

CITY OF ORMOND BEACH  
GENERAL EMPLOYEES' PENSION PLAN

ACTUARIAL VALUATION AND REPORT  
AS OF OCTOBER 1, 2015

CONTRIBUTIONS APPLICABLE TO THE  
FISCAL YEAR ENDED SEPTEMBER 30, 2017

December 8, 2015

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. Please note that this valuation may not be applicable for any other purposes.

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. Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations.

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.

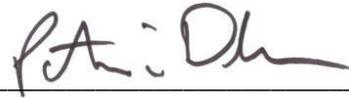
To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the City of Ormond Beach, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the City of Ormond Beach General 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:

A handwritten signature in black ink, appearing to read "PTD", written over a horizontal line.

Patrick T. Donlan, M.A.A.A., A.S.A.  
Enrolled Actuary #14-6595

PTD\lke  
Enclosures

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SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Ormond Beach General Employees' Pension Plan, performed as of October 1, 2015, 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, 2017.

The applicable contribution requirements, compared with amounts developed in the October 1, 2014 actuarial valuation report, are as follows:

Valuation Date	10/1/2014	10/1/2015
Applicable Plan/Fiscal Year End	<u>9/30/2016</u>	<u>9/30/2017</u>
Total Required Contribution		
% of Total Annual Payroll	31.5%	30.0%
Member Contributions (Est.)		
% of Total Annual Payroll	4.0%	4.0%
Balance from City *		
% of Total Annual Payroll	27.5%	26.0%

\* At the request of the Division of Retirement, the required contribution from the City for the year ending September 30, 2017, is 26.0% of the actual pensionable payroll realized in that year. Please also note the City has a shortfall contribution of \$7,409.06 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 10.8% investment return (Actuarial Asset Basis) that exceeded the 7.0% assumed rate.

Please also note that the Board amended the investment return assumption, in conjunction with this report from 7.00% to 6.75%, 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: \_\_\_\_\_  
Christine M. O'Neal, EA, ASA, MAAA

## CHANGES SINCE PRIOR VALUATION

Plan Changes – There have been no plan changes since the prior valuation.

Actuarial Assumption/Method Changes - The Board of Trustees amended the investment return assumption from 7.00% to 6.75%, net of investment related expenses.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	New Assump <u>10/1/2015</u>	Old Assump <u>10/1/2015</u>	<u>10/1/2014</u>
A. Participant Data			
Number Included			
Actives	145	145	159
Service Retirees	134	134	127
DROP Retirees	3	3	10
Beneficiaries	17	17	18
Disability Retirees	2	2	3
Terminated Vested	<u>41</u>	<u>41</u>	<u>49</u>
 Total	 342	 342	 366
 Total Annual Payroll	 \$7,015,996	 \$7,015,996	 \$7,324,598
Payroll Under Assumed Ret. Age	7,015,996	7,015,996	7,324,598
 Annual Rate of Payments to:			
Service Retirees	2,182,678	2,182,678	2,078,450
DROP Retirees	109,586	109,586	207,277
Beneficiaries	233,663	233,663	238,937
Disability Retirees	10,744	10,744	19,292
Terminated Vested	277,652	277,652	250,559
 B. Assets			
Actuarial Value <sup>1</sup>	42,324,676	42,324,676	38,809,828
Market Value <sup>1</sup>	40,283,909	40,283,909	41,519,167
 C. Liabilities			
Present Value of Benefits			
Actives			
Retirement Benefits	26,491,959	25,526,089	25,279,947
Disability Benefits	1,448,147	1,397,982	1,428,503
Death Benefits	411,688	395,299	408,984
Vested Benefits	863,800	814,531	938,385
Refund of Contributions	13,755	13,739	16,635
Service Retirees	22,531,568	22,098,725	20,957,886
DROP Retirees <sup>1</sup>	1,589,051	1,557,613	2,828,727
Beneficiaries	2,144,345	2,103,977	2,214,973
Disability Retirees	91,851	90,171	133,445
Terminated Vested	<u>2,262,208</u>	<u>2,189,958</u>	<u>1,987,241</u>
Total	57,848,372	56,188,084	56,194,726

C. Liabilities - (Continued)	New Assump <u>10/1/2015</u>	Old Assump <u>10/1/2015</u>	<u>10/1/2014</u>
Present Value of Future Salaries	43,406,799	42,924,337	48,218,701
Present Value of Future Member Contributions	1,736,272	1,716,973	1,928,748
Normal Cost (Retirement)	844,153	804,617	836,379
Normal Cost (Disability)	70,782	67,978	68,653
Normal Cost (Death)	23,630	22,596	22,551
Normal Cost (Vesting)	55,125	51,764	58,952
Normal Cost (Refunds)	<u>2,626</u>	<u>2,619</u>	<u>3,504</u>
Total Normal Cost	996,316	949,574	990,039
Present Value of Future Normal Costs	6,115,831	5,750,663	6,432,219
Accrued Liability (Retirement)	21,373,874	20,713,835	19,898,421
Accrued Liability (Disability)	957,634	932,635	922,556
Accrued Liability (Death)	295,016	285,443	285,346
Accrued Liability (Vesting)	478,016	456,083	525,053
Accrued Liability (Refunds)	8,978	8,981	8,859
Accrued Liability (Inactives) <sup>1</sup>	<u>28,619,023</u>	<u>28,040,444</u>	<u>28,122,272</u>
Total Actuarial Accrued Liability	51,732,541	50,437,421	49,762,507
Unfunded Actuarial Accrued Liability (UAAL)	9,407,865	8,112,745	10,952,679
Funded Ratio (AVA / AL)	81.8%	83.9%	78.0%
<b>D. Actuarial Present Value of Accrued Benefits</b>			
Vested Accrued Benefits			
Inactives <sup>1</sup>	28,619,023	28,040,444	28,122,272
Actives	14,206,825	13,676,166	12,802,400
Member Contributions	<u>2,853,783</u>	<u>2,853,783</u>	<u>2,746,620</u>
Total	45,679,631	44,570,393	43,671,292
Non-vested Accrued Benefits	<u>486,825</u>	<u>468,325</u>	<u>507,778</u>
Total Present Value Accrued Benefits	46,166,456	45,038,718	44,179,070
Funded Ratio (MVA / PVAB)	87.3%	89.4%	94.0%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:			
Plan Amendments	0	0	
Assumption Changes	1,127,738	0	
New Accrued Benefits	0	715,016	
Benefits Paid	0	(2,848,215)	
Interest	0	2,992,847	
Other	<u>0</u>	<u>0</u>	
Total	1,127,738	859,648	

	New Assump	Old Assump	
Valuation Date	10/1/2015	10/1/2015	10/1/2014
Applicable to Fiscal Year Ending	<u>9/30/2017</u>	<u>9/30/2017</u>	<u>9/30/2016</u>

#### E. Pension Cost

Normal Cost (with interest)			
% of Total Annual Payroll <sup>2</sup>	14.7	14.0	14.0
Administrative Expenses (with interest)			
% of Total Annual Payroll <sup>2</sup>	0.6	0.6	0.4
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 22 years (as of 10/1/2015)			
% of Total Annual Payroll <sup>2</sup>	14.7	13.3	17.1
Total Required Contribution			
% of Total Annual Payroll <sup>2</sup>	30.0	27.9	31.5
Expected Member Contributions			
% of Total Annual Payroll <sup>2</sup>	4.0	4.0	4.0
Expected City Contribution			
% of Total Annual Payroll <sup>2</sup>	26.0	23.9	27.5

#### F. Past Contributions

Plan Years Ending:	<u>9/30/2015</u>
Total Required Contribution	2,238,595
City Requirement	1,957,894
Actual Contributions Made:	
Members (excluding buyback)	280,702
City	<u>1,957,894</u>
Total	2,238,596

G. Net Actuarial (Gain)/Loss (2,356,459)

<sup>1</sup> The asset values and liabilities for DROP Members include accumulated DROP Balances as of 9/30/2015 and 9/30/2014.

<sup>2</sup> Contributions developed as of 10/1/2015 are expressed as a percentage of total annual payroll at 10/1/2015 of \$7,015,996.

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

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2015	9,407,865
2016	8,975,560
2017	8,514,074
2022	7,430,340
2027	5,047,994
2032	1,462,742
2037	0

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2015	3.1%	4.0%
Year Ended	9/30/2014	3.5%	4.0%
Year Ended	9/30/2013	2.6%	4.0%

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2015	10.82%	7.00%
Year Ended	9/30/2014	11.04%	7.25%
Year Ended	9/30/2013	9.98%	7.50%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2015	\$7,015,996
	10/1/2005	8,608,575
(b) Total Increase		-18.50%
(c) Number of Years		10.00
(d) Average Annual Rate		-2.02%

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.



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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, 2014	\$10,952,679
(2) Sponsor Normal Cost developed as of October 1, 2014	697,055
(3) Expected administrative expenses for the year ended September 30, 2015	29,130
(4) Expected interest on (1), (2) and (3)	816,501
(5) Sponsor contributions to the System during the year ended September 30, 2015	1,957,894
(6) Expected interest on (5)	68,267
(7) Expected Unfunded Actuarial Accrued Liability as of September 30, 2015 (1)+(2)+(3)+(4)-(5)-(6)	10,469,204
(8) Change to UAAL due to Assumption Change	1,295,120
(9) Change to UAAL due to Actuarial (Gain)/Loss	(2,356,459)
(10) Unfunded Accrued Liability as of October 1, 2015	9,407,865

<u>Type of Base</u>	<u>Date Established</u>	<u>Years Remaining</u>	<u>10/1/2015 Amount</u>	<u>Amortization Amount</u>
	9/1/1993	8	(\$155,137)	(\$24,102)
	9/1/1993	8	289,457	44,971
	10/1/1995	10	575,293	75,845
	10/1/1996	11	423,272	52,221
	10/1/2000	15	2,157,901	218,453
Method Change	10/1/2004	19	1,620,294	144,114
Actuarial Loss	10/1/2004	13	1,458,678	161,187
Actuarial Loss	10/1/2005	13	116,209	12,841
Actuarial Gain	10/1/2006	13	(585,632)	(64,714)
Actuarial Gain	10/1/2007	13	(535,371)	(59,160)
Benefit Improve.	10/1/2007	22	1,546,700	128,286
Actuarial Loss	10/1/2008	3	141,632	50,326
Method Change	10/1/2008	13	516,704	57,097
Actuarial Loss	10/1/2009	4	774,508	212,991
Assum Change	10/1/2009	14	244,488	25,797
Actuarial Loss	10/1/2010	5	799,541	181,449
Assum Changes	10/1/2010	15	1,089,156	110,260
Actuarial Loss	10/1/2011	6	1,767,167	344,625
Actuarial Gain	10/1/2012	7	(1,250,352)	(215,446)

Type of <u>Base</u>	Date <u>Established</u>	Years <u>Remaining</u>	10/1/2015 <u>Amount</u>	Amortization <u>Amount</u>
Assum Change	10/1/2012	17	757,345	71,413
Actuarial Gain	10/1/2013	8	(2,262,148)	(351,452)
Assum Change	10/1/2013	18	1,092,252	99,890
Actuarial Gain	10/1/2014	9	(1,287,721)	(183,186)
Assum Change	10/1/2014	19	1,174,968	104,505
Actuarial Gain	10/1/2015	10	(2,356,459)	(310,670)
Assum Change	10/1/2015	20	<u>1,295,120</u>	<u>112,304</u>
			9,407,865	999,845

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2014	\$10,952,679
 (2) Expected UAAL as of October 1, 2015	 10,469,204
 (3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	(1,471,768)
Salary Increases	(195,365)
Active Decrements	(168,624)
Inactive Mortality	(336,375)
Other	<u>(184,327)</u>
Increase in UAAL due to (Gain)/Loss	(2,356,459)
Assumption Changes	<u>1,295,120</u>
 (4) Actual UAAL as of October 1, 2015	 \$9,407,865

## ACTUARIAL ASSUMPTIONS AND METHODS

<u>Mortality Rate</u>	RP 2000 Combined Healthy (sex distinct), projected to valuation year using scale AA. Disabled lives are set forward 5 years. We feel this assumption accommodates expected mortality improvements
<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. We believe this assumption is reasonable given the plan provisions.
<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>	6.75% (previously 7.00%) 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>	\$41,210 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.

STATEMENT OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2015

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Money Market	787,969.39	787,969.39
Cash	(117.23)	(117.23)
Total Cash and Equivalents	787,852.16	787,852.16
Receivables:		
Additional City Contributions	7,409.06	7,409.06
Custodian Correction from Police Plan	88,493.51	88,493.51
Investment Income	103,752.16	103,752.16
Total Receivable	199,654.73	199,654.73
Investments:		
Fixed	13,438,015.50	13,543,802.11
Equities	23,402,641.69	25,630,734.19
Miscellaneous	143,210.32	174,024.38
Total Investments	36,983,867.51	39,348,560.68
Total Assets	37,971,374.40	40,336,067.57
<u>LIABILITIES</u>		
Payables:		
Custodian Correction to Police Plan	52,111.94	52,111.94
Prepaid Member Contribution	47.07	47.07
Total Liabilities	52,159.01	52,159.01
NET POSITION RESTRICTED FOR PENSIONS	37,919,215.39	40,283,908.56

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED SEPTEMBER 30, 2015  
Market Value Basis

ADDITIONS

Contributions:

Member	280,701.58	
City	1,957,893.52	

Total Contributions		2,238,595.10
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Investment Income:

Net Realized Gain (Loss)	2,183,080.69	
Unrealized Gain (Loss)	(3,583,580.43)	
Net Increase in Fair Value of Investments	(1,400,499.74)	
Interest & Dividends	1,033,419.81	
Less Investment Expense <sup>1</sup>	(217,348.49)	

Net Investment Income		(584,428.42)
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Total Additions		1,654,166.68
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DEDUCTIONS

Distributions to Members:

Benefit Payments	2,387,443.67	
Lump Sum DROP Distributions	373,052.65	
Refunds of Member Contributions	87,718.92	

Total Distributions		2,848,215.24
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Administrative Expense		41,209.69
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Total Deductions		2,889,424.93
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Net Increase in Net Position		(1,235,258.25)
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NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year		41,519,166.81
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End of the Year		40,283,908.56
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<sup>1</sup>Investment related expenses include investment advisory, custodial and performance monitoring fees.

ACTUARIAL ASSET VALUATION  
SEPTEMBER 30, 2015

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*	
09/30/2012	20.07%	
09/30/2013	13.87%	
09/30/2014	11.92%	
09/30/2015	-1.42%	
Annualized Rate of Return for prior four (4) years:		10.82%
(A) 10/01/2014 Actuarial Assets:		\$38,809,828.39
(I) Net Investment Income:		
1. Interest and Dividends	1,033,419.81	
2. Realized Gains (Losses)	2,183,080.69	
3. Change in Actuarial Value	1,166,525.18	
4. Investment Related Expenses	(217,348.49)	
Total		4,165,677.19
(B) 10/01/2015 Actuarial Assets:		\$42,324,675.75
Actuarial Asset Rate of Return = 2I/(A+B-I):		10.82%
10/01/2015 Limited Actuarial Assets:		\$42,324,675.75
10/01/2015 Market Value of Assets:		\$40,283,908.56
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)		\$1,471,768.25

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

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS  
 SEPTEMBER 30, 2015  
 Actuarial Asset Basis

REVENUES

Contributions:		
Member	280,701.58	
City	1,957,893.52	
<b>Total Contributions</b>		<b>2,238,595.10</b>
Earnings from Investments:		
Interest & Dividends	1,033,419.81	
Net Realized Gain (Loss)	2,183,080.69	
Change in Actuarial Value	1,166,525.18	
<b>Total Earnings and Investment Gains</b>		<b>4,383,025.68</b>

EXPENDITURES

Distributions to Members:		
Benefit Payments	2,387,443.67	
Lump Sum DROP Distributions	373,052.65	
Refunds of Member Contributions	87,718.92	
<b>Total Distributions</b>		<b>2,848,215.24</b>
Expenses:		
Investment related <sup>1</sup>	217,348.49	
Administrative	41,209.69	
<b>Total Expenses</b>		<b>258,558.18</b>
<b>Change in Net Assets for the Year</b>		<b>3,514,847.36</b>
<b>Net Assets Beginning of the Year</b>		<b>38,809,828.39</b>
<b>Net Assets End of the Year<sup>2</sup></b>		<b>42,324,675.75</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, 2014 to September 30, 2015

Beginning of the Year Balance	415,906.22
Plus Additions	157,745.45
Investment Return Earned	18,961.45
Less Distributions	(373,052.65)
End of the Year Balance	219,560.47

RECONCILIATION OF CITY'S SHORTFALL/(PREPAID) CONTRIBUTION  
FOR THE FISCAL YEAR ENDED (FYE) SEPTEMBER 30, 2015

(1)	Total Required Contribution Rate	31.9%
(2)	Pensionable Payroll Derived from Member Contributions	\$7,017,539.50
(3)	Total Required Contribution (1) x (2)	2,238,595.10
(4)	Less Actual Member Contributions	<u>(280,701.58)</u>
(5)	Equals Required City Contribution for Fiscal 2015	1,957,893.52
(6)	Less 2014 Prepaid Contribution	0.00
(7)	Less Actual City Contributions	<u>(1,950,484.46)</u>
(8)	Equals City's Shortfall/(Prepaid) Contribution as of September 30, 2015	\$7,409.06

## STATISTICAL DATA

	<u>10/1/2012</u>	<u>10/1/2013</u>	<u>10/1/2014</u>	<u>10/1/2015</u>
<u>Actives</u>				
Number	191	175	159	145
Average Current Age	48.2	48.8	49.6	51.1
Average Age at Employment	38.7	38.6	38.2	38.5
Average Past Service	9.5	10.2	11.4	12.6
Average Annual Salary	\$42,374	\$44,118	\$46,067	\$48,386
<u>Service Retirees</u>				
Number			127	134
Average Current Age			69.8	69.7
Average Annual Benefit			\$16,366	\$16,289
<u>DROP Retirees</u>				
Number			10	3
Average Current Age			63.5	60.9
Average Annual Benefit			\$20,728	\$36,529
<u>Beneficiaries</u>				
Number			18	17
Average Current Age			71.7	73.8
Average Annual Benefit			\$13,274	\$13,745
<u>Disability Retirees</u>				
Number			3	2
Average Current Age			75.3	74.9
Average Annual Benefit			\$6,431	\$5,372
<u>Terminated Vested</u>				
Number *			26	26
Average Current Age			54.2	53.8
Average Annual Benefit			\$9,637	\$10,679

\* Excludes non-vested Members awaiting a refund of Contributions.

## 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	0	0	0	0	0	0	0	0	0	0
25 - 29	0	0	0	2	0	1	0	0	0	0	0	3
30 - 34	0	0	0	1	0	3	2	0	0	0	0	6
35 - 39	0	0	1	0	1	1	1	2	0	0	0	6
40 - 44	0	0	1	3	0	4	6	0	0	1	0	15
45 - 49	0	0	2	0	0	11	4	3	0	1	0	21
50 - 54	0	0	0	1	2	14	8	4	3	3	3	38
55 - 59	0	0	0	3	0	6	11	2	6	5	2	35
60 - 64	0	0	0	0	0	5	1	3	3	1	1	14
65+	0	0	0	0	2	1	3	0	1	0	0	7
Total	0	0	4	10	5	46	36	14	13	11	6	145

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2014	159
b. Terminations	
i. Vested (partial or full) with deferred benefits	(4)
ii. Non-vested or full lump sum distribution received	(8)
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	<u>(1)</u>
f. DROP	<u>(1)</u>
g. Continuing participants	145
h. New entrants	<u>0</u>
i. Total active life participants in valuation	145

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

	Service Retirees, Vested Receiving <u>Benefits</u>	DROP <u>Benefits</u>	Receiving Death <u>Benefits</u>	Receiving Disability <u>Benefits</u>	Vested <u>Deferred</u>	<u>Total</u>
a. Number prior valuation	127	10	18	3	49	207
Retired	12	(8)	0	0	(3)	1
DROP	0	1	0	0	0	1
Vested Deferred	0	0	0	0	4	4
Death, With Survivor	0	0	0	0	0	0
Death, No Survivor	(5)	0	(1)	(1)	0	(7)
Disabled	0	0	0	0	0	0
Refund of Contributions	0	0	0	0	(9)	(9)
Rehires	0	0	0	0	0	0
Expired Annuities	0	0	0	0	0	0
Data Corrections	0	0	0	0	0	0
b. Number current valuation	134	3	17	2	41	197

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

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) 6.50% per annum compounded monthly.

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

Form of Distribution

Cash lump sum (options available) at termination of employment.

Early Retirement Incentive Window

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.

STATEMENT OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2015

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Money Market	787,969
Cash	(117)
Total Cash and Equivalents	787,852
Receivables:	
Additional City Contributions	7,409
Custodian Correction from Police Plan	88,494
Investment Income	103,752
Total Receivable	199,655
Investments:	
Fixed	13,543,802
Equities	25,630,734
Miscellaneous	174,025
Total Investments	39,348,561
Total Assets	40,336,068
<u>LIABILITIES</u>	
Payables:	
Custodian Correction to Police Plan	52,112
Prepaid Member Contribution	47
Total Liabilities	52,159
NET POSITION RESTRICTED FOR PENSIONS	40,283,909

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED SEPTEMBER 30, 2015  
Market Value Basis

ADDITIONS

## Contributions:

Member	280,702	
City	1,957,894	
Total Contributions		2,238,596
Investment Income:		
Net Increase in Fair Value of Investments	(1,400,500)	
Interest & Dividends	1,033,420	
Less Investment Expense <sup>1</sup>	(217,348)	
Net Investment Income		(584,428)
Total Additions		1,654,168

DEDUCTIONS

## Distributions to Members:

Benefit Payments	2,387,444	
Lump Sum DROP Distributions	373,053	
Refunds of Member Contributions	87,719	
Total Distributions		2,848,216
Administrative Expense		41,210
Total Deductions		2,889,426
Net Increase in Net Position		(1,235,258)

## NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year		41,519,167
End of the Year		40,283,909

<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, 2015)

Plan Description

*Plan Administration*

The Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees comprised of:

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

*Plan Membership as of October 1, 2014:*

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	158
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	49
Active Plan Members	159
	366

*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 5.00% 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 09/01/1993: Covered from Date of Employment.

Eligibility Hired 09/01/1993 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 4.00% annually.

Early Retirement Incentive Window:

Eligibility: Any vested Member whose combined years of credited service plus age equals 70 years or more on or before 09/30/2008.

Benefit: Unreduced normal retirement benefit plus a supplemental benefit of \$500 per month for a period not to exceed 36 months.

*Contributions*

Member Contributions: 4.00% of Salary.

City Contributions: Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, over 30 years.

## GASB 67

### Investments

#### *Investment Policy:*

The following was the Board's adopted asset allocation policy as of September 30, 2015:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Equity	55%
International Equity	10%
Fixed Income	35%
Total	100%

#### *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, 2015, the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was -1.42 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, 2015 is \$219,560.

## NET PENSION LIABILITY OF THE SPONSOR

The components of the Net Pension Liability of the Sponsor on September 30, 2015 were as follows:

Total Pension Liability	\$ 52,447,224
Plan Fiduciary Net Position	<u>\$ (40,283,909)</u>
Sponsor's Net Pension Liability	<u>\$ 12,163,315</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	76.81%

*Actuarial Assumptions:*

The Total Pension Liability was determined by an actuarial valuation as of October 1, 2014 updated to September 30, 2015 using the following actuarial assumptions:

Inflation	3.00%
Salary Increases	4.00%
Discount Rate	6.75%
Investment Rate of Return	6.75%

RP 2000 Combined Healthy (sex distinct), projected to valuation date using scale AA. Disabled 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, 2015 are summarized in the following table:

Asset Class	Long Term Expected Real Rate of Return
Domestic Equity	7.49%
International Equity	7.40%
Fixed Income	2.35%

**Discount Rate:**

The Discount Rate used to measure the Total Pension Liability was 6.75 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	Current Discount Rate	1% Increase
	5.75%	6.75%	7.75%
Sponsor's Net Pension Liability	\$ 17,957,826	\$ 12,163,315	\$ 7,258,931

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

	<u>09/30/2015</u>	<u>09/30/2014</u>
Total Pension Liability		
Service Cost	1,018,762	1,093,946
Interest	3,463,279	3,340,253
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	(367,046)	-
Changes of assumptions	1,299,686	-
Benefit Payments, including Refunds of Employee Contributions	(2,848,216)	(2,354,789)
Net Change in Total Pension Liability	<u>2,566,465</u>	<u>2,079,410</u>
Total Pension Liability - Beginning	<u>49,880,759</u>	<u>47,801,349</u>
Total Pension Liability - Ending (a)	<u><u>\$ 52,447,224</u></u>	<u><u>\$ 49,880,759</u></u>
Plan Fiduciary Net Position		
Contributions - Employer	1,957,894	2,308,531
Contributions - Employee	280,702	297,875
Net Investment Income	(584,428)	4,407,810
Benefit Payments, including Refunds of Employee Contributions	(2,848,216)	(2,354,789)
Administrative Expense	(41,210)	(29,130)
Net Change in Plan Fiduciary Net Position	<u>(1,235,258)</u>	<u>4,630,297</u>
Plan Fiduciary Net Position - Beginning	<u>41,519,167</u>	<u>36,888,870</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 40,283,909</u></u>	<u><u>\$ 41,519,167</u></u>
Net Pension Liability - Ending (a) - (b)	<u><u>\$ 12,163,315</u></u>	<u><u>\$ 8,361,592</u></u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	76.81%	83.24%
Covered Employee Payroll*	\$ 7,027,074	\$ 7,446,876
Net Pension Liability as a percentage of Covered Employee Payroll	173.09%	112.28%

**Notes to Schedule:***Changes of assumptions:*

For Fiscal year 2015, amounts reported as changes of assumptions were resulted from lowering the investment rate of return from 7.00% to 6.75%.

\* The 2014 reported Covered Employee Payroll figure was based on Pensionable Salary.

**SCHEDULE OF CONTRIBUTIONS**  
Last 10 Fiscal Years

	09/30/2015	09/30/2014
Actuarially Determined Contribution	1,957,894	2,308,531
Contributions in relation to the Actuarially Determined Contributions	1,957,894	2,308,531
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll*	\$ 7,027,074	\$ 7,446,876
Contributions as a percentage of Covered Employee Payroll	27.86%	31.00%

\* The 2014 reported Covered Employee Payroll figure was based on Pensionable Salary.

Notes to Schedule

Valuation Date: 10/01/2013  
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: 24 Years (as of 10/01/2013).  
 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: 7.25% per year, compounded annually, net of investment related expenses.  
 Payroll Growth: None.  
 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 (Mod T-6).  
 Disability Rates: See table below (1202).  
 Mortality: RP 2000 Combined Healthy (sex distinct), projected to valuation date using scale AA (previously static). Disableds are set forward 5 years.

Termination and Disability Rate Table:

Age	% Becoming Disabled During the Year	% Terminating During the Year
20	0.05%	55.00%
30	0.06%	38.40%
40	0.12%	4.20%
50	0.43%	1.70%
60	1.61%	0.00%

SCHEDULE OF INVESTMENT RETURNS  
Last 10 Fiscal Years

	<u>09/30/2015</u>	<u>09/30/2014</u>
Annual Money-Weighted Rate of Return		
Net of Investment Expense	-1.42%	11.92%

**NOTES TO THE FINANCIAL STATEMENTS**  
(For the Year Ended September 30, 2016)

General Information about the Pension Plan

*Plan Description*

The Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees comprised of:

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

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.

*Plan Membership as of October 1, 2014:*

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	158
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	49
Active Plan Members	159
	366
	366

*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 5.00% 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 09/01/1993: Covered from Date of Employment.

Eligibility Hired 09/01/1993 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 4.00% annually.

Early Retirement Incentive Window:

Eligibility: Any vested Member whose combined years of credited service plus age equals 70 years or more on or before 09/30/2008.

Benefit: Unreduced normal retirement benefit plus a supplemental benefit of \$500 per month for a period not to exceed 36 months.

*Contributions*

Member Contributions: 4.00% of Salary.

City Contributions: Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, over 30 years.

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### Net Pension Liability

The measurement date is September 30, 2015.

The measurement period for the pension expense was October 1, 2014 to September 30, 2015.

The reporting period is October 1, 2015 through September 30, 2016.

The Sponsor's Net Pension Liability was measured as of September 30, 2015.

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, 2014 updated to September 30, 2015 using the following actuarial assumptions:

Inflation	3.00%
Salary Increases	4.00%
Discount Rate	6.75%
Investment Rate of Return	6.75%

RP 2000 Combined Healthy (sex distinct), projected to valuation date using scale AA. Disabled 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, 2015 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%	7.49%
International Equity	10%	7.40%
Fixed Income	35%	2.35%
Total	<u>100%</u>	

#### Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 6.75 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, 2014	\$ 49,880,759	\$ 41,519,167	\$ 8,361,592
Changes for a Year:			
Service Cost	1,018,762	-	1,018,762
Interest	3,463,279	-	3,463,279
Differences between Expected and Actual Experience	(367,046)	-	(367,046)
Changes of assumptions	1,299,686	-	1,299,686
Changes of benefit terms	-	-	-
Contributions - Employer	-	1,957,894	(1,957,894)
Contributions - Employee	-	280,702	(280,702)
Net Investment Income	-	(584,428)	584,428
Benefit Payments, including Refunds of Employee Contributions	(2,848,216)	(2,848,216)	-
Administrative Expense	-	(41,210)	41,210
Net Changes	2,566,465	(1,235,258)	3,801,723
Balances at September 30, 2015	\$ 52,447,224	\$ 40,283,909	\$ 12,163,315

*Sensitivity of the Net Pension Liability to changes in the Discount Rate.*

	Current Discount		
	1% Decrease	Rate	1% Increase
	5.75%	6.75%	7.75%
Sponsor's Net Pension Liability	\$ 17,957,826	\$ 12,163,315	\$ 7,258,931

*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, 2016, the Sponsor will recognize a Pension Expense of \$1,922,184.

On September 30, 2016, 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
Differences between Expected and Actual Experience	-	275,285
Changes of assumptions	974,765	-
Net difference between Projected and Actual Earnings on Pension Plan investments	1,683,711	-
Employers contributions subsequent to the measurement date	-	-
<b>Total</b>	<b>\$ 2,658,476</b>	<b>\$ 275,285</b>

The outcome of the Deferred Outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended September 30, 2016.

Other 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:		
2017	\$	563,197
2018	\$	563,198
2019	\$	563,198
2020	\$	693,598
2021	\$	-
Thereafter	\$	-

**Payable to the Pension Plan**

On September 30, 2015, the Sponsor reported a payable of \$7,409 for the outstanding amount of contributions of the Pension Plan required for the year ended September 30, 2015.

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

	<u>09/30/2015</u>	<u>09/30/2014</u>
Total Pension Liability		
Service Cost	1,018,762	1,093,946
Interest	3,463,279	3,340,253
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	(367,046)	-
Changes of assumptions	1,299,686	-
Benefit Payments, including Refunds of Employee Contributions	(2,848,216)	(2,354,789)
Net Change in Total Pension Liability	<u>2,566,465</u>	<u>2,079,410</u>
Total Pension Liability - Beginning	<u>49,880,759</u>	<u>47,801,349</u>
Total Pension Liability - Ending (a)	<u>\$ 52,447,224</u>	<u>\$ 49,880,759</u>
Plan Fiduciary Net Position		
Contributions - Employer	1,957,894	2,308,531
Contributions - Employee	280,702	297,875
Net Investment Income	(584,428)	4,407,810
Benefit Payments, including Refunds of Employee Contributions	(2,848,216)	(2,354,789)
Administrative Expense	(41,210)	(29,130)
Net Change in Plan Fiduciary Net Position	<u>(1,235,258)</u>	<u>4,630,297</u>
Plan Fiduciary Net Position - Beginning	<u>41,519,167</u>	<u>36,888,870</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 40,283,909</u>	<u>\$ 41,519,167</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 12,163,315</u>	<u>\$ 8,361,592</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	76.81%	83.24%
Covered Employee Payroll*	\$ 7,027,074	\$ 7,446,876
Net Pension Liability as a percentage of Covered Employee Payroll	173.09%	112.28%

**Notes to Schedule:***Changes of assumptions:*

For Fiscal year 2015, amounts reported as changes of assumptions were resulted from lowering the investment rate of return from 7.00% to 6.75%.

\* The 2014 reported Covered Employee Payroll figure was based on Pensionable Salary.

SCHEDULE OF CONTRIBUTIONS

Last 10 Fiscal Years

	09/30/2015	09/30/2014
Actuarially Determined Contribution	1,957,894	2,308,531
Contributions in relation to the Actuarially Determined Contributions	1,957,894	2,308,531
Contribution Deficiency (Excess)	\$ -	\$ -
Covered Employee Payroll*	\$ 7,027,074	\$ 7,446,876
Contributions as a percentage of Covered Employee Payroll	27.86%	31.00%

\* The 2014 reported Covered Employee Payroll figure was based on Pensionable Salary.

Notes to Schedule

Valuation Date: 10/01/2013

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:	24 Years (as of 10/01/2013).
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:	7.25% per year, compounded annually, net of investment related expenses.
Payroll Growth:	None.
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 (Mod T-6).
Disability Rates:	See table below (1202).
Mortality:	RP 2000 Combined Healthy (sex distinct), projected to valuation date using scale AA (previously static). Disableds are set forward 5 years.

Termination and Disability Rate Table:

Age	% Becoming Disabled During the Year	% Terminating During the Year
20	0.05%	55.00%
30	0.06%	38.40%
40	0.12%	4.20%
50	0.43%	1.70%
60	1.61%	0.00%

FINAL COMPONENTS OF PENSION EXPENSE  
FISCAL YEAR SEPTEMBER 30, 2015

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 10,912,479	\$ -	\$ 2,308,531	\$ -
Employer Contributions made after September 30, 2014	-	-	1,957,894	-
Total Pension Liability Factors:				
Service Cost	1,093,946	-	-	1,093,946
Interest	3,340,253	-	-	3,340,253
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	-	-	-	-
Current year amortization of experience difference	-	-	-	-
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	-	-	-
Benefit Payments	(2,354,789)	-	-	(2,354,789)
Net change	<u>2,079,410</u>	<u>-</u>	<u>1,957,894</u>	<u>2,079,410</u>
Plan Fiduciary Net Position:				
Contributions - Employer	2,308,531	-	(2,308,531)	-
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	1,817,802	1,817,802	-	-
Current year amortization	-	(363,560)	-	(363,560)
Benefit Payments	(2,354,789)	-	-	2,354,789
Administrative Expenses	(29,130)	-	-	29,130
Net change	<u>4,630,297</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>\$ 1,957,894</u>	<u>\$ 1,211,886</u>

**PRELIMINARY COMPONENTS OF PENSION EXPENSE**  
**FISCAL YEAR SEPTEMBER 30, 2016**

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 8,361,592	\$ 1,454,242	\$ 1,957,894	\$ -
Employer Contributions made after September 30, 2015	-	-	TBD*	-
Total Pension Liability Factors:				
Service Cost	1,018,762	-	-	1,018,762
Interest	3,463,279	-	-	3,463,279
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	(367,046)	367,046	-	-
Current year amortization of experience difference	-	(91,761)	-	(91,761)
Change in assumptions about future economic or demographic factors or other inputs	1,299,686	-	1,299,686	-
Current year amortization of change in assumptions	-	-	(324,921)	324,921
Benefit Payments	(2,848,216)	-	-	(2,848,216)
Net change	<u>2,566,465</u>	<u>275,285</u>	<u>974,765</u>	<u>1,866,985</u>
Plan Fiduciary Net Position:				
Contributions - Employer	1,957,894	-	(1,957,894)	-
Contributions - Employee	280,702	-	-	(280,702)
Net Investment Income	2,883,563	-	-	(2,883,563)
Difference between projected and actual earnings on Pension Plan investments	(3,467,991)	-	3,467,991	-
Current year amortization	-	(363,561)	(693,599)	330,038
Benefit Payments	(2,848,216)	-	-	2,848,216
Administrative Expenses	(41,210)	-	-	41,210
Net change	<u>(1,235,258)</u>	<u>(363,561)</u>	<u>816,498</u>	<u>55,199</u>
Ending Balance	<u>\$ 12,163,315</u>	<u>\$ 1,365,966</u>	<u>TBD</u>	<u>\$ 1,922,184</u>

\* Employer Contributions subsequent to the measurement date made after September 30, 2015 but made on or before September 30, 2016 needs to be added.