



Montemayor Hill Britton & Bender PC

CERTIFIED PUBLIC ACCOUNTANTS

LAREDO FIREFIGHTERS RETIREMENT SYSTEM

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITOR'S REPORT

SEPTEMBER 30, 2014

LAREDO FIREFIGHTERS RETIREMENT SYSTEM

TABLE OF CONTENTS

Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-4
Statement of Fiduciary Net Position	5
Statement of Changes in Fiduciary Net Position	6
Notes to Financial Statements	7-14
Schedule of Changes in the System's Net Pension Liability and Related Ratios	15



Montemayor Hill Britton & Bender PC

CERTIFIED PUBLIC ACCOUNTANTS

Board of Trustees
Laredo Firefighters Retirement System

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying statement of fiduciary net position of the Laredo Firefighters Retirement System (the System) as of September 30, 2014, the related statements of changes in fiduciary net position for the year then ended, which collectively comprise the System's financial statements, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

2525 WALLINGWOOD DRIVE
SUITE 200
AUSTIN, TEXAS 78746
PHONE: 512.442.0380
FAX: 512.442.0817
www.montemayorhill.com



Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of the System as of September 30, 2014, and the changes in its financial status for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 and 4 and the supplemental schedules on page 15 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Montemayr Hill Britton & Bender PC

19 May 2015
Austin, Texas

LAREDO FIREFIGHTERS RETIREMENT SYSTEM

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Laredo Firefighters Retirement System (the System) financial report presents our discussion and analysis of the System's financial performance during fiscal year 2014. We encourage readers to consider the information presented here in conjunction with our financial statements that follow.

Financial Highlights

- The net position of the System increased from \$107,464,621, as of September 30, 2013, to \$118,341,982, as of September 30, 2014. This increase of \$10,877,361, or 10.12%, is a result of ongoing contributions to the plan, an increase in the fair value of the plan's investments, and increased contribution rates.
- Contributions were \$10,079,483 in 2013 and \$10,574,836 in 2014.
- The Fund paid benefits of \$7,465,214 in 2013 and \$8,363,136 in 2014.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the System's financial statements, which are comprised of the following:

- **Statement of Fiduciary Net Position** - presents the System's assets and liabilities and the resulting net position, which is restricted for pension benefits. This statement reflects a year-end snapshot of the Plan's investments at fair value, along with cash and short-term investments, receivables and other assets and liabilities.
- **Statement of Changes in Fiduciary Net Position** - provides a view of current year additions to and deductions from the plan.
- **Notes to the Financial Statements** - provide additional information that is essential to a full understanding of the data provided in the financial statements.

The two financial statements report the System's net position restricted for pension benefits (net position) – the difference between assets and liabilities – which is one way to measure the System's financial position. Over time, increases and decreases in net position are one indicator of whether its financial health is improving or deteriorating. Collectively, this information presents the net position restricted for pension benefits as of the end of each year, and summarizes the changes in net position restricted for pension benefits for the year.

Financial Analysis

Summary of Fiduciary Net Position

	<u>Assets</u>	<u>9/30/14</u>	<u>9/30/13</u>
Cash and cash equivalents		\$190,994	\$174,331
Investments, at fair value		118,216,354	107,309,744
Interest and dividend receivable		26,707	23,652
Participant contributions receivable		0.00	0.00
Total assets		<u>118,434,055</u>	<u>107,507,727</u>
	<u>Liabilities</u>		
Accounts payable and accrued liabilities		<u>92,073</u>	<u>43,106</u>
Total liabilities		<u>92,073</u>	<u>43,106</u>
Plan net position restricted for pension benefits		<u>\$118,341,982</u>	<u>\$107,464,621</u>

LAREDO FIREFIGHTERS RETIREMENT SYSTEM

MANAGEMENT'S DISCUSSION AND ANALYSIS

Summary of Changes in Fiduciary Net Position

	<u>2014</u>	<u>2013</u>
<u>Additions</u>		
Contributions	\$ 10,574,836	\$ 10,079,483
Net investment income	<u>9,021,937</u>	<u>11,561,665</u>
Total additions	<u>19,596,773</u>	<u>21,641,148</u>
<u>Deductions</u>		
Benefits	8,500,340	7,465,214
General and administrative expenses	<u>221,416</u>	<u>479,696</u>
Total deductions	<u>8,721,756</u>	<u>7,944,910</u>
Net increase in plan net position restricted for pension benefits	10,875,017	13,696,238
Plan net position restricted for pension benefits beginning of year	<u>107,464,621</u>	<u>93,768,383</u>
Plan net position restricted for pension benefits end of year	<u>\$118,339,638</u>	<u>\$107,464,621</u>

Additions

Funds to pay benefits are accumulated through contributions and returns on invested funds. Member and Employer contributions for 2014 and 2013 were \$10,574,836 and \$10,079,483, respectively.

The System's net investment income was \$9,111,703 for 2014, compared to \$11,561,665 for 2013. Net appreciation in the fair value of investments was \$10,877,361 in 2014, compared to \$13,696,238 in 2013. Interest and dividends generated income of \$1,373,872 and \$1,314,932 in 2014 and 2013, respectively. Investment expenses, net of other revenues, were \$271,888 and \$390,119 in 2014 and 2013, respectively.

Deductions

The expenses paid by the System were administrative expenses. Administrative expenses in 2014 and 2013 were \$446,042 and \$479,696, respectively. The Fund refunded contributions to terminating employees 2014 and 2013 were \$102,188 and \$235,857 respectively.

Request for Information

This financial report is designed to provide a general overview of the finances of the Laredo Firefighters Retirement System for all parties with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the plan administrator, 5219 Tesoro Plaza Drive, Laredo, TX 78041.

LAREDO FIREFIGHTERS RETIREMENT SYSTEM

STATEMENT OF FIDUCIARY NET POSITION

SEPTEMBER 30, 2014

ASSETS

Cash and cash equivalents	\$190,994
Investments at fair value:	
Money market funds	13,633,809
Domestic corporate bonds	11,709,244
Foreign stocks	34,356,668
Domestic stocks	<u>58,516,633</u>
	118,216,354
Interest and dividends receivable	<u>26,707</u>
	<u>118,434,055</u>

LIABILITIES

Accounts payable and accrued liabilities	<u>94,417</u>
--	---------------

NET POSITION RESTRICTED FOR PENSION BENEFITS	<u>\$118,339,638</u>
--	----------------------

The accompanying notes are an integral part of this financial statement presentation.

LAREDO FIREFIGHTERS RETIREMENT SYSTEM
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED SEPTEMBER 30, 2014

ADDITIONS TO PLAN POSITION

Contributions:

Employer retirement contributions	\$6,044,620
Participant contributions	4,521,220
Other	<u>8,996</u>
	<u>10,574,836</u>

Net investment income:

Net increase/(decrease) in the fair value of investments	1,965,164
Interest and dividends	1,373,872
Net gain (loss) on sale of investment	6,044,555
Investment expenses	<u>(361,654)</u>
	<u>9,021,937</u>
	<u>19,596,773</u>

DEDUCTIONS FROM NET POSITION

Retirement benefit payments	8,500,340
General and administrative expenses	<u>221,416</u>
	<u>8,721,756</u>

NET INCREASE IN NET POSITION 10,875,017

BEGINNING NET POSITION RESTRICTED FOR PENSION BENEFITS 107,464,621

ENDING NET POSITION RESTRICTED FOR PENSION BENEFITS \$118,339,638

The accompanying notes are an integral part of this financial statement presentation.

LAREDO FIREFIGHTERS RETIREMENT SYSTEM
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: ORGANIZATION

A. PLAN DESCRIPTION

The Board of Trustees of the Laredo Firefighters Retirement System is the administrator of a single-employer defined benefit pension plan. The board is composed of seven members: the mayor or the mayor's designated representative; the city's chief financial officer or a person designated by the chief financial officer; three active members of the retirement system elected by participating members; and two citizen members who are elected by the other members of the board.

Firefighters in the Laredo Fire Department are covered by the Laredo Firefighters Retirement System. The table below summarizes the membership of the system included in the September 30, 2014 actuarial valuation of the system.

Retirees and Beneficiaries Currently Receiving Benefits	143
Terminated Members Entitled to Benefits but Not Yet Receiving Them	0
Active Participants (Vested and Nonvested)	<u>373</u>
	<u>516</u>

The Laredo Firefighters Retirement System provides service retirement, death, disability, and withdrawal benefits. These benefits fully vest after 20 years of credited service. Firefighters may retire at age 50 with at least 20 years of service. If a terminated firefighter under age 50 has a vested benefit, he may retire with an actuarially reduced benefit at ages 45-49 or defer retiring until age 50. As of the September 30, 2014 actuarial valuation date, the plan effective February 9, 2012 provided a monthly normal service retirement benefit, payable in a Joint and Two-Thirds to Spouse form of annuity, equal to 3.03% of Final Average Monthly Salary for each year of service.

A retiring firefighter who is at least age 51 with at least 21 years of service has the option to elect the Retroactive Deferred Option Plan (RETRO DROP) which will provide a lump sum benefit and a reduced monthly benefit. The reduced monthly benefit is based on the service and Final Average Monthly Salary as if he had terminated employment on his selected RETRO DROP benefit calculation date, which is no earlier than the later of the date he meets the age 51 and 21 years of service requirements and the date two years prior to the date he actually retires. Upon retirement, the member will receive, in addition to his monthly retirement benefit, a lump sum equal to the sum of (1) the amount of monthly contributions the member has made to the system after the RETRO DROP benefit calculation date plus (2) the total of the monthly retirement benefits the member would have received between the RETRO DROP benefit calculation date and the date he retired under the plan. There are no account balances. The lump sum is calculated at the time of retirement and distributed as soon as administratively possible.

LAREDO FIREFIGHTERS RETIREMENT SYSTEM
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: ORGANIZATION

A. PLAN DESCRIPTION

There is no provision for automatic postretirement benefit increases. The system has the authority to provide, and has periodically in the past provided, ad hoc postretirement benefit increases. The benefit provisions of this plan are authorized by the Texas Local Fire Fighters' Retirement Act (TLFFRA). TLFFRA provides the authority and procedure to amend benefit provisions.

B. FUNDING POLICY

The contribution provisions of this plan are authorized by TLFFRA. TLFFRA provides the authority and procedure to change the amount of contributions determined as a percentage of pay by each firefighter and a percentage of payroll by the city.

The funding policy of the Laredo Firefighters Retirement System requires contributions equal to 15.00% of pay by the firefighters, the rate elected by the firefighters according to TLFFRA. The city currently contributes 20.1% of pay for each active firefighter according to a collective bargaining agreement. The actuarial valuation includes the assumption that the city contribution rate will be 20.1% over the UAAL amortization period. The costs of administering the plan are paid from the system.

The funding policy also depends upon the total return of the system's assets, which varies from year to year. For the year ending September 30, 2014, the money-weighted rate of return was 8.33%. This measurement of the investment performance is net of investment expenses and reflects the estimated effect of the timing of the contributions received and the benefits paid during the year.

While the contribution requirements are not actuarially determined, state law requires that each change in plan benefits adopted by the system must first be approved by an eligible actuary, certifying that the contribution commitment by the firefighters and the assumed city contribution rate together provide an adequate contribution arrangement. Using the entry age actuarial cost method, the plan's normal cost contribution rate is determined as a percentage of payroll. The excess of the total contribution rate over the normal cost contribution rate is used to amortize the plan's unfunded actuarial accrued liability (UAAL). The number of years needed to amortize the plan's UAAL is actuarially determined using an open, level percentage of payroll method.

LAREDO FIREFIGHTERS RETIREMENT SYSTEM
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: ORGANIZATION

C. NET PENSION LIABILITY

The system's net pension liability was measured as of September 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2014.

Total pension liability	\$194,345,799
Plan fiduciary net position	<u>118,339,638</u>
Fund's net pension liability	<u>\$76,006,161</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>60.9%</u>

1. Actuarial Assumptions

The total pension liability in the September 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.50%
Salary increases	3.50% plus promotion, step, and longevity increases that average 1.89% per year over a 30-year career
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Healthy Lives Mortality Tables for males and for females projected to 2024 by scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components 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 (currently resulting in 4.6%) and by adding expected inflation (3.50%). In addition, the final 8.00% assumption was selected by "rounding down" and thereby reflects a margin of 0.10% for adverse deviation.

LAREDO FIREFIGHTERS RETIREMENT SYSTEM
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: ORGANIZATION

C. NET PENSION LIABILITY

The target allocation and expected arithmetic net real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Net Real Rate of Return</u>
Equities		
Domestic large cap	15%	5.8%
Domestic mid cap	8	6.1
Domestic small cap	10	6.0
International developed	12	5.9
Emerging markets	10	7.5
Fixed Income		
Domestic core	10	1.4
Domestic bank loan	5	2.4
Domestic TIPS	5	2.0
Alternatives		
Real estate	5	3.8
Hedge funds	15	2.6
Natural resources	5	4.0
Cash	<u>0</u>	0.1
Total	100%	
Weighted Average		4.6%

2. Discount Rate

The discount rate used to measure the total pension liability was 8.00%. No projection of cash flows was used to determine the discount rate because the September 30, 2014 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 30 years. That UAAL was based on an actuarial value of assets that was \$2,282,783 less than the plan fiduciary net position as of September 30, 2014. Because of the 30-year amortization period with the lower value of assets, the pension plan's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments of 8.00% was applied to all periods of projected benefit payments as the discount rate to determine the total pension liability.

LAREDO FIREFIGHTERS RETIREMENT SYSTEM
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: ORGANIZATION

C. NET PENSION LIABILITY

3. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the system, calculated using the discount rate of 8.00%, as well as what the system's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.00%) or 1 percentage point higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
System's net pension liability	<u>\$101,012,241</u>	<u>\$76,006,161</u>	<u>\$55,064,987</u>

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The System's financial statements are prepared using the accrual basis of accounting under which expenses are recorded when the liability is incurred, revenues are recorded in the accounting period in which they are earned and become measurable, and investment purchases and sales are recorded as of their trade date. Contributions are recognized as revenues in the period in which the related employees' payroll is earned. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

METHOD USED TO VALUE INVESTMENTS

The System is invested in domestic corporate bonds, domestic and foreign stocks and money market funds. These investments are reported at fair value. Fair value is the amount that the plan can reasonably expect to receive for an investment in a current sale between a willing buyer and a willing seller, other than in a forced or liquidation sale. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Securities not traded on national exchanges are reported at estimated fair value. Investment income is recognized in the period earned. Investment purchases, sales, and gains and losses are recognized on a trade-date basis. Dividends are recorded on the ex-dividend date. Realized gains and losses are calculated independent of the net change in fair value of investments. Gains and losses on investments sold in the current year that had been held more than one year are included as a change in the fair value of investments reported in the prior year and the current year.

LAREDO FIREFIGHTERS RETIREMENT SYSTEM
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ESTIMATES

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions to the net position restricted for pension benefits during the reporting period. Actual results could differ from those estimates.

SYSTEM EXPENSES

All System administrative costs are the responsibility of the System and are financed through investment earnings.

SUBSEQUENT EVENTS

Management has evaluated subsequent events as of May 19, 2015, the date the financial statements were available to be issued.

NOTE 3: FEDERAL INCOME TAXES

The System is a Public Employee Retirement System and is exempt from Federal income taxes. A favorable determination letter from the Internal Revenue Service was issued in March 2014.

NOTE 4: DEPOSIT AND INVESTMENT RISK

The Board has adopted an Investment Policy Statement (IPS) to set forth the factors involved in the management of investment assets for the System and the IPS is included with the every manager's agreement.

CUSTODIAL CREDIT RISK

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the System will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. Deposits are exposed to custodial credit risk if they are uninsured and unsecured. The System did not have exposure to custodial credit risk for deposits as of September 30, 2014.

LAREDO FIREFIGHTERS RETIREMENT SYSTEM
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4: DEPOSIT AND INVESTMENT RISK

CUSTODIAL CREDIT RISK

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Fund will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the System and are held by either the counterparty or the counterparty's trust department or agent but not in the Fund's name. As of September 30, 2014, the System's investment securities are not exposed to custodial credit risk because all securities are held by the System's custodial bank in the System's name.

CONCENTRATION OF CREDIT RISK

Concentration of credit risk is the risk of loss attributed to the magnitude of the System's investment in a single issuer. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools and other pooled investments are excluded from disclosure of credit quality ratings. The following is a summary of individual investments that represent more than 5% of net position restricted for benefits.

	<u>Fair Value</u>	<u>% of Total Investments</u>
Ironwood International	\$8,934,255	7.6%
Pointer Offshore Limited	\$9,362,235	7.9%
Waddell & Reed Small Company Growth Fund	\$5,944,221	5.0%

The IPS sets the following allowable ranges and target asset allocations for the Fund's investments:

<u>Class</u>	<u>Allowable Range</u>
Energy	0%-5%
Commodities	0%-5%
Cash	0%-10%
Real estate	0%-10%
International Emerging Equity	5%-15%
International Developed Equity	7.5%-15%
Global Fixed income	10%-30%
FOF- Hedge Funds	10%-30%
U.S. Equities	22.5%-62.5%

LAREDO FIREFIGHTERS RETIREMENT SYSTEM
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4: DEPOSIT AND INVESTMENT RISK

CONCENTRATION OF CREDIT RISK

The Board will retain discretion with respect to the asset allocation decision based upon current and anticipated market conditions, the independent actions of the Board, and liquidity requirements. Along with diversification, the Board and IPS set investment goals and guidelines. There were no changes to this investment policy during the year.

INTEREST RATE RISK

Interest rate risk is the risk that changes in interest rates will adversely affect an investment's fair value.

CREDIT RISK

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations to the System.

As of September 30, 2014, the System had the following investments subject to interest rate risk and credit risk:

<u>Investment</u>	<u>Weighted Average Maturity</u>	<u>Weighted Average Credit Rating</u>
Loomis Sayles Senior Loan Fund	5.6 years	BB-
PIMCO Real Return Fund	8.3 years	AA

NOTE 5: SCHEDULE OF INVESTMENT RETURNS

The money-weighted rate of return expresses investment performance, net of investment expenses, that reflects the estimated effect of the contributions received and the benefits paid during the year.

<u>Fiscal Year</u>	<u>Annual Money-Weighted Net Real Rate of Return</u>
September 30, 2013	12.18%
September 30, 2014	8.33%

GASB 67 Required Supplementary Information
Schedule of Changes in the System's Net Pension Liability and Related Ratios
Last Ten Fiscal Years¹

	Fiscal year Ending 9/30/2014
1. Total Pension Liability	
a. Service cost	\$ 5,562,847
b. Interest	14,710,813
c. Changes of benefit terms	0
d. Differences between expected and actual experience	0
e. Assumption changes	0
f. Benefit payments	(8,500,340)
g. Net Change in Total Pension Liability	11,773,320
h. Total Pension Liability - Beginning	182,572,479²
i. Total Pension Liability - Ending	\$ 194,345,799
2. Plan Fiduciary Net Position	
a. Contributions by the city	\$ 6,044,620
b. Contributions by the firefighters	4,521,220
c. Net investment income	9,030,933
d. Benefit payments	(8,500,340)
e. Administrative expense	(221,416)
f. Other	0
g. Net Change in Plan Fiduciary Net Position	10,875,017[^]
h. Plan Fiduciary Net Position - Beginning	107,464,621
i. Plan Fiduciary Net Position - Ending	\$ 118,339,638[^]
3. System's Net Pension Liability - Ending [Item 1(i)-2(i)]	\$ 76,006,161[^]
4. Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	60.9%
5. Annual Covered Payroll	\$ 31,185,860
6. System's Net Pension Liability as a Percentage of Covered Payroll	243.7%

Notes to Schedule

¹ This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

² Determined from the end of year total pension liability using the roll back procedure allowed for the initial year of implementing GASB 67.

Schedule of Investment Returns
Last Ten Fiscal Years¹

Fiscal Year Ending	Annual Money-Weighted Net Real Rate of Return ²
September 30, 2013	12.18%
September 30, 2014	8.33%

Notes to Schedule

¹ This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

² The money-weighted rate of return expresses investment performance, net of investment expenses, reflecting the estimated effect of the contributions received and the benefits paid during the year.

See independent auditor's report.