

CITY OF PALATKA
FIREFIGHTERS' RETIREMENT PLAN

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2014

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



March 13, 2015

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

Re: Firefighters' Retirement Plan

Dear Ruby:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Palatka Firefighters' 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 175, 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 City of Palatka Firefighters' 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, M.A.A.A., A.S.A.
Enrolled Actuary #14-06595

PTD\lke
Enclosures

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SUMMARY OF REPORT

The actuarial valuation of the City of Palatka Firefighters' 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	10/1/2013	10/1/2014
Applicable Plan/Fiscal Year End	<u>9/30/2015</u>	<u>9/30/2016</u>
Total Required Contribution		
% of Total Non-DROP Payroll	49.5%	49.2%
Member Contributions (Est.)		
% of Total Non-DROP Payroll	6.0%	6.0%
City and State Required Contribution		
% of Total Non-DROP Payroll	43.5%	43.2%
Estimated State Contribution	80,280	80,280
% of Total Non-DROP Payroll	9.8%	9.8%
Balance from City *		
% of Total Non-DROP Payroll	33.7%	33.4%

* For budgeting purposes, the required Sponsor Contribution (City and State) is 43.2% of Pensionable Earnings for the fiscal year ending September 30, 2016. The precise City requirement for the year is this amount, less actual State Contributions.

Please also note there is a City prepaid contribution of \$17,548.85 (see page 23) that is available to help offset the above stated requirements for fiscal 2015.

As can be seen, the Total Required Contribution has slightly decreased when expressed as a percentage of Total Non-DROP Payroll. This decrease is the result of net favorable actuarial experience over the past year, on the basis of the actuarial assumptions. The primary component of favorable experience was a 9.52% investment return (Actuarial Asset Basis) that exceeded the 8.00% assumption. This gain was partially offset by a loss resulting from no active terminations or inactive mortality. For a more detailed

analysis of the sources of gain and loss, please see page 14. Please note that the above requirements reflect a mandatory change to the payroll growth assumption utilized in amortizing the Unfunded Actuarial Accrued Liability from 2.10% to 0.92%. If this change in assumptions would not have occurred, the funding requirements would have decreased by 1.9% of payroll this year as opposed to the 0.3% of payroll shown on the previous page.

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 answer 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

The City's Code of Ordinances requires the annual determination of the Chapter 175 percent of Average Final Compensation that can be actuarially funded by the State Monies. The analysis was performed with this valuation and resulted in no change in the benefit multiplier of 3.29% of Average Final Compensation for each year of Credited Service.

Actuarial Assumption/Method Changes

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 2.10%. In this valuation, 0.92% was used.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	<u>10/1/2014</u>	<u>10/1/2013</u>
A. Participant Data		
Number Included		
Actives	20	20
Service Retirees	10	9
DROP Retirees	2	2
Beneficiaries	1	1
Terminated Vested	1	2
Disability Retirees	<u>0</u>	<u>0</u>
Total	34	34
Total Annual Payroll	\$823,207	\$778,258
Payroll Under Assumed Ret. Age	823,207	778,258
Annual Rate of Payments to:		
Service Retirees	447,055	441,664
DROP Plan Members	147,243	147,243
Beneficiaries	16,431	16,431
Terminated Vested	9,521	15,200
Disability Retirees	0	0
B. Assets		
Actuarial Value ¹	7,026,801	6,450,526
Market Value ¹	7,377,373	6,764,640
C. Liabilities		
Present Value of Benefits		
Active Members		
Retirement Benefits	2,581,741	2,279,577
Disability Benefits	89,454	83,027
Death Benefits	14,743	13,428
Vested Benefits	356,295	323,541
Refund of Contributions	13,148	15,277
Service Retirees	5,021,271	5,007,504
DROP Plan Members ¹	2,377,814	2,191,451
Beneficiaries	61,284	64,227
Terminated Vested	100,532	152,869
Disability Retirees	0	0
Excess State Monies Reserve	<u>0</u>	<u>0</u>
Total	10,616,282	10,130,901

C. Liabilities - (Continued)	<u>10/1/2014</u>	<u>10/1/2013</u>
Present Value of Future Salaries	7,839,407	7,648,929
Present Value of Future Member Contributions	470,364	458,936
EAN Normal Cost (Retirement)	146,568	138,410
EAN Normal Cost (Disability)	6,988	6,682
EAN Normal Cost (Death)	995	948
EAN Normal Cost (Vesting)	19,964	18,915
EAN Normal Cost (Refunds)	<u>3,451</u>	<u>3,537</u>
Total Normal Cost (Entry Age Method)	177,966	168,492
Present Value of Future Normal Costs (Entry Age)	1,618,349	1,588,089
Accrued Liability (Retirement)	1,245,315	968,739
Accrued Liability (Disability)	25,421	19,693
Accrued Liability (Death)	5,863	4,663
Accrued Liability (Vesting)	156,326	129,587
Accrued Liability (Refunds)	4,107	4,079
Accrued Liability (Inactives) ¹	7,560,901	7,416,051
Excess State Monies Reserve	<u>0</u>	<u>0</u>
Total Actuarial Accrued Liability	8,997,933	8,542,812
Unfunded Actuarial Accrued Liability (UAAL)	1,971,132	2,092,286
 D. Actuarial Present Value of Accrued Benefits		
Vested Accrued Benefits		
Inactives ¹	7,560,901	7,416,051
Actives	255,667	76,042
Member Contributions	<u>284,471</u>	<u>257,762</u>
Total	8,101,039	7,749,855
Non-vested Accrued Benefits	<u>169,129</u>	<u>220,975</u>
Total Present Value Accrued Benefits	8,270,168	7,970,830
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
New Accrued Benefits	138,938	
Benefits Paid	(458,910)	
Interest	619,310	
Other	<u>0</u>	
Total:	299,338	

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) ² % of Total Annual Payroll	22.5	22.5
Administrative Expenses (with interest) ² % of Total Annual Payroll	1.9	2.1
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 28 years ² (as of 10/1/2014) % of Total Annual Payroll	24.8	24.9
Total Required Contribution ² % of Total Annual Payroll	49.2	49.5
Expected Member Contributions ² % of Total Annual Payroll	6.0	6.0
Expected City & State Contribution ² % of Total Annual Payroll	43.2	43.5

F. Past Contributions

Plan Years Ending:	<u>9/30/2014</u>
Total Required Contribution	437,483
City and State Requirement	390,442
Actual Contributions Made:	
Members	47,041
City	310,162
State	<u>80,280</u>
Total	437,483

G. Net Actuarial Gain (Loss)	32,549
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¹The asset values and liabilities for DROP Members include accumulated DROP Balances as of 9/30/2014 and 9/30/2013.

² Contributions developed as of 10/1/2014 are expressed as a percentage of total annual payroll at 10/1/2014 of \$823,207.

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

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2014	1,971,132
2015	1,917,218
2016	1,857,045
2019	1,633,574
2024	1,078,432
2034	6,576
2042	0

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2014	5.78%	5.00%
Year Ended	9/30/2013	0.10%	5.00%
Year Ended	9/30/2012	2.70%	5.00%

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2014	9.52%	8.00%
Year Ended	9/30/2013	9.35%	8.00%
Year Ended	9/30/2012	6.09%	8.00%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2014	\$823,207
	10/1/2004	750,917
(b) Total Increase		9.63%
(c) Number of Years		10.00
(d) Average Annual Rate		0.92%

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	\$2,092,286
(2)	Sponsor Normal Cost developed as of October 1, 2013	121,797
(3)	Expected administrative expenses for the year ended September 30, 2014	15,407
(4)	Expected interest on (1), (2) and (3)	177,743
(5)	Sponsor contributions to the System during the year ended September 30, 2014	390,442
(6)	Expected interest on (5)	13,110
(7)	Expected Unfunded Actuarial Accrued Liability as of September 30, 2014 (1)+(2)+(3)+(4)-(5)-(6)	2,003,681
(8)	Change to UAAL due to Assumption Change	0
(9)	Change to UAAL due to Actuarial (Gain)/Loss	(32,549)
(10)	Unfunded Accrued Liability as of October 1, 2014	1,971,132

	<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	10/1/2004	20	\$452,166	\$39,931
Actuarial Loss	10/1/2004 *	14	413,062	44,176
Actuarial Loss	10/1/2005	14	162,763	17,407
Actuarial Loss	10/1/2006	14	171,986	18,394
Actuarial Gain	10/1/2007	14	(196,898)	(21,058)
Multiplier Increase	10/1/2007	23	117,328	9,739
Actuarial Loss	10/1/2008	14	177,791	19,014
Method Change	10/1/2008	14	(114,910)	(12,289)
Multiplier Decrease	10/1/2008	24	(236,561)	(19,300)
Assumption Change	10/1/2009	15	28,669	2,944
Actuarial Loss	10/1/2009	15	283,987	29,165
Actuarial Loss	10/1/2010	16	60,000	5,941
Actuarial Loss	10/1/2011	17	784,587	75,174
Assumption Change	10/1/2011	17	(75,187)	(7,204)
Actuarial Loss	10/1/2012	18	140,162	13,035
Multiplier Increase	10/1/2012	28	97,463	7,515
Actuarial Gain	10/1/2013	19	(262,727)	(23,781)
Actuarial Gain	10/1/2014	20	(32,549)	(2,874)
			1,971,132	195,929

* It is assumed that 50% of the cost method change base from 2004 was attributable to unfavorable actuarial experience prior to that date. This loss will be amortized over a 20 year period effective October 1, 2008 (compared to 26 years).

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2013	\$2,092,286
(2) Expected UAAL as of October 1, 2014	2,003,681
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	(98,013)
Salary Increases	(1,829)
Active Decrements	39,365
Inactive Mortality	19,311
Other	<u>8,617</u>
Increase in UAAL due to (Gain)/Loss	(32,549)
Increase in UAAL due to Assumption Change	0
(4) Actual UAAL as of October 1, 2014	\$1,971,132

ACTUARIAL ASSUMPTIONS AND METHODS

<u>Mortality Rates</u>	<p>RP-2000 Combined Healthy Mortality Table - Sex Distinct. Disableds set forward 5 years.</p> <p>Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements.</p>
<u>Termination Rates</u>	See Table on following page (1302).
<u>Disability Rates</u>	See Table on following page (1207). It is assumed that 75% of disablements and active Member deaths are service related.
<u>Retirement Age</u>	Earlier of: 1) age 50 with 7 years of credited service, 2) age 55 with 10 years of credited service, or 3) 25 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>	8.00% per year, compounded annually, net of investment-related expenses.
<u>Salary Increases</u>	5.00% per year until the assumed retirement age; see table on following page.
<u>Payroll Growth</u>	Up to 3.00% annually (0.92% used for the 10/1/2014 valuation).
<u>Administrative Expenses</u>	\$14,901 annually.
<u>Marital Status</u>	75% of the active population is assumed to be married at time of benefit commencement. Additionally, males are assumed to be 3 years older than females.
<u>Funding Method</u>	Entry Age Normal Actuarial Cost Method.
<u>Actuarial Asset 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	6.00%	0.07%	23.14%
30	5.00	0.11	37.69
40	2.60	0.19	61.39
50	0.80	0.51	100.00

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	41,216.79	_____ %
1999	42,193.89	2.4%
2000	45,527.73	7.9%
2001	46,755.55	2.7%
2002	51,314.01	9.7%
2003	48,810.92	-4.9%
2004	57,047.58	16.9%
2005	58,983.26	3.4%
2006	64,623.68	9.6%
2007	72,110.38	11.6%
2008	61,090.61	-15.3%
2009	71,775.97	17.5%
2010	80,404.88	12.0%
2011	89,277.09	11.0%
2012	60,507.30	-32.2%
2013	78,503.98	29.7%
2014	80,280.37	2.3%

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	-0.99%	
09/30/2012	17.77%	
09/30/2013	12.50%	
09/30/2014	9.69%	
Annualized Rate of Return for prior four (4) years:		9.52%
(A) 10/01/2013 Actuarial Assets:		\$6,450,526.46
(I) Net Investment Income:		
1. Interest and Dividends		222,236.03
2. Realized Gains (Losses)		78,673.77
3. Change in Actuarial Value		355,776.61
4. Investment Related Expenses		(44,084.01)
	Total	612,602.40
(B) 10/01/2014 Actuarial Assets:		\$7,026,800.59
Actuarial Asset Rate of Return = $2I/(A+B-I)$:		9.52%
10/01/2014 Limited Actuarial Assets:		\$7,026,800.59

*Market Value Basis, net of investment related expenses.

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

REVENUES

Contributions:		
Member	47,041.18	
City	310,161.43	
State	80,280.37	
 Total Contributions		 437,482.98
 Earnings from Investments:		
Interest & Dividends	222,236.03	
Net Realized Gain (Loss)	78,673.77	
Change in Actuarial Value	355,776.61	
 Total Earnings and Investment Gains		 656,686.41

EXPENDITURES

Distributions to Members:		
Benefit Payments	458,909.84	
Lump Sum DROP Distributions	0.00	
Refunds of Member Contributions	0.00	
 Total Distributions		 458,909.84
 Expenses:		
Investment Related ¹	44,084.01	
Administrative	14,901.41	
 Total Expenses		 58,985.42
 Change in Net Assets for the Year		 576,274.13
 Net Assets Beginning of the Year		 6,450,526.46
 Net Assets End of the Year ²		 7,026,800.59

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

²Net Assets may be limited for actuarial consideration.

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

09/30/2013 Balance	422,333.70
Plus Additions	147,242.76
Investment Return Earned	50,292.84
Less Distributions	0.00
09/30/2014 Balance	619,869.30

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

(1) City and State Required Contribution Rate	49.8%
(2) Pensionable Payroll Derived from Member Contributions	\$784,019.67
(3) Required City and State Contribution (1) x (2)	390,441.80
(4) Less Allowable State Contribution	<u>80,280.37</u>
(5) Equals Required City Contribution	310,161.43
(6) Less 2013 Prepaid Contribution	0.00
(7) Less Actual City Contributions	<u>(327,710.28)</u>
(8) Equals City's Shortfall/(Prepaid) Contribution as of September 30, 2014	(\$17,548.85)

STATISTICAL DATA *

	<u>10/1/2011</u>	<u>10/1/2012</u>	<u>10/1/2013</u>	<u>10/1/2014</u>
Number	20	20	20	20
Average Current Age	31.1	32.0	32.8	33.8
Average Age at Employment	27.2	27.1	27.9	27.5
Average Past Service	4.0	4.9	4.9	6.3
Average Annual Salary	\$35,644	\$37,850	\$38,913	\$41,160

* Prior to 10/1/2013, averages were salary weighted.

AGE AND SERVICE DISTRIBUTION

PAST SERVICE

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

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2013	20
b. Terminations	
i. Vested (partial or full) with deferred benefits	0
ii. Non-vested or full lump sum distribution received	0
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	20
i. New entrants	0
j. Total active life participants in valuation	20

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

	<u>Service Retirees, Vested Receiving Benefits</u>	<u>DROP Benefits</u>	<u>Receiving Death Benefits</u>	<u>Receiving Disability Benefits</u>	<u>Vested Deferred</u>	<u>Total</u>
a. Number prior valuation	9	2	1	0	2	14
Retired	1	0	0	0	(1)	0
DROP	0	0	0	0	0	0
Vested Deferred	0	0	0	0	0	0
Death, With Survivor	0	0	0	0	0	0
Death, No Survivor	0	0	0	0	0	0
Disabled	0	0	0	0	0	0
Refund of Contributions	0	0	0	0	0	0
Rehires	0	0	0	0	0	0
Data Corrections	0	0	0	0	0	0
b. Number current valuation	10	2	1	0	1	14

SUMMARY OF PLAN PROVISIONS

<u>Credited Service</u>	Total years and completed months of service as a Firefighter with the City.
<u>Compensation</u>	Fixed monthly remuneration for services rendered to the City as a Firefighter, including salary and wages, longevity pay, overtime pay, shift differentials, pay for absence from work for vacation, holiday, and sickness, and deferred compensation pay. 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.
<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: <ul style="list-style-type: none"> 1) age 50 and 7 years of Credited Service, 2) age 55 and 10 years of Credited Service, or 3) 25 years of Credited Service, regardless of age.
Benefit Amount	2.50% of Final Average Compensation times Credited Service, plus a supplement funded with Chapter 175, F.S. Premium Tax Monies equal to 0.79% of Final Average Compensation times 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.
<u>Vesting (Termination)</u>	
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
- 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 at the Member's Normal Retirement Date.
- Post-Retirement 75% of pension paid to spouse for married members, balance of 120 monthly payments for unmarried members unless other optional form was selected at the time of retirement.

Contributions

- Employee 6.00% of Compensation.
- Premium Tax 1.85% 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 over 30 years.

Board of Trustees

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

Deferred Retirement Option Plan

Eligibility	Satisfaction of Normal Retirement requirements.
Participation	Not more than 5 years or beyond attaining 34 years of Credited Service.
Rate of Return	Greater of: 1) net rate of investment return, or 2) 5.00%. Earnings are credited each fiscal year.
Form of Distribution	At member's election: 1) lump sum payment, 2) installments, or 3) annuity purchase.

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		49.8%	
Plan Members		6.00%	
Annual Pension Cost		390,581	
Contributions made		390,441	
Actuarial valuation date		10/1/2012	
Actuarial cost method		Entry Age Normal Method	
Amortization method		Level Percent of Pay, Closed	
Remaining amortization period		30 Years (as of 10/1/2012)	
Asset valuation method		4 Year Smoothed Market Value	
Actuarial assumptions:			
Investment rate of return		8.00%	(as of 10/1/2012)
Projected salary increase ¹		5.00%	
¹ 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) ²</u>	<u>Percentage</u> <u>of (APC)</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
9/30/2014	390,581	100%	(19,209)
9/30/2013	335,316	100%	(19,349)
9/30/2012	263,494	100%	(19,332)

² 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>9/30/2010</u>	<u>9/30/2011</u>	<u>9/30/2012</u>	<u>9/30/2013</u>	<u>9/30/2014</u>
Actuarially Determined					
Contribution (A)		172,199	263,440	335,333	390,442
Interest on NPO		(1,548)	(1,551)	(1,547)	(1,548)
Adjustment to (A)		1,508	1,605	1,530	1,687
		-----	-----	-----	-----
Annual Pension Cost		172,159	263,494	335,316	390,581
Contributions Made		172,199	263,440	335,333	390,441
		-----	-----	-----	-----
Increase in NPO		(40)	54	(17)	140
NPO Beginning of Year		(19,346)	(19,386)	(19,332)	(19,349)
		-----	-----	-----	-----
NPO End of Year	(19,346)	(19,386)	(19,332)	(19,349)	(19,209)

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

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2014

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Money Market	177,467
Total Cash and Equivalents	177,467
Receivables:	
Member Contributions in Transit	3,769
City Contributions in Transit	26,255
Total Receivable	30,024
Investments:	
U. S. Bonds and Bills	498,112
Federal Agency Guaranteed Securities	292,049
Corporate Bonds	895,275
Mutual Funds:	
Fixed Income	887,958
Equity	4,614,037
Total Investments	7,187,431
Total Assets	7,394,922
<u>LIABILITIES</u>	
Payables:	
Prepaid City Contribution	17,549
Total Liabilities	17,549
NET POSITION RESTRICTED FOR PENSIONS	7,377,373

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

ADDITIONS

Contributions:

Member	47,041	
City	310,161	
State	80,280	
Total Contributions		437,482

Investment Income:

Net Increase in Fair Value of Investments	470,910	
Interest & Dividends	222,236	
Less Investment Expense ¹	(44,084)	
Net Investment Income		649,062
Total Additions		1,086,544

DEDUCTIONS

Distributions to Members:

Benefit Payments	458,910	
Total Distributions		458,910
Administrative Expense		14,901
Total Deductions		473,811
Net Increase in Net Position		612,733

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year		6,764,640
End of the Year		7,377,373

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 Firefighters, 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	12
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	2
Active Plan Members	20
	34
	34

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, or 3) 25 years of Credited Service, regardless of age.

Benefit Amount: 2.50% of Final Average Compensation times Credited Service, plus a supplement funded with Chapter 175, F.S. Premium Tax Monies equal to 0.79% of Final Average Compensation times 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.

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.

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

Pre-Retirement 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 at the Member's Normal Retirement Date.

Post-Retirement: 75% of pension paid to spouse for married members, balance of 120 monthly payments for unmarried members 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%
International Equity	15%
Bonds	25%
High Yield Bonds	5%
Convertibles	8%
REITS	5%
MLPs	5%
Cash	5%
Total	100%

Concentrations:

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

Rate of Return:

For the year ended September 30, 2014 the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 9.69 percent.

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

Deferred Retirement Option Program

Eligibility: Satisfaction of Normal Retirement requirements.

Participation: Not more than 5 years or beyond attaining 34 years of Credited Service.

Rate of Return: Greater of: 1) net rate of investment return or 2) 5.0%. Earnings are credited each fiscal year.

The DROP balance as September 30, 2014 is \$619,869.

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	\$ 8,907,156
Plan Fiduciary Net Position	<u>\$ (7,377,373)</u>
Sponsor's Net Pension Liability	<u>\$ 1,529,783</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	82.83%

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	5.00%
Investment Rate of Return	8.00%

RP-2000 Combined Healthy Mortality Table - Sex Distinct. Disabled s 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>Long Term Expected Real Rate of Return</u>
Domestic Equity	7.80%
International Equity	2.20%
Bonds	3.70%
High Yield 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	\$ 2,471,286	\$ 1,529,783	\$ 743,457

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	168,142	155,687
Interest	676,786	648,419
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	(458,910)	(465,041)
Net Change in Total Pension Liability	<u>386,018</u>	<u>339,065</u>
Total Pension Liability - Beginning	8,521,138	8,182,073
Total Pension Liability - Ending (a)	<u><u>\$ 8,907,156</u></u>	<u><u>\$ 8,521,138</u></u>
 Plan Fiduciary Net Position		
Contributions - Employer	310,161	256,829
Contributions - State	80,280	78,504
Contributions - Employee	47,041	44,711
Contributions - Buy Back	-	-
Net Investment Income	649,062	757,641
Benefit Payments, Including Refunds of Employee Contributions	(458,910)	(465,041)
Administrative Expense	(14,901)	(15,407)
Other	-	-
Net Change in Plan Fiduciary Net Position	<u>612,733</u>	<u>657,237</u>
 Plan Fiduciary Net Position - Beginning	6,764,640	6,107,403
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 7,377,373</u></u>	<u><u>\$ 6,764,640</u></u>
 Net Pension Liability - Ending (a) - (b)	<u><u>\$ 1,529,783</u></u>	<u><u>\$ 1,756,498</u></u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.83%	79.39%
 Covered Employee Payroll	\$ 784,020	\$ 745,184
Net Pension Liability as a Percentage of covered Employee Payroll	195.12%	235.71%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	09/30/2014	9/30/2013
Actuarially Determined Contribution Contributions in Relation to the Actuarially Determined Contributions	390,441	335,333
Contribution Deficiency (Excess)	\$ -	\$ -
Covered Employee Payroll	\$ 784,020	\$ 745,184
Contributions as a Percentage of Covered Employee Payroll	49.80%	45.00%

Notes to Schedule

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

Methods and assumptions used to determine contribution rates:

Funding Method:	Entry Age Normal Actuarial Cost Method.
Amortization Method:	Level 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 4-year average Market Value return. It is possible that over time this technique will produce an insignificant bias above or below Market Value.
Inflation:	3.0% per year.
Salary Increases:	5.0% per year until the assumed retirement age.
Interest Rate:	8% per year, compounded annually, net of investment-related expenses.
Payroll Growth:	Up to 5.0% annually (1.1% used for the 10/1/2012 valuation).
Marital Status:	75% of the active population is assumed to be married at time of benefit commencement. Additionally, males are assumed to be 3 years older than females.
Retirement Age:	Earlier of: 1) age 50 with 7 years of credited service, 2) age 55 with 10 years of credited service, or 3) 25 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 on next page.
Disability Rates:	See table on next page. It is assumed that 75% of disablements and active Member deaths are service related.
Mortality:	RP-2000 Combined Healthy Mortality Table - Sex Distinct. Disabled s 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	6.0%	0.07%
30	5.0%	0.11%
40	2.6%	0.19%
50	0.8%	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	9.69%	12.50%

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

General Information about the Pension Plan

Plan Description

An individual who is employed full-time by the city's fire department who is a state certified firefighter as a condition of employment and whose duty is to extinguish fires, to protect life or to protect property, in a position normally requiring 2,080 or more hours of work in a year shall be a member of retirement plan unless employed in an excluded position.

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 Firefighters, 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	12
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	2
Active Plan Members	20
	34
	34

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, or 3) 25 years of Credited Service, regardless of age.

Benefit Amount: 2.50% of Final Average Compensation times Credited Service, plus a supplement funded with Chapter 175, F.S. Premium Tax Monies equal to 0.79% of Final Average Compensation times 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.

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.

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

Pre-Retirement 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 at the Member's Normal Retirement Date.

Post-Retirement: 75% of pension paid to spouse for married members, balance of 120 monthly payments for unmarried members 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	5.00%
Investment Rate of Return	8.00%

RP-2000 Combined Healthy Mortality Table - Sex Distinct. Disabled s 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 Yield 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%
Total	<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	\$ 8,521,138	\$ 6,764,640	\$ 1,756,498
Changes for a Year:			
Service Cost	168,142		168,142
Interest	676,786		676,786
Change In Excess State Money	-		-
Share Plan Allocation	-		-
Differences Between Expected and Actual Experience	-		-
Changes of Assumptions	-		-
Changes of Benefit Terms	-		-
Contributions - Employer		310,161	(310,161)
Contributions - State		80,280	(80,280)
Contributions - Employee		47,041	(47,041)
Contributions - Buy Back	-	-	-
Net Investment Income		649,062	(649,062)
Benefit Payments, Including Refunds of Employee Contributions	(458,910)	(458,910)	-
Administrative Expense		(14,901)	14,901
Other Changes	-	-	-
New Changes	386,018	612,733	(226,715)
Balances at September 30, 2014	<u>\$ 8,907,156</u>	<u>\$ 7,377,373</u>	<u>\$ 1,529,783</u>

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	\$ 2,471,286	\$ 1,529,783	\$ 743,457

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 \$170,921. 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	-	87,475
Total	<u>\$ -</u>	<u>\$ 87,475</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	\$ (21,869)
2017	\$ (21,869)
2018	\$ (21,869)
2019	\$ (21,868)
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	168,142	155,687
Interest	676,786	648,419
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	(458,910)	(465,041)
Net Change in Total Pension Liability	386,018	339,065
Total Pension Liability - Beginning	8,521,138	8,182,073
Total Pension Liability - Ending (a)	<u>\$ 8,907,156</u>	<u>\$ 8,521,138</u>
Plan Fiduciary Net Position		
Contributions - Employer	310,161	256,829
Contributions - State	80,280	78,504
Contributions - Employee	47,041	44,711
Contributions - Buy Back	-	-
Net Investment Income	649,062	757,641
Benefit Payments, Including Refunds of Employee Contributions	(458,910)	(465,041)
Administrative Expense	(14,901)	(15,407)
Other	-	-
Net Change in Plan Fiduciary Net Position	612,733	657,237
	-	-
Plan Fiduciary Net Position - Beginning	6,764,640	6,107,403
Plan Fiduciary Net Position - Ending (b)	<u>\$ 7,377,373</u>	<u>\$ 6,764,640</u>
	0	0
Net Pension Liability - Ending (a) - (b)	<u>\$ 1,529,783</u>	<u>\$ 1,756,498</u>
	0	0
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.83%	79.39%
Covered Employee Payroll	\$ 784,020	\$ 745,184
Net Pension Liability as a Percentage of covered Employee Payroll	195.12%	235.71%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	09/30/2014	09/30/2013
Actuarially Determined Contribution Contributions in Relation to the Actuarially Determined Contributions	390,441	335,333
Contribution Deficiency (Excess)	\$ -	\$ -
Covered Employee Payroll	\$ 784,020	\$ 745,184
Contributions as a Percentage of Covered Employee Payroll	49.80%	45.00%

Notes to Schedule

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

Methods and assumptions used to determine contribution rates:

Funding Method:	Entry Age Normal Actuarial Cost Method.
Amortization Method:	Level 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 4-year average Market Value return. It is possible that over time this technique will produce an insignificant bias above or below Market Value.
Inflation:	3.0% per year.
Salary Increases:	5.0% per year until the assumed retirement age.
Interest Rate:	8% per year, compounded annually, net of investment-related expenses.
Payroll Growth:	Up to 5.0% annually (1.1% used for the 10/1/2012 valuation).
Marital Status:	75% of the active population is assumed to be married at time of benefit commencement. Additionally, males are assumed to be 3 years older than females.
Retirement Age:	Earlier of: 1) age 50 with 7 years of credited service, 2) age 55 with 10 years of credited service, or 3) 25 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 on next page.
Disability Rates:	See table on next page. It is assumed that 75% of disablements and active Member deaths are service related.
Mortality:	RP-2000 Combined Healthy Mortality Table - Sex Distinct. Disabled s 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	6.0%	0.07%
30	5.0%	0.11%
40	2.6%	0.19%
50	0.8%	0.51%

COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2015

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 1,756,498	\$ -	\$ 310,161	
Total pension liability factors:				
Service cost	168,142			168,142
Interest	676,786			676,786
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	(458,910)			(458,910)
Net change	<u>386,018</u>	<u>-</u>	<u>-</u>	<u>386,018</u>
Plan fiduciary net position:				
Contributions - employer	310,161		(310,161)	
Contributions - state	80,280			(80,280)
Contributions - employee	47,041			(47,041)
Contributions - buy back	-			-
Net investment income	539,718			(539,718)
Difference between projected and actual earnings on pension plan investments				
Current year amortization	109,344	109,344	-	(21,869)
Benefit payments	(458,910)			458,910
Administrative expenses	(14,901)			14,901
Other	-			-
Net change	<u>612,733</u>	<u>87,475</u>	<u>(310,161)</u>	<u>(215,097)</u>
Ending Balance	<u>\$ 1,529,783</u>	<u>\$ 87,475</u>	<u>\$ -</u>	<u>\$ 170,921</u>