

RETIREMENT PLAN FOR EMPLOYEES
OF THE CITY OF JONESBORO

ACTUARIAL VALUATION
AS OF JANUARY 1, 2015

CONTRIBUTIONS APPLICABLE TO THE
PLAN/FISCAL YEAR ENDED DECEMBER 31, 2015

August 12, 2015

Ben Barylske, Chief Financial Officer
City of Jonesboro
515 W. Washington Ave.
Jonesboro, AR 72401

Re: Retirement Plan for Employees of the City of Jonesboro

Dear Ben:

We are pleased to present to the Board this report of the annual actuarial valuation of the Retirement Plan for Employees of the City of Jonesboro. 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, 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 Board of Trustees, financial reports prepared by the custodian bank and the actuarial assumptions and methods described in the Actuarial Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

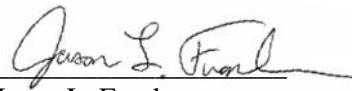
The undersigned is familiar with the immediate and long-term aspects of pension valuations, and meets the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the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

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

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

Respectfully submitted,

Foster & Foster, Inc.

By: 
Jason L. Franken
Enrolled Actuary #14-6888

JLF/lke

Enclosures

TABLE OF CONTENTS

Section	Title	Page
I	Introduction	
	a. Summary of Report	5
	b. Changes Since Prior Valuation	6
	c. Comparative Summary of Principal Valuation Results	7
II	Valuation Information	
	a. Development of January 1, 2015 Amortization Payment	12
	b. Projection of Benefit Payments	13
	c. Actuarial Assumptions and Methods	14
	d. Valuation Notes	15
III	Member Statistics	
	a. Statistical Data	16
	b. Age and Service Distribution	17
	c. Member Reconciliation	18
IV	Summary of Plan Provisions	19
V	Governmental Accounting Standards Board Statements Disclosure Information	20

SUMMARY OF REPORT

The regular annual actuarial valuation of the Retirement Plan for Employees of the City of Jonesboro, performed as of January 1, 2015, has been completed and the results are presented in this Report. The contribution amounts set forth herein are applicable to the plan/fiscal year ended December 31, 2015.

The contribution requirements, compared with those set forth in the January 1, 2014 actuarial valuation, are as follows:

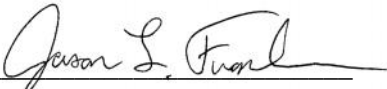
Valuation Date	1/1/2014	1/1/2015
Applicable Plan/Fiscal Year End	<u>12/31/2014</u>	<u>12/31/2015</u>
Total Required Contribution	\$0	\$0
% of Total Annual Payroll	0.0%	0.0%

During the last twelve months, the experience has been less favorable than expected, relative to the Plan’s actuarial assumptions. The primary source of unfavorable experience included a 4.6% investment return (Market Value Basis).

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

Respectfully submitted,

FOSTER & FOSTER, INC.

By: 
Jason L. Franken, FSA, EA, MAAA

Plan Changes Since Prior Valuation

There have been no changes to the Plan since the prior valuation.

Actuarial Assumption/Method Changes Since Prior Valuation

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

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	<u>1/1/2015</u>	<u>1/1/2014</u>
A. Participant Data		
Number Included		
Actives	142	164
Service Retirees	56	52
Beneficiaries	6	4
Terminated Vested	76	64
	<hr/>	<hr/>
Total	280	284
Total Annual Payroll	N/A	\$5,944,979
Payroll Under Assumed Ret. Age	N/A	5,681,391
Annual Rate of Payments to:		
Service Retirees	336,318	302,053
Beneficiaries	26,404	18,633
Terminated Vested	283,142	250,228
B. Assets		
Actuarial Value	9,814,779	9,706,016
Market Value	9,814,779	9,706,016
C. Liabilities		
Present Value of Benefits		
Active Members		
Retirement Benefits	2,702,622	2,858,478
Death Benefits	1,303	1,471
Vested Benefits	465,826	533,679
Refund of Contributions	0	0
Service Retirees	3,065,142	2,773,493
Beneficiaries	128,547	119,272
Terminated Vested	1,107,068	990,053
	<hr/>	<hr/>
Total	7,470,508	7,276,446

	<u>1/1/2015</u>	<u>1/1/2014</u>
C. Liabilities - (Continued)		
Present Value of Future Salaries	43,927,062	51,719,978
Present Value of Future Member Cont.	0	0
Normal Cost		
Retirement Benefits	0	0
Death Benefits	0	0
Vested Benefits	0	0
Refund of Contributions	0	0
	<hr/>	<hr/>
Total Normal Cost	0	0
Present Value of Future Normal Costs	0	0
Actuarial Accrued Liability		
Retirement Benefits	2,702,622	2,858,478
Death Benefits	1,303	1,471
Vested Benefits	465,826	533,679
Refund of Contributions	0	0
Inactives	4,300,757	3,882,818
	<hr/>	<hr/>
Total Actuarial Accrued Liability	7,470,508	7,276,446
Unfunded Actuarial Accrued Liab (UAAL)	(2,344,271)	(2,429,570)
D. Actuarial Present Value of Accrued Benefits		
Vested Accrued Benefits		
Inactives	4,300,757	3,882,818
Actives	3,100,608	3,295,819
Member Contributions	47,828	52,924
	<hr/>	<hr/>
Total	7,449,193	7,231,561
Non-vested Accrued Benefits	21,315	44,885
	<hr/>	<hr/>
Total Present Value Accrued Benefits	7,470,508	7,276,446
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
New Accrued Benefits	(4,105)	
Benefits Paid	(335,004)	
Interest	533,171	
Other	0	
	<hr/>	
Total:	194,062	

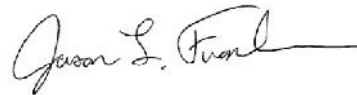
Valuation Date Applicable to Fiscal Year Ending	1/1/2015 <u>12/31/2015</u>	1/1/2014 <u>12/31/2014</u>
E. Pension Cost		
Normal Cost (with interest)	\$0	\$0
Administrative Expense (with interest)	36,624	36,624
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 30 years (as of 1/1/2015)	(198,492)	(205,715)
Total Required Contribution	0	0
Expected Member Contributions	0	0
Expected City Contribution	0	0
F. Past Contributions		
Plan Year Ending:	<u>12/31/2014</u>	
Total Required Contribution	0	
City Requirement	0	
Actual Contributions Made:		
Members	0	
City	0	
Total	<u>0</u>	
G. Net Experience Gain (Loss)	(232,170)	

H. 3 Year Comparison of Investment Return on Actuarial Value

		<u>Actual</u>	<u>Assumed</u>
Year Ended	12/31/2014	4.6%	7.5%
Year Ended	12/31/2013	10.7%	7.5%
Year Ended	12/31/2012	10.7%	7.5%

STATEMENT BY ENROLLED ACTUARY

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



Jason L. Franken, FSA, EA, MAAA
Enrolled Actuary #14-6888

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

(1)	Unfunded Actuarial Accrued Liability as of January 1, 2014	(\$2,429,570)
(2)	Sponsor Normal Cost developed as of January 1, 2014	0
(3)	Expected Administrative expenses for the fiscal year ended December 31, 2014	34,069
(4)	Interest on (1), (2) and (3)	(180,940)
(5)	Sponsor Contributions to the System during the year ending December 31, 2014	0
(6)	Interest on (4)	0
(7)	Expected UAAL as of January 1, 2015 (1)+(2)+(3)+(4)-(5)-(6)	(2,576,441)
(8)	Change in UAAL due to Experience (Gain)/Loss	232,170
(9)	Unfunded Accrued Liability as of January 1, 2015	(\$2,344,271)

	<u>Date Established</u>	<u>Years Remaining</u>	<u>1/1/2015 Amount</u>	<u>Amortization Amount</u>
UAAL	1/1/2015	30	(\$2,344,271)	(\$184,644)

PROJECTION OF BENEFIT PAYMENTS

Year	Payments for Current Actives	Payments for Current Inactives	Total Payments
2015	39,730	371,472	411,203
2016	48,964	368,360	417,324
2017	77,370	375,157	452,527
2018	85,969	367,913	453,881
2019	124,591	372,781	497,372
2020	151,960	364,927	516,887
2021	190,263	359,106	549,369
2022	248,968	368,978	617,945
2023	258,958	366,844	625,801
2024	278,198	355,994	634,192
2025	334,608	343,101	677,709
2026	342,899	337,842	680,741
2027	363,510	329,723	693,233
2028	373,361	323,790	697,150
2029	389,337	316,489	705,826
2030	388,035	308,383	696,417
2031	382,037	299,093	681,129
2032	389,809	293,987	683,796
2033	392,429	290,684	683,113
2034	395,468	287,948	683,416
2035	405,213	284,847	690,060
2036	417,089	273,762	690,851
2037	434,352	269,495	703,847
2038	420,562	262,214	682,777
2039	403,036	245,320	648,356
2040	387,227	234,103	621,330
2041	377,043	222,317	599,359
2042	369,046	219,084	588,131
2043	355,594	204,605	560,198
2044	341,008	193,735	534,744
2045	331,956	179,780	511,736
2046	313,351	173,936	487,288
2047	289,091	166,649	455,740
2048	279,395	156,457	435,852
2049	263,342	151,911	415,254
2050	246,189	145,617	391,806
2051	227,863	137,348	365,211
2052	209,207	126,498	335,705
2053	192,223	117,620	309,843
2054	175,981	108,676	284,657

ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rate	IRS Prescribed Mortality Optional Combined Table for Small Plans as of the valuation date.
Interest Rate	7.5% per year compounded annually, net of investment related expenses
Retirement Age	100% retiring at age 65.
Termination Rate	2003 Society of Actuaries Small Plan Age Table, multiplied by 0.60. See below.
Salary Increases	4.5% per year until the assumed Retirement Age.
Administrative Expenses	\$34,069
Disability	None
Interest Rate for Member Contributions	2.95%
Funding Method	Projected Unit Credit Cost Method
Actuarial Asset Method	Market Value of Assets
Amortization Method	Level Dollar, Open

<u>Age</u>	<u>% Terminating During the Year</u>
20	14.58%
30	9.30
40	5.64
50	3.36

VALUATION NOTES

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

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

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

Unfunded Accrued Liability 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.

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.

Projected Unit Credit Cost Method - Under this method, the normal cost for an active participant is the present value of the projected increase in the benefit earned during the year. The total normal cost is the sum of the individual normal costs for all active participants.

The accrued liability is the sum of the individual accrued liabilities for all participants and beneficiaries. A participant's accrued liability equals the present value, at the participant's attained age, of the accrued benefits with projections made for salary increases. A beneficiary's accrued liability equals the present value, at the beneficiary's attained age, of future benefits. The unfunded accrued liability equals the total accrued liability less the actuarial value of assets.

STATISTICAL DATA

	<u>1/1/2012</u>	<u>1/1/2013</u>	<u>1/1/2014</u>	<u>1/1/2015</u>
<u>Active Members</u>				
Number	208	181	164	142
Average Current Age	46.2	47.4	48.7	50.3
Average Age at Employment	37.5	37.6	37.7	38.1
Average Past Service	8.7	9.8	11.0	12.2
Average Annual Salary	\$33,469	\$36,094	\$36,250	N/A
<u>Retirees & Beneficiaries</u>				
Number	46	54	56	62
Average Current Age	69.8	69.2	70.6	70.0
Average Annual Benefit	\$5,263	\$5,516	\$5,727	\$5,850
<u>Terminated Vested Members</u>				
Number	53	57	64	76
Average Current Age	47.1	48.1	48.3	47.2
Average Annual Benefit	\$3,484	\$3,857	\$3,910	\$3,726

AGE AND SERVICE DISTRIBUTION

PAST SERVICE

AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	0	0	0	0	0	1	0	0	0	0	0	1
25 - 29	0	0	0	1	0	0	0	0	0	0	0	1
30 - 34	0	0	0	1	2	4	3	0	0	0	0	10
35 - 39	0	0	0	1	2	11	3	1	0	0	0	18
40 - 44	0	0	0	1	0	5	4	1	2	0	0	13
45 - 49	0	0	0	0	3	5	6	6	1	0	0	21
50 - 54	0	0	0	2	0	5	5	1	1	2	0	16
55 - 59	0	0	0	1	1	13	3	8	3	4	0	33
60 - 64	0	0	0	2	0	5	6	4	2	2	0	21
65+	0	0	0	1	1	3	0	2	0	1	0	8
Total	0	0	0	10	9	52	30	23	9	9	0	142

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 1/1/2014	164
b. Terminations	
i. Vested (partial or full) with deferred benefits	14
ii. Non-vested or full lump sum distribution received	3
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Retired	5
e. Voluntary withdrawal	0
f. Continuing participants	142
g. New entrants	0
h. Total active life participants in 1/1/2015 valuation	142

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

	Service Retirees, Vested Receiving <u>Benefits</u>	Receiving Death <u>Benefits</u>	Vested <u>Deferred</u>	<u>Total</u>
a. Number prior valuation	52	4	64	120
b. In	7	2	14	23
c. Out	3	0	2	5
d. Number current valuation	56	6	76	138

SUMMARY OF CURRENT PLAN

<u>Eligibility</u>	Any full-time employee who is employed for more than 20 hours per week and more than five months per year.
<u>Accrual Service</u>	Years and fractional parts of years (to the nearest month) of service as employed by the City through December 31, 2011.
<u>Compensation</u>	Gross annual compensation, without reduction for flexible spending account contributions.
<u>Average Compensation</u>	The monthly average of the five latest Compensation Years through December 31, 2011.
<u>Normal Retirement</u>	
Date	Age 65 and 5 years of Accrual Service.
Benefit	1.5% for each year of Accrual Service times average compensation. Minimum of \$25 per month.
Form of Benefit	For the Retiree's lifetime with 120 payments guaranteed.
<u>Early Retirement</u>	
Date	Age 55 and 5 years of Accrual Service.
Benefit	Accrued benefit, reduced 6.7% per year for the first five years then 3.3% per year for the next five years.
Form of Benefit	For the Retiree's lifetime with 120 payments guaranteed.
<u>Vesting</u>	
Schedule	100% after 5 years of Accrual Service.
Benefit Amount	Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Normal Retirement Date.
<u>Death Benefit</u>	
Benefit	100% refund of Member's contribution account.

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

ANNUAL PENSION COSTS AND RELATED INFORMATION

Contribution rates as of 12/31/2014

City	0
Plan Members	0
Actuarially Determined Contribution	0
Contributions made	0
Actuarial valuation date	1/1/2014
Actuarial cost method	Projected Unit Credit
Amortization method	Level Dollar, Open
Remaining amortization period	30 Years
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increase*	4.5%
* Includes inflation at	3.0%
Post Retirement COLA	0.0%

THREE YEAR TREND INFORMATION

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2014	0	N/A	0
12/31/2013	0	N/A	0
12/31/2012	0	N/A	0

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Money Market	722,732
Cash	56,806
Total Cash and Equivalents	779,538
Total Receivable	-
Investments:	
Mutual Funds: Principal	
Fixed Income	3,851,284
Equity	3,856,243
Pooled/Common/Commingled Funds: Stephens	
Fixed Income	383,189
Equity	944,525
Total Investments	9,035,241
Total Assets	9,814,779
<u>LIABILITIES</u>	
Total Liabilities	-
NET POSITION RESTRICTED FOR PENSIONS	9,814,779

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2014
Market Value Basis

ADDITIONS

Total Contributions		-
Investment Income:		
Net Increase in Fair Value of Investments	424,177	
Interest & Dividends	51,041	
Less Investment Expense ¹	(31,451)	
Net Investment Income		443,767
Total Additions		443,767
<u>DEDUCTIONS</u>		
Distributions to Members:		
Benefit Payments	335,004	
Total Distributions		335,004
Administrative Expense		-
Total Deductions		335,004
Net Increase in Net Position		108,763
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		9,706,016
End of the Year		9,814,779

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

NOTES TO THE FINANCIAL STATEMENTS
(For the Year Ended December 31, 2014)

Plan Description

Plan Administration

The Plan Administrator has complete control of the administration of the Plan. The Plan Administrator has all the powers necessary for it to properly carry out its administrative duties.

Plan Membership as of January 1, 2014:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	56
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	64
Active Plan Members	164
	284
	284

Benefits Provided

The Plan provides retirement, termination and death benefits.

Benefits are frozen as of December 31, 2011.

Normal Retirement:

Date: Age 65 and 5 years of Accrual Service.

Benefit: 1.5% for each year of Accrual Service times average compensation. Minimum of \$25 per month.

Early Retirement:

Date: Age 55 and 5 years of Accrual Service.

Benefit: Accrued benefit, reduced 6.7% per year for the first five years then 3.3% per year for the next five years.

Vesting:

Schedule: 100% after 5 years of Accrual Service.

Benefit Amount: Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Normal Retirement Date.

Death Benefits:

100% refund of Member's contribution account.

Contributions

The amount and timing of Employer Contributions shall be determined based on actuarial valuations and recommendations as to the amounts required to fund benefits under this Plan. Dividends, if any, declared under the Annuity Contract and forfeitures shall be applied to reduce future Employer Contributions.

Investments

Asset Class	Target Allocation
Domestic Equity	53%
Fixed Income	47%
Total	100%

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 December 31, 2014 the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 4.64 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 December 31, 2014 were as follows:

Total Pension Liability	\$ 6,668,277
Plan Fiduciary Net Position	<u>\$ (9,814,779)</u>
Sponsor's Net Pension Liability (Asset)	<u>\$ (3,146,502)</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	147.19%

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of January 1, 2014 updated to December 31, 2014 using the following actuarial assumptions:

Inflation	3.00%
Salary Increases	4.50%
Investment Rate of Return	7.50%

Mortality Rate: IRS Prescribed Mortality Optional Combined Table for Small Plans as of the valuation date.

There is no information available of the Long-Term Expected Real Rate of Return on the pension plan investments.

Asset Class	Long Term Expected Real Rate of Return
Domestic Equity	N/A
Fixed Income	N/A

Discount Rate:

The discount rate used to measure the total pension liability was 7.50 percent.

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

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Sponsor's Net Pension Liability (Asset)	\$ (2,474,524)	\$ (3,146,502)	\$ (3,733,076)

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

	<u>12/31/2014</u>
Total Pension Liability	
Service Cost	127,963
Interest	476,915
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes of Assumptions	-
Contributions - Buy Back	-
Benefit Payments, Including Refunds of Employee Contributions	(335,004)
Net Change in Total Pension Liability	<u>269,874</u>
Total Pension Liability - Beginning	<u>6,398,403</u>
Total Pension Liability - Ending (a)	<u><u>\$ 6,668,277</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	-
Contributions - Employee	-
Contributions - Buy Back	-
Net Investment Income	443,767
Benefit Payments, Including Refunds of Employee Contributions	(335,004)
Administrative Expense	-
Other	-
Net Change in Plan Fiduciary Net Position	<u>108,763</u>
Plan Fiduciary Net Position - Beginning	<u>9,706,016</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 9,814,779</u></u>
Net Pension Liability - Ending (a) - (b)	<u><u>\$ (3,146,502)</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	147.19%
Covered Employee Payroll	\$ 5,681,391
Net Pension Liability as a Percentage of covered Employee Payroll	-55.38%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	12/31/2014
Actuarially Determined Contribution	-
Contributions in Relation to the	
Actuarially Determined Contributions	-
Contribution Deficiency (Excess)	\$ -
Covered Employee Payroll	\$ 5,681,391
Contributions as a Percentage of	
Covered Employee Payroll	0.00%

Notes to Schedule

Valuation Date: 01/01/2014

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

Methods and assumptions used to determine contribution rates:

Funding Method:	Projected Unit Credit Cost Method.
Amortization Method:	Level Dollar, Open
Remaining Amortization Period:	30 Years.
Actuarial Asset Method:	Market Value of Assets.
Inflation:	3.0% per year.
Salary Increases:	4.50% per year until the assumed Retirement Age.
Interest Rate:	7.5% per year compounded annually, net of investment related expenses.
Retirement Age:	100% retiring at age 65.
Termination Rate:	2003 Society of Actuaries Small Plan Age Table, multiplied by 0.60. See table below.
Disability:	None.
Mortality Rate:	IRS Prescribed Mortality Optional Combined Table for Small Plans as of the valuation date.

Termination Rate Table:	<u>% Terminating</u>
<u>Age</u>	<u>During the Year</u>
20	14.58%
30	9.30%
40	5.64%
50	3.36%

SCHEDULE OF INVESTMENT RETURNS
Last 10 Fiscal Years

	<u>12/31/2014</u>
Annual Money-Weighted Rate of Return	
Net of Investment Expense	4.64%

NOTES TO THE FINANCIAL STATEMENTS

(For the Year Ended December 31, 2014)

General Information about the Pension Plan

Plan Description

Any full-time employee who is employed for more than 20 hours per week and more than five months per year. The Plan Administrator has complete control of the administration of the Plan. The Plan Administrator has all the powers necessary for it to properly carry out its administrative duties.

Plan Membership as of January 1, 2014:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	56
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	64
Active Plan Members	164
	284

Benefits Provided

The Plan provides retirement, termination and death benefits.

Benefits are frozen as of December 31, 2011.

Normal Retirement:

Date: Age 65 and 5 years of Accrual Service.

Benefit: 1.5% for each year of Accrual Service times average compensation. Minimum of \$25 per month.

Early Retirement:

Date: Age 55 and 5 years of Accrual Service.

Benefit: Accrued benefit, reduced 6.7% per year for the first five years then 3.3% per year for the next five years.

Vesting:

Schedule: 100% after 5 years of Accrual Service.

Benefit Amount: Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Normal Retirement Date.

Death Benefits:

100% refund of Member's contribution account.

Contributions

The amount and timing of Employer Contributions shall be determined based on actuarial valuations and recommendations as to the amounts required to fund benefits under this Plan. Dividends, if any, declared under the Annuity Contract and forfeitures shall be applied to reduce future Employer Contributions.

Net Pension Liability

The Sponsor's net pension liability was measured as of December 31, 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 January 1, 2014 updated to December 31, 2014 using the following actuarial assumptions:

Inflation	3.00%
Salary Increases	4.50%
Investment Rate of Return	7.50%

Mortality Rate: IRS Prescribed Mortality Optional Combined Table for Small Plans as of the valuation date.

There is no information available of the Long-Term Expected Real Rate of Return on the pension plan investments.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	53%	N/A
Fixed Income	47%	N/A
Total	100%	

Discount Rate:

The discount rate used to measure the total pension liability was 7.50 percent.

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CHANGES IN NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at December 31, 2013	\$ 6,398,403	\$ 9,706,016	\$ (3,307,613)
Changes for a Year:			
Service Cost	127,963		127,963
Interest	476,915		476,915
Differences Between Expected and Actual Experience	-		-
Changes of Assumptions	-		-
Changes of Benefit Terms	-		-
Contributions - Employer		-	-
Contributions - Employee		-	-
Contributions - Buy Back	-	-	-
Net Investment Income		443,767	(443,767)
Benefit Payments, Including Refunds of Employee Contributions	(335,004)	(335,004)	-
Administrative Expense		-	-
Other Changes	-	-	-
New Changes	269,874	108,763	161,111
Balances at December 31, 2014	<u>\$ 6,668,277</u>	<u>\$ 9,814,779</u>	<u>\$ (3,146,502)</u>

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

	Current Discount		
	1% Decrease 6.50%	Rate 7.50%	1% Increase 8.50%
Sponsor's Net Pension Liability	\$ (2,474,524)	\$ (3,146,502)	\$ (3,733,076)

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 December 31, 2015 the Sponsor will recognize a pension expense of -\$56,187. On December 31, 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
	<u> </u>	<u> </u>
Differences Between Expected and Actual Experience	-	-
Changes of Assumptions	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	217,298	-
Total	<u>\$ 217,298</u>	<u>\$ -</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	\$	54,324
2017	\$	54,325
2018	\$	54,325
2019	\$	54,324
2020	\$	-
Thereafter	\$	-

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

	<u>12/31/2014</u>
Total Pension Liability	
Service Cost	127,963
Interest	476,915
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes of Assumptions	-
Contributions - Buy Back	-
Benefit Payments, Including Refunds of Employee Contributions	(335,004)
Net Change in Total Pension Liability	<u>269,874</u>
Total Pension Liability - Beginning	6,398,403
Total Pension Liability - Ending (a)	<u><u>\$ 6,668,277</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	-
Contributions - Employee	-
Contributions - Buy Back	-
Net Investment Income	443,767
Benefit Payments, Including Refunds of Employee Contributions	(335,004)
Administrative Expense	-
Other	-
Net Change in Plan Fiduciary Net Position	<u>108,763</u>
	-
Plan Fiduciary Net Position - Beginning	9,706,016
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 9,814,779</u></u>
Net Pension Liability - Ending (a) - (b)	<u><u>\$ (3,146,502)</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	147.19%
Covered Employee Payroll	\$ 5,681,391
Net Pension Liability as a Percentage of covered Employee Payroll	-55.38%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	12/31/2014
Actuarially Determined Contribution	-
Contributions in Relation to the	
Actuarially Determined Contributions	-
Contribution Deficiency (Excess)	\$ -
Covered Employee Payroll	\$ 5,681,391
Contributions as a Percentage of	
Covered Employee Payroll	0.00%

Notes to Schedule

Valuation Date: 01/01/2014

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

Methods and assumptions used to determine contribution rates:

Funding Method:	Projected Unit Credit Cost Method.
Amortization Method:	Level Dollar, Open
Remaining Amortization Period:	30 Years.
Actuarial Asset Method:	Market Value of Assets.
Inflation:	3.0% per year.
Salary Increases:	4.50% per year until the assumed Retirement Age.
Interest Rate:	7.5% per year compounded annually, net of investment related expenses.
Retirement Age:	100% retiring at age 65.
Termination Rate:	2003 Society of Actuaries Small Plan Age Table, multiplied by 0.60. See table below.
Disability:	None.
Mortality Rate:	IRS Prescribed Mortality Optional Combined Table for Small Plans as of the valuation date.

Termination Rate Table:	<u>% Terminating</u>
<u>Age</u>	<u>During the Year</u>
20	14.6%
30	9.3%
40	5.6%
50	3.4%

COMPONENTS OF PENSION EXPENSE
FISCAL YEAR DECEMBER 31, 2015

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ (3,307,613)	\$ -	\$ -	\$ -
Total pension liability factors:				
Service cost	127,963	-	-	127,963
Interest	476,915	-	-	476,915
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	(335,004)	-	-	(335,004)
Net change	<u>269,874</u>	<u>-</u>	<u>-</u>	<u>269,874</u>
Plan fiduciary net position:				
Contributions - employer	-	-	-	-
Contributions - state	-	-	-	-
Contributions - employee	-	-	-	-
Contributions - buy back	-	-	-	-
Net investment income	715,389	-	-	(715,389)
Difference between projected and actual earnings on pension plan investments	(271,622)	-	271,622	-
Current year amortization	-	-	(54,324)	54,324
Benefit payments	(335,004)	-	-	335,004
Administrative expenses	-	-	-	-
Other	-	-	-	-
Net change	<u>108,763</u>	<u>-</u>	<u>217,298</u>	<u>(326,061)</u>
Ending Balance	<u>\$ (3,146,502)</u>	<u>\$ -</u>	<u>\$ 217,298</u>	<u>\$ (56,187)</u>