

TOWN OF MEDLEY
POLICE OFFICERS' RETIREMENT SYSTEM

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2014
(Revised May 20, 2015)

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



May 20, 2015

Board of Trustees
Town of Medley
Police Officers' Retirement System
7331 NW 74th St.
Medley, FL 33166

Re: Town of Medley
Police Officers' Retirement System

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the Town of Medley Police Officers' Retirement System. 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 Town, 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 Town of Medley, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the Town of Medley Police Officers' Retirement System. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

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

Respectfully submitted,

Foster & Foster, Inc.

By:


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

PTD/lke

Enclosures

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INTRODUCTORY DISCUSSION

The revised annual actuarial valuation of the Town of Medley Police Officers' Retirement System, performed as of October 1, 2014, has been completed, and the results are presented in this Report. The results of this valuation are applicable to the Town's fiscal year ended September 30, 2016.

The contribution requirements developed in this valuation, compared with the amounts developed in the May 20, 2015 Actuarial Impact Statement (determined as of October 1, 2013), are as follows:

| Valuation Date | 10/1/2014 | 10/1/2013 |
|---------------------------------|------------------|------------------|
| Applicable Plan/Fiscal Year End | <u>9/30/2016</u> | <u>9/30/2015</u> |
| Sponsor Required Contribution | | |
| % of Pensionable Payroll | 34.3% | 38.0% |
| Applicable State Contribution * | 109,521 | 109,521 |
| % of Pensionable Payroll | 3.8% | 3.8% |
| Balance From Town ** | | |
| % of Pensionable Payroll | 30.5% | 34.2% |

* Amount shown represents actual State Monies received in fiscal 2014. The Town may use contributions of up to \$703,459, if received, in determining their requirement, based on “traditional” interpretation of Chapter 99-1, Florida Statutes.


** For budgeting purposes, the required Sponsor Contribution is 34.3% of Pensionable Earnings for the fiscal year ending September 30, 2016. The precise Town requirement for the year is this amount, less actual State Contributions (up to the maximum \$703,459). Additionally, please note that there is a prepaid Town contribution of \$767,551.92 (see Page 19) which may be used to help offset the above stated requirement for fiscal 2015.

As can be seen, the Sponsor Required Contribution has decreased when expressed as a percentage of Pensionable Payroll. This decrease is a result of net favorable actuarial experience during the past year. The primary components of favorable experience included a 9.7% investment return (Actuarial Asset Basis) that exceeded the 7.5% assumption and average increases in Pensionable Earnings that were below the assumed rate. There were no significant sources of actuarial loss during the year.

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

Respectfully submitted,

FOSTER & FOSTER, INC.

By: 
Patrick T. Donlan, ASA, MAAA

By: 
Drew D. Ballard, EA, MAAA

CHANGES SINCE PRIOR VALUATION

Plan Changes

There have been two changes in plan benefits since the prior valuation, as follows:

1) The definition of Salary has been amended to comply with the regulations set forth in Senate Bill 1128. Salary shall exclude payments for unused, accrued sick and annual leave hours earned on or after December 5, 2011.

2) A 1.0% annual cost-of-living adjustment (COLA) has been implemented, effective January 1, 2015, for all future retirees, including terminated vested members, disability retirees and pre-retirement death beneficiaries. The COLA will be payable from the benefit commencement date and will cease upon the date the member attains or would have attained age 62.

The impact of the above stated changes are displayed in our May 20, 2015 Actuarial Impact Statement.

Actuarial Assumption/Method Changes

In conjunction with the change listed in item 1 above, the load assumption for the projected salary at retirement to account for lump sum accrued sick and annual leave payouts was modified from a fixed 20% per individual to an amount equal to their individual accrual, as provided by the Town.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

| | <u>10/1/2014</u> | <u>10/1/2013</u> |
|--------------------------------|-------------------|-------------------|
| A. Participant Data | | |
| Number Included | | |
| Actives | 37 | 37 |
| Service Retirees | 13 | 10 |
| Beneficiaries | 0 | 0 |
| Terminated Vested | 3 | 3 |
| Disability Retirees | 0 | 0 |
| Total | <u>53</u> | <u>50</u> |
| Total Annual Payroll | \$2,881,548 | \$2,879,647 |
| Payroll Under Assumed Ret. Age | 2,881,548 | 2,879,647 |
| Annual Rate of Payments to: | | |
| Service Retirees | 844,661 | 686,889 |
| Beneficiaries | 0 | 0 |
| Terminated Vested | 100,612 | 118,116 |
| Disability Retirees | 0 | 0 |
| B. Assets | | |
| Actuarial Value | 16,273,229 | 14,222,962 |
| Market Value | 18,668,199 | 16,430,607 |
| C. Liabilities | | |
| Present Value of Benefits | | |
| Active Members | | |
| Retirement Benefits | 14,106,181 | 14,589,794 |
| Disability Benefits | 739,708 | 724,318 |
| Death Benefits | 65,928 | 63,336 |
| Vested Benefits | 515,686 | 490,662 |
| Refund of Contributions | 55,735 | 52,124 |
| Service Retirees | 9,487,147 | 7,727,329 |
| Beneficiaries | 0 | 0 |
| Terminated Vested | 1,030,544 | 1,183,784 |
| Disability Retirees | 0 | 0 |
| Total | <u>26,000,929</u> | <u>24,831,347</u> |

| | <u>10/1/2014</u> | <u>10/1/2013</u> |
|---|------------------|------------------|
| C. Liabilities - (Continued) | | |
| Present Value of Future Salaries (Attained Age) | 22,055,660 | 21,238,800 |
| FIL Normal Cost (Sponsor) | 323,423 | 407,737 |
| Present Value of Future Member Contributions | 1,102,783 | 1,061,940 |
| Present Value of Future Normal Costs (Entry Age) | 4,581,674 | 4,444,931 |
| Actuarial Accrued Liability | 22,422,634 | 20,762,149 |
| Unfunded Actuarial Accrued Liability (UAAL) | 6,149,405 | 6,539,187 |
| D. Actuarial Present Value of Accrued Benefits | | |
| Vested Accrued Benefits | | |
| Inactives | 10,517,691 | 8,911,113 |
| Actives | 7,290,016 | 7,933,868 |
| Member Contributions | <u>777,283</u> | <u>715,841</u> |
| Total | 18,584,990 | 17,560,822 |
| Non-vested Accrued Benefits | <u>803,212</u> | <u>707,955</u> |
| Total Present Value Accrued Benefits | 19,388,202 | 18,268,777 |
| Increase (Decrease) in Present Value of Accrued Benefits Attributable to: | | |
| Plan Amendments | 0 | |
| Assumption Changes | 0 | |
| New Accrued Benefits | 524,308 | |
| Benefits Paid | (747,028) | |
| Interest | 1,342,145 | |
| Other | <u>0</u> | |
| Total: | 1,119,425 | |

| | | |
|----------------------------|------------------|------------------|
| Valuation Date | 10/1/2014 | 10/1/2013 |
| Applicable Fiscal Year End | <u>9/30/2016</u> | <u>9/30/2015</u> |

E. Pension Cost

| | | |
|--|------|------|
| Sponsor Normal Cost (with interest) % of Pensionable Annual Payroll* | 11.6 | 14.7 |
| Administrative Expenses (with interest) % of Pensionable Annual Payroll* | 1.0 | 0.8 |
| Payment Required to Amortize Unfunded Actuarial Accrued Liability over 29 years with interest (as of 10/1/2014) % of Pensionable Annual Payroll* | 21.7 | 22.5 |
| Required Town & State Contribution % of Pensionable Annual Payroll* | 34.3 | 38.0 |

F. Past Contributions

| | |
|----------------------------|------------------|
| Plan Year Ending: | <u>9/30/2014</u> |
| Town and State Requirement | 1,274,568 |
| Actual Contributions Made: | |
| Members | 141,619 |
| Town | 1,165,048 |
| State | <u>109,521</u> |
| Total | 1,416,188 |

G. Net Actuarial Gain (Loss) N/A

* Contributions developed as of 10/1/2014 are expressed as a percentage of payroll under assumed retirement age at 10/1/2014 of \$2,881,548.

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

| <u>Year</u> | <u>Projected Unfunded Accrued Liability</u> |
|-------------|---|
| 2014 | 6,149,405 |
| 2015 | 5,961,318 |
| 2016 | 5,759,124 |
| 2019 | 5,056,922 |
| 2024 | 3,488,521 |
| 2043 | 0 |

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

| | | <u>Actual</u> | <u>Assumed</u> |
|------------|-----------|---------------|----------------|
| Year Ended | 9/30/2014 | 3.8% | 5.2% |
| Year Ended | 9/30/2013 | 4.1% | 5.2% |
| Year Ended | 9/30/2012 | 0.2% | 5.2% |

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


| | | <u>Actual</u> | <u>Assumed</u> |
|------------|-----------|---------------|----------------|
| Year Ended | 9/30/2014 | 9.7% | 7.5% |
| Year Ended | 9/30/2013 | 9.9% | 7.5% |
| Year Ended | 9/30/2012 | 8.3% | 7.5% |

(iii) Average Annual Payroll Growth

| | | |
|-------------------------|-----------|-------------|
| (a) Payroll as of: | 10/1/2014 | \$2,881,548 |
| | 10/1/2006 | 2,183,767 |
| (b) Total Increase | | 32.0% |
| (c) Number of Years | | 8.00 |
| (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.


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

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

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

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

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

| | | |
|-----|--|-------------|
| (1) | Unfunded Actuarial Accrued Liability as of October 1, 2013 | \$6,539,187 |
| (2) | City and State Normal Cost Applicable for the year * | 429,837 |
| (3) | Interest on (1) and (2) | 522,677 |
| (4) | Sponsor Contributions to the System during the year ending September 30, 2014 | 1,274,569 |
| (5) | Interest on (4) | 67,727 |
| (6) | Unfunded Accrued Liability as of October 1, 2014 (1)+(2)+(3)-(4)-(5) | \$6,149,405 |

| <u>Date Established</u> | <u>Years Remaining</u> | <u>10/1/2014 Amount</u> | <u>Amortization Amount</u> |
|-----------------------------|----------------------------|-----------------------------|--------------------------------|
| 10/1/2010 | 16 | 5,122,905 | 521,303 |
| 10/1/2011 | 27 | 592,234 | 48,151 |
| 10/1/2013 | 29 | 434,266 | 34,539 |
| | | <u>6,149,405</u> | <u>603,993</u> |

*Includes \$22,100 for administrative expenses.

ACTUARIAL ASSUMPTIONS AND METHODS

| | |
|----------------------------------|---|
| <u>Mortality Rate</u> | RP-2000 Table with no projection – Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements. |
| <u>Interest Rate</u> | 7.5% per year compounded annually, net of investment related expenses. |
| <u>Retirement Age</u> | Earlier of Age 55 and 10 years of service or Age 52 and 25 years of service. Also, any member who has reached the above criteria is assumed to continue employment for one additional year. |
| <u>Early Retirement</u> | Commencing with the earliest Early Retirement Age (50), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year. |
| <u>Disability Rates</u> | See table below. It is assumed that 75% of disablements and active Member deaths are service related. |
| <u>Termination Rate</u> | See table below (1302). |
| <u>Salary Increases</u> | APH Table S-5 + 2.5%; see table below. Projected salary in the year of retirement is increased based on individual accruals to account for non-regular compensation. |
| <u>Administrative Expenses</u> | \$28,300 annually. |
| <u>Payroll Increase</u> | N/A (UAAL amortized as level dollar). |
| <u>Cost-of-Living Adjustment</u> | 1.0% annually until attainment of age 62. |
| <u>Funding Method</u> | Frozen Initial Liability Cost Method. |
| <u>Actuarial Asset Method</u> | Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return (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>% Terminating During the Year</u> | <u>% of Salary Increase</u> |
|------------|--|--|---------------------------------|
| 20 | 0.14% | 6.0% | 6.68% (age 25) |
| 30 | 0.18% | 5.0% | 6.07% |
| 40 | 0.30% | 2.6% | 5.22% |
| 50 | 1.00% | 0.8% | 4.62% |

VALUATION NOTES

Total Annual Payroll is the projected 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 the current year's cost for benefits yet to be funded.

Total Required Contribution is equal to the Normal Cost plus administrative expenses adjusted for interest according to the timing of contributions during the year.

Frozen Initial Liability Funding 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 Actuarial Accrued Liability (UAAL). The UAAL is reconciled each valuation with charges and credits as follows:

(a) Charges: the Normal Cost for the prior year, in addition to interest (at the valuation assumption of 7.5%) on the Normal Cost and prior year's UAAL balance.

(b) Credits: Sponsor contributions with interest at the valuation assumption of 7.5%.

New UAAL bases will be created only for changes in methods, assumptions, or benefits. Actuarial gains and losses are funded as part of the Normal Cost.

HISTORY OF PREMIUM TAX REFUNDS

| <u>Received During Fiscal Year</u> | <u>Amount</u> | <u>Increase from Previous Year</u> |
|--|---------------|--|
| 2006 | 50,461.55 | ____% |
| 2007 | 58,214.43 | 15.4% |
| 2008 | 44,764.83 | -23.1% |
| 2009 | 73,584.94 | 64.4% |
| 2010 | 64,298.13 | -12.6% |
| 2011 | 56,266.95 | -12.5% |
| 2012 | 72,718.45 | 29.2% |
| 2013 | 73,866.06 | 1.6% |
| 2014 | 109,520.58 | 48.3% |

ACTUARIAL ASSET VALUATION
SEPTEMBER 30, 2014

Actuarial Assets for funding purposes are developed by increasing the Actuarial Assets used in the most recent actuarial valuation of the Fund by the average annual market value rate of return (net of investment related expenses) for the past four years. Actuarial Assets shall not be less than 80% nor greater than 120% of Market Value of Assets.

Details of the derivation are set forth as follows:

| Plan Year End | Rate of Return* | |
|---|-----------------|-----------------|
| 09/30/2011 | -2.56% | |
| 09/30/2012 | 18.05% | |
| 09/30/2013 | 15.36% | |
| 09/30/2014 | 9.09% | |
| Annualized Rate of Return for prior four (4) years: | | 9.69% |
| (A) 10/01/2013 Actuarial Assets: | | \$14,222,962.47 |
| (I) Net Investment Income: | | |
| 1. Earnings and Investment Gains | 1,598,652.95 | |
| 2. Change in Actuarial Value | (187,325.33) | |
| 3. Investment Related Expenses | (2,000.00) | |
| Total | | 1,409,327.62 |
| (B) 10/01/2014 Actuarial Assets: | | \$16,273,229.32 |
| Actuarial Asset Rate of Return = $2I/(A+B-I)$: | | 9.69% |
| 10/01/2014 Limited Actuarial Assets: | | \$16,273,229.32 |

*Market Value Basis, net of investment related expenses.

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

REVENUES

| | | |
|-------------------------------------|--------------|--------------|
| Contributions: | | |
| Member | 141,618.69 | |
| Town | 1,165,047.63 | |
| State | 109,520.58 | |
| Total Contributions | | 1,416,186.90 |
| Total Earnings and Investment Gains | | 1,411,327.62 |

EXPENDITURES

| | | |
|---|------------|---------------|
| Distributions to Members: | | |
| Benefit Payments | 747,027.91 | |
| Refunds of Member Contributions | 0.00 | |
| Total Distributions | | 747,027.91 |
| Expenses: | | |
| Investment Related ¹ | 2,000.00 | |
| Administrative | 28,219.76 | |
| Total Expenses | | 30,219.76 |
| Change in Net Assets for the Year | | 2,050,266.85 |
| Net Assets Beginning of the Year | | 14,222,962.47 |
| Net Assets End of the Year ² | | 16,273,229.32 |

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

²Net Assets may be limited for actuarial consideration.

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

| | |
|--|-----------------------|
| (1) Town and State Required Contribution Rate (from the October 1, 2012 actuarial valuation report) | 45.0% |
| (2) Pensionable Payroll Derived from Member Contributions | \$2,832,373.80 |
| (3) Required Town and State Contribution (1) x (2) | 1,274,568.21 |
| (4) Less Allowable State Contribution | <u>(109,520.58)</u> |
| (5) Equals Required Town Contribution | 1,165,047.63 |
| (6) Less Town's Prepaid Contribution on September 30, 2013 | (632,599.50) |
| (7) Less Actual Town Contributions | <u>(1,300,000.05)</u> |
| (8) Equals Town's Prepaid Contribution as of September 30, 2014 | \$767,551.92 |

STATISTICAL DATA

| | <u>10/1/2011</u> | <u>10/1/2012</u> | <u>10/1/2013</u> | <u>10/1/2014</u> |
|---------------------------|------------------|------------------|------------------|------------------|
| <u>Active Members</u> | | | | |
| Number | 37 | 34 | 37 | 37 |
| Average Current Age | 43.8 | 42.7 | 41.8 | 41.4 |
| Average Age at Employment | 29.3 | 30.1 | 30.6 | 30.8 |
| Average Past Service | 14.4 | 12.6 | 11.2 | 10.6 |
| Average Annual Salary | \$76,860 | \$79,076 | \$77,828 | \$77,880 |

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 | 1 | 0 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 3 |
| 30 - 34 | 1 | 0 | 0 | 0 | 1 | 2 | 0 | 0 | 0 | 0 | 0 | 4 |
| 35 - 39 | 0 | 2 | 0 | 0 | 1 | 1 | 1 | 0 | 0 | 0 | 0 | 5 |
| 40 - 44 | 1 | 0 | 0 | 0 | 1 | 5 | 0 | 2 | 0 | 0 | 0 | 9 |
| 45 - 49 | 0 | 1 | 0 | 1 | 1 | 0 | 0 | 4 | 0 | 1 | 0 | 8 |
| 50 - 54 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 0 | 2 |
| 55 - 59 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 | 1 | 0 | 3 |
| 60 - 64 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 1 |
| 65+ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 3 | 4 | 1 | 1 | 5 | 9 | 1 | 7 | 1 | 5 | 0 | 37 |

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

| | |
|---|----|
| a. Number in prior valuation 10/1/2013 | 37 |
| b. Terminations | |
| i. Vested (partial or full) with deferred benefits | 1 |
| 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 | 2 |
| f. Voluntary withdrawal | 0 |
| g. Continuing participants | 34 |
| h. New entrants | 3 |
| i. Total active life participants in valuation | 37 |

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

| | <u>Service Retirees, Vested Receiving Benefits</u> | <u>Receiving Death Benefits</u> | <u>Receiving Disability Benefits</u> | <u>Vested Deferred</u> | <u>Total</u> |
|-----------------------------|--|---|--|----------------------------|--------------|
| a. Number prior valuation | 10 | 0 | 0 | 3 | 13 |
| b. In | 3 | 0 | 0 | 1 | 4 |
| c. Out | 0 | 0 | 0 | 1 | 1 |
| d. Number current valuation | 13 | 0 | 0 | 3 | 16 |

POLICE OFFICERS' RETIREMENT SYSTEM

| | |
|-------------------------------------|---|
| <u>Eligibility</u> | Employees who are classified as full-time sworn police officers shall participate in the System as a condition of employment. |
| <u>Credited Service</u> | Total years and fractional parts of years of employment with the Town as a Police Officer. |
| <u>Salary</u> | Total W-2 compensation plus tax exempt, tax sheltered, and tax deferred items of income (including overtime payments up to 300 hours per calendar year, but not including payments for extra duty or special detail work for second party employer). Additionally, Salary shall exclude payments for unused, accrued sick and annual leave hours earned on or after December 5, 2011. |
| <u>Average Final Compensation</u> | Average Salary for the best 5 years during the 10 years immediately preceding retirement or termination. |
| <u>Member Contributions</u> | 5.0% of Salary. |
| <u>Town and State Contributions</u> | Remaining amount required in order to pay current costs and amortize any unfunded past service cost over 30 years. |
| <u>Normal Retirement</u> | |
| Date | Earlier of: 1) age 55 and 10 years of Credited Service, or 2) age 52 and 25 years of Credited Service. |
| Benefit | 3.0% of Average Final Compensation <u>times</u> Credited Service (maximum 75% for those hired on and after October 1, 2008). |
| Form of Benefit | Ten Year Certain and Life Annuity (options available). |
| <u>Early Retirement</u> | |
| Eligibility | Age 50 and 10 Years of Credited Service. |
| Benefit | Accrued benefit, reduced 3% for each year prior to Normal Retirement. |
| <u>Vesting</u> | |
| Schedule | 100% after 10 years of Credited Service. |
| Benefit Amount | Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Normal Retirement Date (no imputing). |

Disability

Eligibility

Service Incurred

Covered from Date of Employment.

Non-Service Incurred

10 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 under 2.5% benefit accrual rate but not less than 42% of Average Final Compensation (if Service Incurred) or 25% of Average Final Compensation (if not in-line-of-duty).

Duration

Payable for life and ten years certain or until recovery (as determined by the Board). Options available.

Death Benefits

Pre-Retirement

Vested

Monthly accrued benefit payable to designated beneficiary for 10 years at otherwise Normal Retirement Date or Early Retirement Date (reduced).

Non-Vested

Refund of accumulated contributions without interest.

Post-Retirement

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

Cost-of-Living Adjustment (COLA)

Effective January 1, 2015, all future retirees, including terminated vested members, disability retirees and pre-retirement death beneficiaries are entitled to a 1.0% annual COLA from benefit commencement date until the date the member attains or would have attained age 62.

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

ANNUAL PENSION COSTS AND RELATED INFORMATION

Contribution rates as of 9/30/2014

| | |
|----------------|-------|
| Town and State | 45.0% |
| Plan Members | 5.0% |

| | |
|--|----------------------------|
| Annual Pension Cost | 1,274,568 |
| Contributions made | 1,274,569 |
| Applicable Actuarial valuation date | 10/1/2012 |
| Actuarial cost method | Frozen Initial Liability |
| Amortization method | Level Dollar |
| Remaining amortization period | 29 Years (as of 10/1/2012) |
| Asset valuation method | 4 Year Smooth |
| Actuarial assumptions (as of 10/1/2012): | |
| Investment rate of return | 7.5% |
| Projected salary increase* | Varies |
| * Includes inflation at | 2.5% |
| Post Retirement COLA | 0.0% |

THREE YEAR TREND INFORMATION

| <u>Year Ending</u> | <u>Annual Pension Cost (APC)</u> | <u>Percentage of APC Contribution</u> | <u>Net Pension Obligation</u> |
|------------------------|--|---|---------------------------------------|
| 9/30/2014 | 1,274,568 | 100% | (1) |
| 9/30/2013 | 1,510,349 | 100% | 0 |
| 9/30/2012 | 1,260,370 | 100% | 0 |

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2014

| <u>ASSETS</u> | MARKET VALUE |
|--------------------------------------|---------------|
| Total Cash and Equivalents | 0.00 |
| Receivables: | |
| Member Contributions in Transit | 5,457.39 |
| Total Receivable | 5,457.39 |
| Investments: | |
| Mutual Funds: | |
| Fixed Income | 5,769,409.95 |
| Equity | 13,660,883.98 |
| Total Investments | 19,430,293.93 |
| Total Assets | 19,435,751.32 |
| <u>LIABILITIES</u> | |
| Payables: | |
| Prepaid Town Contribution | 767,551.92 |
| Total Liabilities | 767,551.92 |
| Net Assets: | |
| Active and Retired Members' Equity | 18,668,199.40 |
| NET POSITION RESTRICTED FOR PENSIONS | 18,668,199.40 |
| TOTAL LIABILITIES AND NET ASSETS | 19,435,751.32 |

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

ADDITIONS

Contributions:

| | |
|--------|--------------|
| Member | 141,618.69 |
| Town | 1,165,047.63 |
| State | 109,520.58 |

| | |
|---------------------|--------------|
| Total Contributions | 1,416,186.90 |
|---------------------|--------------|

Investment Income:

| | |
|---|--------------|
| Net Increase in Fair Value of Investments | 1,598,652.95 |
| Less Investment Expense ¹ | (2,000.00) |

| | |
|-----------------------|--------------|
| Net Investment Income | 1,596,652.95 |
|-----------------------|--------------|

| | |
|-----------------|--------------|
| Total Additions | 3,012,839.85 |
|-----------------|--------------|

DEDUCTIONS

Distributions to Members:

| | |
|------------------|------------|
| Benefit Payments | 747,027.91 |
|------------------|------------|

| | |
|---------------------|------------|
| Total Distributions | 747,027.91 |
|---------------------|------------|

| | |
|------------------------|-----------|
| Administrative Expense | 28,219.76 |
|------------------------|-----------|

| | |
|------------------|------------|
| Total Deductions | 775,247.67 |
|------------------|------------|

| | |
|------------------------------|--------------|
| Net Increase in Net Position | 2,237,592.18 |
|------------------------------|--------------|

NET POSITION RESTRICTED FOR PENSIONS

| | |
|-----------------------|---------------|
| Beginning of the Year | 16,430,607.22 |
|-----------------------|---------------|

| | |
|-----------------|---------------|
| End of the Year | 18,668,199.40 |
|-----------------|---------------|

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 Administrator is responsible for the overall administration of the Plan. It has discretionary authority to construe the terms of the Plan and make determinations on questions that may affect your eligibility for benefits. The Plan Administrator may also retain the services of attorneys, accountants, actuaries, investment advisors and other professionals.

Plan Membership as of October 1, 2013:

| | |
|---|-----------|
| Inactive Plan Members or Beneficiaries Currently Receiving Benefits | 10 |
| Inactive Plan Members Entitled to but Not Yet Receiving Benefits | 3 |
| Active Plan Members | 37 |
| | <u>50</u> |

Benefits Provided

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

Normal Retirement:

Date: Earlier of: 1) age 55 and 10 years of Credited Service, or 2) age 52 and 25 years of Credited Service.

Benefit: 3.0% of Average Final Compensation times Credited Service (maximum 75% for those hired on and after October 1, 2008).

Early Retirement:

Eligibility: Age 50 and 10 Years of Credited Service.

Benefit: Accrued benefit, reduced 3% for each year prior to Normal Retirement.

Vesting:

Schedule: 100% after 10 years of Credited Service.

Benefit Amount: Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Normal Retirement Date (no imputing).

Disability:

Eligibility: Service Incurred: Covered from Date of Employment.

Non-Service Incurred: 10 years of Credited Service.

Benefit: Benefit accrued to date of disability under 2.5% benefit accrual rate but not less than 42% of Average Final Compensation (if Service Incurred) or 25% of Average Final Compensation (if not in-line-of-duty).

Pre-Retirement Death Benefits:

Vested: Monthly accrued benefit payable to designated beneficiary for 10 years at otherwise Normal Retirement Date or Early Retirement Date (reduced).

Non-Vested: Refund of accumulated contributions without interest.

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 | 54% |
| International Equity | 10% |
| Fixed Income | 15% |
| Cash | 15% |
| Real Estate Equity | 6% |
| <u>Total</u> | <u>100%</u> |

Concentrations:

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

Rate of Return:

For the year ended September 30, 2014 the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 9.09 percent.

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

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 | \$ 21,717,512 |
| Plan Fiduciary Net Position | \$ (18,668,199) |
| Sponsor's Net Pension Liability | <u>\$ 3,049,313</u> |
| Plan Fiduciary Net Position as a percentage of Total Pension Liability | <u>85.96%</u> |

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 | 3.90%-6.68% |
| Investment Rate of Return | 7.50% |

RP-2000 Table with no projection – Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements.

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 | 5.75% |
| International Equity | 5.75% |
| Fixed Income | 0.75% |
| Cash | 0.00% |
| Real Estate Equity | 5.75% |

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 | \$ 5,472,761 | \$ 3,049,313 | \$ 998,159 |

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

| | <u>09/30/2014</u> |
|--|----------------------|
| Total Pension Liability | |
| Service Cost | 616,903 |
| Interest | 1,541,234 |
| 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 | (747,028) |
| Net Change in Total Pension Liability | 1,411,109 |
| Total Pension Liability - Beginning | 20,306,403 |
| Total Pension Liability - Ending (a) | <u>\$ 21,717,512</u> |
| Plan Fiduciary Net Position | |
| Contributions - Employer | 1,165,048 |
| Contributions - State | 109,521 |
| Contributions - Employee | 141,619 |
| Net Investment Income | 1,596,653 |
| Benefit Payments, Including Refunds of Employee Contributions | (747,028) |
| Administrative Expense | (28,220) |
| Other | - |
| Net Change in Plan Fiduciary Net Position | <u>2,237,592</u> |
| Plan Fiduciary Net Position - Beginning | 16,430,607 |
| Plan Fiduciary Net Position - Ending (b) | <u>\$ 18,668,199</u> |
| Net Pension Liability - Ending (a) - (b) | <u>\$ 3,049,313</u> |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 85.96% |
| Covered Employee Payroll | \$ 2,832,374 |
| Net Pension Liability as a Percentage of covered Employee Payroll | 107.66% |

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

| | <u>09/30/2014</u> |
|--------------------------------------|-------------------|
| Actuarially Determined Contribution | 1,274,568 |
| Contributions in Relation to the | |
| Actuarially Determined Contributions | <u>1,274,568</u> |
| Contribution Deficiency (Excess) | <u>\$ -</u> |
| Covered Employee Payroll | \$ 2,832,374 |
| Contributions as a Percentage of | |
| Covered Employee Payroll | 45.00% |

Notes to Schedule

Valuation Date: 10/01/2012

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

Methods and assumptions used to determine contribution rates:

| | |
|--------------------------------|---|
| Funding Method: | Frozen Initial Liability Cost Method. |
| Amortization Method: | Level Percentage of Pay, Closed. |
| Remaining Amortization Period: | 29 Years (as of 10/01/2012). |
| Actuarial Asset Method: | Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return (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: | APH Table S-5 + 2.5%; see table on following page. Projected salary in the year of retirement is increased 20% to account for non-regular compensation. |
| Interest Rate: | 7.5% per year compounded annually, net of investment related expenses. |
| Payroll Increase: | N/A (UAAL amortized as level dollar). |
| Retirement Age: | Earlier of Age 55 and 10 years of service or Age 52 and 25 years of service. Also, any member who has reached the above criteria is assumed to continue employment for one additional year. |
| Early Retirement: | Commencing with the earliest Early Retirement Age (50), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year. |

Termination Rates:

See table below.

Disability Rates:

See table below. It is assumed that 75% of disablements and active Member deaths are service related.

Mortality:

RP-2000 Table with no projection – Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements.

Other Information:

Termination and Disability Rate Table.

| <u>Age</u> | <u>% Terminating During the Year</u> | <u>% Becoming Disabled During the Year</u> | <u>% of Salary Increase</u> |
|------------|--|--|---------------------------------|
| 20 | 6.0% | 0.14% | 6.68% (age 25) |
| 30 | 5.0% | 0.18% | 6.07% |
| 40 | 2.6% | 0.30% | 5.22% |
| 50 | 0.8% | 1.00% | 4.62% |

SCHEDULE OF INVESTMENT RETURNS
Last 10 Fiscal Years

| | |
|--------------------------------------|-------------------|
| | <u>09/30/2014</u> |
| Annual Money-Weighted Rate of Return | |
| Net of Investment Expense | 9.09% |

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

General Information about the Pension Plan

Plan Description

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

The Plan Administrator is responsible for the overall administration of the Plan. It has discretionary authority to construe the terms of the Plan and make determinations on questions that may affect your eligibility for benefits. The Plan Administrator may also retain the services of attorneys, accountants, actuaries, investment advisors and other professionals.

Plan Membership as of October 1, 2013:

| | |
|---|--|
| Inactive Plan Members or Beneficiaries Currently Receiving Benefits | 10 |
| Inactive Plan Members Entitled to but Not Yet Receiving Benefits | 3 |
| Active Plan Members | 37 |
| | <hr style="border-top: 1px solid black; border-bottom: 1px solid black; height: 3px; width: 100%;"/> |
| | 50 |

Benefits Provided

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

Normal Retirement:

Date: Earlier of: 1) age 55 and 10 years of Credited Service, or 2) age 52 and 25 years of Credited Service.

Benefit: 3.0% of Average Final Compensation times Credited Service (maximum 75% for those hired on and after October 1, 2008).

Early Retirement:

Eligibility: Age 50 and 10 Years of Credited Service.

Benefit: Accrued benefit, reduced 3% for each year prior to Normal Retirement.

Vesting:

Schedule: 100% after 10 years of Credited Service.

Benefit Amount: Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Normal Retirement Date (no imputing).

Disability:

Eligibility: Service Incurred: Covered from Date of Employment.

Non-Service Incurred: 10 years of Credited Service.

Benefit: Benefit accrued to date of disability under 2.5% benefit accrual rate but not less than 42% of Average Final Compensation (if Service Incurred) or 25% of Average Final Compensation (if not in-line-of-duty).

Pre-Retirement Death Benefits:

Vested: Monthly accrued benefit payable to designated beneficiary for 10 years at otherwise Normal Retirement Date or Early Retirement Date (reduced).

Non-Vested: Refund of accumulated contributions without interest.

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 | 3.90%-6.68% |
| Investment Rate of Return | 7.50% |

RP-2000 Table with no projection – Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements.

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 | Target Allocation | Long Term Expected Real Rate of Return |
|----------------------|-------------------|--|
| Domestic Equity | 54% | 5.75% |
| International Equity | 10% | 5.75% |
| Fixed Income | 15% | 0.75% |
| Cash | 15% | 0.00% |
| Real Estate Equity | 6% | 5.75% |
| Total | 100% | |

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 | \$ 20,306,403 | \$ 16,430,607 | \$ 3,875,796 |
| Changes for a Year: | | | |
| Service Cost | 616,903 | | 616,903 |
| Interest | 1,541,234 | | 1,541,234 |
| Change In Excess State Money | - | | - |
| Share Plan Allocation | - | | - |
| Differences Between Expected and Actual Experience | - | | - |
| Contributions - Employer | | 1,165,048 | (1,165,048) |
| Contributions -State | | 109,521 | (109,521) |
| Contributions - Employee | | 141,619 | (141,619) |
| Net Investment Income | | 1,596,653 | (1,596,653) |
| Benefit Payments, Including Refunds of Employee Contributions | (747,028) | (747,028) | - |
| Administrative Expense | | (28,220) | 28,220 |
| Other Changes | - | - | - |
| New Changes | 1,411,109 | 2,237,592 | (826,483) |
| Balances at September 30, 2014 | \$ 21,717,512 | \$ 18,668,199 | \$ 3,049,313 |

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 | \$ 5,472,761 | \$ 3,049,313 | \$ 998,159 |

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 \$610,823. 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 | - | 272,258 |
| Total | <u>\$ -</u> | <u>\$ 272,258</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 | \$ (68,064) |
| 2017 | \$ (68,064) |
| 2018 | \$ (68,065) |
| 2019 | \$ (68,065) |
| 2020 | \$ - |
| Thereafter | \$ - |

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

| | 09/30/2014 |
|--|---------------|
| Total Pension Liability | |
| Service Cost | 616,903 |
| Interest | 1,541,234 |
| 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 | (747,028) |
| Net Change in Total Pension Liability | 1,411,109 |
| Total Pension Liability - Beginning | 20,306,403 |
| Total Pension Liability - Ending (a) | \$ 21,717,512 |
| Plan Fiduciary Net Position | |
| Contributions - Employer | 1,165,048 |
| Contributions- State | 109,521 |
| Contributions - Employee | 141,619 |
| Net Investment Income | 1,596,653 |
| Benefit Payments, Including Refunds of Employee Contributions | (747,028) |
| Administrative Expense | (28,220) |
| Other | - |
| Net Change in Plan Fiduciary Net Position | 2,237,592 |
| Plan Fiduciary Net Position - Beginning | 16,430,607 |
| Plan Fiduciary Net Position - Ending (b) | \$ 18,668,199 |
| Net Pension Liability - Ending (a) - (b) | \$ 3,049,313 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 85.96% |
| Covered Employee Payroll | \$ 2,832,374 |
| Net Pension Liability as a Percentage of covered Employee Payroll | 107.66% |

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

| | <u>09/30/2014</u> |
|--------------------------------------|-------------------|
| Actuarially Determined Contribution | 1,274,568 |
| Contributions in Relation to the | |
| Actuarially Determined Contributions | 1,274,568 |
| Contribution Deficiency (Excess) | <u>\$ -</u> |
| Covered Employee Payroll | \$ 2,832,374 |
| Contributions as a Percentage of | |
| Covered Employee Payroll | 45.00% |

Notes to Schedule

Valuation Date: 10/01/2012

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

Methods and assumptions used to determine contribution rates:

| | |
|--------------------------------|---|
| Funding Method: | Frozen Initial Liability Cost Method. |
| Amortization Method: | Level Percentage of Pay, Closed. |
| Remaining Amortization Period: | 29 Years (as of 10/01/2012). |
| Actuarial Asset Method: | Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return (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: | APH Table S-5 + 2.5%; see table on following page. Projected salary in the year of retirement is increased 20% to account for non-regular compensation. |
| Interest Rate: | 7.5% per year compounded annually, net of investment related expenses. |
| Payroll Increase: | N/A (UAAL amortized as level dollar). |
| Retirement Age: | Earlier of Age 55 and 10 years of service or Age 52 and 25 years of service. Also, any member who has reached the above criteria is assumed to continue employment for one additional year. |
| Early Retirement: | Commencing with the earliest Early Retirement Age (50), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year. |

Termination Rates:

See table below.

Disability Rates:

See table below. It is assumed that 75% of disablements and active Member deaths are service related.

Mortality:

RP-2000 Table with no projection – Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements.

Other Information:

Termination and Disability Rate Table.

| <u>Age</u> | <u>% Terminating During the Year</u> | <u>% Becoming Disabled During the Year</u> | <u>% of Salary Increase</u> |
|------------|--|--|---------------------------------|
| 20 | 6.0% | 0.14% | 6.68% (age 25) |
| 30 | 5.0% | 0.18% | 6.07% |
| 40 | 2.6% | 0.30% | 5.22% |
| 50 | 0.8% | 1.00% | 4.62% |

COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2015

| | Net Pension Liability | Deferred Inflows | Deferred Outflows | Pension Expense |
|---|--------------------------|---------------------|----------------------|-----------------|
| Beginning balance | 3,875,796 | - | 1,165,048 | |
| Total pension liability factors: | | | | |
| Service cost | 616,903 | | | 616,903 |
| Interest | 1,541,234 | | | 1,541,234 |
| 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 | (747,028) | | | (747,028) |
| Net change | 1,411,109 | - | - | 1,411,109 |
| Plan fiduciary net position: | | | | |
| Contributions - employer | 1,165,048 | | (1,165,048) | |
| Contributions - state | 109,521 | | | (109,521) |
| Contributions - employee | 141,619 | | | (141,619) |
| Net investment income | 1,256,331 | | | (1,256,331) |
| Difference between projected and actual earnings on pension plan investments | 340,322 | 340,322 | - | |
| Current year amortization | | (68,064) | - | (68,064) |
| Benefit payments | (747,028) | | | 747,028 |
| Administrative expenses | (28,220) | | | 28,220 |
| Other | - | | | - |
| Net change | 2,237,592 | 272,258 | (1,165,048) | (800,287) |
| Ending Balance | 3,049,313 | 272,258 | - | 610,823 |