

CITY OF MILTON  
GENERAL EMPLOYEES' RETIREMENT SYSTEM

ACTUARIAL VALUATION  
AS OF OCTOBER 1, 2015

CONTRIBUTIONS APPLICABLE TO THE PLAN/  
FISCAL YEAR ENDED SEPTEMBER 30, 2017

November 25, 2015

Ms. Lori McCafferty, Secretary  
City of Milton General  
Employees' Retirement Board  
P. O. Box 909  
Milton, FL 32572

Re: City of Milton  
General Employees' Retirement System

Dear Lori:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Milton General Employees' 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. Please note that this valuation may not be applicable for any other purposes.

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 Chapter 112, 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. Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations.

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by the Board of Trustees, financial reports prepared by the custodian bank, and the actuarial assumptions and methods described in the Actuarial Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

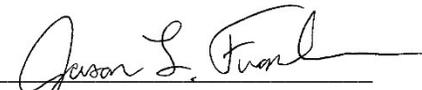
The undersigned is familiar with the immediate and long-term aspects of pension valuations, and meets the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the actuarial opinions.

To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the City of Milton, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the City of Milton General Employees' 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:   
Jason L. Franken, FSA, MAAA  
Enrolled Actuary #14-6888

JLF/lke

Enclosures

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SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Milton General Employees' Retirement System, performed as of October 1, 2015, 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, 2017.

The contribution requirements, compared with those developed in the October 1, 2014, actuarial valuation, are as follows:

Valuation Date	10/1/2015	10/1/2014
Applicable Plan/Fiscal Year End	<u>9/30/2017</u>	<u>9/30/2016</u>
Total Required Contribution		
% of Total Annual Payroll	29.3%	31.5%
Member Contributions (Est.)		
% of Total Annual Payroll	10.0%	10.0%
Balance from City <sup>1</sup>		
% of Total Annual Payroll	19.3%	21.5%

<sup>1</sup> At the request of the Division of Retirement, the required contribution from the City for the year ending September 30, 2017 is 19.3% of the actual pensionable payroll realized in that year. The City has a prepaid contribution of \$45,537.72 available to offset the current year's funding requirements.

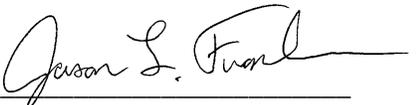
As can be seen, the Total Required Contribution has decreased as a percentage of Total Annual Payroll. Overall actuarial experience was more favorable during the past year. The principal components of favorable experience include average increases in pensionable pay that were lower than the 5.50% assumption, and a 9.62% investment return (Actuarial Asset Basis) that exceeded the 8.00% assumption.

For informational purposes, the City's funding requirement, when expressed as a percentage of payroll, including an estimate of the annual pay for DROP participants, is approximately 16.5% for the fiscal year ending September 30, 2017. It is important to note that this funding rate is for illustration purposes only. The City should budget based on the information provided above, applied to non-DROP payroll only.

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:   
Jason L. Franken, FSA, EA, MAAA

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

## CONTRIBUTION IMPACT OF ANNUAL CHANGES

(1) Contribution Determined as of October 1, 2014	21.5%
(2) Summary of Contribution Impact by component:	
Investment Return (Actuarial Asset Basis)	-1.2%
Salary Increases	-0.6%
Payroll Change	-1.7%
New Entrants	0.3%
Active Decrements	0.4%
Inactive Mortality	-0.1%
Other	<u>0.7%</u>
Total Change in Contribution	-2.2%
(3) Contribution Determined as of October 1, 2015	19.3%

## CHANGES SINCE PRIOR VALUATION

Plan Changes – There were no changes since the prior valuation.

Actuarial Assumption/Method Changes – Since the prior valuation, the following assumptions were changed:

- The mortality table was updated to project mortality improvements for an additional year.
- The payroll growth assumption was reduced from 0.02% to 0.00%, making the valuation amortization level dollar.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	<u>10/1/2015</u>	<u>10/1/2014</u>
A. Participant Data		
Number Included		
Actives	61	57
Service Retirees	28	26
DROP Retirees	8	10
Beneficiaries	4	4
Disability Retirees	4	3
Terminated Vested	<u>5</u>	<u>5</u>
Total	110	105
Total Annual Payroll	\$2,321,106	\$2,191,143
Payroll Under Assumed Ret. Age	2,321,106	2,191,143
Annual Rate of Payments to:		
Service Retirees	580,782	522,737
DROP Retirees	236,727	261,790
Beneficiaries	47,319	47,319
Disability Retirees	61,197	41,024
Terminated Vested	42,348	42,348
B. Assets		
Actuarial Value <sup>1</sup>	12,549,441	11,867,289
Market Value <sup>1</sup>	12,170,490	12,435,482
C. Liabilities		
Present Value of Benefits		
Actives		
Retirement Benefits	6,401,597	6,348,465
Disability Benefits	292,902	284,146
Death Benefits	69,601	67,722
Vested Benefits	265,400	253,462
Refund of Contributions	74,511	71,558
Service Retirees	5,405,248	4,857,045
DROP Retirees <sup>1</sup>	3,242,335	3,630,560
Beneficiaries	430,640	439,149
Disability Retirees	609,165	412,737
Terminated Vested	<u>187,229</u>	<u>172,851</u>
Total	16,978,628	16,537,695

C. Liabilities - (Continued)	<u>10/1/2015</u>	<u>10/1/2014</u>
Present Value of Future Salaries	19,693,619	18,506,011
Present Value of Future Member Contributions	1,969,362	1,850,601
Normal Cost (Retirement)	263,018	247,003
Normal Cost (Disability)	15,630	15,186
Normal Cost (Death)	3,929	3,808
Normal Cost (Vesting)	15,440	15,385
Normal Cost (Refunds)	<u>12,919</u>	<u>11,625</u>
Total Normal Cost	310,936	293,007
Present Value of Future Normal Costs	2,542,570	2,391,336
Accrued Liability (Retirement)	4,207,898	4,283,180
Accrued Liability (Disability)	164,043	161,919
Accrued Liability (Death)	39,066	38,774
Accrued Liability (Vesting)	131,360	130,641
Accrued Liability (Refunds)	<u>19,074</u>	<u>19,503</u>
Total Actuarial Accrued Liability	14,436,058	14,146,359
Unfunded Actuarial Accrued Liability (UAAL)	1,886,617	2,279,070
Funded Ratio (AVA / AL)	86.9%	83.9%
 D. Actuarial Present Value of Accrued Benefits		
Vested Accrued Benefits		
Inactives <sup>1</sup>	9,874,617	9,512,342
Actives	566,189	597,920
Member Contributions	<u>1,746,443</u>	<u>1,745,230</u>
Total	12,187,249	11,855,492
Non-vested Accrued Benefits	<u>674,568</u>	<u>762,198</u>
Total Present Value Accrued Benefits	12,861,817	12,617,690
Funded Ratio (MVA / PVAB)	94.6%	98.6%
 Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
New Accrued Benefits	357,890	
Benefits Paid	(1,079,979)	
Interest	966,216	
Other	<u>0</u>	
Total	244,127	

Valuation Date	10/1/2015	10/1/2014
Applicable to Fiscal Year Ending	<u>9/30/2017</u>	<u>9/30/2016</u>

E. Pension Cost

Normal Cost (with interest) % of Total Annual Payroll <sup>2</sup>	13.9	13.9
Administrative Expenses (with interest) % of Total Annual Payroll <sup>2</sup>	1.5	1.5
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 22 years (as of 10/1/2015) % of Total Annual Payroll <sup>2</sup>	13.9	16.1
Total Required Contribution % of Total Annual Payroll <sup>2</sup>	29.3	31.5
Expected Member Contributions % of Total Annual Payroll <sup>2</sup>	10.0	10.0
Expected City Contribution % of Total Annual Payroll <sup>2</sup>	19.3	21.5

F. Past Contributions

Plan Years Ending:	<u>9/30/2015</u>
Total Required Contribution	675,306
City Requirement	463,611
Actual Contributions Made:	
Members (excluding buyback)	211,695
City	<u>463,611</u>
Total	675,306

G. Net Actuarial (Gain)/Loss (202,436)

<sup>1</sup> The asset values and liabilities for DROP Members include accumulated DROP Balances as of 9/30/2015 and 9/30/2014.

<sup>2</sup> Contributions developed as of 10/1/2015 are expressed as a percentage of total annual payroll at 10/1/2015 of \$2,321,106.

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

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2015	1,886,617
2016	1,702,659
2017	1,503,981
2022	1,010,568
2027	691,388
2032	144,289
2037	0

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2015	3.00%	5.50%
Year Ended	9/30/2014	4.08%	5.50%
Year Ended	9/30/2013	4.16%	5.50%

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

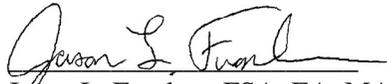
		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2015	9.62%	8.00%
Year Ended	9/30/2014	9.24%	8.00%
Year Ended	9/30/2013	9.21%	8.00%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2015	\$2,321,106
	10/1/2005	2,277,522
(b) Total Increase		1.91%
(c) Number of Years		10.00
(d) Average Annual Rate		0.19%

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.



Jason L. Franken, FSA, EA, MAAA  
Enrolled Actuary #14-06888

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

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

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

(1) Unfunded Actuarial Accrued Liability as of October 1, 2014	\$2,279,070
(2) Sponsor Normal Cost developed as of October 1, 2014	73,893
(3) Expected administrative expenses for the year ended September 30, 2015	30,596
(4) Expected interest on (1), (2) and (3)	189,461
(5) Sponsor contributions to the System during the year ended September 30, 2015	463,611
(6) Expected interest on (5)	20,356
(7) Expected Unfunded Actuarial Accrued Liability as of September 30, 2015 (1)+(2)+(3)+(4)-(5)-(6)	2,089,053
(8) Change to UAAL due to Assumption Change	0
(9) Change to UAAL due to Actuarial (Gain)/Loss	(202,436)
(10) Unfunded Accrued Liability as of October 1, 2015	1,886,617

<u>Type of Base</u>	<u>Date Established</u>	<u>Years Remaining</u>	<u>10/1/2015 Amount</u>	<u>Amortization Amount</u>
Method Change	10/1/2004	19	\$1,522,930	\$146,832
Actuarial Loss	10/1/2005	20	429,593	40,514
Actuarial Gain	10/1/2006	21	(446,046)	(41,231)
Actuarial Gain	10/1/2007	22	(210,816)	(19,136)
Actuarial Loss	10/1/2008	3	201,637	72,446
Method Change	10/1/2008	13	166,925	19,555
Actuarial Loss	10/1/2009	4	245,542	68,643
Assumption Change	10/1/2009	14	124,745	14,010
Actuarial Loss	10/1/2010	5	256,260	59,428
Actuarial Loss	10/1/2011	6	178,670	35,786
Actuarial Gain	10/1/2012	7	(36,942)	(6,570)
Assumption Change	10/1/2012	17	207,301	21,043
Software Change	10/1/2013	18	(215,128)	(21,254)
Actuarial Gain	10/1/2013	8	(178,568)	(28,772)
Actuarial Gain	10/1/2014	9	(157,050)	(23,278)
Actuarial Gain	10/1/2015	10	<u>(202,436)</u>	<u>(27,934)</u>
			1,886,617	310,082

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2014	\$2,279,070
(2) Expected UAAL as of October 1, 2015	2,089,053
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	(188,892)
Salary Increases	(100,164)
Active Decrements	62,072
Inactive Mortality	(17,207)
Other	<u>41,755</u>
Increase in UAAL due to (Gain)/Loss	(202,436)
Assumption Changes	<u>0</u>
(4) Actual UAAL as of October 1, 2015	\$1,886,617

## ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rate	RP 2000 Combined Healthy (sex distinct), projected to valuation year using scale AA. Disabled lives are set forward 5 years. We feel this assumption accommodates expected mortality improvements.
Interest Rate	8.00% per year compounded annually, net of investment related expenses. This assumption is in line with the national average for public programs and is reasonable based on the asset allocation.
Retirement Age	Earlier of Age 65 and 10 years of service or the completion of 25 years of service, regardless of age. Also, any Member who has reached Normal Retirement is assumed to continue employment for one additional year. We feel that this assumption is reasonable based on the plan provisions.
Early Retirement	Commencing at eligibility for Early Retirement (age 55 with 10 years of service), Members are assumed to retire with an immediate benefit at the rate of 1% per year.
Disability Rate	See table on following page (1201).
Termination Rate	See table on following page (T3A).
Salary Increases	5.50% per year until the assumed Retirement age; see table below. This assumption was developed from those used by other plans containing general municipal employees.
Administrative Expenses	\$33,907 based on the prior year's actual expenses.
Payroll Growth	0.00%, utilized for amortizing the unfunded actuarial accrued liabilities (prior year was 0.02%).
Marital Status	100% of Members are assumed to be married.
Spouse's Age	Males are assumed to be three years older than females.
Funding Method	Entry Age Normal Actuarial Cost Method.
Asset Valuation Method	Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

<u>Age</u>	<u>% Terminating During the Year</u>	<u>% Becoming Disabled During the Year</u>	<u>Current Salary as % of Salary at age 60</u>
20	6.6%	0.03%	11.7%
30	4.9	0.04	20.1
40	4.0	0.07	34.3
50	2.2	0.18	58.5

## VALUATION NOTES

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

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

Normal (Current Year's) Cost is the current year's cost for benefits yet to be funded.

Unfunded Actuarial Accrued Liability (UAAL) is a liability which arises when a pension plan is initially established or improved and such establishment or improvement is applicable to all years of past service. Under the Entry Age Normal Actuarial Cost Method, there is also a new UAAL created each year equal to the actuarial gain or loss for that year.

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

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

(a) The normal cost accrual rate equals:

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

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

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

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

STATEMENT OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2015

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Short Term Investments	361,916.87	361,916.87
Cash	545.06	545.06
Total Cash and Equivalents	362,461.93	362,461.93
Receivables:		
Investment Income	42,347.29	42,347.29
Total Receivable	42,347.29	42,347.29
Investments:		
Fixed	4,833,350.86	4,738,938.94
Equities	5,533,062.24	5,763,654.07
Pooled/Common/Commingled Funds:		
Real Estate	1,285,441.36	1,308,625.62
Total Investments	11,651,854.46	11,811,218.63
Total Assets	12,056,663.68	12,216,027.85
<u>LIABILITIES</u>		
Prepaid City Contribution	45,537.72	45,537.72
Total Liabilities	45,537.72	45,537.72
NET POSITION RESTRICTED FOR PENSIONS	12,011,125.96	12,170,490.13

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED SEPTEMBER 30, 2015  
Market Value Basis

ADDITIONS

Contributions:

Member	211,694.63	
City	463,611.24	

Total Contributions		675,305.87
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Investment Income:

Net Realized Gain (Loss)	754,037.57	
Unrealized Gain (Loss)	(779,921.16)	
Net Increase in Fair Value of Investments	(25,883.59)	
Interest & Dividends	286,270.38	
Less Investment Expense <sup>1</sup>	(86,799.31)	

Net Investment Income		173,587.48
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Total Additions		848,893.35
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DEDUCTIONS

Distributions to Members:

Benefit Payments	647,151.48	
Lump Sum DROP Distributions	373,323.54	
Refunds of Member Contributions	59,503.62	

Total Distributions		1,079,978.64
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Administrative Expense		33,906.93
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Total Deductions		1,113,885.57
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Net Increase in Net Position		(264,992.22)
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NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year		12,435,482.35
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End of the Year		12,170,490.13
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<sup>1</sup>Investment related expenses include investment advisory, custodial and performance monitoring fees.

ACTUARIAL ASSET VALUATION  
SEPTEMBER 30, 2015

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*	
09/30/2012	15.82%	
09/30/2013	12.60%	
09/30/2014	9.19%	
09/30/2015	1.41%	
Annualized Rate of Return for prior four (4) years:		9.62%
(A) 10/01/2014 Actuarial Assets:		\$11,867,289.25
(I) Net Investment Income:		
1. Interest and Dividends	286,270.38	
2. Realized Gains (Losses)	754,037.57	
3. Change in Actuarial Value	167,223.01	
4. Investment Related Expenses	(86,799.31)	
Total		1,120,731.65
(B) 10/01/2015 Actuarial Assets:		\$12,549,441.20
Actuarial Asset Rate of Return = 2I/(A+B-I):		9.62%
10/01/2015 Limited Actuarial Assets:		\$12,549,441.20
10/01/2015 Market Value of Assets:		\$12,170,490.13
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)		\$188,891.70

\*Market Value Basis, net of investment related expenses.

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS  
 SEPTEMBER 30, 2015  
 Actuarial Asset Basis

REVENUES

Contributions:		
Member	211,694.63	
City	463,611.24	
Total Contributions		675,305.87
Earnings from Investments:		
Interest & Dividends	286,270.38	
Net Realized Gain (Loss)	754,037.57	
Change in Actuarial Value	167,223.01	
Total Earnings and Investment Gains		1,207,530.96

EXPENDITURES

Distributions to Members:		
Benefit Payments	647,151.48	
Lump Sum DROP Distributions	373,323.54	
Refunds of Member Contributions	59,503.62	
Total Distributions		1,079,978.64
Expenses:		
Investment related <sup>1</sup>	86,799.31	
Administrative	33,906.93	
Total Expenses		120,706.24
Change in Net Assets for the Year		682,151.95
Net Assets Beginning of the Year		11,867,289.25
Net Assets End of the Year <sup>2</sup>		12,549,441.20

<sup>1</sup>Investment related expenses include investment advisory, custodial and performance monitoring fees.

<sup>2</sup>Net Assets may be limited for actuarial consideration.

RECONCILIATION OF CITY'S SHORTFALL/(PREPAID) CONTRIBUTION  
FOR THE FISCAL YEAR ENDED (FYE) SEPTEMBER 30, 2015

(1)	Total Required Contribution Rate	31.9%
(2)	Pensionable Payroll Derived from Member Contributions	\$2,116,946.30
(3)	Total Required Contribution (1) x (2)	675,305.87
(4)	Less Actual Member Contributions	<u>(211,694.63)</u>
(5)	Equals Required City Contribution for Fiscal 2015	463,611.24
(6)	Less 2014 Prepaid Contribution	(45,283.93)
(7)	Less Actual City Contributions	<u>(463,865.03)</u>
(8)	Equals City's Shortfall/(Prepaid) Contribution as of September 30, 2015	(\$45,537.72)

DEFERRED RETIREMENT OPTION PLAN ACTIVITY  
October 1, 2014 to September 30, 2015

Beginning of the Year Balance	668,972.21
Plus Additions	253,861.28
Investment Return Earned	39,952.58
Less Distributions	(373,323.54)
End of the Year Balance	589,462.53

STATISTICAL DATA <sup>1</sup>

	<u>10/1/2012</u>	<u>10/1/2013</u>	<u>10/1/2014</u>	<u>10/1/2015</u>
<u>Actives</u>				
Number	64	59	57	61
Average Current Age	46.2	46.7	46.1	45.4
Average Age at Employment	34.8	34.5	36.0	36.0
Average Past Service	11.4	12.2	10.1	9.4
Average Annual Salary	\$33,977	\$37,203	\$38,441	\$38,051
<u>Service Retirees</u>				
Number			26	28
Average Current Age			69.3	70.1
Average Annual Benefit			\$20,105	\$20,742
<u>DROP Retirees</u>				
Number			10	8
Average Current Age			57.0	54.5
Average Annual Benefit			\$26,179	\$29,591
<u>Beneficiaries</u>				
Number			4	4
Average Current Age			67.1	68.1
Average Annual Benefit			\$11,830	\$11,830
<u>Disability Retirees</u>				
Number			3	4
Average Current Age			60.6	62.0
Average Annual Benefit			\$13,675	\$15,299
<u>Terminated Vested</u>				
Number			5	5
Average Current Age			48.9	49.9
Average Annual Benefit			\$8,470	\$8,470

<sup>1</sup> Prior to 10/1/2014, averages were salary weighted.

## AGE AND SERVICE DISTRIBUTION

### PAST SERVICE

AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	0	3	0	0	0	0	0	0	0	0	0	3
25 - 29	0	1	0	0	0	1	0	0	0	0	0	2
30 - 34	0	1	0	2	1	2	2	0	0	0	0	8
35 - 39	0	1	0	0	0	2	4	0	0	0	0	7
40 - 44	0	2	0	1	0	3	0	1	0	0	0	7
45 - 49	0	2	2	0	0	1	1	0	0	0	0	6
50 - 54	0	2	0	0	0	4	2	1	2	1	0	12
55 - 59	0	1	0	0	0	0	3	6	1	0	0	11
60 - 64	0	1	0	0	0	1	0	1	1	0	0	4
65+	0	0	0	0	0	0	0	1	0	0	0	1
Total	0	14	2	3	1	14	12	10	4	1	0	61

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2014	57
b. Terminations	
i. Vested (partial or full) with deferred benefits	0
ii. Non-vested or full lump sum distribution received	(4)
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	(1)
e. Retired	<u>0</u>
f. DROP	(1)
g. Continuing participants	51
h. New entrants	<u>10</u>
i. Total active life participants in valuation	61

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

	Service Retirees, Vested Receiving <u>Benefits</u>	DROP <u>Benefits</u>	Receiving Death <u>Benefits</u>	Receiving Disability <u>Benefits</u>	Vested <u>Deferred</u>	<u>Total</u>
a. Number prior valuation	26	10	4	3	5	48
Retired	3	(3)	0	0	0	0
DROP	0	1	0	0	0	1
Vested Deferred	0	0	0	0	0	0
Death, With Survivor	0	0	0	0	0	0
Death, No Survivor	(1)	0	0	0	0	(1)
Disabled	0	0	0	1	0	1
Refund of Contributions	0	0	0	0	0	0
Rehires	0	0	0	0	0	0
Expired Annuities	0	0	0	0	0	0
Data Corrections	0	0	0	0	0	0
b. Number current valuation	28	8	4	4	5	49

SUMMARY OF CURRENT PLAN  
(Through Ordinance 1405-14)

ELIGIBILITY	Full-time employees who are classified as fulltime General Employees of the City enter the Plan on January 1 or July 1 after 6 months of employment.
CREDITED SERVICE	Total years and fractional parts of years of eligible service with the City as a General Employee.
SALARY	Total compensation, including overtime, but excluding bonuses, plus all tax-deferred, tax-sheltered and tax-exempt items of income. For service earned after July 1, 2011, Salary shall not include more than 300 hours of overtime per fiscal year. Salary will include the lesser of the amount of sick or annual leave time accrued on July 1, 2011 or the actual amount for which the retiree receives payment at retirement.
AVERAGE FINAL COMPENSATION	1/12 <sup>th</sup> of the arithmetic average of salary for the highest five of the ten years of service immediately preceding the retirement or termination of the Member.
NORMAL RETIREMENT	
Date	Earlier of age 65 and 10 years of Credited Service or 25 years of Credited Service, regardless of age.
Benefit Amount	2.50% of Average Final Compensation  times  Credited Service, with a maximum of 100% of Average Final Compensation.
Form of Benefit	Life Annuity (options available).
EARLY RETIREMENT	
Eligibility	Age 55 and 10 years of Credited Service.
Benefit	Accrued benefit, reduced actuarially to reflect early commencement of benefits.
VESTING (TERMINATION)	
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, or refund of Member Contributions. Non-vested terminated Members receive a refund of Member Contributions.
<b>DISABILITY BENEFIT</b>	
Eligibility	10 years of Credited Service, with total and permanent disability.
Exclusions	Disability resulting from use of drugs, illegal participation in riots, service in military, etc.
Benefit	Accrued benefit payable for life.
<b>PRE-RETIREMENT DEATH</b>	Refund of Accumulated Member Contributions.
<b>MEMBER CONTRIBUTIONS</b>	10% of Salary.
<b>CITY CONTRIBUTIONS</b>	Remaining amount necessary for payment of current costs and amortization of the past service liability, with a minimum of 6% of salaries.
<b>BOARD OF TRUSTEES</b>	<ul style="list-style-type: none"> <li>a.) Two legal residents appointed by the City Council,</li> <li>b.) Three Members of the Plan.</li> <li>c.) All Board Members serve three-year terms.</li> </ul>
<b>DEFERRED RETIREMENT OPTION PLAN</b>	
Eligibility	Satisfaction of Normal Retirement requirements.
Participation	Not to exceed 60 months.
Rate of Return	At member's election either: a) 6.50% annual interest, compounded monthly, or b) actual net rate of investment return (total return net of brokerage commissions, management fees, and transaction costs) credited each fiscal quarter. Member may change election once during DROP period.
Distribution	Cash lump sum (options available) at termination of employment.

STATEMENT OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2015

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Short Term Investments	361,917
Cash	545
Total Cash and Equivalents	362,462
Receivables:	
Investment Income	42,347
Total Receivable	42,347
Investments:	
Fixed	4,738,939
Equities	5,763,654
Pooled/Common/Commingled Funds:	
Real Estate	1,308,626
Total Investments	11,811,219
Total Assets	12,216,028
<u>LIABILITIES</u>	
Payables:	
Unearned Revenue	45,538
Total Liabilities	45,538
NET POSITION RESTRICTED FOR PENSIONS	12,170,490

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED SEPTEMBER 30, 2015  
Market Value Basis

ADDITIONS

## Contributions:

Member	211,695	
City	463,611	
Total Contributions		675,306
Investment Income:		
Net Increase in Fair Value of Investments	(25,884)	
Interest & Dividends	286,270	
Less Investment Expense <sup>1</sup>	(86,799)	
Net Investment Income		173,587
Total Additions		848,893

DEDUCTIONS

## Distributions to Members:

Benefit Payments	647,151	
Lump Sum DROP Distributions	373,324	
Refunds of Member Contributions	59,504	
Total Distributions		1,079,979
Administrative Expense		33,907
Total Deductions		1,113,886
Net Increase in Net Position		(264,993)

## NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year		12,435,483
End of the Year		12,170,490

<sup>1</sup>Investment related expenses include investment advisory, custodial and performance monitoring fees.

NOTES TO THE FINANCIAL STATEMENTS  
(For the Year Ended September 30, 2015)

Plan Description

*Plan Administration*

The Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees comprised of:

- a.) Two legal residents appointed by the City Council,
- b.) Three Members of the Plan.
- c.) All Board Members serve three-year terms.

*Plan Membership as of October 1, 2014:*

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	43
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	5
Active Plan Members	57
	105

*Benefits Provided*

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

Normal Retirement:

Date: Earlier of age 65 and 10 years of Credited Service or 25 years of Credited Service, regardless of age.

Benefit Amount: 2.50% of Average Final Compensation times Credited Service, with a maximum of 100% of Average Final Compensation.

Early Retirement:

Eligibility: Age 55 and 10 years of Credited Service.

Benefit: Accrued benefit, reduced actuarially to reflect early commencement of benefits.

Vesting (Termination):

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, or refund of Member Contributions. Non-vested terminated Members receive a refund of Member Contributions.

Disability Benefit:

Eligibility: 10 years of Credited Service, with total and permanent disability.

Benefit: Accrued benefit payable for life.

Pre-Retirement Death:

Refund of Accumulated Member Contributions.

*Contributions*

Member Contributions: 10% of Salary.

City Contributions: Remaining amount necessary for payment of current costs and amortization of the past service liability, with a minimum of 6% of salaries.

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### Investments

#### *Investment Policy:*

The following was the Board's adopted asset allocation policy as of September 30, 2015:

<u>Asset Class</u>	<u>Target Allocation</u>
Cash or cash equivalents	0.50%
Domestic bonds	42.50%
Domestic equity	47.00%
International equity	10.00%
<u>Total</u>	<u>100.00%</u>

#### *Concentrations:*

The Plan did not hold investments in any one organization that represent 5 percent or more of the Pension Plan's Fiduciary Net Position.

#### *Rate of Return:*

For the year ended September 30, 2015, the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was 1.41 percent.

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

#### Deferred Retirement Option Program

Eligibility: Satisfaction of Normal Retirement requirements.

Participation: Not to exceed 60 months.

Rate of Return: At member's election either: a) 6.5% annual interest, compounded monthly, or b) actual net rate of investment return (total return net of brokerage commissions, management fees, and transaction costs) credited each fiscal quarter. Member may change election once during DROP period.

The DROP balance as September 30, 2015 is \$589,463.

NET PENSION LIABILITY OF THE SPONSOR

The components of the Net Pension Liability of the Sponsor on September 30, 2015 were as follows:

Total Pension Liability	\$ 14,352,382
Plan Fiduciary Net Position	\$ (12,170,490)
Sponsor's Net Pension Liability	<u>\$ 2,181,892</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	84.80%

*Actuarial Assumptions:*

The Total Pension Liability was determined by an actuarial valuation as of October 1, 2014 updated to September 30, 2015 using the following actuarial assumptions:

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

Mortality Rate: RP 2000 Combined Healthy (sex distinct), projected to valuation year using scale AA. Disabled lives are set forward 5 years.

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, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Long Term Expected Real Rate of Return</u>
Cash or cash equivalents	0.0%
Domestic bonds	2.7%
Domestic equity	8.0%
International equity	8.0%

Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 8.00 percent.

The projection of cash flows used to determine the Discount Rate assumed that Plan Member contributions will be made at the current contribution rate and that Sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the Member rate. Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the Long-Term Expected Rate of Return on Pension Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

	Current		
	1% Decrease <u>7.00%</u>	Discount Rate <u>8.00%</u>	1% Increase <u>9.00%</u>
Sponsor's Net Pension Liability	\$ 3,609,198	\$ 2,181,892	\$ 965,488

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

	<u>09/30/2015</u>	<u>09/30/2014</u>	<u>09/30/2013</u>
Total Pension Liability			
Service Cost	300,174	299,907	277,692
Interest	1,107,941	1,073,644	1,025,082
Changes of benefit terms	-	-	-
Differences between Expected and Actual Experience	(64,838)	-	-
Changes of assumptions	-	-	-
Benefit Payments, including Refunds of Employee Contributions	<u>(1,079,979)</u>	<u>(810,211)</u>	<u>(625,717)</u>
Net Change in Total Pension Liability	263,298	563,340	677,057
Total Pension Liability - Beginning	<u>14,089,084</u>	<u>13,525,744</u>	<u>12,848,687</u>
Total Pension Liability - Ending (a)	<u><u>\$ 14,352,382</u></u>	<u><u>\$ 14,089,084</u></u>	<u><u>\$ 13,525,744</u></u>
Plan Fiduciary Net Position			
Contributions - Employer	463,611	515,239	431,650
Contributions - Employee	211,695	216,487	212,636
Net Investment Income	173,587	1,056,606	1,289,483
Benefit Payments, including Refunds of Employee Contributions	(1,079,979)	(810,211)	(625,717)
Administrative Expense	<u>(33,907)</u>	<u>(30,596)</u>	<u>(22,136)</u>
Net Change in Plan Fiduciary Net Position	(264,993)	947,525	1,285,916
Plan Fiduciary Net Position - Beginning	<u>12,435,483</u>	<u>11,487,958</u>	<u>10,202,042</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 12,170,490</u></u>	<u><u>\$ 12,435,483</u></u>	<u><u>\$ 11,487,958</u></u>
Net Pension Liability - Ending (a) - (b)	<u><u>\$ 2,181,892</u></u>	<u><u>\$ 1,653,601</u></u>	<u><u>\$ 2,037,786</u></u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	84.80%	88.26%	84.93%
Covered Employee Payroll	\$ 2,534,951	\$ 2,164,868 *	\$ 2,126,357 *
Net Pension Liability as a percentage of Covered Employee Payroll	86.07%	76.38%	95.83%

**Notes to Schedule:**

\* The reported Covered Employee Payroll figure for 2013-2014 was based on Pensionable Salary.

SCHEDULE OF CONTRIBUTIONS

Last 10 Fiscal Years

	09/30/2015	09/30/2014	09/30/2013
Actuarially Determined Contribution	463,611	515,239	431,650
Contributions in relation to the Actuarially Determined Contributions	463,611	515,239	431,650
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 2,534,951	\$ 2,164,868 *	\$ 2,126,357 *
Contributions as a percentage of Covered Employee Payroll	18.29%	23.80%	20.30%

\* The reported Covered Employee Payroll figure for 2013-2014 was based on Pensionable Salary.

Notes to Schedule

Valuation Date: 10/01/2013  
 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: 24 Years (as of 10/01/2013).  
 Inflation: 3.0% per year.  
 Mortality: RP 2000 Combined Healthy (sex distinct), projected to valuation date using scale AA. Disabled lives are set forward 5 years.  
 Interest Rate: 8.0% per year compounded annually, net of investment related expenses.  
 Retirement Age: Earlier of Age 65 and 10 years of service or the completion of 25 years of service, regardless of age. Also, any Member who has reached Normal Retirement is assumed to continue employment for one additional year.  
 Disability Rates: See table below (1201).  
 Termination Rates: See table below (T3A).  
 Salary Increases: 5.5% per year until the assumed Retirement age.  
 Early Retirement: Commencing at eligibility for Early Retirement (age 55 with 10 years of service), Members are assumed to retire with an immediate benefit at the rate of 1% per year.  
 Payroll Growth: Up to 5.0% per year, 0.59% for 2012. (Utilized for amortizing the unfunded actuarial accrued liabilities.)  
 Asset Valuation Method: Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

Termination and Disability Rate Table:

Age	% Terminating During the Year	% Becoming Disabled During the Year
20	6.6%	0.03%
30	4.9%	0.04%
40	4.0%	0.07%
50	2.2%	0.18%

SCHEDULE OF INVESTMENT RETURNS  
Last 10 Fiscal Years

	<u>09/30/2015</u>	<u>09/30/2014</u>	<u>09/30/2013</u>
Annual Money-Weighted Rate of Return			
Net of Investment Expense	1.41%	9.19%	12.60%

NOTES TO THE FINANCIAL STATEMENTS

(For the Year Ended September 30, 2016)

General Information about the Pension Plan

*Plan Description*

The Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees comprised of:

- a.) Two legal residents appointed by the City Council,
- b.) Three Members of the Plan.
- c.) All Board Members serve three-year terms.

Full-time employees who are classified as fulltime General Employees of the City enter the Plan on January 1 or July 1 after 6 months of employment.

*Plan Membership as of October 1, 2014:*

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	43
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	5
Active Plan Members	57
	105
	105

*Benefits Provided*

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

Normal Retirement:

Date: Earlier of age 65 and 10 years of Credited Service or 25 years of Credited Service, regardless of age.

Benefit Amount: 2.50% of Average Final Compensation times Credited Service, with a maximum of 100% of Average Final Compensation.

Early Retirement:

Eligibility: Age 55 and 10 years of Credited Service.

Benefit: Accrued benefit, reduced actuarially to reflect early commencement of benefits.

Vesting (Termination):

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, or refund of Member Contributions. Non-vested terminated Members receive a refund of Member Contributions.

Disability Benefit:

Eligibility: 10 years of Credited Service, with total and permanent disability.

Benefit: Accrued benefit payable for life.

Pre-Retirement Death:

Refund of Accumulated Member Contributions.

*Contributions*

Member Contributions: 10% of Salary.

City Contributions: Remaining amount necessary for payment of current costs and amortization of the past service liability, with a minimum of 6% of salaries.

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### Net Pension Liability

The measurement date is September 30, 2015.

The measurement period for the pension expense was October 1, 2014 to September 30, 2015.

The reporting period is October 1, 2015 through September 30, 2016.

The Sponsor's Net Pension Liability was measured as of September 30, 2015.

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, 2014 updated to September 30, 2015 using the following actuarial assumptions:

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

Mortality Rate: RP 2000 Combined Healthy (sex distinct), projected to valuation year using scale AA. Disabled lives are set forward 5 years.

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, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash or cash equivalents	0.50%	0.00%
Domestic bonds	42.50%	2.70%
Domestic equity	47.00%	7.95%
<u>International equity</u>	<u>10.00%</u>	<u>8.00%</u>
Total	<u>100.00%</u>	

#### Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 8.00 percent.

The projection of cash flows used to determine the Discount Rate assumed that Plan Member contributions will be made at the current contribution rate and that Sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the Member rate. Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the Long-Term Expected Rate of Return on Pension Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

## CHANGES IN NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension	Plan Fiduciary	Net Pension
	Liability	Net Position	Liability
	(a)	(b)	(a)-(b)
Balances at September 30, 2014	\$ 14,089,084	\$ 12,435,483	\$ 1,653,601
Changes for a Year:			
Service Cost	300,174	-	300,174
Interest	1,107,941	-	1,107,941
Differences between Expected and Actual Experience	(64,838)	-	(64,838)
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions - Employer	-	463,611	(463,611)
Contributions - State	-	-	-
Contributions - Employee	-	211,695	(211,695)
Contributions - Buy Back	-	-	-
Net Investment Income	-	173,587	(173,587)
Benefit Payments, including Refunds of Employee Contributions	(1,079,979)	(1,079,979)	-
Administrative Expense	-	(33,907)	33,907
Net Changes	263,298	(264,993)	528,291
Balances at September 30, 2015	\$ 14,352,382	\$ 12,170,490	\$ 2,181,892

*Sensitivity of the Net Pension Liability to changes in the Discount Rate.*

	Current Discount		
	1% Decrease	Rate	1% Increase
	7.00%	8.00%	9.00%
Sponsor's Net Pension Liability	\$ 3,609,198	\$ 2,181,892	\$ 965,488

*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, 2016, the Sponsor will recognize a Pension Expense of \$374,580.

On September 30, 2016, 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	-	54,032
Changes of assumptions	-	-
Net difference between Projected and Actual Earnings on Pension Plan investments	557,808	-
Employers contributions subsequent to the measurement date	-	-
<b>Total</b>	<b>\$ 557,808</b>	<b>\$ 54,032</b>

The outcome of the Deferred Outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended September 30, 2016.

Other 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:			
2017		\$	121,548
2018		\$	121,550
2019		\$	121,550
2020		\$	149,936
2021		\$	(10,806)
Thereafter		\$	-

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

	<u>09/30/2015</u>	<u>09/30/2014</u>	<u>09/30/2013</u>
Total Pension Liability			
Service Cost	300,174	299,907	277,692
Interest	1,107,941	1,073,644	1,025,082
Changes of benefit terms	-	-	-
Differences between Expected and Actual Experience	(64,838)	-	-
Changes of assumptions	-	-	-
Benefit Payments, including Refunds of Employee Contributions	<u>(1,079,979)</u>	<u>(810,211)</u>	<u>(625,717)</u>
Net Change in Total Pension Liability	263,298	563,340	677,057
Total Pension Liability - Beginning	<u>14,089,084</u>	<u>13,525,744</u>	<u>12,848,687</u>
Total Pension Liability - Ending (a)	<u><u>\$ 14,352,382</u></u>	<u><u>\$ 14,089,084</u></u>	<u><u>\$ 13,525,744</u></u>
Plan Fiduciary Net Position			
Contributions - Employer	463,611	515,239	431,650
Contributions - Employee	211,695	216,487	212,636
Net Investment Income	173,587	1,056,606	1,289,483
Benefit Payments, including Refunds of Employee Contributions	(1,079,979)	(810,211)	(625,717)
Administrative Expense	<u>(33,907)</u>	<u>(30,596)</u>	<u>(22,136)</u>
Net Change in Plan Fiduciary Net Position	(264,993)	947,525	1,285,916
Plan Fiduciary Net Position - Beginning	<u>12,435,483</u>	<u>11,487,958</u>	<u>10,202,042</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 12,170,490</u></u>	<u><u>\$ 12,435,483</u></u>	<u><u>\$ 11,487,958</u></u>
Net Pension Liability - Ending (a) - (b)	<u><u>\$ 2,181,892</u></u>	<u><u>\$ 1,653,601</u></u>	<u><u>\$ 2,037,786</u></u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	84.80%	88.26%	84.93%
Covered Employee Payroll	\$ 2,534,951	\$ 2,164,868 *	\$ 2,126,357 *
Net Pension Liability as a percentage of Covered Employee Payroll	86.07%	76.38%	95.83%

**Notes to Schedule:**

\* The reported Covered Employee Payroll figure for 2013-2014 was based on Pensionable Salary.

**SCHEDULE OF CONTRIBUTIONS**  
Last 10 Fiscal Years

	09/30/2015	09/30/2014	09/30/2013
Actuarially Determined Contribution	463,611	515,239	431,650
Contributions in relation to the Actuarially Determined Contributions	463,611	515,239	431,650
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 2,534,951	\$ 2,164,868 *	\$ 2,126,357 *
Contributions as a percentage of Covered Employee Payroll	18.29%	23.80%	20.30%

\* The reported Covered Employee Payroll figure for 2013-2014 was based on Pensionable Salary.

Notes to Schedule

Valuation Date: 10/01/2013

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: 24 Years (as of 10/01/2013).  
 Inflation: 3.0% per year.  
 Mortality: RP 2000 Combined Healthy (sex distinct), projected to valuation date using scale AA. Disabled lives are set forward 5 years.  
 Interest Rate: 8.0% per year compounded annually, net of investment related expenses.  
 Retirement Age: Earlier of Age 65 and 10 years of service or the completion of 25 years of service, regardless of age. Also, any Member who has reached Normal Retirement is assumed to continue employment for one additional year.  
 Disability Rates: See table below (1201).  
 Termination Rates: See table below (T3A).  
 Salary Increases: 5.5% per year until the assumed Retirement age.  
 Early Retirement: Commencing at eligibility for Early Retirement (age 55 with 10 years of service), Members are assumed to retire with an immediate benefit at the rate of 1% per year.  
 Payroll Growth: Up to 5.0% per year, 0.59% for 2012. (Utilized for amortizing the unfunded actuarial accrued liabilities.)  
 Asset Valuation Method: Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

Termination and Disability Rate Table:	% Terminating	% Becoming
	During the	Disabled During
Age	Year	the Year
20	6.60%	0.03%
30	4.90%	0.04%
40	4.00%	0.07%
50	2.20%	0.18%

**COMPONENTS OF PENSION EXPENSE**  
**FISCAL YEAR SEPTEMBER 30, 2016**

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 1,653,601	\$ 113,546	\$ 463,611	\$ -
Employer Contributions made after September 30, 2015	-	-	TBD*	-
Total Pension Liability Factors:				
Service Cost	300,174	-	-	300,174
Interest	1,107,941	-	-	1,107,941
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	(64,838)	64,838	-	-
Current year amortization of experience difference	-	(10,806)	-	(10,806)
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	-	-	-
Benefit Payments	(1,079,979)	-	-	(1,079,979)
Net change	<u>263,298</u>	<u>54,032</u>	<u>-</u>	<u>317,330</u>
Plan Fiduciary Net Position:				
Contributions - Employer	463,611	-	(463,611)	-
Contributions - Employee	211,695	-	-	(211,695)
Net Investment Income	977,295	-	-	(977,295)
Difference between projected and actual earnings on	(803,708)	-	803,708	-
Current year amortization	-	(28,387)	(160,741)	132,354
Benefit Payments	(1,079,979)	-	-	1,079,979
Administrative Expenses	(33,907)	-	-	33,907
Net change	<u>(264,993)</u>	<u>(28,387)</u>	<u>179,356</u>	<u>57,250</u>
Ending Balance	<u>\$ 2,181,892</u>	<u>\$ 139,191</u>	<u>TBD</u>	<u>\$ 374,580</u>

\* Employer Contributions subsequent to the measurement date made after September 30, 2015 but made on or before September 30, 2016 needs to be added.