

Village of Key Biscayne Police Officers and Firefighters Retirement Plan

ACTUARIAL VALUATION REPORT
AS OF OCTOBER 1, 2014

ANNUAL EMPLOYER CONTRIBUTION IS DETERMINED BY THIS VALUATION FOR THE
FISCAL YEAR ENDING SEPTEMBER 30, 2016



May 14, 2015

Board of Trustees
Key Biscayne Police Officers &
Firefighters Retirement Plan
Key Biscayne, Florida

Dear Board Members:

The results of the October 1, 2014 Annual Actuarial Valuation of the Village of Key Biscayne Police Officers and Firefighters Retirement Plan are presented in this report.

This report was prepared at the request of the Board and is intended for use by the Retirement Plan and those designated or approved by the Board. This report may be provided to parties other than the Plan only in its entirety and only with the permission of the Board.

The purpose of the valuation is to measure the Plan's funding progress, to determine the employer contribution rate for the fiscal year ending September 30, 2016, and to determine the actuarial information for Governmental Accounting Standards Board (GASB) Statement No. 27 and No. 67. This report also includes estimated GASB Statement No. 67 information for the fiscal year ending September 30, 2015.

This report should not be relied on for any purpose other than the purpose described above.

The findings in this report are based on data or other information through September 30, 2014. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law.

The valuation was based upon information furnished by the Plan Administrator concerning Retirement Plan benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We checked for internal and year-to-year consistency, but did not otherwise audit the data. We are not responsible for the accuracy or completeness of the information provided by the Plan Administrator.

This report was prepared using certain assumptions prescribed by the Board as described in Section B.

The undersigned actuaries are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. The signing actuaries are independent of the plan sponsor.

This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of the Retirement Plan as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, with the Actuarial Standards of Practice issued by the Actuarial Standards Board and with applicable statutes.

This actuarial valuation and/or cost determination 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. In my opinion, the techniques and assumptions used are reasonable, meet the requirements and intent of Part VII, Chapter 112, Florida Statutes, and are based on generally accepted actuarial principles and practices. 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.

Respectfully submitted,

GABRIEL, ROEDER, SMITH AND COMPANY

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TABLE OF CONTENTS

<u>Section</u>	<u>Title</u>	<u>Page</u>
A	1. Discussion of Valuation Results	1
	2. Chapter Revenue	6
B	Valuation of Results	
	1. Participant Data	7
	2. Annual Required Contribution (ARC)	10
	3. Actuarial Value of Benefits & Assets	12
	4. Calculation of Employer Normal Cost	15
	5. Liquidation of the Unfunded Actuarial Accrued Liability	18
	6. Actuarial Gains and Losses	20
	7. Actual Compared to Expected Decrements	23
	8. Recent History of Valuation Results	24
	9. Recent History of Required Contributions	25
	10. Actuarial Assumptions and Cost Method	26
11. Glossary of Terms	31	
C	Pension Fund Information	
	1. Statement of Plan Assets at Market Value	34
	2. Reconciliation of Plan Assets	35
	3. Actuarial Value of Assets	36
	4. Reconciliation of DROP Accounts	38
5. Investment Rate of Return	39	
D	Financial Accounting Information	
	1. FASB No. 35	40
	2. GASB No. 27	41
3. GASB No. 67	43	
E	Miscellaneous Information	
	1. Reconciliation of Membership Data	48
2. Age/Service/Salary Distributions	49	
F	Summary of Plan Provisions	51

SECTION A
DISCUSSION OF VALUATION RESULTS

DISCUSSION OF VALUATION RESULTS

Comparison of Required Contributions

The required employer contribution developed in this year's valuation is compared below to last year's result. According to City's contribution policy, the required employer contribution is equal to the indicated percentages below multiplied by the actual pensionable payroll during the contribution year.

FIREFIGHTERS	For FYE 9/30/16 Based on 10/30/14 Valuation	For FYE 9/30/15 Based on 10/01/13 Valuation*	Increase (Decrease)
Required Employer/State Contribution	\$ 512,202	\$ 544,217	\$ (32,015)
As % of Covered Payroll	14.21 %	15.84 %	(1.63) %
Allowable Credit for State Contribution	338,921	338,921	0
As % of Covered Payroll	9.40 %	9.86 %	(0.46) %
Required Employer Contribution	173,281	205,296	(32,015)
As % of Covered Payroll	4.81 %	5.98 %	(1.17) %

* From March 13, 2015 Actuarial Impact Statement.

POLICE OFFICERS	For FYE 9/30/16 Based on 10/30/14 Valuation	For FYE 9/30/15 Based on 10/01/13 Valuation*	Increase (Decrease)
Required Employer/State Contribution	\$ 425,457	\$ 434,171	\$ (8,714)
As % of Covered Payroll	19.03 %	18.72 %	0.31 %
Allowable Credit for State Contribution	343,498 ***	434,171 **	(90,673)
As % of Covered Payroll	15.36 %	18.72 %	(3.36) %
Required Employer Contribution	81,959	0	81,959
As % of Covered Payroll	3.67 %	0.00 %	3.67 %

* From March 13, 2015 Actuarial Impact Statement.

** Includes \$297,383 of the accumulated excess state contribution reserve.

*** Includes the estimated remaining accumulated excess state contribution reserve as of October 1, 2015 of \$206,710.

The contribution has been adjusted for interest on the basis that employer contributions are made in equal biweekly payments. The required employer contribution has been computed under the assumption that the

amount to be received by the State on behalf of police officers and firefighters in the fiscal years ending 2015 and 2016 is at least \$136,788 and \$338,921, respectively. If the actual amounts from the State fall below \$136,788 for police officers or \$338,921 for firefighters, then the Village must raise its contribution by the difference.

As noted by the headings, the current year's valuation results apply to the City's fiscal year ending September 30, 2016. The actual employer contribution during the year ending September 30, 2014 was \$870,531, an amount equal to the minimum required payment (based on 14.38% of actual payroll of \$6,053,761).

Revisions in Benefits

The current and prior year's numbers reflect the following plan changes, which were recognized in the September 10, 2014 and March 13, 2015 Actuarial Impact Statements:

- The Village's annual contribution into the Plan shall be capped at 14% of covered payroll. Any amount over 14% of covered payroll shall be the responsibility of the members.
- The maximum unfunded actuarial liability (UAL) shall not exceed \$4.8 million. This UAL Cap shall be allocated to Firefighters and Police Officers as follows: \$3,024,000 to Firefighters; \$1,776,000 to Police Officers. If the actual UAL ever exceeds the UAL Cap for either group, the System's benefit multiplier shall be automatically reduced for future years of Credited Service to the extent necessary to keep the UAL under the respective Fire or Police UAL Cap.
- The retirement benefit multiplier for Firefighters is changed from 3.0% for the first 15 years of Credited Service and 4.0% for years of Credited Service in excess of 15 years to 2.75% for each year of Credited Service earned on and after March 11, 2014. Credited Service earned through March 10, 2014 will retain the prior 3.0%/4.0% benefit multiplier.
- The retirement benefit multiplier for Police Officers is changed from 3.0% to 2.75% for each year of Credited Service earned on and after August 26, 2014. Credited Service earned through August 25, 2014 will retain the prior 3.0% benefit multiplier.
- The maximum benefit based on the normal annuity form (life with 10 years certain) payable at normal retirement shall be the lesser of \$90,000 or 90% of Final Average Compensation. The cap for employees who have reached the 90% or \$90,000 cap prior to the effective date is the accrued benefit as of March 10, 2014 for Firefighters and August 25, 2014 for Police Officers, and they must continue to contribute to the Plan. Irrespective of this benefit cap, the minimum benefit for all members shall be no less than 2.0% of Average Final Compensation multiplied by all years of Credited Service.
- The normal retirement age shall be the earlier of: age 55 and 10 years of Credited Service; age 52 and 25 years of Credited Service; or the date upon which the total of an employee's age plus Credited Service, computed in full months, equals 900 months (i.e., 75 years) (Rule of 75).
- Effective on and after March 11, 2014 for Firefighters and on and after August 26, 2014 for Police Officers, the definition of Salary shall be a Member's base pay plus any educational incentives mandated by the State of Florida.
- Any premium tax revenues received by the Plan after March 11, 2014 pursuant to Chapter 175, Florida Statutes, shall be used by the Plan to reduce the Village's pension contributions to the Plan and shall no longer be placed into a separate trust fund to pay for extra benefits to Firefighters (i.e., the Share Plan).

- Any and all premium tax revenues that were or will be received by the Plan pursuant to Chapter 185, Florida Statutes, including any unallocated premium tax revenues as of August 25, 2014 and the full amount of premium tax revenues received by the Village on or after August 26, 2014 shall be used by the Plan to reduce the Village's pension contributions to the Plan. The Village also adopted a separate Ordinance on April 14, 2015 to fully implement this provision. The member contribution rate for Police Officers was increased 21.73% of covered pay (estimated to be \$504,093 annually) effective April 14, 2015, and then immediately reduced by 21.73%, using the \$504,093 in accumulated excess Chapter 185 premium tax reserves to fund the reduction.

Revision in Actuarial Assumptions or Methods

This valuation reflects the following changes in assumptions since the prior actuarial valuation:

- The assumed investment rate of return is lowered from 7.90% to 7.85% (net of investment expenses). This rate is being lowered by 5 basis points (0.05%) per year until it reaches the target rate of 7.50% as of October 1, 2021.
- The mortality table is being updated from the 1983 Group Annuity Mortality Table to the RP 2000 Combined Healthy Participant Mortality Table with a provision for projecting future mortality improvements after the year 2000 using Scale BB. This assumption change is being phased in over a ten-year period beginning October 1, 2012, so 30% of this mortality table change has been recognized as of October 1, 2014.

These assumption changes resulted in an increase in the required Village contribution of 0.74% of covered payroll for firefighters and 0.79% of covered payroll for police officers.

Additionally, the current and prior year's numbers in this valuation reflect the assumption changes that were adopted by the Pension Board and incorporated into the September 10, 2014 Actuarial Impact Statement. The salary increase assumption rates, withdrawal rates, and retirement rates were revised, as recommended in the Experience Study report dated June 10, 2014. Please see the Actuarial Assumptions and Cost Method section for the updated rates.

Annual Required Contribution Cap

The Village's annual contribution into the Plan is capped at 14% of covered payroll. Any amount over 14% of covered payroll is the responsibility of the members. Since the required Village contribution for the fiscal year ending September 30, 2016 in this report is 4.81% of covered payroll for Firefighters and 3.67% of covered

payroll for Police Officers, there will be no automatic increase in the member contribution rate in the fiscal year ending September 30, 2016.

Unfunded Actuarial Liability (UAL) Cap

The UAL as of October 1, 2014 is \$1,409,673 for Firefighters and \$1,759,066 for Police Officers (\$3,168,739 combined). Based on the Village Ordinance, the overall UAL cap is \$4.8 million - \$3,024,000 for Firefighters and \$1,776,000 for Police Officers. The allocation of the UAL cap to Firefighters and Police Officers was based on the 2013 valuation results prior to reflecting any plan changes. Since the actual UAL's do not exceed the caps as of October 1, 2014, there is no automatic reduction in the benefit multiplier or increase in member contributions required this year.

For Police Officers, given how close the UAL is to the UAL cap, the UAL will likely exceed the cap in the near future as the mortality and investment return assumptions continue to be phased in, unless there are offsetting experience gains. This would either trigger a reduction in the future benefit multiplier or require additional member contributions to fund the difference between the actual UAL and the UAL cap.

Actuarial Experience

There was a net actuarial experience gain of \$344,900 during the year ending September 30, 2014. This was primarily due to recognized investment earnings on the actuarial value of assets. The actual recognized investment return on the actuarial (smoothed) value of assets was 9.3% (versus 7.9% assumed). The actual return on the market value of assets during the year was 10.4%. There was also an experience gain for firefighters due to the delay in retirement benefit commencement for a vested terminated member. There were offsetting experience losses for police officers due to higher increases in base pay than expected. The average increase in base pay during the year was 9.1% for police officers (versus 4.7% expected). The average increase in base pay for firefighters was 5.7% (versus 5.1% expected). The net experience gain caused the required contribution to decrease by 0.77% of covered payroll for firefighters and by 0.12% of covered payroll for police officers.

Funded Ratio

The funded ratio this year is 89.0% compared to 86.4% last year (based on the Actuarial Impact Statements). The funded ratio this year for firefighters is 91.8% compared to 88.6% last year. The funded ratio

this year for police officers is 84.7% compared to 83.0% last year. The funded ratio this year prior to recognizing the changes in actuarial assumptions was 90.0%. The funded ratio is equal to the actuarial value of assets divided by the actuarial accrued (past service) liability.

Analysis of Change in Employer Contribution

The components of change in the required employer contribution are as follows:

	<u>Firefighters</u>	<u>Police Officers</u>
Village contribution rate for fiscal year 2015	5.98 %	0.00 %
Payment on unfunded liability	(0.78)	0.38
Change in assumptions	0.74	0.79
Experience gain/loss	(0.77)	(0.12)
Change in administrative expense	0.27	0.36
Change in normal cost rate	(1.09)	(1.10)
Change in State revenue (as a % of Pay)	<u>0.46</u>	<u>3.36</u>
Village contribution rate for fiscal year 2016	4.81	3.67

Variability of Future Contribution Rates

The Actuarial Cost Method used to determine the contribution rate is intended to produce contribution rates which are generally level as a percent of payroll. Even so, when experience differs from the assumptions, as it often does, the employer's contribution rate can vary significantly from year-to-year.

Over time, if the year-to-year gains and losses offset each other, the contribution rate would be expected to return to the current level, but this does not always happen.

Relationship to Market Value

As of October 1, 2014, the market value of assets exceeds the actuarial value of assets by \$1,456,144. If the market value of assets had been the basis for the valuation, the required Village contribution rates would have been 2.62% for firefighters and 1.48% for police officers, and the funded ratios would have been 97.0% for firefighters and 89.6% for police officers.

Conclusion

The remainder of this Report includes detailed actuarial valuation results, financial information, miscellaneous information and statistics, and a summary of plan provisions.

CHAPTER REVENUE

Increments in Chapter revenue over that received in 1998 must first be used to fund the cost of compliance with minimum benefits. Once minimums are met, any subsequent additional Chapter revenue must be used to provide extra benefits.

As of the valuation date, all minimum Chapter requirements have been met.

Actuarial Confirmation of the Use of State Chapter Money			
	Fire	Police	Total
1. Amount Received for Previous Plan Year	\$ 338,921	\$ 136,788	\$ 475,709
2. Amount Applied to Funding in Previous Plan Year	338,921	136,788	475,709
3. Benefit Improvements Made in Previous Plan Year	0	0	0
4. Excess Funds for Previous Plan Year: (2) - (1) - (3)	0	0	0
5. Accumulated Excess at Beginning of Previous Year	0	504,093	504,093
6. Prior Excess Used in Previous Plan Year	0	0	0
7. Accumulated Excess as of Valuation Date (Available for Benefit Improvements)	0	504,093	504,093
8. Estimated Amount Received This Plan Year	338,921	136,788	475,709

SECTION B
VALUATION RESULTS

PARTICIPANT DATA		
FIREFIGHTERS AND POLICE OFFICERS		
	October 1, 2014	October 1, 2013
ACTIVE MEMBERS		
Number	59	60
Covered Annual Payroll	\$ 5,615,610	\$ 5,533,655
Average Annual Payroll	\$ 95,180	\$ 92,228
Average Age	42.0	43.7
Average Past Service	11.3	11.7
Average Age at Hire	30.7	32.0
RETIREES & BENEFICIARIES & DROP		
Number	26	20
Annual Benefits	\$ 683,589	\$ 416,990
Average Annual Benefit	\$ 26,292	\$ 20,850
Average Age	64.5	64.9
DISABILITY RETIREES		
Number	2	2
Annual Benefits	\$ 136,190	\$ 136,190
Average Annual Benefit	\$ 68,095	\$ 68,095
Average Age	50.5	49.5
TERMINATED VESTED MEMBERS		
Number	5	5
Annual Benefits	\$ 201,901	\$ 203,949
Average Annual Benefit	\$ 40,380	\$ 40,790
Average Age	52.2	48.8

PARTICIPANT DATA		
FIREFIGHTERS		
	October 1, 2014	October 1, 2013
ACTIVE MEMBERS		
Number	34	33
Covered Annual Payroll	\$ 3,465,880	\$ 3,303,569
Average Annual Payroll	\$ 101,938	\$ 100,108
Average Age	41.1	43.6
Average Past Service	11.8	12.7
Average Age at Hire	29.3	30.9
RETIREES & BENEFICIARIES & DROP		
Number	11	8
Annual Benefits	\$ 353,210	\$ 175,199
Average Annual Benefit	\$ 32,110	\$ 21,900
Average Age	64.0	64.7
DISABILITY RETIREES		
Number	1	1
Annual Benefits	\$ 69,467	\$ 69,467
Average Annual Benefit	\$ 69,467	\$ 69,467
Average Age	44.2	43.2
TERMINATED VESTED MEMBERS		
Number	2	3
Annual Benefits	\$ 132,729	\$ 166,329
Average Annual Benefit	\$ 66,365	\$ 55,443
Average Age	56.5	50.9

PARTICIPANT DATA		
POLICE OFFICERS		
	October 1, 2014	October 1, 2013
ACTIVE MEMBERS		
Number	25	27
Covered Annual Payroll	\$ 2,149,730	\$ 2,230,086
Average Annual Payroll	\$ 85,989	\$ 82,596
Average Age	43.2	43.9
Average Past Service	10.8	10.5
Average Age at Hire	32.4	33.4
RETIREES & BENEFICIARIES & DROP		
Number	15	12
Annual Benefits	\$ 330,379	\$ 241,791
Average Annual Benefit	\$ 22,025	\$ 20,149
Average Age	64.9	65.0
DISABILITY RETIREES		
Number	1	1
Annual Benefits	\$ 66,723	\$ 66,723
Average Annual Benefit	\$ 66,723	\$ 66,723
Average Age	56.7	55.7
TERMINATED VESTED MEMBERS		
Number	3	2
Annual Benefits	\$ 69,172	\$ 37,620
Average Annual Benefit	\$ 23,057	\$ 18,810
Average Age	49.3	45.6

ANNUAL REQUIRED CONTRIBUTION (ARC)			
FIREFIGHTERS			
A. Valuation Date	October 1, 2014 <i>Blended 30% New Assumptions & 70% Old Assumptions</i>	October 1, 2014 <i>Blended 20% New Assumptions & 80% Old Assumptions</i>	October 1, 2013 <i>From March 13, 2015 Actuarial Impact Statement</i>
B. ARC to Be Paid During Fiscal Year Ending	9/30/2016	9/30/2016	9/30/2015
C. Assumed Date of Employer Contrib.	Biweekly	Biweekly	Biweekly
D. Annual Payment to Amortize Unfunded Actuarial Liability	\$ 236,095	\$ 220,553	\$ 259,219
E. Employer Normal Cost	237,699	228,529	244,110
F. ARC if Paid on the Valuation Date: D+E	473,794	449,082	503,329
G. ARC Adjusted for Frequency of Payments	492,403	466,829	523,220
H. ARC as % of Covered Payroll	14.21 %	13.47 %	15.84 %
I. Assumed Rate of Increase in Covered Payroll to Contribution Year	4.00 %	4.00 %	4.00 %
J. Covered Payroll for Contribution Year	3,604,515	3,604,515	3,435,712
K. ARC for Contribution Year: H x J	512,202	485,528	544,217
L. Credit for Baseline State Revenue	338,921	338,921	338,921
M. Required Village Contribution	173,281	146,607	205,296
N. Village Contribution as % of Payroll	4.81 %	4.07 %	5.98 %

ANNUAL REQUIRED CONTRIBUTION (ARC)			
POLICE OFFICERS			
A. Valuation Date	October 1, 2014 <i>Blended 30% New Assumptions & 70% Old Assumptions</i>	October 1, 2014 <i>Blended 20% New Assumptions & 80% Old Assumptions</i>	October 1, 2013 <i>From March 13, 2015 Actuarial Impact Statement</i>
B. ARC to Be Paid During Fiscal Year Ending	9/30/2016	9/30/2016	9/30/2015
C. Assumed Date of Employer Contrib.	Biweekly	Biweekly	Biweekly
D. Annual Payment to Amortize Unfunded Actuarial Liability	\$ 222,534	\$ 212,171	\$ 214,701
E. Employer Normal Cost	171,047	164,979	186,923
F. ARC if Paid on the Valuation Date: D+E	393,581	377,150	401,624
G. ARC Adjusted for Frequency of Payments	409,040	392,054	417,495
H. ARC as % of Covered Payroll	19.03 %	18.24 %	18.72 %
I. Assumed Rate of Increase in Covered Payroll to Contribution Year	4.00 %	4.00 %	4.00 %
J. Covered Payroll for Contribution Year	2,235,719	2,235,719	2,319,289
K. ARC for Contribution Year: H x J	425,457	407,795	434,171
L. Credit for Baseline State Revenue *	343,498	343,498	434,171
M. Required Village Contribution	81,959	64,297	0
N. Village Contribution as % of Payroll	3.67 %	2.88 %	0.00 %

* Reflects full use of the \$504,093 accumulated excess state contribution reserve (\$297,383 in fiscal year 2015 and \$206,710 in fiscal year 2016).

ACTUARIAL VALUE OF BENEFITS AND ASSETS FIREFIGHTERS AND POLICE OFFICERS			
A. Valuation Date	October 1, 2014 <i>Blended 30% New Assumptions & 70% Old Assumptions</i>	October 1, 2014 <i>Blended 20% New Assumptions & 80% Old Assumptions</i>	October 1, 2013 <i>From March 13, 2015 Actuarial Impact Statement</i>
B. Actuarial Present Value of All Projected Benefits for			
1. Active Members			
a. Service Retirement Benefits	\$ 21,978,472	\$ 21,661,951	\$ 21,857,269
b. Vesting Benefits	633,888	624,372	622,061
c. Disability Benefits	1,633,847	1,612,064	1,638,247
d. Preretirement Death Benefits	304,199	314,816	341,873
e. Return of Member Contributions	49,474	49,647	27,604
f. Total	<u>24,599,880</u>	<u>24,262,850</u>	<u>24,487,054</u>
2. Inactive Members			
a. Service Retirees & Beneficiaries	7,065,544	6,989,857	4,344,143
b. Disability Retirees	1,559,829	1,546,628	1,561,167
c. Terminated Vested Members	1,779,447	1,758,163	1,519,293
d. Total	<u>10,404,820</u>	<u>10,294,648</u>	<u>7,424,603</u>
3. Total for All Members	35,004,700	34,557,498	31,911,657
C. Actuarial Accrued (Past Service) Liability per GASB No. 25	28,735,686	28,410,513	25,772,074
D. Actuarial Value of Accumulated Plan Benefits	28,581,061	28,252,242	25,094,398
E. Plan Assets			
1. Market Value	27,023,091	27,023,091	23,334,802
2. Actuarial Value	25,566,947	25,566,947	22,254,243
F. Unfunded Actuarial Accrued Liability: C - E2	3,168,739	2,843,566	3,517,831
G. Actuarial Present Value of Projected Covered Payroll	40,046,100	39,933,447	37,758,315
H. Actuarial Present Value of Projected Member Contributions	4,204,840	4,193,012	3,964,623
I. Accumulated Contributions of Active Members	5,574,832	5,574,832	5,665,647
J. Funded Ratio: E2 / C	89.0%	90.0%	86.4%

ACTUARIAL VALUE OF BENEFITS AND ASSETS			
FIREFIGHTERS			
A. Valuation Date	October 1, 2014 <i>Blended 30% New Assumptions & 70% Old Assumptions</i>	October 1, 2014 <i>Blended 20% New Assumptions & 80% Old Assumptions</i>	October 1, 2013 <i>From March 13, 2015 Actuarial Impact Statement</i>
B. Actuarial Present Value of All Projected Benefits for			
1. Active Members			
a. Service Retirement Benefits	\$ 13,515,989	\$ 13,328,048	\$ 13,312,977
b. Vesting Benefits	472,147	465,163	453,870
c. Disability Benefits	886,396	874,817	878,917
d. Preretirement Death Benefits	167,921	173,662	194,147
e. Return of Member Contributions	29,012	29,120	14,276
f. Total	<u>15,071,465</u>	<u>14,870,810</u>	<u>14,854,187</u>
2. Inactive Members			
a. Service Retirees & Beneficiaries	3,765,679	3,726,304	1,928,664
b. Disability Retirees	800,388	792,010	799,046
c. Terminated Vested Members	1,218,147	1,202,884	1,329,223
d. Total	<u>5,784,214</u>	<u>5,721,198</u>	<u>4,056,933</u>
3. Total for All Members	20,855,679	20,592,008	18,911,120
C. Actuarial Accrued (Past Service) Liability	17,210,447	17,017,488	15,464,908
D. Plan Assets			
1. Market Value	16,700,694	16,700,694	14,363,124
2. Actuarial Value	15,800,774	15,800,774	13,698,014
E. Unfunded Actuarial Accrued Liability: C - D2	1,409,673	1,216,714	1,766,894
F. Actuarial Present Value of Projected Covered Payroll	24,257,112	24,189,466	22,009,836
G. Actuarial Present Value of Projected Member Contributions	2,546,996	2,539,894	2,311,033
H. Accumulated Contributions of Active Members	3,270,458	3,270,458	3,284,280
I. Funded Ratio: D2 / C	91.8%	92.9%	88.6%

ACTUARIAL VALUE OF BENEFITS AND ASSETS			
POLICE OFFICERS			
A. Valuation Date	October 1, 2014 <i>Blended 30% New Assumptions & 70% Old Assumptions</i>	October 1, 2014 <i>Blended 20% New Assumptions & 80% Old Assumptions</i>	October 1, 2013 <i>From March 13, 2015 Actuarial Impact Statement</i>
B. Actuarial Present Value of All Projected Benefits for			
1. Active Members			
a. Service Retirement Benefits	\$ 8,462,483	\$ 8,333,903	\$ 8,544,292
b. Vesting Benefits	161,741	159,209	168,191
c. Disability Benefits	747,451	737,247	759,330
d. Preretirement Death Benefits	136,278	141,154	147,726
e. Return of Member Contributions	20,462	20,527	13,328
f. Total	<u>9,528,415</u>	<u>9,392,040</u>	<u>9,632,867</u>
2. Inactive Members			
a. Service Retirees & Beneficiaries	3,299,865	3,263,553	2,415,479
b. Disability Retirees	759,441	754,618	762,121
c. Terminated Vested Members	561,300	555,279	190,070
d. Total	<u>4,620,606</u>	<u>4,573,450</u>	<u>3,367,670</u>
3. Total for All Members	14,149,021	13,965,490	13,000,537
C. Actuarial Accrued (Past Service) Liability	11,525,239	11,393,025	10,307,166
D. Plan Assets			
1. Market Value	10,322,397	10,322,397	8,971,678
2. Actuarial Value	9,766,173	9,766,173	8,556,229
E. Unfunded Actuarial Accrued Liability: C - D2	1,759,066	1,626,852	1,750,937
F. Actuarial Present Value of Projected Covered Payroll	15,788,988	15,743,981	15,748,479
G. Actuarial Present Value of Projected Member Contributions	1,657,844	1,653,118	1,653,590
H. Accumulated Contributions of Active Members	2,304,374	2,304,374	2,381,367
I. Funded Ratio: D2 / C	84.7%	85.7%	83.0%

CALCULATION OF EMPLOYER NORMAL COST FIREFIGHTERS AND POLICE OFFICERS			
A. Valuation Date	October 1, 2014 <i>Blended 30% New Assumptions & 70% Old Assumptions</i>	October 1, 2014 <i>Blended 20% New Assumptions & 80% Old Assumptions</i>	October 1, 2013 <i>From March 13, 2015 Actuarial Impact Statement</i>
B. Normal Cost for			
1. Service Retirement Benefits	\$ 672,750	\$ 659,333	\$ 694,825
2. Vesting Benefits	58,208	57,508	52,685
3. Disability Benefits	140,752	139,050	153,139
4. Preretirement Death Benefits	13,338	13,776	13,954
5. Return of Member Contributions	<u>35,341</u>	<u>35,484</u>	<u>37,057</u>
6. Total for Future Benefits	920,389	905,151	951,660
7. Assumed Amount for Administrative Expenses	<u>77,996</u>	<u>77,996</u>	<u>60,407</u>
8. Total Normal Cost	998,385	983,147	1,012,067
C. Expected Member Contribution	589,639	589,639	581,034
D. Employer Normal Cost: B8-C	408,746	393,508	431,033
E. Employer Normal Cost as a % of Covered Payroll	7.28%	7.01%	7.79%

CALCULATION OF EMPLOYER NORMAL COST FIREFIGHTERS			
A. Valuation Date	October 1, 2014 <i>Blended 30% New Assumptions & 70% Old Assumptions</i>	October 1, 2014 <i>Blended 20% New Assumptions & 80% Old Assumptions</i>	October 1, 2013 <i>From March 13, 2015 Actuarial Impact Statement</i>
B. Normal Cost for			
1. Service Retirement Benefits	\$ 401,702	\$ 393,707	\$ 402,668
2. Vesting Benefits	43,765	43,252	39,470
3. Disability Benefits	81,024	80,036	84,379
4. Preretirement Death Benefits	7,461	7,702	7,625
5. Return of Member Contributions	<u>19,632</u>	<u>19,717</u>	<u>19,661</u>
6. Total for Future Benefits	553,584	544,414	553,803
7. Assumed Amount for Administrative Expenses	<u>48,032</u>	<u>48,032</u>	<u>37,182</u>
8. Total Normal Cost	601,616	592,446	590,985
C. Expected Member Contribution	363,917	363,917	346,875
D. Employer Normal Cost: B8-C	237,699	228,529	244,110
E. Employer Normal Cost as a % of Covered Payroll	6.86%	6.59%	7.39%

CALCULATION OF EMPLOYER NORMAL COST POLICE OFFICERS			
A. Valuation Date	October 1, 2014 <i>Blended 30% New Assumptions & 70% Old Assumptions</i>	October 1, 2014 <i>Blended 20% New Assumptions & 80% Old Assumptions</i>	October 1, 2013 <i>From March 13, 2015 Actuarial Impact Statement</i>
B. Normal Cost for			
1. Service Retirement Benefits	\$ 271,048	\$ 265,626	\$ 292,157
2. Vesting Benefits	14,443	14,256	13,215
3. Disability Benefits	59,728	59,014	68,760
4. Preretirement Death Benefits	5,877	6,074	6,329
5. Return of Member Contributions	<u>15,709</u>	<u>15,767</u>	<u>17,396</u>
6. Total for Future Benefits	366,805	360,737	397,857
7. Assumed Amount for Administrative Expenses	<u>29,964</u>	<u>29,964</u>	<u>23,225</u>
8. Total Normal Cost	396,769	390,701	421,082
C. Expected Member Contribution	225,722	225,722	234,159
D. Employer Normal Cost: B8-C	171,047	164,979	186,923
E. Employer Normal Cost as a % of Covered Payroll	7.96%	7.67%	8.38%

LIQUIDATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITY

A. UAAL Amortization Period and Payments -- Firefighters

Initial UAAL*			Current UAAL			
Date	Source	Amount	Years Remaining	Amount	Payment	
					Before Changes	After Changes
10/1/2005	New Method	\$ 2,718,288	14	\$ 2,509,791	\$ 280,504	\$ 279,817
10/1/2006	Exp. (Gain)/Loss	(174,574)	14	(161,184)	(18,015)	(17,970)
10/1/2007	Exp. (Gain)/Loss	(181,011)	14	(167,127)	(18,679)	(18,633)
10/1/2007	Plan Amendment	689,424	14	636,545	71,143	70,968
10/1/2008	Exp. (Gain)/Loss	683,999	14	631,536	70,583	70,410
10/1/2009	Exp. (Gain)/Loss	337,566	14	311,675	34,834	34,749
10/1/2010	Exp. (Gain)/Loss	(301,456)	14	(278,335)	(31,108)	(31,032)
10/1/2011	Exp. (Gain)/Loss	(265,762)	14	(245,378)	(27,424)	(27,357)
10/1/2011	Assumption Change	879,367	14	811,919	90,743	90,521
10/1/2012	Exp. (Gain)/Loss	(138,729)	14	(128,089)	(14,316)	(14,281)
10/1/2012	Assumption Change	201,899	14	186,414	20,834	20,783
10/1/2013	Exp. (Gain)/Loss	(244,975)	14	(226,185)	(25,279)	(25,217)
10/1/2013	Assumption Change	212,654	14	196,343	21,944	21,890
10/1/2013	Plan Amendment	(2,649,794)	29	(2,546,490)	(209,546)	(208,666)
10/1/2014	Exp. (Gain)/Loss	(314,721)	30	(314,721)	(25,665)	(25,555)
10/1/2014	Assumption Change	192,959	30	<u>192,959</u>	<u>N/A</u>	<u>15,668</u>
				1,409,673	220,553	236,095

*As of date of asset split = 10/1/2013 or date of origination if later

B. Amortization Schedule -- Firefighters

The UFAAL is being amortized as a level dollar amount over the number of years remaining in the amortization period. The expected amortization schedule is as follows:

Amortization Schedule	
Year	Expected UAAL
2014	\$ 1,409,673
2015	1,265,703
2016	1,110,432
2017	942,972
2018	762,367
2019	567,585
2022	-

C. UAAL Amortization Period and Payments – Police Officers

Initial UAAL*			Current UAAL			
Date	Source	Amount	Years Remaining	Amount	Payment	
					Before Changes	After Changes
10/1/2005	New Method	\$ 1,697,934	14	\$ 1,634,427	\$ 182,670	\$ 182,223
10/1/2006	Exp. (Gain)/Loss	(109,044)	14	(104,965)	(11,731)	(11,703)
10/1/2007	Exp. (Gain)/Loss	(113,066)	14	(108,837)	(12,164)	(12,134)
10/1/2007	Plan Amendment	430,637	14	414,531	46,330	46,216
10/1/2008	Exp. (Gain)/Loss	427,248	14	411,268	45,965	45,852
10/1/2009	Exp. (Gain)/Loss	210,855	14	202,969	22,685	22,629
10/1/2010	Exp. (Gain)/Loss	(188,300)	14	(181,257)	(20,258)	(20,208)
10/1/2011	Exp. (Gain)/Loss	(166,003)	14	(159,794)	(17,859)	(17,815)
10/1/2011	Assumption Change	549,281	14	528,737	59,094	58,949
10/1/2012	Exp. (Gain)/Loss	(86,655)	14	(83,414)	(9,323)	(9,300)
10/1/2012	Assumption Change	126,113	14	121,396	13,568	13,534
10/1/2013	Exp. (Gain)/Loss	(153,020)	14	(147,297)	(16,462)	(16,422)
10/1/2013	Assumption Change	132,830	14	127,861	14,290	14,255
10/1/2013	Plan Amendment	(1,007,873)	29	(998,594)	(82,173)	(81,827)
10/1/2014	Exp. (Gain)/Loss	(30,179)	30	(30,179)	(2,461)	(2,451)
10/1/2014	Assumption Change	132,214	30	132,214	N/A	10,736
				1,759,066	212,171	222,534

*As of date of asset split = 10/1/2013 or date of origination if later

D. Amortization Schedule – Police Officers

The UFAAL is being amortized as a level dollar amount over the number of years remaining in the amortization period. The expected amortization schedule is as follows:

Amortization Schedule	
Year	Expected UAAL
2014	\$ 1,759,066
2015	1,657,154
2016	1,547,238
2017	1,428,693
2018	1,300,842
2019	1,162,955
2024	293,133
2026	-

ACTUARIAL GAINS AND LOSSES

The assumptions used to anticipate mortality, employment turnover, investment income, expenses, salary increases, and other factors have been based on long range trends and expectations. Actual experience can vary from these expectations. The variance is measured by the gain and loss for the period involved. If significant long term experience reveals consistent deviation from what has been expected and that deviation is expected to continue, the assumptions should be modified. The net actuarial gain (loss) for the past year has been computed as follows:

	Total	Firefighters	Police Officers
1. Last Year's UAAL*	\$ 3,517,831	\$ 1,766,894	\$ 1,750,937
2. Last Year's Employer Normal Cost	719,633	403,791	315,842
3. Last Year's Contributions (Village and State)	1,346,240	790,659	555,581
4. Interest at the Assumed Rate on:			
a. 1 and 2 for one year	334,760	171,484	163,276
b. 3 from dates paid	37,518	20,075	17,443
c. a - b	297,242	151,409	145,833
5. This Year's Expected UAAL before any changes: 1 + 2 - 3 + 4c	3,188,466	1,531,435	1,657,031
6. Change in UAAL due to changes in benefits or assumptions	325,173	192,959	132,214
7. This Year's Expected UAAL: (5) + (6)	3,513,639	1,724,394	1,789,245
8. This Year's Actual UAAL	3,168,739	1,409,673	1,759,066
9. Net Actuarial Gain (Loss): (7) - (8)	344,900	314,721	30,179
10. Gain (Loss) due to investments	321,952	198,347	123,605
11. Gain (Loss) due to other sources	22,948	116,374	(93,426)

**From September 10, 2014 Actuarial Impact Statement*

Actuarial gains/(losses) in previous years have been as follows:

Year Ending	Gain (Loss)
9/30/2003	\$ (101,019)
9/30/2004	154,345
9/30/2005	420,933
9/30/2006	239,898
9/30/2007	250,274
9/30/2008	(969,816)
9/30/2009	(486,402)
9/30/2010	446,069
9/30/2011	404,348
9/30/2012	218,115
9/30/2013	397,995
9/30/2014	344,900

The fund earnings and salary increase assumptions have considerable impact on the cost of the Plan so it is important that they are in line with actual experience. The following table shows the actual fund earnings and salary increase rates compared to the assumed rates for the last few years:

Year Ending	Investment Return		Salary Increases	
	Actual	Assumed	Actual	Assumed
9/30/1998	4.6 %	9.0 %	NA %	6.0 %
9/30/1999	9.2	9.0	13.8	6.0
9/30/2000	7.1	9.0	14.9	6.0
9/30/2001	(25.1)	9.0	7.8	6.0
9/30/2002	(5.0)	9.0	11.1	6.0
9/30/2003	2.7	9.0	9.4	6.0
9/30/2004	4.3	9.0	15.8	6.0
9/30/2005	5.5	9.0	3.2	6.0
9/30/2006	7.2	8.5	8.6	7.7
9/30/2007	9.5	8.5	7.6	7.5
9/30/2008	5.0	8.5	12.6	7.7
9/30/2009	4.7	8.5	6.0	7.7
9/30/2010	5.0	8.5	1.1	7.7
9/30/2011	4.9	8.5	1.5	7.8
9/30/2012	4.7	8.0	4.6	7.7
9/30/2013	8.3	7.95	4.3	7.6
9/30/2014	9.3	7.90	7.0	4.9
Averages	3.3 %	NA	8.0 %	NA

The actual investment return rates shown above are based on the actuarial value of assets. The actual salary increase rates shown above are the increases received by those active members who were included in the actuarial valuation both at the beginning and at the end of each year.

Actual (A) Compared to Expected (E) Decrements Among Active Employees													
Year Ended	Number Added During Year		Service & DROP Retirement		Disability Retirement		Death		Terminations				Active Members End of Year
	A	E	A	E	A	E	A	E	Vested	Other	Totals		
									A	A	A	E	
9/30/2002	5	5	1	0	0	0	1	0	0	3	3	3	57
9/30/2003	9	5	2	0	0	0	0	0	1	2	3	3	61
9/30/2004	15	10	0	0	0	0	0	0	4	6	10	3	66
9/30/2005	6	4	0	0	0	0	0	0	1	3	4	3	68
9/30/2006	7	11	2	0	0	0	0	0	3	6	9	3	64
9/30/2007	11	10	1	0	0	0	0	0	2	7	9	2	65
9/30/2008	4	3	0	0	0	0	0	0	0	3	3	3	66
9/30/2009	2	1	0	0	0	0	0	0	0	1	1	3	67
9/30/2010	1	3	3	0	0	0	0	0	0	0	0	3	65
9/30/2011	0	0	0	0	0	0	0	0	0	0	0	2	65
9/30/2012	0	2	1	7	0	0	0	0	0	1	1	2	63
9/30/2013	5	8	5	11	2	0	0	0	1	0	1	2	60
9/30/2014	7	8	6	4	0	0	0	0	1	1	2	2	59
9/30/2015				1		0		0				3	
12 Yr Totals *	72	70	21	22	2	0	1	0	13	33	46	34	

* Totals are through current Plan Year only.

RECENT HISTORY OF VALUATION RESULTS							
Valuation Date	Number of		Covered Annual Payroll	Actuarial Value of Assets	UFAAL	Employer Normal Cost	
	Active Members	Inactive Members				Amount	% of Payroll
10/1/98	54	0	\$ 2,767,854	\$ 436,085	\$ 0	\$ 1,420	0.05 %
10/1/99	53	3	3,050,178	909,074	0	2,500	0.08
10/1/00	56	4	3,472,773	1,296,095	0	42,866	1.23
10/1/01	57	4	3,732,996	1,824,306	0	358,278	9.60
10/1/02	57	6	3,984,900	2,360,957	0	441,532	11.08
10/1/03	61	9	4,278,629	3,309,812	0	488,833	11.42
10/1/04	66	11	5,091,213	4,400,914	0	744,133	14.62
10/1/05	68	11	5,320,018	5,703,772	3,675,960	486,957	9.15
10/1/06	64	14	5,355,088	7,255,222	3,527,604	524,414	9.79
10/1/07	65	16	5,740,991	9,017,393	3,318,314	521,654	9.09
10/1/2007 (AIS)	65	16	5,740,991	9,017,393	4,271,543	577,058	10.05
10/1/08	66	16	6,365,246	10,682,895	5,366,586	611,486	9.61
10/1/09	67	16	6,808,421	12,548,462	5,947,362	678,462	9.97
10/1/10	65	19	6,663,025	14,625,108	5,659,823	662,950	9.95
10/1/11	65	19	6,761,983	16,807,725	6,736,711	778,420	11.51
10/1/12	63	19	6,782,023	19,111,769	7,035,237	760,736	11.22
10/1/2013 (AIS)	60	27	5,533,655	22,254,243	3,517,831	431,033	7.79
10/1/14	59	33	5,615,610	25,566,947	3,168,739	408,746	7.28

RECENT HISTORY OF REQUIRED AND ACTUAL CONTRIBUTIONS										
Valuation Date	End of Year To Which Valuation Applies	Required Contributions						Actual Contributions		
		Employer & State		State Credit		Net Remaining *		Employer	State	Total
		Amount	% of Payroll	Amount	% of Payroll	Amount	% of Payroll			
NA	9/30/98	\$ -	0.00 %	\$ 0	0.00 %	\$ 0	0.00 %	\$ 0	\$ 32,525	\$ 32,525
10/1/98	9/30/99	1,497	0.05	32,525	1.17	0	0.00	0	32,525	32,525
10/1/99	9/30/00	2,636	0.09	32,525	1.07	0	0.00	0	0	0
10/1/00	9/30/01	45,199	1.30	66,797	1.92	0	0.00	34,272	99,322	133,594
10/1/01	9/30/02	377,777	10.12	32,525	0.87	345,252	9.25	300,382	32,525	332,907
10/1/02	9/30/03	465,562	11.68	32,525	0.82	433,037	10.86	397,275	68,287	465,562
10/1/03	9/30/04	515,437	12.05	32,525	0.77	482,912	11.28	477,606	96,559	574,165
10/1/04	9/30/05	764,420	15.41	158,284	3.19	606,136	12.22	593,609	158,284	751,893
10/1/05	9/30/06	729,857	13.72	158,284	2.98	571,573	10.74	571,573	158,284	729,857
10/1/05	9/30/07	773,701	13.72	158,284	2.81	615,417	10.91	615,417	158,284	773,701
10/1/06	9/30/08	839,400	14.27	158,284	2.79	651,737	11.48	681,116	158,284	839,400
10/1/07**	9/30/09	920,120	15.12	280,602	4.61	639,518	10.51	726,568	232,357	958,925
10/1/08	9/30/10	968,173	15.32	280,602	4.44	687,571	11.16	705,275	280,602	985,877
10/1/09	9/30/11	1,152,543	15.97	232,357	3.22	920,186	12.75	760,594	280,602	1,041,196
10/1/10	9/30/12	1,125,811	15.94	280,602	3.97	845,209	11.97	743,502	280,602	1,024,104
10/1/11	9/30/13	1,307,389	18.24	280,602	3.91	1,026,787	14.33	889,034	280,602	1,169,636
10/1/12	9/30/14	1,314,139	18.28	280,602	3.90	1,033,537	14.38	870,531	475,709	1,346,240
10/1/13**	9/30/15	978,388	17.00	773,092	13.43	205,296	3.57	---	---	---
10/1/14	9/30/16	937,659	16.06	682,419	11.68	255,240	4.37	---	---	---

Note: The required contribution dollar amounts shown above are estimates only. The contribution made is based on the percentage of the actual payroll amount for the fiscal year.

* To be paid by Employer

** After Plan Changes

ACTUARIAL ASSUMPTIONS AND METHODS

Valuation Methods

Actuarial Cost Method - Normal cost and the allocation of benefit values between service rendered before and after the valuation date were determined using an **Individual Entry-Age Actuarial Cost Method** having the following characteristics:

- (i) the annual normal cost for each individual active member, payable from the date of employment to the date of retirement, is sufficient to accumulate the value of the member's benefit at the time of retirement;
- (ii) each annual normal cost is a constant percentage of the member's year by year projected covered pay.

Actuarial gains/(losses), as they occur, reduce (increase) the Unfunded Actuarial Accrued Liability.

Financing of Unfunded Actuarial Accrued Liabilities - Unfunded Actuarial Accrued Liabilities (full funding credit if assets exceed liabilities) were amortized by level (principal & interest combined) dollar contributions over a reasonable period of future years.

Actuarial Value of Assets - The Actuarial Value of Assets phase in the difference between the expected actuarial value and actual market value of assets at the rate of 20% per year. The Actuarial Value of Assets will be further adjusted to the extent necessary to fall within the corridor whose lower limit is 80% of the Market Value of plan assets and whose upper limit is 120% of the Market Value of plan assets. During periods when investment performance exceeds the assumed rate, Actuarial Value of Assets will tend to be less than Market Value. During periods when investment performance is less than assumed rate, Actuarial Value of Assets will tend to be greater than Market Value.

Valuation Assumptions

The actuarial assumptions used in the valuation are shown in this Section. Both the economic and demographic decrement assumptions were established following the Experience Study Report as of June 10, 2014.

Economic Assumptions

The investment return rate assumed in the valuations is 7.85% per year, compounded annually (net after investment expenses). The investment rate is being lowered by 0.05% each year until the rate is 7.50%.

The **Wage Inflation Rate** assumed in this valuation was 3.50% per year. The Wage Inflation Rate is defined to be the portion of total pay increases for an individual that are due to macro-economic forces including productivity, price inflation, and labor market conditions. The wage inflation rate does not include pay changes related to individual merit and seniority effects.

The assumed **real rate of return** over wage inflation is defined to be the portion of total investment return that is more than the assumed wage inflation rate. Considering other economic assumptions, the 7.85% investment return rate translates to an assumed real rate of return over wage inflation of 4.35%

The active member population is assumed to remain constant. For purposes of financing the unfunded liabilities, no payroll growth is assumed (the unfunded liability is being amortized as a level dollar amount). The short term payroll growth assumption for projecting covered payroll to the contribution year is 4.00%.

Pay increase assumptions for individual active members are shown below. Part of the assumption for each age is for merit and/or seniority increase, and 3.5% recognizes wage inflation, including price inflation, productivity increases, and other macroeconomic forces.

The rates of salary increase used for individual members are in accordance with the following table. This assumption is used to project a member's current salary to the salaries upon which benefits will be based.

% Increase in Salary -- Firefighters			
Years of Service	Merit and Seniority	Base Wage Inflation	Total Increase
1-5	5.75%	3.50%	9.25%
6-9	3.00%	3.50%	6.50%
10-13	1.60%	3.50%	5.10%
14+	0.50%	3.50%	4.00%

% Increase in Salary -- Police Officers			
Years of Service	Merit and Seniority	Base Wage Inflation	Total Increase
1-5	4.25%	3.50%	7.75%
6-8	2.50%	3.50%	6.00%
9-12	1.50%	3.50%	5.00%
13+	0.00%	3.50%	3.50%

Demographic Assumptions

The mortality table was a blend of 70% of the 1983 Group Annuity Mortality table for Males and Females and 30% of the RP-2000 Combined Healthy Participant Mortality Tables for males and females with a provision for projecting future mortality improvements to all future years from the year 2000 using Scale BB. Below are samples of the two tables, respectively.

1983 Group Annuity Mortality (70% this year)

Sample Attained Ages	Probability of Dying Next Year		Future Life Expectancy (years)	
	Men	Women	Men	Women
50	0.39 %	0.16 %	29.23	34.96
55	0.61	0.25	24.87	30.28
60	0.92	0.42	20.68	25.71
65	1.56	0.71	16.73	21.33
70	2.75	1.24	13.22	17.17
75	4.46	2.40	10.20	13.42
80	7.41	4.29	7.68	10.24

**RP 2000 Combined Healthy Participant with Mortality Improvement Projected Using Scale BB
(30% this year)**

Sample Attained Ages (in 2014)	Probability of Dying Next Year		Future Life Expectancy (years)	
	Men	Women	Men	Women
50	0.20	% 0.16	% 35.36	37.80
55	0.35	0.25	30.23	32.65
60	0.61	0.44	25.28	27.63
65	1.08	0.82	20.62	22.87
70	1.80	1.41	16.31	18.48
75	3.06	2.37	12.46	14.53
80	5.21	3.87	9.14	11.04

This assumption is used to measure the probabilities of each benefit payment being made after retirement. For active members, the probabilities of dying before retirement were based upon the same mortality table as members dying after retirement.

For disabled retirees, the regular mortality tables are set forward 5 years in ages to reflect impaired longevity.

The rate of retirement is 100% in the first year of eligibility for normal retirement for the 52 & 25 and Rule of 75 retirement eligibility conditions. The rates of retirement for each year of eligibility for normal retirement under the 55 & 10 eligibility condition are as follows:

Firefighters: 55 & 10

Number of Years After First Eligibility for Normal Retirement	Probability of Normal Retirement
0	20 %
1	15 %
2-3	30 %
4-6	20 %
Over 6	100 %

Police Officers: 55 & 10

Number of Years After First Eligibility for Normal Retirement	Probability of Normal Retirement
0-1	20 %
2-6	10 %
Over 6	100 %

Rates of retirement for each year of eligibility for early retirement are as follows:

Number of Years After First Eligibility for Early Retirement	Probability of Early Retirement
0	10.00 %
1	10.00 %
2	0.90 %
3	0.75 %
4	0.60 %

Rates of separation from active membership were as shown below (rates do not apply to members eligible to retire and do not include separation on account of death or disability). This assumption measures the probabilities of members remaining in employment.

Firefighters

Years of Service	% of Active Members Separating Within Next Year
Less Than 3	15.0 %
3-9	5.5
10 or more	1.0

Police Officers

Years of Service	% of Active Members Separating Within Next Year
Less Than 3	17.0 %
3	14.0
4-9	3.0
10 or more	0.5

Rates of disability among active members. (75% of future disability retirements are assumed to be service-connected.)

Sample Ages	% Becoming Disabled within Next Year
20	0.14 %
25	0.15
30	0.18
35	0.23
40	0.30
45	0.51
50	1.00
55	1.55

Miscellaneous and Technical Assumptions

<i>Administrative & Investment Expenses</i>	The investment return assumption is intended to be the return net of investment expenses. Annual administrative expenses are assumed to be equal to the average of the expenses over the previous 2 years. Assumed administrative expenses are added to the Normal Cost.
<i>Benefit Service</i>	Exact fractional service is used to determine the amount of benefit payable.
<i>Decrement Operation</i>	Disability and mortality decrements operate during retirement eligibility.
<i>Decrement Timing</i>	Decrements of all types are assumed to occur at the beginning of the year.
<i>Eligibility Testing</i>	Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.
<i>Forfeitures</i>	For vested separations from service, it is assumed that 0% of members separating will withdraw their contributions and forfeit an employer financed benefit. It was further assumed that the liability at termination is the greater of the vested deferred benefit (if any) or the member's accumulated contributions.
<i>Incidence of Contributions</i>	Contributions are assumed to be received continuously throughout the year based upon the computed percent of payroll shown in this report, and the actual payroll payable at the time contributions are made.
<i>Marriage Assumption</i>	100% of males and 100% of females are assumed to be married for purposes of death-in-service benefits. Male spouses are assumed to be three years older than female spouses for active member valuation purposes.
<i>Normal Form of Benefit</i>	A ten-year certain and life benefit is the normal form of benefit.
<i>Pay Increase Timing</i>	Middle of fiscal year. This is equivalent to assuming that reported pays represent amounts paid to members during the year ended on the valuation date.
<i>Service Credit Accruals</i>	It is assumed that members accrue one year of service credit per year.

GLOSSARY

<i>Actuarial Accrued Liability (AAL)</i>	The difference between the Actuarial Present Value of Future Benefits, and the Actuarial Present Value of Future Normal Costs.
<i>Actuarial Assumptions</i>	Assumptions about future plan experience that affect costs or liabilities, such as: mortality, withdrawal, disablement, and retirement; future increases in salary; future rates of investment earnings; future investment and administrative expenses; characteristics of members not specified in the data, such as marital status; characteristics of future members; future elections made by members; and other items.
<i>Actuarial Cost Method</i>	A procedure for allocating the Actuarial Present Value of Future Benefits between the Actuarial Present Value of Future Normal Costs and the Actuarial Accrued Liability.
<i>Actuarial Equivalent</i>	Of equal Actuarial Present Value, determined as of a given date and based on a given set of Actuarial Assumptions.
<i>Actuarial Present Value (APV)</i>	The amount of funds required to provide a payment or series of payments in the future. It is determined by discounting the future payments with an assumed interest rate and with the assumed probability each payment will be made.
<i>Actuarial Present Value of Future Benefits (APVFB)</i>	The Actuarial Present Value of amounts which are expected to be paid at various future times to active members, retired members, beneficiaries receiving benefits, and inactive, nonretired members entitled to either a refund or a future retirement benefit. Expressed another way, it is the value that would have to be invested on the valuation date so that the amount invested plus investment earnings would provide sufficient assets to pay all projected benefits and expenses when due.
<i>Actuarial Valuation</i>	The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for a plan. An Actuarial Valuation for a governmental retirement system typically also includes calculations of items needed for compliance with GASB No. 67.
<i>Actuarial Value of Assets</i>	The value of the assets as of a given date, used by the actuary for valuation purposes. This may be the market or fair value of plan assets or a smoothed value in order to reduce the year-to-year volatility of calculated results, such as the funded ratio and the actuarially required contribution.

<i>Amortization Method</i>	A method for determining the Amortization Payment. The most common methods used are level dollar and level percentage of payroll. Under the Level Dollar method, the Amortization Payment is one of a stream of payments, all equal, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the Amortization Payment is one of a stream of increasing payments, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the stream of payments increases at the rate at which total covered payroll of all active members is assumed to increase.
<i>Amortization Payment</i>	That portion of the plan contribution which is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability.
<i>Amortization Period</i>	The period used in calculating the Amortization Payment.
<i>Annual Required Contribution</i>	The employer's periodic required contributions, expressed as a dollar amount or a percentage of covered plan compensation. The required contribution consists of the Employer Normal Cost and Amortization Payment.
<i>Closed Amortization Period</i>	A specific number of years that is reduced by one each year, and declines to zero with the passage of time. For example if the amortization period is initially set at 30 years, it is 29 years at the end of one year, 28 years at the end of two years, etc.
<i>Employer Normal Cost</i>	The portion of the Normal Cost to be paid by the employer. This is equal to the Normal Cost less expected member contributions.
<i>Equivalent Single Amortization Period</i>	For plans that do not establish separate amortization bases (separate components of the UAAL), this is the same as the Amortization Period. For plans that do establish separate amortization bases, this is the period over which the UAAL would be amortized if all amortization bases were combined upon the current UAAL payment.
<i>Experience Gain/Loss</i>	A measure of the difference between actual experience and that expected based upon a set of Actuarial Assumptions, during the period between two actuarial valuations. To the extent that actual experience differs from that assumed, Unfunded Actuarial Accrued Liabilities emerge which may be larger or smaller than projected. Gains are due to favorable experience, e.g., the assets earn more than projected, salaries do not increase as fast as assumed, members retire later than assumed, etc. Favorable experience means actual results produce actuarial liabilities not as large as projected by the actuarial assumptions. On the other hand, losses are the result of unfavorable experience, i.e., actual results that produce Unfunded Actuarial Accrued Liabilities which are larger than projected.

<i>Funded Ratio</i>	The ratio of the Actuarial Value of Assets to the Actuarial Accrued Liability.
<i>GASB</i>	Governmental Accounting Standards Board.
<i>GASB No. 67 and GASB No. 27</i>	These are the governmental accounting standards that set the accounting rules for public retirement systems and the employers that sponsor or contribute to them. Statement No. 27 sets the accounting rules for the employers that sponsor or contribute to public retirement systems, while Statement No. 67 sets the rules for the systems themselves.
<i>Normal Cost</i>	The annual cost assigned, under the Actuarial Cost Method, to the current plan year.
<i>Open Amortization Period</i>	An open amortization period is one which is used to determine the Amortization Payment but which does not change over time. In other words, if the initial period is set as 30 years, the same 30-year period is used in determining the Amortization Period each year. In theory, if an Open Amortization Period is used to amortize the Unfunded Actuarial Accrued Liability, the UAAL will never completely disappear, but will become smaller each year, either as a dollar amount or in relation to covered payroll.
<i>Unfunded Actuarial Accrued Liability</i>	The difference between the Actuarial Accrued Liability and Actuarial Value of Assets.
<i>Valuation Date</i>	The date as of which the Actuarial Present Value of Future Benefits are determined. The benefits expected to be paid in the future are discounted to this date.

SECTION C
PENSION FUND INFORMATION

Statement of Plan Assets at Market Value

Item	September 30	
	2014	2013
A. Cash and Cash Equivalents (Operating Cash)	\$ -	\$ -
B. Receivables:		
1. Member Contributions	\$ -	\$ -
2. Employer Contributions	-	-
3. State Contributions	76,284	63,615
4. Investment Income and Other Receivables	-	-
5. Prepaid Expenses	-	-
6. Total Receivables	\$ 76,284	\$ 63,615
C. Investments		
1. Short Term Investments	\$ 916,319	\$ 751,019
2. Domestic Equities	15,342,496	14,209,520
3. International Equities	2,424,675	2,266,428
4. Domestic Fixed Income	7,297,713	5,928,475
5. International Fixed Income	836,703	777,994
6. Real Estate	-	-
7. Private Equity	690,604	-
8. ICMA (DROP Accounts)	522,942	221,931
9. Total Investments	\$ 28,031,452	\$ 24,155,367
D. Liabilities		
1. Prepaid Village Contribution	\$ (30,326)	\$ (56,220)
2. Benefits/Refunds Payable	\$ -	\$ -
3. Accrued Expenses and Other Payables	(27,284)	(27,503)
4. Total Liabilities	\$ (57,610)	\$ (83,723)
E. Total Market Value of Assets Available for Benefits	\$ 28,050,126	\$ 24,135,259
F. Reserves		
1. State Contribution Reserve	\$ (504,093)	\$ (504,093)
2. Share Plan	-	(74,433)
3. DROP Accounts	(522,942)	(221,931)
4. Total Reserves	\$ (1,027,035)	\$ (800,457)
G. Market Value Net of Reserves	\$ 27,023,091	\$ 23,334,802
H. Allocation of Investments (Excluding ICMA DROP Accounts)		
1. Short Term Investments	3.3%	3.1%
2. Domestic Equities	55.8%	59.4%
3. International Equities	8.8%	9.5%
4. Domestic Fixed Income	26.5%	24.8%
5. International Fixed Income	3.1%	3.2%
6. Real Estate	0.0%	0.0%
7. Private Equity	2.5%	0.0%
8. Total Investments	100.0%	100.0%

Reconciliation of Plan Assets

Item	September 30	
	2014	2013
A. Market Value of Assets at Beginning of Year	\$ 24,135,259	\$ 19,802,791
B. Revenues and Expenditures		
1. Contributions		
a. Employee Contributions	\$ 635,645	\$ 673,309
b. Employer Contributions	870,531	889,034
c. State Contributions	475,709	429,852
d. Buyback	3,833	-
e. Total	\$ 1,985,718	\$ 1,992,195
2. Investment Income		
a. Interest, Dividends, and Other Income	\$ 676,213	\$ 622,651
b. Earnings on ICMA DROP Accounts	11,613	11,164
c. Net Realized Gains/(Losses)	250,866	987,410
d. Net Unrealized Gains/(Losses)	1,691,662	1,184,566
e. Investment Expenses	(58,449)	(71,114)
f. Net Investment Income	\$ 2,571,905	\$ 2,734,677
3. Benefits and Refunds		
a. Refunds	\$ (99,486)	\$ -
b. Regular Monthly Benefits	(335,618)	(246,379)
c. DROP Plan Payments	(52,470)	-
d. Contributions to Share Plan	(68,553)	(78,663)
e. Total	\$ (556,127)	\$ (325,042)
4. Administrative and Miscellaneous Expenses	\$ (86,629)	\$ (69,362)
5. Transfers	\$ -	\$ -
C. Market Value of Assets at End of Year	\$ 28,050,126	\$ 24,135,259
D. Reserves		
1. State Contribution Reserve	\$ (504,093)	\$ (504,093)
2. Share Plan	-	(74,433)
3. DROP Accounts	(522,942)	(221,931)
4. Total Reserves	\$ (1,027,035)	\$ (800,457)
E. Market Value Net of Reserves	\$ 27,023,091	\$ 23,334,802

ACTUARIAL VALUE OF ASSETS

	Year Ending September 30					
	2013	2014	2015	2016	2017	2018
A. Beginning of Year Assets						
1. Market Value	\$ 19,802,791	\$ 24,135,259	\$ -	\$ -	\$ -	\$ -
2. Actuarial Value	19,759,256	23,054,700	-	-	-	-
B. Net of Contributions						
Less Disbursements	1,597,791	1,342,962	-	-	-	-
C. Actual Net Investment Earnings	2,734,677	2,571,905	-	-	-	-
D. Expected Investment Earnings	1,634,373	1,874,368	-	-	-	-
E. Excess of Actual Over Expected Investment Earnings: C - D	1,100,304	697,537	-	-	-	-
F. Recognition of Excess Earnings Over 5 Years						
1. From This Year	220,061	139,507	-	-	-	-
2. From One Year Ago	269,526	220,061	139,507	-	-	-
3. From Two Years Ago	(301,121)	269,526	220,061	139,507	-	-
4. From Three Years Ago	(6,021)	(301,121)	269,526	220,061	139,507	-
5. From Four Years Ago	(119,165)	(6,021)	(301,121)	269,526	220,061	139,509
6. Total	63,280	321,952	327,973	629,094	359,568	139,509
G. End of Year Assets						
1. Market Value	24,135,259	28,050,126	-	-	-	-
2. Actuarial Value:						
A2 + B + D + F6	23,054,700	26,593,982	-	-	-	-
3. Final Actuarial Value Within 80% to 120% Of Market Value	23,054,700	26,593,982	-	-	-	-
4. Less: State and DROP Reserves	800,457	1,027,035	-	-	-	-
5. Final Actuarial Value	22,254,243	25,566,947	-	-	-	-

ASSET ALLOCATION			
A. Valuation Date	October 1, 2014		
	<i>Total</i>	<i>Firefighters</i>	<i>Police Officers</i>
B. Net Market Value of Assets as of October 1, 2013	23,334,802	14,363,124	8,971,678
C. Contributions (All)	1,991,598	1,173,692	817,906
D. Investment Return	2,560,292	1,577,338	982,954
E. Benefit Payments (All)	(776,972)	(360,090)	(416,882)
F. Expenses	<u>(86,629)</u>	<u>(53,370)</u>	<u>(33,259)</u>
G. Net Market Value of Assets as of October 1, 2014	27,023,091	16,700,694	10,322,397
H. Actuarial Value of Assets as of October 1, 2014	25,566,947	15,800,774	9,766,173

RECONCILIATION OF DROP ACCOUNTS			
	Total	Firefighters	Police Officers
Value at beginning of year	\$ 221,931	\$ 200,093	\$ 21,838
Payments credited to accounts	341,868	149,897	191,971
Investment Earnings credited	11,613	9,511	2,102
Withdrawals from accounts	<u>(52,470)</u>	<u>(41,999)</u>	<u>(10,471)</u>
Value at end of year	522,942	317,502	205,440

INVESTMENT RATE OF RETURN

The investment rate of return has been calculated on the following bases:

- Basis 1** - Interest, dividends, realized gains (losses) and unrealized appreciation (depreciation) divided by the weighted average of the market value of the fund during the year. This figure is normally called the Total Rate of Return.
- Basis 2** - Investment earnings recognized in the Actuarial Value of Assets divided by the weighted average of the Actuarial Value of Assets during the year.
- Basis 3** - Actual return on the market value of assets including interest, dividends, realized gains (losses) and unrealized appreciation (depreciation) divided by the Actuarial Value of Assets as of the beginning of the year adjusted for non-investment related cash flows.

Year Ended	Investment Rate of Return		
	Basis 1 *	Basis 2	Basis 3
9/30/98	5.6	4.6	4.6 %
9/30/99	9.7	9.2	9.2
9/30/00	8.1	7.1	7.1
9/30/01	(24.4)	(25.1)	(25.1)
9/30/02	(11.7)	(5.0)	(10.7)
9/30/03	14.3	2.7	11.4
9/30/04	8.9	4.3	8.0
9/30/05	9.3	5.5	9.2
9/30/06	7.6	7.2	7.7
9/30/07	13.4	9.5	13.7
9/30/08	(11.8)	5.0	(12.3)
9/30/09	4.1	4.7	3.7
9/30/10	9.2	5.0	8.3
9/30/11	(1.1)	4.9	(1.1)
9/30/12	17.3	4.7	15.4
9/30/13	13.3	8.3	13.3
9/30/14	10.4	9.3	10.8
Average Compounded Rate of Return for Number of Years Shown	4.2 %	3.3 %	3.7 %
Average Compounded Rate of Return for Last 5 Years	9.6 %	6.4 %	9.2 %

* Net rates after 2004.

SECTION D
FINANCIAL ACCOUNTING INFORMATION

FASB NO. 35 INFORMATION		
A. Valuation Date	October 1, 2014	October 1, 2013
B. Actuarial Present Value of Accumulated Plan Benefits		
1. Vested Benefits		
a. Members Currently Receiving Payments	\$ 8,625,373	\$ 5,905,310
b. Terminated Vested Members	1,779,447	1,519,293
c. Other Members	<u>17,890,866</u>	<u>17,454,927</u>
d. Total	28,295,686	24,879,530
2. Non-Vested Benefits	285,375	214,868
3. Total Actuarial Present Value of Accumulated Plan Benefits: 1d + 2	28,581,061	25,094,398
4. Accumulated Contributions of Active Members	5,574,832	5,665,647
C. Changes in the Actuarial Present Value of Accumulated Plan Benefits		
1. Total Value at Beginning of Year	25,094,398	21,377,979
2. Increase (Decrease) During the Period Attributable to:		
a. Plan Amendment	-	-
b. Change in Actuarial Assumptions*	568,889	293,748
c. Latest Member Data, Benefits Accumulated and Decrease in the Discount Period	3,694,746	3,740,269
d. Benefits Paid (net basis)	<u>(776,972)</u>	<u>(317,598)</u>
e. Net Increase	3,486,663	3,716,419
3. Total Value at End of Period	28,581,061	25,094,398
D. Market Value of Assets	27,023,091	23,334,802
E. Actuarial Assumptions - See page entitled Actuarial Assumptions and Methods		

**Including effect of experience study assumption changes*

**ANNUAL PENSION COST AND NET PENSION OBLIGATION
(GASB STATEMENT NO. 27)**

Employer FYE September 30	2014	2013
Annual Required Contribution (ARC)*	\$ 1,106,628	\$ 1,169,636
Interest on Net Pension Obligation (NPO)	(11,312)	(12,146)
Adjustment to ARC	(21,567)	(21,732)
Annual Pension Cost (APC)	1,116,883	1,179,222
Contributions made	1,346,240	1,169,636
Increase (decrease) in NPO	(229,357)	9,586
NPO at beginning of year	(143,195)	(152,781)
NPO at end of year	(372,552)	(143,195)

* Includes State contribution

THREE YEAR TREND INFORMATION

Fiscal Year Ending	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation
9/30/2012	\$ 1,032,592	1,024,104	99.2	(152,781)
9/30/2013	1,179,222	1,169,636	99.2	(143,195)
9/30/2014	1,116,883	1,346,240	120.5	(372,552)

REQUIRED SUPPLEMENTARY INFORMATION
GASB Statement No. 27

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation:

Valuation Date	October 1, 2014
Contribution Rates	
Employer (and State)	16.05%
Plan members	10.50%
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar, closed
Remaining Amortization Period	30
Asset Valuation Method	5 Year Smoothed Market Value
Actuarial assumptions	
Investment rate of return	7.85%
Projected salary increases	3.5% to 9.25% variable
Includes inflation and other general increases at	3.5%
Cost of Living adjustments	Not Applicable

**SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS
GASB Statement No. 67**

Fiscal year ending September 30,	<u>2015*</u>	<u>2014</u>
Total pension liability		
Service Cost	\$ 920,389	\$ 1,325,960
Interest	2,384,471	2,505,808
Benefit Changes	-	(4,253,914)
Difference between actual & expected experience	413,352	(40,185)
Assumption Changes	325,173	(96,578)
Benefit Payments	(930,789)	(447,084)
Refunds	(11,656)	(99,486)
Other (relase of excess state reserves)	(297,383)	-
Net Change in Total Pension Liability	2,803,557	(1,105,479)
Total Pension Liability - Beginning	30,105,178	31,210,657
Total Pension Liability - Ending (a)	<u>\$ 32,908,735</u>	<u>\$ 30,105,178</u>
Plan Fiduciary Net Position		
Contributions - Employer	\$ 209,339	\$ 844,637
Contributions - Non-Employer Contributing Entity	475,709	475,709
Contributions - Member	589,639	639,478
Net Investment Income	2,278,255	2,632,785
Benefit Payments	(930,789)	(447,084)
Refunds	(11,656)	(99,486)
Administrative Expense	(81,000)	(86,629)
Other	-	-
Net Change in Plan Fiduciary Net Position	2,529,497	3,959,410
Plan Fiduciary Net Position - Beginning	29,075,128	25,115,718
Plan Fiduciary Net Position - Ending (b)	<u>\$ 31,604,625</u>	<u>\$ 29,075,128</u>
Net Pension Liability - Ending (a) - (b)	1,304,110	1,030,050
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	96.04 %	96.58 %
Covered Employee Payroll	\$ 5,615,610	\$ 6,053,762
Net Pension Liability as a Percentage of Covered Employee Payroll	23.22 %	17.02 %

* These figures are estimates only. Actual figures will be provided after the end of the fiscal year.

SCHEDULE OF THE EMPLOYER'S NET PENSION LIABILITY
GASB Statement No. 67

FY Ending September 30,	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as a % of Total Pension Liability	Covered Payroll	Net Pension Liability as a % of Covered Payroll
2014	\$ 30,105,178	\$ 29,075,128	\$ 1,030,050	96.58%	\$ 6,053,762	17.02%
2015*	32,908,735	31,604,625	1,304,110	96.04%	5,615,610	23.22%

*** These figures are estimates only. Actual figures will be provided after the end of the fiscal year.**

SCHEDULE OF CONTRIBUTIONS
GASB Statement No. 67

FY Ending September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2014	\$ 1,106,628	\$ 1,320,346	\$ (213,718)	\$ 6,053,762	21.81%
2015*	951,425	685,048	266,377	5,615,610	12.20%

*** These figures are estimates only. Actual figures will be provided after the end of the fiscal year.**

NOTES TO SCHEDULE OF CONTRIBUTIONS
GASB Statement No. 67

Valuation Date: October 1, 2013
 Notes Actuarially determined contribution rates are calculated as of October 1, which is two year(s) prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Closed
Remaining Amortization Period	15 years
Asset Valuation Method	5-year smoothed market
Inflation	3.5%
Salary Increases	3.5% to 9.25% depending on age, including inflation
Investment Rate of Return	7.90%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	20% RP-2000 Combined Healthy Participant Mortality Table for males and females with mortality improvement projected to all future years after 2000 using Scale BB; 80% 1983 Group Annuity Mortality Table for males and females

Other Information:

Notes See Discussion of Valuation Results on Page 1

SINGLE DISCOUNT RATE
GASB Statement No. 67

A single discount rate of 7.85% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.85%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the total actuarially determined contribution rates and the member rate. Based on these 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 (7.85%) was applied to all periods of projected benefit payments to determine the total pension liability.

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 7.85%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption*

1% Decrease	Current Single Discount	1% Increase
6.85%	Rate Assumption	8.85%
7.85%	7.85%	8.85%
\$ 4,815,790	\$ 1,304,110	\$ (1,670,430)

*** These figures are estimates only. Actual figures will be provided after the end of the fiscal year.**

SECTION E
MISCELLANEOUS INFORMATION

RECONCILIATION OF MEMBERSHIP DATA		
	From10/01/13 To 10/01/14	From10/01/12 To 10/01/13
A. Active Members		
1. Number Included in Last Valuation	60	63
2. New Members Included in Current Valuation	7	5
3. Non-Vested Employment Terminations	(1)	0
4. Vested Employment Terminations	(1)	(1)
5. Service Retirements	(1)	0
6. DROP Retirements	(5)	(5)
7. Disability Retirements	0	(2)
8. Deaths	0	0
9. Number Included in This Valuation	<u>59</u>	<u>60</u>
B. Terminated Vested Members		
1. Number Included in Last Valuation	5	4
2. Additions from Active Members	1	1
3. Lump Sum Payments/Refund of Contributions	(1)	0
4. Payments Commenced	0	0
5. Deaths	0	0
6. Other--Return to Actives	0	0
7. Number Included in This Valuation	<u>5</u>	<u>5</u>
C. DROP Participants		
1. Number Included in Last Valuation	8	3
2. Additions from Active Members	5	5
3. Payments Commenced	(2)	0
4. Deaths	0	0
5. Other	0	0
6. Number Included in This Valuation	<u>11</u>	<u>8</u>
D. Service Retirees, Disability Retirees and Beneficiaries		
1. Number Included in Last Valuation	14	12
2. Additions from Active Members	1	2
3. Additions from Terminated Vested Members	0	0
4. Additions From DROP Members	2	0
5. Deaths Resulting in No Further Payments	0	0
6. Deaths Resulting in New Survivor Benefits	0	0
7. End of Certain Period - No Further Payments	0	0
8. Other	0	0
9. Number Included in This Valuation	<u>17</u>	<u>14</u>

Years of Service to Valuation Date										
	0-1	1-2	2-3	3-4	4-5	5-9	10-14	15-19	20 & Up	Totals
Age Group										
20-24 NO.	0	1	0	0	0	0	0	0	0	1
TOT PAY	0	54,804	0	0	0	0	0	0	0	54,804
AVG PAY	0	54,804	0	0	0	0	0	0	0	54,804
25-29 NO.	3	1	1	0	1	2	0	0	0	8
TOT PAY	175,164	56,379	63,317	0	54,804	150,197	0	0	0	499,861
AVG PAY	58,388	56,379	63,317	0	54,804	75,098	0	0	0	62,483
30-34 NO.	0	0	0	0	0	5	1	0	0	6
TOT PAY	0	0	0	0	0	422,785	93,549	0	0	516,334
AVG PAY	0	0	0	0	0	84,557	93,549	0	0	86,056
35-39 NO.	0	0	0	0	0	4	2	0	0	6
TOT PAY	0	0	0	0	0	339,073	221,454	0	0	560,527
AVG PAY	0	0	0	0	0	84,768	110,727	0	0	93,421
40-44 NO.	0	0	0	0	0	3	2	0	2	7
TOT PAY	0	0	0	0	0	183,134	168,670	0	333,232	685,036
AVG PAY	0	0	0	0	0	61,045	84,335	0	166,616	97,862
45-49 NO.	1	0	1	0	0	3	1	4	11	21
TOT PAY	56,448	0	63,317	0	0	245,151	85,084	422,431	1,372,659	2,245,090
AVG PAY	56,448	0	63,317	0	0	81,717	85,084	105,608	124,787	106,909
50-54 NO.	2	1	0	0	0	0	1	0	2	6
TOT PAY	105,954	60,302	0	0	0	0	88,533	0	235,601	490,390
AVG PAY	52,977	60,302	0	0	0	0	88,533	0	117,800	81,732
55-59 NO.	0	0	0	0	0	0	3	0	1	4
TOT PAY	0	0	0	0	0	0	282,736	0	141,845	424,581
AVG PAY	0	0	0	0	0	0	94,245	0	141,845	106,145
60 & Up	0	0	0	0	0	0	0	0	0	0
TOT PAY	0	0	0	0	0	0	0	0	0	0
AVG PAY	0	0	0	0	0	0	0	0	0	0
TOT NO.	6	3	2	0	1	17	10	4	16	59
TOT AMT	337,566	171,485	126,634	0	54,804	1,340,340	940,026	422,431	2,083,337	5,476,623
AVG AMT	56,261	57,162	63,317	0	54,804	78,844	94,003	105,608	130,209	92,824

SCHEDULE OF NON-ACTIVE PARTICIPANTS DATA								
Age	Vested		Disabled		Retired		Other	
	Nbr	Benefits	Nbr	Benefits	Nbr	Benefits	Nbr	Benefits
Under 20								
20 - 24								
25 - 29								
30 - 34								
35 - 39								
40 - 44			1	69,467				
45 - 49	2	37,620						
50 - 54	2	54,781						
55 - 59			1	66,723	5	195,139		
60 - 64	1	109,500			12	329,175		
65 - 69					2	41,646		
70 - 74					6	108,713		
75 - 79					1	8,916		
Total	5	201,901	2	136,190	26	683,589	0	0
Average Age		52		50		65		

SECTION F
SUMMARY OF PLAN PROVISIONS

VILLAGE OF KEY BISCAYNE POLICE OFFICERS AND FIREFIGHTERS RETIREMENT PLAN

SUMMARY OF PLAN PROVISIONS

A. Ordinances

Plan established under the Code of Ordinances for the Village of Key Biscayne, Florida, Chapter 23, Article II, and was most recently amended under Ordinance No. 2015-2 passed and adopted on April 14, 2015. The Plan is also governed by certain provisions of Chapters 175 and 185, Florida Statutes, Part VII, Chapter 112, Florida Statutes (F.S.) and the Internal Revenue Code.

B. Effective Date

October 1, 1997

C. Plan Year

October 1 through September 30

D. Type of Plan

Qualified, governmental defined benefit retirement plan; for GASB purposes it is a single employer plan.

E. Eligibility Requirements

All full-time police officers and firefighters employed on the Effective Date made an irrevocable election of whether or not to become members. All those hired after the Effective Date become members as a condition of employment.

F. Credited Service

Service is measured as the total number of years and fractional parts of years of employment as a police officer or firefighter while making member contributions. No credit is permitted for service prior to August 1, 1993. In addition, no service is credited for any periods of employment for which the member received a refund of employee contributions.

G. Compensation/Salary

Base pay plus any educational incentives mandated by the State of Florida.

H. Average Final Compensation (AFC)

The average of Compensation over the highest 5 years out of the last 10 years of Credited Service immediately preceding retirement or termination. Lump sum payments of unused leave pay are not included.

I. Normal Retirement

Eligibility: A member may retire on the first day of the month coincident with or next following the earlier of:

- (1) age 55 with 10 years of Credited Service, or
- (2) age 52 with 25 years of Credited Service.
- (3) When the sum of age and Credited Service is equal to 75 years.

Benefit: Police Officers: for service credited through August 25, 2014, 3.0% of AFC multiplied by years of Credited Service; for service after this date, 2.75% of AFC multiplied by years of Credited Service.

For Firefighters: for service credited through March 10, 2014, 3.0% of AFC for the first 15 years and 4.0% of AFC in excess of 15 years; for service after this date, 2.75% of AFC multiplied by years of Credited Service.

The maximum benefit shall be the lesser of \$90,000 or 90% of AFC. The cap for employees who have reached the 90% of \$90,000 cap prior to the effective date is the accrued benefit as of March 10, 2014 for Firefighters and as of August 25, 2014 for Police Officers. Irrespective of this benefit cap, the minimum benefit for all members shall be no less than 2.0% of AFC multiplied by all years of Credited Service.

Benefits for Firefighters who had attained eligibility for Normal Retirement as of March 11, 2014 and for Police Officers who attained eligibility for Normal Retirement as of August 26, 2014 are not affected by the above reductions.

Normal Form of Benefit: 10 Years Certain and Life thereafter; other options are also available.

COLA: None

Supplemental Benefit: Retired members, or their beneficiaries, will be paid their accumulated account balance from the Share Plan in the form of a lump sum upon retirement, disability, or death.

J. Early Retirement

Eligibility: A member may elect to retire earlier than the Normal Retirement Eligibility upon attainment of age 50 with 5 years of Credited Service and approval of the City.

Benefit: The Normal Retirement Benefit is reduced by 3.0% for each year by which the Early Retirement date precedes what would have been the member's Normal Retirement date if the member had remained employed.

Normal Form of Benefit: 10 Years Certain and Life thereafter; other options are also available.

COLA: None

Supplemental

Benefit: Retired members, or their beneficiaries, will be paid their accumulated account balance from the Share Plan in the form of a lump sum upon retirement, disability, or death.

K. Delayed Retirement

Same as Normal Retirement taking into account compensation earned and service credited until the date of actual retirement.

L. Service Connected Disability

Eligibility: Any member who becomes totally and permanently disabled and unable to render useful and efficient service to the City as a result of an act occurring in the performance of service for the City is immediately eligible for a disability benefit.

Benefit: Accrued Normal Retirement Benefit taking into account compensation earned and service credited until the date of disability with a minimum benefit of 70% of AFC (subject to the \$90,000 maximum benefit cap).

Normal Form: 10 Years Certain and Life thereafter.

COLA: None

Supplemental

Benefit: Retired members, or their beneficiaries, will be paid their accumulated account balance from the Share Plan in the form of a lump sum upon retirement, disability, or death.

M. Non-Service Connected Disability

Eligibility: Any member with 5 or more years of Credited Service who becomes totally and permanently disabled and unable to render useful and efficient service to the City is immediately eligible for a disability benefit.

Benefit: Accrued Normal Retirement Benefit taking into account compensation earned and service credited until the date of disability with a minimum benefit of 50% of AFC (subject to the \$90,000 maximum benefit cap).

Normal Form: 10 Years Certain and Life thereafter.

COLA: None

Supplemental

Benefit: Retired members, or their beneficiaries, will be paid their accumulated account balance from the Share Plan in the form of a lump sum upon retirement, disability, or death.

N. Death in the Line of Duty

Eligibility: Members who have not reached Normal Retirement are eligible for survivor benefits after the completion of 10 or more years of Credited Service.

Benefit: The survivor benefit payable to the designated beneficiary is a monthly benefit which can be derived from the single sum value of the member's deferred Normal Retirement Benefit accrued as of the date of death.

Normal Form of Benefit: Payable for the life of the beneficiary; with 10 years guaranteed.

COLA: None

The beneficiary of a member with less than 10 years of Credited Service who had not reached Normal Retirement at the time of death will receive a refund of the member's accumulated contributions without interest.

The beneficiary of a member who dies while employed beyond their Normal Retirement date will be paid the member's monthly accrued Normal Retirement benefit as of the date of death. The benefit is payable for 10 years.

Supplemental Benefit: Beneficiaries of all vested members who die prior to retirement will be paid the member's accumulated account balance from the Share Plan in the form of a lump sum.

O. Other Pre-Retirement Death

Eligibility: Members who have not reached Normal Retirement are eligible for survivor benefits after the completion of 10 or more years of Credited Service.

Benefit: The survivor benefit payable to the designated beneficiary is a monthly benefit which can be derived from the single sum value of the member's deferred Normal Retirement Benefit accrued as of the date of death.

Normal Form of Benefit: Payable for the life of the beneficiary; with 10 years guaranteed.

COLA: None

The beneficiary of a member with less than 10 years of Credited Service who had not reached Normal Retirement at the time of death will receive a refund of the member's accumulated contributions without interest.

The beneficiary of a member who dies while employed beyond their Normal Retirement date will be paid the member's monthly accrued Normal Retirement benefit as of the date of death. The benefit is payable for 10 years.

Supplemental Benefit: Beneficiaries of all vested members who die prior to retirement will be paid the member's accumulated account balance from the Share Plan in the form of a lump sum.

P. Post Retirement Death

Benefit determined by the form of benefit elected upon retirement.

Q. Optional Forms

In lieu of electing the Normal Form of benefit, the optional forms of benefits available to all retirees are a Single Life Annuity option or the 50%, 75% or 100% Joint and Survivor options. A Social Security option is also available for members retiring prior to the time they are eligible for Social Security retirement benefits.

R. Vested Termination

Eligibility: A member has earned a non-forfeitable right to Plan benefits after the completion of 5 years of Credited Service (See vesting table below).

Vesting is determined in accordance with the following table.

YEARS OF CREDITED SERVICE	% OF NORMAL RETIREMENT BENEFITS
Less Than 5	0%
5 or more	100%

Benefit: The benefit is the member's accrued Normal Retirement Benefit as of the date of termination. Benefit begins on the member's Normal Retirement date. Alternatively, members with 5 or more years of Credited Service may elect to receive benefits any time after age 50. The benefit will be reduced for Early Retirement, when applicable.

Plan members with less than 5 years of Credited Service will receive a refund of the member's accumulated contributions without interest.

Normal Form of Benefit: 10 Years Certain and Life thereafter; other options are also available.

COLA: None

Supplemental Benefit: Upon actual retirement, vested members will be paid their accumulated account balance from the Share Plan in the form of a lump sum.

S. Refunds

Eligibility: All members terminating employment with less than 5 years of Credited Service are eligible. Optionally, vested members (those with 5 or more years of credited service) may elect a refund in lieu of the vested benefits otherwise due.

Benefit: Refund of the member's contributions without interest.

T. Member Contributions

10.5% of Compensation.

U. Employer Contributions

Chapters 175 and 185 Premium Tax Distributions and any additional amount determined by the actuary needed to fund the plan properly according to State laws.

V. Cost of Living Increases

Not Applicable

W. Changes from Previous Valuation

None.

X. 13th Check

Not Applicable

Y. Deferred Retirement Option Plan

Eligibility: Participants that have met one of the following criteria are eligible for the DROP:

- (1) age 55 with 10 years of Credited Service, or
- (2) age 52 with 25 years of Credited Service, or
- (3) When the sum of age and Credited Service is equal to 75 years.

Benefit: The member's Credited Service and FAC are frozen upon entry into the DROP. The monthly retirement benefit as described under Normal Retirement is calculated based upon the frozen Credited Service and FAC.

Maximum

DROP Period: Participation in the DROP is limited to five years.

Interest

Credited: The member's DROP account is credited with interest based upon the irrevocable investment election made at the time of DROP entry.

Normal Form

of Benefit: Options include a lump sum or equal periodic payments.

COLA: None.

Z. Other Ancillary Benefits

There are no ancillary retirement type benefits not required by statutes but which might be deemed a Village of Key Biscayne Police Officers and Firefighters Retirement Plan liability if continued beyond the availability of funding by the current funding source.