

CITY OF EDGEWATER
FIREFIGHTERS' PENSION FUND

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2014

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

March 13, 2015

Board of Trustees
City of Edgewater
Firefighters' Pension Board
P.O. Box 100
Edgewater, FL 32132-0100

Re: City of Edgewater
Firefighters' Pension Fund

Dear Board:

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

The valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board, and reflects laws and regulations issued to date pursuant to the provisions of Chapters 112, and 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 Town and the Board of Trustees, financial reports prepared by the Plan's 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 Edgewater, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the City of Edgewater Firefighters' Pension 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:

A handwritten signature in cursive script, appearing to read "Douglas H. Lozen", is written over a horizontal line.

Douglas H. Lozen, EA, MAAA
Enrolled Actuary #11-7778

DHL/lke

Enclosures

TABLE OF CONTENTS

Section	Title	Page
I	<u>Introduction</u>	
	a. Summary of Report	5
	b. Changes Since Prior Report	7
	c. Requirements of Chapter 112, Part VII, Florida Statutes	8
II	<u>Valuation Information</u>	
	a. Reconciliation of the Unfunded Actuarial Accrued Liabilities	13
	b. Detailed Actuarial (Gain)/Loss Analysis	14
	c. Actuarial Assumptions and Methods	15
	d. Valuation Notes	17
	e. Partial History of Premium Tax Refunds	18
	f. Excess State Monies Reserve	19
III	Trust Fund	20
IV	<u>Member Statistics</u>	
	a. Statistical Data	24
	b. Age and Service Distribution	25
	c. Member Reconciliation	26
V	Summary of Plan Provisions	27
VI	Governmental Accounting Standards Board Statements Disclosure Information	30

SUMMARY OF REPORT

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

The contribution requirements, compared with those developed in the August 22, 2014, Actuarial Impact Statement, (determined as of October 1, 2013), are as follows:

Valuation Date	10/1/2012	10/1/2013
Applicable Plan Year End	<u>9/30/2014</u>	<u>9/30/2015</u>
Total Required Contribution % of Total Annual Payroll	31.8%	29.9%
Member Contributions (Est.) % of Total Annual Payroll	6.0%	6.0%
City and State Required Contribution % of Total Annual Payroll	25.8%	23.9%
State Contribution (est.) * % of Total Annual Payroll	66,420 4.5%	66,420 4.5%
Balance from City * % of Total Annual Payroll	21.3%	19.4%

* The City may use up to \$66,946 in State Contributions (under the traditional interpretation of Chapter 99-1, Florida Statutes) for determining its minimum funding requirements; excess amounts are allocated to the Share Plan. For budgeting purposes, the required Sponsor Contribution (City and State) is 23.9% 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 \$66,946).

Additionally, there is a City prepaid contribution of \$26,421, available for the fiscal year ending September 30, 2015. Please see page 22 for full details.

Experience during the last 12 months has been more favorable than expected, relative to the Plan's actuarial assumptions. The primary sources of favorable experience included a decrease in average pensionable compensation, and a 10.1% investment return (Actuarial Asset Basis), exceeding the 7.5% assumption. These gains were partially offset by no employee turnover.

The balance of this Report presents additional details of the actuarial valuation and the general operation of the Fund. The undersigned would be pleased to meet with the Board of Trustees in order to discuss the Report and any pending questions concerning its contents.

Respectfully submitted,

FOSTER & FOSTER, INC.



By: _____
Douglas H. Lozen, EA, MAAA

By:  _____
Christine M. O'Neal, ASA, EA, MAAA

CHANGES SINCE PRIOR VALUATION

Plan Changes

Ordinance 2014-O-20, adopted and effective September 22, 2014 amended the Plan for compliance with Senate Bill 1128, Florida Statutes, in addition to the definition of earnings utilized for determination of Disability benefits. Please see our August 22, 2014, Actuarial Impact Statement for full details on the change in Plan liabilities and funding requirements associated with these changes.

Actuarial Assumption/Method Change

- For the purpose of compliance with Part VII of Chapter 112, Florida Statutes, the payroll growth assumption (utilized for amortization of the Unfunded Actuarial Accrued Liability) is limited to the actual ten-year payroll growth average, determined as of the valuation date. Accordingly, this assumption has been lowered from 4.4% to 3.5% in conjunction with this valuation of the Plan.
- The final salary load was changed from a flat 20% to a schedule based on Credited Service as of October 1, 2012. Please see the Actuarial Assumptions and Methods section of this report for details.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	<u>10/1/2014</u>	<u>10/1/2013</u>
A. Participant Data		
Number Included		
Actives	28	26
Service Retirees	5	5
Beneficiaries	0	0
Terminated Vested	0	0
Disability Retirees	1	1
	<hr/>	<hr/>
Total	34	32
Total Annual Payroll	1,565,155	1,502,209
Payroll Under Assumed Ret. Age	1,482,094	1,502,209
Annual Rate of Payments to:		
Service Retirees	198,520	198,520
Beneficiaries	0	0
Terminated Vested	0	0
Disability Retirees	11,532	11,532
B. Assets		
Actuarial Value ¹	8,968,043	7,816,177
Market Value ¹	9,922,600	8,418,701
C. Liabilities		
Present Value of Benefits		
Active Members		
Retirement Benefits	7,107,573	6,689,594
Disability Benefits	124,583	124,761
Death Benefits	32,831	32,450
Vested Benefits	641,544	655,635
Refund of Contributions	5,287	3,038
Service Retirees	2,592,053	2,603,020
Beneficiaries	0	0
Terminated Vested	0	0
Disability Retirees	154,229	154,624
Share Balances ¹	701,986	550,389
	<hr/>	<hr/>
Total	11,360,086	10,813,511

	<u>10/1/2014</u>	<u>10/1/2013</u>
C. Liabilities - (Continued)		
Present Value of Future Salaries	11,149,060	11,070,787
Present Value of Future Member Cont.	668,944	664,247
Normal Cost (Entry Age Normal)		
Service Retirement	247,721	252,561
Disability Benefits	10,808	10,918
Death Benefits	1,800	1,815
Vest Benefits	46,850	45,311
Refunds	1,550	1,125
Total Normal Cost	<u>308,729</u>	<u>311,730</u>
Present Value of Future Normal Costs	2,188,115	2,206,519
Actuarial Accrued Liability		
Service Ret	5,310,292	4,878,752
Disability Benefits	48,086	47,817
Death Benefits	19,834	19,268
Vest Benefits	345,141	352,735
Refunds	350	387
Inactive plus Share Balances	3,448,268	3,308,033
Total Actuarial Accrued Liability	<u>9,171,971</u>	<u>8,606,992</u>
Unfunded Actuarial Accrued Liability	203,928	790,815
D. Actuarial Present Value of Accrued Benefits		
Vested Accrued Benefits		
Inactives	2,746,282	2,757,644
Actives	2,884,680	2,549,172
Share Balances	701,986	550,389
Member Contributions	985,596	897,556
	<u>7,318,544</u>	<u>6,754,761</u>
Non-vested Accrued Benefits	425,473	349,382
Total Present Value Accrued Benefits	<u>7,744,017</u>	<u>7,104,143</u>
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
New Accrued Benefits	337,488	
Benefits Paid	(222,096)	
Interest	524,482	
Other	0	
	<u>639,874</u>	
Total:	639,874	

Valuation Date Applicable to Fiscal Year Ending	10/1/2014 <u>9/30/2016</u>	10/1/2013 <u>9/30/2015</u>
E. Pension Cost		
Normal Cost (with interest) % of Projected Annual Payroll ²	21.6	21.5
Administrative Expense (with interest) % of Projected Annual Payroll ²	3.1	1.3
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 29 years (with interest) (as of 10/1/14) % of Projected Annual Payroll ²	5.2	9.0
Total Required Contribution % of Projected Annual Payroll ²	29.9	31.8
Expected Member Contributions % of Projected Annual Payroll ²	6.0	6.0
Expected City & State Contrib. % of Projected Annual Payroll ²	23.9	25.8

F. Past Contributions

Plan Years Ending:	<u>9/30/2014</u>
Total Required Contribution	520,902
City and State Requirement	432,862
Actual Contributions Made:	
Members	88,040
City	366,442
State	66,420 ³
Total	<u>520,902</u>

G. Net Actuarial Gain (Loss) 455,985

¹ Assets and Liabilities include accumulated Share Balances as of 9/30/13 and 9/30/14.

² Contributions developed as of 10/1/14 are expressed as a percentage of Payroll Under Assumed Retirement Age at 10/1/14 of \$1,482,094.

³ Frozen under the traditional interpretation of Chapter 99-1, Florida Statutes. Excess State Monies are allocated to the the Share Plan.

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

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2014	203,928
2015	139,387
2016	67,212
2017	(13,270)
2022	(181,105)
2027	911
2043	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	-0.6%	5.9%
Year Ended	9/30/2013	3.7%	6.0%
Year Ended	9/30/2012	2.7%	7.5%

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

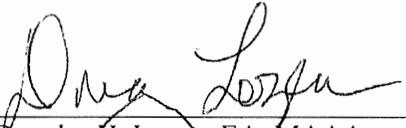
		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2014	10.1%	7.5%
Year Ended	9/30/2013	9.5%	7.5%
Year Ended	9/30/2012	6.9%	7.5%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2014	\$1,565,155
	10/1/2004	1,105,165
(b) Total Increase		41.6%
(c) Number of Years		10
(d) Average Annual Rate		3.5%

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 LIABILITIES

(1)	Unfunded Actuarial Accrued Liability as of October 1, 2013	\$790,815
(2)	City and State Normal Cost Applicable for the year	221,597
(3)	Expected Administrative Expenses for the Year	18,869
(3)	Interest on (1), (2), and (3)	76,638
(4)	Sponsor Contributions to the System during the year ending September 30, 2014	432,862
(5)	Interest on (4)	15,144
(6)	Expected Unfunded Accrued Liability as of October 1, 2014 (1)+(2)+(3)-(4)-(5)	659,913
(7)	New UAAL due to (Gain)/Loss	(455,985)
(8)	Unfunded Accrued Liability as of October 1, 2014	203,928

Base	Date Established	Years Remaining	10/1/2014 Amount	Amortization Amount
Method Change	10/1/2004	20	\$286,011	\$20,020
Experience Loss	10/1/2004	14	260,738	23,554
Experience Loss	10/1/2005	14	6,948	628
Experience Gain	10/1/2006	14	(109,016)	(9,848)
Experience Loss	10/1/2007	14	29,530	2,668
Experience Gain	10/1/2008	4	(133,617)	(35,328)
Method Change	10/1/2008	14	(126,485)	(11,426)
Experience Loss	10/1/2009	5	362,783	78,161
Experience Loss	10/1/2010	6	321,952	58,871
Assumption	10/1/2010	16	73,602	6,021
Experience Loss	10/1/2011	7	430,455	68,705
Experience Gain	10/1/2012	8	(48,931)	(6,958)
Assumption	10/1/2012	18	(401,162)	(30,176)
Experience Gain	10/1/2013	9	(281,521)	(36,229)
Benefit Change	10/1/2013	29	(11,375)	(635)
Experience Gain	10/1/2014	10	(455,985)	(53,763)
			<u>\$203,928</u>	<u>\$74,265</u>

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1)	Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2013	\$790,815
(2)	Expected UAAL as of October 1, 2014	659,913
(3)	Summary of Actuarial (Gain)/Loss, by component:	
	Investment Return (Actuarial Asset Basis)	(209,378)
	Active Decrements (excluding mortality)	42,065
	Mortality (active and inactive)	5,005
	Salary Increases	(323,829)
	Other	<u>30,152</u>
	Change in UAAL due to (Gain)/Loss	(455,985)
(4)	Actual UAAL as of October 1, 2014	203,928

ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rate

RP 2000 Combined Healthy Mortality Table, 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.

Interest Rate

7.5% per year compounded annually, net of investment-related expenses.

Normal Retirement

<u>Years Eligible for Normal Retirement</u>	<u>Retirement Probability</u>
0	60%
1	0%
2	0%
3	0%
4	0%
5	100%

In addition to the above table, 100% Retirement is assumed upon the attainment of age 55 with 5 years of Credited Service.

Disability Rates

See table below for sample rates. 75% of Disability Retirements are assumed to be service-incurred.

<u>Age</u>	<u>% Becoming Disabled During the Year</u>
20	0.06%
30	0.08
40	0.14
50	0.36%

Administrative Expenses

\$44,645 per year.

Payroll Growth

3.5% (previously 4.4%) per year.

Funding Method

Entry Age Normal Actuarial Cost Method.

Asset Smoothing Methodology

The Actuarial Value of Assets is brought forward using the historical four-year geometric average of Market Value Returns (net-of-fees). Over time, this may result in a de minis bias that is above or below the Market Value of Assets.

Salary Increases

<u>Credited Service</u>	<u>Assumption</u>
Less than 10 Years	6.5%
10-15 Years	6.0%
15 Years and Greater	5.0%

Final Salary Load

<u>Years of Credited Service as of October 1, 2012</u>	<u>Assumption</u>
0	No Load
Less than 10 years	10%
10 or more years	20%

A flat 20% load was utilized for valuations prior to October 1, 2014.

Termination Rates

<u>Credited Service</u>	<u>Assumption</u>
Less than 5 years	7.5%
5 or more years	4.0%

Early Retirement

Commencing at eligibility for Early Retirement, Members are assumed to retire with an immediate benefit at the rate of 5% per year.

VALUATION NOTES

Total Annual Payroll is the projected annual rate of pay as of 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.

PARTIAL HISTORY OF PREMIUM TAX REFUNDS

<u>Received During Fiscal Year</u>	<u>Amount</u>	<u>Increase from Previous Year</u>
1993	19,117.38	_____%
1994	23,283.09	21.8%
1995	21,636.86	-7.1%
1996	23,899.69	10.5%
1997	25,299.42	5.9%
1998	47,642.95	88.3%
1999	41,330.46	-13.2%
2000	13,141.01	-68.2%
2001	99,059.22	653.8%
2002	59,783.17	-39.6%
2003	62,787.48	5.0%
2004	74,704.18	19.0%
2005	76,405.86	2.3%
2006	89,820.32	17.6%
2007	98,797.85	10.0%
2008	126,392.81	27.9%
2009	149,161.09	18.0%
2010	125,314.59	-16.0%
2011	163,191.25	30.2%
2012	164,655.18	0.9%
2013	129,102.65	-21.6%
2014	155,381.68	20.4%

EXCESS STATE MONIES RESERVE

	Regular Distribution			Special Distribution		
	<u>Actual State Contribution</u>	<u>Applicable "Frozen" Amount</u>	<u>Excess State Monies Reserve</u>	<u>Actual State Contribution ¹</u>	<u>Applicable "Frozen" Amount ¹</u>	<u>Excess State Monies Reserve</u>
1998	\$27,077.58	\$27,077.58	\$0.00	N/A	N/A	N/A
1999	29,676.24	55,291.58	0.00	11,654.22	11,654.22	0.00
2000	42,819.90	53,291.58	0.00	13,141.01	13,654.22	0.00
2001	50,806.32	55,291.58	0.00	5,433.00	11,654.22	0.00
2002	59,387.22	55,291.58	4,095.64	395.95	11,654.22	0.00
2003	60,579.48	55,291.58	5,287.90	2,208.00	11,654.22	0.00
2004	70,534.72	55,291.58	15,243.14	4,169.46	11,654.22	0.00
2005	71,009.94	55,291.58	15,718.36	5,395.92	11,654.22	0.00
2006	83,487.36	55,291.58	28,195.78	6,332.96	11,654.22	0.00
2007	90,304.80	55,291.58	35,013.22	8,493.05	11,654.22	0.00
2008	94,710.49	55,291.58	39,418.91	31,682.32	11,654.22	20,028.10
2009	94,421.39	55,291.58	39,129.81	54,739.70	11,654.22	43,085.48
2010	95,018.30	55,291.58	39,726.72	30,296.29	11,654.22	18,642.07
2011	138,045.47	55,291.58	82,753.89	25,145.78	11,654.22	13,491.56
2012	157,110.98	55,291.58	101,819.40	7,544.20	11,654.22	0.00
2013	119,654.61	55,291.58	64,363.03	9,448.04	11,654.22	0.00
2014	144,252.85	55,291.58	<u>88,961.27</u>	11,128.83	11,654.22	<u>0.00</u>
			559,727.07			95,247.21
Accumulated Regular Excess			559,727.07			
Accumulated Special Excess			95,247.21			
Less Amount Allocated to Share Plan			(654,974.28)			
Total State Monies Reserve			\$0.00			

¹ Supplemental Distribution accrued beginning with the fiscal year ending September 30, 2013.

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	-2.22%	
09/30/2012	20.10%	
09/30/2013	10.25%	
09/30/2014	13.59%	
Annualized Rate of Return for prior four (4) years:		10.12%
(A) 10/01/2013 Actuarial Assets:		\$7,816,176.82
(I) Net Investment Income:		
1. Interest and Dividends		155,934.64
2. Realized Gains (Losses)		421,472.24
3. Change in Actuarial Value		297,345.50
4. Investment Related Expenses		(66,008.09)
	Total	808,744.29
(B) 10/01/2014 Actuarial Assets:		\$8,968,043.47
Actuarial Asset Rate of Return = $2I/(A+B-I)$:		10.12%
10/01/2014 Limited Actuarial Assets:		\$8,968,043.47

*Market Value Basis, net of investment related expenses.

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

REVENUES

Contributions:		
Member	88,039.77	
City	366,441.79	
State	155,381.68	
 Total Contributions		 609,863.24
Earnings from Investments:		
Interest & Dividends	155,934.64	
Net Realized Gain (Loss)	421,472.24	
Change in Actuarial Value	297,345.50	
 Total Earnings and Investment Gains		 874,752.38
	 EXPENDITURES	
Distributions to Members:		
Benefit Payments	210,052.20	
Lump Sum DROP Distributions	0.00	
Lump Sum Share Distributions	12,044.12	
Refunds of Member Contributions	0.00	
 Total Distributions		 222,096.32
Expenses:		
Investment Related ¹	66,008.09	
Administrative	44,644.56	
 Total Expenses		 110,652.65
 Change in Net Assets for the Year		 1,151,866.65
 Net Assets Beginning of the Year		 7,816,176.82
 Net Assets End of the Year ²		 8,968,043.47

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

²Net Assets may be limited for actuarial consideration.

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

(1) City and State Required Contribution Rate (from the October 1, 2012 Actuarial Valuation Report - revised 9/12/13)	29.50%
(2) Pensionable Payroll Derived from Member Contributions	\$1,467,329.50
(3) Required City and State Contribution (Item 1 times Item 2)	432,862.20
(4) Less Allowable State Contribution	<u>(66,420.41)</u>
(5) Equals Required City Contribution	366,441.79
(6) Less Actual City Contributions	370,737.73
(7) Less Prepaid Contribution from fiscal 2013	<u>22,125.25</u>
(8) Equals City's Prepaid Contribution as of September 30, 2014	(\$26,421.19)

SHARE ACCOUNT ACTIVITY
October 1, 2013 to September 30, 2014

09/30/2013 Balance	\$550,388.82
Plus Additions	\$88,961.27
Investment Return Earned	\$74,680.52
Less Distributions	(\$12,044.12)
09/30/2014 Balance	\$701,986.49

STATISTICAL DATA

(Averages are salary weighted)

	<u>10/1/2011</u>	<u>10/1/2012</u>	<u>10/1/2013</u>	<u>10/1/2014</u>
Number	28	27	26	28
Average Current Age	38.6	39.9	40.0	40.3
Average Age at Employment	27.8	27.9	27.7	27.7
Average Past Service	10.7	12.0	12.3	12.6
Average Annual Salary	\$51,418	\$56,622	\$57,777	\$55,898

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	1	1	0	0	0	0	0	0	0	0	0	2
25 - 29	0	0	0	0	0	1	0	0	0	0	0	1
30 - 34	1	0	0	0	1	2	2	0	0	0	0	6
35 - 39	0	0	0	0	0	3	2	0	0	0	0	5
40 - 44	0	0	0	0	0	2	0	3	0	0	0	5
45 - 49	0	0	0	0	0	1	2	1	2	0	0	6
50 - 54	0	0	0	0	0	1	0	1	1	0	0	3
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	2	1	0	0	1	10	6	5	3	0	0	28

MEMBER RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/13	26
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. Voluntary withdrawal	0
g. Continuing participants	26
h. New entrants	2
i. Total active life participants in valuation	28

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 Deferred	<u>Total</u>
a. Number prior valuation	5	0	1	0	6
b. In	0	0	0	0	0
c. Out	0	0	0	0	0
d. Number current valuation	5	0	1	0	6

SUMMARY OF PLAN PROVISIONS
(Through Ordinance 2014-O-20)

<u>Eligibility</u>	Full-time firefighters shall participate in the system as a condition of employment (Fire Chief may opt out).
<u>Salary</u>	Prior to October 1, 2012 – Total Compensation. On and after October 1, 2012 – Fixed monthly remuneration, including overtime up to 300 hours per year. Accruals of sick and vacation time on and after October 1, 2012 are not pensionable.
<u>Average Final Compensation (AFC)</u>	Average Salary for the highest 5 years during the 10 years immediately preceding retirement or termination.
<u>Credited Service</u>	Total years and fractional parts of years of service with the City as a Firefighter.
<u>Member Contributions</u>	6.0% of Salary.
<u>City and State Contributions</u>	Remaining amount necessary to pay current costs and amortize past service cost, if any, as provided in Part VII of Florida Statutes, Chapter 112.
<u>Normal Retirement</u>	
Date	The earlier of: 1) age 55 and the completion of 5 years of Credited Service, or 2) the completion of 20 years of Credited Service, regardless of age.
Benefit	3.0% of Average Final Compensation times Credited Service.
Form of Benefit	Ten Year Certain and Life Annuity (options available).
<u>Early Retirement</u>	
Date	Age 50 and 10 years of Credited Service.
Benefit	Determined as for Normal Retirement and reduced 3.0% for each year that Early Retirement precedes Normal Retirement.

Disability Benefit

Eligibility

Service Incurred Covered from Date of Employment.

Non-Service Incurred 5 years of Credited Service.

Exclusions

Disability resulting from use of drugs, illegal participation in riots, service in military, etc.

Benefit

Benefit accrued to date of disability. Minimum benefit for Service Incurred is 42% of AFC, for Non-Service Incurred is 25% of AFC. For Disability purposes only, the greater of AFC or Compensation at the time of Disability is used.

Duration

Payable for life (with 120 monthly payments guaranteed), or until recovery (as determined by the Board).

Death Benefits

Pre-Retirement

Vested

Monthly accrued benefit payable to designated beneficiary for 10 years.

Not Vested

Refund of accumulated contributions without interest.

Post-Retirement

According to optional form of benefit selected.

Termination of Employment

Benefit

Less than 5 years

Refund of accumulated contributions without interest.

5 or more

Refund of Contributions or Accrued benefit payable at retirement age.

Board of Trustees

a. Two Council appointees,

b. Two Members of the Department elected by the Membership, and

c. Fifth Member elected by the other 4 and appointed by Council.

Deferred Retirement Option Plan

Eligibility	Eligibility for Normal Retirement.
Participation	Not to exceed 60 months.
Rate of Return	Actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs) credited each fiscal quarter.
Form of Distribution	Cash lump sum at termination of employment.

Chapter 175 Share Accounts

Allocation	Each year, commencing October 1, 2008, premium tax monies received pursuant to Chapter 175, Florida Statutes in excess of the 1998 Base Amount plus improvements will be allocated to individual Member Share accounts based on full years of credited service with the City.
Investment Earnings	Net rate of investment return, based on days worked.
Distribution	Lump sum payment at retirement, termination, disability, or death.
Vesting Schedule	Same as for other benefits (see above).

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	29.5%
Plan Members	6.0%

Actuarially Determined Contribution 432,862
(City and State)

Contributions made 432,862

Actuarial valuation date 10/1/2012

Actuarial cost method Entry Age Normal

Amortization method Level Percentage of Pay, Closed

Remaining amortization period 22 Years as of 10/1/2012

Asset valuation method 4 Year Smoothed Market

Actuarial assumptions (as of 10/1/2012):

Investment rate of return	7.5%
Projected salary increase*	5.0%-6.5%
* Includes inflation at	3.0%
Post Retirement COLA	0.0%

THREE YEAR TREND INFORMATION

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9/30/14	436,753	99.1%	(104,463)
9/30/13	538,078	99.2%	(108,354)
9/30/12	455,352	99.1%	(112,391)

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 standards since the 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 development of the Net Pension Obligation to date is as follows:

	<u>9/30/09</u>	<u>9/30/10</u>	<u>9/30/11</u>	<u>9/30/12</u>	<u>9/30/13</u>	<u>9/30/14</u>
Actuarially Determined						
Contribution (A)	292,806	354,059	355,689	451,165	534,041	432,862
Interest on NPO	(7,678)	(9,730)	(9,224)	(8,743)	(8,429)	(8,127)
Adjustment to (A)	9,314	16,486	15,628	12,930	12,466	12,018
	-----	-----	-----	-----	-----	-----
Annual Pension Cost	294,442	360,815	362,093	455,352	538,078	436,753
Contributions Made	321,803	354,059	355,689	451,165	534,041	432,862
	-----	-----	-----	-----	-----	-----
Increase in NPO	(27,361)	6,756	6,404	4,187	4,037	3,891
NPO Beginning of Year	(102,377)	(129,738)	(122,982)	(116,578)	(112,391)	(108,354)
	-----	-----	-----	-----	-----	-----
NPO End of Year	(129,738)	(122,982)	(116,578)	(112,391)	(108,354)	(104,463)

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2014

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Certificates of Deposits	50,061
Short Term Investments	542,474
Total Cash and Equivalents	592,535
Receivables:	
Member Contributions in Transit	3,409
Investment Income	12,560
Total Receivable	15,969
Investments:	
U. S. Bonds and Bills	88,609
Corporate Bonds	2,186,931
Stocks	6,861,941
Municipal Obligations	203,865
Total Investments	9,341,346
Total Assets	9,949,850
<u>LIABILITIES</u>	
Prepaid Member Contribution	829
Prepaid City Contribution	26,421
Total Liabilities	27,250
NET POSITION RESTRICTED FOR PENSIONS	9,922,600

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

ADDITIONS

Contributions:

Member	88,040	
City	366,442	
State	155,382	
Total Contributions		609,864
Investment Income:		
Net Increase in Fair Value of Investments	1,070,849	
Interest & Dividends	155,935	
Less Investment Expense ¹	(66,008)	
Net Investment Income		1,160,776
Total Additions		1,770,640

DEDUCTIONS

Distributions to Members:

Benefit Payments	210,052	
Lump Sum DROP Distributions	0	
Lump Sum Share Distributions	12,044	
Refunds of Member Contributions	0	
Total Distributions		222,096
Expenses:		44,645
DROP Account Net Change		
Total Deductions		266,741
Net Increase in Net Position		1,503,899
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		8,418,701
End of the Year		9,922,600

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 Council appointees,
- b. Two Members of the Department elected by the Membership, and
- c. 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	6
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	0
Active Plan Members	26
	32
	32

Benefits Provided

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

Normal Retirement:

Date: The earlier of: 1) age 55 and the completion of 5 years of Credited Service, or 2) the completion of 20 years of Credited Service, regardless of age.

Benefit: 3.0% of Average Final Compensation times Credited Service.

Early Retirement:

Date: Age 50 and 10 years of Credited Service.

Benefit: Determined as for Normal Retirement and reduced 3.0% for each year that Early Retirement precedes Normal Retirement.

Termination of Employment:

Less than 5 years: Refund of accumulated contributions without interest.

5 or more: Refund of Contributions or Accrued benefit payable at retirement age.

Disability:

Eligibility: Service Incurred Covered from Date of Employment.

Non-Service Incurred 5 years of Credited Service.

Benefit: Benefit accrued to date of disability. Minimum benefit for Service Incurred is 42% of AFC, for Non-Service Incurred is 25% of AFC.

Pre-Retirement Death Benefits:

Vested Monthly accrued benefit payable to designated beneficiary for 10 years.

Not Vested Refund of accumulated contributions without interest.

Chapter 175 Share Accounts:

Allocation: Each year, commencing October 1, 2008, premium tax monies received pursuant to Chapter 175, Florida Statutes in excess of the 1998 Base Amount plus improvements will be allocated to individual Member Share accounts based on full years of credited service with the City.

Investment Earnings: Net rate of investment return, based on days worked.

Distribution: Lump sum payment at retirement, termination, disability, or death.

Vesting Schedule: Same as for other benefits (see above).

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:

Asset Class	Target Allocation
Domestic Equity	50%
International Equity	15%
Broad Market Fixed Income	35%
Total	100%

Concentrations:

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

Rate of Return:

For the year ended September 30, 2014 the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 13.59 percent.

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

Deferred Retirement Option Program

Eligibility: Eligibility for Normal Retirement.

Participation: Not to Exceed 60 Months.

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

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

NET PENSION LIABILITY OF THE SPONSOR

The components of the net pension liability of the sponsor on September 30, 2014 were as follows:

Total Pension Liability	\$ 9,324,244
Plan Fiduciary Net Position	\$ (9,922,600)
Sponsor's Net Pension Liability	<u>\$ (598,356)</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	106.42%

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	5.0%-6.5%
Investment Rate of Return	7.50%

RP 2000 Combined Healthy Mortality Table, 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 1990-2012.

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	7.50%
International Equity	8.50%
Broad Market Fixed Income	2.50%

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	\$ 558,056	\$ (598,356)	\$ (1,556,475)

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	323,511	300,940
Interest	652,070	601,821
Change in Excess State Money	-	-
Share Plan Allocation	88,962	-
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	-	-
Changes of Assumptions	-	-
Contributions - Buy Back	-	-
Benefit Payments, Including Refunds of Employee Contributions	(222,096)	(288,611)
Net Change in Total Pension Liability	842,447	614,150
Total Pension Liability - Beginning	8,481,797	7,867,647
Total Pension Liability - Ending (a)	\$ 9,324,244	\$ 8,481,797
 Plan Fiduciary Net Position		
Contributions - Employer	366,442	469,302
Contributions - State	155,382	129,103
Contributions - Employee	88,040	87,309
Contributions - Buy Back	-	-
Net Investment Income	1,160,776	766,338
Benefit Payments, Including Refunds of Employee Contributions	(222,096)	(288,611)
Administrative Expense	(44,645)	(18,869)
Other	-	-
Net Change in Plan Fiduciary Net Position	1,503,899	1,144,572
 Plan Fiduciary Net Position - Beginning	8,418,701	7,274,129
Plan Fiduciary Net Position - Ending (b)	\$ 9,922,600	\$ 8,418,701
 Net Pension Liability - Ending (a) - (b)	\$ (598,356)	\$ 63,096
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	106.42%	99.26%
 Covered Employee Payroll	\$ 1,467,330	\$ 1,455,154
Net Pension Liability as a Percentage of covered Employee Payroll	-40.78%	4.34%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	09/30/2014	9/30/2013
Actuarially Determined Contribution	432,862	534,041
Contributions in Relation to the		
Actuarially Determined Contributions	432,862	534,041
Contribution Deficiency (Excess)	\$ -	\$ -
Covered Employee Payroll	\$ 1,467,330	\$ 1,455,154
Contributions as a Percentage of		
Covered Employee Payroll	29.50%	36.70%

Notes to Schedule

Valuation Date: 10/01/2012 (as revised 9/12/2013)
Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding Method: Entry Age Normal Actuarial Cost Method.
Amortization Method: Level Percentage of Pay, Closed.
Remaining Amortization Period: 22 Years (as of 10/01/2012).
Asset Smoothing Methodology: The Actuarial Value of Assets is brought forward using the historical four-year geometric average of Market Value Returns (net-of-fees). Over time, this may result in a de minis bias that is above or below the Market Value of Assets.
Inflation: 3.0% per year.

Salary Increases:

Credited Service	Assumption
Less than 10 Years	6.5%
10-15 Years	6.0%
15 Years and Greater	5.0%

Final Salary Load: Valuations prior to 2012 utilized a flat 7.5% salary scale assumption. Projected salary in the year of retirement is increased by 20% to account for non-regular compensation.
Interest Rate: 7.5% per year compounded annually, net of investment related expenses.
Payroll Growth: 5.0% per year.

Normal Retirement:

Years Eligible for Normal Retirement	Retirement Probability
0	60%
1	0%
2	0%
3	0%
4	0%
5	100%

Early Retirement:

Commencing at eligibility for Early Retirement, Members are assumed to retire with an immediate benefit at the rate of 5% per year.

Termination Rates:

Credited Service	Assumption
Less than 6 years	7.5%
5 or more years	4.0%

Disability Rates:

See table below. 75% of Disability Retirements are assumed to be service-incurred.

Mortality:

RP 2000 Combined Healthy Mortality Table, 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:

Disability Rate Table.

<u>Age</u>	<u>% Becoming Disabled During the Year (Prior)</u>	<u>% Becoming Disabled During the Year (New)</u>
20	0.03%	0.06%
30	0.04%	0.08%
40	0.07%	0.14%
50	0.18%	0.36%

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	13.59%	10.25%

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

General Information about the Pension Plan

Plan Description

Full-time firefighters shall participate in the system as a condition of employment (Fire Chief may opt out). The Plan is administered by a Board of Trustees comprised of:

- a. Two Council appointees,
- b. Two Members of the Department elected by the Membership, and
- c. 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	6
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	0
Active Plan Members	26
	32
	32

Benefits Provided

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

Normal Retirement:

Date: The earlier of: 1) age 55 and the completion of 5 years of Credited Service, or 2) the completion of 20 years of Credited Service, regardless of age.

Benefit: 3.0% of Average Final Compensation times Credited Service.

Early Retirement:

Date: Age 50 and 10 years of Credited Service.

Benefit: Determined as for Normal Retirement and reduced 3.0% for each year that Early Retirement precedes Normal Retirement.

Termination of Employment:

Less than 5 years: Refund of accumulated contributions without interest.

5 or more: Refund of Contributions or Accrued benefit payable at retirement age.

Disability:

Eligibility: Service Incurred Covered from Date of Employment.

Non-Service Incurred 5 years of Credited Service.

Benefit: Benefit accrued to date of disability. Minimum benefit for Service Incurred is 42% of AFC, for Non-Service Incurred is 25% of AFC.

Pre-Retirement Death Benefits:

Vested Monthly accrued benefit payable to designated beneficiary for 10 years.

Not Vested Refund of accumulated contributions without interest.

Chapter 175 Share Accounts:

Allocation: Each year, commencing October 1, 2008, premium tax monies received pursuant to Chapter 175, Florida Statutes in excess of the 1998 Base Amount plus improvements will be allocated to individual Member Share accounts based on full years of credited service with the City.

Investment Earnings: Net rate of investment return, based on days worked.

Distribution: Lump sum payment at retirement, termination, disability, or death.

Vesting Schedule: Same as for other benefits (see above).

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	5.0%-6.5%
Investment Rate of Return	7.50%

RP 2000 Combined Healthy Mortality Table, 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 1990-2012.

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	50%	7.50%
International Equity	15%	8.50%
Broad Market Fixed Income	35%	2.50%
Total	<u>100%</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	\$ 8,481,797	\$ 8,418,701	\$ 63,096
Changes for a Year:			
Service Cost	323,511		323,511
Interest	652,070		652,070
Change In Excess State Money	-		-
Share Plan Allocation	88,962		88,962
Differences Between Expected and Actual Experience	-		-
Changes of Assumptions	-		-
Changes of Benefit Terms	-		-
Contributions - Employer		366,442	(366,442)
Contributions - State		155,382	(155,382)
Contributions - Employee		88,040	(88,040)
Contributions - Buy Back	-	-	-
Net Investment Income		1,160,776	(1,160,776)
Benefit Payments, Including Refunds of Employee Contributions	(222,096)	(222,096)	-
Administrative Expense		(44,645)	44,645
Other Changes	-	-	-
New Changes	842,447	1,503,899	(661,452)
Balances at September 30, 2014	\$ 9,324,244	\$ 9,922,600	\$ (598,356)

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	\$ 558,056	\$ (598,356)	\$ (1,556,475)

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 \$76,876. 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
	<u> </u>	<u> </u>
Differences Between Expected and Actual Experience	-	-
Changes of Assumptions	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	537,162
Total	<u>\$ -</u>	<u>\$ 537,162</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	\$ (144,620)
2017	\$ (144,620)
2018	\$ (144,620)
2019	\$ (103,302)
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	323,511	300,940
Interest	652,070	601,821
Change in Excess State Money	-	-
Share Plan Allocation	88,962	-
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	-	-
Changes of Assumptions	-	-
Contributions - Buy Back	-	-
Benefit Payments, Including Refunds of Employee Contributions	(222,096)	(288,611)
Net Change in Total Pension Liability	842,447	614,150
Total Pension Liability - Beginning	8,481,797	7,867,647
Total Pension Liability - Ending (a)	<u>\$ 9,324,244</u>	<u>\$ 8,481,797</u>
Plan Fiduciary Net Position		
Contributions - Employer	366,442	469,302
Contributions - State	155,382	129,103
Contributions - Employee	88,040	87,309
Contributions - Buy Back	-	-
Net Investment Income	1,160,776	766,338
Benefit Payments, Including Refunds of Employee Contributions	(222,096)	(288,611)
Administrative Expense	(44,645)	(18,869)
Other	-	-
Net Change in Plan Fiduciary Net Position	1,503,899	1,144,572
	-	-
Plan Fiduciary Net Position - Beginning	8,418,701	7,274,129
Plan Fiduciary Net Position - Ending (b)	<u>\$ 9,922,600</u>	<u>\$ 8,418,701</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ (598,356)</u>	<u>\$ 63,096</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	106.42%	99.26%
Covered Employee Payroll	\$ 1,467,330	\$ 1,455,154
Net Pension Liability as a Percentage of covered Employee Payroll	-40.78%	4.34%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	09/30/2014	09/30/2013
Actuarially Determined Contribution	432,862	534,041
Contributions in Relation to the		
Actuarially Determined Contributions	432,862	534,041
Contribution Deficiency (Excess)	\$ -	\$ -
Covered Employee Payroll	\$ 1,467,330	\$ 1,455,154
Contributions as a Percentage of		
Covered Employee Payroll	29.50%	36.70%

Notes to Schedule

Valuation Date: 10/01/2012 (as revised 9/12/2013)
Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding Method: Entry Age Normal Actuarial Cost Method.
Amortization Method: Level Percentage of Pay, Closed.
Remaining Amortization Period: 22 Years (as of 10/01/2012).
Asset Smoothing Methodology: The Actuarial Value of Assets is brought forward using the historical four-year geometric average of Market Value Returns (net-of-fees). Over time, this may result in a de minis bias that is above or below the Market Value of Assets.
Inflation: 3.0% per year.

Salary Increases:

Credited Service	Assumption
Less than 10 Years	6.5%
10-15 Years	6.0%
15 Years and Greater	5.0%

Final Salary Load: Valuations prior to 2012 utilized a flat 7.5% salary scale assumption. Projected salary in the year of retirement is increased by 20% to account for non-regular compensation.
Interest Rate: 7.5% per year compounded annually, net of investment related expenses.
Payroll Growth: 5.0% per year.

Normal Retirement:

Years Eligible for Normal Retirement	Retirement Probability
0	60%
1	0%
2	0%
3	0%
4	0%
5	100%

Early Retirement:

Commencing at eligibility for Early Retirement, Members are assumed to retire with an immediate benefit at the rate of 5% per year.

Termination Rates:

Credited Service	Assumption
Less than 6 years	7.5%
5 or more years	4.0%

Disability Rates:

See table below. 75% of Disability Retirements are assumed to be service-incurred.

Mortality:

RP 2000 Combined Healthy Mortality Table, 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:

Disability Rate Table.

<u>Age</u>	<u>% Becoming Disabled During the Year (Prior)</u>	<u>% Becoming Disabled During the Year (New)</u>
20	0.03%	0.06%
30	0.04%	0.08%
40	0.07%	0.14%
50	0.18%	0.36%

COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2015

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 63,096	\$ -	\$ 366,442	
Total pension liability factors:				
Service cost	323,511			323,511
Interest	652,070			652,070
Change in Excess State Money	-			-
Share Plan Allocation	88,962			88,962
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	(222,096)			(222,096)
Net change	<u>842,447</u>	<u>-</u>	<u>-</u>	<u>842,447</u>
Plan fiduciary net position:				
Contributions - employer	366,442		(366,442)	
Contributions - state	155,382			(155,382)
Contributions - employee	88,040			(88,040)
Contributions - buy back	-			-
Net investment income	644,270			(644,270)
Difference between projected and actual earnings on pension plan investments				
	516,506	681,782	-	
Current year amortization		(144,620)	-	(144,620)
Benefit payments	(222,096)			222,096
Administrative expenses	(44,645)			44,645
Other	-			-
Net change	<u>1,503,899</u>	<u>537,162</u>	<u>(366,442)</u>	<u>(765,571)</u>
Ending Balance	<u>\$ (598,356)</u>	<u>\$ 537,162</u>	<u>\$ -</u>	<u>\$ 76,876</u>