

March 7, 2016

Board of Trustees  
City of Ocala  
Police Officers' Retirement System  
402 S. Pine Avenue  
Ocala, FL 34471-1174

RE: GASB Statement No. 67 and No. 68 – City of Ocala Police Officers' Retirement System

Dear Board:

We are pleased to present to the Board the GASB Statement No. 67 and No. 68 measured as of September 30, 2015 for the City of Ocala Police Officers' Retirement System.

The calculation of the liability associated with the benefits referenced in this report was performed for the purpose of satisfying the requirements of GASB No.67 and No.68 and is not applicable for purposes, such as determining the plans' funding requirements. A calculation of the plan's liability for other purposes may produce significantly different results.

The total pension liability, net pension liability, and certain sensitivity information shown in this report are based on an actuarial valuation performed as of October 1, 2014. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ending September 30<sup>th</sup>, 2015 using generally accepted actuarial principles. It is our opinion that the assumptions used for this purposes are internally consistent, reasonable, and comply with the requirements under GASB No.67 and No.68.

Certain schedules should include a 10-year history of information. As provided for in GASB No. 67 and No.68, this historical information is only presented for the years in which the information was measured in conformity with the requirements of GASB No. 67 and No.68.

To the best of our knowledge, these statements are complete and accurate and are in accordance with generally recognized actuarial practices and methods.

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

DHL/lke  
Enclosures

STATEMENT OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2015

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Money Market	1,161,291
Cash	169,455
Total Cash and Equivalents	1,330,746
Receivables:	
Investment Income	82,436
Total Receivable	82,436
Investments:	
Fixed Income	20,443,790
Equity	14,407,930
Mutual Funds:	
Equity	16,976,673
Pooled/Common/Commingled Funds:	
Equity	1,937,811
Real Estate	2,809,542
Total Investments	56,575,746
Total Assets	57,988,928
<u>LIABILITIES</u>	
Payables:	
Investment Expenses	72,553
Administrative Expenses	21,517
Refunds (prior)	582
Total Liabilities	94,652
NET POSITION RESTRICTED FOR PENSIONS	57,894,276

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

ADDITIONS

## Contributions:

Member	629,554	
Buy-Back	83,865	
City	3,111,881	
State	471,520	
 Total Contributions		 4,296,820
 Investment Income:		
Net Increase in Fair Value of Investments	(1,837,030)	
Interest & Dividends	1,229,586	
Less Investment Expense <sup>1</sup>	(439,435)	
 Net Investment Income		 (1,046,879)
 Total Additions		 3,249,941

DEDUCTIONS

## Distributions to Members:

Benefit Payments	2,878,843	
Lump Sum DROP Distributions	935,702	
Lump Sum PLOP Distributions	159,088	
Refunds of Member Contributions	89,285	
 Total Distributions		 4,062,918
 Administrative Expense		 72,024
 Total Deductions		 4,134,942
 Net Increase in Net Position		 (885,001)

## NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year		58,779,277
 End of the Year		 57,894,276

<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: Two City residents appointed by the City Council, two Police Officers elected by majority of covered Members, and a fifth Member elected by other four and appointed by City Council (as a ministerial duty).

*Plan Membership as of October 1, 2014:*

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	108
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	12
Active Plan Members	137
	257

*Benefits Provided*

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

Normal Retirement:

Eligibility: Earlier of 1) Age 52 and 10 years of Credited Service, or 2) 25 years of Credited Service, regardless of age.  
Benefit Amount: 3.33% of Average Final Compensation times Credited Service.

Early Retirement:

Eligibility: Age 50 and 10 years of Credited Service.  
Benefit Amount: Accrued benefit, reduced 3% per year prior to Normal Retirement.

Supplemental Benefit:

Eligibility: Normal and Early Retirees and their Joint Pensioners or Beneficiaries, excluding vested terminated persons.  
Monthly Benefit Amount: \$10.00 for each full year of Credited Service.

Disability:

Eligibility: Service Incurred - Covered from Date of Employment. Non-Service Incurred - 10 years of Credited Service.  
Benefit: Benefit accrued to date of disability, but not less than 42% of Average Final Compensation (Service Incurred), or 25% of Average Final Compensation (Non-Service Incurred).

Pre-Retirement Death Benefits:

Non-Vested Members: Refund of Member contributions to designated beneficiary.  
Vested Members: Accrued benefit payable at Member's otherwise Early or Normal Retirement Date to beneficiary for 10 years.

Vesting (Termination):

Less than 10 years of Service: Refund of Member Contributions.  
10 years or more: Accrued benefit payable at otherwise Normal Retirement Date, or Refund of Member Contributions.

*Contributions*

Employee: 8.00% of Salary.  
Premium Tax: 0.85% tax on casualty insurance premiums.  
City: Remaining amount necessary for payment of Normal (current year's) cost plus any additional amount necessary to fund any past service liability as provided in Part VII of Chapter 112, Florida Statutes.

## GASB 67

### 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>
Domestic Equity	37.50%
International Equity	15.00%
Bonds	27.50%
Convertibles	10.00%
Private Real Estate	5.00%
MLPs	5.00%
<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 -1.76 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 (may change method once during DROP participation) either: a) 6.5% annual rate, or b) Net Investment Return (total return less brokerage commission, transaction costs and management fees) credited each fiscal quarter.

The DROP balance as September 30, 2015 is \$4,384,921.

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	\$ 80,880,942
Plan Fiduciary Net Position	<u>\$ (57,894,276)</u>
Sponsor's Net Pension Liability	<u>\$ 22,986,666</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	71.58%

*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	4.00% - 6.00%
Discount Rate	8.00%
Investment Rate of Return	8.00%

Mortality Rate: RP-2000 Table with no projection. Disabled lives set forward 5 years. We feel this assumption sufficiently accommodates future mortality improvements.

The significant assumptions are based upon the most recent actuarial experience study dated August 1, 2011 for the period 1997-2010.

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>
Domestic Equity	8.00%
International Equity	3.00%
Bonds	4.40%
Convertibles	6.40%
Private Real Estate	4.60%
MLPs	10.40%

**Discount Rate:**

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

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

	1% Decrease <u>7.00%</u>	Current Discount Rate <u>8.00%</u>	1% Increase <u>9.00%</u>
Sponsor's Net Pension Liability	\$ 31,966,272	\$ 22,986,666	\$ 16,219,961

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

	<u>09/30/2015</u>	<u>09/30/2014</u>
Total Pension Liability		
Service Cost	1,639,535	1,688,742
Interest	6,207,407	5,940,330
Change in Funding Standard Account	-	56,039
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	(971,456)	-
Changes of assumptions	-	-
Contributions - Buy Back	83,865	-
Benefit Payments, including Refunds of Employee Contributions	<u>(4,062,918)</u>	<u>(4,531,980)</u>
Net Change in Total Pension Liability	2,896,433	3,153,131
Total Pension Liability - Beginning	<u>77,984,509</u>	<u>74,831,378</u>
Total Pension Liability - Ending (a)	<u>\$ 80,880,942</u>	<u>\$ 77,984,509</u>
Plan Fiduciary Net Position		
Contributions - Employer	3,111,881	2,961,297
Contributions - State	471,520	440,294
Contributions - Employee	629,554	632,728
Contributions - Buy Back	83,865	-
Net Investment Income	(1,046,879)	5,733,534
Benefit Payments, including Refunds of Employee Contributions	(4,062,918)	(4,531,980)
Administrative Expense	<u>(72,024)</u>	<u>(72,694)</u>
Net Change in Plan Fiduciary Net Position	(885,001)	5,163,179
Plan Fiduciary Net Position - Beginning	<u>58,779,277</u>	<u>53,616,098</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 57,894,276</u>	<u>\$ 58,779,277</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 22,986,666</u>	<u>\$ 19,205,232</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	71.58%	75.37%
Covered Employee Payroll*	\$ 9,288,611	\$ 7,909,106
Net Pension Liability as a percentage of Covered Employee Payroll	247.47%	242.82%

**Notes to Schedule:**

*\*For the 2014 Fiscal year, the Covered Employee Payroll figure was not available. Pensionable Salary has been reported instead.*

SCHEDULE OF CONTRIBUTIONS

Last 10 Fiscal Years

	09/30/2015	09/30/2014
Actuarially Determined Contribution	3,505,831	3,345,551
Contributions in relation to the Actuarially Determined Contributions	3,583,401	3,345,551
Contribution Deficiency (Excess)	<u>\$ (77,570)</u>	<u>\$ -</u>
Covered Employee Payroll*	\$ 9,288,611	\$ 7,909,106
Contributions as a percentage of Covered Employee Payroll	38.58%	42.30%

\*For the 2014 Fiscal year, the Covered Employee Payroll figure was not available. Pensionable Salary has been reported instead.

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 valuation).  
 Mortality Rate: 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. (Disabled lives set forward 5 years).  
 Interest Rate: 8.0% per year compounded annually, net of investment related expenses.  
 Inflation: 3.0% per year.  
 Retirement Age: Earlier of 1) Age 52 and 10 years of service or 2) 25 years of service, regardless of age. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year.  
 Early Retirement: Commencing with the earliest Retirement Age, Members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.  
 Disability Rates: See table on following page (1205). 75% of disablements are assumed to be service related.  
 Termination Rates: See table on following page.  
 Salary Increases:

Credited Service	Salary Scale
<10 Years	6.0%
10-15 Years	5.5%
15-20 Years	5.0%
20-25 Years	4.5%
>25 Years	

Payroll Increase: 1.3% (previously 2.0%).  
 Partial Lump Sums: For valuation purposes, no future retirees are assumed to opt for a partial lump sum.  
 Asset Valuation Method: Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 5-year average Market Value return and is then diminished by the Funding Standard Account Credit Balance and further adjusted for the Administrative Expense Account. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

## GASB 67

Termination and Disability Rate Table:

Age	% Terminating During the Year	% Becoming Disabled During the Year
20	8.00%	0.14%
30	5.50%	0.18%
40	3.30%	0.30%
50	1.40%	1.00%

SCHEDULE OF INVESTMENT RETURNS  
Last 10 Fiscal Years

	<u>09/30/2015</u>	<u>09/30/2014</u>
Annual Money-Weighted Rate of Return Net of Investment Expense	-1.76%	10.63%

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: Two City residents appointed by the City Council, two Police Officers elected by majority of covered Members, and a fifth Member elected by other four and appointed by City Council (as a ministerial duty). Each person employed by the City Police Department as a full-time Police Officer becomes a member of the System as a condition of his employment. All Police Officers are therefore eligible for plan benefits as provided for in the plan document and by applicable law.

*Plan Membership as of October 1, 2014:*

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	108
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	12
Active Plan Members	137
	257
	257

*Benefits Provided*

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

Normal Retirement:

Eligibility: Earlier of 1) Age 52 and 10 years of Credited Service, or 2) 25 years of Credited Service, regardless of age.  
Benefit Amount: 3.33% of Average Final Compensation times Credited Service.

Early Retirement:

Eligibility: Age 50 and 10 years of Credited Service.  
Benefit Amount: Accrued benefit, reduced 3% per year prior to Normal Retirement.

Supplemental Benefit:

Eligibility: Normal and Early Retirees and their Joint Pensioners or Beneficiaries, excluding vested terminated persons.  
Monthly Benefit Amount: \$10.00 for each full year of Credited Service.

Disability:

Eligibility: Service Incurred - Covered from Date of Employment. Non-Service Incurred - 10 years of Credited Service.  
Benefit: Benefit accrued to date of disability, but not less than 42% of Average Final Compensation (Service Incurred), or 25% of Average Final Compensation (Non-Service Incurred).

Pre-Retirement Death Benefits:

Non-Vested Members: Refund of Member contributions to designated beneficiary.

Vested Members: Accrued benefit payable at Member's otherwise Early or Normal Retirement Date to beneficiary for 10 years.

Vesting (Termination):

Less than 10 years of Service: Refund of Member Contributions.  
10 years or more: Accrued benefit payable at otherwise Normal Retirement Date, or Refund of Member Contributions.

*Contributions*

Employee: 8.00% of Salary.  
Premium Tax: 0.85% tax on casualty insurance premiums.  
City: Remaining amount necessary for payment of Normal (current year's) cost plus any additional amount necessary to fund any past service liability as provided in Part VII of Chapter 112, Florida Statutes.

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	4.00% - 6.00%
Discount Rate	8.00%
Investment Rate of Return	8.00%

Mortality Rate: RP-2000 Table with no projection. Disabled lives set forward 5 years. We feel this assumption sufficiently accommodates future mortality improvements.

The significant assumptions are based upon the most recent actuarial experience study dated August 1, 2011 for the period 1997-2010.

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:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	37.50%	8.00%
International Equity	15.00%	3.00%
Bonds	27.50%	4.40%
Convertibles	10.00%	6.40%
Private Real Estate	5.00%	4.60%
MLPs	5.00%	10.40%
Total	100.00%	

Discount Rate:

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

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

## CHANGES IN NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Reporting Period Ending September 30, 2015	\$ 77,984,509	\$ 58,779,277	\$ 19,205,232
Changes for a Year:			
Service Cost	1,639,535	-	1,639,535
Interest	6,207,407	-	6,207,407
Differences between Expected and Actual Experience	(971,456)	-	(971,456)
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions - Employer	-	3,111,881	(3,111,881)
Contributions - State	-	471,520	(471,520)
Contributions - Employee	-	629,554	(629,554)
Contributions - Buy Back	83,865	83,865	-
Net Investment Income	-	(1,046,879)	1,046,879
Benefit Payments, including Refunds of Employee Contributions	(4,062,918)	(4,062,918)	-
Administrative Expense	-	(72,024)	72,024
Net Changes	2,896,433	(885,001)	3,781,434
Reporting Period Ending September 30, 2016	\$ 80,880,942	\$ 57,894,276	\$ 22,986,666

*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	\$ 31,966,272	\$ 22,986,666	\$ 16,219,961

*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 \$3,244,031.

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	-	777,164
Changes of assumptions	-	-
Net difference between Projected and Actual Earnings on Pension Plan investments	3,724,320	-
Employer and State Contributions subsequent to the measurement date	-	-
<b>Total</b>	<b>\$ 3,724,320</b>	<b>\$ 777,164</b>

The outcome of the Deferred Outflows of resources related to pensions resulting from Employer and State 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		\$	663,436	
2018		\$	663,436	
2019		\$	663,436	
2020		\$	956,848	
2021		\$	-	
Thereafter		\$	-	

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

Reporting Period Ending	09/30/2016	09/30/2015
Measurement Date	<u>09/30/2015</u>	<u>09/30/2014</u>
Total Pension Liability		
Service Cost	1,639,535	1,688,742
Interest	6,207,407	5,940,330
Change in Funding Standard Account	-	56,039
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	(971,456)	-
Changes of assumptions	-	-
Contributions - Buy Back	83,865	-
Benefit Payments, including Refunds of Employee Contributions	<u>(4,062,918)</u>	<u>(4,531,980)</u>
Net Change in Total Pension Liability	2,896,433	3,153,131
Total Pension Liability - Beginning	<u>77,984,509</u>	<u>74,831,378</u>
Total Pension Liability - Ending (a)	<u>\$ 80,880,942</u>	<u>\$ 77,984,509</u>
Plan Fiduciary Net Position		
Contributions - Employer	3,111,881	2,961,297
Contributions - State	471,520	440,294
Contributions - Employee	629,554	632,728
Contributions - Buy Back	83,865	-
Net Investment Income	(1,046,879)	5,733,534
Benefit Payments, including Refunds of Employee Contributions	(4,062,918)	(4,531,980)
Administrative Expense	<u>(72,024)</u>	<u>(72,694)</u>
Net Change in Plan Fiduciary Net Position	(885,001)	5,163,179
Plan Fiduciary Net Position - Beginning	<u>58,779,277</u>	<u>53,616,098</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 57,894,276</u>	<u>\$ 58,779,277</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 22,986,666</u>	<u>\$ 19,205,232</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	71.58%	75.37%
Covered Employee Payroll*	\$ 9,288,611	\$ 7,909,106
Net Pension Liability as a percentage of Covered Employee Payroll	247.47%	242.82%

**Notes to Schedule:**

*\*For the 2015 Reporting Period Ending year, the Covered Employee Payroll figure was not available. Pensionable Salary has been reported instead.*

**SCHEDULE OF CONTRIBUTIONS**  
Last 10 Fiscal Years

Reporting Period Ending	09/30/2016	09/30/2015
Measurement Date	09/30/2015	09/30/2014
Actuarially Determined Contribution	3,505,831	3,345,551
Contributions in relation to the		
Actuarially Determined Contributions	3,583,401	3,345,551
Contribution Deficiency (Excess)	\$ (77,570)	\$ -
Covered Employee Payroll*	\$ 9,288,611	\$ 7,909,106
Contributions as a percentage of		
Covered Employee Payroll	38.58%	42.30%

*\*For the 2015 Reporting Period Ending year, the Covered Employee Payroll figure was not available. Pensionable Salary has been reported instead.*

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 valuation).														
Mortality Rate:	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. (Disabled lives 8.0% per year compounded annually, net of investment related expenses.														
Interest Rate:	8.0% per year compounded annually, net of investment related expenses.														
Inflation:	3.0% per year.														
Retirement Age:	Earlier of 1) Age 52 and 10 years of service or 2) 25 years of service, regardless of age. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year.														
Early Retirement:	Commencing with the earliest Retirement Age, Members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.														
Disability Rates:	See table on following page (1205). 75% of disablements are assumed to be service related.														
Termination Rates:	See table on following page.														
Salary Increases:	<table border="0" style="margin-left: 40px;"> <tr> <td style="text-align: center;">Credited</td> <td></td> </tr> <tr> <td style="text-align: center;">Service</td> <td style="text-align: center;">Salary Scale</td> </tr> <tr> <td style="text-align: center;">&lt;10 Years</td> <td style="text-align: center;">6.00%</td> </tr> <tr> <td style="text-align: center;">10-15 Years</td> <td style="text-align: center;">5.50%</td> </tr> <tr> <td style="text-align: center;">15-20 Years</td> <td style="text-align: center;">5.00%</td> </tr> <tr> <td style="text-align: center;">20-25 Years</td> <td style="text-align: center;">4.50%</td> </tr> <tr> <td style="text-align: center;">&gt;25 Years</td> <td style="text-align: center;">0.00%</td> </tr> </table>	Credited		Service	Salary Scale	<10 Years	6.00%	10-15 Years	5.50%	15-20 Years	5.00%	20-25 Years	4.50%	>25 Years	0.00%
Credited															
Service	Salary Scale														
<10 Years	6.00%														
10-15 Years	5.50%														
15-20 Years	5.00%														
20-25 Years	4.50%														
>25 Years	0.00%														
Payroll Increase:	1.3% (previously 2.0%).														
Partial Lump Sums:	For valuation purposes, no future retirees are assumed to opt for a partial lump sum.														

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### Asset Valuation Method:

Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 5-year average Market Value return and is then diminished by the Funding Standard Account Credit Balance and further adjusted for the Administrative Expense Account. 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	8.00%	0.14%
30	5.50%	0.18%
40	3.30%	0.30%
50	1.40%	1.00%

FINAL COMPONENTS OF PENSION EXPENSE  
FISCAL YEAR SEPTEMBER 30, 2015

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 21,215,280	\$ -	\$ 3,401,591	\$ -
Prior Period Adjustment	56,039	-	-	-
	<u>\$ 21,271,319</u>	<u>\$ -</u>	<u>\$ 3,401,591</u>	<u>\$ -</u>
Employer and State Contributions made after 09/30/2014	-	-	3,583,401	-
Total Pension Liability Factors:				
Service Cost	1,688,742	-	-	1,688,742
Interest	5,940,330	-	-	5,940,330
Changes in benefit terms	-	-	-	-
Contributions - Buy Back	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	-	-	-	-
Current year amortization of experience difference	-	-	-	-
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	-	-	-
Benefit Payments	(4,531,980)	-	-	(4,531,980)
Net change	<u>3,097,092</u>	<u>-</u>	<u>3,583,401</u>	<u>3,097,092</u>
Plan Fiduciary Net Position:				
Contributions - Employer	2,961,297	-	(2,961,297)	-
Contributions - State	440,294	-	(440,294)	-
Contributions - Employee	632,728	-	-	(632,728)
Net Investment Income	4,266,474	-	-	(4,266,474)
Difference between projected and actual earnings on Pension Plan investments	1,467,060	1,467,060	-	-
Current year amortization	-	(293,412)	-	(293,412)
Benefit Payments	(4,531,980)	-	-	4,531,980
Administrative Expenses	(72,694)	-	-	72,694
Net change	<u>5,163,179</u>	<u>1,173,648</u>	<u>(3,401,591)</u>	<u>(587,940)</u>
Ending Balance	<u>\$ 19,205,232</u>	<u>\$ 1,173,648</u>	<u>\$ 3,583,401</u>	<u>\$ 2,509,152</u>

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

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 19,205,232	\$ 1,173,648	\$ 3,583,401	\$ -
Employer and State Contributions made after 09/30/2015	-	-	TBD*	-
Total Pension Liability Factors:				
Service Cost	1,639,535	-	-	1,639,535
Interest	6,207,407	-	-	6,207,407
Changes in benefit terms	-	-	-	-
Contributions - Buy Back	83,865	-	-	83,865
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	(971,456)	971,456	-	-
Current year amortization of experience difference	-	(194,292)	-	(194,292)
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	-	-	-
Benefit Payments	(4,062,918)	-	-	(4,062,918)
Net change	<u>2,896,433</u>	<u>777,164</u>	<u>-</u>	<u>3,673,597</u>
Plan Fiduciary Net Position:				
Contributions - Employer	3,111,881	-	(3,111,881)	-
Contributions - State	471,520	-	(471,520)	-
Contributions - Employee	629,554	-	-	(629,554)
Contributions - Buy Back	83,865	-	-	(83,865)
Net Investment Income	4,708,817	-	-	(4,708,817)
Difference between projected and actual earnings on Pension Plan investments	(5,755,696)	-	5,755,696	-
Current year amortization	-	(293,412)	(1,151,140)	857,728
Benefit Payments	(4,062,918)	-	-	4,062,918
Administrative Expenses	(72,024)	-	-	72,024
Other	-	-	-	-
Net change	<u>(885,001)</u>	<u>(293,412)</u>	<u>1,021,155</u>	<u>(429,566)</u>
Ending Balance	<u>\$ 22,986,666</u>	<u>\$ 1,657,400</u>	<u>TBD</u>	<u>\$ 3,244,031</u>

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