

CITY OF PALM COAST  
VOLUNTEER FIREFIGHTERS' RETIREMENT TRUST FUND

ACTUARIAL VALUATION  
AS OF OCTOBER 1, 2014

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



May 8, 2015

Mr. Chris Quinn  
City of Palm Coast  
160 Cypress Point Parkway, Suite B-106  
Palm Coast, FL 32164-8436

Re: City of Palm Coast Volunteer Firefighters' Retirement Trust Fund

Dear Chris:

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

The valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board, and reflects laws and regulations issued to date pursuant to the provisions of Chapters 112, and 175, Florida Statutes, as well as applicable federal laws and regulations. In our opinion, the assumptions used in this valuation, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience.

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


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

To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the City of Palm Coast, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the City of Palm Coast Volunteer Firefighters' Retirement Trust Fund. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

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

Respectfully submitted,

Foster & Foster, Inc.

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

DHL/lke

Enclosures

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## SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Palm Coast Volunteer Firefighters' Retirement Trust Fund, performed as of October 1, 2014, has been completed, and the results are presented in this Report. The results of this valuation are applicable to the plan/fiscal year ended September 30, 2016.

The contribution requirements, compared with those set forth in October 1, 2013 Actuarial Valuation Report, are as follows:

Valuation Date	10/1/2013	10/1/2014
Applicable Plan/Fiscal Yr. End	<u>9/30/2015</u>	<u>9/30/2016</u>
Total Required Contribution	\$127,816	\$117,326
Member Contributions	0	0
City and State Required Contribution	127,816	117,326
State Contribution <sup>1</sup>	144,307	144,307
Balance from City <sup>2</sup>	0	0

<sup>1</sup> "Frozen" per traditional interpretation of Chapter 99-1 of the Florida Statutes. The "frozen" amount was modified from \$144,308 to \$144,307 in conjunction with passage of Ordinance 2015-02, as reflected in Section 2-549 of that amendment.

<sup>2</sup> Additionally, the City must contribute amount equal to the applicable Normal Cost (adjusted for interest), less the applicable State Contribution. The Total Required Contribution for the fiscal year ending September 30, 2015 reflects this statutory funding requirement (Chapter 112.66(13)).

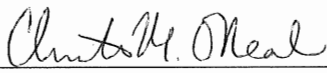
Experience during the last year was more favorable than expected relative to the Plan's actuarial assumptions. The primary sources of gain included a 9.0% investment return (Actuarial Asset basis), exceeding the 7.65% assumption, and greater than expected turnover.

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

Respectfully submitted,

FOSTER & FOSTER, INC.

By:   
Douglas H. Lozen, EA, MAAA

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

## CHANGES SINCE PRIOR VALUATION

### Plan Changes

Ordinance 2015-02, adopted and effective March 3, 2015, added a Supplemental Benefit (aka Share Plan) provision. A letter of no actuarial impact was submitted for this amendment.

### Actuarial Assumption/Method Changes

There have been no changes in methods or assumptions since the prior valuation.

## COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	<u>10/1/2014</u>	<u>10/1/2013</u>
A. Participant Data		
Number Included		
Actives	36	45
Service Retirees	20	20
Beneficiaries	1	0
Terminated Vested	1	1
Disability Retirees	0	0
Total	<u>58</u>	<u>66</u>
Total Annual Payroll	\$0	\$0
Payroll Under Assumed Ret. Age	0	0
Annual Rate of Payments to:		
Service Retirees	110,726	110,810
Beneficiaries	3,600	0
Terminated Vested	3,900	3,900
Disability Retirees	0	0
B. Assets		
Actuarial Value	3,594,367	3,097,640
Market Value	3,810,744	3,330,062
C. Liabilities		
Present Value of Benefits		
Active Members		
Retirement Benefits	777,550	751,934
Disability Benefits	18,770	21,087
Death Benefits	8,549	8,456
Vested Benefits	143,888	172,299
Refund of Contributions	0	0
Service Retirees	865,559	882,761
Beneficiaries	15,102	0
Terminated Vested	3,003	2,788
Disability Retirees	0	0
Excess State Monies Reserve	1,505,738	1,268,077
Total	<u>3,338,159</u>	<u>3,107,402</u>



	<u>10/1/2014</u>	<u>10/1/2013</u>
C. Liabilities - (Continued)		
Present Value of Future Salaries	0	0
Present Value of Future Member Cont.	0	0
Normal Cost (Entry Age Normal)		
Retirement	86,903	91,576
Disability	2,260	2,835
Death	968	999
Vesting	14,577	19,249
Refunds	0	0
Total Normal Cost	<u>104,708</u>	<u>114,659</u>
Present Value of Future Normal Costs	488,375	541,430
Accrued Liability (Entry Age Normal)		
Retirement	377,339	327,431
Disability	7,734	7,683
Death	3,887	3,247
Vesting	71,422	73,985
Refunds	0	0
Inactives	883,664	885,549
Excess State Monies Reserve	1,505,738	1,268,077
Total Actuarial Accrued Liability	<u>2,849,784</u>	<u>2,565,972</u>
Unfunded Actuarial Accrued Liability	(744,583)	(531,668)
D. Actuarial Present Value of Accrued Benefits		
Vested Accrued Benefits		
Inactives	883,664	885,549
Actives	175,961	108,149
Member Contributions	0	0
Total	<u>1,059,625</u>	<u>993,698</u>
Non-vested Accrued Benefits	<u>145,744</u>	<u>167,899</u>
Total Present Value Accrued Benefits	1,205,369	1,161,597
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
New Accrued Benefits	69,958	
Benefits Paid	(110,810)	
Interest	84,624	
Other	0	
Total:	<u>43,772</u>	

Valuation Date	10/1/2014	10/1/2013
Applicable to Fiscal Year Ending	<u>9/30/2016</u>	<u>9/30/2015</u>

## E. Pension Cost

Normal Cost (with interest) % of Total Annual Payroll	\$116,723	\$127,816
Administrative Expenses (with int.) % of Total Annual Payroll	67,985	28,571
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 30 years (as of 10/1/2014) % of Total Annual Payroll	(67,382)	(47,863)
Total Required Contribution % of Total Annual Payroll	117,326	108,524
Expected Member Contributions % of Total Annual Payroll	0	0
Expected City & State Contrib. % of Total Annual Payroll	117,326	108,524

## F. Past Contributions

Plan Years Ending:	<u>9/30/2014</u>
Total Required Contribution	\$130,671
City and State Requirement	130,671
Actual Contributions Made:	
Members	0
City	0
State	144,307 <sup>1</sup>
Total	<u>144,307</u>

G. Net Actuarial Gain (Loss)	176,675
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<sup>1</sup> "Frozen" per traditional interpretation of Chapter 99-1, Florida Statutes. Additionally, the \$144,307 reflects amounts required in Section 2-549 of Ordinance 2015-02.

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

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2014	(\$744,583)
2015	(736,474)
2016	(727,742)
2021	(672,991)
2026	(593,838)
2036	(253,028)
2044	0

I. (i) 3 Year Comparison of Investment Return on Actuarial Value

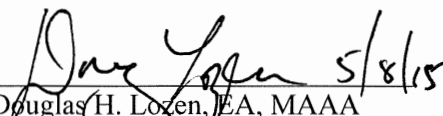
		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2014	8.95%	7.65%
Year Ended	9/30/2013	8.71%	7.65%
Year Ended	9/30/2012	5.96%	8.00%

(ii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2014	\$0
	10/1/2004	0
(b) Total Increase		0.0%
(c) Number of Years		10.00
(d) Average Annual Rate		0.0%

## STATEMENT BY ENROLLED ACTUARY

This actuarial valuation was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.

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

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

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

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

## RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

(1)	Unfunded Actuarial Accrued Liability as of October 1, 2013	(\$531,668)
(2)	Sponsor Normal Cost Applicable for the year	114,659
(3)	Expected Administrative Expense for the year	25,630
(4)	Interest on (1), (2) and (3)	(30,921)
(5)	Sponsor Contributions to the System during the year ending September 30, 2014	144,307
(6)	Interest on (5)	1,301
(7)	Expected Unfunded Accrued Liability as of October 1, 2014 (1)+(2)+(3)+(4)-(5)-(6)	(567,908)
(8)	New UAAL due to Actuarial (Gain)/Loss	(176,675)
(9)	Unfunded Accrued Liability as of October 1, 2014	(\$744,583)

	<u>Date Established</u>	<u>Years Remaining</u>	<u>10/1/2014 Amount</u>	<u>Amortization Amount</u>
method change	10/1/2005	21	627,439	56,632
actuarial gain	10/1/2006	22	(243,114)	(21,530)
actuarial gain	10/1/2007	23	(498,588)	(43,395)
benefit change	10/1/2007	23	2,756	240
actuarial gain	10/1/2008	24	(159,028)	(13,624)
method change	10/1/2008	24	(105,221)	(9,014)
actuarial loss	10/1/2009	25	79,717	6,731
actuarial loss	10/1/2010	26	10,101	842
assumption	10/1/2010	26	13,005	1,084
benefit change	10/1/2010	26	(168,904)	(14,073)
actuarial gain	10/1/2011	27	(17,625)	(1,451)
actuarial gain	10/1/2012	28	(94,426)	(7,686)
assumption	10/1/2012	28	33,576	2,733
actuarial gain	10/1/2013	29	(101,074)	(8,143)
software change	10/1/2013	29	53,478	4,308
actuarial gain	10/1/2014	30	<u>(176,675)</u>	<u>(14,100)</u>
			(\$744,583)	(\$60,446)

## DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1)	Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2013	(\$531,668)
(2)	Expected UAAL as of October 1, 2014	(567,908)
(3)	Summary of Actuarial (Gain)/Loss, by component:	
	Investment Return (Actuarial Asset Basis)	(41,548)
	Active Decrements	(65,301)
	Inactive Mortality	(195)
	Other	<u>(69,631)</u>
	Increase in UAAL due to (Gain)/Loss	(176,675)
(4)	Actual UAAL as of October 1, 2014	(\$744,583)

## ACTUARIAL ASSUMPTIONS AND METHODS

<u>Mortality Rates</u>	RP-2000 Table with no projection. Disabled lives set forward 5 years.
<u>Termination Rates</u>	See table below (1304B).
<u>Disability Rates</u>	See table below (1201), 75% of disabled lives are assumed to be service-related.
<u>Retirement Age</u>	The earlier of attainment of age 55 with 10 years of credited service, age 52 with 25 years of credited service, or age 62 with 5 years of credited service. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year.
<u>Interest Rate</u>	7.65% per year, compounded annually, net of investment-related expenses.
<u>Early Retirement</u>	Commencing with attainment of Early Retirement Status (age 50 with 10 years of service), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.
<u>Payroll Growth</u>	None
<u>Administrative Expenses</u>	\$60,987

<u>Age</u>	<u>% Terminating During the Year</u>	<u>% Becoming Disabled During the Year</u>
20	14.4%	0.03%
30	12.5	0.04
40	7.7	0.07
50	3.5	0.18

Funding Method

Entry Age Normal Actuarial Cost Method.

An interest load of 1.5 years (at the current valuation assumption of 7.65%) has been applied for the determination of Sponsor funding requirement.

Asset Valuation Method

Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric four-year average Market Value return. It is possible that over time this technique will produce an insignificant bias above or below Market Value.



## VALUATION NOTES

Total Annual Payroll not applicable.

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

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

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

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

Individual Entry Age Normal Actuarial Cost Method (Level Percent of Compensation) is the method used to determine required contributions under the Plan. The use of this method involves the systematic funding of the Normal Cost (described above) and the Unfunded Accrued (Past Service) Liability. The actuarial accrued liability for active participants is the difference between the present value of future benefits and the present value of future Normal Costs. The actuarial accrued liability for inactive participants is the present value of future benefits.

## HISTORY OF PREMIUM TAX REFUNDS

<u>Received During Fiscal Year</u>	<u>Amount</u>	<u>Increase from Previous Year</u>
2003	14,328.55	_____%
2004	62,129.98	333.6%
2005	96,546.34	55.4%
2006	128,816.42	33.4%
2007	242,231.00	88.0%
2008	380,757.00	57.2%
2009	499,181.00	31.1%
2010	339,246.90	-32.0%
2011	359,373.51	5.9%
2012	377,962.48	5.2%
2013	364,571.49	-3.5%
2014	381,967.45	4.8%

# EXCESS STATE MONIES RESERVE

Regular Distribution				Special Distribution		
	Actual State Contribution <sup>1</sup>	Applicable "Frozen" Amount <sup>2</sup>	Excess State Monies Reserve Contribution		Actual State Contribution <sup>1</sup>	Applicable "Frozen" Amount <sup>2</sup>
						Excess State Monies Reserve Contribution
2006	91,837.01	91,837.01	0.00	36,979.41	20,570.99	16,408.42
2007	187,121.72	91,837.01	95,284.71	55,109.02	20,570.99	34,538.03
2008	221,390.42	91,837.01	129,553.41	159,367.06	20,570.99	138,796.07
2009	212,319.07	123,737.01	88,582.06	286,862.12	20,570.99	266,291.13
2010	227,276.54	123,737.01	103,539.53	111,970.36	20,570.99	91,399.37
2011	243,058.45	123,737.01	119,321.44	116,315.06	20,570.99	95,744.07
2012	244,954.57	123,737.01	121,217.56	133,007.91	20,570.99	112,436.92
2013	236,585.58	123,737.01	112,848.57	127,985.91	20,570.99	107,414.92
2014	245,948.79	123,737.00	122,211.79	136,018.66	20,570.00	115,448.66
		Total:	892,559.07		Total:	978,477.59
Accumulated Regular Excess			892,559.07			
Accumulated Special Excess						978,477.59
Total Accumulated Excesses				1,871,036.66		
Excess Reserve Utilized for Ordinance 2009-04				(146,231.00)		
Excess Reserve Utilized for Ordinance 2011-18				(219,068.00)		
Equals current Excess State Monies Reserve				1,505,737.66		

<sup>1</sup> Prior to the adoption of Ordinance 2005-08, which was adopted February 15, 2005, the Plan was considered "Chapter", and therefore the City had access to all State Monies to offset the Plan's Total Required Contribution. Beginning with the fiscal year ending September 30, 2006, Excess State Monies received over the initial "Frozen" amount of \$112,408 must be allocated for additional benefits. The \$112,408 represents the annual cost of the initial benefit improvement when transitioning from "Chapter" to "Local Law" status.

<sup>2</sup> Frozen per traditional interpretation of Chapter 99-1 of the Florida Statutes. Amounts disclosed for 2014 and later reflect Section 2-549 of Ordinance 2015-02.

ACTUARIAL ASSET VALUATION  
SEPTEMBER 30, 2014

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

Details of the derivation are set forth as follows:

Plan Year End	Rate of Return*
09/30/2011	1.11%
09/30/2012	15.71%
09/30/2013	11.24%
09/30/2014	8.26%

Annualized Rate of Return for prior four (4) years: 8.95%

(A) 10/01/2013 Actuarial Assets: \$3,097,639.81

(I) Net Investment Income:

1. Interest and Dividends	277,981.17	
2. Realized Gains (Losses)	(623.35)	
3. Change in Actuarial Value	16,044.96	
4. Investment Related Expenses	(6,845.97)	
Total		286,556.81

(B) 10/01/2014 Actuarial Assets: \$3,594,367.04

Actuarial Asset Rate of Return =  $2I/(A+B-I)$ : 8.95%

10/01/2014 Limited Actuarial Assets: \$3,594,367.04

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

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

REVENUES

Contributions:		
State	381,967.45	
Total Contributions		381,967.45
Earnings from Investments:		
Interest & Dividends	277,981.17	
Net Realized Gain (Loss)	(623.35)	
Change in Actuarial Value	16,044.96	
Total Earnings and Investment Gains		293,402.78

EXPENDITURES

Distributions to Members:		
Benefit Payments	110,809.56	
Total Distributions		110,809.56
Expenses:		
Investment Related <sup>1</sup>	6,845.97	
Administrative	60,987.47	
Total Expenses		67,833.44
Change in Net Assets for the Year		496,727.23
Net Assets Beginning of the Year		3,097,639.81
Net Assets End of the Year <sup>2</sup>		3,594,367.04

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

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

## STATISTICAL DATA

	<u>10/1/2011</u>	<u>10/1/2012</u>	<u>10/1/2013</u>	<u>10/1/2014</u>
<u>Active Members</u>				
Average Current Age	43.3	41.2	37.6	41.1
Average Past Service	2.7	2.6	1.7	2.4
Number	40	42	45	36

## AGE AND SERVICE DISTRIBUTION

## PAST SERVICE

AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19	1	0	0	0	0	0	0	0	0	0	0	1
20 - 24	1	3	0	1	0	0	0	0	0	0	0	5
25 - 29	0	2	0	1	1	0	0	0	0	0	0	4
30 - 34	0	0	0	0	1	1	0	0	0	0	0	2
35 - 39	1	4	0	0	0	2	0	0	0	0	0	7
40 - 44	0	0	0	0	1	1	0	0	0	0	0	2
45 - 49	1	2	0	0	0	1	0	0	0	0	0	4
50 - 54	0	3	0	0	0	0	0	0	0	0	0	3
55 - 59	0	1	1	0	0	1	0	0	0	0	0	3
60 - 64	0	0	0	0	1	1	0	0	0	0	0	2
65+	1	0	1	0	1	0	0	0	0	0	0	3
Total	5	15	2	2	5	7	0	0	0	0	0	36

## VALUATION PARTICIPANT RECONCILIATION

## 1. Active lives

a. Number in prior valuation 10/1/2013	45
b. Terminations	
i. Vested (partial or full) with deferred benefits	0
ii. Non-vested or full lump sum distribution received	13
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	1
f. Voluntary withdrawal	0
g. Continuing participants	<u>31</u>
h. New entrants	<u>5</u>
i. Total active life participants in valuation	<u>36</u>

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

	<u>Service Retirees, Vested Receiving Benefits</u>	<u>Receiving Death Benefits</u>	<u>Receiving Disability Benefits</u>	<u>Vested Deferred</u>	<u>Total</u>
a. Number prior valuation	20	0	0	1	21
b. In	1	1	0	0	2
c. Out	1	0	0	0	1
d. Number current valuation	20	1	0	1	22



SUMMARY OF PLAN PROVISIONS  
(Through Ordinance No. 2015-02)

<u>Credited Service</u>	Total years and fractional parts of years of service with the City as Firefighter. Credited Service is based on "Length of Service Award Pension Program – Qualification Criteria."
<u>Normal Retirement</u>	
Date	Earlier of age 62 with the completion of 5 years of Credited Service, age 55 with the completion of 10 years of Credited Service, or age 52 with the completion of 25 years of Credited Service.
Benefit (Monthly)	\$65.00 times Credited Service.
Form of Benefit	10 Year Certain and Life thereafter (options available).
<u>Early Retirement</u>	
Date	Age 50 & 10 years of Credited Service.
Benefit Amount	Accrued benefit, reduced 3% per year, from age 55 or age 62.
<u>Disability</u>	
Eligibility	
Service Incurred	Covered from Date of Employment.
Non-Service Incurred	Ten years of Credited Service.
Exclusions	Disability resulting from use of drugs, illegal participation in riots, service in military, etc.
Benefit	Benefit accrued to date of disability.
Duration	Payable for life (with 120 payments guaranteed) or until recovery (as determined by the Board).

Death

Eligibility	Five years of Credited Service.
Benefit	Accrued benefit paid to Beneficiary for ten years, beginning at the Member's Normal Retirement Date (unreduced) or Early Retirement Date (reduced).
Post-Retirement	According to option selected, if any.

Vesting (Termination)

Eligibility	Five years of Credited Service.
Benefit	Accrued benefit payable at the Member's election, on his otherwise Early or Normal Retirement Date.

Contributions

Premium Tax	1.85% tax on premiums for fire insurance policies.
City	Remaining amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability over 30 years.

Supplement Benefit (Share Accounts)

Initial Crediting	80% of the \$1,047,814 Excess State Monies Reserve, established as of September 30, 2013, is allocated to eligible participants.
Annual Crediting	Annual Premium tax revenues received by the City in excess of the \$144,307 applicable frozen amount shall be allocated to participant accounts on a pro-rata basis (based on Credited Service).
Investment earnings	Eligible Share Accounts shall be credited or debited annually, based on the Plan's net-of-fees investment performance for the immediately preceding Plan Year.
Maximum Benefit	\$3,000 combined for benefits payable under the "Length of Service Award Pension Program" and allocations pursuant to the Supplement Benefit program.
Vesting	Five years of Credited Service.
Eligibility for Distribution	Eligible for Normal or Early Retirement.

Board of Trustees

- a. Two appointees of City Council;
- b. Two Firefighters elected by the members of the department; and
- c. Fifth member elected by the other four and appointed by Council (as a ministerial duty).

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

ANNUAL PENSION COSTS AND RELATED INFORMATION

Contribution rates as of 9/30/2014

City and State	130,671
Plan Members	N/A - unpaid volunteers

Annual pension cost (City and State) 130,671

Contributions made (City and State) <sup>1</sup> 144,307

Actuarial valuation date 10/1/2012

Actuarial cost method Entry Age Normal

Amortization method Level Dollar

Remaining amortization period 30 years

Asset valuation method 4 Year Smooth

Actuarial assumptions:

Investment rate of return	7.65%	(as of 10/1/2012)
Post Retirement COLA	0.0%	

THREE YEAR TREND INFORMATION

<u>Year</u> <u>Ending</u>	<u>Annual</u> <u>Pension</u> <u>Cost</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
9/30/2014	130,671	100%	0
9/30/2013	120,718	100%	0
9/30/2012	133,967	100%	0

<sup>1</sup> Reflects "frozen" State Contribution required by Section 2-549 of Ordinance 2015-02.

STATEMENT OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2014

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
State Board of Administration	13,597
Cash/Checking/Savings	23,198
Total Cash and Equivalents	36,795
Total Receivable	0
Investments:	
Mutual Funds:	
Fixed Income	1,495,911
Equity	2,278,038
Total Investments	3,773,949
Total Assets	3,810,744
Total Liabilities	0
NET POSITION RESTRICTED FOR PENSIONS	3,810,744

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

ADDITIONS

Contributions:

State	381,967	
Total Contributions		381,967

Investment Income:

Net Increase in Fair Value of Investments	(623)	
Interest & Dividends	277,981	
Less Investment Expense <sup>1</sup>	(6,846)	
Net Investment Income		270,512
Total Additions		652,479

DEDUCTIONS

Distributions to Members:

Benefit Payments	110,810	
Total Distributions		110,810
Administrative Expense		60,987
Total Deductions		171,797
Net Increase in Net Position		480,682

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year		3,330,062
End of the Year		3,810,744

<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, 2014)

Plan Description

*Plan Administration*

The Plan is administered by a Board of Trustees comprised of:

- a. Two appointees of City Council;
- b. Two Firefighters elected by the members of the department; and
- c. Fifth member elected by the other four and appointed by Council (as a ministerial duty).

*Plan Membership as of October 1, 2013:*

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	20
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	1
Active Plan Members	45
	66

*Benefits Provided*

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

Normal Retirement:

Date: Earlier of age 62 with the completion of 5 years of Credited Service, age 55 with the completion of 10 years of Credited Service, or age 52 with the completion of 25 years of Credited Service.

Benefit: \$65.00 times Credited Service.

Early Retirement:

Date: Age 50 & 10 years of Credited Service.

Benefit: Accrued benefit, reduced 3% per year, from age 55 or age 62.

Vesting (Termination):

Less than 5 years of Credited Service: Refund of Member Contributions, if any.

5 years or more: Accrued benefit payable at the Member's election, on his otherwise Early or Normal Retirement Date or Refund of Member Contributions, if any.

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:

Vested: Accrued benefit paid to Beneficiary for ten years, beginning at the Member's Normal Retirement Date (unreduced) or Early Retirement Date (reduced).

Non-Vested: Refund of Member contributions.

*Contributions*

Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes.

## Investments

### *Investment Policy:*

The following was the Board's adopted asset allocation policy as of September 30, 2014:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Equity	50%
International Equity	10%
<u>Fixed Income</u>	<u>40%</u>
Total	<u>100%</u>

### *Concentrations:*

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

### *Rate of Return:*

For the year ended September 30, 2014 the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 8.26 percent.

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



## NET PENSION LIABILITY OF THE SPONSOR

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

Total Pension Liability	\$ 2,906,032
Plan Fiduciary Net Position	\$ (3,810,744)
Sponsor's Net Pension Liability	<u>\$ (904,712)</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	131.13%

*Actuarial Assumptions:*

The total pension liability was determined by an actuarial valuation as of October 1, 2013 updated to September 30, 2014 using the following actuarial assumptions applied to all measurement periods.

Inflation	3.00%
Salary Increases	n/a
Investment Rate of Return	7.65%

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).

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2014 are summarized in the following table:

Asset Class	Long Term Expected Real Rate of Return
Domestic Equity	6.24%
International Equity	5.43%
Fixed Income	2.29%

Discount Rate:

The discount rate used to measure the total pension liability was 7.65 percent.

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

	1% Decrease 6.65%	Current Discount Rate 7.65%	1% Increase 8.65%
Sponsor's Net Pension Liability	\$ (760,119)	\$ (904,712)	\$ (1,024,675)

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

	09/30/2014	09/30/2013
Total Pension Liability		
Service Cost	113,712	105,631
Interest	103,447	95,623
Change in Excess State Money	237,659	-
Change in Funding Standard Account	-	-
Share Plan Allocation	-	-
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	-	-
Changes of Assumptions	-	-
Contributions - Buy Back	-	-
Benefit Payments, Including Refunds of Employee Contributions	(110,810)	(103,288)
Net Change in Total Pension Liability	344,008	97,966
Total Pension Liability - Beginning	2,562,024	2,464,058
Total Pension Liability - Ending (a)	<u>\$ 2,906,032</u>	<u>\$ 2,562,024</u>
Plan Fiduciary Net Position		
Contributions - Employer	-	-
Contributions - State	381,967	364,571
Contributions - Employee	-	-
Contributions - Buy Back	-	-
Net Investment Income	270,512	324,552
Benefit Payments, Including Refunds of Employee Contributions	(110,810)	(103,288)
Administrative Expense	(60,987)	(25,630)
Other	-	-
Net Change in Plan Fiduciary Net Position	480,682	560,205
Plan Fiduciary Net Position - Beginning	3,330,062	2,769,857
Plan Fiduciary Net Position - Ending (b)	<u>\$ 3,810,744</u>	<u>\$ 3,330,062</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ (904,712)</u>	<u>\$ (768,038)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	131.13%	129.98%

**SCHEDULE OF CONTRIBUTIONS**  
Last 10 Fiscal Years

	09/30/2014	09/30/2013
Actuarially Determined Contribution	130,671	120,718
Contributions in Relation to the		
Actuarially Determined Contributions	130,671	120,718
Contribution Deficiency (Excess)	\$ -	\$ -

Notes to Schedule

Valuation Date: 10/01/2012

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

Methods and assumptions used to determine contribution rates:

Funding Method:	Entry Age Normal Actuarial Cost Method.
Amortization Method:	Level dollar.
Remaining Amortization Period:	30 Years (as of 10/01/2012).
Asset Valuation Method:	Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return. It is possible that over time this technique will produce an insignificant bias above or below Market Value.
Payroll Growth:	None.
Interest Rate:	7.65% per year, compounded annually, net of investment-related expenses (previously 8.0%).
Retirement Age:	The earlier of attainment of age 55 with 10 years of credited service, age 52 with 25 years of credited service, or age 62 with 5 years of credited service. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year.
Early Retirement:	Commencing with attainment of Early Retirement Status (age 50 with 10 years of service), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.

Termination Rates: See Table Below.  
 Disability Rates: See Table Below. 75% of disablements are assumed to be service related.  
 Mortality: RP-2000 Table with no projection – Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements. (Disabled lives set forward 5 years).  
 Other Information: Termination and Disability Rate Table.

<u>Age</u>	<u>% Terminating During the Year</u>	<u>% Becoming Disabled During the Year</u>
20	14.4%	0.03%
30	12.5%	0.04%
40	7.7%	0.07%
50	3.5%	0.18%

SCHEDULE OF INVESTMENT RETURNS  
Last 10 Fiscal Years

	<u>09/30/2014</u>	<u>09/30/2013</u>
Annual Money-Weighted Rate of Return		
Net of Investment Expense	8.26%	11.24%

## NOTES TO THE FINANCIAL STATEMENTS

(For the Year Ended September 30, 2014)

### General Information about the Pension Plan

#### *Plan Description*

All volunteer firefighters as of February 17, 2009, and all future new volunteer firefighters, shall become members of this system as a condition of employment or upon being added to the roll of volunteer firefighters by the fire chief. All volunteer firefighters are therefore eligible for plan benefits as provided for in the plan document and by applicable law.

The Plan is administered by a Board of Trustees comprised of:

- a. Two appointees of City Council;
- b. Two Firefighters elected by the members of the department; and
- c. Fifth member elected by the other four and appointed by Council (as a ministerial duty).

#### *Plan Membership as of October 1, 2013:*

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	20
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	1
Active Plan Members	45
	66

#### *Benefits Provided*

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

##### Normal Retirement:

Date: Earlier of age 62 with the completion of 5 years of Credited Service, age 55 with the completion of 10 years of Credited Service, or age 52 with the completion of 25 years of Credited Service.

Benefit: \$65.00 times Credited Service.

##### Early Retirement:

Date: Age 50 & 10 years of Credited Service.

Benefit: Accrued benefit, reduced 3% per year, from age 55 or age 62.

##### Vesting (Termination):

Less than 5 years of Credited Service: Refund of Member Contributions, if any.

5 years or more: Accrued benefit payable at the Member's election, on his otherwise Early or Normal Retirement Date or Refund of Member Contributions, if any.

##### 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:

Vested: Accrued benefit paid to Beneficiary for ten years, beginning at the Member's Normal Retirement Date (unreduced) or Early Retirement Date (reduced).

Non-Vested: Refund of Member contributions.

#### *Contributions*

Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes.

## Net Pension Liability

The Sponsor's net pension liability was measured as of September 30, 2014.

The total pension liability used to calculate the net pension liability was determined as of that date.

### *Actuarial Assumptions:*

The total pension liability was determined by an actuarial valuation as of October 1, 2013 updated to September 30, 2014 using the following actuarial assumptions applied to all measurement periods.

Inflation	3.00%
Salary Increases	n/a
Investment Rate of Return	7.65%

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).

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class.

These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September, 30 2014 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	50.00%	6.24%
International Equity	10.00%	5.43%
Fixed Income	40.00%	2.29%
Total	100.00%	

### Discount Rate:

The discount rate used to measure the total pension liability was 7.65 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 (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at September 30, 2013	\$ 2,562,024	\$ 3,330,062	\$ (768,038)
Changes for a Year:			
Service Cost	113,712		113,712
Interest	103,447		103,447
Change In Excess State Money	237,659		237,659
Change In Funding Standard Account	-		-
Share Plan Allocation	-		-
Differences Between Expected and Actual Experience	-		-
Changes of Assumptions	-		-
Changes of Benefit Terms	-		-
Contributions - Employer		-	-
Contributions - State		381,967	(381,967)
Contributions - Employee		-	-
Contributions - Buy Back	-	-	-
Net Investment Income		270,512	(270,512)
Benefit Payments, Including Refunds of Employee Contributions	(110,810)	(110,810)	-
Administrative Expense		(60,987)	60,987
Other Changes	-	-	-
New Changes	344,008	480,682	(136,674)
Balances at September 30, 2014	\$ 2,906,032	\$ 3,810,744	\$ (904,712)

*Sensitivity of the net pension liability to changes in the discount rate.*

	Current Discount		
	1% Decrease 6.65%	Rate 7.65%	1% Increase 8.65%
Sponsor's Net Pension Liability	\$ (760,119)	\$ (904,712)	\$ (1,024,675)

*Pension plan fiduciary net position.*

Detailed information about the pension plan's fiduciary net position is available in a separately issued Plan financial report.

# PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

For the year ended September 30, 2015 the Sponsor will recognize a pension expense of -\$130,496. On September 30, 2015 the Sponsor reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	-	-
Changes of Assumptions	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	6,178
Total	<u>\$ -</u>	<u>\$ 6,178</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:	
2016	\$ (1,545)
2017	\$ (1,545)
2018	\$ (1,544)
2019	\$ (1,544)
2020	\$ -
Thereafter	\$ -

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

	09/30/2014	09/30/2013
Total Pension Liability		
Service Cost	113,712	105,631
Interest	103,447	95,623
Change in Excess State Money	237,659	-
Change in Funding Standard Account	-	-
Share Plan Allocation	-	-
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	-	-
Changes of Assumptions	-	-
Contributions - Buy Back	-	-
Benefit Payments, Including Refunds of Employee Contributions	(110,810)	(103,288)
Net Change in Total Pension Liability	344,008	97,966
Total Pension Liability - Beginning	2,562,024	2,464,058
Total Pension Liability - Ending (a)	<u>\$ 2,906,032</u>	<u>\$ 2,562,024</u>
Plan Fiduciary Net Position		
Contributions - Employer	-	-
Contributions - State	381,967	364,571
Contributions - Employee	-	-
Contributions - Buy Back	-	-
Net Investment Income	270,512	324,552
Benefit Payments, Including Refunds of Employee Contributions	(110,810)	(103,288)
Administrative Expense	(60,987)	(25,630)
Other	-	-
Net Change in Plan Fiduciary Net Position	480,682	560,205
	-	-
Plan Fiduciary Net Position - Beginning	3,330,062	2,769,857
Plan Fiduciary Net Position - Ending (b)	<u>\$ 3,810,744</u>	<u>\$ 3,330,062</u>
	0	0
Net Pension Liability - Ending (a) - (b)	<u>\$ (904,712)</u>	<u>\$ (768,038)</u>
	0	0
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	131.13%	129.98%

**SCHEDULE OF CONTRIBUTIONS**  
Last 10 Fiscal Years

	<u>09/30/2014</u>	<u>09/30/2013</u>
Actuarially Determined Contribution	130,671	120,718
Contributions in Relation to the		
Actuarially Determined Contributions	130,671	120,718
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>

Notes to Schedule

Valuation Date: 10/01/2012

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

Methods and assumptions used to determine contribution rates:

Funding Method:	Entry Age Normal Actuarial Cost Method.
Amortization Method:	Level dollar.
Remaining Amortization Period:	30 Years (as of 10/01/2012).
Asset Valuation Method:	Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return. It is possible that over time this technique will produce an insignificant bias above or below Market Value.
Payroll Growth:	None.
Interest Rate:	7.65% per year, compounded annually, net of investment-related expenses (previously 8.0%).
Retirement Age:	The earlier of attainment of age 55 with 10 years of credited service, age 52 with 25 years of credited service, or age 62 with 5 years of credited service. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year.
Early Retirement:	Commencing with attainment of Early Retirement Status (age 50 with 10 years of service), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.
Termination Rates:	See Table Below.

Disability Rates: See Table Below. 75% of disablements are assumed to be service related.  
Mortality: RP-2000 Table with no projection – Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements. (Disabled lives set forward 5 years).  
Other Information: Termination and Disability Rate Table.

Age	<u>% Terminating During the Year</u>	<u>% Becoming Disabled During the Year</u>
20	14.4%	0.03%
30	12.5%	0.04%
40	7.7%	0.07%
50	3.5%	0.18%

COMPONENTS OF PENSION EXPENSE  
FISCAL YEAR SEPTEMBER 30, 2015

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ (768,038)	\$ -	\$ -	
Total pension liability factors:				
Service cost	113,712			113,712
Interest	103,447			103,447
Change in Excess State Money	237,659			237,659
Change in Funding Standard Account	-			
Share Plan Allocation	-			-
Changes in Benefit terms	-			-
Contributions - buy back	-			-
Differences between expected and actual experience with regard to economic or demographic assumptions	-	-	-	
Current year amortization		-	-	-
Changes in assumptions about future economic or demographic factors or other inputs	-	-	-	
Current year amortization		-	-	-
Benefit payments	(110,810)			(110,810)
Net change	344,008	-	-	344,008
Plan fiduciary net position:				
Contributions - employer	-		-	
Contributions - state	381,967			(381,967)
Contributions - employee	-			-
Contributions - buy back	-			-
Net investment income	262,789			(262,789)
Difference between projected and actual earnings on pension plan investments	7,723	7,723	-	
Current year amortization		(1,545)	-	(1,545)
Benefit payments	(110,810)			110,810
Administrative expenses	(60,987)			60,987
Other	-			-
Net change	480,682	6,178	-	(474,504)
Ending Balance	\$ (904,712)	\$ 6,178	\$ -	\$ (130,496)