Municipal Fire and Police Retirement System of Iowa

Required GASB 68 Reporting Information as of
and for the Year Ended June 30, 2015, and
Related Independent Auditor's Reports

MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA

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Independent Auditor's Report

To the Board of Trustees
Municipal Fire and Police Retirement System of Iowa
Des Moines, Iowa

Report on Schedule of Allocations and Net Pension Amounts by Employer
We have audited the accompanying schedules of net pension liability (NPL) by city (proportionate share, share of NPL as of June 30, 2014, share of NPL as of June 30, 2015, covered payroll, NPL as a percent of covered payroll) as of June 30, 2015, and the schedules of deferred inflows of resources by city (expected and actual experience, changes in assumptions, projected and actual earnings and total deferred inflows), deferred outflow of resources by city (expected and actual experience, changes in assumptions, projected and actual earnings and total deferred outflows), for the Municipal Fire and Police Retirement System of Iowa (the System) as of June 30, 2015 and the related schedule of pension expense by city (collectively the Schedules) for the year then ended, and the related notes to the Schedules.

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

Auditor's Responsibility
Our responsibility is to express opinions on these Schedules 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 Schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to System's preparation and fair presentation of the Schedules 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 System'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 Schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions
In our opinion, the Schedules referred to above present fairly, in all material respects, the schedules of net pension liability (NPL) by city (proportionate share, share of NPL as of June 30, 2014, share of NPL as of June 30, 2015, covered payroll, NPL as a percent of covered payroll), deferred inflows of resources by city (expected and actual experience, changes in assumptions, projected and actual earnings and total deferred inflows), deferred outflow of resources by city (expected and actual experience, changes in assumptions, projected and actual earnings and total deferred outflows), and pension expense by city for the System as of and for the year ended June 30, 2015, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the System as of and for the year ended June 30, 2015, and our report thereon, dated November 14, 2015, expressed an unmodified opinion on those financial statements.

Restriction on Use
Our report is intended solely for the information and use of the System's management, the System's Board of Trustees, System employers and their auditors and is not intended to be and should not be used by anyone other than these specified parties.

Eide Bailly LLP

Boise, Idaho
April 14, 2016

MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA

SCHEDULE OF NET PENSION LIABILITY (NPL) BY CITY
AS OF JUNE 30, 2015

City	Proportionate Share (%)	Share of NPL June 30, 2014	Share of NPL June 30, 2015	Covered Payroll *	NPL as % of Covered Payroll
Ames	2.696727%	$ 9,730,925	$ 12,669,610	$ 7,072,062	179.15%
Ankeny	1.786952%	6,021,760	8,395,357	4,686,212	179.15%
Bettendorf	1.870229%	6,795,625	8,786,604	4,904,603	179.15%
Boone	0.591487%	2,108,903	2,778,891	1,551,152	179.15%
Burlington	1.798849%	6,531,386	8,451,250	4,717,412	179.15%
Camanche	0.261914%	933,714	1,230,510	686,859	179.15%
Carroll	0.287974%	1,008,426	1,352,943	755,201	179.15%
Cedar Falls	1.727077%	6,462,513	8,114,055	4,529,193	179.15%
Cedar Rapids	9.357442%	33,717,037	43,962,603	24,539,529	179.15%
Centerville	0.223549%	873,276	1,050,265	586,249	179.15%
Charles City	0.325241%	1,066,450	1,528,029	852,932	179.15%
Clinton	1.932575%	7,141,084	9,079,514	5,068,103	179.15%
Clive	0.590598%	2,176,164	2,774,719	1,548,823	179.15%
Council Bluffs	5.879931%	21,115,335	27,624,758	15,419,891	179.15%
Creston	0.291747%	1,044,861	1,370,669	765,095	179.15%
Davenport	8.096053%	29,838,239	38,036,417	21,231,586	179.15%
Decorah	0.294322%	1,049,121	1,382,767	771,848	179.15%
Des Moines	18.304804%	65,991,282	85,998,596	48,003,648	179.15%
Dewitt	0.224938%	750,206	1,056,791	589,891	179.15%
Dubuque	4.985491%	18,410,561	23,422,551	13,074,257	179.15%
Estherville	0.235074%	907,392	1,104,411	616,472	179.15%
Evansdale	0.105935%	374,339	497,698	277,810	179.15%
Fairfield	0.333504%	1,164,467	1,566,850	874,601	179.15%
Fort Dodge	1.452900%	5,366,947	6,825,932	3,810,174	179.15%
Fort Madison	0.710554%	2,477,210	3,338,280	1,863,398	179.15%
Grinnell	0.383656%	1,476,093	1,802,471	1,006,123	179.15%
Indianola	0.450375%	1,695,838	2,115,926	1,181,091	179.15%
Iowa City	3.704972%	13,695,681	17,406,489	9,716,146	179.15%
Keokuk	0.818680%	2,934,090	3,846,281	2,146,959	179.15%
Knoxville	0.255162%	923,284	1,198,788	669,152	179.15%
Lemars	0.352860%	1,274,295	1,657,787	925,362	179.15%
Maquoketa	0.217439%	776,197	1,021,555	570,223	179.15%
Marion	1.858084%	6,668,039	8,729,540	4,872,751	179.15%
Marshalltown	1.515981%	5,658,798	7,122,296	3,975,601	179.15%
Mason City	2.083745%	7,269,852	9,789,737	5,464,543	179.15%
Muscatine	1.759589%	6,361,984	8,266,801	4,614,454	179.15%
Newton	1.090944%	3,861,535	5,125,407	2,860,956	179.15%
Oelwein	0.230028%	850,678	1,080,705	603,240	179.15%
Oskaloosa	0.490778%	1,768,854	2,305,745	1,287,046	179.15%
Ottumwa	1.459246%	5,377,325	6,855,747	3,826,816	179.15%
Pella	0.328838%	1,123,513	1,544,928	862,365	179.15%
Sioux City	6.343361%	23,459,379	29,802,019	16,635,219	179.15%
Spencer	0.495032%	1,828,132	2,325,731	1,298,202	179.15%
Storm Lake	0.379704%	1,357,547	1,783,904	995,759	179.15%
Urbandale	1.892653%	6,558,490	8,891,955	4,963,409	179.15%
Waterloo	5.724535%	20,736,787	26,894,686	15,012,371	179.15%
Waverly	0.360469%	1,321,984	1,693,535	945,316	179.15%
Webster City	0.281258%	1,130,677	1,321,390	737,588	179.15%
West Des Moines	3.156744%	11,331,979	14,830,836	8,278,439	179.15%
Total	100.00%	$ 362,498,253	$ 469,814,329	$ 262,246,132	

* Represents reported covered payroll. Amount reported is based on pensionable payroll and not total payroll. Please consult your auditor when presenting covered payroll in your reports.

MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA

SCHEDULE OF DEFERRED INFLOWS OF RESOURCES BY CITY
AS OF JUNE 30, 2015

City	Proportionate Share (%)	Expected and Actual Experience	Changes in Assumptions	Projected and Actual Earnings	Contributions Made After Measurement Date	Total Deferred Inflows
Ames	2.696727%	$ (21,652)	$ -	$ (3,446,425)	TBD	$ (3,468,077)
Ankeny	1.786952%	(14,347)	-	(2,283,730)	TBD	(2,298,077)
Bettendorf	1.870229%	(15,016)	-	(2,390,159)	TBD	(2,405,175)
Boone	0.591487%	(4,749)	-	(755,923)	TBD	(760,672)
Burlington	1.798849%	(14,443)	-	(2,298,935)	TBD	(2,313,378)
Camanche	0.261914%	(2,103)	-	(334,727)	TBD	(336,830)
Carroll	0.287974%	(2,312)	-	(368,031)	TBD	(370,343)
Cedar Falls	1.727077%	(13,867)	-	(2,207,210)	TBD	(2,221,077)
Cedar Rapids	9.357442%	(75,130)	-	(11,958,840)	TBD	(12,033,970)
Centerville	0.223549%	(1,795)	-	(285,696)	TBD	(287,491)
Charles City	0.325241%	(2,611)	-	(415,659)	TBD	(418,270)
Clinton	1.932575%	(15,516)	-	(2,469,837)	TBD	(2,485,353)
Clive	0.590598%	(4,742)	-	(754,787)	TBD	(759,529)
Council Bluffs	5.879931%	(47,209)	-	(7,514,571)	TBD	(7,561,780)
Creston	0.291747%	(2,342)	-	(372,853)	TBD	(375,195)
Davenport	8.096053%	(65,002)	-	(10,346,782)	TBD	(10,411,784)
Decorah	0.294322%	(2,363)	-	(376,145)	TBD	(378,508)
Des Moines	18.304804%	(146,968)	-	(23,393,598)	TBD	(23,540,566)
Dewitt	0.224938%	(1,806)	-	(287,472)	TBD	(289,278)
Dubuque	4.985491%	(40,028)	-	(6,371,473)	TBD	(6,411,501)
Estherville	0.235074%	(1,887)	-	(300,425)	TBD	(302,312)
Evansdale	0.105935%	(851)	-	(135,385)	TBD	(136,236)
Fairfield	0.333504%	(2,678)	-	(426,219)	TBD	(428,897)
Fort Dodge	1.452900%	(11,665)	-	(1,856,810)	TBD	(1,868,475)
Fort Madison	0.710554%	(5,705)	-	(908,090)	TBD	(913,795)
Grinnell	0.383656%	(3,080)	-	(490,314)	TBD	(493,394)
Indianola	0.450375%	(3,616)	-	(575,580)	TBD	(579,196)
Iowa City	3.704972%	(29,747)	-	(4,734,966)	TBD	(4,764,713)
Keokuk	0.818680%	(6,573)	-	(1,046,276)	TBD	(1,052,849)
Knoxville	0.255162%	(2,049)	-	(326,098)	TBD	(328,147)
Lemars	0.352860%	(2,833)	-	(450,956)	TBD	(453,789)
Maquoketa	0.217439%	(1,746)	-	(277,887)	TBD	(279,633)
Marion	1.858084%	(14,918)	-	(2,374,637)	TBD	(2,389,555)
Marshalltown	1.515981%	(12,172)	-	(1,937,429)	TBD	(1,949,601)
Mason City	2.083745%	(16,730)	-	(2,663,033)	TBD	(2,679,763)
Muscatine	1.759589%	(14,128)	-	(2,248,761)	TBD	(2,262,889)
Newton	1.090944%	(8,759)	-	(1,394,229)	TBD	(1,402,988)
Oelwein	0.230028%	(1,847)	-	(293,977)	TBD	(295,824)
Oskaloosa	0.490778%	(3,940)	-	(627,215)	TBD	(631,155)
Ottumwa	1.459246%	(11,716)	-	(1,864,921)	TBD	(1,876,637)
Pella	0.328838%	(2,640)	-	(420,256)	TBD	(422,896)
Sioux City	6.343361%	(50,930)	-	(8,106,835)	TBD	(8,157,765)
Spencer	0.495032%	(3,975)	-	(632,653)	TBD	(636,628)
Storm Lake	0.379704%	(3,049)	-	(485,263)	TBD	(488,312)
Urbandale	1.892653%	(15,196)	-	(2,418,817)	TBD	(2,434,013)
Waterloo	5.724535%	(45,962)	-	(7,315,974)	TBD	(7,361,936)
Waverly	0.360469%	(2,894)	-	(460,680)	TBD	(463,574)
Webster City	0.281258%	(2,258)	-	(359,448)	TBD	(361,706)
West Des Moines	3.156744%	(25,346)	-	(4,034,329)	TBD	(4,059,675)
Total	100.00%	$ (802,891)	$ -	$ (127,800,316)		$ (128,603,207)

MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA

SCHEDULE OF DEFERRED OUTFLOWS OF RESOURCES BY CITY
AS OF JUNE 30, 2015

City	Proportionate Share (%)	Expected and Actual Experience	Changes in Assumptions	Projected and Actual Earnings	Contributions Made After Measurement Date	Total Deferred Outflows
Ames	2.696727%	$ 340,561	$ 953,287	$ 2,142,322	TBD	$ 3,436,170
Ankeny	1.786952%	225,669	631,683	1,419,583	TBD	2,276,935
Bettendorf	1.870229%	236,185	661,122	1,485,740	TBD	2,383,047
Boone	0.591487%	74,697	209,089	469,887	TBD	753,673
Burlington	1.798849%	227,171	635,889	1,429,034	TBD	2,292,094
Camanche	0.261914%	33,076	92,586	208,069	TBD	333,731
Carroll	0.287974%	36,367	101,798	228,771	TBD	366,936
Cedar Falls	1.727077%	218,107	610,518	1,372,018	TBD	2,200,643
Cedar Rapids	9.357442%	1,181,722	3,307,834	7,433,700	TBD	11,923,256
Centerville	0.223549%	28,231	79,024	177,591	TBD	284,846
Charles City	0.325241%	41,074	114,972	258,376	TBD	414,422
Clinton	1.932575%	244,059	683,161	1,535,268	TBD	2,462,488
Clive	0.590598%	74,585	208,775	469,181	TBD	752,541
Council Bluffs	5.879931%	742,558	2,078,542	4,671,111	TBD	7,492,211
Creston	0.291747%	36,844	103,132	231,768	TBD	371,744
Davenport	8.096053%	1,022,426	2,861,936	6,431,633	TBD	10,315,995
Decorah	0.294322%	37,169	104,042	233,814	TBD	375,025
Des Moines	18.304804%	2,311,657	6,470,705	14,541,623	TBD	23,323,985
Dewitt	0.224938%	28,407	79,515	178,695	TBD	286,617
Dubuque	4.985491%	629,602	1,762,359	3,960,553	TBD	6,352,514
Estherville	0.235074%	29,687	83,098	186,746	TBD	299,531
Evansdale	0.105935%	13,378	37,448	84,156	TBD	134,982
Fairfield	0.333504%	42,117	117,893	264,941	TBD	424,951
Fort Dodge	1.452900%	183,482	513,597	1,154,206	TBD	1,851,285
Fort Madison	0.710554%	89,734	251,179	564,475	TBD	905,388
Grinnell	0.383656%	48,451	135,622	304,783	TBD	488,856
Indianola	0.450375%	56,876	159,206	357,785	TBD	573,867
Iowa City	3.704972%	467,889	1,309,699	2,943,289	TBD	4,720,877
Keokuk	0.818680%	103,389	289,402	650,373	TBD	1,043,164
Knoxville	0.255162%	32,224	90,199	202,705	TBD	325,128
Lemars	0.352860%	44,562	124,735	280,317	TBD	449,614
Maquoketa	0.217439%	27,460	76,864	172,737	TBD	277,061
Marion	1.858084%	234,652	656,828	1,476,091	TBD	2,367,571
Marshalltown	1.515981%	191,449	535,896	1,204,320	TBD	1,931,665
Mason City	2.083745%	263,150	736,599	1,655,360	TBD	2,655,109
Muscatine	1.759589%	222,213	622,011	1,397,846	TBD	2,242,070
Newton	1.090944%	137,772	385,646	866,663	TBD	1,390,081
Oelwein	0.230028%	29,050	81,314	182,738	TBD	293,102
Oskaloosa	0.490778%	61,979	173,489	389,882	TBD	625,350
Ottumwa	1.459246%	184,284	515,840	1,159,248	TBD	1,859,372
Pella	0.328838%	41,528	116,244	261,234	TBD	419,006
Sioux City	6.343361%	801,083	2,242,363	5,039,266	TBD	8,082,712
Spencer	0.495032%	62,516	174,993	393,261	TBD	630,770
Storm Lake	0.379704%	47,952	134,225	301,643	TBD	483,820
Urbandale	1.892653%	239,017	669,048	1,503,554	TBD	2,411,619
Waterloo	5.724535%	722,934	2,023,610	4,547,661	TBD	7,294,205
Waverly	0.360469%	45,522	127,425	286,362	TBD	459,309
Webster City	0.281258%	35,519	99,424	223,436	TBD	358,379
West Des Moines	3.156744%	398,655	1,115,902	2,507,768	TBD	4,022,325
Total	100.00%	$ 12,628,691	$ 35,349,768	$ 79,441,583		$ 127,420,042

MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA

SCHEDULE OF PENSION EXPENSE BY CITY
FOR THE PERIOD ENDED JUNE 30, 2015

City	Proportionate Share (%)	Share of Pension Expense
Ames	2.696727%	$ 1,176,153
Ankeny	1.786952%	779,363
Bettendorf	1.870229%	815,684
Boone	0.591487%	257,972
Burlington	1.798849%	784,552
Camanche	0.261914%	114,232
Carroll	0.287974%	125,597
Cedar Falls	1.727077%	753,249
Cedar Rapids	9.357442%	4,081,165
Centerville	0.223549%	97,499
Charles City	0.325241%	141,851
Clinton	1.932575%	842,875
Clive	0.590598%	257,584
Council Bluffs	5.879931%	2,564,479
Creston	0.291747%	127,243
Davenport	8.096053%	3,531,021
Decorah	0.294322%	128,366
Des Moines	18.304804%	7,983,475
Dewitt	0.224938%	98,105
Dubuque	4.985491%	2,174,377
Estherville	0.235074%	102,525
Evansdale	0.105935%	46,203
Fairfield	0.333504%	145,455
Fort Dodge	1.452900%	633,669
Fort Madison	0.710554%	309,902
Grinnell	0.383656%	167,328
Indianola	0.450375%	196,427
Iowa City	3.704972%	1,615,890
Keokuk	0.818680%	357,060
Knoxville	0.255162%	111,287
Lemars	0.352860%	153,897
Maquoketa	0.217439%	94,834
Marion	1.858084%	810,387
Marshalltown	1.515981%	661,182
Mason City	2.083745%	908,807
Muscatine	1.759589%	767,429
Newton	1.090944%	475,805
Oelwein	0.230028%	100,325
Oskaloosa	0.490778%	214,048
Ottumwa	1.459246%	636,437
Pella	0.328838%	143,420
Sioux City	6.343361%	2,766,600
Spencer	0.495032%	215,904
Storm Lake	0.379704%	165,605
Urbandale	1.892653%	825,464
Waterloo	5.724535%	2,496,705
Waverly	0.360469%	157,215
Webster City	0.281258%	122,668
West Des Moines	3.156744%	1,376,786
Total	100.00%	$ 43,614,106

MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA

Plan Administration

The Municipal Fire and Police Retirement System of Iowa (System) was created by the Iowa General Assembly in 1990 to establish a statewide retirement system for fire and police personnel covered by the provisions of Iowa Code Chapter 411. The programs of the System include the payment of pension benefits for service retirement, ordinary disability retirement, accidental disability retirement, survivors of deceased members and the refund of contributions upon withdrawal by a terminated member.

The System is managed by a Board of Trustees established by Iowa Code Chapter 411. The Board of Trustees represents the police officer and firefighter memberships, Cities, and citizens of Iowa, while the Iowa General Assembly provides the System with direction and oversight.

Basis of Accounting

Contributions for employers and net pension liability are recognized on an accrual basis of accounting.

Use of Estimates in the Preparation of the Schedules

The preparation of the Schedules in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain amounts and disclosures. Actual results could differ from those estimates.

Plan Membership

As of July 1, 2015, System membership consisted of the following:

Inactive members (or beneficiaries) currently receiving benefits	3,935
Inactive members entitled to but not yet receiving benefits	328
Active members	3,892
Total	8,155

Plan Description – The System's membership is mandatory for fire fighters and police officers of the city. Members of the System are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the System. The System issues a stand-alone financial report which is available to the public by mail at 7155 Lake Drive Suite 201 West Des Moines, IA 50266 or at www.MFPRSI.org.

System benefits are established under Iowa Code chapter 411 and the administrative rules thereunder. Chapter 411 and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits

Participating members are entitled to the benefit provisions in effect on the member's date of termination. The following is a summary of System benefit provisions as of June 30, 2015:

Retirement - Members with four or more years of service are entitled to pension benefits beginning at age 55. Full service retirement benefits are granted to members with 22 years of service, while partial benefits are available to those members with 4 to 22 years of service based on the ratio of years completed to years required (22 years). Members with less than four years of service are entitled to a refund of their contribution only, with interest for the period of employment.

Benefits are calculated based upon the member's highest three years of compensation. The average of these 3 years becomes the member's average final compensation. The base benefit is 66 percent of the member's average final compensation. Additional benefits are available to members who perform more than 22 years of service (2 percent for each additional year of service, up to a maximum of eight years). Survivor benefits are available to the beneficiary of a retired member according to the provisions of the benefit option chosen plus an additional benefit for each child. Survivor benefits are subject to a minimum benefit for those members who chose the basic benefit with a 50 percent surviving spouse benefit.

Disability and Death - Disability coverage is broken down into two types, accidental and ordinary. Accidental disability is defined as permanent disability incurred in the line of duty, with benefits equivalent to the greater of 60 percent of the member's average final compensation or the member's service retirement benefit calculation amount. Ordinary disability occurs outside the call of duty and pays benefits equivalent to the greater of 50 percent of the member's average final compensation, for those with 5 or more years of service, or the member's service retirement benefit calculation amount, and 25 percent of average final compensation for those with less than 5 years of service.

Death benefits are similar to disability benefits. Benefits for accidental death are 50 percent of the average final compensation of the member plus an additional amount for each child, or the provisions for ordinary death. Ordinary death benefits consist of a pension equal to 40 percent of the average final compensation of the member plus an additional amount for each child, or a lump-sum distribution to the designated beneficiary equal to 50 percent of the previous year's earnable compensation of the member or equal to the amount of the member's total contributions plus interest.

Benefits are increased (escalated) annually in accordance with Iowa Code Chapter 411.6 which states a standard formula for the increases.

Traumatic Personal Injury - The surviving spouse or dependents of an active member who dies due to a traumatic personal injury incurred in the line of duty receives a $100,000 lump-sum payment.

Deferred Retirement Option Program (DROP) - Active members, at least 55 years of age, with 22 or more years of service have the option to participate in the DROP Program. The DROP is an arrangement whereby a member who is otherwise eligible to retire and commence benefits opts to continue to work. A member can elect a 3, 4, or 5 year DROP period. By electing to participate in DROP the member is signing a contract indicating the member will retire at the end of the selected DROP period. During the DROP period the member's retirement benefit is frozen and a DROP benefit is credited to a DROP account established for the member. Assuming the member completes the DROP period, the DROP benefit is equal to 52% of the member's retirement benefit at the member's earliest date eligible and 100% if the member delays enrollment for 24 months. At the member's actual date of retirement, the member's DROP account will be distributed to the member in the form of a lump sum or rollover to an eligible plan.

Contributions

Member - Member contribution rates are set by state statute. In accordance with Iowa Code Chapter 411 as modified by act of the 1994 General Assembly, to establish compliance with the Federal Older Workers Benefit Protections Act, the contribution rate was 9.40% of earnable compensation for the year ended June 30, 2015.

Employer - Employer contribution rates are based upon an actuarially determined normal contribution rate and set by state statute. The required actuarially determined contributions are calculated on the basis of the entry age normal method as adopted by the Board of Trustees as permitted under Chapter 411 of the Code of Iowa. The normal contribution rate is provided by state statute to be the actuarial liabilities of the plan less current plan assets, with such total divided by 1 percent of the actuarially determined present value of prospective future compensation of all members, further reduced by member contributions and state appropriations. Under the Code of Iowa the employer's contribution rate cannot be less than 17.00% of earnable compensation. The contribution rate was 30.41% for the year ended June 30, 2015.

State Appropriations - State appropriations are approved by the state legislature and may further reduce the employer's contribution rate, but not below the minimum statutory contribution rate of 17.00% of earnable compensation. The State therefore is considered to be a nonemployer contributing entity in accordance with the provisions of the Governmental Accounting Standards Board Statement No. 67 – Financial Reporting for Pension Plans, (GASB 67).

The allocation amongst all Cities of the contributions to the System for the period ended June 30, 2015 was as follows:

City	Proportionate Share (%)	Actuarially Determined Contribution (ADC)	Contributions in Relation to the ADC	Contribution Deficiency/ (Excess)	Covered Payroll *	Contributions as a % of Covered Payroll
Ames	2.696727%	$ 2,150,611	$ 2,150,611	$ -	$ 7,072,062	30.41%
Ankeny	1.786952%	1,425,075	1,425,075	-	4,686,212	30.41%
Bettendorf	1.870229%	1,491,488	1,491,488	-	4,904,603	30.41%
Boone	0.591487%	471,705	471,705	-	1,551,152	30.41%
Burlington	1.798849%	1,434,563	1,434,563	-	4,717,412	30.41%
Camanche	0.261914%	208,874	208,874	-	686,859	30.41%
Carroll	0.287974%	229,656	229,656	-	755,201	30.41%
Cedar Falls	1.727077%	1,377,326	1,377,326	-	4,529,193	30.41%
Cedar Rapids	9.357442%	7,462,461	7,462,461	-	24,539,529	30.41%
Centerville	0.223549%	178,278	178,278	-	586,249	30.41%
Charles City	0.325241%	259,376	259,376	-	852,932	30.41%
Clinton	1.932575%	1,541,208	1,541,208	-	5,068,103	30.41%
Clive	0.590598%	470,996	470,996	-	1,548,823	30.41%
Council Bluffs	5.879931%	4,689,183	4,689,183	-	15,419,891	30.41%
Creston	0.291747%	232,665	232,665	-	765,095	30.41%
Davenport	8.096053%	6,456,517	6,456,517	-	21,231,586	30.41%
Decorah	0.294322%	234,719	234,719	-	771,848	30.41%
Des Moines	18.304804%	14,597,888	14,597,888	-	48,003,648	30.41%
Dewitt	0.224938%	179,386	179,386	-	589,891	30.41%
Dubuque	4.985491%	3,975,876	3,975,876	-	13,074,257	30.41%
Estherville	0.235074%	187,469	187,469	-	616,472	30.41%
Evansdale	0.105935%	84,482	84,482	-	277,810	30.41%
Fairfield	0.333504%	265,966	265,966	-	874,601	30.41%
Fort Dodge	1.452900%	1,158,672	1,158,672	-	3,810,174	30.41%
Fort Madison	0.710554%	566,659	566,659	-	1,863,398	30.41%
Grinnell	0.383656%	305,962	305,962	-	1,006,123	30.41%
Indianola	0.450375%	359,169	359,169	-	1,181,091	30.41%
Iowa City	3.704972%	2,954,676	2,954,676	-	9,716,146	30.41%
Keokuk	0.818680%	652,889	652,889	-	2,146,959	30.41%
Knoxville	0.255162%	203,489	203,489	-	669,152	30.41%
Lemars	0.352860%	281,402	281,402	-	925,362	30.41%
Maquoketa	0.217439%	173,405	173,405	-	570,223	30.41%
Marion	1.858084%	1,481,802	1,481,802	-	4,872,751	30.41%
Marshalltown	1.515981%	1,208,979	1,208,979	-	3,975,601	30.41%
Mason City	2.083745%	1,661,765	1,661,765	-	5,464,543	30.41%
Muscatine	1.759589%	1,403,254	1,403,254	-	4,614,454	30.41%
Newton	1.090944%	870,016	870,016	-	2,860,956	30.41%
Oelwein	0.230028%	183,445	183,445	-	603,240	30.41%
Oskaloosa	0.490778%	391,390	391,390	-	1,287,046	30.41%
Ottumwa	1.459246%	1,163,733	1,163,733	-	3,826,816	30.41%
Pella	0.328838%	262,245	262,245	-	862,365	30.41%
Sioux City	6.343361%	5,058,763	5,058,763	-	16,635,219	30.41%
Spencer	0.495032%	394,783	394,783	-	1,298,202	30.41%
Storm Lake	0.379704%	302,810	302,810	-	995,759	30.41%
Urbandale	1.892653%	1,509,371	1,509,371	-	4,963,409	30.41%
Waterloo	5.724535%	4,565,256	4,565,256	-	15,012,371	30.41%
Waverly	0.360469%	287,470	287,470	-	945,316	30.41%
Webster City	0.281258%	224,300	224,300	-	737,588	30.41%
West Des Moines	3.156744%	2,517,470	2,517,470	-	8,278,439	30.41%
Total	100.00%	$ 79,748,943	$ 79,748,943	$ -	$ 262,246,132	

* Represents reported covered payroll. Amount reported is based on pensionable payroll and not total payroll. Please consult your auditor when presenting covered payroll in your reports.

Investment Policy

The investment policy and decisions are governed by the Board of Trustees.

Net Pension Liability

The components of the net pension liability of the System at June 30, 2015 were as follows:

Total Pension Liability	$ 2,769,994,684
Plan Fiduciary Net Position	(2,300,180,355)
Net Pension Liability	$ 469,814,329
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.04%

The following schedule presents the changes in net pension liability for fiscal year ended June 30, 2015:

Total Pension Liability - Beginning of Year	$ 2,640,955,176
Service Cost	49,893,939
Interest	196,289,405
Changes of Benefit Terms	-
Difference between Expected and Actual Experience	15,374,059
Changes of Assumptions	17,508,411
Benefit Payments, Including Refunds	(150,026,306)
Total Pension Liability - End of Year	2,769,994,684
Plan Fiduciary Net Position - Beginning of Year	2,278,456,923
Contributions - Employer and State	79,748,943
Contributions - Member	24,622,310
Net Investment Income	69,833,569
Benefit Payments, including refunds	(150,026,306)
Administrative Expenses	(1,680,944)
Other	(774,140)
Plan Fiduciary Net Position - End of Year	2,300,180,355
Net Pension Liability - End of Year	$ 469,814,329
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.04%
Covered-Employee Payroll*	$ 262,246,132
Net Pension Liability as a Percentage of the Covered‑Employee Payroll	179.15%

*Represents reported covered payroll. Amount reported is based on pensionable payroll and not total payroll. Please consult your auditor when presenting covered payroll in your reports.

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

The following presents the net pension liability, calculated using the current discount rate of 7.50%, as well as the net pension liability calculated using a discount rate that is 1-percentage point lower (6.50%) or 1-percentage point higher (8.50%) than the current rate:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Total Pension Liability	$3,118,141,081	$2,769,994,684	$2,480,725,755
Plan Fiduciary Net Position	(2,300,180,355)	(2,300,180,355)	(2,300,180,355)
Net Pension Liability	$ 817,960,726	$ 469,814,329	$ 180,545,400

The allocation amongst all Cities of the sensitivity in Net Pension Liability of the System at June 30, 2015 was as follows:

City	Proportionate Share (%)	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Ames	2.696727%	$ 22,058,165	$ 12,669,608	$ 4,868,816
Ankeny	1.786952%	14,616,562	8,395,355	3,226,259
Bettendorf	1.870229%	15,297,740	8,786,605	3,376,613
Boone	0.591487%	4,838,135	2,778,893	1,067,903
Burlington	1.798849%	14,713,878	8,451,250	3,247,739
Camanche	0.261914%	2,142,357	1,230,512	472,874
Carroll	0.287974%	2,355,512	1,352,942	519,923
Cedar Falls	1.727077%	14,126,815	8,114,057	3,118,159
Cedar Rapids	9.357442%	76,540,200	43,962,603	16,894,431
Centerville	0.223549%	1,828,543	1,050,265	403,608
Charles City	0.325241%	2,660,341	1,528,027	587,207
Clinton	1.932575%	15,807,703	9,079,513	3,489,175
Clive	0.590598%	4,830,863	2,774,716	1,066,298
Council Bluffs	5.879931%	48,095,528	27,624,759	10,615,945
Creston	0.291747%	2,386,374	1,370,668	526,735
Davenport	8.096053%	66,222,537	38,036,419	14,617,052
Decorah	0.294322%	2,407,442	1,382,769	531,386
Des Moines	18.304804%	149,726,111	85,998,594	33,048,482
Dewitt	0.224938%	1,839,908	1,056,793	406,116
Dubuque	4.985491%	40,779,355	23,422,549	9,001,074
Estherville	0.235074%	1,922,813	1,104,411	424,415
Evansdale	0.105935%	866,506	497,698	191,261
Fairfield	0.333504%	2,727,933	1,566,850	602,126
Fort Dodge	1.452900%	11,884,147	6,825,930	2,623,143
Fort Madison	0.710554%	5,812,050	3,338,283	1,282,872
Grinnell	0.383656%	3,138,159	1,802,473	692,674
Indianola	0.450375%	3,683,888	2,115,925	813,131
Iowa City	3.704972%	30,305,216	17,406,489	6,689,156
Keokuk	0.818680%	6,696,484	3,846,278	1,478,090
Knoxville	0.255162%	2,087,125	1,198,788	460,683
Lemars	0.352860%	2,886,255	1,657,786	637,072
Maquoketa	0.217439%	1,778,563	1,021,558	392,575
Marion	1.858084%	15,198,394	8,729,543	3,354,684
Marshalltown	1.515981%	12,400,131	7,122,297	2,737,034
Mason City	2.083745%	17,044,220	9,789,735	3,762,107
Muscatine	1.759589%	14,392,751	8,266,803	3,176,858
Newton	1.090944%	8,923,490	5,125,409	1,969,649
Oelwein	0.230028%	1,881,540	1,080,705	415,305
Oskaloosa	0.490778%	4,014,369	2,305,744	886,076
Ottumwa	1.459246%	11,936,057	6,855,745	2,634,601
Pella	0.328838%	2,689,767	1,544,929	593,702
Sioux City	6.343361%	51,886,198	29,802,017	11,452,646
Spencer	0.495032%	4,049,170	2,325,733	893,758
Storm Lake	0.379704%	3,105,830	1,783,904	685,538
Urbandale	1.892653%	15,481,161	8,891,956	3,417,098
Waterloo	5.724535%	46,824,446	26,894,685	10,335,384
Waverly	0.360469%	2,948,493	1,693,534	650,810
Webster City	0.281258%	2,300,577	1,321,389	507,798
West Des Moines	3.156744%	25,820,924	14,830,835	5,699,356
Total	100.00%	$ 817,960,726	$ 469,814,329	$ 180,545,400

Deferred Inflows and Outflows of Resources

As of June 30, 2015 the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	$ (802,891)	$ 12,628,691
Changes of assumptions	-	35,349,765
Net difference between projected and actual earnings	(127,800,316)	79,441,586
Contributions made subsequent to measurement date*	TBD	TBD
Total	$ (128,603,207)	$ 127,420,042

*Contributions made subsequent to the measurement date will not be known until after the end of the reporting period.

Other amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future years' pension expense as follows:

Year ending June 30,	Annual Recognition
2016	$ (11,266,460)
2017	(11,266,460)
2018	(11,266,460)
2019	29,093,093
2020	3,523,122

The allocation amongst all Cities of amounts currently reported as Deferred (Inflows)/Outflows of the System to be recognized in Pension Expense was as follows:

City	Proportionate Share (%)	Year Ending June 30,				
		2016	2017	2018	2019	2020
Ames	2.696727%	$ (303,826)	$ (303,826)	$ (303,826)	$ 784,561	$ 95,009
Ankeny	1.786952%	(201,326)	(201,326)	(201,326)	519,879	62,956
Bettendorf	1.870229%	(210,709)	(210,709)	(210,709)	544,108	65,890
Boone	0.591487%	(66,640)	(66,640)	(66,640)	172,082	20,839
Burlington	1.798849%	(202,667)	(202,667)	(202,667)	523,341	63,376
Camanche	0.261914%	(29,508)	(29,508)	(29,508)	76,199	9,228
Carroll	0.287974%	(32,444)	(32,444)	(32,444)	83,780	10,146
Cedar Falls	1.727077%	(194,580)	(194,580)	(194,580)	502,460	60,847
Cedar Rapids	9.357442%	(1,054,252)	(1,054,252)	(1,054,252)	2,722,369	329,674
Centerville	0.223549%	(25,186)	(25,186)	(25,186)	65,037	7,876
Charles City	0.325241%	(36,643)	(36,643)	(36,643)	94,623	11,459
Clinton	1.932575%	(217,733)	(217,733)	(217,733)	562,246	68,087
Clive	0.590598%	(66,540)	(66,540)	(66,540)	171,823	20,808
Council Bluffs	5.879931%	(662,460)	(662,460)	(662,460)	1,710,654	207,157
Creston	0.291747%	(32,870)	(32,870)	(32,870)	84,878	10,279
Davenport	8.096053%	(912,139)	(912,139)	(912,139)	2,355,392	285,234
Decorah	0.294322%	(33,160)	(33,160)	(33,160)	85,627	10,369
Des Moines	18.304804%	(2,062,303)	(2,062,303)	(2,062,303)	5,325,434	644,901
Dewitt	0.224938%	(25,343)	(25,343)	(25,343)	65,442	7,925
Dubuque	4.985491%	(561,688)	(561,688)	(561,688)	1,450,433	175,645
Estherville	0.235074%	(26,485)	(26,485)	(26,485)	68,390	8,282
Evansdale	0.105935%	(11,935)	(11,935)	(11,935)	30,820	3,732
Fairfield	0.333504%	(37,574)	(37,574)	(37,574)	97,027	11,750
Fort Dodge	1.452900%	(163,690)	(163,690)	(163,690)	422,693	51,187
Fort Madison	0.710554%	(80,054)	(80,054)	(80,054)	206,722	25,034
Grinnell	0.383656%	(43,225)	(43,225)	(43,225)	111,618	13,517
Indianola	0.450375%	(50,741)	(50,741)	(50,741)	131,028	15,867
Iowa City	3.704972%	(417,419)	(417,419)	(417,419)	1,077,891	130,531
Keokuk	0.818680%	(92,236)	(92,236)	(92,236)	238,179	28,843
Knoxville	0.255162%	(28,748)	(28,748)	(28,748)	74,235	8,990
Lemars	0.352860%	(39,755)	(39,755)	(39,755)	102,658	12,432
Maquoketa	0.217439%	(24,498)	(24,498)	(24,498)	63,260	7,661
Marion	1.858084%	(209,340)	(209,340)	(209,340)	540,574	65,463
Marshalltown	1.515981%	(170,797)	(170,797)	(170,797)	441,046	53,410
Mason City	2.083745%	(234,764)	(234,764)	(234,764)	606,226	73,413
Muscatine	1.759589%	(198,243)	(198,243)	(198,243)	511,919	61,992
Newton	1.090944%	(122,911)	(122,911)	(122,911)	317,389	38,435
Oelwein	0.230028%	(25,916)	(25,916)	(25,916)	66,922	8,104
Oskaloosa	0.490778%	(55,293)	(55,293)	(55,293)	142,782	17,291
Ottumwa	1.459246%	(164,405)	(164,405)	(164,405)	424,540	51,411
Pella	0.328838%	(37,048)	(37,048)	(37,048)	95,669	11,585
Sioux City	6.343361%	(714,672)	(714,672)	(714,672)	1,845,480	223,484
Spencer	0.495032%	(55,773)	(55,773)	(55,773)	144,020	17,441
Storm Lake	0.379704%	(42,779)	(42,779)	(42,779)	110,468	13,377
Urbandale	1.892653%	(213,235)	(213,235)	(213,235)	550,631	66,680
Waterloo	5.724535%	(644,952)	(644,952)	(644,952)	1,665,444	201,682
Waverly	0.360469%	(40,612)	(40,612)	(40,612)	104,872	12,700
Webster City	0.281258%	(31,688)	(31,688)	(31,688)	81,827	9,909
West Des Moines	3.156744%	(355,651)	(355,651)	(355,651)	918,391	111,214
Total	100.00%	$ (11,266,456)	$(11,266,456)	$(11,266,456)	$ 29,093,089	$3,523,122

Expected Remaining Service Lives

Under GASB 68, gains and losses which are amortized over future years are referred to as deferred inflows or gains, and deferred outflows or losses. Investment gains and losses are recognized over a closed five year period. Economic and demographic gains and losses and changes in the total pension liability due to changes in assumptions are recognized over a closed period equal to the average expected remaining service lives of all covered active and inactive members, determined as of the beginning of the measurement period. The amortization period is calculated as the weighted average of expected remaining service lives assuming zero years for all inactive members.

The amortization period for the June 30, 2014 to June 30, 2015 measurement period was determined as follows:

As of June 30, 2014	Members	Expected Remaining Service Lives
Active Members	3,885	11.606
Inactive Members	4,217	0.000
Weighted Average Rounded to the Nearest Tenth		5.600

Pension Expense	June 30, 2015
Service Cost	$ 49,893,939
Interest on Total Pension Liability	196,289,405
Effect of Plan Changes	-
Administrative Expenses	1,680,944
Other Changes in Fiduciary Net Position	774,140
Member Contributions	(24,622,310)
Expected Investment Return Net of Investment Expenses	(169,135,552)
Recognition of Deferred (Inflows)/Outflows of Resources	
Economic/Demographic (Gains)/Losses	2,522,343
Assumption Changes	8,950,906
Investment (Gains)/Losses	(22,739,709)
Pension Expense	$ 43,614,106

Actuarial Assumptions

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation	3.00 percent
Salary Increases	4.5 to 15.11 percent including inflation
Investment Rate of Return	7.50 percent, net of pension plan investment expense, including inflation

The actuarial assumptions used in the June 30, 2015, valuation were based on the results of an actuarial experience study for the period of July 1, 2002, to June 30, 2012. There were no significant changes of benefit terms.

Mortality rates were based weighting equal to 1/12 of the 1971 GAM table and 11/12 of the 1994 GAM table with no projection of future mortality improvement. The one additional step results in a weighting of 1/12 of the 1971 Group Annuity Mortality Table and 11/12 of the 1994 Group Annuity Mortality Table.

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

Asset Class		Target Allocation	Long-Term Expected Real Rate of Return
Core-Plus Fixed Income	7.0%		3.8%
Emerging Markets Debt	3.0%		6.5%
Domestic equities	12.5%		6.0%
Master Limited Partnerships (MLP)	5.0%		8.5%
International equities	12.5%		7.0%
Core Investments		**40.0%**	
Tactical Asset Allocation		**35.0%**	6.0%
Private equity/debt		**15.0%**	9.8%
Private Non-Core Real Estate	5.0%		9.3%
Private Core Real Estate	5.0%		6.8%
Real estate		**10.0%**	
Total		**100%**	

Discount Rate. The discount rate used to measure the total pension liability as of June 30, 2015 was 7.50%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at 9.40% of covered payroll and the City contributions will be made at rates equal to the difference between actuarially determined rates and the member rate. Based on those assumptions, the System'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 System investments was applied to all periods of projected benefit payments to determine the total pension liability.