

CITY OF HOLLY HILL  
POLICE OFFICERS' RETIREMENT TRUST FUND

ACTUARIAL VALUATION  
AS OF OCTOBER 1, 2014

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

December 23, 2014

Board of Trustees  
City of Holly Hill  
Police Officers' Pension Board  
1065 Ridgewood Avenue  
Holly Hill, FL 32117

Re: Holly Hill Police Officers' Retirement Trust Fund

Dear Board:

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

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

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by the City of Holly Hill 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 Holly Hill, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the City of Holly Hill Police Officers' Retirement Trust Fund. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

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

Respectfully submitted,

Foster & Foster, Inc.



By: \_\_\_\_\_

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

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Enclosures

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## SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Holly Hill Police Officers' Retirement Trust Fund, performed as of October 1, 2014, has been completed and the results are presented in this Report. The contribution amounts set forth herein are applicable to the plan/fiscal year ended September 30, 2016.

The contribution requirements, compared with those 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	695,364	641,027
Member Contributions (Est.)	73,485	76,516
Required City and State Cont.	<b>621,879</b>	<b>564,511</b>
Applicable State Contribution <sup>1</sup>	95,509	95,509
Balance from City <sup>1</sup>	526,370	469,002


<sup>1</sup> The City may use up to \$224,193 in State Monies, if received, in determining their bottom line requirement.


During the past 12 months, actuarial experience has been more favorable than expected on the basis of the actuarial assumptions. The primary components of favorable experience included a 9.06% investment return (Actuarial Asset basis) that was greater than the 7.50% assumption, higher than expected turnover, and higher than expected inactive mortality. These gains were partially offset by average increases in Pensionable Earnings that were higher than the assumed rate. As defined in Florida Statutes, the payroll growth assumption was decreased from 2.32% to 1.32% based on the actual 10-year average which caused an increase in the funding requirements.

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, ASA, EA, MAAA

  
By: \_\_\_\_\_  
Heidi E. Andorfer, FSA, EA

## CHANGES SINCE PRIOR VALUATION

### Plan Changes

There have been no plan changes since the prior valuation.

### Actuarial Assumption/Method Changes

The payroll growth assumption utilized in amortizing the Unfunded Actuarial Accrued Liability is limited to the historical 10-year average increase in pensionable payroll. Last year 2.32% was used and this year 1.32% was used.

## COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	<u>10/1/2014</u>	<u>10/1/2013</u>
A. Participant Data		
Number Included		
Actives	23	24
Service Retirees	14	13
DROP Retirees	0	1
Beneficiaries	1	2
Terminated Vested	7	5
Disability Retirees	<u>2</u>	<u>2</u>
Total	47	47
Total Annual Payroll	\$1,090,976	\$1,125,038
Payroll Under Assumed Ret. Age	1,090,976	1,125,038
Annual Rate of Payments to:		
Service Retirees	591,030	505,629
DROP Plan Members	0	72,128
Beneficiaries	14,283	53,391
Terminated Vested	62,860	43,288
Disability Retirees	20,698	20,698
B. Assets		
Actuarial Value <sup>1</sup>	8,362,160	7,919,142
Market Value <sup>1</sup>	8,756,934	8,419,236
C. Liabilities		
Present Value of Benefits		
Active Members		
Retirement Benefits	3,673,581	3,690,028
Disability Benefits	32,633	40,248
Death Benefits	27,341	40,008
Vested Benefits	539,256	585,669
Refund of Contributions	82,581	54,534
Service Retirees	7,205,876	6,033,084
DROP Plan Members <sup>1</sup>	0	1,419,347
Beneficiaries	129,257	371,989
Terminated Vested	392,916	265,369
Disability Retirees	151,829	157,179
Excess State Monies Reserve	<u>0</u>	<u>0</u>
Total	12,235,270	12,657,455



C. Liabilities - (Continued)	<u>10/1/2014</u>	<u>10/1/2013</u>
Present Value of Future Salaries	6,375,583	7,226,547
Present Value of Future Member Contributions	406,595	429,209
EAN Normal Cost (Retirement)	152,200	178,975
EAN Normal Cost (Disability)	3,666	4,387
EAN Normal Cost (Death)	2,778	4,043
EAN Normal Cost (Vesting)	35,929	38,855
EAN Normal Cost (Refunds)	<u>13,804</u>	<u>10,184</u>
Total Normal Cost (Entry Age Method)	208,377	236,444
Present Value of Future Normal Costs (Entry Age)	1,227,711	1,520,307
Accrued Liability (Retirement)	2,779,377	2,518,462
Accrued Liability (Disability)	11,200	12,733
Accrued Liability (Death)	11,842	18,336
Accrued Liability (Vesting)	311,741	330,485
Accrued Liability (Refunds)	13,521	10,164
Accrued Liability (Inactives) <sup>1</sup>	7,879,878	8,246,968
Excess State Monies Reserve	<u>0</u>	<u>0</u>
Total Actuarial Accrued Liability	11,007,559	11,137,148
Unfunded Actuarial Accrued Liability (UAAL)	2,645,399	3,218,006
D. Actuarial Present Value of Accrued Benefits		
Vested Accrued Benefits		
Inactives <sup>1</sup>	7,879,878	8,246,968
Actives	1,570,788	1,276,852
Member Contributions	<u>434,396</u>	<u>456,050</u>
Total	9,885,062	9,979,870
Non-vested Accrued Benefits	<u>244,372</u>	<u>310,639</u>
Total Present Value Accrued Benefits	10,129,434	10,290,509
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
New Accrued Benefits	146,320	
Benefits Paid	(1,040,177)	
Interest	732,782	
Other	<u>0</u>	
Total:	(161,075)	

Valuation Date	10/1/2014	10/1/2013
Applicable to Fiscal Year Ending	<u>9/30/2016</u>	<u>9/30/2015</u>

## E. Pension Cost

Normal Cost (with interest) <sup>2</sup> % of Total Annual Payroll	\$229,163	\$260,029
Administrative Expenses (with interest) <sup>2</sup> % of Total Annual Payroll	\$24,146	\$16,936
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 24 years <sup>2</sup> (as of 10/1/2014) % of Total Annual Payroll	\$387,718	\$418,399
Total Required Contribution % of Total Annual Payroll	\$641,027	\$695,364
Expected Member Contributions <sup>2</sup> % of Total Annual Payroll	\$76,516	\$73,485
Expected City & State Contribution % of Total Annual Payroll	\$564,511	\$621,879

## F. Past Contributions

Plan Years Ending:	<u>9/30/2014</u>
Total Required Contribution	797,581
City and State Requirement	732,247
Actual Contributions Made:	
Members	67,173
City	636,738
State	<u>95,509</u>
Total	799,420

G. Net Actuarial Gain (Loss)	255,469
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<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 and 10/1/2013 displayed above have been adjusted to account for assumed salary increases and interest components.

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

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2014	2,645,399
2015	2,464,810
2016	2,265,676
2019	1,663,386
2024	1,126,006
2034	168,656
2038	0

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2014	8.69%	6.00%
Year Ended	9/30/2013	4.18%	6.00%
Year Ended	9/30/2012	3.07%	6.00%

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


		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2014	9.06%	7.50%
Year Ended	9/30/2013	9.39%	7.50%
Year Ended	9/30/2012	8.57%	7.50%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2014	\$1,090,976
	10/1/2004	956,694
(b) Total Increase		14.04%
(c) Number of Years		10.00
(d) Average Annual Rate		1.32%

## 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.

 12/23/14  
Patrick T. Donlan, EA, ASA, MAAA  
Enrolled Actuary #14-6595

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

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

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

## RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

(1)	Unfunded Actuarial Accrued Liability as of October 1, 2013	\$3,218,006
(2)	Sponsor Normal Cost developed as of October 1, 2013	169,624
(3)	Expected administrative expenses for the year ended September 30, 2014	15,400
(4)	Expected interest on (1), (2) and (3)	254,650
(5)	Sponsor contributions to the System during the year ended September 30, 2014	732,247
(6)	Expected interest on (5)	24,565
(7)	Expected Unfunded Actuarial Accrued Liability as of September 30, 2014 (1)+(2)+(3)+(4)-(5)-(6)	2,900,868
(8)	Unfunded Accrued Liability as of October 1, 2014	2,645,399
(9)	Change to UAAL due to Actuarial (Gain)/Loss	(255,469)

	<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>
Method Change	10/1/2002	14	\$499,719	\$50,984
Loss Portion <sup>1</sup>	10/1/2002	14	499,719	50,984
Actuarial Gain	10/1/2003	14	(368,472)	(37,594)
Actuarial Loss	10/1/2004	14	1,268,875	129,458
Actuarial Gain	10/1/2005	14	(74,354)	(7,586)
Actuarial Loss	10/1/2006	14	54,418	5,552
Benefit Change	10/1/2006	22	36,736	2,900
Assumption Change	10/1/2007	23	878,491	67,899
Actuarial Loss	10/1/2007	14	4,911	501
Actuarial Loss	10/1/2008	4	393,451	107,263
Method Change	10/1/2008	14	225,180	22,974
Benefit Change	10/1/2008	24	(245,095)	(18,576)
Actuarial Loss	10/1/2009	5	131,533	29,510
Actuarial Loss	10/1/2010	6	145,805	28,034
Actuarial Loss	10/1/2011	7	220,063	37,286
Actuarial Gain	10/1/2012	8	(129,059)	(19,666)
Software Change	10/1/2013	19	(457,282)	(38,927)
Actuarial Gain	10/1/2013	9	(183,771)	(25,576)
Actuarial Gain	10/1/2014	10	(255,469)	(32,869)
			2,645,399	352,551

<sup>1</sup> Estimated portion of original base attributable to prior accumulated actuarial losses.

## DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1)	Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2013	\$3,218,006
(2)	Expected UAAL as of October 1, 2014	2,900,868
(3)	Summary of Actuarial (Gain)/Loss, by component:	
	Investment Return (Actuarial Asset Basis)	(121,648)
	Salary Increases	73,635
	Active Decrements	(84,056)
	Inactive Mortality	(187,529)
	Other	<u>64,129</u>
	Increase in UAAL due to (Gain)/Loss	(255,469)
(4)	Actual UAAL as of October 1, 2014	\$2,645,399

## ACTUARIAL ASSUMPTIONS AND METHODS

<u>Mortality Rate</u>	RP-2000 Table with no projection – Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements. (Disabled lives set forward 5 years).
<u>Interest Rate</u>	7.50% per year compounded annually, net of investment related expenses.
<u>Retirement Age</u>	Earlier of age 55 and 6 years of service (10 years of service if hired after July 1, 2011), or the completion of 20 years of service, regardless of age. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year.
<u>Early Retirement</u>	Commencing with eligibility for Early Retirement Age (age 50 with 6 years of Service (10 years of service if hired after July 1, 2011)), members are assumed to retire with an immediate subsidized benefit at the rate of 5.00% per year.
<u>Disability Rate</u>	See table below (1201), 75% of disablements are assumed to be service related.
<u>Termination Rate</u>	See table below (1305).
<u>Salary Increases</u>	6.00% per year until the assumed retirement age; see table below. Projected salary at retirement is increased 40% to account for non-regular compensation.
<u>Payroll Increase</u>	Up to 5.00% per year (1.32% for 10/1/2014 Val).
<u>Cost of Living Adjustments</u>	2.00% per year for all retirees who retired after September 30, 2006 commencing 5 years after retirement (including disability retirees & beneficiaries of retirees).
<u>Administrative Expenses</u>	\$21,956 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 50</u>
20	17.2%	0.03%	17.4%
30	15.0	0.04	31.2
40	8.2	0.07	55.8
50	1.7	0.18	100.0



## VALUATION NOTES

Total Annual Payroll is the 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.

Individual Entry Age Normal Actuarial Cost Method (Level Percent of Compensation) is the method used to determine required contributions under the Plan. The use of this method involves the systematic funding of the Normal Cost (described above) and the Unfunded Accrued (Past Service) Liability. The actuarial accrued liability for active participants is the difference between the present value of future benefits and the present value of future Normal Costs. The actuarial accrued liability for inactive participants is the present value of future benefits.

## PARTIAL HISTORY OF PREMIUM TAX REFUNDS

<u>Received During Fiscal Year</u>	<u>Amount</u>	<u>Increase from Previous Year</u>
1992	40,235.97	____%
1993	42,044.77	4.5%
1994	43,894.29	4.4%
1995	48,205.39	9.8%
1996	47,682.87	-1.1%
1997	51,189.90	7.4%
1998	51,838.81	1.3%
1999	48,759.83	-5.9%
2000	45,177.19	-7.3%
2001	45,612.78	1.0%
2002	51,038.21	11.9%
2003	60,740.83	19.0%
2004	71,624.61	17.9%
2005	74,699.30	4.3%
2006	74,699.30	0.0%
2007	74,699.30	0.0%
2008	0.00	-100.0%
2009	150,819.27	N/A
2010	69,797.43	-53.7%
2011	64,309.42	-7.9%
2012	61,153.14	-4.9%
2013	59,865.22	-2.1%
2014	95,509.46	59.5%

## EXCESS STATE MONIES RESERVE

	<u>Actual State Contribution</u>	<u>Applicable "Frozen" Amount</u>	<u>Excess State Monies Reserve</u>
1998	\$51,838.81	\$51,838.81	\$0.00
1999	48,759.83	51,838.81	0.00
2000	45,177.19	107,245.81	0.00
2001	45,612.78	108,155.81	0.00
2002	51,038.21	108,155.81	0.00
2003	60,740.83	108,155.81	0.00
2004	71,624.61	108,155.81	0.00
2005	74,699.30	108,155.81	0.00
2006	74,699.30	250,591.81	0.00
2007	74,699.30	250,591.81	0.00
2008	0.00	250,591.81	0.00
2009	150,819.27	250,591.81	0.00
2010	69,797.43	224,192.81	0.00
2011	64,309.42	224,192.81	0.00
2012	61,153.14	224,192.81	0.00
2013	59,865.22	224,192.81	0.00
2014	95,509.46	224,192.81	<u>0.00</u>
Total State Monies Reserve			\$0.00

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	0.70%	
09/30/2012	16.87%	
09/30/2013	12.03%	
09/30/2014	7.30%	
Annualized Rate of Return for prior four (4) years:		9.06%
(A) 10/01/2013 Actuarial Assets:		\$7,919,141.62
(I) Net Investment Income:		
1. Interest and Dividends	183,610.67	
2. Realized Gains (Losses)	507,327.04	
3. Change in Actuarial Value	94,874.61	
4. Investment Related Expenses	(80,080.84)	
Total		705,731.48
(B) 10/01/2014 Actuarial Assets:		\$8,362,160.43
Actuarial Asset Rate of Return = $2I/(A+B-I)$ :		9.06%
10/01/2014 Limited Actuarial Assets:		\$8,362,160.43

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

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

REVENUES

Contributions:		
Member	67,172.56	
City	636,737.50	
State	95,509.46	
Total Contributions		799,419.52
Earnings from Investments:		
Interest & Dividends	183,610.67	
Net Realized Gain (Loss)	507,327.04	
Change in Actuarial Value	94,874.61	
Total Earnings and Investment Gains		785,812.32

EXPENDITURES

Distributions to Members:		
Benefit Payments	596,484.36	
Lump Sum DROP Distributions	404,698.06	
Refunds of Member Contributions	38,994.27	
Total Distributions		1,040,176.69
Expenses:		
Investment Related <sup>1</sup>	80,080.84	
Administrative	21,955.50	
Total Expenses		102,036.34
Change in Net Assets for the Year		443,018.81
Net Assets Beginning of the Year		7,919,141.62
Net Assets End of the Year <sup>2</sup>		8,362,160.43

<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	344,219.51
Plus Additions	38,909.45
Investment Return Earned	21,569.10
Less Distributions	(404,698.06)
09/30/2014 Balance	0.00

## STATISTICAL DATA \*

	<u>10/1/2011</u>	<u>10/1/2012</u>	<u>10/1/2013</u>	<u>10/1/2014</u>
Number	25	24	24	23
Average Current Age	37.4	37.9	38.8	36.6
Average Age at Employment	31.3	31.2	31.6	30.6
Average Past Service	6.1	6.7	7.2	6.0
Average Annual Salary	\$42,419	\$43,401	\$46,877	\$47,434

\* 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	3	0	0	0	0	0	0	0	0	0	0	3
25 - 29	1	0	1	1	0	0	0	0	0	0	0	3
30 - 34	2	0	0	1	0	1	0	0	0	0	0	4
35 - 39	0	0	0	0	0	2	1	0	0	0	0	3
40 - 44	0	1	0	1	0	2	2	0	0	0	0	6
45 - 49	1	0	0	0	0	0	0	0	1	0	0	2
50 - 54	0	0	0	0	0	0	0	1	0	0	0	1
55 - 59	0	0	0	0	0	1	0	0	0	0	0	1
60 - 64	0	0	0	0	0	0	0	0	0	0	0	0
65+	0	0	0	0	0	0	0	0	0	0	0	0
Total	7	1	1	3	0	6	3	1	1	0	0	23



## VALUATION PARTICIPANT RECONCILIATION

## 1. Active lives

a. Number in prior valuation 10/1/2013	24
b. Terminations	
i. Vested (partial or full) with deferred benefits	2
ii. Non-vested or full lump sum distribution received	6
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	0
f. DROP	0
g. Voluntary withdrawal	0
h. Continuing participants	16
i. New entrants	7
j. Total active life participants in valuation	23

## 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 Deferred	Total
a. Number prior valuation	13	1	2	2	5	23
Retired	0	0	0	0	0	0
DROP	1	(1)	0	0	0	0
Vested Deferred	0	0	0	0	2	2
Death, With Survivor	0	0	0	0	0	0
Death, No Survivor	0	0	(1)	0	0	(1)
Disabled	0	0	0	0	0	0
Refund of Contributions	0	0	0	0	0	0
Rehires	0	0	0	0	0	0
Data Corrections	0	0	0	0	0	0
d. Number current valuation	14	0	1	2	7	24

SUMMARY OF CURRENT PLAN  
(Through Ordinance No. 2945)

<u>Latest Amendment Date</u>	November 12, 2013.
<u>Eligibility</u>	Full-time employees who are classified as full-time sworn police officers shall participate in the System as a condition of employment.
<u>Credited Service</u>	Total years and fractional parts of years of continuous employment with the City as a Police Officer.
<u>Earnings</u>	Total W-2 Earnings plus all tax deferred or tax exempt items of income. Additional 10.6% of Earnings included for calculating AFC if employed prior to 10/1/1999.
<u>Average Final Compensation (AFC)</u>	Average Earnings for the highest 5 years during the 10 years immediately preceding retirement or termination.
<u>Member Contributions</u>	5.00% of Earnings, 8.00% if hired on or after July 1, 2011.
<u>Member Contributions by City</u>	8.00% of Earnings prior to October 1, 2005; 0.00% thereafter. Members hired on or after 10/1/1999 vest in these contributions 16.66% for each complete year of Credited Service to 100% after 6 years of Credited Service. Members hired before 10/1/1999 are 100% vested in these contributions.
<u>City and State Contributions</u>	Remaining amount necessary to pay current costs and amortize past service cost if any, over 30 years.
<u>Normal Retirement</u>	
Date	Earlier of Age 55 and 6 years of Credited Service or 20 years of Credited Service. For Members hired on or after July 1, 2011, the Earlier of age 55 and 10 years of Credited Service or 20 years of credited service regardless of age.
Benefit	3.00% of Average Final Compensation times Credited Service. Members retiring after 10/1/1999 receive \$150 per month, payable for life.
Form of Benefit	Ten Year Certain and Life Annuity (options available).

Early Retirement

Eligibility Age 50 and 6 Years of Credited Service. For Members hired on or after July 1, 2011, age 55 and 10 Years of Credited Service.

Benefit Accrued benefit, reduced 3% per year.

Cost of Living Adjustment

Annual 2.00% increase commencing 5 years after retirement for those Members who retire on or after October 6, 2009 (including disability retirees and beneficiaries, but not including those who terminate prior to reaching their Early or Normal Retirement Date and later begin drawing benefits).

Vesting

Schedule 100% after 6 years of Credited Service. For Members hired on or after July 1, 2011, 100% after 10 years of Credited Service.

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

Disability

Eligibility Service Incurred: Covered from date of employment.  
Non-Service Incurred: 10 years of Credited Service.

Benefit Benefit accrued to date of disability but not less than 42% of Average Final Compensation (Service Incurred), or 25% of Average Final Compensation (Non-Service Incurred).

Duration Payable for life (with 120 months guaranteed) or until recovery (as determined by the Board). Options are available.

Death Benefits

Pre-Retirement Vested: Monthly accrued benefit payable to designated beneficiary for 10 years.  
Non-vested: Refund of accumulated contributions without interest.

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

Board of Trustees

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

Deferred Retirement Option Plan

Eligibility

Eligibility for Normal Retirement.

Participation

Not to exceed 60 months.

Rate of Return

Actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs).

Form of Distribution

Lump sum at termination of employment.

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

ANNUAL PENSION COSTS AND RELATED INFORMATION

Contribution rates as of 9/30/2014

City & State	N/A
Plan Members	5.70%

Annual Pension Cost 733,625

Contributions made 732,247

Actuarial valuation date 10/1/2012

Actuarial cost method Entry Age Normal

Amortization method Level Percent of Pay, Closed

Remaining amortization period 26 Years (as of 10/1/2012)

Asset valuation method 4 Year Smoothed Market

Actuarial assumptions:

Investment rate of return	7.50%
Projected salary increase*	6.00%
* 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	733,625	100%	(24,178)
9/30/2013	716,547	100%	(25,556)
9/30/2012	669,099	100%	(26,905)

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

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

DEVELOPMENT OF NET PENSION OBLIGATION (NPO)

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

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

	<u>9/30/2011</u>	<u>9/30/2012</u>	<u>9/30/2013</u>	<u>9/30/2014</u>
Actuarially Determined				
Contribution (A)		667,847	715,194	732,247
Interest on NPO		(2,112)	(2,018)	(1,917)
Adjustment to (A)		3,364	3,371	3,295
		-----	-----	-----
Annual Pension Cost		669,099	716,547	733,625
Contributions Made		667,847	715,198	732,247
		-----	-----	-----
Increase in NPO		1,252	1,349	1,378
NPO Beginning of Year		(28,157)	(26,905)	(25,556)
		-----	-----	-----
NPO End of Year	(28,157)	(26,905)	(25,556)	(24,178)

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

STATEMENT OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2014

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Short Term Investments	51,643.45
Money Market	416,800.02
Cash	2,003.22
Total Cash and Equivalents	470,446.69
Receivables:	
City Contributions in Transit	132,451.00
From Broker for Investments Sold	4,184.27
Investment Income	27,567.23
Total Receivable	164,202.50
Investments:	
U. S. Bonds and Bills	1,223,111.95
Federal Agency Guaranteed Securities	223,145.93
Corporate Bonds	929,936.14
Equities	5,751,715.21
Total Investments	8,127,909.23
Total Assets	8,762,558.42
<u>LIABILITIES</u>	
Payables:	
To Broker for Investments Purchased	5,624.06
Total Liabilities	5,624.06
NET POSITION RESTRICTED FOR PENSIONS	8,756,934.36

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

ADDITIONS

Contributions:

Member	67,172.56	
City	636,737.50	
State	95,509.46	
Total Contributions		799,419.52
Investment Income:		
Net Increase in Fair Value of Investments	496,881.25	
Interest & Dividends	183,610.67	
Less Investment Expense <sup>1</sup>	(80,080.84)	
Net Investment Income		600,411.08
Total Additions		1,399,830.60

DEDUCTIONS

Distributions to Members:

Benefit Payments	596,484.36	
Lump Sum DROP Distributions	404,698.06	
Refunds of Member Contributions	38,994.27	
Total Distributions		1,040,176.69
Administrative Expense		21,955.50
Total Deductions		1,062,132.19
Net Increase in Net Position		337,698.41
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		8,419,235.95
End of the Year		8,756,934.36

<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 of the Department elected by the membership, and
- c. Fifth Member elected by other 4 and appointed by Commission.

*Plan Membership as of October 1, 2013:*

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	18
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	5
Active Plan Members	24
	<u>47</u>

*Benefits Provided*

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

Normal Retirement:

Date: Earlier of Age 55 and 6 years of Credited Service or 20 years of Credited Service. For Members hired on or after July 1, 2011 the Earlier of age 55 and 10 years of Credited Service or 20 years of credited service regardless of age.

Benefit: 3.0% of Average Final Compensation times Credited Service. Members retiring after 10/1/1999, receive \$150 per month, payable for life.

Early Retirement:

Eligibility: Age 50 and 6 Years of Credited Service. For Members hired on or after July 1, 2011 Age 55 and 10 Years of Credited Service.

Benefit: Accrued benefit, reduced 3% per year.

Vesting:

Schedule: 100% after 6 years of Credited Service. For Members hired on or after July 1, 2011 100% after 10 years of Credited Service.

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

Disability:

Eligibility: Service Incurred: Covered from date of employment. Non-Service Incurred: 10 years of Credited Service.

Benefit: Benefit accrued to date of disability but not less than 42% of Average Final Compensation (Service Incurred), or 25% of Average Final Compensation (Non-Service Incurred).

Pre-Retirement Death Benefits:

Vested: Monthly accrued benefit payable to designated beneficiary for 10 years. Non-vested: Refund of accumulated contributions without interest.

Cost of Living Adjustment:

Annual 2.0% increase commencing 5 years after retirement for those Members who retire on or after October 6, 2009 (including disability retirees and beneficiaries, but not including those who terminate prior to reaching their Early or Normal Retirement Date and later begin drawing benefits).

*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	60.00%
International Equity	10.00%
<u>Fixed Income</u>	<u>30.00%</u>
<u>Total</u>	<u><u>100.00%</u></u>

### *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 7.3 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: Eligibility for Normal Retirement.

Participation: Not to Exceed 60 Months.

Rate of Return: Actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs).

The DROP balance as September 30, 2014 is \$0.

## 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	\$ 11,090,483
Plan Fiduciary Net Position	\$ (8,756,934)
Sponsor's Net Pension Liability	<u>\$ 2,333,549</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	78.96%

### *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	6.00%
Investment Rate of Return	7.50%

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

The actuarial assumptions used in the October 1, 2013 valuation were based on the results of an actuarial experience study for the period 1988-2007.

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:

Asset Class	Long Term Expected Real Rate of Return
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 7.50 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 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Sponsor's Net Pension Liability	\$ 3,641,071	\$ 2,333,549	\$ 1,242,747

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

	<u>09/30/2014</u>
Total Pension Liability	
Service Cost	249,756
Interest	810,040
Change in Excess State Money	-
Share Plan Allocation	-
Changes of Benefit Terms	
Differences Between Expected and Actual Experience	-
Changes of Assumptions	-
Benefit Payments, Including Refunds of Employee Contributions	(1,040,177)
Net Change in Total Pension Liability	19,619
Total Pension Liability - Beginning	11,070,864
Total Pension Liability - Ending (a)	<u>\$ 11,090,483</u>
Plan Fiduciary Net Position	
Contributions - Employer	636,738
Contributions - State	95,509
Contributions - Employee	67,173
Net Investment Income	600,411
Benefit Payments, Including Refunds of Employee Contributions	(1,040,177)
Administrative Expense	(21,956)
Other	-
Net Change in Plan Fiduciary Net Position	337,698
Plan Fiduciary Net Position - Beginning	8,419,236
Plan Fiduciary Net Position - Ending (b)	<u>\$ 8,756,934</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 2,333,549</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.96%
Covered Employee Payroll	\$ 1,135,179
Net Pension Liability as a Percentage of covered Employee Payroll	205.57%

SCHEDULE OF CONTRIBUTIONS  
Last 10 Fiscal Years

	09/30/2014
Actuarially Determined Contribution Contributions in Relation to the Actuarially Determined Contributions	732,247
Contribution Deficiency (Excess)	732,247
	\$ -
Covered Employee Payroll	\$ 1,135,179
Contributions as a Percentage of Covered Employee Payroll	64.50%

Notes to Schedule

Valuation Date: 10/01/2012

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

Methods and assumptions used to determine contribution rates:

Funding Method:	Entry Age Normal Actuarial Cost Method.
Amortization Method:	Level Percentage of Pay, Closed.
Remaining Amortization Period:	26 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:	6.0% per year until the assumed retirement age. Projected salary at retirement is increased 40% to account for non-regular compensation.
Interest Rate:	7.5% per year compounded annually, net of investment related expenses.
Payroll Increase:	Up to 5.0% per year (1.27% for 10/1/12 Valuation).
Cost-of-Living Adjustments	2.0% per year for all retirees who retired after September 30, 2006 commencing 5 years after retirement (including disability retirees & beneficiaries of retirees).
Retirement Age:	Earlier of age 55 and 6 years of service, or the completion of 20 years of service, regardless of age. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year.
Early Retirement:	Commencing with eligibility for Early Retirement Age (age 50 with 6 years of Service), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.

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

<u>Age</u>	<u>% Terminating During the Year</u>	<u>% Becoming Disabled During the Year</u>
20	17.2%	0.03%
30	15.0%	0.04%
40	8.2%	0.07%
50	1.7%	0.18%



SCHEDULE OF INVESTMENT RETURNS  
Last 10 Fiscal Years

	<u>09/30/2014</u>
Annual Money-Weighted Rate of Return	
Net of Investment Expense	7.30%

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

General Information about the Pension Plan

*Plan Description*

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

Board of Trustees:

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

*Plan Membership as of October 1, 2013:*

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	18
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	5
Active Plan Members	24
	47
	47

*Benefits Provided*

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

Normal Retirement:

Date: Earlier of Age 55 and 6 years of Credited Service or 20 years of Credited Service. For Members hired on or after July 1, 2011 the Earlier of age 55 and 10 years of Credited Service or 20 years of credited service regardless of age.

Benefit: 3.0% of Average Final Compensation times Credited Service. Members retiring after 10/1/1999, receive \$150 per month, payable for life.

Early Retirement:

Eligibility: Age 50 and 6 Years of Credited Service. For Members hired on or after July 1, 2011 Age 55 and 10 Years of Credited Service.

Benefit: Accrued benefit, reduced 3% per year.

Vesting:

Schedule: 100% after 6 years of Credited Service. For Members hired on or after July 1, 2011 100% after 10 years of Credited Service.

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

Disability:

Eligibility: Service Incurred: Covered from date of employment. Non-Service Incurred: 10 years of Credited Service.

Benefit: Benefit accrued to date of disability but not less than 42% of Average Final Compensation (Service Incurred), or 25% of Average Final Compensation (Non-Service Incurred).

Pre-Retirement Death Benefits:

Vested: Monthly accrued benefit payable to designated beneficiary for 10 years. Non-vested: Refund of accumulated contributions without interest.

Cost of Living Adjustment:

Annual 2.0% increase commencing 5 years after retirement for those Members who retire on or after October 6, 2009 (including disability retirees and beneficiaries, but not including those who terminate prior to reaching their Early or Normal Retirement Date and later begin drawing benefits).

*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	6.00%
Investment Rate of Return	7.50%

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

The actuarial assumptions used in the October 1, 2013 valuation were based on the results of an actuarial experience study for the period 1988-2007.

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	60.00%	7.80%
International Equity	10.00%	7.70%
Fixed Income	30.00%	2.30%
Total	100.00%	

### Discount Rate:

The discount rate used to measure the total pension liability was 7.50 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 (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at September 30, 2013	\$ 11,070,864	\$ 8,419,236	\$ 2,651,628
Changes for a Year:			
Service Cost	249,756		249,756
Interest	810,040		810,040
Change In Excess State Money	-		-
Share Plan Allocation	-		-
Differences Between Expected and Actual Experience	-		-
Contributions - Employer		636,738	(636,738)
Contributions -State		95,509	(95,509)
Contributions - Employee		67,173	(67,173)
Net Investment Income		600,411	(600,411)
Benefit Payments, Including Refunds of Employee Contributions	(1,040,177)	(1,040,177)	-
Administrative Expense		(21,956)	21,956
Other Changes	-	-	-
New Changes	19,619	337,698	(318,079)
Balances at September 30, 2014	\$ 11,090,483	\$ 8,756,934	\$ 2,333,549

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

	Current Discount		
	1% Decrease 6.50%	Rate 7.50%	1% Increase 8.50%
Sponsor's Net Pension Liability	\$ 3,641,071	\$ 2,333,549	\$ 1,242,747

*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 \$301,714. On September 30, 2015 the Sponsor reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	-	-
Changes of Assumptions	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	16,944	-
Total	<u>\$ 16,944</u>	<u>\$ -</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	\$ 4,236
2017	\$ 4,236
2018	\$ 4,236
2019	\$ 4,236
2020	\$ -
Thereafter	\$ -

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

	<u>09/30/2014</u>
Total Pension Liability	
Service Cost	249,756
Interest	810,040
Change in Excess State Money	-
Share Plan Allocation	-
Changes of Benefit Terms	
Differences Between Expected and Actual Experience	-
Changes of Assumptions	-
Benefit Payments, Including Refunds of Employee Contributions	(1,040,177)
Net Change in Total Pension Liability	19,619
Total Pension Liability - Beginning	11,070,864
Total Pension Liability - Ending (a)	<u>\$ 11,090,483</u>
Plan Fiduciary Net Position	
Contributions - Employer	636,738
Contributions- State	95,509
Contributions - Employee	67,173
Net Investment Income	600,411
Benefit Payments, Including Refunds of Employee Contributions	(1,040,177)
Administrative Expense	(21,956)
Other	-
Net Change in Plan Fiduciary Net Position	337,698
Plan Fiduciary Net Position - Beginning	8,419,236
Plan Fiduciary Net Position - Ending (b)	<u>\$ 8,756,934</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 2,333,549</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.96%
Covered Employee Payroll	\$ 1,135,179
Net Pension Liability as a Percentage of covered Employee Payroll	205.57%

**SCHEDULE OF CONTRIBUTIONS**  
Last 10 Fiscal Years

	<u>09/30/2014</u>
Actuarially Determined Contribution	732,247
Contributions in Relation to the	
Actuarially Determined Contributions	<u>732,247</u>
Contribution Deficiency (Excess)	<u>\$ -</u>
 Covered Employee Payroll	 \$ 1,135,179
Contributions as a Percentage of	
Covered Employee Payroll	64.50%

Notes to Schedule

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

Methods and assumptions used to determine contribution rates:

Funding Method:	Entry Age Normal Actuarial Cost Method.
Amortization Method:	Level Percentage of Pay, Closed.
Remaining Amortization Period:	26 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:	6.0% per year until the assumed retirement age. Projected salary at retirement is increased 40% to account for non-regular compensation.
Interest Rate:	7.5% per year compounded annually, net of investment related expenses.
Payroll Increase:	Up to 5.0% per year (1.27% for 10/1/12 Valuation).
Cost-of-Living Adjustments	2.0% per year for all retirees who retired after September 30, 2006 commencing 5 years after retirement (including disability retirees & beneficiaries of retirees).
Retirement Age:	Earlier of age 55 and 6 years of service, or the completion of 20 years of service, regardless of age. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year.
Early Retirement:	Commencing with eligibility for Early Retirement Age (age 50 with 6 years of Service), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.



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

<u>Age</u>	<u>% Terminating During the Year</u>	<u>% Becoming Disabled During the</u>
20	17.2%	0.03%
30	15.0%	0.04%
40	8.2%	0.07%
50	1.7%	0.18%

COMPONENTS OF PENSION EXPENSE  
FISCAL YEAR SEPTEMBER 30, 2015

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	2,651,628	-	636,738	
Total pension liability factors:				
Service cost	249,756			249,756
Interest	810,040			810,040
Change in Excess State Money	-			-
Share Plan Allocation	-			-
Changes in benefit terms	-			-
Differences between expected and actual experience with regard to economic or demographic assumptions	-	-	-	
Current year amortization		-	-	-
Changes in assumptions about future economic or demographic factors or other inputs	-	-	-	
Current year amortization		-	-	-
Benefit payments	(1,040,177)			(1,040,177)
Net change	19,619	-	-	19,619
Plan fiduciary net position:				
Contributions - employer	636,738		(636,738)	
Contributions - state	95,509			(95,509)
Contributions - employee	67,173			(67,173)
Net investment income	621,591			(621,591)
Difference between projected and actual earnings on pension plan investments	(21,180)	-	21,180	
Current year amortization		-	(4,236)	4,236
Benefit payments	(1,040,177)			1,040,177
Administrative expenses	(21,956)			21,956
Other	-			-
Net change	337,698	-	(619,794)	282,095
Ending Balance	2,333,549	-	16,944	301,714