

CITY OF ORMOND BEACH
POLICE OFFICERS' PENSION TRUST FUND

ACTUARIAL VALUATION AND REPORT
AS OF OCTOBER 1, 2014

CONTRIBUTIONS APPLICABLE TO THE PLAN/
FISCAL YEAR ENDED SEPTEMBER 30, 2016



December 31, 2014

Board of Trustees
City of Ormond Beach
Police Officers' Pension Trust Fund
P. O. Box 277
Ormond Beach, FL 32175-0277

Re: City of Ormond Beach
Police Officers' Pension Trust Fund

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Ormond Beach Police Officers' Pension Trust Fund. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and to develop the appropriate funding requirements for the applicable plan year.

The valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board, and reflects laws and regulations issued to date pursuant to the provisions of Chapters 112, and 185, Florida Statutes, as well as applicable federal laws and regulations. In our opinion, the assumptions used in this valuation, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience.

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by the City of Ormond Beach, financial reports prepared by the custodian bank, and the actuarial assumptions and methods described in the Actuarial Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

The undersigned is familiar with the immediate and long-term aspects of pension valuations, and meets the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial

opinions contained herein. All of the sections of this report are considered an integral part of the actuarial opinions.

To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the City of Ormond Beach, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the City of Ormond Beach Police Officers' Pension Trust Fund. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

If there are any questions, concerns, or comments about any of the items contained in this report, please contact me at 239-433-5500.

Respectfully submitted,

Foster & Foster, Inc.



By: _____

Patrick T. Donlan, M.A.A.A., A.S.A.
Enrolled Actuary #14-06595

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Enclosures

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SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Ormond Beach Police Officers' Pension Trust Fund, performed as of October 1, 2014, has been completed, and the results are presented in this Report. The results of this valuation are applicable to the plan/fiscal year ended September 30, 2016.

The contribution requirements developed in this valuation, compared with amounts set forth in the October 1, 2013 Actuarial Valuation, are as follows:

Valuation Date	10/1/2013	10/1/2014
Applicable Plan/Fiscal Year End	<u>9/30/2015</u>	<u>9/30/2016</u>
Total Required Contribution % of Total Annual Payroll	60.3%	59.3%
Member Contributions (Est.) % of Total Annual Payroll	9.0%	9.0%
City and State Required Contribution % of Total Annual Payroll	51.3%	50.3%
State Contribution ¹ % of Total Annual Payroll	351,321 11.8%	351,321 11.8%
Balance from City ² % of Total Annual Payroll	39.5%	38.5%

¹ Amount shown is actual State contribution received during fiscal 2014. The City may use annual State contributions of up to \$544,533.32 to determine its funding requirements.

² At the request of the Division of Retirement, the required contribution from the combination of City and State sources for the year ending September 30, 2016, is 50.3% of the actual pensionable payroll realized in that year. As a budgeting tool, the City may contribute 38.5% of each Member's Salary and then make a one-time adjustment to account for the actual State Monies received (up to the maximum \$544,533.32). The City has a prepaid contribution in the amount of \$26,776.49 that is available to help offset their fiscal 2015 requirement (see page 23).

As can be seen, the Total Required Contribution has decreased when expressed as a percentage of Total Annual Payroll. This decrease is primarily due to the favorable experience over the past year. The principal components of favorable experience were average increases in Pensionable Compensation that were below the assumed rate and a 10.92% investment return (Actuarial Asset Basis) that exceeded the 7.25% assumption. Partially offsetting these gains was a loss due to changing the interest rate assumption to 7.00%.

For informational purposes, the City's funding requirement, when expressed as a percentage of payroll, including an estimate of the annual pay for the DROP participants, is approximately 33.5% for the fiscal year ending September 30, 2016. Similarly, the City's funding requirement for the 2015 fiscal year is approximately 34.3% when an estimate for the DROP payroll is included. It is important to note that these funding rates are for illustration purposes only. The City should budget based on the information provided on page 5.

The balance of this Report presents additional details of the actuarial valuation and the general operation of the Fund. The undersigned would be pleased to meet with the Board of Trustees in order to discuss the Report and any pending questions concerning its contents.

Respectfully submitted,

FOSTER & FOSTER, INC.

By: 
Patrick T. Donlan, EA, ASA, MAAA


By: _____
Heidi E. Andorfer, EA, FSA

CHANGES SINCE PRIOR VALUATION

Plan Changes

There have been no plan changes since the prior valuation.

Actuarial Assumption/Method Changes

The following changes were made since the prior valuation:

1. The Board adopted a change in the investment return assumption from 7.25% to 7.00%.
2. The payroll growth assumption used for amortizing the Unfunded Actuarial Accrued Liabilities, is limited to the historical 10-year average and decreased from 0.90% per year in last year's valuation to 0.53% per year in this valuation.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	New Assumption <u>10/1/2014</u>	Old Assumption <u>10/1/2014</u>	<u>10/1/2013</u>
A. Participant Data			
Number Included			
Actives	60	60	59
Service Retirees	45	45	41
DROP Retirees	6	6	7
Beneficiaries	1	1	1
Terminated Vested	2	2	3
Disability Retirees	<u>1</u>	<u>1</u>	<u>1</u>
Total	115	115	112
Total Annual Payroll	\$2,983,991	\$2,983,991	\$2,874,152
Payroll Under Assumed Ret. Age	2,983,991	2,983,991	2,874,152
Annual Rate of Payments to:			
Service Retirees	1,721,892	1,721,892	1,587,975
DROP Plan Members	307,815	307,815	340,307
Beneficiaries	0	0	2,156
Terminated Vested	16,920	16,920	14,581
Disability Retirees	10,330	10,330	10,330
B. Assets			
Actuarial Value ¹	26,767,713	26,767,713	24,182,378
Market Value ¹	28,847,654	28,847,654	25,851,848
C. Liabilities			
Present Value of Benefits			
Active Members			
Retirement Benefits	13,890,374	13,292,674	12,937,795
Disability Benefits	78,921	76,193	70,768
Death Benefits	55,348	54,075	54,507
Vested Benefits	1,239,529	1,175,230	1,172,415
Refund of Contributions	203,433	202,013	191,410
Service Retirees	21,436,986	20,933,441	19,776,497
DROP Plan Members ¹	5,783,629	5,658,664	5,983,010
Beneficiaries	0	0	2,089
Terminated Vested	130,242	125,319	122,967
Disability Retirees	108,554	106,474	108,586
Excess State Monies Reserve	<u>0</u>	<u>0</u>	<u>0</u>
Total	42,927,016	41,624,083	40,420,044

C. Liabilities - (Continued)	New Assumption <u>10/1/2014</u>	Old Assumption <u>10/1/2014</u>	<u>10/1/2013</u>
Present Value of Future Salaries	20,441,328	20,211,619	19,535,704
Present Value of Future Member Contributions	1,839,720	1,819,046	1,758,213
EAN Normal Cost (Retirement)	660,890	626,913	621,780
EAN Normal Cost (Disability)	9,532	9,267	8,466
EAN Normal Cost (Death)	4,044	3,944	3,836
EAN Normal Cost (Vesting)	80,965	76,496	82,152
EAN Normal Cost (Refunds)	<u>31,179</u>	<u>31,064</u>	<u>29,692</u>
Total Normal Cost (Entry Age Method)	786,610	747,684	745,926
Present Value of Future Normal Costs (Entry Age)	5,248,885	4,930,979	4,891,524
Accrued Liability (Retirement)	9,469,610	9,146,105	8,829,105
Accrued Liability (Disability)	17,956	17,559	18,447
Accrued Liability (Death)	29,807	29,446	30,627
Accrued Liability (Vesting)	647,556	622,252	606,366
Accrued Liability (Refunds)	53,791	53,844	50,826
Accrued Liability (Inactives) ¹	27,459,411	26,823,898	25,993,149
Excess State Monies Reserve	<u>0</u>	<u>0</u>	<u>0</u>
Total Actuarial Accrued Liability	37,678,131	36,693,104	35,528,520
Unfunded Actuarial Accrued Liability (UAAL)	10,910,418	9,925,391	11,346,142
D. Actuarial Present Value of Accrued Benefits			
Vested Accrued Benefits			
Inactives ¹	27,459,411	26,823,898	25,993,149
Actives	5,497,922	5,289,285	3,834,316
Member Contributions	<u>938,556</u>	<u>938,556</u>	<u>1,926,945</u>
Total	33,895,889	33,051,739	31,754,410
Non-vested Accrued Benefits	<u>1,224,573</u>	<u>1,159,715</u>	<u>1,384,619</u>
Total Present Value Accrued Benefits	35,120,462	34,211,454	33,139,029
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:			
Plan Amendments	0	0	
Assumption Changes	909,008	0	
New Accrued Benefits	0	688,856	
Benefits Paid	0	(1,948,382)	
Interest	0	2,331,951	
Other	<u>0</u>	<u>0</u>	
Total:	909,008	1,072,425	

Valuation Date Applicable to Fiscal Year Ending	New Assumption 10/1/2014 <u>9/30/2016</u>	Old Assumption 10/1/2014 <u>9/30/2016</u>	10/1/2013 <u>9/30/2015</u>
E. Pension Cost			
Normal Cost (with interest) ² % of Total Annual Payroll	27.3	26.0	26.9
Administrative Expenses (with interest) ² % of Total Annual Payroll	0.9	0.9	0.9
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 30 years ² (as of 10/1/2014) % of Total Annual Payroll	31.1	29.2	32.5
Total Required Contribution % of Total Annual Payroll	59.3	56.1	60.3
Expected Member Contributions ² % of Total Annual Payroll	9.0	9.0	9.0
Expected City & State Contribution % of Total Annual Payroll	50.3	47.1	51.3

F. Past Contributions

Plan Years Ending: 9/30/2014

Total Required Contribution 1,921,230
City and State Requirement 1,662,768

Actual Contributions Made:

Members	258,462
City	1,311,447
State	<u>351,321</u>
Total	1,921,230

G. Net Actuarial Gain (Loss) 1,079,849

¹The asset values and liabilities for DROP Members include accumulated DROP Balances as of 9/30/2014 and 9/30/2013.

² Contributions developed as of 10/1/2014 are expressed as a percentage of total annual payroll at 10/1/2014 of \$2,983,991.

H. Schedule Illustrating the Amortization of the Total Unfunded Actuarial Accrued Liability
as of:

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2014	10,910,418
2015	10,716,092
2016	10,503,092
2019	9,800,047
2024	8,123,904
2034	3,084,537
2044	0

I. (i) 3 Year Comparison of Actual and Assumed Salary Increases

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2014	4.26%	5.50%
Year Ended	9/30/2013	3.91%	5.50%
Year Ended	9/30/2012	3.67%	5.50%

(ii) 3 Year Comparison of Investment Return on Actuarial Value

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2014	10.92%	7.25%
Year Ended	9/30/2013	9.83%	7.50%
Year Ended	9/30/2012	7.04%	7.50%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2014	\$2,983,991
	10/1/2004	2,830,789
(b) Total Increase		5.41%
(c) Number of Years		10.00
(d) Average Annual Rate		0.53%

STATEMENT BY ENROLLED ACTUARY

This actuarial valuation was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.


Patrick T. Donlan, EA, ASA, MAAA
Enrolled Actuary #14-6595

Please let us know when the report is approved by the Board and unless otherwise directed we will provide copies of the report to the following offices to comply with Chapter 112 Florida Statutes:

Mr. Keith Brinkman
Bureau of Local
Retirement Systems
Post Office Box 9000
Tallahassee, FL 32315-9000

Ms. Sarah Carr
Municipal Police and Fire
Pension Trust Funds
Division of Retirement
Post Office Box 3010
Tallahassee, FL 32315-3010

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

(1)	Unfunded Actuarial Accrued Liability as of October 1, 2013	\$11,346,142
(2)	Sponsor Normal Cost developed as of October 1, 2013	487,252
(3)	Expected administrative expenses for the year ended September 30, 2014	26,281
(4)	Expected interest on (1), (2) and (3)	858,874
(5)	Sponsor contributions to the System during the year ended September 30, 2014	1,662,768
(6)	Expected interest on (5)	50,541
(7)	Expected Unfunded Actuarial Accrued Liability as of September 30, 2014 (1)+(2)+(3)+(4)-(5)-(6)	11,005,240
(8)	Change to UAAL due to Assumption Change	985,027
(9)	Change to UAAL due to Actuarial (Gain)/Loss	(1,079,849)
(10)	Unfunded Accrued Liability as of October 1, 2014	10,910,418

	<u>Date</u> <u>Established</u>	<u>Years</u> <u>Remaining</u>	<u>10/1/2014</u> <u>Amount</u>	<u>Amortization</u> <u>Amount</u>
	10/1/1986	2	\$34,341	\$17,706
	10/1/1992	8	(58,593)	(9,019)
	10/1/1995	11	41,166	5,014
	10/1/1996	12	166,046	19,055
	10/1/1999	15	921,613	91,710
	10/1/2002	18	1,385,839	124,218
Method Change	10/1/2004	20	481,823	40,875
Actuarial Loss	10/1/2004	¹ 20	471,113	39,967
Actuarial Loss	10/1/2005	21	643,355	53,281
Actuarial Gain	10/1/2006	22	(690,525)	(55,937)
Actuarial Gain	10/1/2007	23	(441,079)	(35,011)
Actuarial Loss	10/1/2008	24	1,010,411	78,714
Method Change	10/1/2008	24	327,062	25,479
Actuarial Loss	10/1/2009	25	840,851	64,382
Actuarial Loss	10/1/2010	26	2,409,329	181,554
Assumption	10/1/2010	26	2,011,449	151,572
Actuarial Loss	10/1/2011	27	2,280,851	169,352
Benefit Change	10/1/2011	27	(145,098)	(10,773)
Actuarial Gain	10/1/2012	28	(507,809)	(37,192)
Actuarial Gain	10/1/2013	29	(1,083,312)	(78,341)
Assumption	10/1/2013	29	906,407	65,548
Assumption	10/1/2014	30	985,027	70,399
Actuarial Gain	10/1/2014	30	<u>(1,079,849)</u>	<u>(77,176)</u>
			10,910,418	895,377

¹ It is assumed that 50% of the cost method change base from 2004 was attributable to unfavorable actuarial experience prior to that date.

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2013	\$11,346,142
(2) Expected UAAL as of October 1, 2014	11,005,240
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	(887,606)
Salary Increases	(68,603)
Active Decrements	(31,377)
Inactive Mortality	77,232
Other	<u>(169,495)</u>
Increase in UAAL due to (Gain)/Loss	(1,079,849)
Increase in UAAL due to Assumption Change	985,027
(4) Actual UAAL as of October 1, 2014	\$10,910,418

ACTUARIAL ASSUMPTIONS AND METHODS

<u>Mortality Rate</u>	RP-2000 Table with no projection. Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements. (Disabled lives set forward 5 years.)
<u>Termination Rates</u>	See Tables below.
<u>Disability Rates</u>	See Tables below (1201). It is assumed that 75% of disablements and active member deaths are service related.
<u>Retirement Age</u>	Earlier of age 55 and 10 years of service, 20 years of service regardless of age, or age 60.
<u>Early Retirement</u>	Commencing at the member's eligibility for Early Retirement (attainment of age 45 with 10 years of Credited Service), members are assumed to retire with an immediate, subsidized benefit at the rate of 5% per year.
<u>Cost of Living Adjustments</u>	Beginning the first October 1st following one year of retirement, annual adjustments of 1.00%.
<u>Interest Rate</u>	7.00% per year, compounded annually, net of investment related expenses (7.25% in prior valuation).
<u>Salary Increases</u>	5.50% per year up to the assumed retirement age; see Table below. Projected salary at retirement is increased individually to account for non-regular payments.
<u>Payroll Growth</u>	Up to 3.00% (0.53% in 10/1/2014 valuation)
<u>Administrative Expenses</u>	\$26,400 annually.
<u>Funding Method</u>	Entry Age Normal Actuarial Cost Method.
<u>Asset Valuation</u>	Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

<u>Age</u>	<u>% Terminating During the Year</u>	<u>% Becoming Disabled During the Year</u>	<u>Current Salary as % of Salary at age 50</u>
20	9.00%	0.03%	20.1%
30	7.50	0.04	34.3
40	3.90	0.07	58.5
50	1.20	0.18	100.0

VALUATION NOTES

Total Annual Payroll is the projected annual rate of pay for the year following the valuation date of all covered Members.

Present Value of Benefits is the single sum value on the valuation date of all future benefits to be paid to current Members, Retirees, Beneficiaries, Disability Retirees and Vested Terminations.

Normal (Current Year's) Cost is the current year's cost for benefits yet to be funded.

Unfunded Actuarial Accrued Liability (UAAL) is a liability which arises when a pension plan is initially established or improved and such establishment or improvement is applicable to all years of past service. Under the Entry Age Normal Actuarial Cost Method, there is also a new UAAL created each year equal to the actuarial gain or loss for that year.

Total Required Contribution is equal to the Normal Cost plus an amount sufficient to amortize the Unfunded Accrued Liability over no more than 30 years. The required amount is adjusted for interest according to the timing of contributions during the year.

Entry Age Normal Cost Method - Under this method, the normal cost is the sum of the individual normal costs for all active participants. For an active participant, the normal cost is the participant's normal cost accrual rate, multiplied by the participant's current compensation.

- (a) The normal cost accrual rate equals:
 - (i) the present value of future benefits for the participant, determined as of the participant's entry age, divided by
 - (ii) the present value of the compensation expected to be paid to the participant for each year of the participant's anticipated future service, determined as of the participant's entry age.

- (b) In calculating the present value of future compensation, the salary scale is applied both retrospectively and prospectively to estimate compensation in years prior to and subsequent to the valuation year based on the compensation used for the valuation.

- (c) The accrued liability is the sum of the individual accrued liabilities for all participants and beneficiaries. A participant's accrued liability equals the present value, at the participant's attained age, of future benefits less the present value at the participant's attained age of the individual normal costs payable in the future. A beneficiary's accrued liability equals the present value, at the beneficiary's attained age, of future benefits. The unfunded accrued liability equals the total accrued liability less the actuarial value of assets.
- (d) Under this method, the entry age used for each active participant is the participant's age at the time he or she would have commenced participation if the plan had always been in existence under current terms, or the age as of which he or she first earns service credits for purposes of benefit accrual under the current terms of the plan.

PARTIAL HISTORY OF PREMIUM TAX REFUNDS

<u>Received During Fiscal Year</u>	<u>Amount</u>	<u>Increase from Previous Year</u>
1992	135,849.04	_____%
1993	143,267.24	5.5%
1994	141,238.61	-1.4%
1995	167,423.98	18.5%
1996	164,689.32	-1.6%
1997	175,046.40	6.3%
1998	172,232.32	-1.6%
1999	187,803.29	9.0%
2000	185,196.08	-1.4%
2001	209,644.34	13.2%
2002	220,651.25	5.3%
2003	249,004.42	12.8%
2004	279,394.31	12.2%
2005	298,409.89	6.8%
2006	302,091.35	1.2%
2007	309,398.86	2.4%
2008	306,085.20	-1.1%
2009	301,224.61	-1.6%
2010	284,026.50	-5.7%
2011	284,887.44	0.3%
2012	298,041.92	4.6%
2013	287,764.55	-3.4%
2014	351,321.15	22.1%

EXCESS STATE MONIES RESERVE

	<u>Actual State Contribution</u>	<u>Applicable "Frozen" Amount</u>	<u>Excess State Monies Reserve</u>
1998	\$172,232.32	*	*
1999	187,803.29	*	*
2000	185,196.08	*	*
2001	209,644.34	*	*
2002	220,651.25	*	*
2003	249,004.42	502,533.32	0.00
2004	279,394.31	502,533.32	0.00
2005	298,409.89	502,533.32	0.00
2006	302,091.35	502,533.32	0.00
2007	309,398.86	544,533.32	0.00
2008	306,085.20	544,533.32	0.00
2009	301,224.61	544,533.32	0.00
2010	284,026.50	544,533.32	0.00
2011	284,887.44	544,533.32	0.00
2012	298,041.92	544,533.32	0.00
2013	287,764.55	544,533.32	0.00
2014	351,321.15	544,533.32	<u>0.00</u>
Total State Monies Reserve			\$0.00

* Accumulated Excess State Monies Reserve prior to 2003 (\$15,570.97)
used to fund improvement in Ordinance No. 2002-35.

ACTUARIAL ASSET VALUATION
SEPTEMBER 30, 2014

Actuarial Assets for funding purposes are developed by increasing the Actuarial Assets used in the most recent actuarial valuation of the Fund by the average annual market value rate of return (net of investment related expenses) for the past four years. Actuarial Assets shall not be less than 80% nor greater than 120% of Market Value of Assets.

Details of the derivation are set forth as follows:

Plan Year End	Rate of Return*	
09/30/2011	-0.73%	
09/30/2012	20.10%	
09/30/2013	13.48%	
09/30/2014	11.90%	
Annualized Rate of Return for prior four (4) years:		10.92%
(A) 10/01/2013 Actuarial Assets:		\$24,182,377.86
(I) Net Investment Income:		
1. Interest and Dividends	730,204.83	
2. Realized Gains (Losses)	1,776,946.07	
3. Change in Actuarial Value	283,298.42	
4. Investment Related Expenses	(151,562.51)	
Total		2,638,886.81
(B) 10/01/2014 Actuarial Assets:		\$26,767,712.82
Actuarial Asset Rate of Return = $2I/(A+B-I)$:		10.92%
10/01/2014 Limited Actuarial Assets:		\$26,767,712.82

*Market Value Basis, net of investment related expenses.

DEFERRED RETIREMENT OPTION PLAN ACTIVITY
October 1, 2013 to September 30, 2014

09/30/2013 Balance	1,082,646.00
Plus Additions	310,691.04
Investment Return Earned	68,279.74
Less Distributions	(201,605.85)
09/30/2014 Balance	1,260,010.93

RECONCILIATION OF CITY'S SHORTFALL/(PREPAID) CONTRIBUTION
FOR THE FISCAL YEAR ENDED (FYE) SEPTEMBER 30, 2014

(1) City and State Required Contribution Rate	57.9%
(2) Pensionable Payroll Derived from Member Contributions	\$2,871,793.33
(3) Required City and State Contribution (1) x (2)	1,662,768.34
(4) Less Allowable State Contribution	<u>(351,321.15)</u>
(5) Equals Required City Contribution	1,311,447.19
(6) Less 2013 Prepaid Contribution	0.00
(7) Less Actual City Contributions	<u>(1,338,223.68)</u>
(8) Equals City's Shortfall/(Prepaid) Contribution as of September 30, 2014	(\$26,776.49)

STATISTICAL DATA *

	<u>10/1/2011</u>	<u>10/1/2012</u>	<u>10/1/2013</u>	<u>10/1/2014</u>
Number	59	58	59	60
Average Current Age	37.6	38.0	37.7	37.1
Average Age at Employment	29.2	29.3	28.8	29.4
Average Past Service	8.4	8.7	8.9	7.7
Average Annual Salary	\$44,502	\$45,379	\$48,714	\$49,733

* Prior to 10/1/2014, averages were salary weighted.

AGE AND SERVICE DISTRIBUTION

PAST SERVICE

AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	2	3	0	1	0	0	0	0	0	0	0	6
25 - 29	1	0	1	2	2	5	0	0	0	0	0	11
30 - 34	0	0	2	0	0	6	1	0	0	0	0	9
35 - 39	3	1	1	0	0	0	4	1	0	0	0	10
40 - 44	0	0	0	0	0	0	4	2	0	0	0	6
45 - 49	1	0	0	2	0	1	4	1	2	0	0	11
50 - 54	0	0	0	0	0	2	1	2	1	0	0	6
55 - 59	0	1	0	0	0	0	0	0	0	0	0	1
60 - 64	0	0	0	0	0	0	0	0	0	0	0	0
65+	0	0	0	0	0	0	0	0	0	0	0	0
Total	7	5	4	5	2	14	14	6	3	0	0	60

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2013	59
b. Terminations	
i. Vested (partial or full) with deferred benefits	1
ii. Non-vested or full lump sum distribution received	3
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	3
f. DROP	0
g. Voluntary withdrawal	<u>0</u>
h. Continuing participants	52
i. New entrants	<u>8</u>
j. Total active life participants in valuation	60

2. Non-Active lives (including beneficiaries receiving benefits)

	<u>Service Retirees, Vested Receiving Benefits</u>	<u>DROP Benefits</u>	<u>Receiving Death Benefits</u>	<u>Receiving Disability Benefits</u>	<u>Vested Deferred</u>	<u>Total</u>
a. Number prior valuation	41	7	1	1	3	53
Retired	4	(1)	0	0	0	3
DROP	0	0	0	0	0	0
Vested Deferred	0	0	0	0	1	1
Death, With Survivor	0	0	0	0	0	0
Death, No Survivor	0	0	0	0	0	0
Disabled	0	0	0	0	0	0
Refund of Contributions	0	0	0	0	(2)	(2)
Rehires	0	0	0	0	0	0
Data Corrections	0	0	0	0	0	0
d. Number current valuation	45	6	1	1	2	55

SUMMARY OF PLAN PROVISIONS
(Through Ordinance No. 2013-57)

<u>Eligibility</u>	Full-time employees who are classified as full-time sworn officers participate in the System as a condition of employment.
<u>Credited Service</u>	Total years and fractional parts of years of service with the City as a Police Officer.
<u>Salary</u>	<p>Prior to August 21, 2012: Total Compensation.</p> <p>For service earned on or after August 21, 2012 salary shall not include more than 300 hours of overtime per fiscal year. Unused personal leave time accrued prior to August 21, 2012 or the amount accrued on August 21, 2013 if less and not restored prior to August 21, 2013 shall be included in Salary at retirement. Personal leave time accrued on or after August 21, 2013 cannot be restored.</p>
<u>Average Final Compensation</u>	Average Salary for the best 5 years during the 10 years immediately preceding termination.
<u>Member Contributions</u>	9.00% of Salary
<u>City and State Contributions</u>	Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Part VII of Chapter 112, F.S.
<u>Normal Retirement</u>	
Date	Earlier of Age 60, age 55 and 10 years of Credited Service, or 20 years of Credited Service.
Benefit	3.30% of Average Final Compensation times Credited Service (2.75% if hired on or after August 21, 2012).
Form of Benefit	Ten Year Certain and Life Annuity (options available).
<u>Early Retirement</u>	
Eligibility	Age 45 and 10 Years of Credited Service.
Benefit	Accrued benefit, reduced 3.00% per year.
<u>Cost-of-Living Adjustment</u>	Beginning the first October 1st following one year of retirement, annual adjustments of 1.00%.

Vesting

Schedule	100% after 10 years of Credited Service.
Benefit Amount	Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Normal Retirement Date.

Disability

Eligibility

Service Incurred	Covered from Date of Employment.
------------------	----------------------------------

Non-Service Incurred	10 years of Credited Service.
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Exclusions	Disability resulting from use of drugs, illegal participation in riots, service in military, etc.
------------	---

Benefit	Benefit accrued to date of disability but not less than 42% of Average Final Compensation (Service Incurred).
---------	---

Duration	Payable for life and ten years certain (options available) or until recovery (as determined by the Board).
----------	--

Death Benefits

Pre-Retirement

Vested	Monthly accrued benefit payable to designated beneficiary for 10 years.
--------	---

Non-Vested	Refund of accumulated contributions without interest.
------------	---

Post-Retirement

Post-Retirement	Benefits payable to beneficiary in accordance with option selected at retirement.
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Board of Trustees

- a. Two Commission appointees,
- b. Two Members of the Department elected by the membership, and
- c. Fifth Member elected by other 4 and appointed by Commission.

Deferred Retirement Option Plan

Eligibility	Satisfaction of Normal Retirement requirements (Earlier of age 60, age 55 and 10 years of Credited Service, or 20 years of Credited Service). Members hired on or after August 21, 2012 are not eligible.
Participation	Not to exceed 60 months, or the date on which the Member completes 30 years of Service, if earlier.
Rate of Return	<p>Participants election:</p> <p>a.) 6.50% annually for Members who enter DROP prior to August 21, 2012 and 2.00% annually for those who enter DROP on and after August 21, 2012, or</p> <p>b.) actual net rate of investment return (total return net of brokerage commissions, transaction costs and management fees) credited each fiscal quarter.</p>
Form of Distribution	Cash lump sum (options available) at termination of employment.

DISCLOSURE INFORMATION PER STATEMENT NO. 27 OF THE
GOVERNMENTAL ACCOUNTING STANDARDS BOARD

ANNUAL PENSION COSTS AND RELATED INFORMATION

Contribution rates as of 9/30/2014

City & State	57.9%
Plan Members	9.00%
Annual Pension Cost	1,662,916
Contributions made	1,662,768
Actuarial valuation date	10/1/2012
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Pay, Closed
Remaining amortization period	30 Years (as of 10/1/2012)
Asset valuation method	4 Year Smoothed Market Value
Actuarial assumptions:	
Investment rate of return	7.50% (as of 10/1/12)
Projected salary increase*	5.50%
* Includes inflation at	3.00%
Post Retirement COLA	1.00%

THREE YEAR TREND INFORMATION

<u>Year</u> <u>Ending</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)*</u>	<u>Percentage</u> <u>of (APC)</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
9/30/2014	1,662,916	100%	(39,194)
9/30/2013	1,555,053	100%	(39,342)
9/30/2012	1,246,211	100%	(39,316)
9/30/2011	698,446	100%	(39,261)
9/30/2010	634,905	100%	(41,962)

* Annual Pension Cost and Contributions made include State Monies beginning with the fiscal year ending 9/30/2012.

DISCLOSURE INFORMATION PER STATEMENT NO. 27 OF THE
GOVERNMENTAL ACCOUNTING STANDARDS BOARD

DEVELOPMENT OF NET PENSION OBLIGATION (NPO)

This municipal Defined Benefit Plan has been subject to the minimum funding standards since the adoption of the "Florida Protection of Public Employee Retirement Benefits Act" (Part VII of Chapter 112, Florida Statutes) in 1980. Accordingly, the sponsor has funded the actuarially determined required contributions for all years from October 1, 1987, through the transition date, October 1, 1997. Thus, the NPO on October 1, 1997, is 0.

The recent development of the Net Pension Obligation is as follows:

	<u>9/30/2008</u>	<u>9/30/2009</u>	<u>9/30/2010</u>	<u>9/30/2011</u>	<u>9/30/2012</u>	<u>9/30/2013</u>	<u>9/30/2014</u>
Actuarially Determined							
Contribution (A)		424,132	631,908	695,744	1,246,266	1,555,079	1,662,768
Interest on NPO		(3,583)	(3,544)	(3,147)	(2,945)	(2,949)	(2,951)
Adjustment to (A)		4,075	6,541	5,849	2,890	2,923	3,099
		-----	-----	-----	-----	-----	-----
Annual Pension Cost		424,624	634,905	698,446	1,246,211	1,555,053	1,662,916
Contributions Made		424,132	632,567	695,745	1,246,266	1,555,079	1,662,768
		-----	-----	-----	-----	-----	-----
Increase in NPO		492	2,339	2,701	(55)	(26)	148
NPO Beginning of Year		(44,793)	(44,301)	(41,962)	(39,261)	(39,316)	(39,342)
		-----	-----	-----	-----	-----	-----
NPO End of Year	(44,793)	(44,301)	(41,962)	(39,261)	(39,316)	(39,342)	(39,194)

Actuarially Determined Contribution and Contributions Made include State Monies beginning with the fiscal year ending 9/30/2012.

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2014

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Money Market	1,057,558.54
Total Cash and Equivalents	1,057,558.54
Receivables:	
From Custodian Deposit Correction	9,545.86
Investment Income	72,270.82
Total Receivable	81,816.68
Investments:	
Corporate Bonds	8,509,770.12
Stocks	19,225,285.43
Total Investments	27,735,055.55
Total Assets	28,874,430.77
<u>LIABILITIES</u>	
Payables:	
Prepaid City Contribution	26,776.49
Total Liabilities	26,776.49
NET POSITION RESTRICTED FOR PENSIONS	28,847,654.28
TOTAL LIABILITIES AND NET ASSETS	28,874,430.77

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2014
Market Value Basis

ADDITIONS

Contributions:

Member	258,461.40	
City	1,311,447.19	
State	351,321.15	
Total Contributions		1,921,229.74
Investment Income:		
Net Increase in Fair Value of Investments	2,470,715.41	
Interest & Dividends	730,204.83	
Less Investment Expense ¹	(151,562.51)	
Net Investment Income		3,049,357.73
Total Additions		4,970,587.47

DEDUCTIONS

Distributions to Members:

Benefit Payments	1,654,129.55	
Lump Sum DROP Distributions	201,605.85	
Refunds of Member Contributions	92,646.51	
Total Distributions		1,948,381.91
Administrative Expense		26,399.68
Total Deductions		1,974,781.59
Net Increase in Net Position		2,995,805.88
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		25,851,848.40
End of the Year		28,847,654.28

¹Investment Related expenses include investment advisory, custodial and performance monitoring fees.

NOTES TO THE FINANCIAL STATEMENTS
(For the Year Ended September 30, 2014)

Plan Description

Plan Administration

Board of Trustees:

- a. Two Commission appointees,
- b. Two Members of the Department elected by the membership, and
- c. Fifth Member elected by other 4 and appointed by Commission.

Plan Membership as of October 1, 2013:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	50
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	3
Active Plan Members	59
	112
	112

Benefits Provided

The Plan provides retirement, termination, disability and death benefits.

Normal Retirement:

Date: Earlier of Age 60, age 55 and 10 years of Credited Service, or 20 years of Credited Service.

Benefit: 3.30% of Average Final Compensation times Credited Service (2.75% if hired on or after August 21, 2012).

Early Retirement:

Date: Age 45 and 10 Years of Credited Service.

Benefit: Accrued benefit, reduced 3% per year.

Vesting (Termination):

Schedule: 100% after 10 years of Credited Service.

Benefit Amount: Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Normal Retirement Date.

Disability:

Service Incurred: Covered from Date of Employment.

Non-Service Incurred: 10 years of Credited Service.

Benefit accrued to date of disability but not less than 42% of Average Final Compensation (Service Incurred).

Pre-Retirement Death Benefits:

Vested: Monthly accrued benefit payable to designated beneficiary for 10 years.

Non-Vested: Refund of accumulated contributions without interest.

Cost of Living Adjustment:

Beginning the first October 1st following one year of retirement, annual adjustments of 1.0%.

Contributions

Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes.

Investments

Investment Policy:

The following was the Board's adopted asset allocation policy as of September 30, 2014:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Equity	55.00%
International Equity	10.00%
Fixed Income	35.00%
Total	100.00%

Concentrations:

The Plan did not hold investments in any one organization that represent 5 percent or more of the Pension Plan's fiduciary net position.

Rate of Return:

For the year ended September 30, 2014 the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 11.9 percent.

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deferred Retirement Option Program

Eligibility: Satisfaction of Normal Retirement requirements (Earlier of age 60, Age 55 and 10 years of Credited Service, or 20 years of Credited Service). Members hired on or after August 21, 2012 are not eligible.

Participation: Not to exceed 60 months, or the date on which the Member completes 30 years of Service, if earlier.

Rate of Return: Participants election:

a.) 6.5% annually for Members who enter DROP prior to August 21, 2012 and 2.0% annually for those who enter DROP on and after August 21, 2012, or

b.) actual net rate of investment return (total return net of brokerage commissions, transaction costs and management fees) credited each fiscal quarter.

The DROP balance as September 30, 2014 is \$1,260,011.

NET PENSION LIABILITY OF THE SPONSOR

The components of the net pension liability of the sponsor on September 30, 2014 were as follows:

Total Pension Liability	\$ 37,713,891
Plan Fiduciary Net Position	\$ (28,847,654)
Sponsor's Net Pension Liability	<u>\$ 8,866,237</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	76.49%

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of October 1, 2013 updated to September 30, 2014 using the following actuarial assumptions applied to all measurement periods.

Inflation	3.00%
Salary Increases	5.50%
Investment Rate of Return	7.00%

RP-2000 Table with no projection – Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements. (Disabled lives set forward 5 years.)

The actuarial assumptions used in the October 1, 2013 valuation were based on the results of an actuarial experience study for the period 1988-2010.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class.

These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	7.80%
International Equity	7.70%
Fixed Income	2.30%

Discount Rate:

The discount rate used to measure the total pension liability was 7.00 percent.

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Sponsor's Net Pension Liability	\$ 13,324,215	\$ 8,866,237	\$ 5,170,962

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Last 10 Fiscal Years

	<u>09/30/2014</u>
Total Pension Liability	
Service Cost	798,362
Interest	2,530,996
Change in Excess State Money	-
Share Plan Allocation	-
Changes of Benefit Terms	
Differences Between Expected and Actual Experience	-
Changes of Assumptions	-
Benefit Payments, Including Refunds of Employee Contributions	(1,948,382)
Net Change in Total Pension Liability	<u>1,380,976</u>
Total Pension Liability - Beginning	36,332,915
Total Pension Liability - Ending (a)	<u><u>\$ 37,713,891</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	1,311,447
Contributions- State	351,321
Contributions - Employee	258,461
Net Investment Income	3,049,358
Benefit Payments, Including Refunds of Employee Contributions	(1,948,382)
Administrative Expense	(26,400)
Other	-
Net Change in Plan Fiduciary Net Position	<u>2,995,806</u>
Plan Fiduciary Net Position - Beginning	<u>25,851,848</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 28,847,654</u></u>
Net Pension Liability - Ending (a) - (b)	<u><u>\$ 8,866,237</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.49%
Covered Employee Payroll	\$ 2,871,793
Net Pension Liability as a Percentage of covered Employee Payroll	308.74%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	09/30/2014
Actuarially Determined Contribution Contributions in Relation to the Actuarially Determined Contributions	1,662,768
Contribution Deficiency (Excess)	1,662,768
	\$ -
Covered Employee Payroll	\$ 2,871,793
Contributions as a Percentage of Covered Employee Payroll	57.90%

Notes to Schedule

Valuation Date: 10/01/2012

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding Method:	Entry Age Normal Actuarial Cost Method.
Amortization Method:	Level Percentage of Pay, Closed.
Remaining Amortization Period:	30 Years (as of 10/01/2012).
Asset Valuation Method:	Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return. It is possible that over time this technique will produce an insignificant bias above or below Market Value.
Inflation:	3.0% per year.
Salary Increases:	5.5% per year up to the assumed retirement age. Projected salary at retirement is increased individually to account for non-regular payments (previously 20%).
Interest Rate:	7.5% per year, compounded annually, net of investment related expenses.
Payroll Growth:	Up to 3.0% (0.0% in 10/1/2012 valuation).
Cost of Living Adjustments:	Beginning the first October 1st following one year of retirement, annual adjustments of 1.0%.
Retirement Age:	Earlier of age 55 and 10 years of service, 20 years of service regardless of age, or Age 60.
Early Retirement:	Commencing at the member's eligibility for Early Retirement (attainment of age 45 with 10 years of Credited Service), members are assumed to retire with an immediate, subsidized benefit at the rate of 5% per year.

Termination Rates: See table below.
 Disability Rates: See table below. It is assumed that 75% of disablements and active member deaths are service related.
 Mortality: RP-2000 Table with no projection – Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements. (Disabled lives set forward 5 years.)
 Other Information: Termination and Disability Rate Table.

<u>Age</u>	<u>% Terminating During the Year</u>	<u>% Becoming Disabled During the Year</u>
20	9.0%	0.03%
30	7.5%	0.04%
40	3.9%	0.07%
50	1.2%	0.18%

SCHEDULE OF INVESTMENT RETURNS
Last 10 Fiscal Years

	<u>09/30/2014</u>
Annual Money-Weighted Rate of Return	
Net of Investment Expense	11.90%

NOTES TO THE FINANCIAL STATEMENTS
(For the Year Ended September 30, 2014)

General Information about the Pension Plan

Plan Description

Full-time employees who are classified as full-time sworn officers participate in the System as a condition of employment.

Board of Trustees:

- a. Two Commission appointees,
- b. Two Members of the Department elected by the membership, and
- c. Fifth Member elected by other 4 and appointed by Commission.

Plan Membership as of October 1, 2013:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	50
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	3
Active Plan Members	59
	112
	112

Benefits Provided

The Plan provides retirement, termination, disability and death benefits.

Normal Retirement:

Date: Earlier of Age 60, age 55 and 10 years of Credited Service, or 20 years of Credited Service.

Benefit: 3.30% of Average Final Compensation times Credited Service (2.75% if hired on or after August 21, 2012).

Early Retirement:

Date: Age 45 and 10 Years of Credited Service.

Benefit: Accrued benefit, reduced 3% per year.

Vesting (Termination):

Schedule: 100% after 10 years of Credited Service.

Benefit Amount: Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Normal Retirement Date.

Disability:

Service Incurred: Covered from Date of Employment.

Non-Service Incurred: 10 years of Credited Service.

Benefit accrued to date of disability but not less than 42% of Average Final Compensation (Service Incurred).

Pre-Retirement Death Benefits:

Vested: Monthly accrued benefit payable to designated beneficiary for 10 years.

Non-Vested: Refund of accumulated contributions without interest.

Cost of Living Adjustment:

Beginning the first October 1st following one year of retirement, annual adjustments of 1.0%.

Contributions

Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes.

Net Pension Liability

The Sponsor's net pension liability was measured as of September 30, 2014.

The total pension liability used to calculate the net pension liability was determined as of that date.

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of October 1, 2013 updated to September 30, 2014 using the following actuarial assumptions applied to all measurement periods.

Inflation	3.00%
Salary Increases	5.50%
Investment Rate of Return	7.00%

RP-2000 Table with no projection – Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements. (Disabled lives set forward 5 years.)

The actuarial assumptions used in the October 1, 2013 valuation were based on the results of an actuarial experience study for the period 1988-2010.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September, 30 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	55.00%	7.80%
International Equity	10.00%	7.70%
Fixed Income	35.00%	2.30%
Total	<u>100.00%</u>	

Discount Rate:

The discount rate used to measure the total pension liability was 7.00 percent.

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CHANGES IN NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances at September 30, 2013	\$ 36,332,915	\$ 25,851,848	\$ 10,481,067
Changes for a Year:			
Service Cost	798,362		798,362
Interest	2,530,996		2,530,996
Change In Excess State Money	-		-
Share Plan Allocation	-		-
Differences Between Expected and Actual Experience	-		-
Contributions - Employer		1,311,447	(1,311,447)
Contributions -State		351,321	(351,321)
Contributions - Employee		258,461	(258,461)
Net Investment Income		3,049,358	(3,049,358)
Benefit Payments, Including Refunds of Employee Contributions	(1,948,382)	(1,948,382)	-
Administrative Expense		(26,400)	26,400
Other Changes	-	-	-
New Changes	1,380,976	2,995,806	(1,614,830)
Balances at September 30, 2014	<u>\$ 37,713,891</u>	<u>\$ 28,847,654</u>	<u>\$ 8,866,237</u>

Sensitivity of the net pension liability to changes in the discount rate.

	Current Discount		
	1% Decrease	Rate	1% Increase
	6.00%	7.00%	8.00%
Sponsor's Net Pension Liability	\$ 13,324,215	\$ 8,866,237	\$ 5,170,962

Pension plan fiduciary net position.

Detailed information about the pension plan's fiduciary net position is available in a separately issued Plan financial report.

PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

For the year ended September 30, 2015 the Sponsor will recognize a pension expense of \$689,900. On September 30, 2015 the Sponsor reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences Between Expected and Actual Experience	-	-
Changes of Assumptions	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	993,282
Total	<u>\$ -</u>	<u>\$ 993,282</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:	
2016	\$ (248,321)
2017	\$ (248,321)
2018	\$ (248,321)
2019	\$ (248,321)
2020	\$ -
Thereafter	\$ -

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Last 10 Fiscal Years

	<u>09/30/2014</u>
Total Pension Liability	
Service Cost	798,362
Interest	2,530,996
Change in Excess State Money	-
Share Plan Allocation	-
Changes of Benefit Terms	
Differences Between Expected and Actual Experience	-
Changes of Assumptions	-
Benefit Payments, Including Refunds of Employee Contributions	(1,948,382)
Net Change in Total Pension Liability	<u>1,380,976</u>
Total Pension Liability - Beginning	36,332,915
Total Pension Liability - Ending (a)	<u><u>\$ 37,713,891</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	1,311,447
Contributions- State	351,321
Contributions - Employee	258,461
Net Investment Income	3,049,358
Benefit Payments, Including Refunds of Employee Contributions	1,948,382
Administrative Expense	(26,400)
Other	-
Net Change in Plan Fiduciary Net Position	<u>6,892,570</u>
Plan Fiduciary Net Position - Beginning	25,851,848
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 28,847,654</u></u>
Net Pension Liability - Ending (a) - (b)	<u><u>\$ 8,866,237</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.49%
Covered Employee Payroll	\$ 2,871,793
Net Pension Liability as a Percentage of covered Employee Payroll	308.74%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	09/30/2014
Actuarially Determined Contribution	1,662,768
Contributions in Relation to the Actuarially Determined Contributions Contribution Deficiency (Excess)	1,662,768 \$ (0)
Covered Employee Payroll	\$ 2,871,793
Contributions as a Percentage of Covered Employee Payroll	57.90%

Notes to Schedule

Valuation Date: 10/01/2012
Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding Method:	Entry Age Normal Actuarial Cost Method.
Amortization Method:	Level Percentage of Pay, Closed.
Remaining Amortization Period:	30 Years (as of 10/01/2012).
Asset Valuation Method:	Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return. It is possible that over time this technique will produce an insignificant bias above or below Market Value.
Inflation:	3.0% per year.
Salary Increases:	5.5% per year up to the assumed retirement age. Projected salary at retirement is increased individually to account for non-regular payments (previously 20%).
Interest Rate:	7.5% per year, compounded annually, net of investment related expenses.
Payroll Growth:	Up to 3.0% (0.0% in 10/1/2012 valuation).
Cost of Living Adjustments:	Beginning the first October 1st following one year of retirement, annual adjustments of 1.0%.
Retirement Age:	Earlier of age 55 and 10 years of service, 20 years of service regardless of age, or Age 60.
Early Retirement:	Commencing at the member's eligibility for Early Retirement (attainment of age 45 with 10 years of Credited Service), members are assumed to retire with an immediate, subsidized benefit at the rate of 5% per year.

Termination Rates: See table below.
 Disability Rates: See table below. It is assumed that 75% of disablements and active member deaths are service related.
 Mortality: RP-2000 Table with no projection – Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements. (Disabled lives set forward 5 years.)
 Other Information: Termination and Disability Rate Table.

<u>Age</u>	<u>% Terminating During the Year</u>	<u>% Becoming Disabled During the</u>
20	9.0%	0.03%
30	7.5%	0.04%
40	3.9%	0.07%
50	1.2%	0.18%

COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2015

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	10,481,067	-	1,311,447	
Total pension liability factors:				
Service cost	798,362			798,362
Interest	2,530,996			2,530,996
Change in Excess State Money	-			-
Share Plan Allocation	-			-
Changes in benefit terms	-			-
Differences between expected and actual experience with regard to economic or demographic assumptions				
Current year amortization		-	-	-
Changes in assumptions about future economic or demographic factors or other inputs				
Current year amortization		-	-	-
Benefit payments	(1,948,382)			(1,948,382)
Net change	<u>1,380,976</u>	<u>-</u>	<u>-</u>	<u>1,380,976</u>
Plan fiduciary net position:				
Contributions - employer	1,311,447		(1,311,447)	
Contributions - state	351,321			(351,321)
Contributions - employee	258,461			(258,461)
Net investment income	1,807,755			(1,807,755)
Difference between projected and actual earnings on pension plan investments				
Current year amortization	1,241,603	1,241,603	-	(248,321)
Benefit payments	(1,948,382)			1,948,382
Administrative expenses	(26,400)			26,400
Other	-			-
Net change	<u>2,995,806</u>	<u>993,282</u>	<u>(1,311,447)</u>	<u>(691,077)</u>
Ending Balance	<u>8,866,237</u>	<u>993,282</u>	<u>-</u>	<u>689,900</u>