

CITY OF SANIBEL
MUNICIPAL POLICE OFFICERS'
RETIREMENT TRUST FUND

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2014

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



January 23, 2014

Board of Trustees
City of Sanibel Municipal Police Officers'
Retirement Trust Fund
800 Dunlop Road
Sanibel, FL 33957-4096

Re: City of Sanibel
Municipal Police Officers' Retirement Trust Fund

Dear Board:

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

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

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by the City of Sanibel, 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.

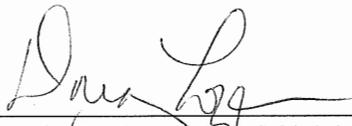
The undersigned is familiar with the immediate and long-term aspects of pension valuations, and meets the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the 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 Sanibel, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the City of Sanibel Municipal Police Officers' Retirement Trust Fund. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

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

Respectfully submitted,

Foster & Foster, Inc.

By: 

Douglas H. Lozen, EA, MAAA
Enrolled Actuary #14-7778

DHL/lke

Enclosures

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SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Sanibel Municipal Police Officer's Retirement Trust Fund, performed as of October 1, 2014, has been completed and the results are presented in this Report. The contribution amounts set forth herein are applicable to the plan/fiscal year ending September 30, 2015.

The contribution requirements, compared with those set forth in the October 1, 2013, Actuarial Valuation Report, are as follows:

Valuation Date	10/1/2013	10/1/2014
Applicable Plan Year End	<u>9/30/2015</u>	<u>9/30/2016</u>
Total Required Contribution % of Total Annual Payroll	79.31%	86.99%
Member Contributions (Est.) % of Total Annual Payroll	8.00%	8.00%
City and State Required Contribution % of Total Annual Payroll	71.31%	78.99%
State Contribution (est.) ¹ % of Total Annual Payroll	65,862 4.85%	65,862 4.85%
Balance from City ¹ % of Total Annual Payroll	66.46%	74.14%

¹ The City may use up to \$111,941 in State Contributions for determining its minimum funding requirements, under the traditional interpretation of Chapter 99-1, Florida Statutes. For budgeting purposes, the required Sponsor Contribution (City and State) is 78.99% 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 (up to the maximum \$111,941).

Additionally, there is a City shortfall contribution of \$44,423.67 for the fiscal year ended September 30, 2014. In order to obtain State acceptance of the 2014 Annual Report, a deposit equal to this shortfall, plus accrued interest at the valuation assumption of 7.5% is required. The interest charge is \$278 for each full month after September 30, 2014 until this deposit is made. Please refer to page 24 for details on our calculation of this shortfall.

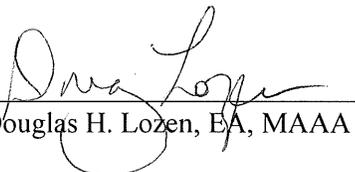
Experience since the prior valuation has been more favorable than expected, relative to the Plan's actuarial assumptions. The primary components of favorable actuarial experience included a 9.4% investment return (Actuarial Asset Basis), exceeding the 7.5% assumption, average increases in Pensionable Earnings that were below the assumed rate by more than 1%, and greater than expected Retiree mortality. These gains were partially offset by Members electing Normal Retirement earlier than the assumed one-year deferral.

In spite of the net actuarial gain realized for the prior year, the Plan's funding requirements, when expressed as a percentage of payroll, have increased due to reductions in valuation payroll and the payroll growth assumption (utilized for amortization of the Unfunded Actuarial Accrued Liability).

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: 
Douglas H. Lozen, EA, MAAA

By: 
Drew D. Ballard, EA, MAAA

CHANGES SINCE PRIOR VALUATION

Plan Changes

There have been no changes in plan benefits since the prior valuation.

Actuarial Assumption/Method Changes

The payroll growth assumption utilized for amortization of the Unfunded Actuarial Accrued Liability was decreased from 2.3% to 0.0%. This reduction is required pursuant to provisions of the Florida Administrative Code. Any use of a payroll growth assumption is limited to the ten-year average growth in Total Annual Payroll as of the valuation date.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	<u>10/1/2014</u>	<u>10/1/2013</u>
A. Participant Data		
Number Included		
Actives	19	21
Service Retirees	18	17
DROP Retirees	2	2
Beneficiaries	2	1
Terminated Vested	6	6
Disability Retirees	2	2
Total	<u>49</u>	<u>49</u>
Total Annual Payroll	\$1,358,441	\$1,450,942
Payroll Under Assumed Ret. Age	1,358,441	1,450,942
Annual Rate of Payments to:		
Service Retirees	743,826	647,170
DROP Retirees	188,700	183,204
Beneficiaries	40,747	10,432
Terminated Vested	82,812	82,812
Disability Retirees	24,876	24,876
B. Assets		
Actuarial Value ¹	14,852,642	13,244,866
Market Value ¹	15,856,528	13,939,400
C. Liabilities		
Present Value of Benefits		
Active Members		
Retirement Benefits	10,018,647	11,295,126
Disability Benefits	277,605	297,051
Death Benefits	73,694	82,089
Vested Benefits	0	0
Refund of Contributions	17,878	16,266
Service Retirees	9,562,306	7,999,004
DROP Retirees ¹	3,760,091	3,510,205
Beneficiaries	367,247	82,330
Terminated Vested	539,378	502,069
Disability Retirees	204,360	210,262
Excess State Monies Reserve	27,317	27,317
Total	<u>24,848,523</u>	<u>24,021,719</u>

C. Liabilities - (Continued)	<u>10/1/2014</u>	<u>10/1/2013</u>
Present Value of Future Salaries	12,727,819	13,911,998
Present Value of Future Member Cont.	1,018,226	1,112,960
Normal Cost (Entry Age Normal)		
Retirement Benefits	433,039	473,580
Disability Benefits	21,638	20,337
Death Benefits	4,214	4,655
Vested Benefits	0	0
Refund of Contributions	4,575	5,108
Total Normal Cost	<u>463,466</u>	<u>503,680</u>
Present Value of Future Normal Costs	4,345,560	4,773,338
Actuarial Accrued Liability (Entry Age Normal)		
Retirement Benefits	5,900,868	6,759,783
Disability Benefits	103,281	117,262
Death Benefits	35,527	39,485
Vested Benefits	0	0
Refund of Contributions	2,588	664
Inactives plus state reserve ¹	14,460,699	12,331,187
Total Accrued Liability	<u>20,502,963</u>	<u>19,248,381</u>
Unfunded Actuarial Accrued Liability	5,650,321	6,003,515
D. Actuarial Present Value of Accrued Benefits		
Vested Accrued Benefits		
Inactives ¹	14,433,382	12,303,870
Actives	2,373,266	2,863,048
Member Contributions	878,986	951,736
Total	<u>17,685,634</u>	<u>16,118,654</u>
Non-vested Accrued Benefits	<u>749,108</u>	<u>907,791</u>
Total Present Value Accrued Benefits	18,434,742	17,026,445
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
New Accrued Benefits	911,391	
Benefits Paid	(751,882)	
Interest	1,248,788	
Other	0	
Total:	<u>1,408,297</u>	

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) % of Total Annual Payroll ²	35.40	36.02
Administrative Expense (with interest) % of Total Annual Payroll ²	2.93	2.31
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 21 years as of 10/1/14 (with interest) % of Total Annual Payroll ²	48.66	40.98
Total Required Contribution % of Total Annual Payroll ²	86.99	79.31
Expected Member Contributions % of Total Annual Payroll ²	8.00	8.00
Expected City & State Contrib. % of Total Annual Payroll ²	78.99	71.31

F. Past Contributions

Plan Year Ending:	<u>9/30/2014</u>
Total Required Contribution	1,142,493
City and State Requirement	1,027,813
Actual Contributions Made:	
Members	114,679
City	961,952
State	65,862
Total	<u>1,142,493</u>

G. Net Actuarial Gain (Loss)	191,238
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¹ The asset values and liabilities for DROP Members include accumulated DROP Balances as of 09/30/2013 and 09/30/2014.

² Contributions developed as of 10/1/14 are expressed as a percentage of total annual payroll at 10/1/14 of \$1,358,441.

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

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2014	\$5,650,321
2015	5,389,160
2016	5,108,412
2021	3,386,529
2026	1,776,824
2035	0

I. (i) 3 Year Comparison of Actual and Assumed Increases in Pensionable Compensation.

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2014	5.4%	7.0%
Year Ended	9/30/2013	1.2%	7.0%
Year Ended	9/30/2012	-0.7%	7.0%

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

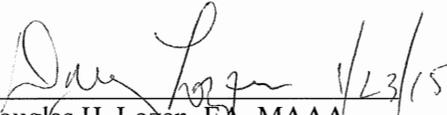
		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2014	9.4%	7.5%
Year Ended	9/30/2013	9.2%	8.0%
Year Ended	9/30/2012	6.7%	8.0%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2014	1,358,441
	10/1/2004	1,382,306
(b) Total Increase		-1.7%
(c) Number of Years		10.00
(d) Average Annual Rate		-0.2%

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.


Douglas H. Lozen, EA, MAAA
Enrolled Actuary #14-7778

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 LIABILITY

(1)	Unfunded Actuarial Accrued Liability as of October 1, 2013	\$6,003,515
(2)	Sponsor Normal Cost developed as of October 1, 2013	387,605
(3)	Expected Administrative Expenses during fiscal 2014	32,304
(4)	Interest on (1), (2) and (3)	480,545
(5)	Sponsor Contributions to the System during the year ending September 30, 2014	1,027,813
(6)	Interest on (5)	34,597
(7)	Expected Unfunded Accrued Liability as of October 1, 2014 (1)+(2)+(3)+(4)-(5)-(6)	5,841,559
(8)	Change to UAAL due to Actuarial (Gain)/Loss	(191,238)
(9)	Unfunded Accrued Liability as of October 1, 2014	5,650,321

	<u>Date Established</u>	<u>Years Remaining</u>	<u>10/1/2014 Amount</u>	<u>Amortization Amount</u>
	10/1/1994	10	215,613	29,220
	10/1/2000	16	(175,370)	(17,846)
	10/1/2001	17	397,142	39,160
method change	10/1/2004	20	1,291,467	117,844
actuarial loss	10/1/2004	14	1,180,362	129,343
benefit change	10/1/2005	21	667,187	59,600
assum. change	10/1/2005	21	(138,375)	(12,361)
actuarial gain	10/1/2005	14	(160,393)	(17,576)
actuarial loss	10/1/2006	14	346,818	38,004
actuarial loss	10/1/2007	14	974,431	106,777
actuarial loss	10/1/2008	4	186,747	51,867
method change	10/1/2008	14	305,867	33,517
actuarial gain	10/1/2009	5	(448,977)	(103,229)
actuarial loss	10/1/2010	6	381,359	75,578
assum. change	10/1/2010	16	271,760	27,654
assum. change	10/1/2010	16	(149,206)	(15,183)
actuarial loss	10/1/2011	7	367,601	64,561
actuarial loss	10/1/2012	8	644,760	102,398
actuarial gain	10/1/2013	9	(317,234)	(46,262)
actuarial gain	10/1/2014	10	(191,238)	(25,917)
			<u>5,650,321</u>	<u>637,149</u>

PARTIAL HISTORY OF PREMIUM TAX REFUNDS

<u>Received During Fiscal Year</u>	<u>Amount</u>	<u>Increase from Previous Year</u>
1991	21,417.65	_____%
1992	22,377.46	4.5%
1993	22,374.08	0.0%
1994	25,586.99	14.4%
1995	25,462.73	-0.5%
1996	29,796.30	17.0%
1997	33,568.08	12.7%
1998	30,273.87	-9.8%
1999	31,593.25	4.4%
2000	36,011.30	14.0%
2001	35,448.08	-1.6%
2002	38,571.02	8.8%
2003	43,515.50	12.8%
2004	46,642.40	7.2%
2005	0.00	-100.0%
2006	98,026.48	N/A
2007	50,725.64	-48.3%
2008	53,654.13	5.8%
2009	57,459.31	7.1%
2010	58,716.36	2.2%
2011	57,486.63	-2.1%
2012	63,573.88	10.6%
2013	62,541.87	-1.6%
2014	65,861.56	5.3%

EXCESS STATE MONIES RESERVE

	<u>Actual State Distribution</u>	<u>Applicable "Frozen" Amount</u>	<u>Excess State Monies Reserve</u>
1998	30,273.87	30,273.87	0.00
1999	31,593.25	30,273.87	1,319.38
2000	36,011.30	30,273.87	5,737.43
2001	35,448.08	30,273.87	5,174.21
2002	38,571.02	35,354.87	3,216.15
2003	43,515.50	35,354.87	8,160.63
2004	46,642.40	35,354.87	11,287.53
2005	0.00 *	0.00 *	0.00
2006	98,026.48	70,709.74	27,316.74
2007	50,726.00	111,940.87	0.00
2008	53,654.13	111,940.87	0.00
2009	57,459.31	111,940.87	0.00
2010	58,716.36	111,940.87	0.00
2011	57,486.63	111,940.87	0.00
2012	63,573.88	111,940.87	0.00
2013	62,541.87	111,940.87	0.00
2014	65,861.56	111,940.87	<u>0.00</u>
Reserve used for Ordinance 06-014			(34,895.33)
Total Accumulation			27,316.74

* FY 2005 state contribution was not available until FY 2006.

ACTUARIAL ASSUMPTIONS AND METHODS

<u>Mortality Rate</u>	<p>RP 2000 Combined Healthy – Sex Distinct. Disabled lives are 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>Interest Rate</u>	7.5% per year compounded annually, net of investment related expenses.								
<u>Retirement Age</u>	Two years after the earlier of Age 60 with 5 years of service, age 55 with 10 years of service, or 25 years of service regardless of age. Also, any member who has reached Normal Retirement plus two years is assumed to continue employment for one additional year.								
<u>Early Retirement</u>	Commencing at eligibility for Early Retirement (age 50), members are assumed to retire with an immediate benefit at the rate of 2% per year.								
<u>Disability Rate</u>	See table on following page (1202). It is assumed that 75% of disablements are service related.								
<u>Termination Rate</u>	<table border="0" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;"><u>Credited Service</u></th> <th style="text-align: center;"><u>Termination Probability</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">0-1</td> <td style="text-align: center;">15%</td> </tr> <tr> <td style="text-align: center;">2-4</td> <td style="text-align: center;">10%</td> </tr> <tr> <td style="text-align: center;">5+</td> <td style="text-align: center;">0</td> </tr> </tbody> </table>	<u>Credited Service</u>	<u>Termination Probability</u>	0-1	15%	2-4	10%	5+	0
<u>Credited Service</u>	<u>Termination Probability</u>								
0-1	15%								
2-4	10%								
5+	0								
<u>Salary Increases</u>	7% per year until the assumed retirement age; see table on following page. Projected salary in the year of retirement is increased 10% for Members who had 10 or more years of Credited Service as of September 30, 2011 and 5% for Members who had less than 10 years of Credited Service as of September 30, 2011. These increases are to account for non-regular compensation.								
<u>Administrative Expenses</u>	\$38,332.								
<u>Cost-of-Living Adjustment</u>	3.0% automatic COLA to Normal and Early Retirees, beginning one year after retirement.								
<u>Payroll Growth Assumption</u>	None (previously 2.3%).								
<u>Funding Method</u>	Entry Age Normal Actuarial Cost Method								

Actuarial Asset Method

Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value returns, net of fees. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

<u>Age</u>	<u>% Becoming Disabled During the Year</u>	<u>Current Salary as % of Salary at age 57</u>
20	0.051%	8.2%
30	0.058	16.1
40	0.121	31.7
50	0.429	62.3

VALUATION NOTES

Total Annual Payroll is the projected annual rate of pay for the fiscal year following the valuation date of all covered Members.

Present Value of Benefits is the single sum value on the valuation date of all future benefits to be paid to current Members, Retirees, Beneficiaries, Disability Retirees and Vested Terminations.

Normal (Current Year's) Cost is determined for each participant as the present value of future benefits, determined as of the Member's entry age, amortized as a level percentage of compensation over the anticipated number of years of participation, determined as of the entry age.

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

Unfunded Actuarial Accrued Liability (UAAL) is the difference between the actuarial accrued liability (described above) and the actuarial value of assets. Under the Entry Age Normal Actuarial Cost Method, an actuarial gain or loss, based on actual versus expected UAAL, is determined in conjunction with each valuation of the plan.

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.

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2014

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Money Market	180,518.54
Cash	2,660.69
Total Cash and Equivalents	183,179.23
Receivables:	
Member Contributions	1,014.37
Additional City Contributions	44,423.67
Investment Income	19,182.53
Total Receivable	64,620.57
Investments:	
Fixed	4,188,738.44
Equities	8,453,300.84
Pooled/Common/Commingled Funds:	
Equity	1,711,498.55
Master Limited Partnership	1,261,332.13
Total Investments	15,614,869.96
Total Assets	15,862,669.76
<u>LIABILITIES</u>	
Payables:	
Investment Expenses	4,566.86
Administrative Expenses	1,575.00
Total Liabilities	6,141.86
NET POSITION RESTRICTED FOR PENSIONS	15,856,527.90

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

ADDITIONS

Contributions:

Member	114,679.30
City	961,951.67
State	65,861.56

Total Contributions 1,142,492.53

Investment Income:

Net Increase in Fair Value of Investments	1,092,959.86
Interest & Dividends	530,399.17
Less Investment Expense ¹	(58,509.78)

Net Investment Income 1,564,849.25

Total Additions 2,707,341.78

DEDUCTIONS

Distributions to Members:

Benefit Payments	694,791.73
Lump Sum DROP Distributions	49,635.42
Refunds of Member Contributions	7,454.79

Total Distributions 751,881.94

Administrative Expense 38,331.79

Total Deductions 790,213.73

Net Increase in Net Position 1,917,128.05

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year 13,939,399.85

End of the Year 15,856,527.90

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

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	-1.37%	
09/30/2012	16.71%	
09/30/2013	12.01%	
09/30/2014	10.91%	
Annualized Rate of Return for prior four (4) years:		9.35%
(A) 10/01/2013 Actuarial Assets:		\$13,244,866.20
(I) Net Investment Income:		
1. Interest and Dividends		530,399.17
2. Realized Gains (Losses)		115,015.83
3. Change in Actuarial Value		668,591.53
4. Investment Related Expenses		(58,509.78)
	Total	1,255,496.75
(B) 10/01/2014 Actuarial Assets:		\$14,852,641.75
Actuarial Asset Rate of Return = $2I/(A+B-I)$:		9.35%
10/01/2014 Limited Actuarial Assets:		\$14,852,641.75

*Market Value Basis, net of investment related expenses.

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

REVENUES

Contributions:		
Member	114,679.30	
City	961,951.67	
State	65,861.56	
Total Contributions		1,142,492.53
Earnings from Investments:		
Interest & Dividends	530,399.17	
Net Realized Gain (Loss)	115,015.83	
Change in Actuarial Value	668,591.53	
Total Earnings and Investment Gains		1,314,006.53
	EXPENDITURES	
Distributions to Members:		
Benefit Payments	694,791.73	
Lump Sum DROP Distributions	49,635.42	
Refunds of Member Contributions	7,454.79	
Total Distributions		751,881.94
Expenses:		
Investment Related ¹	58,509.78	
Administrative	38,331.79	
Total Expenses		96,841.57
Change in Net Assets for the Year		1,607,775.55
Net Assets Beginning of the Year		13,244,866.20
Net Assets End of the Year ²		14,852,641.75

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	318,630.36
Plus Additions	232,335.96
Investment Return Earned	17,194.58
Less Distributions	(49,635.42)
09/30/2014 Balance	518,525.48

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

(1) City and State Required Contribution Rate (from the October 1, 2012 actuarial valuation)	71.70%
(2) Fiscal 2014 Pensionable Payroll	\$1,433,491.25
(3) Required City and State Contribution (1) x (2)	1,027,813.23
(4) Less Allowable State Contribution ¹	<u>(65,861.56)</u>
(5) Equals Required City Contribution	961,951.67
(6) Less Actual City Contributions	<u>(917,528.00)</u>
(7) Equals City's Shortfall Contribution as of September 30, 2014	\$44,423.67

¹ Reflects traditional interpretation of Chapter 99-1, Florida Statutes.

STATISTICAL DATA

	<u>10/1/2011</u>	<u>10/1/2012</u>	<u>10/1/2013</u>	<u>10/1/2014</u>
Number	21	18	21	19
Average Current Age	44.0	42.8	43.8	45.1
Average Age at Employment	30.4	31.9	33.8	35.2
Average Past Service	13.6	10.9	10.0	9.9
Average Annual Salary	\$72,737	\$71,370	\$69,092	\$71,497

* Prior to October 1, 2012, averages were salary weighted.

AGE AND SERVICE DISTRIBUTION

PAST SERVICE

AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	0	0	0	0	0	0	0	0	0	0	0	0
25 - 29	0	0	0	0	0	0	0	0	0	0	0	0
30 - 34	0	0	0	0	0	3	0	0	0	0	0	3
35 - 39	0	0	0	0	0	1	0	0	0	0	0	1
40 - 44	0	0	0	0	0	2	1	0	1	0	0	4
45 - 49	0	1	0	0	0	1	1	0	2	0	0	5
50 - 54	0	2	0	0	0	0	0	1	1	0	0	4
55 - 59	1	0	0	0	0	1	0	0	0	0	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	1	3	0	0	0	8	2	1	4	0	0	19

MEMBER RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/13	21
b. Terminations	
i. Vested (partial or full) with deferred benefits	0
ii. Non-vested or full lump sum distribution received	1
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	1
f. DROP	1
g. Voluntary withdrawal	0
h. Continuing participants	18
i. New entrants	1
j. Total active life participants in valuation	19

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	17	1	2	6	2	28
b. In	2	1	0	0	1	4
c. Out	1	0	0	0	1	2
d. Number current valuation	18	2	2	6	2	30

SUMMARY OF CURRENT PLAN
(Through Ordinance 11-010)

CREDITED SERVICE	Years and completed months of continuous employment as a Police Officer.
AVERAGE FINAL COMPENSATION	Average compensation (excluding OT in excess of 300 hours per year, but including lump sum accruals determined as of 9/30/2011) paid during the five (5) highest years of service.
NORMAL RETIREMENT	
Eligibility	Earlier of 1) age 60 with 5 vesting credits, or 2) age 55 with 10 vesting credits, or 3) 25 vesting credits regardless of age.
Benefit Amount	3% of Average Final Compensation <u>times</u> Credited Service.
Form of Benefit	10 years certain and life thereafter. Options available
Maximum Benefit	90% of Average Final Compensation.
EARLY RETIREMENT	
Eligibility	Age 50 and attainment of 5 vesting credits.
Benefit Amount	Accrued benefit, reduced 2.5% for each year prior to Normal Retirement Date.
VESTING (TERMINATION)	
Less than 5 years of Credited Service	Refund of Member Contributions.
5 years or more	Accrued benefit payable at Early Retirement Date (reduced) or Normal Retirement Date (unreduced).
COST-OF-LIVING ADJUSTMENT	To all Normal and Early Retirees after October 17, 2006, 3% automatic COLA, beginning on the first October 1 following retirement.

DISABILITY

Eligibility	10 years of contributing service for non-service related; coverage from date of hire for service-incurred.
Benefit Amount	3% of Average Final Compensation times Credited Service, but not less than 42% of Average Final Compensation for service related disabilities

DEATH

Vested Member	Accrued pension paid to beneficiary at otherwise Early Retirement Date (reduced basis) or Normal Retirement Date. Benefit paid for 10 years only.
Non-Vested Member	Beneficiary receives refund of Member's Contributions.

SUPPLEMENTAL BENEFIT

\$36.00 times Credited Service paid monthly to Age 67. Minimum payment period is 5 years.

CONTRIBUTIONS

Employee	8% of total pay until Normal Retirement Age, 4% thereafter.
Premium Tax	0.85% tax on premiums for casualty insurance.
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 Council appointees,
- b) Two Members of the System elected by a majority of the other covered Police Officers, and
- c) A fifth Member elected by the other 4 and appointed by Council.

DEFERRED RETIREMENT
OPTION PLAN

Eligibility	Satisfaction of Normal Retirement Requirements.
Participation	Not to exceed 60 months.
Rate of Return	4% annual rate, credited quarterly
Distribution	Lump sum at termination of employment.

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

ANNUAL PENSION COSTS AND RELATED INFORMATION

Contribution rates as of 9/30/14	
City and State	71.70%
Plan Members	8.0%
	(Until Normal Retirement Age)
Actuarially Determined Contribution (City and State)	1,027,813
Contributions made	1,027,814
Actuarial valuation date	10/1/2012
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Pay, Closed
Remaining amortization period	23 Years as of 10/1/2012
Asset valuation method	4 Year Smooth
Actuarial assumptions (as of 10/1/2012):	
Investment rate of return	8.0%
Projected salary increase*	7.0%
* Includes inflation at	3.0%
Post Retirement COLA	3.0%
	(beginning one year after retirement)

SIX YEAR TREND INFORMATION

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9/30/14	1,136,296	90%	(2,378,591)
9/30/13	771,161	277%	(2,487,073)
9/30/12	690,920	249%	(1,122,981)

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>9/30/12</u>	<u>9/30/13</u>	<u>9/30/14</u>
Actuarially Determined			
Contribution (A)	687,550	729,756	1,027,813
Interest on NPO	(7,408)	(89,838)	(198,966)
Adjustment to (A)	10,778	131,243	307,449
	-----	-----	-----
Annual Pension Cost	690,920	771,161	1,136,296
Contributions Made	1,721,305	2,135,253	1,027,814
	-----	-----	-----
Increase in NPO	(1,030,385)	(1,364,092)	108,482
NPO Beginning of Year	(92,596)	(1,122,981)	(2,487,073)
	-----	-----	-----
NPO End of Year	(92,596)	(1,122,981)	(2,378,591)

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2014

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Money Market	180,518.54
Cash	2,660.69
Total Cash and Equivalents	183,179.23
Receivables:	
Member Contributions	1,014.37
Additional City Contributions	44,423.67
Investment Income	19,182.53
Total Receivable	64,620.57
Investments:	
Fixed	4,188,738.44
Equities	8,453,300.84
Pooled/Common/Commingled Funds:	
Equity	1,711,498.55
Master Limited Partnership	1,261,332.13
Total Investments	15,614,869.96
Total Assets	15,862,669.76
<u>LIABILITIES</u>	
Payables:	
Investment Expenses	4,566.86
Administrative Expenses	1,575.00
Total Liabilities	6,141.86
NET POSITION RESTRICTED FOR PENSIONS	15,856,527.90

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

ADDITIONS

Contributions:

Member	114,679.30
City	961,951.67
State	65,861.56

Total Contributions 1,142,492.53

Investment Income:

Net Increase in Fair Value of Investments	1,092,959.86
Interest & Dividends	530,399.17
Less Investment Expense ¹	(58,509.78)

Net Investment Income 1,564,849.25

Total Additions 2,707,341.78

DEDUCTIONS

Distributions to Members:

Benefit Payments	694,791.73
Lump Sum DROP Distributions	49,635.42
Refunds of Member Contributions	7,454.79

Total Distributions 751,881.94

Administrative Expense 38,331.79

Total Deductions 790,213.73

Net Increase in Net Position 1,917,128.05

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year 13,939,399.85

End of the Year 15,856,527.90

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

Plan Membership as of October 1, 2013:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	22
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	6
Active Plan Members	21
	49
	49

Benefits Provided

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

Normal Retirement:

Eligibility: Earlier of 1) age 60 with 5 vesting credits, or 2) age 55 with 10 vesting credits, or 3) 25 vesting credits regardless of age.

Benefit Amount: 3% of Average Final Compensation times Credited Service.

Maximum Benefit: 90% of Average Final Compensation.

Early Retirement:

Eligibility: Age 50 and attainment of 5 vesting credits.

Benefit Amount: Accrued benefit, reduced 2.5% for each year prior to Normal Retirement Date.

Vesting (Termination):

Less than 5 years of Credited Service: Refund of Member Contributions.

5 years or more: Accrued benefit payable at Early Retirement Date (reduced) or Normal Retirement Date (unreduced).

Disability:

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

Benefit Amount: 3% of Average Final Compensation times Credited Service, but not less than 42% of Average Final Compensation for service related disabilities.

Death Benefits:

Vested Member: Accrued pension paid to beneficiary at otherwise Early Retirement Date (reduced basis) or Normal Retirement Date. Benefit paid for 10 years only.

Non-Vested Member: Beneficiary receives refund of Member's Contributions.

Cost-of-Living Adjustment:

To all Normal and Early Retirees after October 17, 2006, 3% automatic COLA, beginning on the first October 1 following retirement.

Supplemental Benefit:

\$36.00 times Credited Service paid monthly to Age 67. Minimum payment period is 5 years.

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	35%
International Equity	15%
Bonds	30%
Convertibles	10%
REITS	5%
MLPs	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 10.91 percent.

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

Deferred Retirement Option Program

Eligibility: Satisfaction of Normal Retirement requirements.

Participation: Not to Exceed 60 Months.

Rate of Return: 4% annual rate, credited quarterly.

The DROP balance as September 30, 2014 is \$518,525.

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	\$ 20,369,200
Plan Fiduciary Net Position	\$ (15,856,528)
Sponsor's Net Pension Liability	\$ 4,512,672
Plan Fiduciary Net Position as a percentage of Total Pension Liability	77.85%

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	7.00%
Investment Rate of Return	7.50%

RP 2000 Combined Healthy – Sex Distinct. Disabled lives are 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 1989-2011.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2014 are summarized in the following table:

Asset Class	Long Term Expected Real Rate of Return
Domestic Equity	7.8%
International Equity	2.2%
Bonds	3.7%
Convertibles	5.3%
REITS	8.2%
MLPs	12.7%

Discount Rate:

The discount rate used to measure the total pension liability was 7.50 percent.

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

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Sponsor's Net Pension Liability	\$ 7,104,140	\$ 4,512,672	\$ 2,363,278

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	509,101	473,582
Interest	1,445,430	1,373,741
Change in Excess State Money	-	-
Share Plan Allocation	-	-
Changes of Benefit Terms		
Differences Between Expected and Actual Experience	-	-
Changes of Assumptions	-	
Benefit Payments, Including Refunds of Employee Contributions	(751,882)	(1,102,107)
Net Change in Total Pension Liability	1,202,649	745,216
Total Pension Liability - Beginning	19,166,551	18,421,335
Total Pension Liability - Ending (a)	\$ 20,369,200	\$ 19,166,551
 Plan Fiduciary Net Position		
Contributions - Employer	961,952	2,072,711
Contributions- State	65,862	62,542
Contributions - Employee	114,679	105,628
Net Investment Income	1,564,849	1,435,540
Benefit Payments, Including Refunds of Employee Contributions	(751,882)	(1,102,107)
Administrative Expense	(38,332)	(32,304)
Other	-	-
Net Change in Plan Fiduciary Net Position	1,917,128	2,542,010
 Plan Fiduciary Net Position - Beginning	13,939,400	11,397,390
Plan Fiduciary Net Position - Ending (b)	\$ 15,856,528	\$ 13,939,400
 Net Pension Liability - Ending (a) - (b)	\$ 4,512,672	\$ 5,227,151
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.85%	72.73%
 Covered Employee Payroll	\$ 1,433,491	\$ 1,320,347
Net Pension Liability as a Percentage of covered Employee Payroll	314.80%	395.89%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	09/30/2014	9/30/2013
Actuarially Determined Contribution	1,027,813	729,756
Contributions in Relation to the		
Actuarially Determined Contributions	1,027,813	2,135,253
Contribution Deficiency (Excess)	\$ -	\$ (1,405,497)
Covered Employee Payroll	\$ 1,433,491	\$ 1,320,347
Contributions as a Percentage of		
Covered Employee Payroll	71.70%	161.72%

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:	23 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 returns, net of fees. 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:	7% per year until the assumed retirement age. Projected salary in the year of retirement is increased 10% for Members who had 10 or more years of Credited Service as of September 30, 2011 and 5% for Members who had less than 10 years of Credited Service as of September 30, 2011. These increases are to account for non-regular compensation.
Interest Rate:	8% per year compounded annually, net of investment related expenses.
Payroll Growth Assumption:	Up to 2.8% annually.
Cost-of-Living Adjustment:	3.0% automatic COLA to Normal and Early Retirees, beginning one year after retirement.
Retirement Age:	Two years after the earlier of Age 60 with 5 years of service, age 55 with 10 years of service, or 25 years of service regardless of age. Also, any member who has reached Normal Retirement plus two years is assumed to continue employment for one additional year.
Early Retirement:	Commencing at eligibility for Early Retirement (age 50), members are assumed to retire with an immediate benefit at the rate of 2% per year.

Termination Rates: See table below.
 Disability Rates: See table below. It is assumed that 75% of disablements and active Member deaths are service related.
 Mortality: RP 2000 Combined Healthy – Sex Distinct. Disabled lives are 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	15.0%	0.051%
30	8.2%	0.058%
40	4.0%	0.121%
50	2.7%	0.429%

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	10.91%	12.01%

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

General Information about the Pension Plan

Plan Description

Each full-time Police Officer employee of the City becomes a Participant on the first day of full-time service. The Plan is administered by a Board of Trustees comprised of:

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

Plan Membership as of October 1, 2013:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	22
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	6
Active Plan Members	21
	49
	49

Benefits Provided

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

Normal Retirement:

Eligibility: Earlier of 1) age 60 with 5 vesting credits, or 2) age 55 with 10 vesting credits, or 3) 25 vesting credits regardless of age.

Benefit Amount: 3% of Average Final Compensation times Credited Service.

Maximum Benefit: 90% of Average Final Compensation.

Early Retirement:

Eligibility: Age 50 and attainment of 5 vesting credits.

Benefit Amount: Accrued benefit, reduced 2.5% for each year prior to Normal Retirement Date.

Vesting (Termination):

Less than 5 years of Credited Service: Refund of Member Contributions.

5 years or more: Accrued benefit payable at Early Retirement Date (reduced) or Normal Retirement Date (unreduced).

Disability:

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

Benefit Amount: 3% of Average Final Compensation times Credited Service, but not less than 42% of Average Final Compensation for service related disabilities.

Death Benefits:

Vested Member: Accrued pension paid to beneficiary at otherwise Early Retirement Date (reduced basis) or Normal Retirement Date. Benefit paid for 10 years only.

Non-Vested Member: Beneficiary receives refund of Member's Contributions.

Cost-of-Living Adjustment:

To all Normal and Early Retirees after October 17, 2006, 3% automatic COLA, beginning on the first October 1 following retirement.

Supplemental Benefit:

\$36.00 times Credited Service paid monthly to Age 67. Minimum payment period is 5 years.

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	7.00%
Investment Rate of Return	7.50%

RP 2000 Combined Healthy – Sex Distinct. Disabled lives are 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 1989-2011.

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	35.00%	7.80%
International Equity	15.00%	2.20%
Bonds	30.00%	3.70%
Convertibles	10.00%	5.30%
REITS	5.00%	8.20%
MLPs	5.00%	12.70%
Total	<u>100.00%</u>	

Discount Rate:

The discount rate used to measure the total pension liability was 7.50 percent.

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

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

CHANGES IN NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances at September 30, 2013	\$ 19,166,551	\$ 13,939,400	\$ 5,227,151
Changes for a Year:			
Service Cost	509,101		509,101
Interest	1,445,430		1,445,430
Change In Excess State Money	-		-
Share Plan Allocation	-		-
Differences Between Expected and Actual Experience	-		-
Contributions - Employer		961,952	(961,952)
Contributions -State		65,862	(65,862)
Contributions - Employee		114,679	(114,679)
Net Investment Income		1,564,849	(1,564,849)
Benefit Payments, Including Refunds of Employee Contributions	(751,882)	(751,882)	-
Administrative Expense		(38,332)	38,332
Other Changes	-	-	-
New Changes	1,202,649	1,917,128	(714,479)
Balances at September 30, 2014	<u>\$ 20,369,200</u>	<u>15,856,528</u>	<u>4,512,672</u>

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

	Current Discount		
	1% Decrease	Rate	1% Increase
	6.50%	7.50%	8.50%
Sponsor's Net Pension Liability	\$ 7,104,140	\$ 4,512,672	\$ 2,363,278

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 \$652,420. On September 30, 2015 the Sponsor reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	-	-
Changes of Assumptions	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	404,947
Total	<u>\$ -</u>	<u>\$ 404,947</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	\$ (101,237)
2017	\$ (101,237)
2018	\$ (101,237)
2019	\$ (101,236)
2020	\$ -
Thereafter	\$ -

Payable to the Pension Plan

On September 30, 2014, the Sponsor reported a payable of \$44,423.67, for the outstanding amount of contributions of the pension plan required for the year ended September 30, 2014.

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

	09/30/2014	09/30/2013
Total Pension Liability		
Service Cost	509,101	473,582
Interest	1,445,430	1,373,741
Change in Excess State Money	-	-
Share Plan Allocation	-	-
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	-	-
Changes of Assumptions	-	-
Benefit Payments, Including Refunds of Employee Contributions	(751,882)	(1,102,107)
Net Change in Total Pension Liability	1,202,649	745,216
Total Pension Liability - Beginning	19,166,551	18,421,335
Total Pension Liability - Ending (a)	\$ 20,369,200	\$ 19,166,551
Plan Fiduciary Net Position		
Contributions - Employer	961,952	2,072,711
Contributions- State	65,862	62,542
Contributions - Employee	114,679	105,628
Net Investment Income	1,564,849	1,435,540
Benefit Payments, Including Refunds of Employee Contributions	(751,882)	(1,102,107)
Administrative Expense	(38,332)	(32,304)
Other	-	-
Net Change in Plan Fiduciary Net Position	1,917,128	2,542,010
Plan Fiduciary Net Position - Beginning	13,939,400	11,397,390
Plan Fiduciary Net Position - Ending (b)	\$ 15,856,528	\$ 13,939,400
Net Pension Liability - Ending (a) - (b)	\$ 4,512,672	\$ 5,227,151
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.85%	72.73%
Covered Employee Payroll	\$ 1,433,491	\$ 1,320,347
Net Pension Liability as a Percentage of covered Employee Payroll	314.80%	395.89%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	<u>09/30/2014</u>	<u>09/30/2013</u>
Actuarially Determined Contribution	1,027,813	729,756
Contributions in Relation to the		
Actuarially Determined Contributions	<u>1,027,813</u>	<u>2,135,253</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ (1,405,497)</u>
Covered Employee Payroll	\$ 1,433,491	\$ 1,320,347
Contributions as a Percentage of		
Covered Employee Payroll	71.70%	161.72%

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:	23 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 returns, net of fees. 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:	7% per year until the assumed retirement age. Projected salary in the year of retirement is increased 10% for Members who had 10 or more years of Credited Service as of September 30, 2011 and 5% for Members who had less than 10 years of Credited Service as of September 30, 2011. These increases are to account for non-regular compensation.
Interest Rate:	8% per year compounded annually, net of investment related expenses.
Payroll Growth Assumption:	Up to 2.8% annually.
Cost-of-Living Adjustment:	3.0% automatic COLA to Normal and Early Retirees, beginning one year after retirement.
Retirement Age:	Two years after the earlier of Age 60 with 5 years of service, age 55 with 10 years of service, or 25 years of service regardless of age. Also, any member who has reached Normal Retirement plus two years is assumed to continue employment for one additional year.
Early Retirement:	Commencing at eligibility for Early Retirement (age 50), members are assumed to retire with an immediate benefit at the rate of 2% per year.

Termination Rates: See table below.
 Disability Rates: See table below. It is assumed that 75% of disablements and active Member deaths are service related.
 Mortality: RP 2000 Combined Healthy – Sex Distinct. Disabled lives are 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	15.0%	0.051%
30	8.2%	0.058%
40	4.0%	0.121%
50	2.7%	0.429%

COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2015

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	5,227,151	-	961,952	
Total pension liability factors:				
Service cost	509,101			509,101
Interest	1,445,430			1,445,430
Change in Excess State Money	-			-
Share Plan Allocation	-			-
Changes in benefit terms	-			-
Differences between expected and actual experience with regard to economic or demographic assumptions				
Current year amortization	-	-	-	-
Changes in assumptions about future economic or demographic factors or other inputs				
Current year amortization	-	-	-	-
Benefit payments	(751,882)			(751,882)
Net change	<u>1,202,649</u>	<u>-</u>	<u>-</u>	<u>1,202,649</u>
Plan fiduciary net position:				
Contributions - employer	961,952		(961,952)	
Contributions - state	65,862			(65,862)
Contributions - employee	114,679			(114,679)
Net investment income	1,058,665			(1,058,665)
Difference between projected and actual earnings on pension plan investments				
Current year amortization	506,184	506,184	-	(101,237)
Benefit payments	(751,882)	(101,237)	-	751,882
Administrative expenses	(38,332)			38,332
Other	-			-
Net change	<u>1,917,128</u>	<u>404,947</u>	<u>(961,952)</u>	<u>(550,229)</u>
Ending Balance	<u><u>4,512,672</u></u>	<u><u>404,947</u></u>	<u><u>-</u></u>	<u><u>652,420</u></u>