CITY OF JOPLIN, MISSOURI
POLICEMEN'S AND FIREMEN'S PENSION PLAN

Financial Statements
and Required Supplementary Information

For the Years Ended
October 31, 2014 and 2013

(With Independent Auditor's Report Thereon)

CHV & CO | COCHRAN HEAD VICK & CO., P.C.
Certified Public Accountants

CITY OF JOPLIN, MISSOURI
POLICEMEN'S AND FIREMEN'S PENSION PLAN

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees of the
City of Joplin, Missouri Policemen's
and Firemen's Pension Plan:

We have audited the accompanying statements of plan net position of the City of Joplin, Missouri Policemen's and Firemen's Pension Plan (the Plan) as of October 31, 2014 and 2013, and the related statements of changes in plan net position for the years then ended.

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 opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net position of the City of Joplin, Missouri Policemen's and Firemen's Pension Plan as of October 31, 2014 and 2013, and the respective changes in plan net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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Emphasis of Matter

As discussed in Note 1, the financial statements of the Plan are intended to present the financial position, and changes in financial position of only that portion of the aggregate remaining fund information of the City of Joplin, Missouri (the City) that is attributable to the transactions of the Plan. They do not purport to, and do not, present fairly the financial position of the City, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Change in Accounting Principle

As described in Note 2 to the financial statements, in 2014, the Pension Plan adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement 67 – *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25.* Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Changes in the Employer Net Pension Liability and Related Ratios and the Schedule of Employer Contributions on pages 13-14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Kansas City, Missouri
April 16, 2015

Cochran Head V. Jost P.C.

CITY OF JOPLIN, MISSOURI
POLICEMEN'S AND FIREMEN'S PENSION PLAN

STATEMENTS OF PLAN NET POSITION

OCTOBER 31, 2014 AND 2013

	2014	2013
Assets:		
Short-term investments	$ 892,907	$ 919,592
Receivables:		
Interest and dividends	293	264
Investments, at fair value:		
Equities	-	2,600,853
Mutual funds	35,309,336	29,766,921
Total investments, at fair value	35,309,336	32,367,774
Total assets	36,202,536	33,287,630
Net Position:		
Total net position held in trust for pension benefits	$ 36,202,536	$ 33,287,630

See accompanying notes to the financial statements.

CITY OF JOPLIN, MISSOURI
POLICEMEN'S AND FIREMEN'S PENSION PLAN

STATEMENTS OF CHANGES IN PLAN NET POSITION

FOR THE YEARS ENDED OCTOBER 31, 2014 AND 2013

	2014	2013
Additions:		
Contributions:		
Employer	$ 2,919,863	$ 3,718,194
Plan members	1,404,265	1,302,106
Total contributions	4,324,128	5,020,300
Investment income:		
Net appreciation in fair value of investments	1,478,039	2,596,946
Interest and dividends	692,371	724,521
Investment expenses	(70,269)	(69,503)
Net investment income	2,100,141	3,251,964
Total additions	6,424,269	8,272,264
Deductions:		
Benefits	2,780,780	2,737,921
Refunds of contributions	691,968	502,878
Administrative and other expenses	36,615	103,219
Total deductions	3,509,363	3,344,018
Net increase	2,914,906	4,928,246
Net position held in trust for pension benefits:		
Beginning of year	33,287,630	28,359,384
End of year	$ 36,202,536	$ 33,287,630

See accompanying notes to the financial statements.

1. Description of the Plan

The following brief description of the City of Joplin Policemen's and Firemen's Pension Plan (the Plan) is provided for general information purposes only. Participants should refer to the establishing ordinance and plan documents for more complete information.

General

The Plan is a single employer defined benefit plan that covers all full-time police officers and firefighters serving the City of Joplin, Missouri (the City). Coverage begins on the date of their employment and provides retirement, disability, and death benefits to Plan members and beneficiaries. The Plan is administered by the Board of Trustees of the Policemen's and Firemen's Pension Plan. Contributions to the Plan are made by the City in amounts authorized by the City Council of the City of Joplin and by participants in amounts established by ordinance.

The Plan is considered part of the City's financial reporting entity and is included in the City's financial reports as a Pension Trust Fund.

Termination Benefits

At any point prior to their normal retirement date, covered employees hired on or before January 31, 2009 are entitled to a return of their accumulated contributions without interest upon termination, death or disability. Amounts contributed by covered employees hired after January 31, 2009 will remain in the Plan.

Retirement Benefits

Retirement benefits accrue to members of the Plan according to the formula prescribed by the Plan and based upon earning levels and years of service. For all members who were hired on or before January 31, 2009, the benefits which accrue to members become 100% vested after twenty (20) years of service or upon reaching the age of sixty (60). For all members who were hired on or after February 1, 2009, the benefits which accrue to members become 100% vested after twenty-five (25) years of service or upon reaching the age of sixty (60).

Retirement benefits shall be paid to participants as monthly annuity payments for their lifetime, beginning in the month in which their retirement date falls. Benefits are to be paid for a period not longer than the lives (or, if applicable, the joint life expectancies) of the participant and their beneficiary. In the event of the death of a participant, benefits are to be paid to the participant's eligible spouse, qualified child or other designated beneficiary if no eligible spouse or qualified child exists. The amount of benefits to be received is determined based upon whether the participant is actively employed or retired and whether their death was related to the performance of their duties.

On October 11, 2012 a judgment was entered against the Plan regarding the calculation of disability benefits under the plan documents. The Plan appealed the judgment and was successful in reversing the October 11, 2012 judgment in early 2014. In conjunction with this ruling, the Plan was amended in 2014 to allow for the Plan to purchase a group insurance contract to fund the payment of disability benefits provided by the Plan.

Plan Termination

In the event of the termination or partial termination of the Plan, the benefits of all affected Participants determined as of the date of such termination or partial termination, to the extent funded as of such date, shall be non-forfeitable. No such action shall alter the Plan or its operation with respect to Participants who have previously retired under this Plan. Although the City has not expressed any intent to terminate the Plan Agreement, it may do so at any time.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The accounting and reporting policies of the Plan conform to accounting principles generally accepted in the United States of America applicable to governments and are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

In 2014, the Pension Plan adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement 67 – Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25. The requirements of this Statement improve financial reporting primarily through enhanced note disclosures and schedules of required supplementary information.

The new information enhances the decision-usefulness of the financial reports, their value for assessing accountability, and their transparency by providing information about measures of net pension liabilities and explanations of how and why those liabilities change from year to year. The net pension liability information, including ratios, offers an up-to-date indication of the extent to which the total pension liability is covered by the fiduciary net position of the pension plan. The comparability of the reported information for similar types of pension plans will be improved by the changes related to the attribution method used to determine the total pension liability. The contribution schedule provides measures to evaluate decisions related to the assessment of contribution rates in comparison to actuarially determined rates, when such rates are determined. In that circumstance, it also will provide information about whether employers and nonemployer contributing entities, if applicable, are keeping pace with actuarially determined contribution measures. In addition, new information about rates of return on pension plan investments informs financial report users about the effects of market conditions on the pension plan's assets over time and provides information for users to assess the relative success of the pension plan's investment strategy and the relative contribution that investment earnings provide to the pension plan's ability to pay benefits to plan members when they come due.

Funding Policy and Plan Membership

The actuarial determined employee contribution rate for the plan years 2014 and 2013 was 18.08% of the current year covered payroll for all members hired on or before January 31, 2009 and 10% for all members hired after January 31, 2009. Actual employee contributions equaled the actuarial determined amounts for the plan years 2014 and 2013.

The actuarial determined City contribution rates for the plan years 2014 and 2013 were 30.87% and 31.46% of covered compensation, respectively. The City also contributed an additional lump sum payment of $1,000,000 in 2013. The plan document specifies that for the plan year 2012 and all subsequent years, the City will contribute the actuarial determined rate, and accordingly, the City contributed the actuarial determined rate during 2014 and 2013.

Membership of the Plan consisted of the following as of the October 31, 2012 and October 31, 2013 actuarial valuation dates for the Plan:

	2013	2012
Retirees and beneficiaries	153	156
Active plan members:		
Vested	5	5
Nonvested	196	194
Total	354	355

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingencies at the date of the financial statements and the reporting of revenue and expenses during the reporting period. Actual results could differ from those estimates.

3. Investments

The Custodian and Investment Manager(s) chosen by the Trustees have discretionary authority concerning purchases of investments in the Plan subject to the overall investment policy guidelines as approved by the Board of Trustees and adopted by the City Council. The investment policy follows Sections 86.590 and 105.688 of the Missouri Revised Statutes regarding constraints on the deposit and investment of Plan assets.

The Plan's investment policy permits investments in fixed income securities, equity securities, and alternative investments. Under the policy, the investment manager is responsible for the diversification of their portfolio in order to minimize the risk of a large loss from a single security.

Investments are reported at fair value based on quoted market values. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Investments of the Plan at October 31, 2014 and 2013 consisted of the following:

	2014	2013
Individual equities	$ -	$ 2,600,853
Mutual Funds -		
Equity	20,899,163	16,098,387
Fixed Income	14,410,173	13,668,534
	$ 35,309,336	$ 32,367,774

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Plan has no specific policy regarding interest rate risk. For the years ended October 31, 2014 and 2013, approximately 67% and 75%, respectively, of the Plan's fixed income mutual funds had maturities of 5 to 11 years. As a result, the Plan is exposed to the risk of fair value losses arising from increasing interest rates.

The Plan has elected to use the segmented time distribution method of disclosure for its fixed income mutual funds. The following table summarizes these investments at October 31, 2014:

	Fair Value	Investment Maturities (in Years)		
		Less than 1	1 - 5	5 - 11
Fixed Income Mutual Funds	$14,410,173	$ -	$ 4,700,792	$ 9,709,381

The following table summarizes investments at October 31, 2013:

	Fair Value	Investment Maturities (in Years)		
		Less than 1	1 - 5	5 - 11
Fixed Income Mutual Funds	$ 13,668,534	$ -	$ 2,738,058	$ 10,930,476

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the Plan. The Plan has no specific policy regarding credit risk. The Plan uses the credit ratings issued by Standard and Poor's for disclosure of credit risk. The following table summarizes the average credit rating of each fund's holdings for Plan investments subject to credit risk at October 31, 2014:

Fund Name	Fair Value	Credit Rating
PIMCO All Asset Institutional Fund	$ 2,866,934	Not Rated
Metropolitan West Total Return Bond Fund	5,204,699	BBB
Templeton Global Bond Advisor Fund	1,833,858	BB
Vanguard Intermediate Term Treasury Fund	4,504,682	AA
	$ 14,410,173	

The following table summarizes the average credit rating of each fund's holdings for Plan investments subject to credit risk at October 31, 2013:

Fund Name	Fair Value	Credit Rating
PIMCO Total Return Institutional Fund	$ 3,746,634	Not Rated
PIMCO All Asset Institutional Fund	2,768,425	Not Rated
Templeton Global Bond Advisor Fund	2,738,058	BBB
Vanguard Inflation Protected Fund	2,665,878	AAA
Vanguard Intermediate Term Treasury Fund	1,749,539	AA
	$ 13,668,534	

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of the counterparty to the investment, the Plan will not be able to recover the value of investments that are in the possession of an outside party. The Plan's investments are held by its investment custodian in the Fund's name, and accordingly, the Plan had no investments subject to custodial credit risk.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss that may be attributed to the magnitude of the Plan's investment in a single issue. The Plan has no specific policy regarding the amount that may be invested in any one issuer. At October 31, 2014 and 2013, the Plan's investments in mutual funds, are designed, in part, to provide diversification and therefore reduce this risk.

Rate of Return

For the year ended October 31, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.47%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

4. Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, the values of investment securities may change in the near term and that such changes could materially affect the amounts reported in the statements of plan net position.

5. Net Pension Liability of the City

	2014
Total pension liability	$ 58,001,117
Plan fiduciary net position	(36,202,536)
City's net pension liability	$ 21,798,581
Plan fiduciary net position as a percentage of the total pension liability	62.42%

Actuarial Valuation Information

The total pension liability was determined by an actuarial valuation as of October 31, 2014, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar, Closed
Remaining amortization period	22 years
Asset Valuation Method	5-year smoothed market; 20% corridor
Wage Inflation	2.5%
Salary Increases	Police: 2.5% to 7.625% including inflation Fire: 2.5% to 7.01125% including inflation
Investment Rate of Return	7.0%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Active members age 60 and over are assumed to retire immediately.
Mortality	The standard mortality table used in this valuation is the RP 2000 projected to 2014 using scale AA. There is no margin for future mortality improvements. The projection of this table is reset each year to the valuation date. 25% of active deaths are assumed to be duty related, and 75% of active deaths are assumed to be non-duty related. The disabled mortality table used in this valuation is the RP 2000 disabled 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 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 October 31, 2014 are summarized in the following table:

	Long-term Expected Real Rate of Return
Domestic Fixed Income	2.5%
International Fixed Income	3.5%
Domestic equity	7.5%
International equity	8.5%

Discount rate

A single discount rate of 7.0% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.0%. The projection of cash flows used to determine the single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these 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 pension liability to changes in the discount rate.

The following presents the net pension liability of the City calculated using the discount rate of 7.0%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	1% Decrease 6.0%	Current Discount Rate 7.0%	1% Increase 8.0%
City's net pension liability	$ 28,502,184	$ 21,798,581	$ 16,210,826

7. Subsequent Events

The Plan evaluated subsequent events through April 16, 2015, the date the financial statements were available to be issued. No subsequent event were identified that required recognition or disclosure in the financial statements.

Required Supplementary Information

CITY OF JOPLIN, MISSOURI
POLICEMEN'S AND FIREMEN'S PENSION PLAN
Required Supplementary Information

Schedule of Changes in the Employer Net Pension Liability
and Related Ratios

		2014
Total Pension Liability		
Service costs	$	2,067,978
Interest		3,823,752
Difference between expected and actual experience		197,958
Assumption changes		56,769
Benefit payments		(2,780,780)
Refunds		(691,968)
Net change in pension liability		2,673,709
Total pension liability - beginning of year		55,327,408
Total pension liability - end of year (a)	$	58,001,117
Plan Fiduciary Net Position		
Employer contributions	$	2,919,863
Employee contributions		1,404,265
Net investment income		2,100,141
Benefit payments		(2,780,780)
Refunds		(691,968)
Administrative expenses		(36,615)
Net change in plan fiduciary net position		2,914,906
Plan fiduciary net positon - beginning of year		33,287,630
Plan fiduciary net positon - end of year (b)	$	36,202,536
Employer's net pension liability (a) - (b)	$	21,798,581
Plan net position as a percentage of the total pension liability		62.42%
Covered employee payroll	$	8,868,033
City's net pension liability as a percentage of covered payroll		245.81%

CITY OF JOPLIN, MISSOURI
POLICEMEN'S AND FIREMEN'S PENSION PLAN
Required Supplementary Information

Schedule of Employer Contributions

	2014
Actuarially determined contributions	$ 2,737,752
Contributions in relation to the actuarially determined contributions	(2,919,863)
Contributions deficiency (excess)	$ (182,111)
Covered employee payroll	$ 8,868,033
Contributions as a percentage of Covered employee payroll	32.93%

Notes to Required Supplementary Information

Actuarially determined contributions rates are calculated as of October 31, twelve months prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contributions rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar, Closed
Remaining amortization period	22 years
Asset Valuation Method	5-Year smoothed market 20% corridor
Wage Inflation	2.5%
Salary Increases	Police: 2.5% to 7.625% including inflation Fire: 2.5% to 7.01125% including inflation
Investment Rate of Return	7.0%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Active members age 60 and over are assumed to retire immediately.
Mortality	The standard mortality table used in this valuation is the RP 2000 projected to 2014 using scale AA. There is no margin for future mortality improveents. The projected of this table is reset each year to the valuation date. 25% of active deaths are assumed to be duty related, and 75% of active deaths are assumed to be non-duty related. The disabled mortality table used in this valuation is the RP 2000 disabled table.