.0% per annum, respectively, from the June 30, 1999 actuarial valuation through the June 30, 2009 (Lag) actuarial valuation. Beginning with the June 30, 2010 (Lag) actuarial valuation, the Actuarial Interest Rate assumption equals 7.0% per annum, net of expenses and the General Wage Increase assumption equals 3.0% per annum.

## NEW YORK CITY FIRE DEPARTMENT PENSION FUND

### ADDITIONAL DISCUSSION OF PLAN FUNDING AND OTHER MEASURES OF FUNDED STATUS

On-Going Funding of the Plan

Under the basic equation of pension funding, Contributions plus Investment Earnings pay for Benefits plus Expenses.

There are three major sources for financing those Benefits and Expenses paid from the Plan.

First, Member Contributions are established by statute and paid as percentages of member salaries.

Second, Investment Earnings reflect the rates of return achieved on the amounts of assets held in different asset classes in the Trust.

Third, Employer Contributions are determined by actuarial methodology to finance the Benefits payable by the Plan that are not provided by either Member Contributions or Investment Earnings and for the Administrative and Investment Expenses of the Plan.

This actuarial methodology includes demographic and certain tabular assumptions recommended by the Actuary and adopted by the Board of Trustees, and certain economic assumptions and financing methods recommended by the Actuary, supported by the Board of Trustees and, where required, enacted into law by the New York State Legislature and Governor.

Employer Contributions are particularly responsive to Investment Earnings and increase (decrease) on a smoothed basis whenever Investment Earnings are less (more) than expected.

For example, during Fiscal Years 2001 to 2003, the Assets of the Plan decreased because they earned less than expected. Consequently, over the following several years, the actuarial methodology responded by increasing Employer Contributions in order to bring the overall financial status of the Plan back into balance.

The New York City Charter requires an independent actuary to conduct an experience review of the Plan every two years. The Actuary utilizes this information and regularly proposes changes in actuarial assumptions and methods, most recently during Fiscal Year 2012.

The most recent changes, approved by the Board of Trustees and implemented during Fiscal Year 2012, include: (1) updated demographic assumptions, (2) updated economic assumptions, (3) employing the Entry Age Actuarial Cost Method, (4) establishing Unfunded Actuarial Accrued Liabilities, their payment periods and payment methods, (5) resetting of the Actuarial Asset Value to Market Value (i.e., "Market Value Restart") as of June 30, 2011 and (6) defining the AAV as of June 30, 2010 to recognize Fiscal Year 2011 investment performance.

The ongoing process of actuarial rebalancing and periodic reviews of actuarial assumptions and methods by the Actuary and the Board of Trustees, coupled with a financially responsible, long-duration employer like the City of New York (the "City") that can afford some variability of Employer Contributions, help provide financial security for the Plan and its participants and reasonable intergenerational budget equity for taxpayers.

With the City that has always paid and is expected to continue to pay the statutorily-required Employer Contributions as calculated by the Actuary and approved by the Board of Trustees, changes in Employer Contributions represent the source for rebalancing the basic equation of pension funding.

ADDITIONAL DISCUSSION OF PLAN FUNDING AND
OTHER MEASURES OF FUNDED STATUS
(Cont'd)

Other Measures of Funded Status

Measures of Funded Status of the Plan are determined at specific points in time and are usually expressed in various relationships of Assets to Obligations. Assets as percentages of Obligations are referred to as Funded Ratios.

Comparisons of Funded Status over time provide insight into the evolving financial condition of the Plan.

The Other Measures of Funded Status presented herein provide somewhat different insights into the financial condition of the Plan and comparisons amongst these Other Measures of Funded Status can provide even more.

As noted, there are multiple, possible definitions of the Plan's Assets and Obligations. Some of these definitions of and comments on Assets and Obligations are set forth immediately hereafter. Additional observations about the meanings and usefulness of and the relationships amongst certain of the Funded Ratios are provided following the table of Funded Ratios.

Definition of and Comments on Assets

With respect to Assets, both the Market Value of Assets ("MVA") and the Actuarial Value of Assets (or Actuarial Asset Value ("AAV")) are used to determine Funded Ratios.

In the case of the Plan, the AAVM currently in use provides for smoothing of the MVA by phasing any Unexpected Investment Returns (i.e., Investment Earnings greater or less than those expected under the actuarial interest rate assumption used each year) into the AAV over a period of six years.

The advantage of using MVA is that it represents the tradable value of the Assets of the Plan at any point in time.

The advantage of using AAV is that it is smoothed to remove the volatility of MVA. The disadvantage of AAV is that it is not the tradable value of Assets in the marketplace and, therefore, does not show the volatility of the Assets.

ADDITIONAL DISCUSSION OF PLAN FUNDING AND
OTHER MEASURES OF FUNDED STATUS
(Cont'd)

Definition of and Comments on Obligations

With respect to Obligations, the Actuarial Accrued Liability ("AAL") under any particular Actuarial Cost Method ("ACM") is that portion of the APV of projected benefits which is not provided by future normal costs (employer and employee).

With respect to the Plan, where, prior to Fiscal Year 2012, the ACM was the Frozen Initial Liability ("FIL") ACM, the AAL mathematically can be recast as the Unfunded AAL ("UAAL") plus the AAV. To the extent that the UAAL does not change much year to year, then the related AAL remains relatively consistent in value with the AAV each year.

With respect to the ongoing funding of the Plan, the use of the FIL ACM provided for amortizing actuarial gains and losses over the future working lifetimes of active employees. As used by the Plan, the FIL ACM generally resulted in funding that was more conservative (i.e., greater Employer Contributions) than that of most other Public Pension Plans.

The Entry Age Accrued Liability ("EAAL") is defined as the APV of projected benefits less the sum of the APV of future employee contributions and the APV of future employer entry age normal costs.

The EAAL is a required disclosure in accordance with Governmental Accounting Standards Board ("GASB") Statement Number 43 ("GASB 43") and GASB Statement Number 45 ("GASB 45") for Other Post-Employment Benefits ("OPEB") under certain ACM.

In accordance with GASB Statement Number 50 ("GASB 50"), beginning with Fiscal Year 2009, the EAAL is a required disclosure for Public Pension Plans that determine employer contributions using the Aggregate ACM.

The Entry Age ACM is the most-commonly utilized ACM for funding Public Pension Plans.

Beginning with the June 30, 2010 (Lag) actuarial valuation (i.e., Fiscal Year 2012 Employer Contributions), the Entry Age ACM is being used for the on-going funding of the Plan.

The Projected Benefit Obligation ("PBO") is defined as the proportion of APV of all benefits attributed by the Plan's benefit formula to employee service rendered prior to the valuation date. The PBO was required reporting under GASB Statement Number 5 ("GASB 5") prior to its replacement by GASB 25 and GASB 27.

ADDITIONAL DISCUSSION OF PLAN FUNDING AND OTHER MEASURES OF FUNDED STATUS (Cont'd)

The Accumulated Benefit Obligation ("ABO") is determined in a manner comparable to the PBO but with salaries determined as of the valuation date and without assuming future salary increases.

The Market Value Accumulated Benefit Obligation ("MVABO") is determined in the same manner as an ABO using the same actuarial assumptions except that projected benefit payments are discounted using annual yields on U.S. Treasury securities of like duration. The MVABO is sometimes described as a Mark-to-Market measure of Obligations or a Market Value of Liabilities ("MVL").

## NEW YORK CITY FIRE DEPARTMENT PENSION FUND

### ADDITIONAL DISCUSSION OF PLAN FUNDING AND OTHER MEASURES OF FUNDED STATUS (Cont'd)

Table of Asset and Obligation Values

The following table presents the values of Assets and Obligations used to calculate alternative Funded Ratios.

**Component Measures of Funded Status**

**(Dollar Amounts in Millions)**

| Valuation Date June 30, | Market Value of Assets (MVA) | Actuarial Asset Value (AAV)(1) | Actuarial Accrued Liability (AAL)(2) | Entry Age Accrued Liability (EAAL)(3) | Projected Benefit Obligation (PBO)(3) | Accumulated Benefit Obligation (ABO)(3) | Market Value Accumulated Benefit Obligation (MVABO)(4) | MVABO Equiv. Discount Yield Per Annum | MVABO Weighted Average Duration (Years) |
|---|---|---|---|---|---|---|---|---|---|
| 1999 | $6,179.8 | $6,179.8 | $6,328.7 | $6,321.5 | $6,492.5 | $5,938.1 | $7,248.6 | 6.0% | 10.6 |
| 2000 | 6,419.6 | 6,388.1 | 6,530.6 | 7,284.3 | 7,437.4 | 6,961.3 | 8,482.9 | 6.0 | 11.0 |
| 2001 | 5,690.8 | 6,525.7 | 6,660.8 | 7,707.3 | 7,854.1 | 7,213.2 | 9,111.2 | 5.7 | 10.8 |
| 2002 | 4,878.4 | 6,612.3 | 6,738.7 | 8,218.5 | 8,311.8 | 7,791.7 | 9,821.4 | 5.7 | 10.3 |
| 2003 | 4,859.6 | 6,441.5 | 6,558.0 | 8,697.9 | 8,723.3 | 8,306.4 | 11,902.2 | 4.6 | 11.2 |
| 2004 | 5,351.2 | 6,185.8 | 6,290.9 | 9,200.4 | 9,172.8 | 8,687.5 | 11,180.4 | 5.5 | 10.6 |
| 2004 (Lag) | 5,351.2 | 6,277.3 | 6,382.5 | 9,817.1 | 9,784.3 | 9,109.5 | 11,660.7 | 5.5 | 10.6 |
| 2005 (Lag) | 5,661.6 | 6,169.2 | 6,261.6 | 10,236.4 | 10,154.9 | 9,480.5 | 14,156.3 | 4.2 | 12.4 |
| 2006 (Lag) | 6,165.3 | 6,174.1 | 6,252.0 | 11,061.5 | 10,896.7 | 10,381.4 | 13,477.5 | 5.4 | 11.5 |
| 2007 (Lag) | 7,202.7 | 6,459.1 | 6,520.7 | 11,731.1 | 11,542.2 | 10,900.9 | 14,429.6 | 5.2 | 11.6 |
| 2008 (Lag) | 6,817.3 | 6,943.0 | 6,986.2 | 12,313.2 | 12,098.8 | 11,493.4 | 16,649.7 | 4.5 | 11.9 |
| 2009 (Lag) | 5,576.8 | 7,304.8 | 7,327.6 | 12,865.0 | 12,578.6 | 12,011.9 | 18,140.4 | 4.1 | 12.1 |
| 2010 (Lag)(5) | 6,438.8 | 7,392.7 | 15,349.6 | 15,349.6 | 15,475.8 | 14,576.3 | 22,243.5 | 3.7 | 13.2 |

(1) The AAV used for the June 30, 1999 to June 30, 2009 actuarial valuations assumes the AAV was reset to MVA as of June 30, 1999. As of each June 30 thereafter, the AAV recognizes Investment Returns greater or less than expected over a period of five years (six years beginning with the June 30, 2004 (Lag) actuarial valuation). The AAV as of June 30, 2011 was reset to the MVA. The AAV as of June 30, 2010 was defined to recognize Fiscal Year 2011 investment performance.

(2) Calculated in accordance with the Actuarial Cost Method and actuarial assumptions used for determining Employer Contributions.

(3) Calculated based on actuarial assumptions used for determining Employer Contributions. Prior to the June 30, 2010 (Lag) actuarial valuation, ABO and PBO do not include accrued liabilities attributable to Variable Supplements Funds, net of their AAV, if any.

(4) Calculated based on actuarial assumptions used for determining Employer Contributions except that projected benefit payments are discounted using annual yields derived from U.S. Treasury Spot Rates as published by the U.S. Department of the Treasury Office of Thrift Supervision in its Selected Asset and Liability Price Tables. Also shown are the related MVABO Equivalent Discount Yield and the MVABO Weighted Average Duration. Prior to the June 30, 2010 (Lag) actuarial valuation, the MVABO does not include accrued liabilities attributable to Variable Supplements Funds, net of their AAV, if any.

(5) The June 30, 2010 (Lag) figures are based on revised census data and actuarial assumptions and methods used to develop Fiscal Year 2012 Employer Contributions, including the EAACM and an AIR assumption of 7.0% per annum, net of expenses.

**NEW YORK CITY FIRE DEPARTMENT PENSION FUND**

ADDITIONAL DISCUSSION OF PLAN FUNDING AND
OTHER MEASURES OF FUNDED STATUS
(Cont'd)

Table of Funded Ratios

The following table presents alternative Funded Ratios comparing Assets to Obligations, including: (1) AAV divided by AAL, (2) AAV divided by EAAL, (3) MVA divided by EAAL, (4) AAV divided by PBO, (5) MVA divided by PBO, (6) AAV divided by ABO, (7) MVA divided by ABO and (8) MVA divided by MVABO.

| Funded Ratios | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Valuation Date | AAV/AAL | AAV/EAAL | MVA/EAAL | AAV/PBO | MVA/PBO | AAV/ABO | MVA/ABO | MVA/MVABO |
| 6/30/99 | 98% | 98% | 98% | 95% | 95% | 104% | 104% | 85% |
| 6/30/00 | 98 | 88 | 88 | 86 | 86 | 92 | 92 | 76 |
| 6/30/01 | 98 | 85 | 74 | 83 | 72 | 90 | 79 | 62 |
| 6/30/02 | 98 | 80 | 59 | 80 | 59 | 85 | 63 | 50 |
| 6/30/03 | 98 | 74 | 56 | 74 | 56 | 78 | 59 | 41 |
| 6/30/04 | 98 | 67 | 58 | 67 | 58 | 71 | 62 | 48 |
| 6/30/04 (Lag) | 98 | 64 | 55 | 64 | 55 | 69 | 59 | 46 |
| 6/30/05 (Lag) | 99 | 60 | 55 | 61 | 56 | 65 | 60 | 40 |
| 6/30/06 (Lag) | 99 | 56 | 56 | 57 | 57 | 59 | 59 | 46 |
| 6/30/07 (Lag) | 99 | 55 | 61 | 56 | 62 | 59 | 66 | 50 |
| 6/30/08 (Lag) | 99 | 56 | 55 | 57 | 56 | 60 | 59 | 41 |
| 6/30/09 (Lag) | 100 | 57 | 43 | 58 | 44 | 61 | 46 | 31 |
| 6/30/10 (Lag) | 48 | 48 | 42 | 48 | 42 | 51 | 44 | 29 |

ADDITIONAL DISCUSSION OF PLAN FUNDING AND OTHER MEASURES OF FUNDED STATUS (Cont'd)

Comments on Funded Ratios and Funding Methodology

With respect to the different Funded Ratios shown in the preceding table, the ratio of AAV/AAL is from the Schedule of Funding Progress (Schedule 1) presented in the Financial Section of this CAFR.

Due to the mathematics of the FIL ACM where AAL equals AAV plus UAAL, the AAV/AAL Funded Ratios prior to Fiscal Year 2012 tended to remain relatively constant from year to year and provided limited insight into the ongoing financial performance of the Plan.

The Other Measures of Funded Status shown in the preceding table provide different relationships between the Assets and Obligations of the Plan and are designed to offer additional insight into the Funded Status of the Plan that the Actuary believes useful to some users.

The ratios of AAV/EAAL reflect information that is now a required disclosure for certain Public Pension Plans that utilize the Aggregate ACM. This requirement also exists for certain OPEB plans under GASB 43 and GASB 45.

The ratios of AAV/PBO present information that was previously required under GASB 5 and is a comparable but somewhat different representation of the information shown in the Solvency Test presented earlier in this Section of the CAFR.

The ratios of MVA/MVABO provide information on Funded Status that is (1) independent of the asset allocation of the Plan, (2) exclusive of any advance recognition of expected asset risk premia (e.g., equity risk premium) and (3) absent any smoothing of asset values.

Inherent in its design, the MVA/MVABO Funded Ratio is expected to be volatile due to the impact of asset gains and losses without smoothing and the impact of changes in interest rates in the economy. Such volatility is a reflection of markets and can provide useful disclosure information. However, such volatility is not consistent with the needs of budgeting. Those budgeting needs are met by the actuarial assumptions and ACM in use to determine Employer Contributions.

Comparing the MVA/EAAL to AAV/EAAL, MVA/PBO to AAV/PBO or MVA/ABO to AAV/ABO provides an opportunity to evaluate the degree of smoothing provided by the Actuarial Asset Valuation Method.

ADDITIONAL DISCUSSION OF PLAN FUNDING AND
OTHER MEASURES OF FUNDED STATUS
(Cont'd)

Comparing Funded Ratios based on the same Assets (i.e., MVA or AAV) but different definitions of Obligations (e.g., EAAL versus PBO versus ABO) provides an opportunity to evaluate the differences in those different definitions of Obligations.

Comparing AAV/PBO with AAV/ABO provides insight into the impact of expected salary growth on the value of benefits earned to date.

Comparing MVA/ABO with MVA/MVABO provides an opportunity to compare the impact of alternative interest rates on discounting the ABO.

Note: While the EAAL includes the AAL (net of AAV) for the Variable Supplements Funds where the ABO, PBO and MVABO do not, the difference due to this inconsistency is minor.

It should also be noted that Measures of Funded Status are best examined with more consideration of their trends over time than their values at any given point in time.

Finally, over time, it should be noted that as the City pays into the Plan the actuarially-determined Employer Contributions, all Funded Ratios can be expected to increase from their current levels.

## NEW YORK CITY FIRE DEPARTMENT PENSION FUND
## COMPREHENSIVE ANNUAL FINANCIAL REPORT
## FISCAL YEAR ENDED JUNE 30, 2012

### ACKNOWLEDGEMENT OF QUALIFICATION

I, Robert C. North, Jr., am the Chief Actuary for the New York City Retirement Systems. I am a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries. I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Robt C North Jr

Robert C. North, Jr., FSA, FSPA, FCA, MAAA, EA
Chief Actuary
New York City Retirement Systems
November 16, 2012

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# New York City Fire Pension Fund

## Comprehensive Annual Financial Report

## A Pension Trust Fund of the City of New York

# Appendix A

## Census Data for Active Members

## As of June 30, 2012

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NEW YORK CITY FIRE DEPARTMENT PENSION FUND
DATA USED IN THE JUNE 30, 2010 (LAG) ACTUARIAL VALUATION
FOR DETERMINING FINAL FISCAL YEAR 2012 EMPLOYER CONTRIBUTIONS
SUMMARY OF ACTIVES BY TIER AND GENDER
MALES

| AGE \ SVC | UNDER 5 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35-39 | 40 & UP | ALL YEARS |
|---|---|---|---|---|---|---|---|---|---|---|
| NUMBER: | | | | | | | | | | |
| UNDER 20 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 20 TO 24 | 38 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 38 |
| 25 TO 29 | 994 | 471 | 4 | 0 | 0 | 0 | 0 | 0 | 0 | 1,469 |
| 30 TO 34 | 564 | 1,595 | 214 | 3 | 0 | 0 | 0 | 0 | 0 | 2,376 |
| 35 TO 39 | 133 | 1,032 | 857 | 216 | 1 | 0 | 0 | 0 | 0 | 2,239 |
| 40 TO 44 | 5 | 138 | 883 | 708 | 150 | 3 | 0 | 0 | 0 | 1,887 |
| 45 TO 49 | 0 | 2 | 269 | 579 | 564 | 175 | 3 | 0 | 0 | 1,592 |
| 50 TO 54 | 0 | 1 | 2 | 105 | 330 | 473 | 125 | 2 | 0 | 1,038 |
| 55 TO 59 | 1 | 0 | 2 | 1 | 42 | 152 | 124 | 25 | 0 | 347 |
| 60 TO 64 | 0 | 0 | 0 | 1 | 2 | 5 | 16 | 16 | 9 | 49 |
| 65 TO 69 | 0 | 0 | 0 | 1 | 0 | 1 | 0 | 0 | 1 | 3 |
| 70 & UP | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 1,735 | 3,239 | 2,231 | 1,614 | 1,089 | 809 | 268 | 43 | 10 | 11,038 |
| SALARIES (IN THOUSANDS): | | | | | | | | | | |
| UNDER 20 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 20 TO 24 | 1,906 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,906 |
| 25 TO 29 | 61,253 | 44,052 | 379 | 0 | 0 | 0 | 0 | 0 | 0 | 105,684 |
| 30 TO 34 | 35,670 | 158,598 | 21,640 | 308 | 0 | 0 | 0 | 0 | 0 | 216,215 |
| 35 TO 39 | 8,436 | 104,246 | 91,271 | 23,502 | 113 | 0 | 0 | 0 | 0 | 227,567 |
| 40 TO 44 | 415 | 13,999 | 94,729 | 83,459 | 18,614 | 301 | 0 | 0 | 0 | 211,518 |
| 45 TO 49 | 0 | 245 | 28,348 | 66,995 | 70,633 | 22,601 | 323 | 0 | 0 | 189,145 |
| 50 TO 54 | 0 | 144 | 221 | 12,345 | 39,082 | 59,908 | 18,046 | 190 | 0 | 129,936 |
| 55 TO 59 | 139 | 0 | 275 | 146 | 5,044 | 18,479 | 17,450 | 3,676 | 0 | 45,210 |
| 60 TO 64 | 0 | 0 | 0 | 146 | 294 | 559 | 1,877 | 2,292 | 1,289 | 6,457 |
| 65 TO 69 | 0 | 0 | 0 | 146 | 0 | 148 | 0 | 0 | 205 | 499 |
| 70 & UP | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL * | 107,819 | 321,285 | 236,862 | 187,048 | 133,781 | 101,996 | 37,696 | 6,158 | 1,494 | 1,134,138 |
| AVERAGE SALARIES: ** | | | | | | | | | | |
| UNDER 20 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 20 TO 24 | 50,170 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 50,170 |
| 25 TO 29 | 61,623 | 93,528 | 94,852 | 0 | 0 | 0 | 0 | 0 | 0 | 71,943 |
| 30 TO 34 | 63,245 | 99,435 | 101,119 | 102,502 | 0 | 0 | 0 | 0 | 0 | 91,000 |
| 35 TO 39 | 63,427 | 101,014 | 106,500 | 108,807 | 112,600 | 0 | 0 | 0 | 0 | 101,638 |
| 40 TO 44 | 83,039 | 101,446 | 107,281 | 117,880 | 124,092 | 100,356 | 0 | 0 | 0 | 112,092 |
| 45 TO 49 | 0 | 122,337 | 105,382 | 115,708 | 125,237 | 129,149 | 107,754 | 0 | 0 | 118,810 |
| 50 TO 54 | 0 | 144,371 | 110,351 | 117,571 | 118,431 | 126,655 | 144,368 | 94,880 | 0 | 125,179 |
| 55 TO 59 | 138,629 | 0 | 137,329 | 146,444 | 120,106 | 121,573 | 140,724 | 147,060 | 0 | 130,287 |
| 60 TO 64 | 0 | 0 | 0 | 146,464 | 146,987 | 111,831 | 117,294 | 143,229 | 143,207 | 131,772 |
| 65 TO 69 | 0 | 0 | 0 | 146,444 | 0 | 147,509 | 0 | 0 | 205,180 | 166,378 |
| 70 & UP | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 62,144 | 99,193 | 106,168 | 115,891 | 122,847 | 126,076 | 140,656 | 143,207 | 149,404 | 102,748 |

Note: Age is last birthday. Service is completed years.
* Total may not add up due to rounding.
** Average based on unrounded salary.

NEW YORK CITY FIRE DEPARTMENT PENSION FUND
DATA USED IN THE JUNE 30, 2010 (LAG) ACTUARIAL VALUATION
FOR DETERMINING FINAL FISCAL YEAR 2012 EMPLOYER CONTRIBUTIONS
SUMMARY OF ACTIVES BY TIER AND GENDER
FEMALES

| AGE \ SVC | UNDER 5 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35-39 | 40 & UP | ALL YEARS |
|---|---|---|---|---|---|---|---|---|---|---|
| NUMBER: | | | | | | | | | | |
| UNDER 20 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 20 TO 24 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 25 TO 29 | 3 | 4 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 7 |
| 30 TO 34 | 8 | 8 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 18 |
| 35 TO 39 | 2 | 4 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 8 |
| 40 TO 44 | 0 | 1 | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 4 |
| 45 TO 49 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 50 TO 54 | 0 | 0 | 0 | 0 | 1 | 1 | 0 | 0 | 0 | 2 |
| 55 TO 59 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 1 |
| 60 TO 64 | 0 | 0 | 1 | 0 | 0 | 1 | 0 | 0 | 0 | 2 |
| 65 TO 69 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 70 & UP | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 13 | 17 | 8 | 0 | 1 | 2 | 1 | 0 | 0 | 42 |
| SALARIES (IN THOUSANDS): | | | | | | | | | | |
| UNDER 20 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 20 TO 24 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 25 TO 29 | 155 | 377 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 531 |
| 30 TO 34 | 498 | 814 | 156 | 0 | 0 | 0 | 0 | 0 | 0 | 1,468 |
| 35 TO 39 | 117 | 448 | 211 | 0 | 0 | 0 | 0 | 0 | 0 | 775 |
| 40 TO 44 | 0 | 111 | 363 | 0 | 0 | 0 | 0 | 0 | 0 | 474 |
| 45 TO 49 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 50 TO 54 | 0 | 0 | 0 | 0 | 161 | 168 | 0 | 0 | 0 | 330 |
| 55 TO 59 | 0 | 0 | 0 | 0 | 0 | 0 | 191 | 0 | 0 | 191 |
| 60 TO 64 | 0 | 0 | 145 | 0 | 0 | 135 | 0 | 0 | 0 | 281 |
| 65 TO 69 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 70 & UP | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL * | 770 | 1,749 | 875 | 0 | 161 | 304 | 191 | 0 | 0 | 4,050 |
| AVERAGE SALARIES: ** | | | | | | | | | | |
| UNDER 20 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 20 TO 24 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 25 TO 29 | 51,550 | 94,201 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 75,922 |
| 30 TO 34 | 62,268 | 101,741 | 77,942 | 0 | 0 | 0 | 0 | 0 | 0 | 81,553 |
| 35 TO 39 | 58,387 | 111,950 | 105,311 | 0 | 0 | 0 | 0 | 0 | 0 | 96,900 |
| 40 TO 44 | 0 | 110,656 | 121,107 | 0 | 0 | 0 | 0 | 0 | 0 | 118,494 |
| 45 TO 49 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 50 TO 54 | 0 | 0 | 0 | 0 | 161,236 | 168,351 | 0 | 0 | 0 | 164,794 |
| 55 TO 59 | 0 | 0 | 0 | 0 | 0 | 0 | 191,180 | 0 | 0 | 191,180 |
| 60 TO 64 | 0 | 0 | 145,397 | 0 | 0 | 135,435 | 0 | 0 | 0 | 140,416 |
| 65 TO 69 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 70 & UP | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 59,197 | 102,893 | 109,403 | 0 | 161,236 | 151,893 | 191,180 | 0 | 0 | 96,433 |

Note: Age is last birthday. Service is completed years.
* Total may not add up due to rounding.
** Average based on unrounded salary.

NEW YORK CITY FIRE DEPARTMENT PENSION FUND
DATA USED IN THE JUNE 30, 2010 (LAG) ACTUARIAL VALUATION
FOR DETERMINING FINAL FISCAL YEAR 2012 EMPLOYER CONTRIBUTIONS
SUMMARY OF ACTIVES BY TIER AND GENDER
MALES AND FEMALES

| AGE \ SVC | UNDER 5 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35-39 | 40 & UP | ALL YEARS |
|---|---|---|---|---|---|---|---|---|---|---|
| NUMBER: | | | | | | | | | | |
| UNDER 20 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 20 TO 24 | 38 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 38 |
| 25 TO 29 | 997 | 475 | 4 | 0 | 0 | 0 | 0 | 0 | 0 | 1,476 |
| 30 TO 34 | 572 | 1,603 | 216 | 3 | 0 | 0 | 0 | 0 | 0 | 2,394 |
| 35 TO 39 | 135 | 1,036 | 859 | 216 | 1 | 0 | 0 | 0 | 0 | 2,247 |
| 40 TO 44 | 5 | 139 | 886 | 708 | 150 | 3 | 0 | 0 | 0 | 1,891 |
| 45 TO 49 | 0 | 2 | 269 | 579 | 564 | 175 | 3 | 0 | 0 | 1,592 |
| 50 TO 54 | 0 | 1 | 2 | 105 | 331 | 474 | 125 | 2 | 0 | 1,040 |
| 55 TO 59 | 1 | 0 | 2 | 1 | 42 | 152 | 125 | 25 | 0 | 348 |
| 60 TO 64 | 0 | 0 | 1 | 1 | 2 | 6 | 16 | 16 | 9 | 51 |
| 65 TO 69 | 0 | 0 | 0 | 1 | 0 | 1 | 0 | 0 | 1 | 3 |
| 70 & UP | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 1,748 | 3,256 | 2,239 | 1,614 | 1,090 | 811 | 269 | 43 | 10 | 11,080 |

| AGE \ SVC | UNDER 5 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35-39 | 40 & UP | ALL YEARS |
|---|---|---|---|---|---|---|---|---|---|---|
| SALARIES (IN THOUSANDS): | | | | | | | | | | |
| UNDER 20 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 20 TO 24 | 1,906 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,906 |
| 25 TO 29 | 61,408 | 44,429 | 379 | 0 | 0 | 0 | 0 | 0 | 0 | 106,216 |
| 30 TO 34 | 36,168 | 159,412 | 21,795 | 308 | 0 | 0 | 0 | 0 | 0 | 217,683 |
| 35 TO 39 | 8,553 | 104,694 | 91,481 | 23,502 | 113 | 0 | 0 | 0 | 0 | 228,343 |
| 40 TO 44 | 415 | 14,110 | 95,092 | 83,459 | 18,614 | 301 | 0 | 0 | 0 | 211,992 |
| 45 TO 49 | 0 | 245 | 28,348 | 66,995 | 70,633 | 22,601 | 323 | 0 | 0 | 189,145 |
| 50 TO 54 | 0 | 144 | 221 | 12,345 | 39,244 | 60,076 | 18,046 | 190 | 0 | 130,265 |
| 55 TO 59 | 139 | 0 | 275 | 146 | 5,044 | 18,479 | 17,641 | 3,676 | 0 | 45,401 |
| 60 TO 64 | 0 | 0 | 145 | 146 | 294 | 695 | 1,877 | 2,292 | 1,289 | 6,738 |
| 65 TO 69 | 0 | 0 | 0 | 146 | 0 | 148 | 0 | 0 | 205 | 499 |
| 70 & UP | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL * | 108,589 | 323,034 | 237,737 | 187,048 | 133,942 | 102,299 | 37,887 | 6,158 | 1,494 | 1,138,188 |

| AGE \ SVC | UNDER 5 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35-39 | 40 & UP | ALL YEARS |
|---|---|---|---|---|---|---|---|---|---|---|
| AVERAGE SALARIES: ** | | | | | | | | | | |
| UNDER 20 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 20 TO 24 | 50,170 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 50,170 |
| 25 TO 29 | 61,592 | 93,534 | 94,852 | 0 | 0 | 0 | 0 | 0 | 0 | 71,962 |
| 30 TO 34 | 63,232 | 99,446 | 100,905 | 102,502 | 0 | 0 | 0 | 0 | 0 | 90,929 |
| 35 TO 39 | 63,353 | 101,056 | 106,498 | 108,807 | 112,600 | 0 | 0 | 0 | 0 | 101,621 |
| 40 TO 44 | 83,039 | 101,512 | 107,328 | 117,880 | 124,092 | 100,356 | 0 | 0 | 0 | 112,106 |
| 45 TO 49 | 0 | 122,337 | 105,382 | 115,708 | 125,237 | 129,149 | 107,754 | 0 | 0 | 118,810 |
| 50 TO 54 | 0 | 144,371 | 110,351 | 117,571 | 118,560 | 126,743 | 144,368 | 94,880 | 0 | 125,255 |
| 55 TO 59 | 138,629 | 0 | 137,329 | 146,444 | 120,106 | 121,573 | 141,128 | 147,060 | 0 | 130,462 |
| 60 TO 64 | 0 | 0 | 145,397 | 146,464 | 146,987 | 115,765 | 117,294 | 143,229 | 143,207 | 132,111 |
| 65 TO 69 | 0 | 0 | 0 | 146,444 | 0 | 147,509 | 0 | 0 | 205,180 | 166,378 |
| 70 & UP | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 62,122 | 99,212 | 106,180 | 115,891 | 122,882 | 126,140 | 140,844 | 143,207 | 149,404 | 102,725 |

Note: Age is last birthday. Service is completed years.
* Total may not add up due to rounding.
** Average based on unrounded salary.

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# New York City Fire Pension Fund

## Comprehensive Annual Financial Report

## A Pension Trust Fund of the City of New York

# Appendix B

## Census Data for Pensioners

## As of June 30, 2012

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# NEW YORK CITY FIRE DEPARTMENT PENSION FUND
## DATA USED IN THE JUNE 30, 2010 (LAG) ACTUARIAL VALUATION
## FOR DETERMINING FINAL FISCAL YEAR 2012 EMPLOYER CONTRIBUTIONS
## SUMMARY OF PENSIONERS BY CAUSE AND GENDER

| | MALE | | | FEMALE | | | ALL FILES (ALL BENEFITS) BOTH MALE & FEMALE | | |
|---|---|---|---|---|---|---|---|---|---|
| AGE | NUMBER | BENEFITS | AVERAGE | NUMBER | BENEFITS | AVERAGE | NUMBER | BENEFITS | AVERAGE |
| ACCIDENTAL DISABILITY: | | | | | | | | | |
| UNDER 30 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 30 TO 34 | 20 | 1,338,489 | 66,924 | 0 | 0 | 0 | 20 | 1,338,489 | 66,924 |
| 35 TO 39 | 145 | 9,826,485 | 67,769 | 1 | 69,444 | 69,444 | 146 | 9,895,929 | 67,780 |
| 40 TO 44 | 412 | 29,531,043 | 71,677 | 1 | 72,322 | 72,322 | 413 | 29,603,365 | 71,679 |
| 45 TO 49 | 920 | 69,625,818 | 75,680 | 1 | 102,708 | 102,708 | 921 | 69,728,526 | 75,710 |
| 50 TO 54 | 1,535 | 119,916,392 | 78,121 | 8 | 562,547 | 70,318 | 1,543 | 120,478,939 | 78,081 |
| 55 TO 59 | 1,211 | 94,948,665 | 78,405 | 4 | 310,778 | 77,695 | 1,215 | 95,259,443 | 78,403 |
| 60 TO 64 | 877 | 61,836,335 | 70,509 | 3 | 183,597 | 61,199 | 880 | 62,019,932 | 70,477 |
| 65 TO 69 | 931 | 57,386,261 | 61,639 | 0 | 0 | 0 | 931 | 57,386,261 | 61,639 |
| 70 TO 74 | 1,074 | 54,897,400 | 51,115 | 1 | 65,254 | 65,254 | 1,075 | 54,962,654 | 51,128 |
| 75 TO 79 | 771 | 35,272,704 | 45,749 | 0 | 0 | 0 | 771 | 35,272,704 | 45,749 |
| 80 TO 84 | 394 | 17,251,778 | 43,786 | 0 | 0 | 0 | 394 | 17,251,778 | 43,786 |
| 85 TO 89 | 206 | 8,784,148 | 42,641 | 0 | 0 | 0 | 206 | 8,784,148 | 42,641 |
| 90 & UP | 78 | 2,931,270 | 37,580 | 0 | 0 | 0 | 78 | 2,931,270 | 37,580 |
| TOTAL | 8,574 | 563,546,788 | 65,727 | 19 | 1,366,650 | 71,929 | 8,593 | 564,913,438 | 65,741 |
| ORDINARY DISABILITY: | | | | | | | | | |
| UNDER 30 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 30 TO 34 | 1 | 22,680 | 22,680 | 0 | 0 | 0 | 1 | 22,680 | 22,680 |
| 35 TO 39 | 2 | 33,288 | 16,644 | 0 | 0 | 0 | 2 | 33,288 | 16,644 |
| 40 TO 44 | 7 | 214,167 | 30,595 | 0 | 0 | 0 | 7 | 214,167 | 30,595 |
| 45 TO 49 | 16 | 461,803 | 28,863 | 0 | 0 | 0 | 16 | 461,803 | 28,863 |
| 50 TO 54 | 48 | 1,203,348 | 25,070 | 1 | 27,708 | 27,708 | 49 | 1,231,056 | 25,124 |
| 55 TO 59 | 50 | 1,326,936 | 26,539 | 0 | 0 | 0 | 50 | 1,326,936 | 26,539 |
| 60 TO 64 | 56 | 3,135,859 | 55,997 | 0 | 0 | 0 | 56 | 3,135,859 | 55,997 |
| 65 TO 69 | 128 | 7,642,936 | 59,710 | 0 | 0 | 0 | 128 | 7,642,936 | 59,710 |
| 70 TO 74 | 254 | 14,964,561 | 58,916 | 0 | 0 | 0 | 254 | 14,964,561 | 58,916 |
| 75 TO 79 | 256 | 12,696,936 | 49,597 | 0 | 0 | 0 | 256 | 12,696,936 | 49,597 |
| 80 TO 84 | 182 | 8,058,342 | 44,277 | 0 | 0 | 0 | 182 | 8,058,342 | 44,277 |
| 85 TO 89 | 109 | 4,499,024 | 41,275 | 0 | 0 | 0 | 109 | 4,499,024 | 41,275 |
| 90 & UP | 57 | 1,983,511 | 34,798 | 0 | 0 | 0 | 57 | 1,983,511 | 34,798 |
| TOTAL | 1,166 | 56,243,391 | 48,236 | 1 | 27,708 | 27,708 | 1,167 | 56,271,099 | 48,219 |
| SERVICE RETIREMENT: | | | | | | | | | |
| UNDER 30 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 30 TO 34 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 35 TO 39 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 40 TO 44 | 15 | 748,494 | 49,900 | 0 | 0 | 0 | 15 | 748,494 | 49,900 |
| 45 TO 49 | 115 | 5,946,455 | 51,708 | 0 | 0 | 0 | 115 | 5,946,455 | 51,708 |
| 50 TO 54 | 554 | 27,136,868 | 48,984 | 5 | 226,675 | 45,335 | 559 | 27,363,543 | 48,951 |
| 55 TO 59 | 585 | 29,057,239 | 49,670 | 3 | 96,318 | 32,106 | 588 | 29,153,557 | 49,581 |
| 60 TO 64 | 670 | 31,930,377 | 47,657 | 1 | 31,931 | 31,931 | 671 | 31,962,308 | 47,634 |
| 65 TO 69 | 883 | 37,962,753 | 42,993 | 0 | 0 | 0 | 883 | 37,962,753 | 42,993 |
| 70 TO 74 | 1,187 | 44,846,985 | 37,782 | 1 | 33,500 | 33,500 | 1,188 | 44,880,485 | 37,778 |
| 75 TO 79 | 873 | 29,488,017 | 33,778 | 0 | 0 | 0 | 873 | 29,488,017 | 33,778 |
| 80 TO 84 | 546 | 17,384,463 | 31,840 | 0 | 0 | 0 | 546 | 17,384,463 | 31,840 |
| 85 TO 89 | 318 | 9,792,774 | 30,795 | 0 | 0 | 0 | 318 | 9,792,774 | 30,795 |
| 90 & UP | 201 | 5,665,091 | 28,185 | 0 | 0 | 0 | 201 | 5,665,091 | 28,185 |
| TOTAL | 5,947 | 239,959,516 | 40,350 | 10 | 388,424 | 38,842 | 5,957 | 240,347,940 | 40,347 |

NEW YORK CITY FIRE DEPARTMENT PENSION FUND
DATA USED IN THE JUNE 30, 2010 (LAG) ACTUARIAL VALUATION
FOR DETERMINING FINAL FISCAL YEAR 2012 EMPLOYER CONTRIBUTIONS
SUMMARY OF PENSIONERS BY CAUSE AND GENDER

ALL FILES (ALL BENEFITS)

| | MALE | | | FEMALE | | | BOTH MALE & FEMALE | | |
|---|---|---|---|---|---|---|---|---|---|
| AGE | NUMBER | BENEFITS | AVERAGE | NUMBER | BENEFITS | AVERAGE | NUMBER | BENEFITS | AVERAGE |
| ACCIDENTAL DEATH: | | | | | | | | | |
| UNDER 30 | 0 | 0 | 0 | 3 | 113,068 | 37,689 | 3 | 113,068 | 37,689 |
| 30 TO 34 | 0 | 0 | 0 | 10 | 351,511 | 35,151 | 10 | 351,511 | 35,151 |
| 35 TO 39 | 0 | 0 | 0 | 49 | 1,707,675 | 34,851 | 49 | 1,707,675 | 34,851 |
| 40 TO 44 | 0 | 0 | 0 | 81 | 2,991,921 | 36,937 | 81 | 2,991,921 | 36,937 |
| 45 TO 49 | 0 | 0 | 0 | 103 | 3,942,083 | 38,273 | 103 | 3,942,083 | 38,273 |
| 50 TO 54 | 0 | 0 | 0 | 94 | 3,752,772 | 39,923 | 94 | 3,752,772 | 39,923 |
| 55 TO 59 | 0 | 0 | 0 | 50 | 2,006,885 | 40,138 | 50 | 2,006,885 | 40,138 |
| 60 TO 64 | 0 | 0 | 0 | 43 | 1,627,114 | 37,840 | 43 | 1,627,114 | 37,840 |
| 65 TO 69 | 0 | 0 | 0 | 48 | 1,523,633 | 31,742 | 48 | 1,523,633 | 31,742 |
| 70 TO 74 | 0 | 0 | 0 | 47 | 1,293,679 | 27,525 | 47 | 1,293,679 | 27,525 |
| 75 TO 79 | 0 | 0 | 0 | 49 | 1,277,568 | 26,073 | 49 | 1,277,568 | 26,073 |
| 80 TO 84 | 0 | 0 | 0 | 17 | 410,100 | 24,124 | 17 | 410,100 | 24,124 |
| 85 TO 89 | 0 | 0 | 0 | 18 | 439,182 | 24,399 | 18 | 439,182 | 24,399 |
| 90 & UP | 0 | 0 | 0 | 24 | 569,434 | 23,726 | 24 | 569,434 | 23,726 |
| TOTAL | 0 | 0 | 0 | 636 | 22,006,625 | 34,602 | 636 | 22,006,625 | 34,602 |
| OTHER BENEFICIARIES: | | | | | | | | | |
| UNDER 30 | 2 | 75,809 | 37,905 | 6 | 282,337 | 47,056 | 8 | 358,146 | 44,768 |
| 30 TO 34 | 1 | 58,517 | 58,517 | 0 | 0 | 0 | 1 | 58,517 | 58,517 |
| 35 TO 39 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 40 TO 44 | 0 | 0 | 0 | 1 | 33,681 | 33,681 | 1 | 33,681 | 33,681 |
| 45 TO 49 | 1 | 62,516 | 62,516 | 6 | 235,995 | 39,333 | 7 | 298,511 | 42,644 |
| 50 TO 54 | 0 | 0 | 0 | 9 | 346,121 | 38,458 | 9 | 346,121 | 38,458 |
| 55 TO 59 | 0 | 0 | 0 | 13 | 446,874 | 34,375 | 13 | 446,874 | 34,375 |
| 60 TO 64 | 0 | 0 | 0 | 24 | 852,488 | 35,520 | 24 | 852,488 | 35,520 |
| 65 TO 69 | 0 | 0 | 0 | 24 | 739,508 | 30,813 | 24 | 739,508 | 30,813 |
| 70 TO 74 | 0 | 0 | 0 | 38 | 1,097,470 | 28,881 | 38 | 1,097,470 | 28,881 |
| 75 TO 79 | 0 | 0 | 0 | 45 | 607,063 | 13,490 | 45 | 607,063 | 13,490 |
| 80 TO 84 | 0 | 0 | 0 | 81 | 859,121 | 10,606 | 81 | 859,121 | 10,606 |
| 85 TO 89 | 0 | 0 | 0 | 148 | 1,049,137 | 7,089 | 148 | 1,049,137 | 7,089 |
| 90 & UP | 0 | 0 | 0 | 388 | 1,634,128 | 4,212 | 388 | 1,634,128 | 4,212 |
| TOTAL | 4 | 196,842 | 49,211 | 783 | 8,183,923 | 10,452 | 787 | 8,380,765 | 10,649 |
| ALL PENSIONERS AND BENEFICIARIES: | | | | | | | | | |
| UNDER 30 | 2 | 75,809 | 37,905 | 9 | 395,405 | 43,934 | 11 | 471,214 | 42,838 |
| 30 TO 34 | 22 | 1,419,686 | 64,531 | 10 | 351,511 | 35,151 | 32 | 1,771,197 | 55,350 |
| 35 TO 39 | 147 | 9,859,773 | 67,073 | 50 | 1,777,119 | 35,542 | 197 | 11,636,892 | 59,071 |
| 40 TO 44 | 434 | 30,493,704 | 70,262 | 83 | 3,097,924 | 37,324 | 517 | 33,591,628 | 64,974 |
| 45 TO 49 | 1,052 | 76,096,592 | 72,335 | 110 | 4,280,786 | 38,916 | 1,162 | 80,377,378 | 69,172 |
| 50 TO 54 | 2,137 | 148,256,608 | 69,376 | 117 | 4,915,823 | 42,016 | 2,254 | 153,172,431 | 67,956 |
| 55 TO 59 | 1,846 | 125,332,840 | 67,894 | 70 | 2,860,855 | 40,869 | 1,916 | 128,193,695 | 66,907 |
| 60 TO 64 | 1,603 | 96,902,571 | 60,451 | 71 | 2,695,130 | 37,960 | 1,674 | 99,597,701 | 59,497 |
| 65 TO 69 | 1,942 | 102,991,950 | 53,034 | 72 | 2,263,141 | 31,433 | 2,014 | 105,255,091 | 52,262 |
| 70 TO 74 | 2,515 | 114,708,946 | 45,610 | 87 | 2,489,903 | 28,620 | 2,602 | 117,198,849 | 45,042 |
| 75 TO 79 | 1,900 | 77,457,657 | 40,767 | 94 | 1,884,631 | 20,049 | 1,994 | 79,342,288 | 39,791 |
| 80 TO 84 | 1,122 | 42,694,583 | 38,052 | 98 | 1,269,221 | 12,951 | 1,220 | 43,963,804 | 36,036 |
| 85 TO 89 | 633 | 23,075,946 | 36,455 | 166 | 1,488,319 | 8,966 | 799 | 24,564,265 | 30,744 |
| 90 & UP | 336 | 10,579,872 | 31,488 | 412 | 2,203,562 | 5,348 | 748 | 12,783,434 | 17,090 |
| TOTAL | 15,691 | 859,946,537 | 54,805 | 1,449 | 31,973,330 | 22,066 | 17,140 | 891,919,867 | 52,037 |

# New York City Fire Pension Fund

## Comprehensive Annual Financial Report

## A Pension Trust Fund of the City of New York

# Statistical Section

# Part V

## Fiscal Year Ended June 30, 2012

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## The Statistical Section Narrative

The Statistical section of the New York City Fire Pension Fund's Comprehensive Annual Financial Report presents detailed information related to the financial statements, as well as highlights of the actuarial valuations. The data provided is a useful source in determining the fund's economic condition. The schedules are organized into four categories: Operating information, Demographic and economic information, Financial trends and Revenue capacity.

### Operating information

The operating information gives users an indication of how the information in the financial statements relate to the activities of the fund. The schedules show data on benefit ranges, years of credited service, types of retirement and options selected and the amount of monthly, annual or average benefit paid to each group of retirees and beneficiaries. The data is presented for the fiscal period or over a ten year period.

### Demographic and economic information

The demographic and economic categories present data to give users an understanding of the environment in which the pension plan operates. This is done mainly through the breakdown of the population groups in the plan membership. The schedules present the number of members and beneficiaries grouped according to several indicators including average monthly or annual salaries or age participating in the pension the plan, for the fiscal period or over a ten-year period.

### Financial Trends

The schedules of trend data provide financial and actuarial data for the most current ten-year period. This data shows the changes in benefit types and changes in the plan's performance over time, as relates to revenues received benefits and expenses paid and net assets.

### Revenue Capacity

Revenue capacity information helps users evaluate the different sources of revenues for the plan. The schedules show the sources and the changes in the level of revenues over time. The main sources of revenues for the plan are investment income and employer contributions.

## TABLE OF BENEFIT EXPENSES BY TYPE

(In thousands)

| FISCAL YEAR | Service Retirement Payments | Ordinary Disability Payments | Accidental Disability Payments | Payments for Death in Duty | Payments of Deceased Service and Disability | Death Benefits Lump Sum Payments | Other Benefits * | Total |
|---|---|---|---|---|---|---|---|---|
| 2003 | $ 255,487 | $ 64,287 | $ 308,978 | $ 18,524 | $ 8,355 | $ 3,271 | $ 24,078 | $ 682,980 |
| 2004 | 256,676 | 63,868 | 338,051 | 20,267 | 8,578 | 4,672 | 58,847 | 750,959 |
| 2005 | 253,706 | 63,615 | 369,126 | 20,374 | 8,635 | 3,138 | 123,634 | 842,228 |
| 2006 | 254,777 | 62,603 | 402,335 | 20,639 | 8,707 | 4,944 | 46,970 | 800,975 |
| 2007 | 253,902 | 61,397 | 449,918 | 20,727 | 8,563 | 3,539 | 73,431 | 871,477 |
| 2008 | 248,262 | 59,685 | 495,662 | 21,174 | 8,564 | 2,339 | 79,539 | 915,225 |
| 2009 | 249,084 | 58,392 | 524,425 | 51,974 | 14,353 | 4,219 | 26,006 | 928,453 |
| 2010 | 244,502 | 56,905 | 552,814 | 54,069 | 14,426 | 3,454 | 28,603 | 954,773 |
| 2011 | 240,312 | 55,019 | 587,885 | 55,488 | 13,723 | 1,279 | 29,768 | 983,474 |
| 2012 | 239,786 | 53,002 | 621,698 | 57,614 | 13,923 | 1,353 | 50,213 | 1,037,589 |

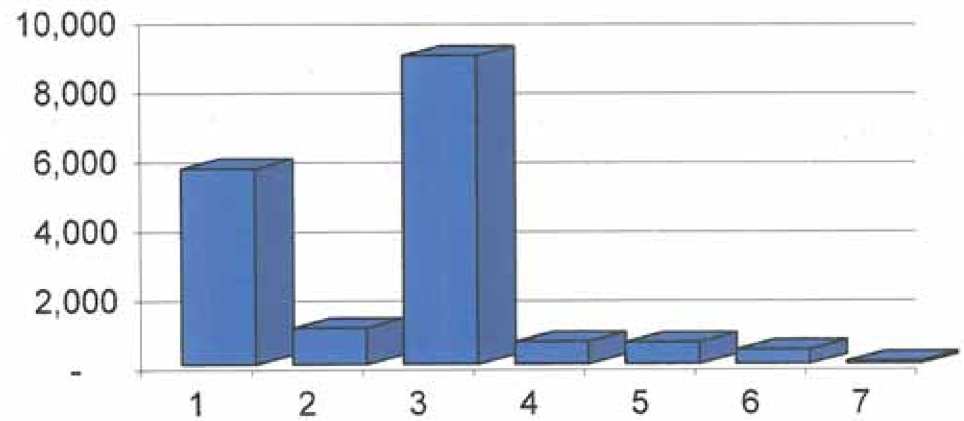
* This represents City Supplements and other payments.

# TABLE OF RETIRED MEMBERS AND BENEFICIARIES BY TYPE OF BENEFIT

## FISCAL YEAR 2012

| TOTAL NUMBERS RETIREES AND BENEFICIARIES | SERVICE RETIREES (1) | ORDINARY DISABILITY RETIREES (1) | ACCIDENTAL DISABILITY RETIREES (1) | LINE OF DUTY BENEFITS | SERVICE BENEFICIARIES | ACCIDENTAL BENEFICIARIES | ORDINARY BENEFICIARIES | OTHER BENEFITS (2) |
|---|---|---|---|---|---|---|---|---|
| 17,404 | 5,667 | 1,058 | 8,912 | 651 | 631 | 411 | 74 | - |
| **ANNUAL PAYROLL AMOUNT** (in thousands) | | | | | | | | |
| $ 1,037,589 | $ 239,786 | $ 53,002 | $ 621,698 | $ 57,614 | $ 5,847 | $ 8,076 | $ 1,353 | $ 50,213 |

### RETIRED MEMBERS BY TYPE OF BENEFIT




SEE RETIREMENT BENEFIT BELOW

Type of Retirement

1 - Service retirement (20 yrs or over)
2 - Ordinary Disability ( Non - Line of Duty)
3 - Accidental Disability (Line of Duty)
4 - Line of Duty benefits for surviving spouse
5 - Survivors of Service Retirees
6 - Survivors of Accidental Disability retirees
7 - Survivors of Ordinary Disability retirees

( 1 ) Includes Maximum Allowance and Options.

(2) Includes City Supplements and Return of Contributions Vouchers.

## TABLE OF RETIRED MEMBERS AND BENEFICIARIES BY TYPE OF OPTION SELECTED *

### FISCAL YEAR 2012

| TOTAL NUMBER OF RETIREES AND BENEFICIARIES | MAXIMUM ALLOWANCE ( 1 ) | OPTION ONE | OPTION TWO | OPTION THREE | OPTION FOUR | POP - UP OPTION | LINE OF DUTY BENEFICIARIES ( 1 ) | BENEFICIARIES | OTHER BENEFITS (2) |
|---|---|---|---|---|---|---|---|---|---|
| 17,404 | 14,673 | 10 | 245 | 326 | 610 | 11 | 651 | 878 | - |
| **ANNUAL PAYROLL AMOUNT** | | | | | | | | | |
| $ 1,037,589 | $ 851,239 | $ 483 | $ 11,966 | $ 16,203 | $ 40,565 | $ 651 | $ 57,614 | $ 8,655 | $ 50,213 |

( 1 ) Includes Subchapter I and II.

(2) Includes City Supplements and Return of Contributions Vouchers.

Note: Option figures include Retirees and Beneficiaries.

## New York City Fire Pension Fund
## Retired Members by Type of Benefit
## As of June 30, 2012

Exhibit 4

| Amount of Monthly Benefit | Number of Retired Members | Type of Retirement [a] | | | | | Option Selected [b] | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 1 | 2 | 3 | 4 | 5 | Unmodified | 1 | 2 | 3 | 4 | POP - UPS |
| $ 39,268 | 11 | - | - | - | 3 | 8 | 11 | - | - | - | - | - |
| 230,933 | 52 | - | 1 | 20 | 10 | 21 | 49 | - | - | - | 3 | - |
| 1,469,741 | 206 | - | 2 | 146 | 49 | 9 | 189 | - | - | - | 17 | - |
| 2,882,636 | 527 | 15 | 7 | 413 | 81 | 11 | 317 | 3 | 76 | 114 | 13 | 4 |
| 6,864,782 | 1,180 | 113 | 16 | 921 | 96 | 34 | 1,063 | 5 | 3 | 43 | 63 | 3 |
| 13,597,703 | 2,002 | 545 | 33 | 1,321 | 94 | 9 | 1,950 | 2 | 2 | 7 | 41 | - |
| 10,349,475 | 2,315 | 538 | 50 | 1,623 | 50 | 54 | 2,245 | - | 41 | 18 | 7 | 4 |
| 7,716,475 | 1,694 | 634 | 56 | 880 | 65 | 59 | 1,572 | - | 15 | 26 | 81 | - |
| 9,604,591 | 2,033 | 881 | 130 | 931 | 48 | 43 | 1,815 | | 8 | 70 | 140 | - |
| 8,933,237 | 2,448 | 1,020 | 220 | 1,083 | 47 | 78 | 2,339 | - | 64 | 37 | 8 | - |
| 6,628,524 | 2,001 | 867 | 199 | 790 | 49 | 96 | 1,952 | - | 24 | 7 | 18 | - |
| 3,496,984 | 1,364 | 544 | 178 | 436 | 17 | 189 | 1,277 | - | 11 | 3 | 73 | - |
| 2,213,689 | 854 | 312 | 109 | 267 | 18 | 148 | 718 | - | 1 | 1 | 134 | - |
| 1,065,286 | 717 | 198 | 57 | 81 | 24 | 357 | 705 | - | - | - | 12 | - |
| Total | 17,404 | 5,667 | 1,058 | 8,912 | 651 | 1,116 | 16,202 | 10 | 245 | 326 | 610 | 11 |

[a] Type of retirement:
1 - Service retirement
2 - Ordinary Disability
3 - Accidental Disability
4 - Line of Duty (Accidental Death)
5 - Beneficiaries (All)

[b] Option selected:
**The following options reduce the retired member's monthly benefits**

Option 1 - Provides a member with a retirement allowance payable for life which is less than the Maximum Allowance.

Option 2 - Provides a member with a reduced retirement allowance with the provision that upon- his or her death the same allowance will continue to be paid to his or her beneficiary for life.

Option 3 - Provides a member with a retirement allowance reduce from the Maximum Allowance, with- the provision that one half of the allowance will continue to be paid to the member's beneficiary for life.

Option 4 - This option provides, upon the member's death, payment of a specified benefit or benefits actuarially- sound and approved by the Actuary and the Board of Trustees.

POP - UP OPTIONS (refer to Option 4-2 and Option 4-3) These are called the "POP - UPS" because they are- variations of Option 2 and 3 and provide that if the beneficiary predeceases the retiree, then the retirement allowance will "Pop - Up to the level of the Maximum Retirement Allowance.

## New York City Fire Pension Fund
## Average Benefit Payments
## Last Ten Years

Exhibit 5

| Retirement Effective Dates | Under 30 | 30-34 | 35-39 | 40-44 | 45-49 | 50-54 | 55-59 | 60-64 | 65-69 | 70-74 | 75-79 | 80-84 | 85-89 | 90 & Up |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Age Credited Service | | | | | | | | | | | | | |
| **Period 7/1/02 to 6/30/03** | | | | | | | | | | | | | | |
| Average monthly benefit | $ 2,195 | $ 2,607 | $ 3,153 | $ 3,656 | $ 3,711 | $ 3,826 | $ 4,026 | $ 3,747 | $ 3,398 | $ 3,077 | $ 2,731 | $ 2,159 | $ 1,413 | $ 1,229 |
| Average final salary | $ 26,344 | $ 31,280 | $ 37,830 | $ 43,866 | $ 44,527 | $ 45,910 | $ 48,314 | $ 44,960 | $ 40,772 | $ 36,918 | $ 32,772 | $ 25,907 | $ 16,959 | $ 14,743 |
| Number of retired members | 14 | 64 | 179 | 501 | 1,410 | 1,301 | 1,662 | 2,412 | 2,857 | 2,094 | 1,641 | 1,307 | 1,275 | 692 |
| **Period 7/1/03 to 6/30/04** | | | | | | | | | | | | | | |
| Average monthly benefit | $ 2,500 | $ 2,936 | $ 3,582 | $ 3,885 | $ 3,961 | $ 4,040 | $ 4,186 | $ 3,900 | $ 3,502 | $ 3,138 | $ 2,830 | $ 2,320 | $ 1,493 | $ 1,207 |
| Average final salary | $ 29,994 | $ 35,228 | $ 42,982 | $ 46,617 | $ 47,537 | $ 48,479 | $ 50,233 | $ 46,799 | $ 42,028 | $ 37,654 | $ 33,965 | $ 27,842 | $ 17,919 | $ 14,484 |
| Number of retired members | 12 | 71 | 185 | 478 | 1,571 | 1,402 | 1,650 | 2,181 | 2,871 | 2,227 | 1,598 | 1,299 | 1,181 | 733 |
| **Period 7/1/04 to 6/30/05** | | | | | | | | | | | | | | |
| Average monthly benefit | $ 2,897 | $ 3,213 | $ 3,822 | $ 4,157 | $ 4,201 | $ 4,282 | $ 4,285 | $ 4,066 | $ 3,627 | $ 3,191 | $ 2,928 | $ 2,476 | $ 1,625 | $ 1,274 |
| Average final salary | 34,760 | 38,561 | 45,858 | 49,888 | 50,409 | 51,385 | 51,425 | 48,787 | 43,522 | 38,289 | 35,130 | 29,709 | 19,497 | 15,286 |
| Number of retired members | 6 | 63 | 187 | 537 | 1,504 | 1,570 | 1,593 | 2,019 | 2,774 | 2,393 | 1,618 | 1,256 | 1,101 | 822 |
| **Period 7/1/05 to 6/30/06** | | | | | | | | | | | | | | |
| Average monthly benefit | 3,421 | 3,264 | 3,995 | 4,394 | 4,423 | 4,505 | 4,414 | 4,266 | 3,762 | 3,270 | 3,052 | 2,604 | 1,827 | 1,260 |
| Average final salary | 41,054 | 39,165 | 47,945 | 52,733 | 53,081 | 54,059 | 52,973 | 51,187 | 45,143 | 39,244 | 36,619 | 31,250 | 21,920 | 15,120 |
| Number of retired members | 7 | 59 | 208 | 584 | 1,401 | 1,814 | 1,524 | 1,959 | 2,612 | 2,515 | 1,649 | 1,290 | 998 | 865 |
| **Period 7/1/06 to 6/30/07** | | | | | | | | | | | | | | |
| Average monthly benefit | 3,375 | 3,611 | 4,284 | 4,716 | 4,862 | 4,895 | 4,715 | 4,424 | 3,879 | 3,341 | 3,117 | 2,689 | 1,971 | 1,210 |
| Average final salary | 40,499 | 43,327 | 51,409 | 56,588 | 58,345 | 58,735 | 56,579 | 53,083 | 46,553 | 40,093 | 37,402 | 32,267 | 23,651 | 14,524 |
| Number of retired members | 8 | 59 | 229 | 638 | 1,420 | 1,981 | 1,570 | 1,900 | 2,570 | 2,482 | 1,643 | 1,283 | 902 | 794 |
| **Period 7/1/07 to 6/30/08** | | | | | | | | | | | | | | |
| Average monthly benefit | 3,843 | 3,606 | 4,527 | 5,144 | 5,257 | 5,232 | 4,987 | 4,633 | 4,005 | 3,500 | 3,179 | 2,786 | 2,166 | 1,276 |
| Average final salary | 46,116 | 43,273 | 54,323 | 61,725 | 63,079 | 62,786 | 59,844 | 55,591 | 48,061 | 42,002 | 38,143 | 33,432 | 25,993 | 15,308 |
| Number of retired members | 7 | 45 | 232 | 618 | 1,304 | 2,154 | 1,639 | 1,749 | 2,388 | 2,590 | 1,745 | 1,290 | 854 | 789 |
| **Period 7/1/08 to 6/30/09** | | | | | | | | | | | | | | |
| Average monthly benefit | 3,881 | 3,642 | 4,572 | 5,195 | 5,309 | 5,284 | 5,037 | 4,679 | 4,045 | 3,535 | 3,210 | 2,814 | 2,188 | 1,288 |
| Average final salary | 46,577 | 43,706 | 54,866 | 62,342 | 63,710 | 63,414 | 60,442 | 56,147 | 48,542 | 42,422 | 38,524 | 33,766 | 26,253 | 15,461 |
| Number of retired members | 7 | 43 | 234 | 629 | 1,306 | 2,230 | 1,734 | 1,823 | 2,270 | 2,585 | 1,739 | 1,266 | 816 | 764 |
| **Period 7/1/09 to 6/30/10** | | | | | | | | | | | | | | |
| Average monthly benefit | 3,843 | 3,606 | 4,527 | 5,144 | 5,257 | 5,231 | 4,985 | 4,633 | 4,005 | 3,500 | 3,179 | 2,786 | 2,166 | 1,272 |
| Average final salary | 46,116 | 43,273 | 54,323 | 61,725 | 63,079 | 62,774 | 59,823 | 55,591 | 48,061 | 42,002 | 38,143 | 33,432 | 25,993 | 15,262 |
| Number of retired members | 7 | 45 | 232 | 618 | 1,304 | 2,155 | 1,640 | 1,749 | 2,268 | 2,466 | 1,745 | 1,290 | 854 | 787 |
| **Period 7/1/10 to 6/30/11** | | | | | | | | | | | | | | |
| Average monthly benefit | 3,570 | 4,613 | 4,923 | 5,415 | 5,764 | 5,663 | 5,576 | 4,958 | 4,355 | 3,754 | 3,316 | 3,003 | 2,562 | 1,424 |
| Average final salary | 42,838 | 55,350 | 59,071 | 64,974 | 69,172 | 67,956 | 66,907 | 59,497 | 52,262 | 45,042 | 39,791 | 36,036 | 30,744 | 17,090 |
| Number of retired members | 11 | 32 | 197 | 517 | 1,162 | 2,254 | 1,916 | 1,674 | 2,014 | 2,602 | 1,994 | 1,220 | 799 | 748 |
| **Period 7/1/11 to 6/30/12** | | | | | | | | | | | | | | |
| Average monthly benefit | 3,570 | 4,613 | 4,923 | 5,415 | 5,764 | 5,663 | 5,576 | 4,958 | 4,355 | 3,754 | 3,316 | 3,003 | 2,562 | 1,424 |
| Average final salary | 42,838 | 55,350 | 59,071 | 64,974 | 69,172 | 67,956 | 66,907 | 59,497 | 52,262 | 45,042 | 39,791 | 36,036 | 30,744 | 17,090 |
| Number of retired members | 11 | 52 | 206 | 527 | 1,180 | 2,002 | 2,315 | 1,694 | 2,033 | 2,448 | 2,001 | 1,364 | 854 | 717 |

## New York City Fire Pension Fund
## Last Ten Fiscal Years
(In thousands)

Exhibit 6

| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Type of Benefit:** | | | | | | | | | | |
| Age and service benefits: | | | | | | | | | | |
| Retirees | 255,487 | 256,676 | 253,706 | 254,777 | 253,902 | 248,262 | 249,084 | 244,502 | 240,312 | 239,786 |
| Survivors | 5,879 | 5,720 | 5,363 | 5,290 | 4,926 | 4,666 | 10,212 | 10,040 | 5,990 | 5,847 |
| Death in service benefits | 18,524 | 20,267 | 20,374 | 20,639 | 20,727 | 21,174 | 51,974 | 54,069 | 55,488 | 57,614 |
| Disability benefits: | | | | | | | | | | |
| Retirees - duty | 308,978 | 338,051 | 369,126 | 402,335 | 449,918 | 495,662 | 524,425 | 552,814 | 587,885 | 621,698 |
| Retirees - nonduty | 64,287 | 63,868 | 63,615 | 62,603 | 61,397 | 59,685 | 58,392 | 56,905 | 55,019 | 53,002 |
| Survivors | 2,476 | 2,858 | 3,272 | 3,417 | 3,637 | 3,898 | 4,141 | 4,386 | 1,279 | 1,353 |
| Total benefits | $ 655,631 | $ 687,440 | $ 715,456 | $ 749,061 | $ 794,507 | $ 833,347 | $ 898,228 | $ 922,716 | $ 945,973 | $ 979,300 |
| **Type of Refunds** | | | | | | | | | | |
| Death | 3,271 | 4,672 | 3,138 | 4,944 | 3,539 | 2,339 | 4,219 | 3,454 | 7,733 | 8,076 |
| Other benefits | 24,078 | 58,847 | 123,634 | 46,970 | 73,431 | 79,539 | 26,006 | 28,603 | 29,768 | 50,213 |
| Total refunds | $ 27,349 | $ 63,519 | $ 126,772 | $ 51,914 | $ 76,970 | $ 81,878 | $ 30,225 | $ 32,057 | $ 37,501 | $ 58,289 |
| **Total Benefits and Refunds** | **$ 682,980** | **$ 750,959** | **$ 842,228** | **$ 800,975** | **$ 871,477** | **$ 915,225** | **$ 928,453** | **$ 954,773** | **$ 983,474** | **$ 1,037,589** |

# EXPLANATION OF OPTIONS

The member has two choices for selecting how his or her retirement allowance may be paid; the Maximum Allowance (no Option) or the selection of an Option.

## MAXIMUM ALLOWANCE

The Maximum Allowance is the highest amount of retirement allowance that a member can receive. However, upon the member's death, after having received the first pension check, the Maximum Allowance does not provide for any benefit for the surviving spouse, children or to her designated beneficiaries.

# OPTIONS

An Option is an arrangement whereby the member accepts a reduced retirement allowance in exchange for the payment, upon his or her death, of a benefit to the designated beneficiary or estate. This may be done by selecting one of the options outlined below. It is important to note that whatever option the member has chosen, once it is in effect, it can never be changed.

## OPTION 1

Provides a member with a retirement allowance payable for life which is less than the Maximum Allowance. This option guarantees that the amount of the total reserve set up at retirement under Option 1 will be paid to the member and upon his or her death, if any reserve remains, to his or her beneficiary.

A summary of option 1 retirement allowance;

1) Is a reduced benefit.
2) Is payable for life to the member.
3) The reserve balance is constantly decreasing for as long as the member continues to receive a retirement allowance.
4) Upon the member's death, his or her beneficiary may be paid in a lump sum or in the form of an annuity equal and up to the remaining balance (if any) in the reserve.
5) The member is allowed to change beneficiaries at any time.

## FIVE-YEAR OR TEN-YEAR CERTAIN

A reduced retirement allowance is paid to the retiree, with a provision that upon his or her death within five (ten) years of retirement, the balance that would have been payable had the member survived for five (ten) years shall be paid to the designated beneficiary or estate. The five-year or ten-year certain options are only available to Article II members (those member appointed after July 1, 1973).

A summary of Five (Ten) Year Certain retirement allowance:

1) Is a reduced benefit.
2) Is payable for life to the member.
3) Permits the member to change the beneficiary at any time.
4) Upon the member's death the beneficiary may be paid the remaining balance in a lump sum or in monthly payments until five (ten) years are up.

## OPTION 2

Provides a member with a reduced retirement allowance with the provision that upon his or her death the same allowance will continue to be paid to his or her beneficiary for life.

A summary of option 2 retirement allowance;

1) Is a reduced benefit.
2) Is payable for life to the member.
3) Guarantees that the same benefit is payable to the members surviving beneficiary for life.
4) Will cease after the death of both the member and his or her beneficiary.
5) The member is not allowed to change beneficiary.

## OPTION 3

Provides a member with a retirement allowance reduced from the Maximum Allowance, with the provision that one half of the allowance that was paid to the member will continue to be paid to the member's beneficiary for life.

A summary of option 3 retirement allowance;

1) Is a reduced benefit.
2) Is payable for life to the member.
3) Guarantees that one half ( 1/2) of the member's benefit is payable to his or her beneficiary for life.
4) Will cease after the death of both the member and his or her beneficiary.
5) The member is not allowed to change beneficiary

## OPTION 4

This option provides, upon the member's death, payment of a specified benefit or benefits actuarially sound and approved by the Actuary and the Board of Trustees.

**EXAMPLE:** The member may select a fixed amount payable at his or her death to the member's beneficiary or beneficiaries. Payment may be either a lump sum or a percentage of the member's retirement allowance to be paid monthly. The member may change the beneficiary at any time during his or her lifetime, but not the option, on or after the effective retirement date.

At the time of the member's death, the beneficiary may elect to receive the lump sum benefit, or may elect to receive an annuity in lieu of the lump sum.

## "POP-UP" OPTIONS

Option 4-2 and Option 4-3 are known as the "Pop-Up" Option. These are called the "Pop-Ups" because they are variations of Option 2 and 3 and provide that if the beneficiary predeceases the retiree, then the retirement allowance will "Pop-Up" to the level of the Maximum Retirement Allowance.

Member's should keep in mind that the retirement allowance will be subject to a greater reduction under the "Pop-Up" Options than under Options 2 or 3 because of the increase in retirement allowance if the designated beneficiary predeceases the member.

## SCHEDULE OF AVERAGE ANNUAL BENEFIT PAYMENT AMOUNTS

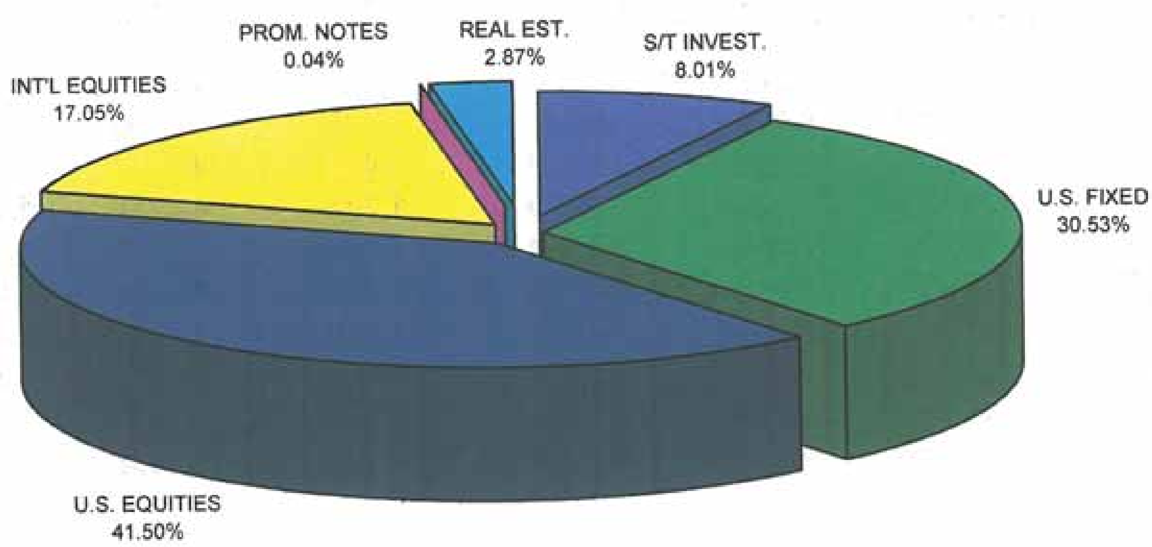
| | Service Retirement Benefits | | Accidental ( Duty) Disability Benefits | | Ordinary (Non Duty) Disability Benefits | | Survivor's Benefits * | |
|---|---|---|---|---|---|---|---|---|
| Fiscal Year | Numbers | Average Annual Allowance | Number | Average Annual Allowance | Number | Average Annual Allowance | Number | Average Annual Allowance |
| 2003 | 7,237 | $ 35,303 | 6,503 | $ 47,513 | 1,535 | $ 41,881 | 2,134 | $ 12,595 |
| 2004 (Lag) | 7,148 | 35,909 | 6,780 | 49,860 | 1,488 | 42,922 | 2,043 | 14,119 |
| 2005 (Lag) | 6,965 | 36,426 | 7,103 | 51,968 | 1,448 | 43,933 | 1,927 | 19,316 |
| 2006 (Lag) | 6,839 | 37,254 | 7,420 | 54,223 | 1,398 | 44,780 | 1,828 | 19,767 |
| 2007 (Lag) | 6,606 | 38,435 | 7,816 | 57,564 | 1,339 | 45,853 | 1,718 | 17,208 |
| 2008 (Lag) | 6,353 | 39,078 | 8,149 | 60,825 | 1,284 | 46,484 | 1,618 | 20,942 |
| 2009 | 6,193 | 40,220 | 8,301 | 63,176 | 1,218 | 47,941 | 1,593 | 41,637 |
| 2010 | 5,971 | 40,948 | 8,557 | 64,604 | 1,168 | 48,720 | 1,464 | 46,786 |
| 2011 | 5,837 | 41,170 | 8,712 | 67,480 | 1,110 | 49,557 | 1,414 | 49,144 |
| 2012 | 5,667 | 41,080 | 8,912 | 69,760 | 1,058 | 50,096 | 1,767 | 41,251 |

* Includes World Trade Center Benefits

Exhibit 7

# TOTAL INVESTMENTS FISCAL YEAR 2012

(At Market Value)



## NEW YOK CITY FIRE PENSION FUND

## Schedule of Changes in Net Assets

(In thousands)

| | Additions to Plan Net Assets | | | | | Deductions from Plan Net Assets | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Year Ended | Member Contributions | Employer Contributions | Net Investment Income/(Loss) | Other Income | Total Additions | Benefit Payments | Refunds | Administrative Expenses | Other | Total Deductions | Change in Net Assets |
| 2003 | 42,296 | 316,967 | 283,435 | 21,426 | 664,124 | 681,959 | 1,021 | - | - | 682,980 | (18,856) |
| 2004 | 42,529 | 392,693 | 774,109 | 33,257 | 1,242,588 | 750,742 | 217 | - | - | 750,959 | 491,629 |
| 2005 | 52,680 | 489,508 | 560,821 | 49,662 | 1,152,671 | 841,648 | 319 | - | 261 | 842,228 | 310,443 |
| 2006 | 76,548 | 608,771 | 590,395 | 28,971 | 1,304,685 | 800,552 | - | 413 | 10 | 800,975 | 503,710 |
| 2007 | 71,614 | 683,193 | 1,117,227 | 36,770 | 1,908,804 | 870,841 | 444 | 172 | 20 | 871,477 | 1,037,327 |
| 2008 | 75,974 | 780,202 | (366,390) | 40,103 | 529,889 | 914,569 | 418 | 200 | 38 | 915,225 | (385,336) |
| 2009 | 84,357 | 843,751 | (1,282,917) | 42,729 | (312,080) | 927,819 | 325 | 248 | 61 | 928,453 | (1,240,533) |
| 2010 | 89,223 | 874,331 | 818,201 | 34,990 | 1,816,745 | 953,990 | 510 | 237 | 36 | 954,773 | 861,972 |
| 2011 | 94,893 | 890,706 | 1,472,892 | 41,887 | 2,500,378 | 982,962 | 276 | 236 | - | 983,474 | 1,516,904 |
| 2012 | 98,494 | 976,895 | 93,548 | 37,661 | 1,206,598 | 1,036,806 | 443 | 340 | - | 1,037,589 | 169,009 |

## NEW YORK CITY FIRE PENSION FUND

## SCHEDULE OF REVENUES BY SOURCE

(in thousands)

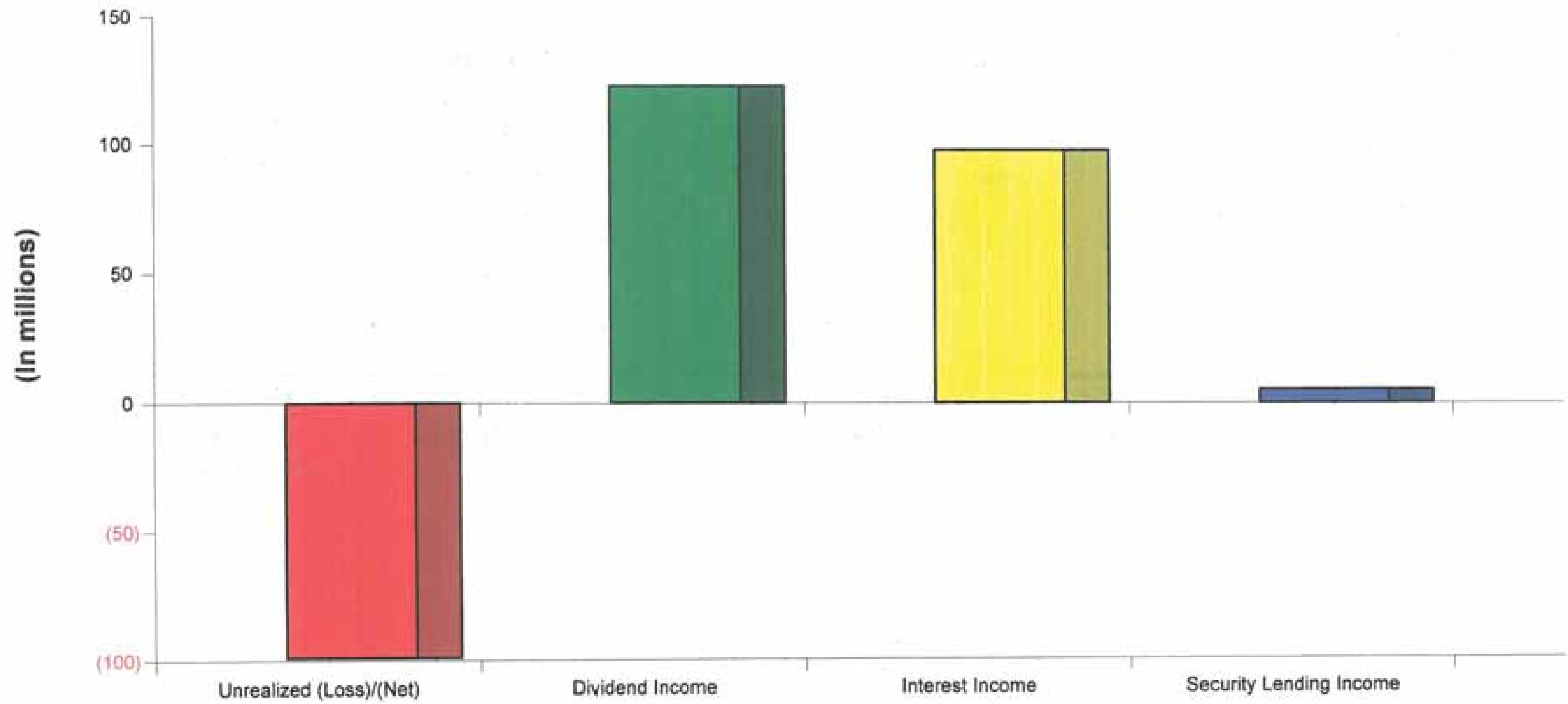
| Fiscal Year Ended June 30 | Member Contributions | Employer Contributions | Other Income | Interest and Dividends | Appreciation In fair value of investments | Total | % of Annual Covered Payroll |
|---|---|---|---|---|---|---|---|
| 2003 | $ 42,296 | $ 316,967 | $ 5,404 | $ 128,984 | $ 170,473 | $ 664,124 | N/A |
| 2004 | 42,529 | 392,693 | 22,673 | 124,437 | 660,256 | 1,242,588 | N/A |
| 2005 | 52,680 | 489,508 | 40,443 | 147,184 | 422,856 | 1,152,671 | N/A |
| 2006 | 76,548 | 608,771 | 17,450 | 164,325 | 437,591 | 1,304,685 | N/A |
| 2007 | 71,614 | 683,193 | 21,868 | 185,836 | 946,293 | 1,908,804 | N/A |
| 2008 | 75,974 | 780,202 | 28,393 | 210,151 | (564,831) | 529,889 | N/A |
| 2009 | 84,357 | 843,751 | 30,545 | 187,040 | (1,457,773) | (312,080) | N/A |
| 2010 | 89,223 | 874,331 | 10,319 | 176,097 | 666,775 | 1,816,745 | N/A |
| 2011 | 94,893 | 890,706 | 17,668 | 192,667 | 1,304,444 | 2,500,378 | N/A |
| 2012 | 98,494 | 976,895 | 9,756 | 220,373 | (98,920) | 1,206,598 | N/A |

Source: Statement of Changes in Plan Net Assets

Exhibit 8

# INVESTMENT INCOME

## Fiscal Year 2012



## NEW YORK CITY FIRE PENSION FUND

## SCHEDULE OF EXPENSES BY TYPE

(in thousands)

| Fiscal Year Ended June 30 | Benefit Payments | Refunds | Administrative Expenses | Other Payments | Total |
|---|---|---|---|---|---|
| 2003 | $ 681,959 | $ 1,021 | $ - | $ - | $ 682,980 |
| 2004 | 750,742 | 217 | - | - | 750,959 |
| 2005 | 841,648 | 319 | - | 261 | 842,228 |
| 2006 | 800,552 | - | 413 | 10 | 800,975 |
| 2007 | 870,841 | 444 | 172 | 20 | 871,477 |
| 2008 | 914,569 | 418 | 200 | 38 | 915,225 |
| 2009 | 927,819 | 325 | 248 | 61 | 928,453 |
| 2010 | 953,990 | 510 | 237 | 36 | 954,773 |
| 2011 | 982,962 | 276 | 236 | - | 983,474 |
| 2012 | 1,036,806 | 443 | 340 | - | 1,037,589 |

# Table of Compensation to Administrative Officials and Commissions & Payments To Brokers and Consultants Fiscal Year Ended June 30, 2012

| *Official Plan Position* | | *Salary or Allowance Paid* |
|---|---|---|
| Pension Fund Administrative Personnel | $ | 2,032,713 |
| Comptroller's Office Executive Management Costs | | 17,785 |
| First Deputy Personal Service Cost | | 95,993 |
| Financial Information Service Agency (FISA) | | 275,554 |
| Office of Payroll Administration (OPA) | | 198,805 |
| Deputy Comptroller Asset Management (Personal Service Cost) | | 665,085 |
| Deputy Comptroller Asset Management (Outside Service Costs) | | 419,341 |
| Administrative Support Cost | | 1,658 |
| Office of Management and Budget | | 118,865 |
| Legal Advisor | | 101,366 |
| Investments Advisor | | 32,927,706 |
| Securities Lending Fees | | 316,881 |
| Total | $ | 37,171,752 |

* Except for investment advisor and Securities Lending fees these expenses were charged to other City Agencies on behalf of the New York Fire Pension Fund.

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