

CITY OF PALATKA
POLICE OFFICERS' RETIREMENT PLAN

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2014

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



March 9, 2015

Ms. Ruby Williams, Administrator
City of Palatka Police
Officers' Retirement Plan
201 North 2nd Street
Palatka, FL 32177

Re: City of Palatka Police Officers' Retirement Plan Actuarial Reports

Dear Ruby:

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

The valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board, and reflects laws and regulations issued to date pursuant to the provisions of 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 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 Palatka, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the Police Officers' Retirement Plan. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

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

Respectfully submitted,

Foster & Foster, Inc.

By:



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

PTD/lke

Enclosures

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SUMMARY OF REPORT

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

The contribution requirements, compared with those developed in the October 1, 2013 actuarial valuation report, are as follows:

Valuation Date Applicable Plan/Fiscal Year End	10/1/2013 <u>9/30/2015</u>	10/1/2014 <u>9/30/2016</u>
Total Required Contribution % of Total Annual Payroll	24.4%	22.4%
Member Contributions (Est.) % of Total Annual Payroll	6.0%	6.0%
City and State Required Contribution % of Total Annual Payroll	18.4%	16.4%
State Contribution* % of Total Annual Payroll	66,189 4.1%	66,189 4.1%
Balance from City * % of Total Annual Payroll	14.3%	12.3%

* For budgeting purposes, the City and State requirement for the fiscal year ending September 30, 2015 is 18.4% of the actual non-DROP payroll realized during that year. The precise City requirement for the year is this amount, less actual State Contributions. The City and State requirement for the fiscal year ending September 30, 2016 will be 16.4% of the actual non-DROP payroll realized during that fiscal year. Please also note that the City has a prepaid contribution of \$6,734.44 (see page 23) that is available to help offset their requirement for fiscal 2015.

During the past year, there was a net actuarial gain. The primary components of gain included an 8.7% investment return (Actuarial Asset Basis) that exceeded the 8.0% assumption, larger than expected turnover and lower than expected retirements. These gains were partially offset by the effect of average increases in pensionable compensation that exceeded the 5.5% assumption and lower than expected retiree mortality. For more detail on the sources of gain, see page 14.

Because the new benefit accrual rate calculated based upon State Monies was less than 0.02% different than the prior accrual rate, no change needs to be made as of October 1, 2015.

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: 
Drew D. Ballard, EA, MAAA

By: 
Patrick T. Donlan, ASA, MAAA

PLAN CHANGES SINCE PRIOR VALUATION

There have been no plan changes since the prior valuation.

ACTUARIAL ASSUMPTION/METHOD CHANGES SINCE PRIOR VALUATION

There have been no changes in the Plan assumptions or methods since the prior valuation. However, the assumed payroll growth for the purposes of amortizing the Unfunded Actuarial Accrued Liabilities is limited to the actual historical 10-year average. In last year's valuation this amount was 2.6%. In this valuation, 2.2% was used.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	<u>10/1/2014</u>	<u>10/1/2013</u>
A. Participant Data		
Number Included		
Actives	34	32
Service Retirees	11	10
Beneficiaries	7	7
Terminated Vested	7	8
Disability Retirees	2	2
DROP Members	1	0
Total	<u>62</u>	<u>59</u>
Total Annual Payroll	\$1,609,685	\$1,484,633
Payroll Under Assumed Ret. Age	1,609,685	1,484,633
Annual Rate of Payments to:		
Service Retirees	258,218	238,156
Beneficiaries	152,692	149,997
Terminated Vested	71,895	85,861
Disability Retirees	38,216	38,216
DROP Members	24,407	0
B. Assets		
Actuarial Value ¹	9,749,035	9,089,562
Market Value ¹	10,217,857	9,442,205
C. Liabilities		
Present Value of Benefits		
Active Members		
Retirement Benefits	5,063,425	4,840,861
Disability Benefits	116,009	110,906
Death Benefits	31,255	30,282
Vested Benefits	852,995	850,479
Refund of Contributions	54,592	30,831
Service Retirees	2,640,534	2,466,069
Beneficiaries	1,460,818	1,460,126
Terminated Vested	550,373	647,240
Disability Retirees	374,221	380,901
DROP Members ¹	315,829	0
Excess State Monies Reserve	0	0
Total	<u>11,460,051</u>	<u>10,817,695</u>

C. Liabilities - (Continued)	<u>10/1/2014</u>	<u>10/1/2013</u>
Present Value of Future Salaries	7,686,543	6,947,250
PV of Future Member Contributions	461,193	416,835
EAN Normal Cost (Retirement)	172,387	185,945
EAN Normal Cost (Disability)	15,343	15,683
EAN Normal Cost (Death)	3,451	3,631
EAN Normal Cost (Vesting)	59,670	53,113
EAN Normal Cost (Refunds)	11,980	7,612
Total Normal Cost	<u>262,831</u>	<u>265,984</u>
Present Value of Future Normal Costs (Entry Age Normal)	1,087,625	1,060,221
Accrued Liability (Retirement)	4,433,874	4,186,414
Accrued Liability (Disability)	60,108	55,675
Accrued Liability (Death)	21,165	19,713
Accrued Liability (Vesting)	506,969	536,894
Accrued Liability (Refunds)	8,535	4,442
Accrued Liability (Inactives) ¹	5,341,775	4,954,336
Reserves	0	0
Total Actuarial Accrued Liability	<u>10,372,426</u>	<u>9,757,474</u>
Unfunded Actuarial Accrued Liability (UAAL)	623,391	667,912
D. Actuarial Present Value of Accrued Benefits		
Vested Accrued Benefits		
Inactives ¹	5,341,775	4,954,336
Actives	2,851,726	2,853,552
Member Contributions	714,420	750,578
Total	<u>8,907,921</u>	<u>8,558,466</u>
Non-vested Accrued Benefits	<u>142,995</u>	<u>94,909</u>
Total Present Value Accrued Benefits	9,050,916	8,653,375
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
New Accrued Benefits	212,387	
Benefits Paid	(487,612)	
Interest	672,766	
Other	0	
Total:	<u>397,541</u>	

Valuation Date Applicable to Fiscal Year Ending	10/1/2014 <u>9/30/2016</u>	10/1/2013 <u>9/30/2015</u>
E. Pension Cost		
Normal Cost (with interest) % of Total Annual Payroll ²	17.0	18.6
Administrative Expense (with interest) % of Total Annual Payroll ²	1.3	1.3
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 29 years as of 10/1/14 (with interest) % of Total Annual Payroll ²	4.1	4.5
Total Required Contribution % of Total Annual Payroll ²	22.4	24.4
Expected Member Contributions % of Total Annual Payroll ²	6.0	6.0
Expected City & State Contrib. % of Total Annual Payroll ²	16.4	18.4

F. Past Contributions

Plan Years Ending:	<u>9/30/2014</u>
Total Required Contribution	381,541
City and State Requirement	291,414
Contributions Made:	
Members	90,128
City	225,225
State	66,189
Total	<u>381,542</u>

G. Net Actuarial Gain (Loss) 7,640

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

² Contributions developed as of 10/1/14 are expressed as a percentage of total annual payroll at 10/1/14 of 1,609,685.

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

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2014	\$623,391
2015	604,347
2016	582,265
2021	415,727
2026	120,440
2036	64,398
2043	0

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2014	7.8%	5.5%
Year Ended	9/30/2013	2.7%	5.5%
Year Ended	9/30/2012	1.1%	5.5%

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2014	8.7%	8.0%
Year Ended	9/30/2013	8.5%	8.0%
Year Ended	9/30/2012	5.2%	8.0%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2014	\$1,609,685
	10/1/2004	1,294,287
(b) Total Increase		24.4%
(c) Number of Years		10.00
(d) Average Annual Rate		2.2%

STATEMENT BY ENROLLED ACTUARY

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


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

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

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

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

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

(1)	Unfunded Actuarial Accrued Liability as of October 1, 2013	\$667,912
(2)	Sponsor Normal Cost developed as of October 1, 2013	176,906
(3)	Expected administrative expenses for the fiscal year ended September 30, 2014	18,312
(4)	Expected Interest on (1), (2) and (3)	69,050
(5)	Sponsor Contributions to the System during the year ending September 30, 2014	291,414
(6)	Expected Interest on (5)	9,735
(7)	Expected UAAL as of October 1, 2014 (1)+(2)+(3)+(4)-(5)-(6)	631,031
(8)	Increase in UAAL due to (Gain)/Loss	(7,640)
(9)	Unfunded Actuarial Accrued Liability as of October 1, 2014	623,391

	<u>Date Established</u>	<u>Years Remaining</u>	<u>10/1/2014 Amount</u>	<u>Amortization Amount</u>
"A"	10/1/2001	17	(\$44,020)	(\$3,883)
"B"	10/1/2004	20	41,633	3,345
Method Change	10/1/2008	14	9,725	970
Mult Reduced	10/1/2008	24	(43,308)	(3,168)
Mult Reduced	10/1/2009	25	(154,705)	(11,101)
Method & Assum	10/1/2009	15	971,125	92,622
Actuarial Loss	10/1/2010	16	223,538	20,467
Mult Reduced	10/1/2010	26	(62,163)	(4,381)
Actuarial Gain	10/1/2011	17	(35,232)	(3,108)
Mult Increased	10/1/2011	27	140,522	9,741
Assum Change	10/1/2011	17	(59,784)	(5,274)
Actuarial Gain	10/1/2012	18	(150,639)	(12,846)
Mult Increased	10/1/2012	28	56,624	3,865
Actuarial Gain	10/1/2013	19	(336,571)	(27,823)
Mult Increased	10/1/2013	29	74,286	4,998
Actuarial Gain	10/1/2014	20	(7,640)	(614)
			<u>623,391</u>	<u>63,810</u>

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2013	667,912
(2) Expected UAAL as of October 1, 2014	631,031
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	(63,169)
Administrative Expenses	1,246
Active Decrements (excluding mortality)	(70,456)
Mortality (active and inactive)	33,978
Salary Increases	118,821
Other	<u>(28,060)</u>
Change in UAAL due to (Gain)/Loss	(7,640)
(4) Actual UAAL as of October 1, 2014	623,391

ACTUARIAL ASSUMPTIONS AND METHODS

<u>Mortality Rates</u>	RP-2000 Table - Sex Distinct. Disableds set forward 5 years. Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements.
<u>Termination Rates</u>	See Tables below (1305).
<u>Disability Rates</u>	See Tables below (1207).
<u>Retirement Age</u>	Earlier of: 1) age 50 with 7 years of credited service, 2) age 55 with 10 years of credited service, 3) age 52 with 25 years of service, or 4) 30 years of service, regardless of age. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year.
<u>Interest Rate</u>	8% per year, compounded annually, net of investment-related expenses.
<u>Salary Increases</u>	5.5% per year until the assumed retirement age; see table below.
<u>Payroll Growth</u>	Up to 3.0% annually (2.2% for 10/1/14 valuation).
<u>Administrative Expenses</u>	\$19,558 annually.

<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%	0.07%	17.4%
30	15.0	0.11	31.2
40	8.2	0.19	55.8
50	1.7	0.51	100.0

Funding MethodActuarial Asset Method

Entry Age Normal Cost Method

Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric four-year average Market Value return (net of fees). It is possible that over time this technique will produce an insignificant bias above or below Market Value of Assets.

VALUATION NOTES

Total Annual Payroll is the projected annual rate of pay for the fiscal 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.

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

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

(a) The normal cost accrual rate equals

(i) the present value of future benefits for the participant, determined as of the participant's entry age, divided by

(ii) the present value of the compensation expected to be paid to the participant for each year of the participant's anticipated future service, determined as of the participant's entry age .

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

(c) The accrued liability is the sum of the individual accrued liabilities for all participants and beneficiaries. A participant's accrued liability equals the present value, at the participant's attained age, of future benefits less the present value at the participant's attained age of the individual normal costs payable in the future. A beneficiary's accrued liability equals the present value, at the beneficiary's attained age, of future benefits. The unfunded accrued liability equals the total accrued liability less the actuarial value of assets.

(d) Under this method, the entry age used for each active participant is the participant's age at the time he or she would have commenced participation if the plan had always been in existence under current terms, or the age as of which he or she first earns service credits for purposes of benefit accrual under the current terms of the plan.

PARTIAL HISTORY OF PREMIUM TAX REFUNDS

<u>Received During Fiscal Year</u>	<u>Amount</u>	<u>Increase from Previous Year</u>
1998	55,860.11	_____%
1999	60,189.71	7.8%
2000	58,844.94	-2.2%
2001	56,869.19	-3.4%
2002	63,572.74	11.8%
2003	71,146.21	11.9%
2004	72,672.20	2.1%
2005	74,734.14	2.8%
2006	76,218.67	2.0%
2007	77,732.46	2.0%
2008	74,734.14	-3.9%
2009	66,456.93	-11.1%
2010	62,975.83	-5.2%
2011	61,450.09	-2.4%
2012	62,952.42	2.4%
2013	59,255.63	-5.9%
2014	66,188.77	11.7%

EXCESS STATE MONIES RESERVE

	<u>Actual State Contribution</u>	<u>Applicable "Frozen" Amount</u>	<u>Excess State Monies Reserve</u>
1998	\$55,860.11	\$55,860.11	0.00
1999	60,189.71	55,860.11	4,329.60
2000	58,844.94	55,860.11	2,984.83
2001	56,869.19	55,860.11	1,009.08
2002	63,572.74	55,860.11	7,712.63
2003	71,146.21	N/A	0.00
2004	72,672.20	N/A	0.00
2005	74,734.14	N/A	0.00
2006	76,218.67	N/A	0.00
2007	77,732.46	N/A	0.00
2008	74,734.14	N/A	0.00
2009	66,456.93	N/A	0.00
2010	62,975.83	N/A	0.00
2011	61,450.09	N/A	0.00
2012	62,952.42	N/A	0.00
2013	59,255.63	N/A	0.00
2014	66,188.77	N/A	<u>0.00</u>
Total			16,036.14
Less Reserve used to partially fund the accrual increase from 2.35% to 2.50%			(16,036.14)
Total State Monies Reserve as of 09/30/14			\$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	-3.28%	
09/30/2012	17.16%	
09/30/2013	12.34%	
09/30/2014	9.66%	
Annualized Rate of Return for prior four (4) years:		8.70%
(A) 10/01/2013 Actuarial Assets:		\$9,089,562.02
(I) Net Investment Income:		
1. Interest and Dividends		309,443.13
2. Realized Gains (Losses)		48,165.58
3. Change in Actuarial Value		487,504.92
4. Investment Related Expenses		(60,011.75)
	Total	785,101.88
(B) 10/01/2014 Actuarial Assets:		\$9,749,035.03
Actuarial Asset Rate of Return = $2I/(A+B-I)$:		8.70%
10/01/2014 Limited Actuarial Assets:		\$9,749,035.03

*Market Value Basis, net of investment related expenses.

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

REVENUES

Contributions:		
Member	90,127.89	
City	225,224.74	
State	66,188.77	
 Total Contributions		 381,541.40
 Earnings from Investments:		
Interest & Dividends	309,443.13	
Net Realized Gain (Loss)	48,165.58	
Change in Actuarial Value	487,504.92	
 Total Earnings and Investment Gains		 845,113.63

EXPENDITURES

Distributions to Members:		
Benefit Payments	438,050.10	
Lump Sum DROP Distributions	0.00	
Refunds of Member Contributions	49,561.95	
 Total Distributions		 487,612.05
 Expenses:		
Investment Related ¹	60,011.75	
Administrative	19,558.22	
 Total Expenses		 79,569.97
 Change in Net Assets for the Year		 659,473.01
 Net Assets Beginning of the Year		 9,089,562.02
 Net Assets End of the Year ²		 9,749,035.03

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

²Net Assets may be limited for actuarial consideration.

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

(1) City and State Required Contribution Rate (from the October 1, 2012 Actuarial Valuation Report)	19.4%
(2) Pensionable Payroll Derived from Member Contributions	\$1,502,131.50
(3) Required City and State Contribution (1) x (2)	291,413.51
(4) Less Allowable State Contribution	(66,188.77)
(5) Less City's Prepaid Contribution as of October 1, 2013	<u>(3,634.27)</u>
(6) Equals Required City Contribution	221,590.47
(7) Less Actual City Contributions	<u>(228,324.91)</u>
(8) Equals City's Prepaid Contribution as of September 30, 2014	\$6,734.44

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

09/30/2013 Balance	0.00
Plus Additions	20,017.20
Investment Return Earned	0.00
Less Distributions	0.00
09/30/2014 Balance	20,017.20

Note:

Election option assumption for new DROP participants is the Normal Form
Investment Return Earned is not included.

STATISTICAL DATA

(Averages are salary weighted)

	<u>10/1/2011</u>	<u>10/1/2012</u>	<u>10/1/2013</u>	<u>10/1/2014</u>
Number	34	35	32	34
Average Current Age	39.3	39.9	41.6	39.6
Average Age at Employment	30.4	30.5	31.3	29.6
Average Past Service	9.0	9.4	10.3	10.0
Average Annual Salary	\$42,681	\$42,994	\$46,395	\$47,344

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	1	0	1	0	0	0	0	0	0	0	5
25 - 29	4	3	0	0	0	0	0	0	0	0	0	7
30 - 34	0	1	1	1	0	1	0	0	0	0	0	4
35 - 39	0	0	0	0	0	3	0	0	0	0	0	3
40 - 44	0	0	0	0	0	1	1	2	0	0	0	4
45 - 49	0	0	0	0	0	2	2	2	1	0	0	7
50 - 54	0	0	0	0	0	1	0	1	0	0	0	2
55 - 59	0	0	0	0	0	0	1	0	0	1	0	2
60 - 64	0	0	0	0	0	0	0	0	0	0	0	0
65+	0	0	0	0	0	0	0	0	0	0	0	0
Total	7	5	1	2	0	8	4	5	1	1	0	34

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/13	32
b. Terminations	
i. Vested (partial or full) with deferred benefits	1
ii. Non-vested or full lump sum distribution received	3
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	1
f. Entered DROP	1
g. Continuing participants	26
h. New entrants	8
i. Total active life participants in valuation	34

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

	Service Retirees, Vested Receiving <u>Benefits</u>	Receiving Death <u>Benefits</u>	Receiving Disability <u>Benefits</u>	Vested <u>Deferred</u>	<u>DROP</u>	<u>Total</u>
a. Number prior valuation	10	7	2	8	0	27
b. In	1	0	0	2	1	4
c. Out	0	0	0	3	0	3
d. Number current valuation	11	7	2	7	1	28

SUMMARY OF PLAN PROVISIONS
(Through Ordinance No. 10-02)

<u>Latest Amendment Date</u>	October 13, 2005
<u>Credited Service</u>	Total years and completed months of service with the City as a Police Officer.
<u>Compensation</u>	<p>Fixed monthly remuneration for services rendered to the City as a Police Officer, including salary and wages, longevity pay, overtime pay, shift differentials, pay for absence from work for vacation, holiday, and sickness, and deferred compensation pay.</p> <p>Compensation does not include assignment pay, allowances for clothing, equipment, cleaning, meals and travel, reimbursement for expenses, vehicle allowances, bonuses, termination pay, severance pay, unused sick and vacation pay and the value of any fringe benefits, extra duty pay or payment for special detail work for a second party employer.</p>
<u>Final Average Compensation</u>	Average Compensation paid during the three (3) highest consecutive years of the last five (5).
<u>Normal Retirement</u>	
Eligibility	Earlier of: 1) age 50 and 7 years of Credited Service, 2) age 55 and 10 years of Credited Service, 3) age 52 and 25 years of Credited Service, or 4) 30 years of Credited Service, regardless of age.
Benefit Amount	2.50% of Final Average Compensation <u>times</u> Credited Service, plus a supplement funded with Chapter 185, F.S. Premium Tax monies equal to 0.66% of Final Average Compensation <u>times</u> Credited Service.

Form of Benefit	Life annuity, with 120 payments guaranteed; provided, however, the surviving spouse receives 75% of the retiree's benefit for life.
-----------------	---

Disability

Eligibility	<p>a) 10 years of contributing service for non-service related; coverage from date of hire for service-incurred.</p> <p>b) Total and permanent disability prior to Normal Retirement Date.</p>
-------------	--

Benefit Amount

Non-Service Incurred	Accrued benefit, but not less than 25% of Final Average Compensation.
----------------------	---

Service Incurred	Accrued Benefit, but not less than 45% of average salary paid during the last 5 years.
------------------	--

Death Benefits

Pre-Retirement	Covered for service incurred from date of hire, after 7 years for non-service incurred (as determined by the Board). Benefit for line of duty death is 75% of accrued benefit paid to spouse (minimum benefit is 35% of Final Average Compensation). For not in line of duty death, 75% of accrued benefit is paid to spouse (with at least 120 payments guaranteed) at the Member's Normal Retirement Date. If no spouse, the accrued benefit will be paid for 10 years to the beneficiary.
----------------	--

Post-Retirement 75% of pension paid to spouse (total of 120 monthly payments guaranteed) unless other optional form was selected at the time of retirement.

Vesting (Termination)

Less than 7 years Refund of Member Contributions.

7 years or more Accrued benefit payable at the otherwise Normal Retirement Date if Member Contributions left in Fund or a refund of Member Contributions.

Contributions

Employee 6.0% of Compensation

Premium Tax 0.85% tax on applicable insurance policies.

City Remaining amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability as provided in F.S. Chapter 112.

Board of Trustees

- a. Two City Commission appointees,
- b. Two Members of the Plan elected by a majority of the other covered Police Officers, and
- c. A fifth Member elected by other 4 and appointed by the City Commission.

Deferred Retirement Option Plan

Eligibility Eligible for Normal Retirement benefits.

Participation Not to exceed 5 years, or beyond attaining 35 years of Credited Service, if earlier.

Rate of Return

Rate of investment return reported by the Fund's monitor each September 30th.

Distribution

Lump Sum (options available) at termination of employment.

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

ANNUAL PENSION COSTS AND RELATED INFORMATION

Contribution rates as of 9/30/14

City & State	19.4%
Plan Members	6.0%

Annual Pension Cost 291,403

Contributions made 291,414

Actuarial valuation date 10/1/2012

Actuarial cost method Entry Age Normal

Amortization method Level Percentage of Pay, Closed

Remaining amortization period 30 Years (as of 10/1/12)

Asset valuation method 4 Year Smooth

Actuarial assumptions:

Investment rate of return	8.0%
Projected salary increase*	5.5%
* Includes inflation at	3.0%
Post Retirement COLA	0.0%

THREE YEAR TREND INFORMATION

Year Ending	Annual Pension Cost (APC)	Percentage of (APC) Contributed	Net Pension Obligation
9/30/14	291,403 *	100%	(2,558)
9/30/13	302,296	100%	(2,547)
9/30/12	300,169	100%	(2,540)
9/30/11	246,269	100%	(2,529)

* Annual Pension Cost and contributions made include City and State contributions beginning with the year ending September 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>9/30/11</u>	<u>9/30/12</u>	<u>9/30/13</u>	<u>9/30/14</u>
Actuarially Determined				
Contribution (A)	246,011	300,180	302,303	291,414 *
Interest on NPO	(223)	(202)	(203)	(204)
Adjustment to (A)	481	191	196	193
	-----	-----	-----	-----
Annual Pension Cost	246,269	300,169	302,296	291,403
Contributions Made	246,011	300,180	302,303	291,414 *
	-----	-----	-----	-----
Increase in NPO	258	(11)	(7)	(11)
NPO Beginning of Year	(2,787)	(2,529)	(2,540)	(2,547)
	-----	-----	-----	-----
NPO End of Year	(2,529)	(2,540)	(2,547)	(2,558)

* The actuarially determined contribution and contributions made include both City and State contributions beginning with the year ending September 30, 2012.

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2014

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Money Market	147,688
Total Cash and Equivalents	147,688
Receivables:	
Member Contributions in Transit	6,976
City Contributions in Transit	17,672
Total Receivable	24,648
Investments:	
U. S. Bonds and Bills	672,293
Federal Agency Guaranteed Securities	536,988
Corporate Bonds	1,365,471
Mutual Funds:	
Fixed Income	1,122,160
Equity	6,355,343
Total Investments	10,052,255
Total Assets	10,224,591
<u>LIABILITIES</u>	
Payables:	
Prepaid City Contribution	6,734
Total Liabilities	6,734
Net Assets:	
Active and Retired Members' Equity	10,217,857
DROP Plan Benefits	0
NET POSITION RESTRICTED FOR PENSIONS	10,217,857

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

ADDITIONS

Contributions:

Member	90,128	
City	225,225	
State	66,189	
Total Contributions		381,542
Investment Income:		
Net Increase in Fair Value of Investments	651,849	
Interest & Dividends	309,443	
Less Investment Expense ¹	(60,012)	
Net Investment Income		901,280
Total Additions		1,282,822

DEDUCTIONS

Distributions to Members:

Benefit Payments	438,050	
Refunds of Member Contributions	49,562	
Total Distributions		487,612
Administrative Expense		19,558
Total Deductions		507,170
Net Increase in Net Position		775,652
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		9,442,205
End of the Year		10,217,857

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

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

Plan Description

Plan Administration

The Plan is administered by a Board of Trustees comprised of:

- a. Two City Commission appointees,
- b. Two Members of the Plan elected by a majority of the other covered Police Officers, and
- c. A fifth Member elected by other 4 and appointed by the City Commission.

Plan Membership as of October 1, 2013:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	19
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	8
Active Plan Members	32
	59
	59

Benefits Provided

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

Normal Retirement:

Eligibility: Earlier of: 1) age 50 and 7 years of Credited Service, 2) age 55 and 10 years of Credited Service, 3) age 52 and 25 years of Credited Service, or 4) 30 years of Credited Service, regardless of age.

Benefit Amount: 2.50% of Final Average Compensation times Credited Service, plus a supplement funded with Chapter 185, F.S. Premium Tax monies equal to 0.61% of Final Average Compensation times Credited Service (0.66% effective 10/1/14).

Form of Benefit: Life annuity, with 120 payments guaranteed; provided, however, the surviving spouse receives 75% of the retiree's benefit for life.

Vesting (Termination):

Less than 7 years: Refund of Member Contributions.

7 years or more: Accrued benefit payable at the otherwise Normal Retirement Date if Member Contributions left in Fund or a refund of Member Contributions.

Disability:

Eligibility: a) 10 years of contributing service for non-service related; coverage from date of hire for service-incurred.

b) Total and permanent disability prior to Normal Retirement Date.

Benefit Amount: Non-Service Incurred Accrued benefit, but not less than 25% of Final Average Compensation.

Service Incurred Accrued Benefit, but not less than 45% of average salary paid during the last 5 years.

Death Benefits:

Pre-Retirement: Covered for service incurred from date of hire, after 7 years for non-service incurred (as determined by the Board). Benefit for line of duty death is 75% of accrued benefit paid to spouse (minimum benefit is 35% of Final Average Compensation). For not in line of duty death, 75% of accrued benefit is paid to spouse (with at least 120 payments guaranteed) at the Member's Normal Retirement Date. If no spouse, the accrued benefit will be paid for 10 years to the beneficiary.

Post-Retirement: 75% of pension paid to spouse (total of 120 monthly payments guaranteed) unless other optional form was selected at the time of retirement.

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	32.00%
International Equity	15.00%
Bonds	25.00%
High Yields Bonds	5.00%
Convertibles	8.00%
REITS	5.00%
MLPs	5.00%
Cash	5.00%
	<u>100.00%</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 9.66 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: Eligible for Normal Retirement benefits.

Participation: Not to exceed 5 years, or beyond attaining 35 years of Credited Service, if earlier.

Rate of Return: Rate of investment return reported by the Fund's monitor each September 30th.

The DROP balance as September 30, 2014 is \$20,017.

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	\$ 10,239,856
Plan Fiduciary Net Position	<u>\$ (10,217,857)</u>
Sponsor's Net Pension Liability	<u>\$ 21,999</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	99.79%

Actuarial Assumptions:

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

Inflation	3.00%
Salary Increases	5.50%
Investment Rate of Return	8.00%

RP-2000 Table - Sex Distinct. Disableds set forward 5 years. Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements.

The actuarial assumptions used in the October 1, 2013 valuation were based on the results of an actuarial experience study for the period none found.

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

These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	7.80%
International Equity	2.20%
Bonds	3.70%
High Yields Bonds	5.20%
Convertibles	5.30%
REITS	8.20%
MLPs	12.70%
Cash	1.20%

Discount Rate:

The discount rate used to measure the total pension liability was 8.00 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

	1% Decrease 7.00%	Current Discount Rate 8.00%	1% Increase 9.00%
Sponsor's Net Pension Liability	\$ 1,245,008	\$ 21,999	\$ (998,244)

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

	09/30/2014	09/30/2013
Total Pension Liability		
Service Cost	285,022	263,909
Interest	776,568	733,062
Change in Excess State Money	-	-
Share Plan Allocation	-	-
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	-	-
Changes of Assumptions	-	-
Contributions - Buy Back	-	-
Benefit Payments, Including Refunds of Employee Contributions	(487,612)	(460,915)
Net Change in Total Pension Liability	573,978	536,056
Total Pension Liability - Beginning	9,665,878	9,129,822
Total Pension Liability - Ending (a)	\$ 10,239,856	\$ 9,665,878
Plan Fiduciary Net Position		
Contributions - Employer	225,225	243,047
Contributions - State	66,189	59,256
Contributions - Employee	90,128	88,479
Contributions - Buy Back	-	-
Net Investment Income	901,280	1,042,891
Benefit Payments, Including Refunds of Employee Contributions	(487,612)	(460,915)
Administrative Expense	(19,558)	(18,312)
Other	-	-
Net Change in Plan Fiduciary Net Position	775,652	954,446
Plan Fiduciary Net Position - Beginning	9,442,205	8,487,759
Plan Fiduciary Net Position - Ending (b)	\$ 10,217,857	\$ 9,442,205
Net Pension Liability - Ending (a) - (b)	\$ 21,999	\$ 223,673
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	99.79%	97.69%
Covered Employee Payroll	\$ 1,502,132	\$ 1,474,649
Net Pension Liability as a Percentage of covered Employee Payroll	1.46%	15.17%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	09/30/2014	9/30/2013
Actuarially Determined Contribution Contributions in Relation to the Actuarially Determined Contributions Contribution Deficiency (Excess)	291,414	302,303
	291,414	302,303
	\$ -	\$ -
 Covered Employee Payroll Contributions as a Percentage of Covered Employee Payroll	 \$ 1,502,132 19.40%	 \$ 1,474,649 20.50%

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 Cost Method.
Amortization Method:	Level Percentage of Pay, Closed.
Remaining Amortization Period:	30 Years (as of 10/01/2012).
Actuarial Asset Method:	Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric four-year average Market Value return (net of fees). It is possible that over time this technique will produce an insignificant bias above or below Market Value of Assets.
Inflation:	3.0% per year.
Salary Increases:	5.5% per year until the assumed retirement age.
Interest Rate:	8% per year, compounded annually, net of investment-related expenses.
Payroll Growth:	Up to 3.0% annually (3.0% for 10/1/12 valuation).
Retirement Age:	Earlier of: 1) age 50 with 7 years of credited service, 2) age 55 with 10 years of credited service, 3) age 52 with 25 years of service, or 4) 30 years of service, regardless of age. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year.

Termination Rates: See table below.
 Disability Rates: See table below.
 Mortality: RP-2000 Table - Sex Distinct. Disableds set forward 5 years. Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements.
 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%	0.07%
30	15.0%	0.11%
40	8.2%	0.19%
50	1.7%	0.51%

SCHEDULE OF INVESTMENT RETURNS
Last 10 Fiscal Years

	<u>09/30/2014</u>	<u>09/30/2013</u>
Annual Money-Weighted Rate of Return		
Net of Investment Expense	9.66%	12.34%

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

General Information about the Pension Plan

Plan Description

The police officer benefit group is designated for the purpose of determining benefit eligibility conditions, benefit amounts, and member contribution rates. The benefit group shall consist of all members employed full-time in the police department who are state certified police officers in positions normally requiring 2,080 or more hours of work in a year. The benefit group shall not include any member who is temporarily employed as a police officer during an emergency.

The Plan is administered by a Board of Trustees comprised of:

- a. Two City Commission appointees,
- b. Two Members of the Plan elected by a majority of the other covered Police Officers, and
- c. A fifth Member elected by other 4 and appointed by the City Commission.

Plan Membership as of October 1, 2013:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	19
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	8
Active Plan Members	32
	59
	59

Benefits Provided

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

Normal Retirement:

Eligibility: Earlier of: 1) age 50 and 7 years of Credited Service, 2) age 55 and 10 years of Credited Service, 3) age 52 and 25 years of Credited Service, or 4) 30 years of Credited Service, regardless of age.

Benefit Amount: 2.50% of Final Average Compensation times Credited Service, plus a supplement funded with Chapter 185, F.S. Premium Tax monies equal to 0.61% of Final Average Compensation times Credited Service (0.66% effective 10/1/14).

Form of Benefit: Life annuity, with 120 payments guaranteed; provided, however, the surviving spouse receives 75% of the retiree's benefit for life.

Vesting (Termination):

Less than 7 years: Refund of Member Contributions.

7 years or more: Accrued benefit payable at the otherwise Normal Retirement Date if Member Contributions left in Fund or a refund of Member Contributions.

Disability:

Eligibility: a) 10 years of contributing service for non-service related; coverage from date of hire for service-incurred.

b) Total and permanent disability prior to Normal Retirement Date.

Benefit Amount: Non-Service Incurred Accrued benefit, but not less than 25% of Final Average Compensation.

Service Incurred Accrued Benefit, but not less than 45% of average salary paid during the last 5 years.

Death Benefits:

Pre-Retirement: Covered for service incurred from date of hire, after 7 years for non-service incurred (as determined by the Board). Benefit for line of duty death is 75% of accrued benefit paid to spouse (minimum benefit is 35% of Final Average Compensation). For not in line of duty death, 75% of accrued benefit is paid to spouse (with at least 120 payments guaranteed) at the Member's Normal Retirement Date. If no spouse, the accrued benefit will be paid for 10 years to the beneficiary.

Post-Retirement: 75% of pension paid to spouse (total of 120 monthly payments guaranteed) unless other optional form was selected at the time of retirement.

Contributions

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

Net Pension Liability

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

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

Actuarial Assumptions:

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

Inflation	3.00%
Salary Increases	5.50%
Investment Rate of Return	8.00%

RP-2000 Table - Sex Distinct. Disableds set forward 5 years. Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements.

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	32.00%	7.80%
International Equity	15.00%	2.20%
Bonds	25.00%	3.70%
High Yields Bonds	5.00%	5.20%
Convertibles	8.00%	5.30%
REITS	5.00%	8.20%
MLPs	5.00%	12.70%
Cash	5.00%	1.20%
	<u>100.00%</u>	

Discount Rate:

The discount rate used to measure the total pension liability was 8.00 percent.

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

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

CHANGES IN NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances at September 30, 2013	\$ 9,665,878	\$ 9,442,205	\$ 223,673
Changes for a Year:			
Service Cost	285,022		285,022
Interest	776,568		776,568
Change In Excess State Money	-		-
Share Plan Allocation	-		-
Differences Between Expected and Actual Experience	-		-
Changes of Assumptions	-		-
Changes of Benefit Terms	-		-
Contributions - Employer		225,225	(225,225)
Contributions - State		66,189	(66,189)
Contributions - Employee		90,128	(90,128)
Contributions - Buy Back	-	-	-
Net Investment Income		901,280	(901,280)
Benefit Payments, Including Refunds of Employee Contributions	(487,612)	(487,612)	-
Administrative Expense		(19,558)	19,558
Other Changes	-	-	-
New Changes	573,978	775,652	(201,674)
Balances at September 30, 2014	\$ 10,239,856	\$ 10,217,857	\$ 21,999

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

	Current Discount		
	1% Decrease	Rate	1% Increase
	7.00%	8.00%	9.00%
Sponsor's Net Pension Liability	\$ 1,245,008	\$ 21,999	\$ (998,244)

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 \$144,294. On September 30, 2015 the Sponsor reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	-	-
Changes of Assumptions	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	120,743
Total	<u>\$ -</u>	<u>\$ 120,743</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	\$ (30,186)
2017	\$ (30,186)
2018	\$ (30,186)
2019	\$ (30,185)
2020	\$ -
Thereafter	\$ -

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

	<u>09/30/2014</u>	<u>09/30/2013</u>
Total Pension Liability		
Service Cost	285,022	263,909
Interest	776,568	733,062
Change in Excess State Money	-	-
Share Plan Allocation	-	-
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	-	-
Changes of Assumptions	-	-
Contributions - Buy Back	-	-
Benefit Payments, Including Refunds of Employee Contributions	(487,612)	(460,915)
Net Change in Total Pension Liability	573,978	536,056
Total Pension Liability - Beginning	9,665,878	9,129,822
Total Pension Liability - Ending (a)	<u>\$ 10,239,856</u>	<u>\$ 9,665,878</u>
Plan Fiduciary Net Position		
Contributions - Employer	225,225	243,047
Contributions - State	66,189	59,256
Contributions - Employee	90,128	88,479
Contributions - Buy Back	-	-
Net Investment Income	901,280	1,042,891
Benefit Payments, Including Refunds of Employee Contributions	(487,612)	(460,915)
Administrative Expense	(19,558)	(18,312)
Other	-	-
Net Change in Plan Fiduciary Net Position	775,652	954,446
	-	-
Plan Fiduciary Net Position - Beginning	9,442,205	8,487,759
Plan Fiduciary Net Position - Ending (b)	<u>\$ 10,217,857</u>	<u>\$ 9,442,205</u>
	0	0
Net Pension Liability - Ending (a) - (b)	<u>\$ 21,999</u>	<u>\$ 223,673</u>
	0	0
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	99.79%	97.69%
Covered Employee Payroll	\$ 1,502,132	\$ 1,474,649
Net Pension Liability as a Percentage of covered Employee Payroll	1.46%	15.17%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	<u>09/30/2014</u>	<u>09/30/2013</u>
Actuarially Determined Contribution Contributions in Relation to the Actuarially Determined Contributions Contribution Deficiency (Excess)	291,414	302,303
	<u>291,414</u>	<u>302,303</u>
	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 1,502,132	\$ 1,474,649
Contributions as a Percentage of Covered Employee Payroll	19.40%	20.50%

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 Cost Method.
Amortization Method:	Level Percentage of Pay, Closed.
Remaining Amortization Period:	30 Years (as of 10/01/2012).
Actuarial Asset Method:	Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric four-year average Market Value return (net of fees). It is possible that over time this technique will produce an insignificant bias above or below Market Value of Assets.
Inflation:	3.0% per year.
Salary Increases:	5.5% per year until the assumed retirement age.
Interest Rate:	8% per year, compounded annually, net of investment-related expenses.
Payroll Growth:	Up to 3.0% annually (3.0% for 10/1/12 valuation).
Retirement Age:	Earlier of: 1) age 50 with 7 years of credited service, 2) age 55 with 10 years of credited service, 3) age 52 with 25 years of service, or 4) 30 years of service, regardless of age. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year.

Termination Rates: See table below.
 Disability Rates: See table below.
 Mortality: RP-2000 Table - Sex Distinct. Disableds set forward 5 years. Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements.
 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%	0.07%
30	15.0%	0.11%
40	8.2%	0.19%
50	1.7%	0.51%

COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2015

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 223,673	\$ -	\$ 225,225	
Total pension liability factors:				
Service cost	285,022			285,022
Interest	776,568			776,568
Change in Excess State Money	-			-
Share Plan Allocation	-			-
Changes in Benefit terms	-			-
Contributions - buy back	-			-
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	(487,612)			(487,612)
Net change	<u>573,978</u>	<u>-</u>	<u>-</u>	<u>573,978</u>
Plan fiduciary net position:				
Contributions - employer	225,225		(225,225)	
Contributions - state	66,189			(66,189)
Contributions - employee	90,128			(90,128)
Contributions - buy back	-			-
Net investment income	750,351			(750,351)
Difference between projected and actual earnings on pension plan investments				
Current year amortization	150,929	150,929	-	(30,186)
Benefit payments	(487,612)	(30,186)	-	487,612
Administrative expenses	(19,558)			19,558
Other	-			-
Net change	<u>775,652</u>	<u>120,743</u>	<u>(225,225)</u>	<u>(429,684)</u>
Ending Balance	<u>\$ 21,999</u>	<u>\$ 120,743</u>	<u>\$ -</u>	<u>\$ 144,294</u>