

**FRANKLIN REGIONAL
RETIREMENT SYSTEM**

Annual Financial Statements

For the Year Ended December 31, 2013

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INDEPENDENT AUDITORS' REPORT

To the Retirement Board
Franklin Regional Retirement System

Additional Offices:

Nashua, NH
Manchester, NH
Andover, MA
Ellsworth, ME

Report on the Financial Statements

We have audited the accompanying financial statements of the Franklin Regional Retirement System, which comprise the statement of net assets available for benefits and of accumulated plan benefits as of December 31, 2013, the related statement of changes in net assets available for benefits and of accumulated plan benefits for the year ended December 31, 2013, 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 from 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 judgment, including the assessment of the risks 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 plan'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 plan'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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of the Franklin Regional Retirement System as of December 31, 2013, and the changes in its financial status for the year ended December 31, 2013, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Comparative Statements

The accompanying statement of net assets available for benefits of the Franklin Regional Retirement System as of December 31, 2012, and the related statement of changes in net assets available for benefits for the year then ended were not audited, reviewed, or compiled by us and, accordingly, we do not express an opinion or any other form of assurance on them.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and Schedule of Funding Progress 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 Schedule of Funding Progress 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 evidence sufficient to express an opinion or provide any assurance. The Franklin Regional Retirement System has not presented the management's discussion and analysis.

Melanson Heath

October 29, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Franklin Regional Retirement System (the System), we offer readers this narrative overview and analysis of the financial activities of the System for the year ended December 31, 2013.

A. OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements are comprised of three components: (1) the statement of plan net assets, (2) the statement of changes in plan net assets, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The statement of plan net assets presents information on all assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position is improving or deteriorating.

The statement of changes in plan net assets presents information showing how the System's net assets changed during the most recent fiscal year. All changes in plan net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected assessments and accrued interest).

Notes to financial statements. The notes provide additional information that are essential to a full understanding of the data provided in the basic financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America.

B. FINANCIAL HIGHLIGHTS

- As of the close of the current fiscal year, the total of assets exceeded liabilities by \$111,610,374 (i.e., net assets), an increase of \$18,154,130 in comparison to the prior year.
- Employer and employee contributions to the plan were \$8,639,667 which represents a \$353,070 increase over the preceding year. The employer share of contributions represents 63% of the total contributions.

- Benefits paid to plan participants were \$7,846,675. As of the January 1, 2012 actuarial report, there were 476 retirees and beneficiaries receiving pension benefits.
- The System's funded ratio as of the January 1, 2012 actuarial report was 63%.

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of condensed financial data for the current and prior fiscal years.

PLAN NET ASSETS

	<u>2013</u>	2012 (unaudited)
Cash and investments	\$ 114,237,107	\$ 95,784,244
Other assets	<u>154,468</u>	<u>171,648</u>
Total assets	114,391,575	95,955,892
Liabilities	<u>2,781,201</u>	<u>2,499,648</u>
Total liabilities	<u>2,781,201</u>	<u>2,499,648</u>
Net assets held in trust for pension benefits	<u>111,610,374</u>	<u>93,456,244</u>
Total net assets	\$ <u>111,610,374</u>	\$ <u>93,456,244</u>

CHANGES IN PLAN NET ASSETS

	<u>2013</u>	2012 (unaudited)
Additions:		
Investment income, net	\$ 18,271,627	\$ 11,243,513
Contributions	8,650,265	8,332,441
Reimbursements and other income	<u>439,735</u>	<u>375,647</u>
Total additions	27,361,627	19,951,601
Deductions:		
Benefits paid to participants	7,846,675	7,126,892
Refunds to members and transfers to other systems	947,552	980,276
Administrative expenses	<u>413,270</u>	<u>431,094</u>
Total expenses	<u>9,207,497</u>	<u>8,538,262</u>
Change in net assets	18,154,130	11,413,339
Net assets - beginning of year	<u>93,456,244</u>	<u>82,042,905</u>
Net assets - end of year	\$ <u>111,610,374</u>	\$ <u>93,456,244</u>

Financial Highlights. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, total net assets were \$111,610,374, an increase of \$18,154,130 in comparison to the prior year.

Key elements of this change are discussed in the following paragraphs.

Total revenue increased \$7,410,026 from the prior year. This was comprised of an increase in investment income of \$7,028,114, due mostly to the net increase in investment value (realized and unrealized, net of management fees) of \$6,987,634 plus an increase in interest and dividends of \$40,480. Other revenue changes include; employer contributions and reimbursements increase of \$418,980; and employee contribution decrease of \$(37,068).

Total expenses increased from the prior year by \$669,235. This was mostly the result of an increase in benefits paid to participants of \$719,783 offset by decreases in refunds / transfers out of \$(32,724) and administrative expenses of \$(17,824).

In addition, administrative expenses were less than budgeted by approximately \$19,000.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Franklin Regional Retirement System's finances for all those with an interest in the System's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Mr. Dale Kowacki, Executive Director
Franklin Regional Retirement System
278 Main Street
Suite 311
Greenfield, MA 01301

FRANKLIN REGIONAL RETIREMENT SYSTEM
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
AND OF ACCUMULATED PLAN BENEFITS
AS OF DECEMBER 31, 2013

<u>ASSETS</u>	<u>2013</u>	<u>2012</u> <u>(unaudited)</u>
Cash	\$ 2,107,877	\$ 1,335,467
Investments, at fair value:		
Equities	32,327,580	25,682,412
Pooled domestic fixed income funds	11,880,754	12,017,656
Pooled real estate funds	5,496,237	4,989,676
PRIT Fund	62,424,659	51,759,033
Receivables:		
Member deductions and makeup payments	150,667	161,830
Other receivables	-	5,146
Prepaid expenses	<u>3,801</u>	<u>4,672</u>
TOTAL ASSETS	114,391,575	95,955,892
 <u>LIABILITIES</u>		
Accounts payable	100,714	114,075
Employer contributions received in advance	<u>2,680,487</u>	<u>2,385,573</u>
TOTAL LIABILITIES	<u>2,781,201</u>	<u>2,499,648</u>
 <u>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</u>		
Designated:		
Annuity Savings Fund	25,652,934	25,054,751
Annuity Reserve Fund	9,778,822	9,090,794
Military Service Fund	-	3,488
Pension Fund	21,437,339	14,912,859
Pension Reserve Fund	<u>54,741,279</u>	<u>44,394,352</u>
TOTAL NET ASSETS HELD	<u>\$ 111,610,374</u>	<u>\$ 93,456,244</u>

The accompanying notes are an integral part of these financial statements.

FRANKLIN REGIONAL RETIREMENT SYSTEM
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
AND OF CHANGES IN ACCUMULATED PLAN BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2013

Additions	<u>2013</u>	<u>2012</u> <u>(unaudited)</u>
Investment income:		
Net appreciation (depreciation) in fair value of investments	\$ 11,452,528	\$ 7,772,693
Interest and dividends	2,254,406	2,213,926
Net gain (loss) on sale of investments	5,182,301	1,761,819
Less investment expenses	<u>(617,608)</u>	<u>(504,925)</u>
Total Net Investment Income	18,271,627	11,243,513
Contributions:		
Employer	5,452,157	5,062,019
Employee	3,187,510	3,224,578
Reimbursement from other systems	375,782	308,021
State reimbursements for COLA and survivor benefits	63,953	67,626
Other contributions	<u>10,598</u>	<u>45,844</u>
Total Additions	27,361,627	19,951,601
Deductions		
Benefits paid directly to participants	7,846,675	7,126,892
Refunds to members	396,387	541,614
Transfers to other systems	551,165	438,662
Administrative expenses	<u>413,270</u>	<u>431,094</u>
Total Deductions	<u>9,207,497</u>	<u>8,538,262</u>
Net change in plan net assets	18,154,130	11,413,339
Net assets held in trust for pension benefits:		
Beginning of Year	<u>93,456,244</u>	<u>82,042,905</u>
End of Year	<u>\$ 111,610,374</u>	<u>\$ 93,456,244</u>

The accompanying notes are an integral part of these financial statements.

Franklin Regional Retirement System

Notes to Financial Statements

The Franklin Regional Retirement System (the System) administers a defined benefit multiple employer cost sharing pension plan covering all Franklin Regional Retirement System member unit employees deemed eligible by the Retirement Board. The System is governed by a Board made up of five elected and appointed members.

1. Summary of Significant Accounting Policies

The System's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Administrative costs of the System are financed through excess investment earnings.

The accounting records of the System are maintained on a calendar year basis in accordance with the standards and procedures established by the Commonwealth of Massachusetts, Public Employee Retirement Administration Commission (PERAC).

Method Used to Value Investments. Investments are reported at market value. Investment procedures and restrictions stipulated under Massachusetts General Law must be followed.

2. Plan Description and Contribution Information

The System's plan is a defined benefit multiple employer cost sharing pension plan covering the employees of its 39 member units, except school department employees who serve in a teaching capacity. The pensions of such employees are administered by the Massachusetts Teachers' Retirement Board.

The System is a member of the Massachusetts Contributory Retirement System and is governed by Chapter 32 of the Massachusetts General Laws. Chapter 32 also establishes contribution percentages and benefits paid. The System does not have the authority to amend benefit provisions. As required by Massachusetts General Laws, the System issues a separate report annually to PERAC.

The System provides retirement, disability, and death benefits to plan members and their beneficiaries. Cost-of-living adjustments (COLA) are provided at the discretion of the System's Retirement Board.

Membership consisted of the following at January 1, 2012, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	476
Terminated plan members entitled to but not yet receiving benefits	583
Active plan members	<u>929</u>
Total	<u>1,988</u>
Number of participating employers	39

At January 1, 2012, the 39 participating employers consisted of:

Towns	24
School Districts	6
Special Districts	<u>9</u>
Total	<u>39</u>

Employers are required to contribute at actuarially determined rates as accepted by the Public Employee Retirement Administration Commission (PERAC).

A. Participation

Participation is mandatory for all full-time employees. Eligibility with respect to part-time, provisional, temporary, seasonal, or intermittent employment is governed by regulations promulgated by the Retirement Board, and approved by PERAC. Membership is optional for certain elected officials.

There are 3 classes of membership in the System:

- Group 1: General employees, including clerical, administrative, technical, and all other employees not otherwise classified.
- Group 2: Certain specified hazardous duty positions.
- Group 4: Police officers, firefighters, and other specified hazardous positions.

B. Member Contribution

Participants contribute a set percentage of their gross regular compensation annually. Employee contribution percentages are specified in Chapter 32 of the Massachusetts General Laws. The employee's individual contribution percentage is determined by their date of entry into the system. In addition, all employees hired after January 1, 1979 contribute an additional 2% on all gross regular compensation over the rate of \$30,000 per year. The percentages are as follows:

Before January 1, 1975	5%
January 1, 1975 to December 31, 1983	7%
January 1, 1984 to June 30, 1996	8%
Beginning July 1, 1996	9%

C. Cost of Living

Under MGL Chapter 17 of the Acts of 1997, if the Retirement Board votes to pay a cost of living increase for the year, the percentage is determined based on the increase in the Consumer Price Index (CPI) used for indexing Social Security benefits, but cannot exceed 3.0%. Section 51 of Chapter 127 of the Acts of 1999, if accepted, allows boards to grant COLA increases greater than that determined by CPI but not to exceed 3.0%. The first \$14,000 of a retiree's total allowance is subject to a cost of living adjustment. The total cost of living adjustment for periods from 1981 through 1996 is paid for by the Commonwealth of Massachusetts.

D. Funded Status and Funding Progress

The funded status of the plan as of January 1, 2012, the most recent actuarial valuation date, is as follows (in thousands):

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
01/01/12	\$ 85,648	\$135,323	\$49,674	63%	\$30,038	165%

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

Additional information as of the latest actuarial valuation follows:

Valuation date	1/1/12
Actuarial cost method	Entry Age Normal
Amortization method	Approximate level percent of payroll
Remaining amortization period	22 years
Asset valuation method	Market value adjusted by payables and receivables
Actuarial assumptions:	
Investment rate of return	7.875% per year
Projected salary increase	4.25% per year

3. **Cash and Short-Term Investments**

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the System's deposits may not be returned. Massachusetts General Law Chapter 32, Section 23, limits the System's deposits "in a bank or trust company to an amount not exceeding ten percent of the capital and surplus of such bank or trust company." The System does not have a deposit policy for custodial credit risk.

As of December 31, 2013, \$1,935,126 of the System's bank balance of \$2,185,126 was exposed to custodial credit risk as uninsured, uncollateralized, and/or collateral held by pledging bank's trust department not in the System's name.

4. **Investments**

A. Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment.

Massachusetts General Law, Chapter 32, Section 23, limits the investment of System funds (to the extent not required for current disbursements) in the PRIT Fund or in securities (other than mortgages or collateral loans), which are legal for the investment of funds in savings banks under the laws of the Commonwealth, provided that no more than the established percentage of assets is invested in any one security.

Due to their nature, none of the System's investments are subject to credit risk disclosure. Fair value of the PRIT Fund is the same as the value of the pool share. The Pension Reserves Investment Trust (PRIT) was cre-

ated under Massachusetts General Law, Chapter 32, Section 22, in December 1983. The PRIT is operated under contract with a private investment advisor, approved by the Pension Reserves Investment Management Board.

B. Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The System’s policy is to limit custodial credit risk by diversifying plan assets as described under Asset Allocation and Management Structure below.

C. Concentration of Credit Risk

Massachusetts General Law Chapter 32, Section 23 limits the amount the System may invest in any one issuer or security type, with the exception of the PRIT Fund. The System’s policy with respect to asset allocation and management structure is as follows:

Asset Allocation

The Board of Trustees of the Retirement System originally adopted an asset allocation policy in 2002 and modified the policy in 2012 to the following. It should be noted that this is a target allocation policy and the Board of Trustees has the authority to override these targets if market conditions warrant such action.

	<u>Percentages of Allocation</u>			<u>Corresponding Index</u>
	<u>Target</u>	<u>Minimum</u>	<u>Maximum</u>	
Diversified investments	55%	45%	65%	Customized
Domestic stocks	27.0%	22.0%	32.0%	Customized
Domestic bonds	13.0%	10%	16%	Lehman Aggregate Bond Index
Real estate	5%	0%	7.5%	NCREIF Real Estate Index

Although cash is not included in the asset allocation of the Fund, the Trustees realize the need to provide liquidity to pay obligations as they come due. Surplus cash flows, additional contributions, and investment manager cash will be utilized to pay obligations of the Fund and periodic re-balancing of the assets. The Fund’s investment manager(s) shall be kept informed of the liquidity requirements of the Fund, and to the extent possible, avoid untimely sales of assets which could be detrimental to the performance of the Plan.

Management Structure

To diversify plan assets so as to minimize the risk associated with dependence on the success of one enterprise, the Board of Trustees has decided to employ a multi-manager team approach to investing plan assets.

Investment managers will be employed to utilize individual expertise within their assigned area of responsibility. Each manager will be governed by individual investment guidelines. Separate manager guidelines for each investment manager shall serve as addenda to the Policy.

D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The System does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates; however, the System's investments consist of equities and pooled funds, neither of which has specified maturity dates. Consequently, none of the System's investments are subject to interest rate risk.

E. Foreign Currency Risk

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. The System does not have policies for foreign currency risk.

5. Receivables

The balance reported under member deductions and makeup payments represents employee member deductions and makeup payments for 2013 that were not received by the System until after year end.

6. Prepaid Expenses

This balance represents calendar year 2014 rent, administrative, and employee insurance expense paid in calendar year 2013.

7. **Accounts Payable**

Accounts payable represents calendar year 2013 expenditures paid after December 31, 2013.

8. **Employer Contributions Received In Advance**

The balance in this account represents calendar year 2014 member assessments received before December 31, 2013.

9. **Commitments And Contingencies**

Litigation – There are several pending legal issues in which the System is involved. The System’s management is of the opinion that the potential future settlement of some claims may result in a gain while others may result in an increase in future benefits paid. Management believe neither event would materially affect its financial statements taken as a whole, however, the outcome of these claims is undeterminable at the present time.

10. **Risk Management**

The System is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the System carries commercial insurance. There were no significant reductions in insurance coverage from the previous year and have been no material settlements in excess of coverage in any of the past three fiscal years.

11. **Implementation of New GASB Standard**

The GASB has issued Statement No. 67 *Financial Reporting for Pension Plans*, which is required to be implemented in calendar year 2014. Management’s current assessment is that this pronouncement will have a significant impact on the System’s basic financial statements by requiring extensive, detailed footnote disclosure and other information related to each member unit’s share of the System’s actuarially accrued liability.

12. **Net Asset Designations**

The System’s net assets are designated by the Board, in accordance with PERAC guidelines as follows:

	Balance at December 31	
	<u>2013</u>	<u>2012</u> <u>(unaudited)</u>
<p>The <i>Annuity Savings Fund</i> is the fund in which members' contributions are deposited. Voluntary contributions, redeposits and transfers to and from other systems are also accounted for in this fund. Members' contributions to the fund earn interest at a rate determined by PERAC. Interest for some members who withdraw with less than ten years of service is transferred to the <i>Pension Reserve Fund</i>. Upon retirement, member's contributions and interest are transferred to the <i>Annuity Reserve Fund</i>. Dormant account balances must be transferred to the <i>Pension Reserve Fund</i> after a period of ten years of inactivity.</p>	\$ 25,652,934	\$ 25,054,751
<p>The <i>Annuity Reserve Fund</i> is the fund to which a member's account is transferred from the <i>Annuity Savings Fund</i> and <i>Military Service Fund</i> upon retirement. The annuity portion of the retirement allowance is paid from this fund. Interest is credited monthly to this fund at the rate of 3% annually, calculated on the previous month's balance.</p>	9,778,822	9,090,794
<p>The <i>Military Service Fund</i> contains contributions and interest for members while on a military leave for service in the Armed Forces who will receive creditable service for the period of that leave.</p>	-	3,488
<p>The <i>Pension Fund</i> contains the amounts appropriated by the governmental units as established by PERAC to pay the pension portion of each retirement allowance.</p>	21,437,339	14,912,859
<p>The <i>Pension Reserve Fund</i> contains the amounts appropriated by the governmental units for the purposes of funding future retirement benefits. Any profit or loss realized on the sale or maturity of any investment or on the unrealized gain of a market valued investment as of the valuation date is credited to the <i>Pension Reserve Fund</i>. Additionally, any investment income in excess of the amount required to credit interest to other fund balance accounts is credited to this reserve account.</p>	54,741,279	44,394,352
	<u>\$ 111,610,374</u>	<u>\$ 93,456,244</u>

**FRANKLIN REGIONAL RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION**

Schedules of Funding Progress and Employer Contributions

Employer Contributions. Participating governmental entities are required to contribute at actuarially determined rates as accepted by PERAC.

The following schedules are presented in accordance with the Governmental Accounting Standards Board Statement 25.

Schedule of Funding Progress: (in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b - a)/c]
1/1/2012	\$ 85,648	\$ 135,323	\$ 49,674	63%	\$ 30,038	165%
1/1/2010	79,459	119,349	39,890	67%	29,457	135%
1/1/2008	77,859	105,972	28,113	73%	30,302	93%
1/1/2006	61,539	91,823	30,284	67%	26,229	115%
1/1/2003	41,299	72,770	31,471	57%	23,638	133%
1/1/2001	42,002	57,235	15,233	73%	17,923	85%
1/1/1998	41,568	64,535	22,967	64%	15,254	151%

Schedule of Employer Contributions:

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2004	\$ 3,340,859	100%
2005	3,923,420	100%
2006	4,127,192	100%
2007	4,295,275	100%
2008	4,487,246	100%
2009	4,645,462	100%
2010	4,789,021	100%
2011	4,938,195	100%
2012	5,093,076	100%
2013	5,290,063	100%

The required information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	1/1/12
Actuarial cost method	Entry Age Normal
Amortization method	Approximate level percent of payroll
Remaining amortization period	22 years
Asset valuation method	Market value adjusted by payables and receivables
Actuarial assumptions:	
Investment rate of return	7.875% per year
Projected salary increase	4.25% per year

See Independent Auditor's Report.