

CITY OF ORMOND BEACH  
GENERAL EMPLOYEES' PENSION PLAN

ACTUARIAL VALUATION AND REPORT  
AS OF OCTOBER 1, 2014

CONTRIBUTIONS APPLICABLE TO THE  
FISCAL YEAR ENDED SEPTEMBER 30, 2016



December 31, 2014

Board of Trustees  
City of Ormond Beach  
General Employees' Pension Plan  
P. O. Box 277  
Ormond Beach, FL 32175-0277

Re: City of Ormond Beach  
General Employees' Pension Plan

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Ormond Beach General Employees' Pension Plan. 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 Chapter 112, 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 Board of Trustees, 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 General Employees' Pension Plan. 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

PTD\lke  
Enclosures

## TABLE OF CONTENTS

Section	Title	Page
I	Introduction	
	a. Summary of Report	5
	b. Changes Since Prior Valuation	7
	c. Requirements of Chapter 112, Part VII, Florida Statutes	8
II	Valuation Information	
	a. Reconciliation of Unfunded Actuarial Accrued Liability	13
	b. Development of Actuarial (Gain)/Loss	14
	c. Actuarial Assumptions and Methods	15
	d. Valuation Notes	16
III	Trust Fund	18
IV	Member Statistics	
	a. Statistical Data	22
	b. Age and Service Distribution	23
	c. Member Reconciliation	24
V	Summary of Plan Provisions	25
VI	Governmental Accounting Standards Board Disclosure Information	28

## SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Ormond Beach General Employees' Pension Plan, 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 applicable contribution requirements, compared with amounts developed in the October 1, 2013 actuarial valuation report, 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	31.9%	31.5%
Member Contributions (Est.) % of Total Annual Payroll	4.0%	4.0%
Balance from City * % of Total Annual Payroll	27.9%	27.5%

\* At the request of the Division of Retirement, the required contribution from the City for the year ending September 30, 2016, is 27.5% of the actual pensionable payroll realized in that year. Please also note the City has a shortfall contribution of \$7,404.39 that must be paid in addition to the contribution above.

As can be seen, the Total Required Contribution has decreased when expressed as a percentage of Total Annual Payroll. This decrease is the result of net favorable actuarial experience over the past year. The principal components of favorable experience were average increases in Pensionable Compensation that were less than the assumed rate, larger than expected retirement and turnover activity and an 11.04% investment return (Actuarial Asset Basis) that exceeded the 7.25% assumed rate.

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 25.8% for the fiscal year ending September 30, 2016. Similarly, the City's funding requirement for the 2015 fiscal year is approximately 26.2% 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 above.

Please also note that the Board amended the investment return assumption, in conjunction with this report from 7.25% to 7.00%, net of investment related expenses.

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

Ordinance 2013-56 was adopted which amended the plan to comply with changes in the Internal Revenue Code.

### Actuarial Assumption/Method Changes

The Board of Trustees amended the investment return assumption from 7.25% to 7.00%, net of investment related expenses.

## 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>
<b>A. Participant Data</b>			
Number Included			
Actives	159	159	175
Service Retirees	127	127	129
DROP Retirees	10	10	8
Beneficiaries	18	18	15
Terminated Vested	49	49	49
Disability Retirees	<u>3</u>	<u>3</u>	<u>4</u>
<b>Total</b>	<b>366</b>	<b>366</b>	<b>380</b>
<b>Total Annual Payroll</b>	<b>\$7,324,598</b>	<b>\$7,324,598</b>	<b>\$7,720,628</b>
<b>Payroll Under Assumed Ret. Age</b>	<b>7,324,598</b>	<b>7,324,598</b>	<b>7,720,628</b>
<b>Annual Rate of Payments to:</b>			
Service Retirees	2,078,450	2,078,450	2,115,598
DROP Plan Members	207,277	207,277	167,264
Beneficiaries	238,937	238,937	174,999
Terminated Vested	250,559	250,559	272,904
Disability Retirees	19,292	19,292	23,038
<b>B. Assets</b>			
Actuarial Value <sup>1</sup>	38,809,828	38,809,828	34,738,878
Market Value <sup>1</sup>	41,519,167	41,519,167	36,888,869
<b>C. Liabilities</b>			
<b>Present Value of Benefits</b>			
<b>Active Members</b>			
Retirement Benefits	25,279,947	24,329,651	23,890,006
Disability Benefits	1,428,503	1,378,724	1,401,619
Death Benefits	408,984	392,246	402,474
Vested Benefits	913,292	859,934	939,619
Refund of Contributions	41,728	41,574	24,926
Service Retirees	20,957,886	20,559,449	20,952,750
DROP Plan Members <sup>1</sup>	2,828,727	2,776,809	1,947,225
Beneficiaries	2,214,973	2,214,973	1,664,524
Terminated Vested	1,987,241	1,926,129	2,126,403
Disability Retirees	<u>133,445</u>	<u>131,435</u>	<u>146,537</u>
<b>Total</b>	<b>56,194,726</b>	<b>54,610,924</b>	<b>53,496,083</b>

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	48,218,701	47,659,638	52,897,392
Present Value of Future Member Contributions	1,928,748	1,906,386	2,115,896
EAN Normal Cost (Retirement)	836,379	797,604	862,651
EAN Normal Cost (Disability)	68,653	65,991	68,816
EAN Normal Cost (Death)	22,551	21,551	22,288
EAN Normal Cost (Vesting)	54,863	51,311	60,476
EAN Normal Cost (Refunds)	<u>7,593</u>	<u>7,563</u>	<u>7,353</u>
Total Normal Cost (Entry Age Method)	990,039	944,020	1,021,584
Present Value of Future Normal Costs (Entry Age)	6,432,219	6,047,891	6,895,277
Accrued Liability (Retirement)	19,898,421	19,269,905	18,105,316
Accrued Liability (Disability)	922,556	898,626	866,106
Accrued Liability (Death)	285,346	275,889	268,848
Accrued Liability (Vesting)	513,126	489,023	513,152
Accrued Liability (Refunds)	20,786	20,795	9,945
Accrued Liability (Inactives) <sup>1</sup>	<u>28,122,272</u>	<u>27,608,795</u>	<u>26,837,439</u>
Total Actuarial Accrued Liability	49,762,507	48,563,033	46,600,806
Unfunded Actuarial Accrued Liability (UAAL)	10,952,679	9,753,205	11,861,928
<b>D. Actuarial Present Value of Accrued Benefits</b>			
Vested Accrued Benefits			
Inactives <sup>1</sup>	28,122,272	27,608,795	26,837,439
Actives	12,802,400	12,308,440	11,410,373
Member Contributions	<u>2,746,620</u>	<u>2,746,620</u>	<u>2,641,316</u>
Total	43,671,292	42,663,855	40,889,128
Non-vested Accrued Benefits	<u>507,778</u>	<u>488,179</u>	<u>594,805</u>
Total Present Value Accrued Benefits	44,179,070	43,152,034	41,483,933
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:			
Plan Amendments	0	0	
Assumption Changes	1,027,036	0	
New Accrued Benefits	0	1,100,666	
Benefits Paid	0	(2,354,789)	
Interest	0	2,922,224	
Other	<u>0</u>	<u>0</u>	
Total:	1,027,036	1,668,101	

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) <sup>2</sup> % of Total Annual Payroll	14.0	13.4	13.7
Administrative Expenses (with interest) <sup>2</sup> % of Total Annual Payroll	0.4	0.4	0.5
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 23 years <sup>2</sup> (as of 10/1/2014) % of Total Annual Payroll	17.1	15.8	17.7
Total Required Contribution % of Total Annual Payroll	31.5	29.6	31.9
Expected Member Contributions <sup>2</sup> % of Total Annual Payroll	4.0	4.0	4.0
Expected City Contribution % of Total Annual Payroll	27.5	25.6	27.9

## F. Past Contributions

Plan Years Ending:	<u>9/30/2014</u>
Total Required Contribution	2,606,406
City Requirement	2,308,531
Actual Contributions Made:	
Members	297,875
City	2,308,531
Total	<u>2,606,406</u>

G. Net Actuarial Gain (Loss) 1,382,579

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

<sup>2</sup> Contributions developed as of 10/1/2014 are expressed as a percentage of total annual payroll at 10/1/2014 of \$7,324,598.

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

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2014	10,952,679
2015	10,426,859
2016	9,864,230
2019	7,982,567
2024	6,597,977
2034	365,485
2037	0

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2014	3.47%	4.0%
Year Ended	9/30/2013	2.59%	4.0%
Year Ended	9/30/2012	-0.20%	4.0%

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2014	11.04%	7.25%
Year Ended	9/30/2013	9.98%	7.50%
Year Ended	9/30/2012	7.23%	7.50%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2014	\$7,324,598
	10/1/2004	8,378,622
(b) Total Increase		-12.58%
(c) Number of Years		10.00
(d) Average Annual Rate		-1.34%

## 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 a copy of the report to the following office to comply with Chapter 112 Florida Statutes:

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

## RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

(1)	Unfunded Actuarial Accrued Liability as of October 1, 2013	\$11,861,928
(2)	Sponsor Normal Cost developed as of October 1, 2013	712,759
(3)	Expected administrative expenses for the year ended September 30, 2014	40,458
(4)	Expected interest on (1), (2) and (3)	913,131
(5)	Sponsor contributions to the System during the year ended September 30, 2014	2,308,531
(6)	Expected interest on (5)	83,961
(7)	Expected Unfunded Actuarial Accrued Liability as of September 30, 2014 (1)+(2)+(3)+(4)-(5)-(6)	11,135,784
(8)	Change to UAAL due to Assumption Change	1,199,474
(9)	Change to UAAL due to Actuarial (Gain)/Loss	(1,382,579)
(10)	Unfunded Accrued Liability as of October 1, 2014	10,952,679

	<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>
	9/1/1993	9	(\$168,582)	(\$24,182)
	9/1/1993	9	314,546	45,120
	10/1/1995	11	611,724	76,241
	10/1/1996	12	446,521	52,540
	10/1/2000	16	2,229,102	220,530
Method Change	10/1/2004	20	1,654,088	145,920
Actuarial Loss	10/1/2004	14	1,520,190	162,454
Actuarial Loss	10/1/2005	14	121,110	12,942
Actuarial Gain	10/1/2006	14	(610,328)	(65,222)
Actuarial Gain	10/1/2007	14	(557,948)	(59,625)
Benefit Improve.	10/1/2007	23	1,569,821	130,154
Actuarial Loss	10/1/2008	4	182,065	50,234
Method Change	10/1/2008	14	538,494	57,546
Actuarial Loss	10/1/2009	5	933,744	212,833
Assum Change	10/1/2009	15	253,590	26,021
Actuarial Loss	10/1/2010	6	925,719	181,507
Assum Changes	10/1/2010	16	1,125,094	111,308
Actuarial Loss	10/1/2011	7	1,989,966	345,088
Actuarial Gain	10/1/2012	8	(1,379,779)	(215,952)
Assum Change	10/1/2012	18	777,139	72,203
Actuarial Gain	10/1/2013	9	(2,458,228)	(352,621)
Assum Change	10/1/2013	19	1,117,736	101,069
Assum Change	10/1/2014	20	1,199,474	105,815
Actuarial Gain	10/1/2014	10	(1,382,579)	(183,970)
			10,952,679	1,207,953

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2013	\$11,861,928
(2) Expected UAAL as of October 1, 2014	11,135,784
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	(1,321,829)
Salary Increases	(66,280)
Active Decrements	(146,718)
Inactive Mortality	(3,656)
Other	<u>155,904</u>
Increase in UAAL due to (Gain)/Loss	(1,382,579)
Increase in UAAL due to Assumption Change	1,199,474
(4) Actual UAAL as of October 1, 2014	\$10,952,679

## ACTUARIAL ASSUMPTIONS AND METHODS

<u>Mortality Rate</u>	RP 2000 Combined Healthy (sex distinct), projected to valuation date using scale AA. Disableds are set forward 5 years.
<u>Termination Rates</u>	See Tables below (Mod T-6).
<u>Disability Rates</u>	See Tables below (1202).
<u>Retirement Age</u>	Earlier of age 62 and 5 years of service or when age plus service equal 85 (but at least age 55). Also, any member who has reached Normal Retirement Age is assumed to continue employment for one additional year.
<u>Early Retirement</u>	Commencing at the member's eligibility for Early Retirement (Age 60 with 5 years of Service or when age plus service equal 80), members are assumed to retire with an immediate, subsidized benefit at the rate of 2.00% per year.
<u>Interest Rate</u>	7.00% (previously 7.25%) per year, compounded annually, net of investment related expenses.
<u>Salary Increases</u>	4.0% per year up to the assumed retirement age; see Table below.
<u>Payroll Growth</u>	None.
<u>Administrative Expenses</u>	\$29,130 annually.
<u>Funding Method</u>	Entry Age Normal Actuarial Cost Method.
<u>Asset Valuation Method</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 60</u>
20	55.00%	0.05%	20.7%
30	38.35	0.06	30.7
40	4.23	0.12	45.6
50	1.68	0.43	67.5
60	0.00	1.61	100.0

## VALUATION NOTES

Total Annual Payroll is the projected annual rate of pay for the year beginning on 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.

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	-0.64%	
09/30/2012	20.07%	
09/30/2013	13.87%	
09/30/2014	11.92%	
Annualized Rate of Return for prior four (4) years:		11.04%
(A) 10/01/2013 Actuarial Assets:		\$34,738,878.34
(I) Net Investment Income:		
1. Interest and Dividends		1,024,613.76
2. Realized Gains (Losses)		2,924,323.55
3. Change in Actuarial Value		111,893.45
4. Investment Related Expenses		(212,368.10)
	Total	3,848,462.66
(B) 10/01/2014 Actuarial Assets:		\$38,809,828.39
Actuarial Asset Rate of Return = $2I/(A+B-I)$ :		11.04%
10/01/2014 Limited Actuarial Assets:		\$38,809,828.39

\*Market Value Basis, net of investment related expenses.

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS  
 SEPTEMBER 30, 2014  
 Actuarial Asset Basis

REVENUES

Contributions:		
Member	297,875.02	
City	2,308,531.41	
<b>Total Contributions</b>		<b>2,606,406.43</b>
Earnings from Investments:		
Interest & Dividends	1,024,613.76	
Net Realized Gain (Loss)	2,924,323.55	
Change in Actuarial Value	111,893.45	
<b>Total Earnings and Investment Gains</b>		<b>4,060,830.76</b>

EXPENDITURES

Distributions to Members:		
Benefit Payments	2,322,331.99	
Lump Sum DROP Distributions	0.00	
Refunds of Member Contributions	32,456.76	
<b>Total Distributions</b>		<b>2,354,788.75</b>
Expenses:		
Investment Related <sup>1</sup>	212,368.10	
Administrative	29,130.29	
<b>Total Expenses</b>		<b>241,498.39</b>
<b>Change in Net Assets for the Year</b>		<b>4,070,950.05</b>
<b>Net Assets Beginning of the Year</b>		<b>34,738,878.34</b>
<b>Net Assets End of the Year<sup>2</sup></b>		<b>38,809,828.39</b>

<sup>1</sup>Investment Related expenses include investment advisory, custodial and performance monitoring fees.

<sup>2</sup>Net Assets may be limited for actuarial consideration.

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

09/30/2013 Balance	208,148.29
Plus Additions	189,093.60
Investment Return Earned	18,664.33
Less Distributions	0.00
09/30/2014 Balance	415,906.22

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

(1) City Required Contribution Rate	31.0%
(2) Pensionable Payroll Derived from Member Contributions	\$7,446,875.50
(3) Required City Contribution (1) x (2)	2,308,531.41
(4) Less 2013 Prepaid Contribution	(7,635.54)
(5) Less Actual City Contributions	<u>(2,293,491.48)</u>
(6) Equals City's Shortfall/(Prepaid) Contribution as of September 30, 2014	\$7,404.39

## STATISTICAL DATA \*

	<u>10/1/2011</u>	<u>10/1/2012</u>	<u>10/1/2013</u>	<u>10/1/2014</u>
Males				
Number	140	139	129	119
Average Current Age	47.2	49.4	49.8	49.1
Average Age at Employment	38.1	38.5	38.3	37.4
Average Past Service	9.1	10.9	11.5	11.7
Females				
Number	50	52	46	40
Average Current Age	50.6	49.5	50.4	51.2
Average Age at Employment	41.1	40.0	40.4	40.4
Average Past Service	9.5	9.5	10.0	10.8

\* 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	0	0	1	0	0	0	0	0	0	0	0	1
25 - 29	0	0	2	0	0	2	0	0	0	0	0	4
30 - 34	0	2	1	0	0	4	2	0	0	0	0	9
35 - 39	0	0	0	1	2	0	3	2	0	0	0	8
40 - 44	0	1	4	0	0	8	5	0	1	0	0	19
45 - 49	0	2	1	1	0	12	8	2	2	1	1	30
50 - 54	0	0	0	1	3	9	9	2	3	5	0	32
55 - 59	0	0	3	0	0	7	11	2	9	4	2	38
60 - 64	0	0	0	1	0	5	2	1	3	1	0	13
65+	0	0	0	1	0	1	2	0	1	0	0	5
Total	0	5	12	5	5	48	42	9	19	11	3	159

## VALUATION PARTICIPANT RECONCILIATION

## 1. Active lives

a. Number in prior valuation 10/1/2013	175
b. Terminations	
i. Vested (partial or full) with deferred benefits	5
ii. Non-vested or full lump sum distribution received	7
c. Deaths	
i. Beneficiary receiving benefits	1
ii. No future benefits payable	0
d. Disabled	0
e. Retired	2
f. DROP	2
g. Voluntary withdrawal	<u>0</u>
h. Continuing participants	158
i. Transfer	<u>1</u>
j. Total active life participants in valuation	159

## 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	129	8	15	4	49	205
Retired	5	0	0	0	(3)	2
DROP	0	2	0	0	0	2
Vested Deferred	0	0	0	0	5	5
Death, With Survivor	(3)	0	4	0	0	1
Death, No Survivor	(4)	0	(1)	(1)	0	(6)
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	127	10	18	3	49	207

SUMMARY OF PLAN PROVISIONS  
(Through Ordinance No. 2013-56)

<u>Eligibility</u>	Full-time employees in permanent positions excluding Firefighters and Police Officers, shall participate in the System as a condition of employment. Employees hired after December 19, 2012 do not participate in this Plan.
<u>Credited Service</u>	Total years and fractional parts of years of service with the City as a General Employee.
<u>Salary</u>	Total compensation, not including bonuses, overtime and lump sums.
<u>Average Monthly Compensation</u>	Average Salary for the best 5 years preceding termination.
<u>Member Contributions</u>	4.00% of Salary.
<u>City Contributions</u>	Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, over 30 years.
<u>Normal Retirement</u>	
Date	Earlier of Age 62 and 5 years of Credited Service or when the sum of age and years of service equal 85 but not earlier than age 55.
Benefit	2.50% of Average Monthly Compensation <u>times</u> Credited Service.
Form of Benefit	Life Annuity (options available).
<u>Early Retirement</u>	
Eligibility	Age 60 and 5 Years of Credited Service or when the sum of age and years of service equals 80.
Benefit	Accrued benefit, reduced 5.00% for each year that Early Retirement precedes Normal Retirement.
<u>Vesting</u>	
Schedule	100% after 5 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	Total and permanent.
Hired before 9/1/1993	Covered from Date of Employment.
Hired 9/1/1993 and after	10 years of Credited Service.
Exclusions	Disability resulting from use of drugs, illegal participation in riots, service in military, etc.
Benefit	Benefit accrued to date of disability.
Duration	Payable for life or until recovery (as determined by the Board).

Death Benefits

Pre-Retirement	
Vested	Survivorship annuity computed as though the member retired on the date of death; equivalent alternative forms of benefit may be elected.
Non-Vested	Refund of accumulated contributions with interest at 4.00% annually.
Post-Retirement	Benefits payable to beneficiary in accordance with the option selected at retirement.

Board of Trustees

- a. Two Commission appointees,
- b. Two Members elected by the employee membership, and
- c. The Finance Director.

Deferred Retirement Option Plan

Eligibility	Satisfaction of Normal Retirement requirements.
Participation	Not to exceed 36 months.

Rate of Return	<p>At Member's election:</p> <p>(1) Actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs) credited each fiscal quarter, or</p> <p>(2) 6.50% per annum compounded monthly.</p> <p>Members may elect to change form of return once during the period of DROP participation.</p>
Form of Distribution	Cash lump sum (options available) at termination of employment.
<u>Early Retirement Incentive Window</u>	
Eligibility	Any vested member whose combined years of credited service plus age equals 70 years or more on or before September 30, 2008.
Benefit	Unreduced normal retirement benefit plus a supplemental benefit of \$500 per month for a period not to exceed 36 months.

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	31.0%
Plan Members	4.00%
Annual Pension Cost	2,309,914
Contributions made	2,308,531
Actuarial valuation date	10/1/2012
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Pay, Closed
Remaining amortization period	25 Years (as of 10/1/2012)
Asset valuation method	4 Year Smoothed Market Value
Actuarial assumptions:	
Investment rate of return	7.50% (as of 10/1/2012)
Projected salary increase*	4.00%
* Includes inflation at	3.00%
Post Retirement COLA	0.00%

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	2,309,914	100%	(21,462)
9/30/2013	2,474,161	100%	(22,845)
9/30/2012	1,999,666	100%	(24,195)

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>9/30/2012</u>	<u>9/30/2013</u>	<u>9/30/2014</u>
Actuarially Determined			
Contribution (A)	1,998,333	2,472,811	2,308,531
Interest on NPO	(1,915)	(1,815)	(1,713)
Adjustment to (A)	3,248	3,165	3,096
	-----	-----	-----
Annual Pension Cost	1,999,666	2,474,161	2,309,914
Contributions Made	1,998,333	2,472,811	2,308,531
	-----	-----	-----
Increase in NPO	1,333	1,350	1,383
NPO Beginning of Year	(25,528)	(24,195)	(22,845)
	-----	-----	-----
NPO End of Year	(24,195)	(22,845)	(21,462)

STATEMENT OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2014

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Money Market	1,250,941.45
Total Cash and Equivalents	1,250,941.45
Receivables:	
Additional City Contributions	7,404.39
Investment Income	108,387.51
Total Receivable	115,791.90
Investments:	
Corporate Bonds	13,196,877.66
Stocks	26,969,176.83
Total Investments	40,166,054.49
Total Assets	41,532,787.84
<u>LIABILITIES</u>	
Payables:	
Benefit Payments	4,070.06
Custodian Correction to Police Plan	9,545.86
Prepaid Member Contribution	5.11
Total Liabilities	13,621.03
NET POSITION RESTRICTED FOR PENSIONS	41,519,166.81
TOTAL LIABILITIES AND NET ASSETS	41,532,787.84

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

ADDITIONS

## Contributions:

Member	297,875.02	
City	2,308,531.41	
Total Contributions		2,606,406.43
Investment Income:		
Net Increase in Fair Value of Investments	3,595,564.52	
Interest & Dividends	1,024,613.76	
Less Investment Expense <sup>1</sup>	(212,368.10)	
Net Investment Income		4,407,810.18
Total Additions		7,014,216.61

DEDUCTIONS

## Distributions to Members:

Benefit Payments	2,322,331.99	
Refunds of Member Contributions	32,456.76	
Total Distributions		2,354,788.75
Administrative Expense		29,130.29
Total Deductions		2,383,919.04
Net Increase in Net Position		4,630,297.57
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		36,888,869.24
End of the Year		41,519,166.81

<sup>1</sup>Investment 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 elected by the employee membership, and
- c. The Finance Director.

*Plan Membership as of October 1, 2013:*

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	156
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	49
Active Plan Members	175
	380
	380

*Benefits Provided*

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

Normal Retirement:

Date: Earlier of Age 62 and 5 years of Credited Service or when the sum of age and years of service equal 85 but not earlier than age 55.

Benefit: 2.50% of Average Monthly Compensation times Credited Service.

Early Retirement:

Eligibility: Age 60 and 5 Years of Credited Service or when the sum of age and years of service equals 80.

Benefit: Accrued benefit, reduced 5% for each year that Early Retirement precedes Normal Retirement.

Vesting (Termination):

Schedule: 100% after 5 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 Hired before 9/1/93: Covered from Date of Employment.

Eligibility Hired 9/1/93 and after: 10 years of Credited Service.

Benefit accrued to date of disability.

Pre-Retirement Death Benefits:

Vested: Survivorship annuity computed as though the member retired on the date of death; equivalent alternative forms of benefit may be elected.

Non-Vested: Refund of accumulated contributions with interest at 4% annually.

*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 11.92 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.

Participation: Not to Exceed 36 Months.

Rate of Return: At Member's election:

- (1) Actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs) credited each fiscal quarter, or
- (2) 6.5% per annum compounded monthly.

Members may elect to change form of return once during the period of DROP participation.

The DROP balance as September 30, 2014 is \$415,906.

## 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	\$ 49,880,759
Plan Fiduciary Net Position	\$ (41,519,167)
Sponsor's Net Pension Liability	<u>\$ 8,361,592</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	83.24%

*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	4.00%
Investment Rate of Return	7.00%

RP 2000 Combined Healthy (sex distinct), projected to valuation date using scale AA. Disableds are set forward 5 years.

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	\$ 13,806,678	\$ 8,361,592	\$ 3,747,580

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

	<u>09/30/2014</u>
Total Pension Liability	
Service Cost	1,093,946
Interest	3,340,253
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	(2,354,789)
Net Change in Total Pension Liability	<u>2,079,410</u>
Total Pension Liability - Beginning	47,801,349
Total Pension Liability - Ending (a)	<u><u>\$ 49,880,759</u></u>
 Plan Fiduciary Net Position	
Contributions - Employer	2,308,531
Contributions- State	-
Contributions - Employee	297,875
Net Investment Income	4,407,810
Benefit Payments, Including Refunds of Employee Contributions	(2,354,789)
Administrative Expense	(29,130)
Other	-
Net Change in Plan Fiduciary Net Position	<u>4,630,298</u>
 Plan Fiduciary Net Position - Beginning	<u>36,888,869</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 41,519,167</u></u>
 Net Pension Liability - Ending (a) - (b)	<u><u>\$ 8,361,592</u></u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.24%
 Covered Employee Payroll	\$ 7,446,876
Net Pension Liability as a Percentage of covered Employee Payroll	112.28%

SCHEDULE OF CONTRIBUTIONS  
Last 10 Fiscal Years

	09/30/2014
Actuarially Determined Contribution Contributions in Relation to the	2,308,531
Actuarially Determined Contributions	2,308,531
Contribution Deficiency (Excess)	\$ -
Covered Employee Payroll	\$ 7,446,876
Contributions as a Percentage of Covered Employee Payroll	31.00%

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 % of Payroll, Closed.
Remaining Amortization Period:	20 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:	4.0% per year up to the assumed retirement age.
Interest Rate:	7.5% per year, compounded annually, net of investment related expenses.
Payroll Growth:	Up to 3% per year (limited to 10-year historical average of actual payroll growth of 0.1% in 2012).
Retirement Age:	Earlier of age 62 and 5 years of service or when age plus service equal 85 (but at least age 55). Also, any member who has reached Normal Retirement Age is assumed to continue employment for one additional year.
Early Retirement:	Commencing at the member's eligibility for Early Retirement (Age 60 with 5 years of Service or when age plus service equal 80), members are assumed to retire with an immediate, subsidized benefit at the rate of 2% per year.

Termination Rates: See table below.  
 Disability Rates: See table below.  
 Mortality: RP 2000 Combined Healthy (sex distinct), projected to valuation date using scale AA (previously static). Disableds are 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	55.0%	0.05%
30	38.4%	0.06%
40	4.2%	0.12%
50	1.7%	0.43%
60	0.0%	1.61%

SCHEDULE OF INVESTMENT RETURNS  
Last 10 Fiscal Years

	<u>09/30/2014</u>
Annual Money-Weighted Rate of Return	
Net of Investment Expense	11.92%

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

General Information about the Pension Plan

*Plan Description*

Full-time employees in permanent positions excluding Firefighters and Police Officers, shall participate in the System as a condition of employment. Employees hired after December 19, 2012 do not participate in this Plan.

Board of Trustees:

- a. Two Commission appointees,
- b. Two Members elected by the employee membership, and
- c. The Finance Director.

*Plan Membership as of October 1, 2013:*

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	156
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	49
Active Plan Members	175
	380
	380

*Benefits Provided*

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

Normal Retirement:

Date: Earlier of Age 62 and 5 years of Credited Service or when the sum of age and years of service equal 85 but not earlier than age 55.

Benefit: 2.50% of Average Monthly Compensation times Credited Service.

Early Retirement:

Eligibility: Age 60 and 5 Years of Credited Service or when the sum of age and years of service equals 80.

Benefit: Accrued benefit, reduced 5% for each year that Early Retirement precedes Normal Retirement.

Vesting (Termination):

Schedule: 100% after 5 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 Hired before 9/1/93: Covered from Date of Employment.

Eligibility Hired 9/1/93 and after: 10 years of Credited Service.

Benefit accrued to date of disability.

Pre-Retirement Death Benefits:

Vested: Survivorship annuity computed as though the member retired on the date of death; equivalent alternative forms of benefit may be elected.

Non-Vested: Refund of accumulated contributions with interest at 4% annually.

*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	4.00%
Investment Rate of Return	7.00%

RP 2000 Combined Healthy (sex distinct), projected to valuation date using scale AA. Disableds are set forward 5 years.

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	\$ 47,801,349	\$ 36,888,869	\$ 10,912,480
Changes for a Year:			
Service Cost	1,093,946		1,093,946
Interest	3,340,253		3,340,253
Change In Excess State Money	-		-
Share Plan Allocation	-		-
Differences Between Expected and Actual Experience	-		-
Contributions - Employer		2,308,531	(2,308,531)
Contributions -State		-	-
Contributions - Employee		297,875	(297,875)
Net Investment Income		4,407,810	(4,407,810)
Benefit Payments, Including Refunds of Employee Contributions	(2,354,789)	(2,354,789)	-
Administrative Expense		(29,130)	29,130
Other Changes	-	-	-
New Changes	2,079,410	4,630,298	(2,550,887)
Balances at September 30, 2014	\$ 49,880,759	41,519,167	8,361,592

*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	\$ 13,806,678	\$ 8,361,592	\$ 3,747,580

*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 \$1,211,886. On September 30, 2015 the Sponsor reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	-	-
Changes of Assumptions	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	1,454,242
Total	<u>\$ -</u>	<u>\$ 1,454,242</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	\$ (363,560)
2017	\$ (363,560)
2018	\$ (363,560)
2019	\$ (363,560)
2020	\$ -
Thereafter	\$ -

Payable to the Pension Plan

On September 30, 2014, the Sponsor reported a payable of \$7,404.39, for the outstanding amount of contributions of the pension plan required for the year ended September 30, 2014.

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

	<u>09/30/2014</u>
Total Pension Liability	
Service Cost	1,093,946
Interest	3,340,253
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	<u>(2,354,789)</u>
Net Change in Total Pension Liability	2,079,410
Total Pension Liability - Beginning	47,801,349
Total Pension Liability - Ending (a)	<u><u>\$ 49,880,759</u></u>
 Plan Fiduciary Net Position	
Contributions - Employer	2,308,531
Contributions- State	-
Contributions - Employee	297,875
Net Investment Income	4,407,810
Benefit Payments, Including Refunds of Employee Contributions	2,354,789
Administrative Expense	(29,130)
Other	-
Net Change in Plan Fiduciary Net Position	<u>9,339,875</u>
 Plan Fiduciary Net Position - Beginning	<u>36,888,869</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 41,519,167</u></u>
 Net Pension Liability - Ending (a) - (b)	<u><u>\$ 8,361,592</u></u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.24%
 Covered Employee Payroll	\$ 7,446,876
Net Pension Liability as a Percentage of covered Employee Payroll	112.28%

SCHEDULE OF CONTRIBUTIONS  
Last 10 Fiscal Years

	09/30/2014
Actuarially Determined Contribution	2,308,531
Contributions in Relation to the	
Actuarially Determined Contributions	2,308,531
Contribution Deficiency (Excess)	\$ -
Covered Employee Payroll	\$ 7,446,876
Contributions as a Percentage of	
Covered Employee Payroll	31.00%

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 % of Payroll, Closed.
Remaining Amortization Period:	20 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:	4.0% per year up to the assumed retirement age.
Interest Rate:	7.5% per year, compounded annually, net of investment related expenses.
Payroll Growth:	Up to 3% per year (limited to 10-year historical average of actual payroll growth of 0.1% in 2012).
Retirement Age:	Earlier of age 62 and 5 years of service or when age plus service equal 85 (but at least age 55). Also, any member who has reached Normal Retirement Age is assumed to continue employment for one additional year.
Early Retirement:	Commencing at the member's eligibility for Early Retirement (Age 60 with 5 years of Service or when age plus service equal 80), members are assumed to retire with an immediate, subsidized benefit at the rate of 2% per year.

Termination Rates: See table below.  
 Disability Rates: See table below.  
 Mortality: RP 2000 Combined Healthy (sex distinct), projected to valuation date using scale AA (previously static). Disableds are 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	55.0%	0.05%
30	38.4%	0.06%
40	4.2%	0.12%
50	1.7%	0.43%
60	0.0%	1.61%

COMPONENTS OF PENSION EXPENSE  
FISCAL YEAR SEPTEMBER 30, 2015

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	10,912,480	-	2,308,531	
Total pension liability factors:				
Service cost	1,093,946			1,093,946
Interest	3,340,253			3,340,253
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	(2,354,789)			(2,354,789)
Net change	<u>2,079,410</u>	<u>-</u>	<u>-</u>	<u>2,079,410</u>
Plan fiduciary net position:				
Contributions - employer	2,308,531		(2,308,531)	
Contributions - state	-			-
Contributions - employee	297,875			(297,875)
Net investment income	2,590,008			(2,590,008)
Difference between projected and actual earnings on pension plan investments				
Current year amortization	1,817,802	1,817,802	-	(363,560)
Benefit payments	(2,354,789)			2,354,789
Administrative expenses	(29,130)			29,130
Other	-			-
Net change	<u>4,630,298</u>	<u>1,454,242</u>	<u>(2,308,531)</u>	<u>(867,524)</u>
Ending Balance	<u>8,361,592</u>	<u>1,454,242</u>	<u>-</u>	<u>1,211,886</u>