

BARNSTABLE COUNTY RETIREMENT ASSOCIATION

***FINANCIAL STATEMENTS PREPARED IN ACCORDANCE
WITH PERAC RULES AND REGULATIONS***

YEAR ENDED DECEMBER 31, 2014

BARNSTABLE COUNTY RETIREMENT ASSOCIATION

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

TABLE OF CONTENTS

Financial Section	1
Independent Auditor's Report	2
Financial Statements	5
Statement of Assets, Liabilities, and Fund Balance	6
Statement of Changes in Fund Balance	7
Statement of Income	9
Statement of Disbursements	10
Statement of Investment Income	11
Notes to Financial Statements	12

Financial Section



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Independent Auditor's Report

To the Honorable Barnstable Retirement Board
Barnstable County Retirement Association
Barnstable, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the Barnstable County Retirement Association (BCRA) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Barnstable County Retirement Association's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Commonwealth of Massachusetts Public Employee Retirement Administration Commission Rules and Regulations 840 CMR 5.03: Annual Report. Management is also responsible for 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, the Commonwealth of Massachusetts Public Employee Retirement Administration Commission Rules and Regulations 840 CMR 25.00: "The Conduct of Field Examinations of Contributory Retirement Associations," in existence as of August 27, 2004, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Barnstable County Retirement Association as of December 31, 2014, and the results of its operations and changes in its fund balances for the year then ended in accordance with the financial reporting provisions of the Commonwealth of Massachusetts Public Employee Retirement Administration Commission Rules and Regulations 840 CMR 5.03: Annual Report described in Note 2.

Basis of Accounting

We draw attention to Note 2 of the financial statements which describes the basis of accounting. As described in Note 2 to the financial statements, the financial statements are prepared by the BCRA on the basis of financial reporting provisions prescribed by the Commonwealth of Massachusetts Public Employee Retirement Administration Commission Rules and Regulations 840 CMR 5.03: Annual Report, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Commonwealth of Massachusetts Public Employee Retirement Administration Commission (PERAC). Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 26, 2015, on our consideration of the Barnstable County Retirement Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Barnstable County Retirement Association's internal control over financial reporting and compliance.

Restriction on Use

This report is intended solely for the information and use of the Barnstable Country Retirement Association, the Public Employee Retirement Commission and all member units and is not intended to be and should not be used by anyone other than these specified parties.

Powers & Sullivan LLC

May 26, 2015

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Financial Statements

STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCE

DECEMBER 31, 2014

Assets

Cash.....	\$ 1,649,428
Investments:	
PRIT funds.....	850,169,226
Pooled real estate funds.....	7,597,572
Receivables.....	<u>2,653,066</u>
Total assets.....	<u>\$ 862,069,292</u>

Fund Balance

Annuity Savings Fund.....	\$ 242,573,808
Annuity Reserve Fund.....	74,220,567
Special Military Service Credit Fund.....	198,540
Pension Fund.....	171,250
Pension Reserve Fund.....	<u>544,905,127</u>
Total fund balance.....	<u>\$ 862,069,292</u>

See notes to financial statements.

STATEMENT OF CHANGES IN FUND BALANCE

YEAR ENDED DECEMBER 31, 2014

	<u>Annuity Savings Fund</u>	<u>Annuity Reserve Fund</u>	<u>Military Service Fund</u>
Income:			
Receipts.....	\$ 25,907,728	\$ 2,443	\$ 14,370
Investment income.....	<u>353,693</u>	<u>2,067,699</u>	<u>184</u>
Total income.....	<u>26,261,421</u>	<u>2,070,142</u>	<u>14,554</u>
Disbursements and depreciation:			
Disbursements.....	<u>(3,833,303)</u>	<u>(11,097,682)</u>	<u>(2,595)</u>
Net change in fund balance before interfund transfers in (out).....	22,428,118	(9,027,540)	11,959
Interfund transfers in (out), net.....	<u>(14,133,071)</u>	<u>14,170,792</u>	<u>(10)</u>
Net change in fund balance.....	8,295,047	5,143,252	11,949
Fund balance at beginning of year.....	<u>234,278,761</u>	<u>69,077,315</u>	<u>186,591</u>
Fund balance at end of year.....	\$ <u><u>242,573,808</u></u>	\$ <u><u>74,220,567</u></u>	\$ <u><u>198,540</u></u>

See notes to financial statements.

<u>Pension Fund</u>	<u>Pension Reserve Fund</u>	<u>Expense Fund</u>	<u>Total</u>
\$ 53,372,419	\$ 921,196	\$ -	\$ 80,218,156
-	56,953,017	5,633,337	65,007,930
<u>53,372,419</u>	<u>57,874,213</u>	<u>5,633,337</u>	<u>145,226,086</u>
<u>(56,574,170)</u>	<u>-</u>	<u>(5,633,337)</u>	<u>(77,141,087)</u>
(3,201,751)	57,874,213	-	68,084,999
<u>2,862,532</u>	<u>(2,900,243)</u>	<u>-</u>	<u>-</u>
(339,219)	54,973,970	-	68,084,999
<u>510,469</u>	<u>489,931,157</u>	<u>-</u>	<u>793,984,293</u>
<u>\$ 171,250</u>	<u>\$ 544,905,127</u>	<u>\$ -</u>	<u>\$ 862,069,292</u>

STATEMENT OF INCOME

YEAR ENDED DECEMBER 31, 2014

Members deductions.....	\$	24,197,965
Transfers of members' accounts from other systems.....		1,060,039
Members' makeup payments and redeposits.....		649,724
Reimbursements from other systems for Pension Fund.....		2,062,269
Received from Commonwealth for COLA and Survivor Benefits.....		656,897
Employers' contributions to Pension Fund.....		50,627,593
Workers compensation.....		25,660
Contributions received for military Service.....		14,370
Federal grant reimbursement.....		109,587
Interest not refunded.....		988
Miscellaneous.....		2,443
Pension Reserve appropriation.....		810,621
Investment income (loss).....		<u>65,007,930</u>
Total income.....	\$	<u><u>145,226,086</u></u>

See notes to financial statements.

STATEMENT OF DISBURSEMENTS

YEAR ENDED DECEMBER 31, 2014

Refunds of members' accounts from Annuity Savings Fund.....	\$	2,591,822
Annuity portion of retirement allowance payments from Annuity Reserve Fund.....		10,873,985
Option B refunds from Annuity Reserve Fund.....		223,697
Superannuation and termination retirement allowance payments from Pension Fund.....		40,548,055
Survivor allowance payments from Pension Fund.....		2,383,170
Ordinary disability payments from Pension Fund.....		893,856
Accidental disability payments from Pension Fund.....		10,112,977
Accidental death benefits from Pension Fund.....		1,061,372
Section 101 benefits from Pension Fund.....		347,024
Reimbursements to other systems from Pension Fund.....		1,227,716
Payment from Military Service Fund.....		2,595
Investment management and custodial fees from Expense Fund.....		4,422,339
Board member stipend from Expense Fund.....		23,626
Staff salaries from Expense Fund.....		523,046
Legal expenses from Expense Fund.....		132,217
Travel expenses from Expense Fund.....		1,378
Fiduciary insurance from Expense Fund.....		45,418
Professional services.....		48,793
Administrative expenses from Expense Fund.....		298,934
Furniture and equipment expenses from Expense Fund.....		5,782
Rent from Expense Fund.....		128,744
Education and training.....		3,060
Transfer of members accounts to other systems.....		<u>1,241,481</u>
Total disbursements and depreciation.....	\$	<u><u>77,141,087</u></u>

See notes to financial statements.

STATEMENT OF INVESTMENT INCOME

YEAR ENDED DECEMBER 31, 2014

Gross investment income.....	\$ 23,686,161
Add:	
Profit on the sale of investments.....	36,838,321
Increase in market value of securities.....	53,727,903
Less:	
Loss on the sale of investments.....	(194,205)
Decrease in market value of securities.....	<u>(49,050,250)</u>
Net investment income (loss).....	<u>65,007,930</u>
Investment income required:	
Annuity Savings Fund.....	353,693
Annuity Reserve Fund.....	2,067,699
Special Military Service Credit Fund.....	184
Pension Reserve Fund.....	56,953,017
Expense Fund.....	<u>5,633,337</u>
Total investment income required.....	<u>65,007,930</u>
Excess (deficiency) of investment income requiring transfer from Pension Reserve Fund.....	<u>\$ -</u>

See notes to financial statements.

NOTE 1 – PLAN DESCRIPTION

The Barnstable County Retirement Association is a multiple-employer, cost-sharing, contributory defined benefit pension plan covering all employees of the governmental member units deemed eligible by the Barnstable County Retirement Board (the Board), with the exception of school department employees who serve in a teaching capacity. The pensions of such school employees are administered by the Commonwealth of Massachusetts' Teachers Retirement System. Membership in the Association is mandatory immediately upon the commencement of employment for all permanent employees working a minimum of 25 hours per week. As of January 1, 2014, the Association had 50 participating employers.

Originally established in 1937, the Association is governed by a five member Board who establish the policies under which the Association operates. Board members also approve all of the Association's financial transactions, including the approval of retirement benefits to members. The day-to-day operations of the Association are managed by the Executive Director.

The legislative body for the System is an Advisory Council consisting of treasurers of the member units. The Advisory Council meets semi- annually and is responsible for supervising and certifying the procedures involved in the election of members to the retirement board.

The Association is a member of the Massachusetts Contributory Retirement System and is governed by Chapter 32 of the Massachusetts General Laws (MGL). Public Employee Retirement Administration Commission (PERAC) is the state agency responsible for oversight of the Commonwealth's public retirement systems.

Massachusetts contributory retirement system benefits are, with certain exceptions, uniform from system to system. The Plan provides for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation for those hired prior to April 2, 2012. For persons who became members on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification.

There are three classes of membership in the retirement system; Group 1, Group 2 and Group 4. Group 1 consists of general employees which includes clerical and administrative positions. Group 2 consists of positions that have been specified as hazardous. Lastly, Group 4 consists of police officers, firefighters, and other hazardous positions.

Any individual in Group 1 or Group 2 whose membership began before January 1, 1978, and who maintains an annuity savings fund account, is eligible to receive a superannuation retirement allowance at age 55 or later, regardless of how many years of credible service he or she has completed.

There are no minimum vesting requirements for individuals in Group 4.

Members in Groups 1 and 2, hired after January 1, 1978 and prior to April 2, 2012, are eligible to receive a superannuation retirement allowance upon the completion of 20 years of service or upon the completion of 10 years of service and upon reaching the age of 55.

Members in Groups 1 and 2, hired on or after April 2, 2012, are eligible to receive a superannuation retirement allowance upon the completion of 10 years of service and upon reaching the age of 60 (Group 1) or age 55 (Group 2).

A retirement allowance consists of two parts: an annuity and a pension. A member's accumulated total deductions and the interest they generate constitute the annuity. The differential between the total retirement benefit and the annuity is the pension.

Active members contribute between 5 and 9% of their gross regular compensation. The percentage rate is keyed to the date upon which an employee's membership commences. Members hired on or after January 1, 1979, contribute an additional 2% of annual regular compensation in excess of \$30,000. Deductions are deposited in the Annuity Savings Fund and earn interest at a rate determined by the Public Employee Retirement Administration Commission's (PERAC) actuary. When a member's retirement becomes effective, his/her deductions and related interest are transferred to the Annuity Reserve Fund. Any cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth of Massachusetts' state law during those years are borne by the Commonwealth and are deposited into the Pension Fund. Cost-of-living adjustments granted after 1997 must be approved by the System and all costs are borne by the System.

The pension portion of any retirement benefit is paid from the Pension Fund of the System. The governmental unit employing the member must annually appropriate and contribute the amount of current-year pension assessment. In past years, retirement systems were paying only the actual retirement benefits that were due each year. Systems had no statutory authorization to put aside money for the future benefits of employees who are currently employed. Large unfunded liabilities resulted from operating under this pay-as-you-go basis. In 1977, legislation authorized local governments to appropriate funds to meet future pension obligations. In 1983, additional legislation was passed requiring the transfer of investment earnings (in excess of the amount credited to member accounts) into the Pension Reserve Fund. Additionally, Chapter 32 of the MGL requires Massachusetts retirement systems to adopt funding schedules designed to reduce the unfunded actuarial liability of the system to zero by no later than June 30, 2040. The Association adopted Section 22d of Chapter 32 in April of 1989. The Association's current funding schedule is designed to reduce the unfunded actuarial liability to zero by 2036. These initiatives have significantly reduced the rate of growth of Massachusetts Retirement Systems' unfunded liabilities, and in some Systems have actually reduced such liability.

Administrative expenses, which were previously appropriated from the governmental entities whose employees are members of the system, are now paid from investment income.

Members who become permanently and totally disabled for further duty may be eligible to receive a disability retirement allowance. The amount of benefits to be received in such cases is dependent on several factors, including whether or not the disability is work related, the member's age, years of creditable service, level of compensation, veterans' status and group classification.

Employees who resign from service are entitled to request a refund of their accumulated total deductions.

Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements are presented on the basis of accounting and reporting practices prescribed by PERAC. Financial accounting and reporting standards required by generally accepted accounting principles (GAAP) differ in some respects from the requirements of PERAC. The valuation of assets, liabilities and net assets are substantially the same. The main difference between GAAP and PERAC is that the financial statements for the changes in net assets/fund balances are presented in different formats.

The underlying accounting records of the Association are maintained on a calendar year basis in accordance with the standards and procedures established by PERAC.

The Annuity Savings Fund 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 from the Association with less than 10 years of service is transferred to the Pension Reserve Fund. Upon retirement, a member's contributions and interest are transferred to the Annuity Reserve Fund. Dormant account balances must be transferred to the Pension Reserve Fund after a period of 10 years of inactivity.

The Annuity Reserve Fund is the fund to which a Member's account is transferred upon retirement from the Annuity Savings Fund and the Special Military Service Credit Fund. 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 on the previous month's balance.

The Special Military Service Credit Fund contains contributions and interest for members while on military leave for service in the Armed Forces who will receive creditable service for the period of that leave. Creditable service is granted provided the member returns to the same governmental unit within two years of the date of discharge from the military. Upon retirement, a member's contributions and interest are transferred to the Annuity Reserve Fund.

The Pension Fund contains the amounts appropriated by the governmental units as established by PERAC to pay the pension portion of each retirement allowance.

The Pension Reserve Fund contains the amounts appropriated by the governmental units for the purpose of funding retirement benefits. Any investment income in excess of the amount required to credit interest to the Annuity Savings Fund, Annuity Reserve Fund and Military Service Credit Fund is credited to the Pension Reserve Fund. Any profit or loss realized on the sale or maturity of any investment or on the unrealized gain or loss of market valued investments as of the valuation date is credited to the Pension Reserve Fund.

The Expense Fund contains amounts transferred from investment income and rental income from the Association's office building for the purpose of administering the Association.

The Investment Income Account is credited with all interest and dividends derived from invested funds. At the end of the year, the interest credited to the Annuity Savings Fund, Annuity Reserve Fund, Special Military Credit Service Fund and Expense Fund is distributed from this account and the remaining balance is transferred to the Pension Reserve Fund.

NOTE 3 – PLAN ADMINISTRATION

The Association is administered by a five-person Board of Retirement consisting of the County Finance Director/Treasurer, who shall be a member ex-officio, a second member appointed by the governing authority (the County Commission), a third and fourth member who shall be elected by the members in or retired from the service of such system, and a fifth member appointed by the Advisory Council consisting of representatives from the member units.

Chairman	E. Mark Zielinski	Term Expires:	Indefinite
Appointed Member	Mary Pat Flynn	Term Expires:	Indefinite
Elected Member	Mark Foley	Term Expires:	1/6/2018
Elected Member	Robert Rolanti	Term Expires:	12/31/2016
Appointed Member	Judith C. Sprague	Term Expires:	12/31/2017

Board members are required to meet at least once a month. The Board must keep a record of all of its proceedings. The Board must annually submit to the appropriate authority an estimate of the expenses of administration and cost of operation of the Association. The Board must annually file a financial statement of condition for the Association with the Executive Director of PERAC.

The investment of the Association's funds is the responsibility of the Board. All retirement allowances must be approved by the Retirement Board. The PERAC Actuary performs verification prior to payment, unless the Association has obtained a waiver for superannuation calculations allowing them to bypass this requirement. All expenses incurred by the Association must be approved by a majority vote of the Board. Payments shall be made only upon vouchers signed by three persons designated by the Board.

The following retirement board members and employees are bonded by an authorized agent representing a company licensed to do business in Massachusetts as follows:

Treasurer-Custodian:)	MACRS Blanket Policy
Ex-Officio Member:)	\$50,000,000 Fiduciary Liability
Elected Members:)	\$1,000,000 Fidelity (ERISA) Bond
Appointed Members:)	St. Paul Travelers Insurance Company
Staff Employees:)	National Union Fire Arch Insurance Company

NOTE 4 – CASH AND INVESTMENTS

Custodial Credit Risk - Deposits

At December 31, 2014, the carrying amount of the System's deposits totaled \$1,649,428 and the bank balance totaled \$2,454,425 which was covered by Federal Depository Insurance.

Investments

The System's investments are as follows:

<u>Investment Type</u>		<u>December 31, 2014</u>
PRIT Pooled Funds.....	\$	850,169,226
Pooled Real Estate Funds.....		<u>7,597,572</u>
Total Investments.....	\$	<u><u>857,766,798</u></u>

Approximately 99% of the Retirement System's investments are in Pension Reserve Investment Trust (PRIT). This investment pool was established by the Treasurer of the Commonwealth of Massachusetts, who serves as Trustee. PRIT is administered by the Pension Reserves Investment Management Board. The fair values of the positions in each investment Pool are the same as the value of each Pool's shares. The Administration does not have the ability to control any of the investment decisions relative to its funds in PRIT.

The remaining investments consist of two closed end real estate investments which are scheduled to mature during 2015 and 2016.

The Administration's annual money-weighted rate of return on pension plan investments was 7.58. The money-weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested, measured monthly.

NOTE 5 – ACTUARIAL VALUATION

Components of the net pension liability as of the January 1, 2014 actuarial valuation were as follows:

Total pension liability.....	\$ 1,426,632,712
The pension plan's fiduciary net position.....	<u>862,069,292</u>
The net pension liability.....	\$ <u><u>564,563,420</u></u>
The pension plan's fiduciary net position as a percentage of the total pension liability.....	60.43%

The significant assumptions and other inputs used to measure the total pension liability as of January 1, 2014 were as follows:

Valuation date.....	January 1, 2014
Actuarial cost method.....	Entry Age Normal Cost Method.
Amortization method.....	Payments increase at 4.0%, except for 2010 Early Retirement Incentive, which is a level payment.
Remaining amortization period.....	22 years from July 1, 2014 for 2002 and 2003 Early Retirement Incentives, retiree sheriffs liability and remaining unfunded liability, and 8 years from July 1, 2014 for 2010 Early Retirement Incentive.
Asset valuation method.....	Sum of actuarial value at beginning of the year, contributions and investment earnings based on the actuarial interest assumption less benefit payments and operating expenses plus 20% of the market value at the end of the year in excess of that sum, plus additional adjustment toward market value as necessary so that the final actuarial value is within 20% of market value.
Inflation rate.....	4.00%
Projected salary increases.....	Varies by length of service with ultimate rates of 4.25% for Group 1, 4.50% for Group 2 and 4.75% for Group 4.
Cost of living adjustments.....	3.0% of the first \$15,000 of retirement income.
Rates of retirement.....	Varies based upon age for general employees, police and fire employees.
Rates of disability.....	For general employees, it was assumed that 45% of all disabilities are ordinary (55% are service connected). For police and fire employees, 10% of all disabilities are assumed to be ordinary (90% are service connected).

Mortality Rates:

Pre-Retirement.....	The RP-2000 Employee Mortality Table projected generationally with a Scale AA from 2010.
Healthy Retiree.....	The RP-2000 Healthy Annuitant Mortality Table projected generationally with a Scale AA from 2010.
Disabled Retiree.....	The RP-2000 Healthy Annuitant Mortality Table set forward three years for males only projected generationally with Scale AA from 2010.

Investment rate of return/Discount rate..... 7.75%, net of pension plan investment expense, including inflation previously 7.875%

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment 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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of January 1, 2014 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Long-Term Expected Asset Allocation
Domestic equity.....	6.60%	20.00%
International developed markets equity.....	7.10%	16.00%
International emerging markets equity.....	9.40%	7.00%
Core fixed income.....	2.20%	13.00%
High-yield fixed income.....	4.70%	10.00%
Real estate.....	4.40%	10.00%
Commodities.....	4.40%	4.00%
Hedge fund, GTAA, Risk parity.....	3.90%	10.00%
Private equity.....	11.70%	10.00%

Discount rate: The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net position liability to changes in the discount rate. The following presents the net position liability, calculated using the discount rate of 7.75%, as well as what the net position liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount (7.75%)	1% Increase (8.75%)
Barnstable County Retirement Association's net pension liability as of December 31, 2014.....	\$ 727,809,353	\$ 564,563,420	\$ 426,139,334

NOTE 6 – MEMBERSHIP

The following table represents the Association's membership at December 31, 2014:

	<u>2014</u>
Retirees and beneficiaries currently receiving benefits.....	2,729
Inactive members entitled to a return of their employee contributions.....	513
Inactive members with a vested right to a deferred or immediate benefit.....	138
Active members.....	<u>4,696</u>
Total.....	<u><u>8,076</u></u>

NOTE 7 – SCHEDULE OF FUNDING PROGRESS

The Schedule of Funding Progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Schedule of Funding Progress

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)
01/01/14	\$ 776,973,700	\$ 1,353,810,101	\$ 576,836,401	57.4%	\$ 253,920,106	227.2%
01/01/12	651,063,981	1,173,483,848	522,419,867	55.5%	239,437,303	218.2%
01/01/10	554,876,554	1,030,210,321	475,333,767	53.9%	234,374,075	202.8%

