

**TOWN OF PALM BEACH RETIREMENT SYSTEM**  
COMBINED ACTUARIAL VALUATION REPORT FOR  
GENERAL EMPLOYEES INCLUDING OCEAN RESCUE,  
POLICE OFFICERS AND FIREFIGHTERS  
FOR THE YEAR ENDING SEPTEMBER 30, 2015

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**FOR GENERAL EMPLOYEES INCLUDING OCEAN RESCUE, POLICE**  
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February 26, 2016

Board of Trustees  
Town of Palm Beach Retirement System  
Palm Beach, Florida

The results of the September 30, 2015 Actuarial Valuations of the Town of Palm Beach Retirement System are presented in this report. The purpose of the annual valuation is to measure the System's funding progress and to determine the Town's contribution rate for the fiscal year beginning October 1, 2015 in accordance with established funding policies. The results of the valuation may not be applicable for other purposes. Information required by Statement Nos. 67 and 68 of the Governmental Accounting Standards Board (GASB) is provided in a separate report.

This report should not be relied on for any purpose other than those described above. It was prepared at the request of the Board and is intended for use by the Retirement System and those designated or approved by the Board. This report may be provided to parties other than the System only in its entirety and only with the permission of the Board. GRS is not responsible for unauthorized use of this report.

The signing actuaries are independent of the plan sponsor.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law.

Valuation highlights, a summary of valuation results, observations, recommendations and our certification immediately follow this cover letter.

Detailed valuation results are contained in Section A of the respective reports.

The valuation was based upon information, furnished by your Administrator, concerning Retirement System benefits, financial transactions, and individual members, terminated members, retired members and beneficiaries. Data was checked for internal and year-to-year consistency, but was not otherwise audited. This information is summarized in Section B of the respective reports. GRS is not responsible for the accuracy or completeness of the data provided to us.

Actuarial cost methods, actuarial assumptions, and definitions of technical terms are contained in the Appendix.

Additional information is contained in Section C of the respective reports.

Supplemental information requested by the State of Florida Division of Retirement is contained in Section D of the respective reports.

This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. We certify that the information contained in this report is accurate and fairly presents the actuarial position of the Town of Palm Beach Retirement Systems as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board. The actuarial assumptions used for the valuation produce results which, individually and in the aggregate, are reasonable.

Brad Lee Armstrong and Jeffrey T. Tebeau are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

Respectfully submitted,



Brad Lee Armstrong, ASA, EA, FCA, MAAA



Jeffrey T. Tebeau, ASA, MAAA

BLA/JTT:ah

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## **EXECUTIVE SUMMARY**

COMBINED VALUATION SUMMARY, OBSERVATIONS,  
RECOMMENDATIONS AND CERTIFICATION

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# Summary of Valuation Results September 30, 2015

## FUNDING OBJECTIVE

The basic funding objective of the Retirement System is to avoid transfer of the cost of benefit obligations between generations of taxpayers. This objective is implemented by contributions sufficient to:

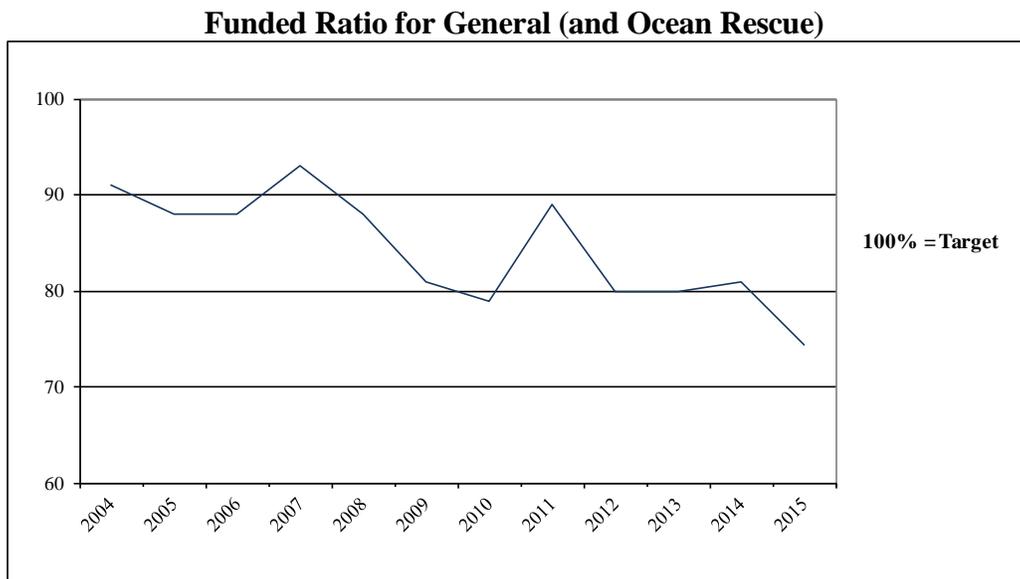
- ◆ pay for costs allocated to the current year on account of service rendered by active non-DROP participants in the current year (Normal Cost).
- ◆ pay for costs, in excess of the Funding Value of Assets, allocated to prior years on account of service rendered by participants in prior years (Unfunded Actuarial Accrued Liability) over 30-year closed periods.

The annual actuarial valuation measures the relationship between Retirement System obligations and assets and determines the contribution rates for the ensuing year. The Retirement System is supported by member contributions, Town contributions, and investment income from Retirement System assets.

## VALUATION RESULTS - FUNDING PROGRESS INDICATORS

### General and Ocean Rescue

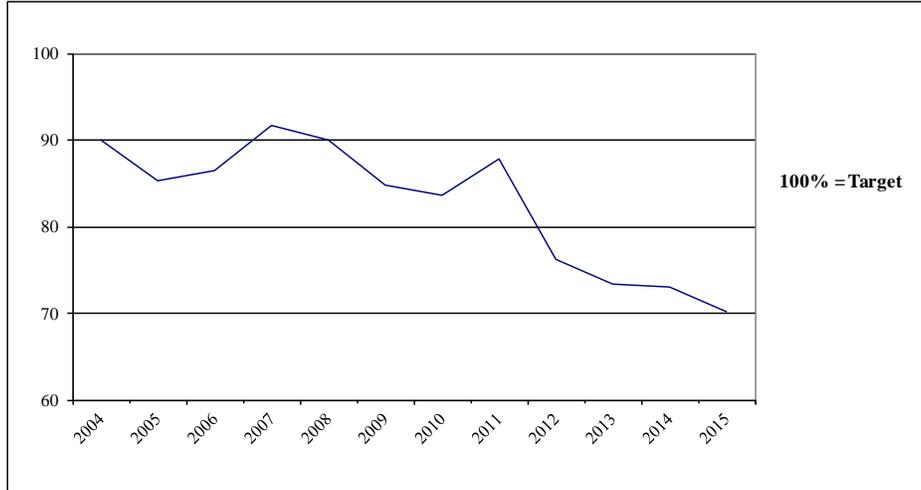
The September 30, 2015 actuarial valuation indicates that the actuarial accrued liabilities of the General Retirement System, are 74.5% funded by the Funding Value of Assets. This is a decrease from last year's funded ratio of 81.1%. Although not historically referred to, the ratio of the market value of assets to the actuarial accrued liabilities is 70.2%. This is a decrease from last year's ratio of 84.8%.



## Police Officers

The September 30, 2015 actuarial valuation indicates that the actuarial accrued liabilities of the Police Officers Retirement System, are 70.2% funded by the Funding Value of Assets. This is a decrease from last year's funded ratio of 73.0%. Although not historically referred to, the ratio of the market value of assets to the actuarial accrued liabilities is 65.6%. This is an increase from last year's rate of 74.9%.

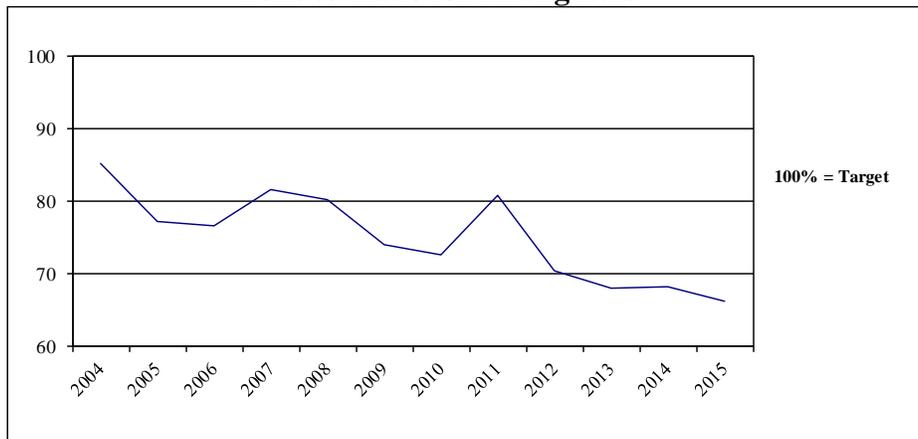
**Funded Ratio for Police Officers**



## Firefighters

The September 30, 2015 actuarial valuation indicates that the actuarial accrued liabilities of the Firefighters Retirement and Benefit System, are 66.2% funded by the Funding Value of Assets. This is a decrease from last year's funded ratio of 68.3%. Although not historically referred to, the ratio of the market value of assets to the actuarial accrued liabilities is 61.9%. This is a decrease from last year's rate of 70.1%.

**Funded Ratio for Firefighters**



## VALUATION RESULTS - CONTRIBUTION REQUIREMENT

The percent of active member payroll contribution requirements for the 2016-2017 and 2015-2016 fiscal years are:

### General Employees and Ocean Rescue

	2016-2017			2015-2016		
	General	Ocean Rescue	Aggregate	General	Ocean Rescue	Aggregate
Member portion	2.61 %	2.47 %		2.66 %	3.63 %	
Town portion	23.61	109.09	24.84 %	18.37	72.32	19.48 %
Illustrative \$	\$2,414,960	\$163,443	\$2,578,403	\$1,908,865	\$157,411	\$2,066,276

Comparative contribution information is shown on page A-3 of the General Report. Composition of the current contribution rate is shown on page A-1 of the General Employees and Ocean Rescue report.

### Police Officers

	2016-2017	2015-2016
Member portion	2.47 %	2.50 %
Town portion	65.55	63.23
Illustrative \$	\$2,531,902	\$2,233,214

Comparative contribution information is shown on page A-4 of the Police report. Composition of the current contribution rate is shown on page A-1 of the Police Officers report.

### Firefighters

	2016-2017	2015-2016
Member portion	4.19 %	4.18 %
Town portion	76.10	63.78
Illustrative \$	\$2,598,466	\$2,285,579

Comparative contribution information is shown on page A-4 of the Fire report. Composition of the current contribution rate is shown on page A-1 of the Firefighters report.

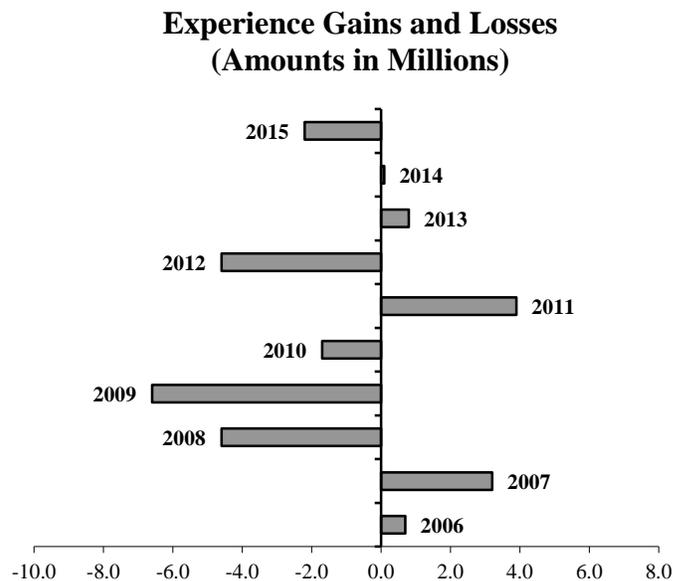
## VALUATION RESULTS - LAST YEAR'S EXPERIENCE INDICATORS

Market Value returns were unfavorable during the last year, causing the Funding Value of Assets of the Retirement System to increase less than projected by the long-term investment return assumption. Note that each year's deviation from assumed investment experience is spread over five years in equal dollar installments to reduce the effect of market volatility on contribution rates. More detail is provided in the respective Section A's of this report. The recognized return on the Funding Value of Assets was roughly 6.2% for General, 5.3% for Police and 5.2% for Fire, net of investment expenses. The projected return for the fiscal year ending September 30, 2015 was 7.5%.

The aggregate effect of overall System experience was a loss of \$7.7 million, caused mostly by lower than expected recognized investment return for all three groups. The impact on the Town's contribution amount for the fiscal year ending September 30, 2017 is an increase of approximately \$450,000. A portion of the losses was attributable to the volume of retirement activity that took place during the fiscal year. Losses were partially offset by gains due to lower than expected salary increases.

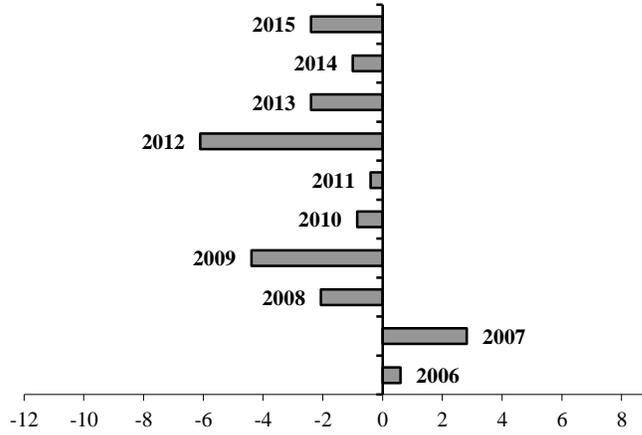
Year-to-year experience variations are expected and normal in the operation of a retirement system as members vary their activities and economic conditions change. The expectation is that the plus years and minus years will tend to cancel over 5 to 10 year periods. However, the majority of the last 10 years have been unfavorable (please refer to page A-9 or A-10 of the respective reports).

### General Employees and Ocean Rescue



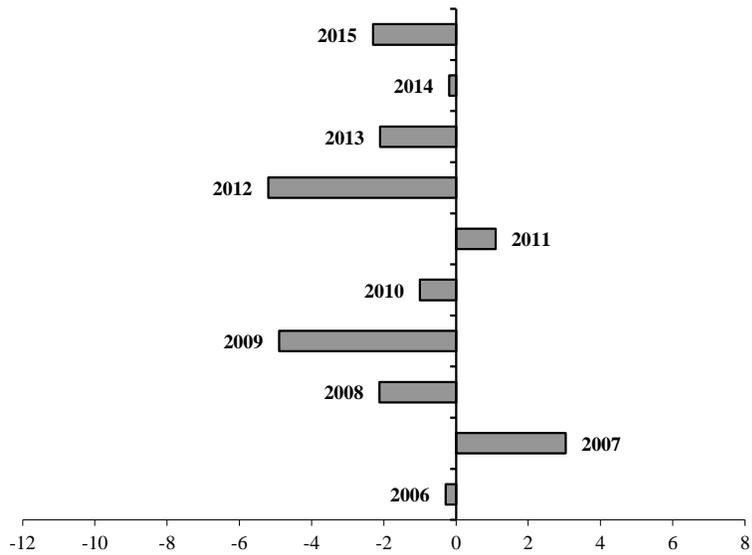
## Police Officers

### Experience Gains and Losses (Amounts in Millions)



## Firefighters

### Experience Gains and Losses (Amounts in Millions)



## **CHAPTER 175 SHARE ACCOUNTS - FIREFIGHTERS**

Share Accounts totaling \$859,707 were included in both the assets and liabilities in this report. The Board should annually review and approve the issuance of individual Share Account statements to the extent any remain.

## **DROP ACCOUNTS AND RESERVE FOR EMPLOYER CONTRIBUTIONS**

DROP accounts totaling \$9,292,880 and reserves for employer contributions totaling \$483,317 were included in both the assets and liabilities in this report.

## **BENEFIT CHANGES**

Minor changes were made to the Summary of Benefits. For all groups, members are eligible to retire from Plan A with their frozen benefit at age 55, notwithstanding total service. Under duty and non-duty death benefits before retirement for all groups, dependent children are entitled to payment until age 18, or until age 25 when there is no surviving spouse. The result of these changes is de minimus.

## **ASSUMPTION CHANGES**

Actuarial assumptions were updated to coincide with the “Transitional Assumptions” from the October 1, 2009 to September 30, 2014 Experience Study report dated May 5, 2015. Overall, this caused an increase in the total computed contribution rates.

## **RECOMMENDATIONS**

The Retirement Ordinance requires reserve account transfers from the Employer Reserve Fund to the Retirement Reserve Fund which will establish a match between assets allocated to the Retirement Fund and liabilities associated with current retired lives.

### **General Employees and Ocean Rescue**

The balances in the Retirement Reserve Fund as of October 1, 2015 following the transfers should be as follows:

<u>Division</u>	<u>Retirement Reserve Fund</u>
General	\$73,677,689
Ocean Rescue	<u>4,733,218</u>
	\$78,410,907

## Police Officers

The balance in the Retirement Reserve Fund as of October 1, 2015 following the transfer should be \$71,588,959.

## Firefighters

The balance in the Retirement Reserve Fund as of October 1, 2015 following the transfers should be \$76,681,881.

## NEXT YEAR'S EXPERIENCE INDICATORS

Due to the Boards' use of a five-year smoothed market asset valuation method, greater than expected market returns were only partially recognized, and combined with the scheduled phase-in of the prior four years unrecognized investment income. Subsequently, investment losses are scheduled for the next four years. This will increase future computed employer contribution rates and reduce the funded ratio in the next few reports in the absence of future gains. For a better reflection of what to expect if all assumptions are met, we will be completing 10-year projections for the General, Police and Fire groups.

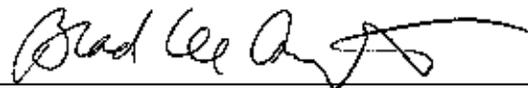
HB 1309 will mandate the use of Florida Retirement System (FRS) mortality tables for valuation dates beginning with the September 30, 2016 actuarial valuation. The FRS uses versions of the RP-2000 tables and projection scale BB in a reasonable manner. These mortality rates produce life expectancies that are longer for males and females. This change will increase the computed employer contribution rates and decrease the funded ratio in next year's report. For an indication of the impact of this change, please see the October 1, 2009 to September 30, 2014 Experience Study report dated May 5, 2015.

## CERTIFICATION

This actuarial valuation was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.

February 26, 2016

Date



Brad Lee Armstrong, ASA, EA, MAAA [14-5614]

## **OTHER OBSERVATIONS**

### **General Implications of Contribution Allocation Procedure or Funding Policy on Future Expected Contributions and Funded Status**

Given the System's contribution allocation procedure, if all actuarial assumptions are met (including the assumption of the plan earning 7.5% on the Funding Value of Assets), it is expected that:

- 1) The employer normal cost is sufficient to cover the cost of the benefits accrued each year. The Unfunded Actuarial Accrued Liabilities (UAAL) will be fully amortized by June 30, 2046;
- 2) The funded status of the System will increase gradually towards a 100% funded ratio; and
- 3) The UAAL will increase before beginning to decline. This is particularly true when the plan sponsor is contributing on a percent-of-payroll basis and over periods greater than 20 years.

### **Limitations of Funded Status Measurements**

Unless otherwise indicated, a funded status measurement presented in this report is based upon the Actuarial Accrued Liability (AAL) and the Funding Value of Assets (FVA). Unless otherwise indicated, with regard to any funded status measurements presented in this report:

- 1) The measurement is inappropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan's benefit obligations, in other words, of transferring the obligations to a unrelated third party in an arm's length market value type transaction.
- 2) The measurement is dependent upon the actuarial cost method which, in combination with the plan's amortization policy, affects the timing and amounts of future contributions. A funded status measurement in this report of 100% is not synonymous with no required future contributions. If the funded status were 100%, the plan would still require future normal cost contributions (i.e., contributions to cover the cost of the active membership accruing an additional year of service credit).
- 3) The measurement would produce a different result if the Market Value of Assets (MVA) were used instead of the FVA, unless the MVA is used in the measurement.

### **Limitations of Project Scope**

Actuarial standards do not require the actuary to evaluate the ability of the plan sponsor or other contributing entity to make required contributions to the plan when due. Such an evaluation was not within the scope of this project and is not within the actuary's domain of expertise. Consequently, the actuary performed no such evaluation.

### **Risks to Future Employer Contribution Requirements**

There are ongoing risks to future employer contribution requirements to which the Retirement System is exposed, such as:

- Actual and Assumed Investment Rate of Return
- Actual and Assumed Mortality Rates
- Amortization Policy

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**SECTION I**  
GENERAL REPORT

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## **SECTION A**

### **DETAILED VALUATION RESULTS**

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**Contributions to Finance Benefits of the Retirement System  
for the Plan Year Beginning October 1, 2016  
to be Contributed During the Fiscal Year Beginning October 1, 2016**

<b>Contributions for</b>	<b>Contributions Expressed as Percents of UnDROPed Active Member Payroll</b>	
	<b>General</b>	<b>Ocean Rescue</b>
Normal Cost		
Service pensions	4.55 %	1.82 %
Disability pensions	0.73	1.30
Death-in-service pensions	0.33	0.62
Deferred service pensions	0.27	0.59
Refunds of member contributions	0.49	0.60
Total Normal Cost	6.37	4.93
Unfunded Actuarial Accrued Liability *		
Retired members and beneficiaries	0.00	0.00
Active and vested terminated members	18.07	104.85
Total Unfunded Actuarial Accrued Liability	18.07	104.85
Administrative Expenses	1.78	1.78
Total Unadjusted Computed Contribution	26.22	111.56
Adjustments to Computed Contribution		
FS 112.64(5) Compliance	0.00	0.00
Full funding credit	0.00	0.00
Total adjustments	0.00	0.00
Total Adjusted Contribution Requirement	26.22	111.56
Member portion	2.61	2.47
Town portion	23.61	109.09

\* Please refer to pages A-9 and A-10 for schedules of financing periods.

FS 112.64 requires Public contributions to be deposited not less frequently than quarterly. Member contributions, which are in addition to the Public contributions, must be deposited not less frequently than every pay period.

Comparative contribution amounts for prior fiscal years are shown on page A-3.

## Determining Dollar Contributions

For any period of time, the percent-of-payroll contribution rate needs to be converted to dollar amounts. The Florida Division of Retirement has indicated the legislative intent in Section 112.61, F.S., is to apply the Town portion of the contribution requirement on page A-1 to emerging payroll. To accomplish this, the Town should contribute dollar amounts at the end of each payroll period which are equal to the percent-of-payroll contribution requirement multiplied by the unDROPed active member payroll for the period. Adjustments should be made as necessary to exclude items of pay that are not covered compensation for Retirement System benefits and to include non-payroll amounts that are covered compensation.

**Illustrative Only.** Included in these amounts is the projected salary increase between the valuation date and the fiscal year in which the contribution will be made. The projection factor used was 1.052957, (1.035<sup>1.5</sup>), which is consistent with the projection used to calculate actuarial liability.

<u>General</u>	<u>Ocean Rescue</u>	<u>Total</u>
\$2,414,960	\$163,443	\$2,578,403 *

\* *This amount can be made by a combination of actual contributions and use of the Reserve for Employer Contributions, if any balance is remaining in the reserve.*

The above amounts are assumed to be contributed, on average, halfway through the fiscal year. If contributions are made on a later schedule, interest should be added at the rate of 0.60% (.0060) for each month of delay.

## Recommended Contributions Comparative Statement

Fiscal Year	Valuation Date Sept. 30	Public Contributions (Additional to Member Contributions) % of Payroll Contributions	
		General	Ocean Rescue
87/88	1986	12.65 %	18.96 %
88/89 (a)	1987	12.84	18.83
89/90	1988	13.50	20.31
90/91	1989	13.14	17.90
91/92 (a)	1990	15.42	20.12
92/93	1991	15.49	20.35
93/94	1992	15.41	20.50
94/95 (a)	1993	15.66	21.26
95/96	1994	15.76	19.90
96/97 (a)	1995	14.29	19.70
97/98	1996	12.87	18.82
98/99	1997	11.59	17.84
99/00 (a)	1998	12.08	16.50
00/01 (a)	1999	9.58	15.44
01/02	2000	6.14	10.81
02/03 (a)	2001	10.83	15.59
03/04	2002	15.85	16.97
04/05	2003	16.75	22.39
05/06	2004	17.66	24.39
06/07	2005	19.01	27.09
07/08	2006	19.15	27.15
08/09	2007	17.35	25.81
09/10	2008	18.71	31.42
10/11	2009	20.95	33.37
11/12	2010	23.34	41.71
12/13 (a)	2011	11.87	63.59
13/14 (a)	2012	18.15	68.04
14/15 (a)	2013	18.39	71.93
15/16 (a)	2014	18.37	72.32
<b>16/17 (b)</b>	<b>2015</b>	<b>20.51</b>	<b>103.33</b>
<b>16/17 (a)</b>	<b>2015</b>	<b>23.61</b>	<b>109.09</b>

(a) After changes in benefit provisions and/or actuarial assumptions and/or actuarial cost methods.

(b) Before changes described in benefit provisions and/or actuarial assumptions and/or actuarial cost methods.

## Funding Progress Indicators

We believe an understanding of funding progress and status can be achieved using the following measures:

*Indicator (1)* **The actuarial present value of gains or losses realized in the operation of the Retirement System** - an experience indicator. Gains and losses are expected to cancel each other over a period of years (in the absence of double-digit inflation) but sizable year-to-year fluctuations are common. An experience gain can result from assets increasing in value by more than anticipated by the funding program, or by the actuarial accrued liability increasing by less than anticipated by the funding program, or by other favorable combinations of deviation from expected asset and liability changes. Further details on the derivation of the gain (loss) are shown on page A-6.

*Indicator (2)* **The ratio of the funding value of assets to the actuarial accrued liability** measured in accordance with GASB Statement No. 5 prior to the September 30, 1997 valuation and GASB Statement No. 25 beginning with the September 30, 1997 valuation. The ratio is expected to increase over time, but the basic trend may be interrupted by benefit improvements or changes in actuarial assumptions and/or methods.

*Indicator (3)* **The ratio of the unfunded actuarial accrued liability to active member payroll** - an inflation adjusted funding level indicator. In a soundly financed Retirement System, the amount of the unfunded actuarial accrued liability will be controlled and prevented from increasing in the absence of benefit improvements. However, in an inflationary environment it is seldom practical to impose this control on dollar amounts which are depreciating in value. The ratio is a relative index of condition where inflation is present in both items. The ratio is expected to decrease over time but the basic trend may be interrupted by benefit improvements.

## Funding Progress Indicators - Historical Comparisons (\$ Amounts in Thousands)

Valuation Date September 30@	Indicator (1)		Indicator (2)		Indicator (3)		
	Exper. Gain (Loss)	Funding Value of Assets	AAL	Funded Ratio	Unfunded AAL	Active Member Payroll	Ratio to Payroll
1991	\$ (756)	\$ 46,830	\$ 53,410	88 %	\$ 6,580	\$ 12,287	54 %
1992	(530)	51,470	58,398	88	6,928	12,712	54
1993 (a)	2,632	57,089	61,692	93	4,603	12,443	37
1994	674	62,651	66,474	94	3,823	12,415	31
1995 (a)	4,437	70,326	72,339	97	2,013	12,543	16
1996	3,707	78,929	77,327	102	(1,602)	13,382	--
1997 #	5,135	88,697	86,042	103	(2,655)	14,092	--
1998 (a)	4,961	99,939	92,703	108	(7,236)	14,549	--
1999 (a)	7,056	113,770	98,866	115	(14,904)	14,422	--
2000	3,385	49,616	39,588	125	(10,028)	8,113	--
2001 (a)	(949)	56,060	48,675	115	(7,385)	8,752	--
2002	(8,273)	52,316	53,071	99	755	9,380	8
2003	(1,193)	53,798	56,652	95	2,854	10,223	28
2004	(2,100)	56,298	61,842	91	5,544	10,877	51
2005	(2,111)	59,589	67,882	88	8,294	11,552	72
2006	673	64,608	73,054	88	8,446	12,422	68
2007	3,448	72,161	77,632	93	5,470	12,697	43
2008	(4,614)	73,732	83,758	88	10,025	12,687	79
2009	(6,743)	72,370	89,658	81	17,288	13,304	130
2010	(1,368)	73,809	93,147	79	19,338	11,580	167
2011 (a)	3,882	74,247	82,974	89	8,728	10,926	80
2012 (a)	5,744	72,393	90,681	80	18,289	9,884	185
2013 (a)	871	73,853	91,884	80	18,031	9,698	186
2014 (a)	98	76,386	94,245	81	17,858	10,075	177
<b>2015</b>	<b>(2,808)</b>	<b>79,003</b>	<b>99,547</b>	<b>79</b>	<b>20,544</b>	<b>9,856</b>	<b>208</b>
<b>2015 (a)</b>	<b>(2,808)</b>	<b>79,003</b>	<b>106,024</b>	<b>75</b>	<b>27,021</b>	<b>9,856</b>	<b>274</b>

(a) After changes described in benefit provisions and/or actuarial assumptions and/or actuarial cost methods.

# GASB Statement No. 25 basis.

@ For the September 30, 2000 - 2010 valuations, Public Safety members are valued in a separate report.

AAL represents Actuarial Accrued liability. Measured in accordance with GASB Statement No. 5 prior to 1997 and GASB Statement No. 25 beginning in 1997.

## Experience Gain/(Loss) Year Ended September 30, 2015

	Division	
	General	Ocean Rescue
<b>DERIVATION</b>		
(1) UAAL at start of year	\$16,056,434	\$1,802,060
(2) Employer normal cost for year	585,761	13,902
(3) Employer contributions	1,856,320	152,086
(4) Interest accrued: .075 x [(1) + 1/2 ((2)-(3))]	1,156,587	129,973
(5) Expected UAAL before changes: (1) + (2) - (3) + (4)	15,942,462	1,793,849
(6) Effect of assumption/method changes	6,295,183	181,090
(7) Effect of benefit changes	0	0
(8) Expected UAAL after changes	22,237,645	1,974,939
(9) Actual UAAL	24,940,397	2,080,354
(10) Gain/(loss): (9) - (10)	(2,702,752)	(105,415)

UAAL represents Unfunded Actuarial Accrued Liability.

## Derivation of Funding Value of Retirement System Assets

Year Ended September 30:	2014	2015*	2016	2017	2018	2019
A. Funding Value Beginning of Year	\$73,853,074	\$81,384,340				
B. Market Value End of Year	79,882,302	74,419,536				
Prior Year Adjustment	0	0				
C. Market Value Beginning of Year	77,995,357	84,908,713				
D. Non-Investment Net Cash Flow:						
(EE+ER conts.) - (Refunds+Benefits+SPD+Adm.Exp.)	(3,616,350)	(7,170,857)				
	7.50%	7.50%				
E. Investment Income						
E1. Market Total: B - C - D	5,503,295	(3,318,320)				
E2. Amount for Immediate Recognition at 7.5%	5,403,367	5,834,918				
E3. Amount for Phased-In Recognition: E1-E2	99,928	(9,153,238)				
F. Phased-In Recognition of Investment Income						
F1. Current Year: 0.20 x E3	19,986	(1,830,648)				
F2. First Prior Year	778,658	27,081	\$ (1,830,648)			
F3. Second Prior Year	1,100,769	778,658	27,081	\$ (1,830,648)		
F4. Third Prior Year	(1,121,458)	1,100,769	778,658	27,081	\$ (1,830,648)	
F5. Fourth Prior Year	(31,737)	(1,121,460)	1,100,770	778,656	27,079	\$ (1,830,646)
F6. Adjustment to Recognize 20% Corridor	0	0	0	0	0	0
F7. Total Recognized Investment Gain/(Loss)	746,218	(1,045,600)	75,861	(1,024,911)	(1,803,569)	(1,830,646)
G. Funding Value End of Year: A + D + E2 + F7	76,386,309	79,002,801				
H. Difference between Market & Funding Value	3,495,993	(4,583,265)				
I. Recognized Rate of Return	8.54%	6.16%				
J. Recognized Rate of Investment Expenses	0.34%	0.31%				
K. Ratio of Funding Value to Market Value	95.6%	106.2%				

The Funding Value of Assets recognizes assumed investment income (line E2) fully each year. Differences between actual and assumed investment income (line E3) are phased-in over a closed 5-year period. During periods when investment performance exceeds the assumed rate, the Funding Value of Assets will tend to be less than Market Value. During periods when investment performance is less than the assumed rate, the Funding Value of Assets will tend to be greater than Market Value. If assumed rates are exactly realized for 4 consecutive years, it will become equal to Market Value.

\* Beginning of year figures and 2014 phase-in amounts were adjusted to include DROP and/or Share Accounts.

## Unfunded Actuarial Accrued Liability as of September 30

	<u>2015</u>		<u>2014</u>	
	<u>General</u>	<u>Ocean Rescue</u>	<u>General</u>	<u>Ocean Rescue</u>
A. Actuarial present value of future benefits	\$105,209,722	\$5,840,185	\$95,170,647	\$5,344,451
B. Actuarial present value of future normal costs	4,950,823	75,532	6,101,072	169,223
C. Actuarial accrued liability	100,258,899	5,764,653	89,069,575	5,175,228
D. Actuarial value of assets	75,318,502	3,684,299	73,013,141	3,373,168
E. Unfunded actuarial accrued liability	24,940,397	2,080,354	16,056,434	1,802,060
F. Funded ratio	75.1%	63.9%	82.0%	65.2%

## Sources and Financing of Unfunded Actuarial Accrued Liability

### GENERAL EMPLOYEES

Year Established	Initial Years	Years Remaining	Initial Amount	Current Amount	Amort. Factor	Contributions		FS112.64(5) Compliance*
						Dollars	Percent-of- Payroll	
<b>Initial Unfunded</b>								
2011	21	17		\$ 17,406,639	12.530393	\$ 1,389,153	14.06 %	0.00 %
<b>(Gain)/Loss Experience</b>								
2010	30	25	\$ 1,295,349	1,347,584	16.152210	83,430	0.84	0.00
2011	30	26	(4,007,514)	(4,093,931)	16.532481	(247,630)	(2.51)	0.00
2012	30	27	4,290,077	4,486,035	16.898602	265,468	2.69	0.00
2013	30	28	(896,488)	(924,585)	17.251100	(53,596)	(0.54)	0.00
2014	30	29	(78,156)	(79,414)	17.590482	(4,515)	(0.05)	0.00
2015	30	30	2,702,752	2,702,752	17.917236	150,846	1.53	0.00
<b>Benefit Changes</b>								
2010	30	25	(4,737,059)	(4,928,080)	16.152210	(305,103)	(3.09)	0.00
2013	30	28	75,660	78,031	17.251100	4,523	0.05	0.00
2014	30	29	39,795	40,436	17.590482	2,299	0.02	0.00
<b>Assumption/Method Changes</b>								
2010	30	25	(1,756,913)	(1,827,760)	16.152210	(113,159)	(1.15)	0.00
2011	30	26	(112,399)	(114,824)	16.532481	(6,945)	(0.07)	0.00
2012	30	27	4,353,476	4,552,331	16.898602	269,391	2.73	0.00
2015	30	30	6,295,183	6,295,183	17.917236	351,348	3.56	0.00
<b>Totals</b>				<b>\$ 24,940,397</b>		<b>\$ 1,785,510</b>	<b>18.07 %</b>	<b>0.00 %</b>

\* With the adoption of new economic assumptions, consultation with the Town on its budgeted payroll projections, and the Town's policy of contributing on a projected dollar basis using 3.5% wage inflation, this embeds the dollar contribution shown above adjusted to the appropriate fiscal year in the Town's contribution requirement.

## Sources and Financing of Unfunded Actuarial Accrued Liability

### OCEAN RESCUE

Year Established	Initial Years	Years Remaining	Initial Amount	Current Amount	Amort. Factor	Contributions		FS112.64(5) Compliance*
						Dollars	Percent-of- Payroll	
<b>Initial Unfunded</b>								
2011	20	16		\$ 1,237,901	11.995454	\$ 103,198	71.29 %	0.00 %
<b>(Gain)/Loss Experience</b>								
2010	30	25	\$ 72,569	78,691	16.152210	4,872	3.37	0.00
2011	30	26	125,711	133,738	16.532481	8,089	5.59	0.00
2012	30	27	291,267	304,570	16.898602	18,023	12.45	0.00
2013	30	28	25,398	26,194	17.251100	1,518	1.05	0.00
2014	30	29	(19,591)	(19,906)	17.590482	(1,132)	(0.78)	0.00
2015	30	30	105,415	105,415	17.917236	5,883	4.06	0.00
<b>Benefit Changes</b>								
2010	30	25	(224,972)	(243,948)	16.152210	(15,103)	(10.43)	0.00
2014	30	29	1,650	1,677	17.590482	95	0.07	0.00
<b>Assumption/Method Changes</b>								
2010	30	25	(47,583)	(51,597)	16.152210	(3,194)	(2.21)	0.00
2011	30	26	65,059	67,040	16.532481	4,055	2.80	0.00
2012	30	27	248,155	259,489	16.898602	15,356	10.61	0.00
2015	30	30	181,090	181,090	17.917236	10,107	6.98	0.00
<b>Totals</b>				<b>\$ 2,080,354</b>		<b>\$ 151,767</b>	<b>104.85 %</b>	<b>0.00 %</b>

\* With the adoption of new economic assumptions, consultation with the Town on its budgeted payroll projections, and the Town's policy of contributing on a projected dollar basis using 3.5% wage inflation, this embeds the dollar contribution shown above adjusted to the appropriate fiscal year in the Town's contribution requirement.

# Actuarial Balance Sheet - September 30, 2015

## Present Resources and Expected Future Resources

	General	Ocean Rescue
A. Funding Value of System Assets:		
1. Net assets from System financial statements (market value)	\$ 70,948,978	\$3,470,558
2. Funding value adjustment	4,369,524	213,741
3. Funding value of assets	75,318,502	3,684,299
B. Actuarial Present Value of Expected Future Employer Contributions:		
1. For normal costs	2,715,713	37,061
2. For Unfunded Actuarial Accrued Liability (UAAL)	24,940,397	2,080,354
3. Totals	27,656,110	2,117,415
C. Actuarial Present Value of Expected Future Member Contributions	2,235,110	38,471
D. Total Present and Expected Future Resources	\$ 105,209,722	\$5,840,185

## Actuarial Present Value of Expected Future Benefit Payments and Reserves

A. To Retirants, Beneficiaries and DROP members	\$ 75,774,962	\$ 4,981,685
B. To Vested Terminated Members	909,734	0
C. To Present Active Members:		
1. Allocated to service rendered prior to valuation date	23,397,540	774,326
2. Allocated to service likely to be rendered after valuation date	4,950,823	75,532
3. Totals	28,348,363	849,858
D. Reserve for Employer Contributions	176,663	8,642
E. Total Actuarial Present Value of Expected Future Benefit Payments	\$ 105,209,722	\$5,840,185

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## **SECTION B**

### **SUMMARY OF BENEFIT PROVISIONS AND VALUATION DATA SUBMITTED BY THE RETIREMENT SYSTEM**

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## **Summary of Benefit Provisions (September 30, 2015)**

### **NORMAL RETIREMENT:**

#### **Eligibility**

##### ***Grandfathered and April 30, 2012 frozen accrued benefits.***

*General:* 30 or more years of service, regardless of age; or, age 55 with 10 or more years of credited service.

*Ocean Rescue:* Age 50 with 10 or more years of service. Members with at least 10 years of credited service who retire after 2/9/93 are eligible when the individual's age plus credited service totals 65 years or more.

##### ***New Plan benefits accrued after April 30, 2012.***

*General:* Age 65 with 10 or more years of service.

*Ocean Rescue:* Age 65 with 10 or more years of service.

#### **Pension Amount**

##### ***Grandfathered and April 30, 2012 frozen accrued benefits.***

*General:* Average final compensation times the sum of a) 2.75% for service earned after 9/30/90, to a maximum of 82.5%, plus 2.35% for service earned on or before 9/30/90 for the first 30 years of service, plus, b) 1.0% for service in excess of 30 years.

*Ocean Rescue:* Average final compensation times the sum of a) 2.85% for the first 25 years of service with a maximum of 71.25% of AFC, plus, b) 1.0% for service in excess of 25 years.

The normal form of pension is a pension payable for life. Also, see Automatic Death After Retirement Pension heading.

##### ***New Plan benefits accrued after April 30, 2012.***

Average final compensation multiplied by 1.25% per year of credited service after April 30, 2012.

#### **Type of Average Final Compensation**

##### ***Grandfathered and April 30, 2012 frozen accrued benefits.***

Highest 2 consecutive years within the member's last 5 years of credited service.

##### ***New Plan benefits accrued after April 30, 2012.***

Average compensation after April 30, 2012 over a period increasing up to the final 5 years of credited service by April 30, 2017.

## **DROP RETIREMENT:**

**Eligibility** - Same as Normal Retirement, election must be made within 7 years of the date the member first reaches normal retirement eligibility.

**Pension Amount** - Members that entered the DROP before May 1, 2012: 98% of the member's accrued benefit at the date of election to participate in DROP.

Members that entered the DROP after May 1, 2012: Except for grandfathered members, 100% of the member's accrued benefit at the date of election to participate in DROP.

## **EARLY RETIREMENT (GENERAL):**

**Eligibility** - Age 50 with 10 or more years of credited service. Frozen accrued benefits as of April 30, 2012 are vested immediately. New Plan provisions eligibility is age 60 with 10 or more years of credited service.

**Pension Amount** - Computed as a normal retirement benefit but reduced 6/10 of 1% (3/10 of 1% if service credit is 20 or more years) for each month early retirement precedes the member's projected normal retirement date. The new plan provides for an actuarial equivalent reduction.

## **DEFERRED RETIREMENT (VESTED TERMINATION BENEFIT):**

**Eligibility** - 10 or more years of service. Pension begins upon meeting requirement for normal retirement. Contributions must be left on deposit in the System; failure to do so results in forfeiture of the vested benefit. Members employed with the Town on May 1, 2012 are eligible to retire from Plan A when reaching age 55, notwithstanding total service.

**Pension Amount** - Computed as for normal retirement, based upon service and average final compensation at time of termination.

## **DUTY DISABILITY RETIREMENT:**

**Eligibility** - No age or service requirements.

**Pension Amount** - To earliest normal retirement eligibility date: Computed as a regular retirement with additional service credit granted from date of disability to earliest normal retirement eligibility date. Minimum benefit is 60% of average final compensation. At earliest normal retirement eligibility date: computed as a regular retirement. The minimum shall be applicable for at least 5 years if the member attains such age for retirement less than 5 years after duty disability benefits commence.

## **NON-DUTY DISABILITY BEFORE RETIREMENT:**

**Eligibility** - 10 or more years of credited service.

**Pension Amount** - Computed as for normal retirement.

## **DUTY DEATH BEFORE RETIREMENT:**

**Eligibility** - No age or service requirements.

**Pension Amount** - A pension to each surviving child until age 18, or until age 25 with no surviving spouse, of 25% of the member's average final compensation not to exceed 50% or equal share of 75% of the member's AFC when there are 4 or more surviving children being paid. A pension to the widow of the difference, if any, between 75% of the retiree's AFC and the aggregate amount paid to children for the month.

## **NON-DUTY DEATH BEFORE RETIREMENT:**

**Eligibility** - 10 or more years of credited service.

**Pension Amount** - 75% of normal retirement benefit to a surviving spouse or equal shares of 75% of the normal retirement benefit to surviving dependent children until age 18, or until age 25 with no surviving spouse.

## **AUTOMATIC DEATH AFTER RETIREMENT PENSION:**

*Grandfathered and April 30, 2012 frozen accrued benefits.*

**To Surviving Child(ren):** 25% of the retirees pension payable to age 18, not to exceed an equal share of 75% of the retirees pension. Payments to surviving children may be paid to age 25 if no spouse benefits are payable.

**To Surviving Spouse:** The difference, if any, between 75% of the deceased retirees pension and the aggregate amount paid to any surviving children for the month.

*New Plan benefits accrued after April 30, 2012.*

Reduced optional forms of payment are available.

## **POST-RETIREMENT COST-OF-LIVING ADJUSTMENTS:**

*Grandfathered and April 30, 2012 frozen accrued benefits.*

Members who retire after 9/30/68 and prior to 10/1/90 receive an annual 1.0% increase computed on the base benefit. Other adjustments have been made periodically. Pensions effective after 9/30/90 will be increased 2.0% annually based on the total pension payable subsequent to an initial 3-year deferral period.

*New Plan benefits accrued after April 30, 2012.*

None.

**MEMBER CONTRIBUTIONS:**

<b>Benefit Group</b>	<b>Contribution Rate as a Percent-of-Payroll</b>		
	<b>Before May 1, 2012</b>	<b>On and After May 1, 2012</b>	<b>On and After October 1, 2013</b>
General –			
Hired Before May 1, 1992	6.47%	4.47%	2.47%
Hired on or After May 1, 1992	6.47%	2.47%	2.47%
Lifeguard –			
Hired Before May 1, 1992	7.21%	5.21%	2.47%
Hired on or After May 1, 1992	7.21%	3.21%	2.47%

**TOWN CONTRIBUTIONS:** Actuarially determined amounts which together with member contributions are sufficient to cover the requirements of the funding objective stated in the Executive Summary.

**PRIOR GOVERNMENTAL SERVICE ELSEWHERE:** During the first five years of employment by the Town, the years or fractional parts of years that a member previously served for any other municipal, county, or state government or district may be added to years or fractional parts of years of credited service provided that the member contributes the sum that would have been contributed to the retirement plan to pay the full actuarial cost.

**PURCHASE OF SERVICE CREDIT:** A vested member who has not purchased service credit under Prior Governmental Service Elsewhere may purchase years or fractional parts of years of service to be added to years of credited service provided that the member contributes the sum that would have been contributed to the retirement plan to pay the full actuarial cost.

## Summary of Assets (Market Value)

	September 30, 2015	September 30, 2014
Cash and Cash Equivalents	\$ 690,995	\$ 1,258,233
Investments, at Fair Value		
Domestic Equity Funds	14,801,933	15,099,171
Fixed Income	17,844,260	24,496,046
Alternative	9,598,250	10,580,642
International Equity	18,781,377	21,849,181
Private Equity Funds	5,416,389	3,191,947
Commodities	1,983,807	1,807,284
Real Estate Funds	5,740,471	2,048,183
Mutual Funds - DROP	-	5,148,726
Total Investments	\$ 74,166,487	\$ 84,221,180
Prepaid Expenses	23,406	24,964
Receivables		
Due from Brokers	54,563	9,251
Interest Receivable	10,463	6,964
Total Receivables	\$ 65,026	\$ 16,215
Liabilities		
Accounts Payable and Accrued Expenses	314,011	49,346
Due to Brokers	21,745	63,396
DROP payables	-	11,523
Prepaid Town Contributions	190,622	487,614
Total Liabilities	526,378	611,879
<b>Total Assets</b>	<b>\$ 74,419,536</b>	<b>\$ 84,908,713</b>

# Accounting Information Utilized for Valuation

## REVENUES AND EXPENDITURES

	<u>Year Ended</u> <u>September 30, 2015</u>	<u>Year Ended</u> <u>September 30, 2014</u>
<b>Revenues:</b>		
a. Member contributions:		
- General	\$ 275,968	\$ 281,091
- Ocean Rescue	6,316	8,333
b. Town contributions:		
- General	1,856,320	1,873,887
- Ocean Rescue	152,086	144,734
c. Investment income:		
1. Interest and Dividends	699,269	797,149
2. Net Appreciation in Fair Value	(3,779,454)	4,998,570
d. Other	3,326	3,581
e. Total revenues	<u>(786,169)</u>	<u>8,107,345</u>
<b>Expenditures:</b>		
a. Refunds of member contributions:		
- General	70,488	16,118
- Ocean Rescue	0	0
b. Benefits paid:		
- General	8,932,051	5,045,017
- Ocean Rescue	283,108	244,145
c. Administrative expenses	175,900	162,070
d. Investment expenses	241,461	243,389
e. Other	0	0
f. Total expenditures	<u>9,703,008</u>	<u>5,710,739</u>
<b>Reserve Increase:</b>		
Total revenues minus total expenditures	<u><u>\$(10,489,177)</u></u>	<u><u>\$2,396,606</u></u>

# Accounting Information Submitted for Valuation

## RESERVE ACCOUNTS\*

	<u>September 30, 2015</u>	<u>September 30, 2014</u>
Employees' contributions (Members' Saving Fund)#:		
General		
Ocean Rescue		
Totals		
Employer contributions (Employer Reserve Fund)#:		
General		
Ocean Rescue		
Totals		
Retired members and beneficiaries (Retirement Reserve Fund)#:		
General		
Ocean Rescue		
Totals		
Inactive members (Deferred Retirement Fund)#:		
General		
Ocean Rescue		
Totals		
Total		
General	70,948,978	81,159,144
Ocean Rescue	3,470,558	3,749,569
Totals	\$ 74,419,536	\$ 84,908,713

\* Before transfers in accordance with Section 82-82(b) of Retirement Ordinance (please refer to page 6).

# These figures are not available for the September 30, 2015 valuation.

# Retired Member and Beneficiary Data

## HISTORICAL SCHEDULE\*

Year Ended Sept. 30	Number		Net Increase		End of Year		Average Pensions
	Added	Removed	No.	Annual Pensions	No.	Annual Pensions	
1975	13	7	6	\$ 57,636	81	\$ 260,062	\$ 3,211
1980	12	3	9	103,790	119	687,545	5,778
1985	15	5	10	166,787	141	1,103,994	7,830
1990	17	10	7	207,012	168	1,737,745	10,344
1991	7	5	2	145,915	170	1,883,660	11,080
1992	16	11	5	291,355	176	2,175,015	12,358
1993	11	8	3	159,198	179	2,334,213	13,040
1994	21	4	17	441,322	196	2,775,535	14,161
1995	15	8	7	199,472	203	2,975,006	14,655
1996	18	9	9	323,738	212	3,298,744	15,560
1997	13	13	0	127,873	212	3,426,617	16,163
1998	17	8	9	272,820	221	3,699,437	16,740
1999	15	7	8	455,698	229	4,155,135	18,145
2000	9	126 #	(117)	(2,583,596)	112	1,571,539	14,032
2001	11	5	6	445,871	118	2,017,410	17,097
2002	15	12	3	175,152	121	2,192,562	18,120
2003	5	10	(5)	(18,398)	116	2,174,164	18,743
2004	5	4	1	140,941	117	2,315,105	19,787
2005	8	3	5	261,811	122	2,576,916	21,122
2006	3	3	0	72,714	122	2,649,630	21,718
2007	16	4	12	375,327	134	3,024,957	22,574
2008	16	4	12	452,964	146	3,477,921	23,821
2009	12	6	6	373,718	152	3,851,639	25,340
2010	17	3	14	613,661	166	4,465,300	26,899
2011	15	3	12	450,020	178	4,915,320	27,614
2012	19	8	11	415,632	189	5,330,952	28,206
2013	13	7	6	357,390	195	5,688,342	29,171
2014	7	5	2	160,222	197	5,848,564	29,688
<b>2015</b>	<b>18</b>	<b>7</b>	<b>11</b>	<b>585,066</b>	<b>208</b>	<b>6,433,630</b>	<b>30,931</b>

\* Prior to the September 30, 2000 valuation, Public Safety members were included.

# Includes 122 Public Safety members.

## Retired Members and Beneficiaries

### Historical Comparison

Valuation Date	% Incr. in Annual Pensions**	No. of Active Per Retired		Pension Payroll as % of Active Payroll#	
		General	Ocean Rescue	General	Ocean Rescue
9/30/1975 *	17.9 %	3.7		6.7 %	
9/30/1980 *	21.6	2.5		13.0	
9/30/1985	17.8	2.4		13.2	
9/30/1990	13.5	2.5		10.8	
9/30/1991	8.4	2.6	3.3	10.1	25.4 %
9/30/1992	15.5	2.8	3.0	9.8	25.0
9/30/1993	7.3	2.7	3.3	10.5	23.6
9/30/1994	18.9	2.4	3.0	11.9	24.7
9/30/1995	7.2	2.3	3.3	13.4	22.5
9/30/1996	10.9	2.2	3.0	15.6	22.8
9/30/1997	3.9	2.2	3.3	15.2	20.4
9/30/1998	8.0	2.1	3.3	16.4	19.8
9/30/1999	12.3	2.0	3.3	17.1	19.1
9/30/2000	(62.2)	1.9	3.3	19.4	18.3
9/30/2001	28.4	1.8	3.3	23.2	20.3
9/30/2002	8.7	1.8	1.4	22.9	40.1
9/30/2003	(0.8)	1.9	1.8	20.7	38.5
9/30/2004	6.5	1.9	1.8	20.8	36.5
9/30/2005	11.3	1.8	1.8	21.9	32.8
9/30/2006	2.8	1.8	1.8	21.0	31.4
9/30/2007	14.2	1.7	1.1	22.9	57.0
9/30/2008	15.0	1.5	0.9	26.2	74.9
9/30/2009	10.7	1.4	1.1	28.0	59.0
9/30/2010	15.9	1.1	0.8	37.2	86.8
9/30/2011	10.1	1.0	0.4	42.9	155.8
9/30/2012	8.5	0.8	0.4	51.9	151.0
9/30/2013	6.7	0.8	0.4	56.7	152.9
9/30/2014	2.8	0.9	0.4	56.7	151.3
<b>9/30/2015</b>	<b>10.0</b>	<b>0.8</b>	<b>0.3</b>	<b>62.5</b>	<b>256.8</b>

\* Averages for the 5 years ending with the valuation date.

# Breakdown by division not available prior to 9/30/89. Data shown under General heading is for all divisions combined prior to 9/30/89.

\*\* For the September 30, 2000 - 2010 valuations, Public Safety members are valued in a separate report.

**Retired Member and Beneficiary Data as of September 30, 2015  
by Type of Pension Being Paid**

<b>Type of Benefit Being Paid</b>	<b>General</b>		<b>Ocean Rescue</b>	
	<b>No.</b>	<b>Annual Pensions</b>	<b>No.</b>	<b>Annual Pensions</b>
<b>Age &amp; Service Benefits</b>				
Straight Life	51	\$ 1,441,729	2	\$ 76,451
Joint and Survivor Benefits - Regular	88	3,250,732	6	209,320
Surviving Beneficiaries	23	372,382	0	0
DROP members	21	602,574	1	47,397
Total Age and Service Benefits	183	5,667,417	9	333,168
<b>Duty Disability Benefits</b>				
Straight Life	1	10,711	0	0
Surviving Beneficiaries	1	5,803	0	0
Total Duty Disability Benefits	2	16,514	0	0
<b>Non-Duty Disability Benefits</b>				
Straight Life	2	147,076	1	32,292
Joint and Survivor Benefits	3	137,058	0	0
Surviving Beneficiaries	5	62,434	0	0
Total Non-Duty Disability Benefits	10	346,568	1	32,292
<b>Death-in-Service Benefits</b>				
Non-Duty Spouse	3	37,670	0	0
Total Death-in-Service Benefits	3	37,670	0	0
<b>Totals</b>	<b>198</b>	<b>\$ 6,068,169</b>	<b>10</b>	<b>\$ 365,461</b>

**Retired Member and Beneficiary Data as of September 30, 2015  
(Includes DROP Participants)  
Tabulated by Attained Age**

<b>Attained Age</b>	<b>General</b>		<b>Ocean Rescue</b>	
	<b>No.</b>	<b>Annual Pensions</b>	<b>No.</b>	<b>Annual Pensions</b>
Under 40	1	\$ 8,059		
40 - 44				
45 - 49			1	\$ 47,397
50 - 54	9	358,509	2	63,450
55 - 59	30	1,113,306	4	158,074
60 - 64	49	1,535,971		
65 - 69	33	1,182,474	1	32,292
70 - 74	30	919,445		
75 - 79	21	521,194		
80 - 84	9	181,177	2	64,248
85 - 89	8	177,164		
90 - 94	8	70,870		
<b>Totals</b>	<b>198</b>	<b>\$6,068,169</b>	<b>10</b>	<b>\$365,461</b>

	<b>General</b>	<b>Ocean Rescue</b>
Average Age at Retirement:	57.8 years	48.7 years
Average Age Now:	68.0	60.9

**Vested Terminated Members as of September 30, 2015**  
**Annual Estimated Pensions**  
**Tabulated by Attained Age**

	<b>General</b>	
<b>Attained Age</b>	<b>No.</b>	<b>Annual Estimated Pensions*</b>
21	1	\$ 13,141
29	1	1,200
33	1	4,064
39	1	1,200
40	1	15,442
44	1	18,159
45	1	26,390
48	1	6,552
49	1	4,586
51	1	1,200
52	1	9,520
53	2	20,460
54	2	4,449
55	1	2,247
56	2	2,572
57	1	1,741
59	1	1,553
62	1	2,310
<b>Totals</b>	<b>21</b>	<b>\$136,786</b>

*\* Includes estimated Plan B benefits for 8 members currently receiving Plan A benefits.*

## General

### Active and Vested Terminated Members Included in Valuation

Valuation Date September 30	Active Members	Vested Terminated Members	Valuation Payroll	Average		
				Age	Service	Pay
1996	205	2	\$ 6,624,917	42.8 yrs.	8.2 yrs.	\$ 32,317
1997	210	2	7,128,895	42.7	8.1	33,947
1998	214	2	7,528,503	42.9	8.1	35,180
1999	204	5	7,582,477	43.7	8.6	37,169
2000	202	6	7,760,543	44.0	8.5	38,419
2001	208	6	8,371,487	43.5	8.4	40,248
2002	206	5	9,106,367	43.9	8.4	44,206
2003	212	6	9,883,393	44.4	9.0	46,620
2004	211	7	10,517,577	44.9	9.5	49,846
2005	210	8	11,147,262	45.7	9.5	53,082
2006	216	7	11,994,303	46.3	9.9	55,529
2007	214	6	12,336,518	46.5	10.1	57,647
2008	202	7	12,366,080	46.2	10.4	61,218
2009	203	8	12,893,270	46.3	10.2	63,514
2010	175	9	11,256,751	47.1	10.7	64,324
2011	164	11	10,721,241	47.4	10.9	65,373
2012	151	13	9,683,803	46.8	11.4	64,131
2013	156	14	9,498,699	46.0	10.7	60,889
2014	162	19	9,868,597	46.0	10.8	60,917
<b>2015</b>	<b>159</b>	<b>21</b>	<b>9,714,116</b>	<b>45.9</b>	<b>10.6</b>	<b>61,095</b>

### Number Added to and Removed from Active Membership

Year Ended Sept. 30	Number Added During Year	Normal/Early Retirement				Disability		Died-in-		Withdrawal		Active Members End of Year
		A				Retirement		Service				
		DROP	Other	Totals	E	A	E	A	E	A	E	
2006	20		2	2	6.4		0.3		0.3	12	15.5	216
2007	16	3	6	9	7.4		0.2	1	0.4	8	14.8	214
2008	9	1	12	13	8.0		0.2		0.4	8	13.9	202
2009	17	3	6	9	6.4		0.2		0.3	7	11.7	203
2010	6	13	1	14	7.3	1	0.2		0.4	19	12.1	175
2011	7	7	3	10	6.4	1	0.2		0.3	7	7.2	164
2012	8	13	5	18	19.9		0.5		0.2	3	6.4	151
2013	17	7	2	9	10.6	1	0.5		0.3	2	6.9	156
2014	18	3	1	4	11.9		0.6		0.3	8	10.1	162
<b>2015</b>	<b>17</b>	<b>4</b>	<b>7</b>	<b>11</b>	<b>19.6</b>	<b>0</b>	<b>0.7</b>	<b>0</b>	<b>0.3</b>	<b>9</b>	<b>12.1</b>	<b>159</b>

A represents actual number.

E represents expected number.

## Ocean Rescue

### Active and Vested Terminated Members Included in Valuation

Valuation September 30	Active Members	Vested		Valuation Payroll	Average		
		Terminated Members			Age	Service	Pay
1996	9	0		\$273,443	36.0 yrs.	9.1 yrs.	\$ 30,383
1997	10	0		307,049	35.5	9.2	30,705
1998	10	0		320,414	36.5	10.2	32,041
1999	10	0		335,155	37.5	11.2	33,516
2000	10	0		352,879	38.5	12.2	35,288
2001	10	0		380,672	38.8	12.7	38,067
2002	7	0		273,922	40.0	14.0	39,132
2003	9	0		339,703	39.0	11.9	37,745
2004	9	0		359,342	40.0	12.9	39,927
2005	9	0		404,910	41.0	13.9	44,990
2006	9	0		427,989	42.0	14.9	47,554
2007	8	0		360,242	39.9	12.5	45,030
2008	7	0		321,053	39.8	12.5	45,865
2009	9	0		410,292	37.7	10.6	45,588
2010	7	0		323,298	38.0	10.8	46,185
2011	4	0		204,927	41.3	14.6	51,232
2012	4	0		200,577	42.4	15.6	50,144
2013	4	0		199,719	43.4	16.6	49,930
2015	4	0		206,713	44.4	17.6	51,678
<b>2015</b>	<b>3</b>	<b>0</b>		<b>142,289</b>	<b>45.0</b>	<b>16.1</b>	<b>47,430</b>

### Number Added to and Removed from Active Membership

Year Ended Sept. 30	Number Added During Year	Retirement				Disability		Died-in- Service		Withdrawal		Active Members End of Year
		A				Retirement		Service		Withdrawal		
		DROP	Other	Totals	E	A	E	A	E	A	E	
2006					0.5					0.2		9
2007	1	2		2	1					0		8
2008			1	1	0.5					0.0		7
2009	2			0	0.3					0.0		9
2010		1		1	0.3					0.0	1	7
2011		1		1	0.3					0.0	2	4
2012				0	0.0					0.0		4
2013				0	0.0					0.0		4
2014				0	1.3					0.0		4
<b>2015</b>		<b>1</b>		<b>1</b>	<b>1.3</b>					<b>0.0</b>		<b>3</b>

A represents actual number.

E represents expected number.

**General Employees**  
**by Near Age and Years of Service**

Near Age	Years of Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.	Valuation Payroll
20-24	3							3	\$ 105,215
25-29	4	2						6	220,297
30-34	8	5	1					14	579,395
35-39	7	2	3	3				15	815,460
40-44	9	7	7	4	2			29	1,842,712
45-49	6	2	5	6	5			24	1,412,736
50-54	8	11	4	4	4	6		37	2,480,654
55-59	4	2	2	9	3	1		21	1,458,661
60		2		1				3	255,019
61			1	1				2	242,418
62			1					1	59,415
63		1		1				2	145,612
64				1				1	45,019
65	1							1	51,503
<b>Totals</b>	<b>50</b>	<b>34</b>	<b>24</b>	<b>30</b>	<b>14</b>	<b>7</b>		<b>159</b>	<b>\$9,714,116</b>

**Ocean Rescue**  
**by Near Age and Years of Service**

Near Age	Years of Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.	Valuation Payroll
35-39			1					1	\$ 47,255
45-49					1			1	47,514
50-54			1					1	47,520
<b>Totals</b>			<b>2</b>		<b>1</b>			<b>3</b>	<b>\$142,289</b>

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## **SECTION C**

### **ADDITIONAL DISCLOSURES**

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**GASB Statements No. 67 and No. 68 are the accounting standards which replaced GASB Statements No. 25 and No. 27. GASB Statement No. 67 is first effective for fiscal year 2014 and GASB Statement No. 68 is first effective for fiscal year 2015. A separate GASB Statements No. 67 and No. 68 report will be issued outside of this report. This section contains historical GASB Statements No. 25 and No. 27 reporting information for prior fiscal years and illustrative information for fiscal year 2015.**

## Supplementary Information (\$ Amounts in Thousands)

### Schedule of Funding Progress

Actuarial Valuation Date Sept. 30	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) -- Entry-Age--	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a % of Covered Payroll
2006	\$ 64,608	\$73,054	88.4 %	\$ 8,446	\$ 12,422	68.0 %
2007	72,161	77,632	93.0	5,471	12,697	43.1
2008	73,732	83,758	88.0	10,026	12,687	79.0
2009	72,370	89,658	80.7	17,288	13,304	129.9
2010	73,809	93,147	79.2	19,338	11,580	167.0
2011 (a)	74,247	82,974	89.5	8,727	10,926	79.9
2012 (a)	72,393	90,681	79.8	18,288	9,884	185.0
2013 (a)	73,853	91,884	80.4	18,031	9,698	185.9
2014 (a)	76,386	94,245	81.1	17,859	10,075	177.3
<b>2015</b>	<b>79,003</b>	<b>99,547</b>	<b>79.4</b>	<b>20,544</b>	<b>9,856</b>	<b>208.4</b>
<b>2015 (a)</b>	<b>79,003</b>	<b>106,024</b>	<b>74.5</b>	<b>27,021</b>	<b>9,856</b>	<b>274.2</b>

### Schedule of Employer Contributions

Fiscal Year Ending Sept. 30	Contribution Rates as Percents of Valuation Payroll	Computed Dollar Contribution Based on Projected Payroll#	Actual Dollar Contribution#	Percentage Contributed#
2006	17.86 %	\$ 2,105	\$ 2,008	100 %
2007	19.29	2,415	2,417	100
2008	19.43	2,615	2,615	100
2009	17.59	2,420	2,420	100
2010	19.03	2,616	2,616	100
2011	21.33	3,075	3,075	100
2012	7.72 (a)	955	811	100
2013	12.84 (a)	1,349	1,415	100
2014	19.16 (a)	1,994	2,019	100
2015	19.49 (a)	2,014	2,008	100
2016	19.48 (a)	2,066		
<b>2017</b>	<b>21.71</b>	<b>2,253</b>		
<b>2017</b>	<b>24.84 (a)</b>	<b>2,578</b>		

(a) After changes in benefit provisions and/or actuarial assumptions and/or actuarial cost methods.

# In years where the computed contribution exceeds the actual contribution, the difference was funded by the Reserve for Employer Contributions.

## Supplementary Information

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

Valuation date	September 30, 2015
Actuarial cost method	Entry-Age
Amortization method	Level percent-of-payroll
Remaining amortization periods*	16-30 years
Asset valuation method	5-year smoothed market
<b>Actuarial assumptions</b>	
Investment rate of return	7.50%
Projected salary increases	3.50%
Includes inflation and other general increases at	3.5%
Cost-of-living adjustments	Members who retire after 9/30/68 and prior to 10/1/90 receive an annual 1.0% increase computed on the base benefit. Members after 9/30/90 will be increased 2.0% annually based on total pension after a 3-year deferral period. Benefits accrued after 4/30/12 are not adjusted for those not eligible for normal retirement as of 5/1/12. Other adjustments have been made periodically.

Membership of the plan consisted of the following at September 30, 2015, the date of the latest actuarial valuation:

	<b>General</b>	<b>Ocean Rescue</b>	<b>Totals</b>
Retirees and beneficiaries receiving benefits	198	10	208
Terminated plan members entitled to but not yet receiving benefits	21	0	21
Active plan members			
Vested	75	3	78
Non-vested	84	0	84
<b>Totals</b>	<b>378</b>	<b>13</b>	<b>391</b>

\* The periods are in compliance with Florida Statutes and Actuarial Standards of Practice.

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**SECTION D**

STATE REQUIRED DATA

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## Actuarial Present Value of Future Benefits

	September 30, 2015				September 30, 2014	
	Assumption Change		Before		General	Ocean Rescue
	General	Ocean Rescue	General	Ocean Rescue		
(i) Actuarial present value of active member benefits:						
Service retirement	\$ 26,190	\$ 762	\$ 25,165	\$ 800	\$ 27,686	\$ 1,459
Vested termination benefits	353	19	379	5	356	5
Disability retirement	1,133	47	1,232	41	1,223	41
Survivor benefits (pre-retirement)	599	22	961	29	974	33
Termination benefits - refunds	73	0	80	0	69	0
Totals	28,348	850	27,817	876	30,308	1,539
(ii) Actuarial present value of terminated vested members	910	0	884	0	2,227	0
(iii) Actuarial present value of retired members & beneficiaries	75,775	4,982	71,027	4,812	62,635	3,806
(iv) Reserves	177	9	177	9	0	0
(v) Total actuarial present value of future benefit payments	105,210	5,841	99,905	5,697	95,170	5,344
(vi) Present value of active member future payroll	88,404	1,558	97,252	1,864	98,711	2,110
(vii) Present value of future active member contributions	2,235	38	2,453	46	2,513	62
(viii) Active member accumulated contributions	6,098	153	6,098	153	6,620	245
(ix) Actuarial accrued liability using projected unit credit funding method	81,186	5,022	76,387	4,856	69,811	4,457

## Summary of Valuation Results in State Format (\$ Amounts in thousands)

	September 30, 2015				September 30, 2014	
	Assumption Change		Before		General	O.R.
	General	O.R.	General	O.R.		
Actuarial Present Value of Accrued Benefits (calculated in accordance with FASB Statement No. 35)						
(i) Vested accrued benefits						
Retired members and beneficiaries	\$ 75,775	\$ 4,982	\$ 71,027	\$ 4,812	\$ 62,635	\$ 3,806
Terminated members	910	-	884	-	2,227	-
Active members (includes non-forfeitable accum. member contributions)	20,833	752	19,733	753	22,221	1,310
Total	97,518	5,734	91,644	5,565	87,083	5,116
(ii) Non-vested accrued benefits	1,071	-	1,208	-	1,188	-
(iii) Total actuarial p.v. of accrued benefits	98,589	5,734	92,852	5,565	88,271	5,116
(iv) Actuarial p.v. of accrued benefits at begin. of year	88,271	5,116	88,271	5,116	91,283	5,026
(v) Changes attributable to:						
Amendments	-	-	-	-	40	2
Assumption change	5,737	169	-	-	-	-
Operation of decrements	13,513	732	13,513	732	2,385	397
Benefit payments	(8,932)	(283)	(8,932)	(283)	(5,437)	(309)
Expenses	-	-	-	-	-	-
(vi) Net change	10,318	618	4,581	449	(3,012)	90
(vii) Actuarial p.v. of accr. benefits at end of year	98,589	5,734	92,852	5,565	88,271	5,116
Actuarial Present Value of Accrued Benefits Using FRS Interest Rate						
(i) Vested	\$ 94,965	\$ 5,589	\$ 89,427	\$ 5,429	\$ 84,873	\$ 4,982
(ii) Non-Vested	1,016	0	1,146	0	1,129	0
(iii) Total	95,981	5,589	90,573	5,429	86,002	4,982
(iv) Market Value of Assets (MVA)	70,949	3,471	70,949	3,471	76,355	3,528
(v) Funded Ratio Using FRS Interest Rate and MVA	73.92%	62.10%	78.33%	63.93%	88.78%	70.80%

## Reconciliation of Membership Data

<b>A. Active Members</b>	<b>General</b>	<b>Ocean Rescue</b>
1. Number Included in Last Valuation	162	4
2. New Members Included in Current Valuation	17	
3. Non-Vested Employment Terminations	(9)	
4. Vested Employment Terminations		
5. Service Retirements	(6)	
6. DROP Retirements	(4)	(1)
7. Disability Retirements		
8. Deaths		
9. Other (Refunded)	(1)	
10. Number Included in This Valuation	159	3
<b>B. Terminated Vested Members</b>		
1. Number Included in Last Valuation	19	0
2. Additions from Active Members	6	
3. Lump Sum Payments		
4. Payments Commenced	(4)	
5. Deaths		
6. Other		
7. Number Included in This Valuation	21	0
<b>C. Service Retirees, Disability Retirees and Beneficiaries</b>		
1. Number Included in Last Valuation	188	9
2. Additions from Active Members	10	1
3. Additions from Terminated Vested Members	4	
4. Removed (Deaths, Benefit Termination, Data Corrections)	(7)	
5. Added (Beneficiaries/Data Corrections)	3	
6. Number Included in this Valuation	198	10

**Number Eligible/Number Electing Normal Retirement  
During Year Ended September 30, 2015**

**GENERAL EMPLOYEES**

<b>Age</b>	<b>Number Eligible</b>	<b>Number Electing Normal Retirement</b>	
		<b>DROP</b>	<b>Regular</b>
50	1		1
53	1		1
54	1		1
55	7	1	
56	4	1	
57	4	1	
58	2		
59	1		1
60	2	1	
61	2		
62	3		1
63	1		
72	1		1
<b>Totals</b>	<b>27</b>	<b>4</b>	<b>6</b>

**Number Eligible/Number Electing Normal Retirement  
During Year Ended September 30, 2015**

**OCEAN RESCUE**

<b>Age</b>	<b>Number Eligible</b>	<b>Number Electing Normal Retirement</b>	
		<b>DROP</b>	<b>Regular</b>
46	2	1	
<b>Totals</b>	<b>2</b>	<b>1</b>	<b>0</b>

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**SECTION II**  
POLICE OFFICERS REPORT

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**Report of September 30, 2015 Actuarial Valuation**

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## **SECTION A**

### DETAILED VALUATION RESULTS

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**Contributions To Finance Benefits of the Retirement System  
for the Plan Year Beginning October 1, 2016  
to be Contributed During the Fiscal Year Beginning October 1, 2016**

Contributions for	Contributions Expressed as Percents of UnDROPed Active Member Payroll
<b>Normal Cost</b>	
Service pensions	2.70 %
Disability pensions	1.53
Death-in-service pensions	0.69
Deferred service pensions	0.62
Refunds of member contributions	<u>0.61</u>
Total Normal Cost	6.15
 <b>Unfunded Actuarial Accrued Liability (1)</b>	
Retired members and beneficiaries	0.00
Active and vested terminated members	<u>58.03</u>
Total Unfunded Actuarial Accrued Liability	58.03
 Administrative Expenses	 3.84
 Total Unadjusted Computed Contribution	 68.02
 <b>Adjustments to Computed Contribution</b>	
FS 112.64(5) Compliance	0.00
Town funding for additional premium tax revenue shortfall in prior fiscal year	0.00
Full funding credit	<u>0.00</u>
Total adjustments	0.00
 <b>Total Adjusted Contribution Requirement</b>	 68.02
Member portion	2.47
Town portion	65.55

(1) Please refer to page A-10 for a schedule of financing periods.

FS 112.64 requires that Town contributions be deposited not less frequently than quarterly. FS185.11 requires that Chapter 185 monies be deposited within 5 days of receipt from the State. Member contributions, which are in addition to the Public contributions, must be deposited immediately after each pay period.

Comparative contribution amounts for prior fiscal years are shown on page A-4.

**Chapter 99-1, Laws of Florida**  
**Minimum Compliance and Extra Benefits – Chapter 185**

	<u>Prior Year</u>	<u>Cumulative</u>
A. Additional premium tax revenues as of 9/30/14	\$118,579	
B. Chapter 185 receipts during fiscal year ending 9/30/15	0	\$3,032,132
C. Chapter 185 "frozen" receipts during fiscal year ending 9/30/15	0	2,315,446
D. Qualifying benefit improvements since Chapter 99-1 effective date	118,579	1,474,447
E. Additional premium tax revenues as of 9/30/2015 A + [ B - C - D ]	0	0

## Determining Dollar Contributions

For any period of time, the percent-of-payroll contribution rate needs to be converted to dollar amounts. The Florida Division of Retirement has indicated the legislative intent in Section 112.61, F.S., is to apply the Town portion of the contribution requirement on page A-1 to emerging payroll. To accomplish this, the Town should contribute dollar amounts at the end of each payroll period which are equal to the percent-of-payroll contribution requirement multiplied by the unDROPed active member payroll for the period. Adjustments should be made as necessary to exclude items of pay that are not covered compensation for Retirement System benefits and to include non-payroll amounts that are covered compensation.

Illustrative Only. Included in these amounts is the projected salary increase between the valuation date and the fiscal year in which the contribution will be made. The projection factor used was 1.052957,  $(1.035^{1.5})$ , which is consistent with the projection used to calculate actuarial liability.

<b>Total Public Contribution Requirement</b>	<b>\$2,531,902</b>
<b>Chapter 185 Premium "frozen"</b>	-
<b>Funding from Add. Premium Tax Revenue</b>	-
<b>Illustrative Base Town Contribution</b>	<b>\$2,531,902</b>

The above amounts are assumed to be contributed, on average, halfway through the fiscal year. If contributions are made on a later schedule, interest should be added at the rate of 0.60% (.0060) for each month of delay.

## Recommended and Actual Contributions Comparative Statement

Fiscal Year	Valuation Date Sept. 30	Public Contributions (Additional to Member Contributions) % of Payroll Contributions*
87/88	1986	21.58 %
88/89 (a)	1987	23.35
89/90	1988	23.34
90/91	1989	22.56
91/92 (a)	1990	25.00
92/93	1991	24.98
93/94	1992	25.35
94/95 (a)	1993	27.74
95/96	1994	28.24
96/97 (a)	1995	30.60
97/98	1996	29.03
98/99	1997	28.91
99/00 (a)	1998	25.97
00/01 (a)	1999	22.37
01/02 (a)	2000	12.71
02/03 (a)	2001	19.34
03/04	2002	30.74
04/05	2003	33.09
05/06 (a)	2004	35.36
06/07 (a)	2005	42.25
07/08	2006	41.47
08/09	2007	40.32
09/10	2008	43.30
10/11	2009	45.56
11/12	2010	19.98
12/13 (a)	2011	25.04
13/14 (a)	2012	42.14
14/15	2013	56.62
15/16 (a)	2014	63.23
<b>16/17</b>	<b>2015</b>	<b>64.17</b>
<b>16/17 (a)</b>	<b>2015</b>	<b>65.55</b>

(a) After changes in benefit provisions and/or actuarial assumptions and/or actuarial cost methods.

\* Contributions were not calculated separately for Police and Fire prior to the 9/30/89 actuarial valuation.

## Funding Progress Indicators

We believe an understanding of funding progress and status can be achieved using the following measures:

*Indicator (1)* **The actuarial present value of gains or losses realized in the operation of the Retirement System** - an experience indicator. Gains and losses are expected to cancel each other over a period of years (in the absence of double-digit inflation) but sizable year-to-year fluctuations are common. An experience gain can result from assets increasing in value by more than anticipated by the funding program, or by the actuarial accrued liability increasing by less than anticipated by the funding program, or by other favorable combinations of deviation from expected asset and liability changes. Further details on the derivation of the gain (loss) are shown on page A-7.

*Indicator (2)* **The ratio of the funding value of assets to the actuarial accrued liability** measured in accordance with GASB Statement No. 5 prior to the September 30, 1997 valuation and GASB Statement No. 25 beginning with the September 30, 1997 valuation. The ratio is expected to increase over time but the basic trend may be interrupted by changes in benefit provisions, actuarial assumptions, or methods.

*Indicator (3)* **The ratio of the unfunded actuarial accrued liability to active member payroll** - an inflation adjusted funding level indicator. In a soundly financed Retirement System, the amount of the unfunded actuarial accrued liability will be controlled and prevented from increasing in the absence of benefit improvements. However, in an inflationary environment it is seldom practical to impose this control on dollar amounts which are depreciating in value. The ratio is a relative index of condition where inflation is present in both items. The ratio is expected to decrease over time but the basic trend may be interrupted by changes in benefit provisions, actuarial assumptions, or methods.

**Funding Progress Indicators - Historical Comparisons**  
**(\$ amounts in thousands)**

Valuation Date September 30	Indicator (1)		Indicator (2)		Indicator (3)		Ratio to Payroll
	Exper. Gain (Loss)	Funding Value of Assets	AAL	Funded Ratio	Unfunded AAL	Active Member Payroll	
1996	\$ 3,707	\$ 78,929	\$77,327	102 %	(\$1,602)	\$ 13,382	-- %
1997 #	5,135	88,697	86,042	103	(2,655)	14,092	--
1998 (a)	4,961	99,939	92,703	108	(7,236)	14,549	--
1999 (a)	7,056	113,770	98,866	115	(14,904)	14,422	--
2000 (a)@	6,214	81,196	69,425	117	(11,771)	6,230	--
2001 (a)@	(3,133)	91,992	82,361	112	(9,631)	7,064	--
2002	(11,845)	86,446	88,991	97	2,545	7,769	33
2003	(3,088)	88,091	94,991	93	6,900	8,558	81
2004 (a)&	(1,390)	46,386	51,605	90	5,219	5,070	103
2005 (a)	(330)	48,656	56,996	85	8,340	5,348	156
2006	631	52,614	60,835	86	8,220	5,769	142
2007	2,937	58,486	63,742	92	5,256	5,334	99
2008	(2,075)	61,668	68,525	90	6,857	5,309	129
2009	(4,392)	63,000	74,257	85	11,257	6,187	182
2010	(876)	64,079	76,694	84	12,614	6,043	209
2011 (a)	(420)	63,554	72,421	88	8,866	5,222	170
2012 (a)	(6,094)	61,028	80,129	76	19,101	4,241	450
2013	(2,357)	60,553	82,416	73	21,862	3,454	633
2014 (a)	(1,005)	61,819	84,624	73	22,805	3,354	680
<b>2015</b>	<b>(2,602)</b>	<b>63,673</b>	<b>88,913</b>	<b>72</b>	<b>25,240</b>	<b>3,668</b>	<b>688</b>
<b>2015 (a)</b>	<b>(2,602)</b>	<b>63,673</b>	<b>90,726</b>	<b>70</b>	<b>27,054</b>	<b>3,668</b>	<b>738</b>

(a) After changes described in benefit provisions and/or actuarial assumptions and/or actuarial cost methods.

# GASB Statement No. 25 basis.

@ Excludes General and Lifeguard members (shown in separate report beginning 9/30/2000).

& Excludes Fire members (shown in separate report beginning 9/30/2004).

AAL represents Actuarial Accrued Liability. Measured in accordance with GASB Statement No. 5 prior to 1997 and GASB Statement No. 25 beginning in 1997.

**Experience Gain/(Loss)  
Year Ended September 30, 2015**

**DERIVATION**

(1) UAAL at start of year	\$22,805,493
(2) Employer normal cost for year	334,548
(3) Employer contributions	2,144,662
(4) Interest accrued .075 x [(1) + 1/2 ((2)-(3))]	1,642,533
(5) Expected UAAL before changes (1) + (2) - (3) + (4)	22,637,912
(6) Effect of assumption/method changes	1,813,280
(7) Effect of benefit changes	0
(8) Expected UAAL after changes	24,451,192
(9) Actual UAAL	27,053,603
(10) Gain/(loss) (8) - (9)	(2,602,412)

UAAL represents Unfunded Actuarial Accrued Liability.

## Derivation of Funding Value of Retirement System Assets

Year Ended September 30:	2014	2015*	2016	2017	2018	2019
A. Funding Value Beginning of Year	\$ 60,553,425	\$ 66,161,898				
B. Market Value End of Year	63,350,648	59,516,573				
C. Market Value Beginning of Year	61,920,948	68,013,491				
D. Non-Investment Net Cash Flow	(2,936,535)	(5,838,882)				
E. Investment Income						
E1. Market Total: B - C - D	4,366,235	(2,658,036)				
E2. Amount for Immediate Recognition at 7.5%	4,431,387	4,743,184				
E3. Amount for Phased-In Recognition: E1 - E2	(65,152)	(7,401,220)				
F. Phased-In Recognition of Investment Income						
F1. Current Year: 0.20 x E3	(13,030)	(1,480,244)				
F2. First Prior Year	573,879	66,880	\$ (1,480,244)			
F3. Second Prior Year	416,475	573,879	66,880	\$ (1,480,244)		
F4. Third Prior Year	(970,512)	416,475	573,879	66,880	\$ (1,480,244)	
F5. Fourth Prior Year	(236,393)	(970,511)	416,473	573,879	66,879	\$ (1,480,244)
F6. Adjustment to Recognize 20% Corridor	0	0	0	0	0	0
F7. Total Recognized Investment Gain/(Loss)	(229,581)	(1,393,521)	(423,012)	(839,485)	(1,413,365)	(1,480,244)
G. Accelerated Recognition of Investment Income						
H. Funding Value End of Year: A + D + E2 + F7 Not to Exceed 120% of Market Value	61,818,696	63,672,679				
I. Difference between Market & Funding Value	1,531,952	(4,156,106)				
J. Recognized Rate of Return	7.11%	5.30%				
K. Recognized Rate of Investment Expenses	0.33%	0.31%				

The Funding Value of Assets recognizes assumed investment income (line E2) fully each year. Differences between actual and assumed investment income (line E3) are phased-in over a closed 5-year period. During periods when investment performance exceeds the assumed rate, the Funding Value of Assets will tend to be less than Market Value. During periods when investment performance is less than the assumed rate, the Funding Value of Assets will tend to be greater than Market Value. If assumed rates are exactly realized for 4 consecutive years, it will become equal to Market Value.

\* Beginning of year figures and 2014 phase-in amounts were adjusted to include DROP and/or Share Accounts.

**Unfunded Actuarial Accrued Liability  
as of September 30**

	<u>2015</u>	<u>2014</u>
A. Actuarial Present Value of Future Benefits	\$92,558,775	\$87,555,902
B. Actuarial Present Value of Future Normal Costs	1,832,493	2,931,713
C. Actuarial Accrued Liability	90,726,282	84,624,189
D. Actuarial Value of Assets	63,672,679	61,818,696
E. Unfunded Actuarial Accrued Liability	27,053,603	22,805,493
F. Funded Ratio	70.2%	73.1%

## Sources and Financing of Unfunded Actuarial Accrued Liability

Year Established	Initial Years	Years Remaining	Initial Amount	Current Amount	Amort. Factor	Contributions		FS112.64(5) Compliance*
						Dollars	Percent-of- Payroll	
<b>Initial Unfunded</b>								
2011	15	11		\$ 11,438,063	8.994200	\$ 1,271,715	34.08 %	0.00 %
<b>(Gain)/Loss Experience</b>								
2010	30	25	876,056	949,953	16.152210	58,813	1.58	0.00
2011	30	26	420,131	446,959	16.532481	27,035	0.72	0.00
2012	30	27	6,094,095	6,372,456	16.898602	377,100	10.10	0.00
2013	30	28	2,357,290	2,431,171	17.251100	140,928	3.78	0.00
2014	30	29	1,005,437	1,021,625	17.590482	58,078	1.56	0.00
2015	30	30	2,602,412	2,602,412	17.917236	145,246	3.89	0.00
<b>Benefit Changes</b>								
2010	30	25	(4,060,736)	(4,403,263)	16.152210	(272,611)	(7.30)	0.00
2014	30	29	86,796	88,193	17.590482	5,014	0.13	0.00
<b>Assumption/Method Changes</b>								
2010	30	25	(611,648)	(663,241)	16.152210	(41,062)	(1.10)	0.00
2011	30	26	380,899	405,221	16.532481	24,511	0.66	0.00
2012	30	27	4,351,987	4,550,774	16.898602	269,299	7.22	0.00
2015	30	30	1,813,280	1,813,280	17.917236	101,203	2.71	0.00
<b>Totals</b>				<b>\$ 27,053,603</b>		<b>\$ 2,165,269</b>	<b>58.03</b>	<b>0.00</b>

\* With the adoption of new economic assumptions, consultation with the Town on its budgeted payroll projections, and the Town's policy of contributing on a projected dollar basis using 3.5% wage inflation, this embeds the dollar contribution shown above adjusted to the appropriate fiscal year in the Town's contribution requirement.

# Actuarial Balance Sheet – September 30, 2015

## Present Resources and Expected Future Resources

A. Funding Value of System Assets:	
1. Net assets from System financial statements (market value)	\$59,516,573
2. Funding value adjustment	<u>4,156,106</u>
3. Funding value of assets	63,672,679
B. Actuarial Present Value of Expected Future Employer Contributions:	
1. For normal costs	989,891
2. For Unfunded Actuarial Accrued Liability (UAAL)	<u>27,053,603</u>
3. Totals	28,043,494
C. Actuarial Present Value of Expected Future Member Contributions	<u>842,602</u>
D. Total Present and Expected Future Resources	<u><u>\$92,558,775</u></u>

## Actuarial Present Value of Expected Future Benefit Payments and Reserves

A. To Retirants, Beneficiaries and DROP members	\$74,019,388
B. To Vested Terminated Members	2,973,743
C. To Present Active Members:	
1. Allocated to service rendered prior to valuation date	13,580,702
2. Allocated to service likely to be rendered after valuation date	<u>1,832,493</u>
3. Totals	15,413,195
D. Reserve for Employer Contributions	152,449
E. Total Actuarial Present Value of Expected Future Benefit Payments	<u><u>\$92,558,775</u></u>

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## **SECTION B**

**SUMMARY OF BENEFIT PROVISIONS AND  
VALUATION DATA SUBMITTED BY THE  
RETIREMENT SYSTEM**

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## Summary of Benefit Provisions (September 30, 2015)

### **NORMAL RETIREMENT:**

#### **Eligibility**

##### ***Grandfathered and April 30, 2012 frozen accrued benefits.***

20 or more years of service, regardless of age; or, age 50 with 10 or more years of credited service; or, members with at least 10 years of credited service who retire after 9/30/90 are eligible when the individual's age plus credited service totals 65 years or more.

##### ***New Plan benefits accrued after April 30, 2012.***

Age 65 with 10 or more years of service.

#### **Pension Amount**

##### ***Grandfathered and April 30, 2012 frozen accrued benefits.***

Average final compensation multiplied by the greater of:

- a) 3.5% per year of credited service to a maximum of 25 years, or
- b) 2.0% per year of credited service to a maximum of 50 years.

The normal form of pension is a pension payable for 10 years certain. Also, see Automatic Death after Retirement heading.

##### ***New Plan benefits accrued after April 30, 2012.***

Average final compensation multiplied by 1.25% per year of credited service after April 30, 2012.

#### **Average Final Compensation**

##### ***Grandfathered and April 30, 2012 frozen accrued benefits.***

Highest 2 consecutive years within the member's last 5 years of credited service.

##### ***New Plan benefits accrued after April 30, 2012.***

Average compensation after April 30, 2012 over a period increasing up to the final 5 years of credited service by April 30, 2017.

### **DROP RETIREMENT:**

**Eligibility** – Same as Normal Retirement, election must be made within 7 years of the date the member first reaches normal retirement eligibility.

**Pension Amount** – Except for grandfathered members, 100% of the member's accrued benefit at the date of election to participate in DROP.

**Distributions** – Monthly amounts are paid from the Retirement System into self-directed member accounts.

**DEFERRED RETIREMENT (VESTED TERMINATION BENEFIT):**

**Eligibility** - 10 or more years of credited service. Pension begins upon meeting requirement for normal retirement. Contributions must be left on deposit in the System; failure to do so results in forfeiture of the vested benefit. Frozen accrued benefits as of April 30, 2012 are vested immediately. Members employed with the Town on May 1, 2012 are eligible to retire from Plan A when reaching age 55, notwithstanding total service.

**Pension Amount** - Computed as for normal retirement, based upon service and average final compensation at time of termination.

**DUTY DISABILITY RETIREMENT:**

**Eligibility** - No age or service requirements.

**Pension Amount** - Computed as a regular retirement with additional service credit granted from date of disability to earliest normal retirement eligibility date. Minimum benefit is 60% of average final compensation.

**NON-DUTY DISABILITY BEFORE RETIREMENT:**

**Eligibility** - 10 or more years of credited service.

**Pension Amount** - Computed as for normal retirement.

**DUTY DEATH BEFORE RETIREMENT:**

**Eligibility** - No age or service requirements.

**Pension Amount** - A pension to each surviving child until age 18, or until age 25 with no surviving spouse, of 25% of the member's average final compensation not to exceed 50% or an equal share of 75% of the member's AFC when there are 4 or more surviving children being paid. A pension to the widow of the difference, if any, between 75% of the retirant's AFC and the aggregate amount paid to children for the month.

**NON-DUTY DEATH BEFORE RETIREMENT:**

**Eligibility** - 10 or more years of credited service.

**Pension Amount** - 75% of normal retirement benefit to a surviving spouse or equal shares of 75% of the normal retirement benefit to surviving dependent children until age 18, or until age 25 with no surviving spouse.

**AUTOMATIC DEATH AFTER RETIREMENT PENSION:**

*Grandfathered and April 30, 2012 frozen accrued benefits.*

**To Surviving Child(ren):** 25% of the retirants pension payable to age 18, not to exceed an equal share of 75% of the retirants pension. Payments to surviving children may be paid to age 25 if no spouse benefits are payable.

**To Surviving Spouse:** The difference, if any, between 75% of the deceased retirants pension and the aggregate amount paid to any surviving children for the month.

*New Plan benefits accrued after April 30, 2012.*

Reduced optional forms of payment are available.

**POST-RETIREMENT COST-OF-LIVING ADJUSTMENTS:**

*Grandfathered and April 30, 2012 frozen accrued benefits.*

Members who retire after 9/30/68 and prior to 10/1/90 receive an annual 1.0% increase computed on the base benefit. Other adjustments have been made periodically. Pensions effective after 9/30/90 will be increased 2.0% annually based on the total pension payable subsequent to an initial 3 year deferral period.

*New Plan benefits accrued after April 30, 2012.*

None.

**SUPPLEMENTAL PENSION DISTRIBUTION:**

Amount determined on investment return, if any, after expenses, between 8.0% and 10.0% of assets, subject to accumulated gains/(losses) limitation.

**MEMBER CONTRIBUTIONS:**

Benefit Group	Contribution Rate as a Percent-of-Payroll		
	Before May 1, 2012	On and After May 1, 2012	On and After October 1, 2013
Police Officers	6.98%	4.98%	2.47%

**PREMIUM TAX MONIES:**

No future State contributions are expected.

**TOWN CONTRIBUTIONS:**

Actuarially determined amounts which together with member contributions are sufficient to cover the requirements of the funding objective stated in the Executive Summary.

**PRIOR GOVERNMENTAL SERVICE ELSEWHERE:**

During the first five years of employment by the Town, the years or fractional parts of years that a member previously served for any other municipal, county, or state government or district may be added to years or fractional parts of years of credited service provided that the member contributes the sum that would have been contributed to the retirement plan to pay the full actuarial cost.

**PURCHASE OF SERVICE CREDIT:**

A vested member who has not purchased service credit under Prior Governmental Service elsewhere may purchase years or fractional parts of years of service to be added to years of credited service provided that the member contributes the sum that would have been contributed to the retirement plan to pay the full actuarial cost.

## Summary of Assets (Market Value)

	<u>September 30, 2015</u>	<u>September 30, 2014</u>
Cash and Cash Equivalents	\$ 552,619	\$ 1,002,496
Investments, at Fair Value		
Domestic Equity Funds	11,837,756	12,030,250
Fixed Income	14,270,838	19,517,202
Alternative	7,676,142	8,430,117
International Equity	15,020,292	17,408,314
Private Equity Funds	4,331,725	2,543,181
Commodities	1,586,538	1,439,951
Real Estate Funds	4,590,907	1,631,888
Mutual Funds - DROP	-	4,464,797
Total Investments	\$ 59,314,198	\$ 67,465,700
Prepaid Expenses	18,718	19,890
Receivables		
Due from Brokers	43,637	7,371
Interest Receivable	8,368	5,548
Total Receivables	\$ 52,005	\$ 12,919
Liabilities		
Accounts Payable and Accrued Expenses	251,128	39,317
Due to Brokers	17,390	50,511
DROP payables	-	9,181
Prepaid Town Contributions	152,449	388,505
Total Liabilities	420,967	487,514
<b>Total Assets</b>	<b>\$ 59,516,573</b>	<b>\$ 68,013,491</b>

# Accounting Information Utilized for Valuation

## REVENUES AND EXPENDITURES

	<u>Year Ended</u> <u>September 30, 2015</u>	<u>Year Ended</u> <u>September 30, 2014</u>
<b>Revenues:</b>		
a. Member contributions	\$ 98,530	\$ 108,250
b. Town contributions	2,144,662	1,979,219
c. State contributions (Chapter 185)	-	-
d. Investment income		
1. Interest and Dividends	560,128	632,861
2. Net Appreciation in Fair Value	(3,027,413)	4,330,505
e. Other	2,664	2,843
f. Total revenues	<u>(221,429)</u>	<u>7,053,678</u>
<b>Expenditures:</b>		
a. Refunds of member contributions	22,377	12,726
b. Benefits paid	7,918,798	4,690,744
c. Administrative expenses	140,899	128,668
d. Investment expenses	193,415	193,228
e. Total expenditures	<u>8,275,489</u>	<u>5,025,366</u>
<b>Reserve Increase:</b>		
Total revenues minus total expenditures	<u>\$ (8,496,918)</u>	<u>\$ 2,028,312</u>

## Accounting Information Submitted for Valuation

### RESERVE ACCOUNTS\*

	<u>September 30, 2015</u>	<u>September 30, 2014</u>
Employees' contributions (Members' Saving Fund):	\$ 2,361,217	\$ 2,166,477
Employer contributions (Employer Reserve Fund):	(22,525,967)	(11,218,472)
Retired members and beneficiaries (Retirement Reserve Fund):	74,019,388	69,326,315
Inactive members (Deferred Retirement Fund):	<u>2,973,743</u>	<u>3,076,328</u>
Total	\$ 56,828,381	\$ 63,350,648

\* After transfers in accordance with Section 82-82(b) of Retirement Ordinance (please refer to page 7). All reserve accounts are available for funding.

## Retired Member and Beneficiary Data

### Historical Schedule\*

Year Ended Sept. 30	Number		Net Increase		End of Year		Average Pensions
	Added	Removed	No.	Annual Pensions	No.	Annual Pensions	
1991	7	5	2	\$ 145,915	170	\$ 1,883,660	\$ 11,080
1992	16	11	5	291,355	176	2,175,015	12,358
1993	11	8	3	159,198	179	2,334,213	13,040
1994	21	4	17	441,322	196	2,775,535	14,161
1995	15	8	7	199,472	203	2,975,006	14,655
1996	18	9	9	323,738	212	3,298,744	15,560
1997	13	13	0	127,873	212	3,426,617	16,163
1998	17	8	9	272,820	221	3,699,437	16,740
1999	15	7	8	455,698	229	4,155,135	18,145
2000	16	110 #	(94)	(861,467)	135	3,293,668	24,398
2001	12	9	3	215,455	138	3,509,123	25,428
2002	8	3	5	269,507	143	3,778,630	26,424
2003	1	2	(1)	100,315	142	3,878,945	27,317
2004	4	3	1	172,906	68	1,968,093	28,943
2005	4	1	3	247,724	71	2,215,817	31,209
2006	3	1	2	257,450	73	2,473,267	33,880
2007	7	2	5	503,946	78	2,977,213	38,169
2008	5	2	3	389,364	81	3,366,577	41,563
2009	3	2	1	159,740	82	3,526,317	43,004
2010	2	0	2	172,503	84	3,698,820	44,034
2011	9	5	4	602,812	88	4,301,632	48,882
2012	7	1	6	306,760	94	4,608,392	49,025
2013	1	0	1	124,540	95	4,732,932	49,820
2014	5	3	2	446,535	97	5,197,467	53,397
<b>2015</b>	<b>3</b>	<b>5</b>	<b>(2)</b>	<b>34,586</b>	<b>95</b>	<b>5,232,053</b>	<b>55,074</b>

\* Prior to the September 30, 2000 valuation, General members were included. Prior to the September 30, 2004 valuation, Fire members were included.

# Includes 107 General members.

## Retired Members and Beneficiaries

### Historical Comparison

Valuation Date**	% Incr. in Annual Pensions	No. of Active Per Retired	Pension Payroll as % of Active Payroll
9/30/1996	10.9 %	1.3	29.5 %
9/30/1997	3.9	1.4	29.2
9/30/1998	8.0	1.5	27.9
9/30/1999	12.3	1.3	30.8
9/30/2000	(20.7)	1	42.9
9/30/2001	6.5	1.0	39.4
9/30/2002	7.7	1.0	38.6
9/30/2003	2.7	1.0	38.1
9/30/2004	(49.3)	1.0	38.8
9/30/2005	12.6	1.0	41.4
9/30/2006	11.6	1.0	42.9
9/30/2007	20.4	0.9	55.8
9/30/2008	13.1	0.8	63.4
9/30/2009	4.7	0.9	57.0
9/30/2010	4.9	0.8	61.2
9/30/2011	16.3	0.7	82.4
9/30/2012	7.1	0.5	108.7
9/30/2013	2.7	0.5	137.0
9/30/2014	9.4	0.5	154.4
<b>9/30/2015</b>	<b>0.7</b>	<b>0.5</b>	<b>142.6</b>

\*\* For the September 30, 2000 - 2012 valuations, General and Lifeguard members are valued in a separate report. For the September 30, 2004 – 2012 valuations, Fire members are valued in a separate report.

**Retired Member and Beneficiary Data as of September 30, 2015  
by Type of Pension Being Paid**

**Police Officers**

<u>Type of Benefit Being Paid</u>	<u>No.</u>	<u>Annual Benefit</u>
<b>Age &amp; Service Benefits</b>		
Straight Life	17	\$ 1,237,258
10-Year Certain	30	2,080,532
Joint and Survivor Benefits - Regular	24	921,721
Surviving Beneficiaries	10	172,796
Total Age and Service Benefits	81	4,412,307
<b>Duty Disability Benefits</b>		
Straight Life	0	0
10-Year Certain	1	41,329
Joint and Survivor Benefits	0	0
Surviving Beneficiaries	1	8,691
Total Duty Disability Benefits	2	50,020
<b>Non-Duty Disability Benefits</b>		
Straight Life	0	0
10-Year Certain	1	53,342
Joint and Survivor Benefits	0	0
Surviving Beneficiaries	1	15,691
Total Non-Duty Disability Benefits	2	69,033
<b>Death-In-Service Benefits</b>		
Non-Duty Spouse	1	42,729
Total Death-in-Service Benefits	1	42,729
<b>Active DROP Members</b>	9	657,964
<b>Totals</b>	<b>95</b>	<b>\$ 5,232,053</b>

**Retired Member and Beneficiary Data as of September 30, 2015  
(Includes DROP Participants)  
Tabulated by Attained Age**

**Police Officers**

<b>Attained Age</b>	<b>No.</b>	<b>Annual Pensions</b>
30 - 34	1	\$ 42,729
40 - 44	2	94,672
45 - 49	6	520,504
50 - 54	17	1,411,226
55 - 59	15	1,170,458
60 - 64	10	454,914
65 - 69	14	553,647
70 - 74	9	428,110
75 - 79	13	430,902
80 - 84	4	52,317
85 - 89	3	38,200
100+	1	34,374
<b>Totals</b>	<b>95</b>	<b>\$5,232,053</b>

Average Age at Retirement: 49.2 years

Average Age Now: 64.0 years

**Vested Terminated Members as of September 30, 2015**  
**Annual Estimated Pensions**  
**Tabulated by Attained Age**

**Police Officers**

<b>Attained Age</b>	<b>No.</b>	<b>Annual Estimated Pensions*</b>
27	1	\$ 6,825
29	3	21,484
30	4	34,090
34	1	9,473
39	1	18,089
40	2	61,435
41	3	103,087
42	1	30,770
45	1	23,802
47	2	21,873
48	1	2,624
49	2	53,544
50	1	834
51	1	2,280
<b>Totals</b>	<b>24</b>	<b>\$390,208</b>

\* Includes estimated Plan B benefits for 4 members currently receiving Plan A benefits.

## Active and Vested Terminated Members Included in Valuation

Valuation Date September 30	Active Members	Vested		Valuation Payroll	Average		
		Terminated Members			Age	Service	Pay
2001	62	2		\$3,959,149	37.8 yrs.	10.0 yrs.	\$63,857
2002	66	2		4,454,577	37.9	9.4	67,494
2003	67	2		4,713,181	38.5	10.0	70,346
2004	70	2		5,069,790	38.3	9.6	72,426
2005	72	1		5,347,947	38.8	9.6	74,277
2006	74	2		5,769,134	38.9	9.0	77,961
2007	71	2		5,333,625	38.9	8.7	75,121
2008	65	2		5,309,135	39.6	8.8	81,679
2009	70	1		6,186,737	39.1	8.5	88,382
2010	68	1		6,043,273	39.9	9.3	88,872
2011	60	1		5,221,806	40.1	9.0	87,030
2012	47	8		4,241,336	40.6	10.3	90,241
2013	47	17		3,453,957	40.7	9.2	73,488
2014	49	23		3,354,258	40.8	7.8	68,454
<b>2015</b>	<b>52</b>	<b>24</b>		<b>3,668,289</b>	<b>40.3</b>	<b>8.3</b>	<b>70,544</b>

## Number Added to and Removed from Active Membership

Year Ended Sept. 30	Number Added During Year	Retirement				Disability		Died-in-		Withdrawal		Active Members End of Year
		A				Retirement		Service				
		DROP	Other	Totals	E	A	E	A	E	A	E	
2006	10	1	2	3	9.7			0.1	0.1	5	2.9	74
2007	4	3	2	5	10.7			0.1	0.1	2	3.3	71
2008	4	1	4	5	9.1			0.1	0.1	5	2.96	65
2009	11	1		1	6.5			0.1	0.1	5	2.62	70
2010	1	1		1	6.5			0.1	0.1	2	2.9	68
2011		7		7	9.0	1		0.1	0.1	0	2.2	60
2012		6		6	6.1			0.1	0.1	7	1.6	47
2013	10	1		1	5.4			0.1	0.1	9	1.1	47
2014	13	4		4	7.4	1		0.1	0.1	6	1.9	49
<b>2015</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7.7</b>	<b>0</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>3</b>	<b>2.6</b>	<b>52</b>

*A represents actual number.*

*E represents expected number.*

## Active Member Data as of September 30, 2015

### by Near Age and Years of Service

#### Police Officers

Near Age	Years of Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.	Valuation Payroll
20-24	3							3	\$ 149,600
25-29	6							6	303,537
30-34	4	2	1					7	400,380
35-39	4	1	3					8	518,644
40-44	1	2		3				6	468,486
45-49	3	2	1	4	3			13	1,068,383
50-54	1		4	1	1			7	619,482
55-59	1							1	58,290
66		1						1	81,487
<b>Totals</b>	<b>23</b>	<b>8</b>	<b>9</b>	<b>8</b>	<b>4</b>			<b>52</b>	<b>\$3,668,289</b>

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## SECTION C

### ADDITIONAL DISCLOSURES

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**GASB Statements No. 67 and No. 68 are the accounting standards which replaced GASB Statements No. 25 and No. 27. GASB Statement No. 67 is first effective for fiscal year 2014 and GASB Statement No. 68 is first effective for fiscal year 2015. A separate GASB Statements No. 67 and No. 68 report will be issued outside of this report. This section contains historical GASB Statements No. 25 and No. 27 reporting information for prior fiscal years and illustrative information for fiscal year 2015.**

## Supplementary Information

(\$ Amounts in Thousands)

### Schedule of Funding Progress

Actuarial Valuation Date Sept. 30	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) -- Entry-Age--	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a % of Covered Payroll
2006	\$ 52,614	\$60,835	86.5 %	\$ 8,221	\$5,769	142.5 %
2007	58,486	63,742	91.8	5,256	5,334	98.5
2008	61,668	68,525	90.0	6,857	5,309	129.2
2009	63,000	74,257	84.8	11,257	6,187	181.9
2010	64,079	76,694	83.6	12,615	6,043	208.8
2011 (a)	63,554	72,421	87.8	8,867	5,222	169.8
2012 (a)	61,028	80,129	76.2	19,101	4,241	450.4
2013	60,553	82,416	73.5	21,863	3,454	633.0
2014 (a)	61,819	84,624	73.1	22,805	3,354	679.9
<b>2015 (a)</b>	<b>63,673</b>	<b>90,726</b>	<b>70.2</b>	<b>27,053</b>	<b>3,668</b>	<b>737.5</b>

### Schedule of Employer Contributions

Fiscal Year Ending Sept. 30	Contribution Rates as Percents of Valuation Payroll	Computed Dollar Contribution Based on Projected Payroll	Actual Dollar Contribution#	Percentage Contributed
2007 (a)	42.25	\$2,382	\$2,399	101 %
2008	41.47	2,593	2,596	100
2009	40.32	2,330	2,330	100
2010	43.30	2,491	2,491	100
2011	45.56	3,054	2,496	100
2012 (a)	19.98	1,290	1,235	100
2013 (a)	25.04	1,257	1,257	100
2014 (a)	42.14	1,882	1,979	100
2015	56.62	2,145	2,145	100
2016 (a)	63.23	2,233		
<b>2017 (a)</b>	<b>65.55</b>	<b>2,532</b>		

(a) After changes in benefit provisions and/or actuarial assumptions and/or actuarial cost methods.

# The difference between the computed contribution and the actual contribution was funded by the Reserve for Employer Contributions.

## Supplementary Information

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

Valuation date	September 30, 2015
Actuarial cost method	Entry-Age
Amortization method	Level percent-of-payroll
Remaining amortization period*	11-30 years
Asset valuation method	5-year smoothed market
<b>Actuarial assumptions</b>	
Investment rate of return	7.50%
Projected salary increases	3.50%
Includes inflation and other general increases at	3.50%
Cost-of-living adjustments	Members who retire after 9/30/68 and prior to 10/1/90 receive an annual 1.0% increase computed on the base benefit. Members after 9/30/90 will be increased 2.0% annually based on total pension after a 3-year deferral period. Benefits accrued after 4/30/12 are not adjusted for those not eligible for normal retirement as of 5/1/12. Other adjustments have been made periodically.

Membership of the plan consisted of the following at September 30, 2015, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	95
Terminated plan members entitled to but not yet receiving benefits	24
Active plan members	
Vested	21
Non-vested	31
	31
<b>Totals</b>	<b>171</b>

\* The periods are in compliance with Florida Statutes and Actuarial Standards of Practice.

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**SECTION D**

STATE REQUIRED DATA

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**Actuarial Present Value of Accrued Benefits**  
**(\$ Amounts in Thousands)**

	September 30, 2015		September 30, 2014
	After	Before	
(i) Actuarial present value of active member benefits:			
Service retirement	\$13,720	\$14,891	\$13,348
Vested termination benefits	376	219	187
Disability retirement	867	1,166	1,042
Survivor benefits (pre-retirement)	378	598	540
Termination benefits - refunds	72	44	37
Totals	15,413	16,918	15,153
(ii) Actuarial present value of terminated vested members	2,974	2,984	3,076
(iii) Actuarial present value of retired member & beneficiary	74,019	72,037	69,326
(iv) Reserves	152	152	0
(v) Total actuarial present value of future benefit payments	92,559	92,092	87,556
(vi) Present value of active member future payroll	34,000	47,178	42,860
(vii) Present value of future active member contributions	843	1,168	1,063
(viii) Active member accumulated contributions	2,361	2,361	2,166
(ix) Actuarial accrued liability using projected unit credit funding method	79,188	77,317	74,131

**Summary of Valuation Results in State Format  
(\$ Amounts in Thousands)**

	<b>September 30, 2015</b>		<b>September 30, 2014</b>
	<b>After</b>	<b>Before</b>	
Actuarial Present Value of Accrued Benefits			
(calculated in accordance with FASB Statement No. 35)			
(i) Vested accrued benefits			
Retired members and beneficiaries	\$ 74,019	\$72,037	\$ 69,326
Terminated members	2,974	2,984	3,076
Active members (includes non-forfeitable accum. member contributions)	13,055	13,302	11,773
Total	90,048	88,323	84,175
(ii) Non-vested accrued benefits	477	668	749
(iii) Total actuarial p.v. of accrued benefits	90,525	88,991	84,924
(iv) Actuarial p.v. of accrued benefits at begin. of year	84,924	84,924	82,762
(v) Changes attributable to:			
Amendments	-	-	(733)
Assumption change	1,535	-	-
Operation of decrements	11,986	11,986	7,780
Benefit payments	(7,919)	(7,919)	(4,885)
Expenses	-	-	-
(vi) Net change	5,602	4,067	2,162
(vii) Actuarial p.v. of accr. benefits at end of year	90,525	88,991	84,924
Actuarial Present Value of Accrued Benefits Using FRS Interest Rate			
(i) Vested	\$ 87,617	\$86,027	\$ 81,886
(ii) Non-Vested	451	627	708
(iii) Total	88,068	86,655	82,594
(iv) Market Value of Assets (MVA)	59,517	59,517	63,351
(v) Funded Ratio Using FRS Interest Rate and MVA	67.58 %	68.68 %	76.70 %

## Reconciliation of Membership Data

### A. Active Members

1. Number Included in Last Valuation	49
2. New Members Included in Current Valuation	6
3. Non-Vested Employment Terminations	(3)
4. Vested Employment Terminations	
5. Service Retirements	
6. DROP Retirements	
7. Disability Retirements	
8. Deaths	
9. Other (Transfer)	
10. Number Included in this Valuation	<u>52</u>

### B. Terminated Vested Members

1. Number Included in Last Valuation	23
2. Additions from Active Members	
3. Lump Sum Payments	
4. Payments Commenced	
5. Deaths	
6. Other	<u>1</u>
7. Number Included in this Valuation	24

### C. Service Retirees, Disability Retirees and Beneficiaries

1. Number Included in Last Valuation	97
2. Additions from Active Members	
3. Additions from Terminated Vested Members	1
4. Removed (Deaths, Benefit Termination, Data Corrections)	(5)
5. Added (Beneficiaries/Data Corrections)	<u>2</u>
6. Number Included in this Valuation	95

**Number Eligible/Number Electing Normal Retirement  
During Year Ended September 30, 2015**

<b>Age</b>	<b>Number Eligible</b>	<b>Number Electing DROP</b>	<b>Normal Retirement Regular</b>
45	2		
46	1		
50	1		
52	1		
53	2		
54	1		
<b>Totals</b>	<b>8</b>	<b>0</b>	<b>0</b>

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**SECTION III**  
FIREFIGHTERS REPORT

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**OUTLINE OF CONTENTS**  
**REPORT OF SEPTEMBER 30, 2015 ACTUARIAL VALUATION**

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4	Contribution comparative statement
5-6	Funding progress indicators
7	Experience gain/(loss)
8	Funding value of assets
9-10	Unfunded actuarial accrued liability
11	Actuarial balance sheet
<b>B</b>	<b>Summary of Benefit Provisions and Valuation Data Submitted by the Retirement System</b>
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**SECTION A**

**DETAILED VALUATION RESULTS**

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**Contributions To Finance Benefits of the Retirement System  
for the Plan Year Beginning October 1, 2016  
to be Contributed During the Fiscal Year Beginning October 1, 2016**

Contributions for	Contributions Expressed as Percents of UnDROPed Active Member Payroll
<b>Normal Cost</b>	
Service pensions	1.98 %
Disability pensions	1.37
Death-in-service pensions	0.62
Deferred service pensions	0.71
Refunds of member contributions	1.00
Total Normal Cost	5.68
<b>Unfunded Actuarial Accrued Liability (1)</b>	
Retired members and beneficiaries	0.00
Active and vested terminated members	70.58
Total Unfunded Actuarial Accrued Liability	70.58
Administrative Expenses	4.03
Total Unadjusted Computed Contribution	80.29
<b>Adjustments to Computed Contribution</b>	
FS 112.64(5) Compliance	0.00
Full funding credit	0.00
Total adjustments	0.00
<b>Total Adjusted Contribution Requirement</b>	<b>80.29</b>
Member portion	4.19
Town portion	76.10

(1) Please refer to page A-10 for a schedule of financing periods.

*FS 112.64 requires that Town contributions be deposited not less frequently than quarterly. FS175.131 requires that Chapter 175 monies be deposited within 5 days of receipt from the State. Member contributions, which are in addition to the Public contributions, must be deposited immediately after each pay period.*

*Comparative contribution amounts for prior fiscal years are shown on page A-4.*

**Chapter 99-1, Laws of Florida**  
**Minimum Compliance and Extra Benefits – Chapter 175**

	Prior Year			Cumulative		
	Premium Tax Distributions	Supplemental Compensation Fund	Total	Premium Tax Distributions	Supplemental Compensation Fund	Total
A. Additional premium tax revenues as of 9/30/14 after transfer			\$ -			
B. Chapter 175 receipts during fiscal year ending 9/30/15	\$ -	\$ -	0	\$5,302,770	\$ 2,501,137	\$7,803,907
C. Chapter 175 "frozen" receipts during fiscal year ending 9/30/15	201,787	50,247	252,034	3,430,379	803,952	4,234,331
D. Qualifying benefit improvements since Chapter 99-1 effective date			97,920			1,188,516
E. Additional premium tax revenues as of 9/30/2015 A + [ B - C - D, not less than 0 ]			0 *			2,381,060

\* Transferred to Share Accounts and not included in the remainder of this report.

## Determining Dollar Contributions

For any period of time, the percent-of-payroll contribution rate needs to be converted to dollar amounts. The Florida Division of Retirement has indicated the legislative intent in Section 112.61, F.S., is to apply the Town portion of the contribution requirement on page A-1 to emerging payroll. To accomplish this, the Town should contribute dollar amounts at the end of each payroll period which are equal to the percent-of-payroll contribution requirement multiplied by the unDROPed active member payroll for the period. Adjustments should be made as necessary to exclude items of pay that are not covered compensation for Retirement System benefits and to include non-payroll amounts that are covered compensation.

Illustrative Only. Included in these amounts is the projected salary increase between the valuation date and the fiscal year in which the contribution will be made. The projection factor used was 1.052957, (1.035<sup>1.5</sup>), which is consistent with the projection used to calculate actuarial liability.

<b>Total Public Contribution Requirement</b>	<b>\$2,598,466</b>
<b>Chapter 175 Premium "frozen"</b>	-
<b>Chapter 175 Supplemental "frozen"</b>	-
<b>Funding from Add. Premium Tax Revenue</b>	-
<b>Base Town Contribution</b>	<b>\$2,598,466</b>

The above amounts are assumed to be contributed, on average, halfway through the fiscal year. If contributions are made on a later schedule, interest should be added at the rate of 0.60% (.0060) for each month of delay.

## Recommended Contributions Comparative Statement

Fiscal Year	Valuation Date Sept. 30	Public Contributions (Additional to Member Contributions) % of Payroll Contributions*
87/88	1986	21.58 %
88/89 (a)	1987	23.35
89/90	1988	23.34
90/91	1989	22.84
91/92 (a)	1990	26.06
92/93	1991	27.17
93/94	1992	28.86
94/95 (a)	1993	29.73
95/96	1994	32.83
96/97 (a)	1995	35.45
97/98	1996	34.32
98/99	1997	32.40
99/00 (a)	1998	30.13
00/01 (a)	1999	26.48
01/02 (a)	2000	15.11
02/03 (a)	2001	22.36
03/04	2002	34.45
04/05	2003	36.75
05/06 (a)	2004	39.34
06/07 (a)	2005	45.97
07/08	2006	46.47
08/09	2007	44.86
09/10	2008	47.50
10/11	2009	51.06
11/12	2010	53.12
12/13 (a)	2011	27.72
13/14 (a)	2012	47.41
14/15	2013	57.20
15/16 (a)	2014	63.78
<b>16/17</b>	<b>2015</b>	<b>73.27</b>
<b>16/17 (a)</b>	<b>2015</b>	<b>76.10</b>

(a) After changes in benefit provisions and/or actuarial assumptions and/or actuarial cost methods.

\* Contributions were not calculated separately for Police and Fire prior to the 9/30/89 actuarial valuation.

## FUNDING PROGRESS INDICATORS

We believe an understanding of funding progress and status can be achieved using the following measures:

*Indicator (1)* **The actuarial present value of gains or losses realized in the operation of the Retirement System** - an experience indicator. Gains and losses are expected to cancel each other over a period of years (in the absence of double-digit inflation) but sizable year-to-year fluctuations are common. An experience gain can result from assets increasing in value by more than anticipated by the funding program, or by the actuarial accrued liability increasing by less than anticipated by the funding program, or by other favorable combinations of deviation from expected asset and liability changes. Further details on the derivation of the gain (loss) are shown on page A-7.

*Indicator (2)* **The ratio of the funding value of assets to the actuarial accrued liability** measured in accordance with GASB Statement No. 5 prior to the September 30, 1997 valuation and GASB Statement No. 25 beginning with the September 30, 1997 valuation. The ratio is expected to increase over time but the basic trend may be interrupted by changes in benefit provisions, actuarial assumptions, or methods.

*Indicator (3)* **The ratio of the unfunded actuarial accrued liability to active member payroll** - an inflation adjusted funding level indicator. In a soundly financed Retirement System, the amount of the unfunded actuarial accrued liability will be controlled and prevented from increasing in the absence of benefit improvements. However, in an inflationary environment it is seldom practical to impose this control on dollar amounts which are depreciating in value. The ratio is a relative index of condition where inflation is present in both items. The ratio is expected to decrease over time but the basic trend may be interrupted by changes in benefit provisions, actuarial assumptions, or methods.

**Funding Progress Indicators - Historical Comparisons**  
**(\$ amounts in thousands)**

Valuation Date September 30	Indicator (1)		Indicator (2)		Indicator (3)		
	Exper. Gain (Loss)	Funding Value of Assets	AAL	Funded Ratio	Unfunded AAL	Active Member Payroll	Ratio to Payroll
1996	\$ 3,707	\$ 78,929	\$77,327	102 %	\$ (1,602)	\$ 13,382	-- %
1997 #	5,135	88,697	86,042	103	(2,655)	14,092	--
1998 (a)	4,961	99,939	92,703	108	(7,236)	14,549	--
1999 (a)	7,056	113,770	98,866	115	(14,904)	14,422	--
2000 (a)@	6,214	81,196	69,425	117	(11,771)	6,230	--
2001 (a)@	(3,133)	91,992	82,361	112	(9,631)	7,064	--
2002	(11,845)	86,446	88,991	97	2,545	7,769	33
2003	(3,088)	88,091	94,991	93	6,900	8,558	81
2004 (a)&	(1,587)	44,080	51,703	85	7,623	4,444	172
2005 (a)	(3,287)	45,765	59,314	77	13,548	5,237	259
2006	(290)	49,236	64,220	77	14,984	5,710	262
2007	3,038	54,723	67,027	82	12,304	5,573	221
2008	(864)	57,652	71,813	80	14,161	5,823	243
2009	(5,022)	57,852	78,139	74	20,287	6,398	317
2010	(1,385)	59,219	81,598	73	22,379	6,219	360
2011 (a)	1,134	58,899	72,928	81	14,029	5,142	273
2012 (a)	(5,221)	56,304	79,887	70	23,584	4,087	577
2013	(2,023)	56,007	82,218	68	26,211	3,671	714
2014 (a)	(189)	56,897	83,365	68	26,468	3,403	778
<b>2015</b>	<b>(2,384)</b>	<b>60,781</b>	<b>89,519</b>	<b>68</b>	<b>28,738</b>	<b>3,243</b>	<b>886</b>
<b>2015 (a)</b>	<b>(2,384)</b>	<b>60,781</b>	<b>91,854</b>	<b>66</b>	<b>31,073</b>	<b>3,243</b>	<b>958</b>

(a) After changes in benefit provisions and/or actuarial assumptions and/or actuarial cost methods.

# GASB Statement No. 25 basis.

@ Excludes General and Ocean Rescue members (shown in separate report beginning 9/30/2000).

& Excludes Police members (shown in separate report beginning 9/30/2004).

AAL represents actuarial accrued liability. Measured in accordance with GASB Statement No. 5 prior to 1997 and GASB Statement No. 25 beginning in 1997.

**Experience Gain/(Loss)  
Year Ended September 30, 2015**

**DERIVATION**

(1) UAAL at start of year	\$26,467,878
(2) Employer Normal cost for year	199,757
(3) Employer contributions for defined benefits	2,223,584
(4) Interest accrued .075 x [(1) + 1/2 ((2)-(3))]	1,909,197
(5) Expected UAAL before changes (1) + (2) - (3) + (4)	26,353,248
(6) Effect of assumption method changes	2,334,926
(7) Effect of benefit changes	0
(8) Expected UAAL after changes	28,688,174
(9) Actual UAAL	31,072,626
(10) Gain/(loss) (8) - (9)	(2,384,452)

UAAL represents Unfunded Actuarial Accrued Liability.

## Derivation of Funding Value of Retirement System Assets

Year Ended September 30:	2014	2015*	2016	2017	2018	2019
A. Funding Value Beginning of Year	\$56,006,749	\$61,458,654				
B. Market Value End of Year	58,419,961	56,828,381				
C. Market Value Beginning of Year	57,436,358	63,079,168				
D. Non-Investment Net Cash Flow	(3,019,910)	(3,785,589)				
E. Investment Income						
E1. Market Total: B - C - D	4,003,513	(2,465,198)				
E2. Amount for Immediate Recognition at 7.5%	4,087,260	4,467,439				
E3. Amount for Phased-In Recognition: E1 - E2	(83,747)	(6,932,637)				
F. Phased-In Recognition of Investment Income						
F1. Current Year: 0.20 x E3	(16,749)	(1,386,527)				
F2. First Prior Year	560,825	7,666	\$ (1,386,527)			
F3. Second Prior Year	448,948	560,825	7,666	\$ (1,386,527)		
F4. Third Prior Year	(990,524)	448,948	560,825	7,666	\$ (1,386,527)	
F5. Fourth Prior Year	(179,490)	(990,525)	448,950	560,827	7,666	\$ (1,386,527)
F6. Adjustment to Recognize 20% Corridor	0	0	0	0	0	0
F7. Total Recognized Investment Gain/(Loss)	(176,990)	(1,359,613)	(369,086)	(818,034)	(1,378,861)	(1,386,527)
G. Accelerated Recognition of Investment Income	0	0				
H. Funding Value End of Year: A + D + E2 + F7 Not to Exceed 120% of Market Value	56,897,109	60,780,891				
I. Difference between Market & Funding Value	1,522,852	(3,952,510)				
J. Recognized Rate of Return	7.18%	5.22%				
K. Recognized Rate of Investment Expenses	0.33%	0.30%				

The Funding Value of Assets recognizes assumed investment income (line E2) fully each year. Differences between actual and assumed investment income (line E3) are phased-in over a closed 5-year period. During periods when investment performance exceeds the assumed rate, the Funding Value of Assets will tend to be less than Market Value. During periods when investment performance is less than the assumed rate, the Funding Value of Assets will tend to be greater than Market Value. If assumed rates are exactly realized for 4 consecutive years, it will become equal to Market Value.

\* Beginning of year figures and 2014 phase-in amounts were adjusted to include DROP and/or Share Accounts.

**Unfunded Actuarial Accrued Liability  
as of September 30**

	<u>2015</u>	<u>2014</u>
A. Actuarial present value of future benefits	\$93,672,450	\$86,701,493
B. Actuarial present value of future normal costs	1,818,933	3,336,506
C. Actuarial accrued liability	91,853,517	83,364,987
D. Actuarial value of assets	60,780,891	56,897,109
E. Unfunded actuarial accrued liability	31,072,626	26,467,878
F. Funded ratio	66.2%	68.3%

## Sources and Financing of Unfunded Actuarial Accrued Liability

Year Established	Initial Years	Years Remaining	Initial Amount	Current Amount	Amort. Factor	Contributions		FS112.64(5) Compliance*
						Dollar	Percent- of-Payroll	
<b>Initial Unfunded</b>								
2011	20	16		\$ 21,871,586	11.995454	\$ 1,823,323	55.27 %	0.00 %
<b>(Gain)/Loss Experience</b>								
2010	30	25	\$ 1,384,923	1,501,743	16.152210	92,974	2.82	0.00
2011	30	26	(1,134,442)	(1,206,881)	16.532481	(73,001)	(2.21)	0.00
2012	30	27	5,221,198	5,459,687	16.898602	323,085	9.79	0.00
2013	30	28	2,023,014	2,086,419	17.251100	120,944	3.67	0.00
2014	30	29	189,191	192,237	17.590482	10,928	0.33	0.00
2015	30	30	2,384,452	2,384,452	17.917236	133,081	4.03	0.00
<b>Benefit Changes</b>								
2010	30	25	(7,020,622)	(7,612,818)	16.152210	(471,317)	(14.29)	0.00
2014	30	29	35,743	36,318	17.590482	2,065	0.06	0.00
<b>Assumption/Method Changes</b>								
2010	30	25	(740,005)	(802,426)	16.152210	(49,679)	(1.51)	0.00
2011	30	26	187,849	201,732	16.532481	12,202	0.37	0.00
2012	30	27	4,423,594	4,625,651	16.898602	273,730	8.30	0.00
2015	30	30	2,334,926	2,334,926	17.917236	130,317	3.95	0.00
<b>Totals</b>				<b>\$ 31,072,626</b>		<b>\$ 2,328,652</b>	<b>70.58</b>	<b>0.00</b>

\* With the adoption of new economic assumptions, consultation with the Town on its budgeted payroll projections, and the Town's policy of contributing on a projected dollar basis using 3.5% wage inflation, this embeds the dollar contribution shown above adjusted to the appropriate fiscal year in the Town's contribution requirement.

## Actuarial Balance Sheet - September 30, 2015

### Present Resources and Expected Future Resources

A. Funding Value of System Assets:	
1. Net Assets from System Financial Statements (Market Value)	\$56,828,381
2. Funding Value Adjustment	<u>3,952,510</u>
3. Funding Value of Assets	60,780,891
B. Actuarial Present Value of Expected Future Employer Contributions:	
1. For Normal Costs	456,259
2. For Unfunded Actuarial Accrued Liability	<u>31,072,626</u>
3. Totals	31,528,885
C. Actuarial Present Value of Expected Future Member Contributions	<u>1,362,674</u>
D. Total Present and Expected Future Resources	<u><u>\$93,672,450</u></u>

### Actuarial Present Value of Expected Future Benefit Payments and Reserves

A. To Retirants, Beneficiaries and DROP members	\$81,198,591
B. To Vested Terminated Members	3,263,494
C. To Present Active Members:	
1. Allocated to Service Rendered Prior to Valuation Date	7,245,869
2. Allocated to Service likely to be Rendered After Valuation Date	<u>1,818,933</u>
3. Totals	9,064,802
D. Reserve for Employer Contributions	145,563
E. Total Actuarial Present Value of Expected Future Benefit Payments	<u><u>\$93,672,450</u></u>

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## **SECTION B**

### **SUMMARY OF BENEFIT PROVISIONS AND VALUATION DATA SUBMITTED BY THE RETIREMENT SYSTEM**

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## Summary of Benefit Provisions (September 30, 2015)

### **NORMAL RETIREMENT:**

#### **Eligibility**

##### ***Grandfathered and April 30, 2012 frozen accrued benefits.***

20 or more years of service, regardless of age; or, age 50 with 10 or more years of credited service; or, members with at least 10 years of credited service who retire after 9/30/90 are eligible when the individual's age plus credited service totals 65 years or more.

##### ***New Plan benefits accrued after April 30, 2012.***

Age 65 with 10 or more years of service.

#### **Pension Amount**

##### ***Grandfathered and April 30, 2012 frozen accrued benefits.***

Average final compensation multiplied by the greater of;

- a) 3.5% per year of credited service to a maximum of 25 years, or
- b) 2.0% per year of credited service to a maximum of 50 years.

The normal form of pension is a pension payable for 10 years certain. Also, see Automatic Death after Retirement heading.

##### ***New Plan benefits accrued after April 30, 2012.***

Average final compensation multiplied by 1.25% per year of credited service after April 30, 2012.

#### **Average Final Compensation**

##### ***Grandfathered and April 30, 2012 frozen accrued benefits.***

Highest 2 consecutive years within the member's last 5 years of credited service.

##### ***New Plan benefits accrued after April 30, 2012.***

Average compensation after April 30, 2012 over a period increasing up to the final 5 years of credited service by April 30, 2017.

### **DROP RETIREMENT:**

**Eligibility** – Same as Normal Retirement, election must be made within 7 years of the date the member first reaches normal retirement eligibility.

**Pension Amount** – Except for grandfathered members, 100% of the member's accrued benefit at the date of election to participate in DROP.

**DEFERRED RETIREMENT (VESTED TERMINATION BENEFIT):**

**Eligibility** - 10 or more years of credited service. Pension begins upon meeting requirement for normal retirement. Contributions must be left on deposit in the System; failure to do so results in forfeiture of the vested benefit. Frozen accrued benefits as of April 30, 2012 are vested immediately. Members employed with the Town on May 1, 2012 are eligible to retire from Plan A when reaching age 55, notwithstanding total service.

**Pension Amount** - Computed as for normal retirement, based upon service and average final compensation at time of termination.

**DUTY DISABILITY RETIREMENT:**

**Eligibility** - No age or service requirements.

**Pension Amount** - Computed as a regular retirement with additional service credit granted from date of disability to earliest normal retirement eligibility date. Minimum benefit is 60% of average final compensation.

**NON-DUTY DISABILITY BEFORE RETIREMENT:**

**Eligibility** - 10 or more years of credited service.

**Pension Amount** - Computed as for normal retirement.

**DUTY DEATH BEFORE RETIREMENT:**

**Eligibility** - No age or service requirements.

**Pension Amount** - A pension to each surviving child until age 18, or until age 25 with no surviving spouse, of 25% of the member's average final compensation not to exceed 50% or an equal share of 75% of the member's AFC when there are 4 or more surviving children being paid. A pension to the widow of the difference, if any, between 75% of the retirant's AFC and the aggregate amount paid to children for the month.

**NON-DUTY DEATH BEFORE RETIREMENT:**

**Eligibility** - 10 or more years of credited service.

**Pension Amount** - 75% of normal retirement benefit to a surviving spouse or equal shares of 75% of the normal retirement benefit to surviving dependent children until age 18, or until age 25 with no surviving spouse.

**AUTOMATIC DEATH AFTER RETIREMENT PENSION:**

*Grandfathered and April 30, 2012, frozen accrued benefits.*

**To Surviving Child(ren):** 25% of the retirant's pension payable to age 18, not to exceed an equal share of 75% of the retirants pension. Payments to surviving children may be paid to age 25 if no spouse benefits are payable.

**To Surviving Spouse:** The difference, if any, between 75% of the deceased retirant's pension and the aggregate amount paid to any surviving children for the month.

*New Plan benefits accrued after April 30, 2012.*

Reduced optional forms of payment are available.

**POST-RETIREMENT COST-OF-LIVING ADJUSTMENTS:**

*Grandfathered and April 30, 2012, frozen accrued benefits.*

Members who retire after 9/30/68 and prior to 10/1/90 receive an annual 1.0% increase computed on the base benefit. Other adjustments have been made periodically. Pensions effective after 9/30/90 will be increased 2.0% annually based on the total pension payable subsequent to an initial 3 year deferral period.

*New Plan benefits accrued after April 30, 2012.*

None.

**MEMBER CONTRIBUTIONS:**

<b>Benefit Group</b>	<b>Contribution Rate as a Percent-of-Pay</b>		
	<b>Before May 1, 2012</b>	<b>On and After May 1, 2012</b>	<b>On and After October 1, 2013</b>
Firefighters (Bargaining Unit)	6.82%	4.82%	4.82%
Firefighters (Non-Bargaining)	6.82%	4.82%	2.47%

**PREMIUM TAX MONIES:** No future State contributions are expected.

**TOWN CONTRIBUTIONS:** Actuarially determined amounts which together with member contributions are sufficient to cover the requirements of the funding objective stated in the Executive Summary.

**FIREFIGHTER INDIVIDUAL CHAPTER SHARE ACCOUNTS:** Available tax revenues received pursuant to Chapter 175 Florida Statute which have not been otherwise committed for members. Individual member accounts maintained in each member's name effective on or after 10/1/98.

**PRIOR GOVERNMENTAL SERVICE ELSEWHERE:** During the first five years of employment by the Town, the years or fractional parts of years that a member previously served for any other municipal, county, or state government or district may be added to years or fractional parts of years of credited service provided that the member contributes the sum that would have been contributed to the retirement plan to pay the full actuarial cost.

**PURCHASE OF SERVICE CREDIT:** A vested member who has not purchased service credit under Prior Governmental Service Elsewhere may purchase years or fractional parts of years of service to be added to years of credited service provided that the member contributes the sum that would have been contributed to the retirement plan to pay the full actuarial cost.

## Summary of Assets

	<u>September 30, 2015</u>	<u>September 30, 2014</u>
Cash and Cash Equivalents	\$ 527,659	\$ 935,424
Investments, at Fair Value		
Domestic Equity Funds	11,303,079	11,225,375
Fixed Income	13,626,266	18,211,415
Alternative	7,329,433	7,866,106
International Equity	14,341,869	16,243,623
Private Equity Funds	4,136,073	2,373,031
Commodities	1,514,878	1,343,613
Real Estate Funds	4,383,549	1,522,708
Mutual Funds - DROP	-	3,782,155
Total Investments	\$ 56,635,147	\$ 62,568,026
Prepaid Expenses	17,872	18,560
Receivables		
Due from Brokers	41,666	6,878
Interest Receivable	7,990	5,177
Total Receivables	\$ 49,656	\$ 12,055
Liabilities		
Accounts Payable and Accrued Expenses	239,785	36,686
Due to Brokers	16,605	47,131
DROP payables	-	8,567
Prepaid Town Contributions	145,563	362,513
Total Liabilities	401,953	454,897
<b>Total Assets</b>	<b>\$ 56,828,381</b>	<b>\$ 63,079,168</b>

# Accounting Information Utilized for Valuation

## Revenues and Expenditures

	<u>Year Ended September 30, 2015</u>	<u>Year Ended 9/30/2014</u>
<b>Revenues:</b>		
a. Member contributions	\$ 255,766	\$ 154,199
b. Town contributions	2,223,584	2,071,503
c. State contributions (Chapter 175)	-	- #
d. Investment income		
1. Interest and dividends	519,491	598,352
2. Net appreciation in fair value	(2,807,777)	3,707,273
e. Other	2,471	2,688
f. Total revenues	<u>193,535</u>	<u>6,534,015</u>
<b>Expenditures:</b>		
a. Refunds of member contributions	36,034	21,692
b. Benefits paid	6,098,229	5,101,421
c. Supplemental pension distribution	-	-
d. Administrative expenses	130,676	121,652
e. Investment expenses	179,383	182,692
f. DROP & share account distributions/expenses	-	-
g. Total expenditures	<u>6,444,322</u>	<u>5,427,457</u>
<b>Reserve Increase:</b>		
Total revenues minus total expenditures	<u>\$ (6,250,787)</u>	<u>\$ 1,106,558</u>

# Aggregate share account assets of \$847,737 were excluded.

## Accounting Information Submitted for Valuation

### Reserve Accounts\*

	<u>September 30, 2015</u>	<u>September 30, 2014</u>
Employees' contributions (Members' Saving Fund)	\$ 1,628,662	\$ 1,876,695
Employer contributions (Employer Reserve Fund)	(29,262,366)	(17,950,158)
Retired members and beneficiaries (Retirement Reserve Fund)	81,198,591	71,675,979
Inactive members (Deferred Retirement Fund)	<u>3,263,494</u>	<u>2,817,445</u>
Total	\$56,828,381	\$ 58,419,961

\* After transfers in accordance with Section 82-82(b) of Retirement Ordinance (please refer to page A-3). All reserve accounts are available for funding.

## Retired Member and Beneficiary Data

### Historical Schedule\*

Year Ended Sept. 30	Number		Net Increase		End of Year		Average Pensions
	Added	Removed	No.	Annual Pensions	No.	Annual Pensions	
1986	10	3	7	\$119,451	148	\$1,223,445	\$ 8,267
1987	7	2	5	72,350	153	1,295,794	8,469
1988	13	8	5	92,514	158	1,388,308	8,787
1989	9	6	3	142,425	161	1,530,733	9,508
1990	17	10	7	207,012	168	1,737,745	10,344
1991	7	5	2	145,915	170	1,883,660	11,080
1992	16	11	5	291,355	176	2,175,015	12,358
1993	11	8	3	159,198	179	2,334,213	13,040
1994	21	4	17	441,322	196	2,775,535	14,161
1995	15	8	7	199,472	203	2,975,006	14,655
1996	18	9	9	323,738	212	3,298,744	15,560
1997	13	13	0	127,873	212	3,426,617	16,163
1998	17	8	9	272,820	221	3,699,437	16,740
1999	15	7	8	455,698	229	4,155,135	18,145
2000	16	110 #	(94)	(861,467)	135	3,293,668	24,398
2001	12	9	3	215,455	138	3,509,123	25,428
2002	8	3	5	269,507	143	3,778,630	26,424
2003	1	2	(1)	100,315	142	3,878,945	27,317
2004	9	7	2	235,991	77	2,319,749	30,127
2005	2	0	2	247,973	79	2,567,722	32,503
2006	3	4	(1)	187,448	78	2,755,170	35,323
2007	6	5	1	254,745	79	3,009,915	38,100
2008	7	4	3	270,047	82	3,279,962	40,000
2009	6	3	3	316,610	85	3,596,572	42,313
2010	5	1	4	232,386	89	3,828,958	43,022
2011	9	6	3	719,043	92	4,548,001	49,435
2012	4	2	2	238,201	94	4,786,202	50,917
2013	5	2	3	132,496	97	4,918,698	50,708
2014	6	2	4	449,739	101	5,368,437	53,153
<b>2015</b>	<b>4</b>	<b>2</b>	<b>2</b>	<b>233,139</b>	<b>103</b>	<b>5,601,576</b>	<b>54,384</b>

\* Prior to the September 30, 2000 valuation, General members were included. Prior to the September 30, 2004 valuation, Police members were included.

# Includes 107 General members.

## Retired Members and Beneficiaries Historical Comparison

Valuation Date**	% Incr. in Annual Pensions	No. of Active Per Retired	Pension Payroll as % of Active Payroll
9/30/1996	10.9 %	1.1	41.8 %
9/30/1997	3.9	1.1	40.1
9/30/1998	8.0	1.0	45.7
9/30/1999	12.3	0.8	58.8
9/30/2000	(20.7)	0.8	65.2
9/30/2001	6.5	0.8	62.8
9/30/2002	7.7	0.7	62.1
9/30/2003	2.7	0.8	54.2
9/30/2004	(40.2)	0.9	52.2
9/30/2005	10.7	0.9	49.0
9/30/2006	7.3	0.9	48.3
9/30/2007	9.2	0.9	54.0
9/30/2008	9.0	0.9	56.3
9/30/2009	9.7	0.9	56.2
9/30/2010	6.5	0.8	61.6
9/30/2011	18.8	0.7	88.4
9/30/2012	5.2	0.5	117.1
9/30/2013	2.8	0.5	134.0
9/30/2014	9.1	0.5	157.7
<b>9/30/2015</b>	<b>4.3</b>	<b>0.5</b>	<b>172.7</b>

\*\* For the September 30, 2000 - 2010 valuations, General and Ocean Rescue are valued in a separate report. For the September 30, 2004 – 2010 valuations, Police is valued in a separate report.

**Retired Member and Beneficiary Data as of September 30, 2015  
by Type of Pension Being Paid**

**Firefighters**

<u>Type of Benefit Being Paid</u>	<u>No.</u>	<u>Annual Benefit</u>
<b>Age &amp; Service Benefits</b>		
Straight Life	6	\$ 236,687
10-Year Certain	34	2,437,900
Joint and Survivor Benefits - Regular	27	1,198,512
Surviving Beneficiaries	14	361,433
Total Age and Service Benefits	81	4,234,532
<b>Duty Disability Benefits</b>		
Straight Life	0	0
10-Year Certain	0	0
Joint and Survivor Benefits	1	50,189
Surviving Beneficiaries	0	0
Total Duty Disability Benefits	1	50,189
<b>Non-Duty Disability Benefits</b>		
Straight Life	0	0
10-Year Certain	4	174,891
Joint and Survivor Benefits	4	101,333
Surviving Beneficiaries	0	0
Total Non-Duty Disability Benefits	8	276,224
<b>Death-In-Service Benefits</b>		
Non-Duty Spouse	0	0
Total Death-in-Service Benefits	0	0
<b>Active DROP Members</b>	13	1,040,631
<b>Totals</b>	<b>103</b>	<b>\$ 5,601,576</b>

**Retired Member and Beneficiary Data as of September 30, 2015  
(Includes DROP Participants)  
Tabulated by Attained Age**

**Firefighters**

<b>Attained Age</b>	<b>No.</b>	<b>Annual Pensions</b>
Under 40	2	\$ 82,531
40 - 44	5	354,463
45 - 49	7	618,028
50 - 54	15	1,151,976
55 - 59	19	1,269,347
60 - 64	12	519,861
65 - 69	12	597,653
70 - 74	12	422,076
75 - 79	9	300,625
80 - 84	5	157,290
85 - 89	4	117,733
90 - 94	1	9,993
<b>Totals</b>	<b>103</b>	<b>\$ 5,601,576</b>

Average Age at Retirement: 48.4 years

Average Age Now: 62.9 years

**Vested Terminated Members as of September 30, 2015**  
**Annual Estimated Pensions**  
**Tabulated by Attained Age**

**Firefighters**

<b>Attained Age</b>	<b>No.</b>	<b>Annual Estimated Pensions*</b>
28	1	\$ 7,934
29	1	17,168
30	1	7,613
32	3	40,694
34	3	47,619
35	2	41,418
37	1	7,967
39	2	30,075
41	2	37,673
42	1	3,822
43	3	121,924
44	1	11,811
45	2	62,838
46	1	2,852
47	1	12,373
48	2	16,585
49	1	2,563
52	1	4,948
<b>Totals</b>	<b>29</b>	<b>\$ 477,876</b>

\* Includes estimated Plan B benefits for 7 members currently receiving Plan A benefits.

## Active and Vested Terminated Members Included in Valuation

### Firefighters

Valuation Date September 30	Active Members	Vested		Valuation Payroll	Average		
		Terminated Members			Age	Service	Pay
2001	58	0		\$3,104,984	36.4 yrs.	10.1 yrs.	\$53,534
2002	56	2		3,314,457	36.9	10.3	59,187
2003	63	1		3,845,159	37.2	10.1	61,034
2004	67	1		4,443,846	37.4	9.4	66,326
2005	74	2		5,236,941	37.2	8.7	70,769
2006	74	2		5,709,684	37.7	9.1	77,158
2007	72	2		5,573,348	37.9	9.1	77,408
2008	73	1		5,822,885	37.9	9.3	79,766
2009	73	1		6,397,554	37.6	9.1	87,638
2010	69	1		6,218,731	38.1	9.8	90,127
2011	60	1		5,142,125	38.0	9.2	85,702
2012	51	6		4,087,465	38.0	10.0	80,146
2013	50	13		3,671,337	39.3	9.6	73,427
2014	50	25		3,403,307	37.3	7.4	68,066
<b>2015</b>	<b>49</b>	<b>29</b>		<b>3,242,811</b>	<b>36.6</b>	<b>7.0</b>	<b>66,180</b>

### Number Added to and Removed from Active Membership

Year Ended Sept. 30	Number Added During Year	Retirement				Disability		Died-in-		Withdrawal		Active Members End of Year
		A				Retirement		Service				
		DROP	Other	Totals	E	A	E	A	E	A	E	
2006	4	1	1	2	8	0.1		0.1		2	3.7	74
2007	5	3		3	8.2	0.1		0.1		4	3.3	72
2008	4	1	2	3	8.7	0.1		0.1			2.8	73
2009	5	3	1	4	9.4	0.1		0.1		1	2.7	73
2010		2	1	3	7.0	0.1		0.1		1	2.7	69
2011		8		8	5.9	0.1		0.1		1	2.2	60
2012		3	1	4	3.7	0.1		0.0		5	1.7	51
2013	8	1		1	1.7	1	0.1	0.0		7	1.3	50
2014	14	5		1	7.7		0.1	0.0		9	1.8	50
<b>2015</b>	<b>12</b>	<b>3</b>	<b>0</b>	<b>3</b>	<b>4.0</b>		<b>0.1</b>	<b>0.0</b>		<b>10</b>	<b>2.7</b>	<b>49</b>

*A represents actual number.*

*E represents expected number.*

## Active Member Data as of September 30, 2015

### by Attained Age and Years of Service

#### Firefighters

<b>Attained Age</b>	<b>Years of Service to Valuation Date</b>							<b>Totals</b>	
	<b>0-4</b>	<b>5-9</b>	<b>10-14</b>	<b>15-19</b>	<b>20-24</b>	<b>25-29</b>	<b>30 Plus</b>	<b>No.</b>	<b>Valuation Payroll</b>
20-24	4							4	\$ 215,568
25-29	9							9	484,380
30-34	5	3						8	466,180
35-39	2		6					8	591,392
40-44	1	1	5	4				11	842,487
45-49	1	1	3	1				6	450,183
50-54	2		1					3	192,621
<b>Totals</b>	<b>24</b>	<b>5</b>	<b>15</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>49</b>	<b>\$3,242,811</b>

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## **SECTION C**

### **ADDITIONAL DISCLOSURES**

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**GASB Statements No. 67 and No. 68 are the accounting standards which replaced GASB Statements No. 25 and No. 27. GASB Statement No. 67 is first effective for fiscal year 2014 and GASB Statement No. 68 is first effective for fiscal year 2015. A separate GASB Statements No. 67 and No. 68 report will be issued outside of this report. This section contains historical GASB Statements No. 25 and No. 27 reporting information for prior fiscal years and illustrative information for fiscal year 2015.**

**Supplementary Information**  
(\$ Amounts in Thousands)

**Schedule of Funding Progress**

Actuarial Valuation Date Sept. 30	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) -- Entry-Age--	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a % of Covered Payroll
2006	\$49,236	\$64,220	76.7 %	\$ 14,984	\$5,710	262.4 %
2007	54,723	67,027	81.6	12,304	5,573	220.8
2008	57,652	71,813	80.3	14,161	5,823	243.2
2009	57,852	78,139	74	20,287	6,398	317.1
2010	59,219	81,598	72.6	22,379	6,219	359.8
2011 (a)	58,899	72,928	80.8	14,029	5,142	272.8
2012 (a)	56,304	79,887	70.5	23,583	4,087	577.0
2013	56,007	82,218	68.1	26,211	3,671	714.0
2014 (a)	56,897	83,365	68.3	26,468	3,403	777.8
<b>2015 (a)</b>	<b>60,781</b>	<b>91,854</b>	<b>66.2</b>	<b>31,073</b>	<b>3,243</b>	<b>958.2</b>

**Schedule of Employer Contributions**

Fiscal Year Ending Sept. 30	Contribution Rates as Percents of Valuation Payroll	Computed Dollar Contribution Based on Projected Payroll#	Actual Dollar Contribution	Percentage Contributed
2006 (a)	39.34 %	\$1,796	\$1,701	100 %
2007 (a)	45.97	2,609	2,610	100
2008	46.47	2,875	2,875	100
2009	44.86	2,709	2,709	100
2010	47.50	2,997	2,997	100
2011	51.06	3,540	2,919	100
2012 (a)	23.54	1,563	1,415	100
2013 (a)	27.72	1,371	1,371	100
2014 (a)	47.41	2,040	2,072	100
2015	57.20	2,224	2,224	100
2016	63.78	2,286		
<b>2017 (a)</b>	<b>76.10</b>	<b>2,598</b>		

(a) After changes in benefit provisions and/or actuarial assumptions and/or actuarial cost methods.

# In years where the computed contribution exceeds the actual contribution, the difference was funded by the Reserve for Employer Contributions.

## Supplementary Information

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

Valuation date	September 30, 2015
Actuarial cost method	Entry-Age
Amortization method	Level percent-of-payroll
Remaining amortization period*	16-30 years
Asset valuation method	5-year smoothed market
<b>Actuarial assumptions</b>	
Investment rate of return	7.50%
Projected salary increases	3.50%
Includes inflation and other general increases at	3.50%
Cost-of-living adjustments	Members who retire after 9/30/68 and prior to 10/1/90 receive an annual 1.0% increase computed on the base benefit. Members after 9/30/90 will be increased 2.0% annually based on total pension after a 3 year deferral period. Benefits accrued after 4/30/12 are not adjusted for those not eligible for normal retirement as of 5/1/12. Other adjustments have been made periodically.

Membership of the plan consisted of the following at September 30, 2015, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	103
Terminated plan members entitled to but not yet receiving benefits	29
Active plan members	
Vested	20
Non-vested	29
	29
<b>Totals</b>	<b>181</b>

\* The periods are in compliance with Florida Statutes and Actuarial Standards of Practice.

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**SECTION D**

STATE REQUIRED DATA

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**Actuarial Present Value of Accrued Benefits**  
**(\$ Amounts in Thousands)**

	<u>September 30, 2015</u>		<u>September 30, 2014</u>
	<u>After</u>	<u>Before</u>	
(i) Actuarial present value of active member benefits:			
Service retirement	\$ 7,445	\$ 8,325	\$10,132
Vested termination benefits	391	247	240
Disability retirement	760	1,111	1,161
Survivor benefits (pre-retirement)	335	559	594
Termination benefits - refunds	133	90	80
Totals	<u>9,065</u>	<u>10,333</u>	<u>12,208</u>
(ii) Actuarial present value of terminated vested members	3,263	3,277	2,817
(iii) Actuarial present value of retired member & beneficiary	81,199	78,962	71,676
(iv) Reserves	146	146	0
(v) Total actuarial present value of future benefit payments	93,672	92,717	86,701
(vi) Present value of active member future payroll	32,935	47,838	49,939
(vii) Present value of future active member contributions	1,363	2,014	2,104
(viii) Active member accumulated contributions	1,629	1,629	1,877
(ix) Actuarial accrued liability using projected unit credit funding method	91,307	88,972	82,666

## Summary of Valuation Results in State Format (\$ Amounts in thousands)

	September 30, 2015		September 30, 2014
	After	Before	
Actuarial Present Value of Accrued Benefits (calculated in accordance with FASB Statement No. 35)			
(i) Vested accrued benefits			
Retired members and beneficiaries	\$ 81,199	\$ 78,962	\$ 71,676
Terminated members	3,263	3,277	2,817
Active members (includes non-forfeitable accum. member contributions)	7,237	7,185	8,960
Total	91,699	89,424	83,453
(ii) Non-vested accrued benefits	553	879	965
(iii) Total actuarial p.v. of accrued benefits	92,252	90,303	84,418
(iv) Actuarial p.v. of accrued benefits at begin. of year	84,418	84,418	82,584
(v) Changes attributable to:			
Amendments	-	-	(208)
Assumption change	1,949	-	-
Operation of decrements	11,983	11,983	7,146
Benefit payments	(6,098)	(6,098)	(5,104)
Expenses	-	-	-
(vi) Net change	7,834	5,885	1,834
(vii) Actuarial p.v. of accr. benefits at end of year	92,252	90,303	84,418
Actuarial Present Value of Accrued Benefits Using FRS Interest Rate			
(i) Vested	\$ 89,229	\$ 87,087	\$ 77,366
(ii) Non-Vested	520	820	903
(iii) Total	89,749	87,907	78,269
(iv) Market Value of Assets (MVA)	56,828	56,828	58,420
(v) Funded Ratio Using FRS Interest Rate and MVA	63.32 %	64.65 %	74.64 %

## Reconciliation of Membership Data

### A. Active Members

1. Number Included in Last Valuation	50
2. New Members Included in Current Valuation	12
3. Non-Vested Employment Terminations	(9)
4. Vested Employment Terminations	(1)
5. Service Retirements	
6. DROP Retirements	(3)
7. Disability Retirements	
8. Deaths	
9. Other (Transfer)	
10. Number Included in this Valuation	<u>49</u>

### B. Terminated Vested Members

1. Number Included in Last Valuation	25
2. Additions from Active Members	4
3. Lump Sum Payments	
4. Payments Commenced	
5. Deaths	
6. Other	
7. Number Included in this Valuation	<u>29</u>

### C. Service Retirees, Disability Retirees and Beneficiaries

1. Number Included in Last Valuation	101
2. Additions from Active Members	3
3. Additions from Terminated Vested Members	
4. Removed (Deaths, Benefit Termination, Data Corrections)	(2)
5. Added (Beneficiaries/Data Corrections)	<u>1</u>
6. Number Included in this Valuation	103

**Number Eligible/Number Electing Normal Retirement  
During Year Ended September 30, 2015**

<b>Age</b>	<b>Number Eligible</b>	<b>Number Electing Normal Retirement</b>	
		<b>DROP</b>	<b>Regular</b>
42	1	1	
45	1	1	
52	1	1	
53	1		
<b>Totals</b>	<b>4</b>	<b>3</b>	<b>0</b>

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## **APPENDIX**

ACTUARIAL COST METHOD, ACTUARIAL  
ASSUMPTIONS AND DEFINITIONS OF TECHNICAL  
TERMS

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## Actuarial Cost Method

The actuarial cost method is a procedure for allocating the actuarial present value of benefits and expenses to time periods. The method used for your valuation is known as the individual entry-age actuarial cost method, and has the following characteristics:

- The annual normal cost for each individual active member is sufficient to accumulate the value of the member's pension at time of retirement or at DROP election, if earlier.
- Each annual normal cost is a constant percentage of the member's year-by-year projected pensionable compensation.

The entry-age actuarial cost method allocates the actuarial present value of each member's projected benefits on a level basis over the member's pensionable compensation between the entry-age of the member and the assumed active status exit ages. This is based on our understanding of the approach preferred by the Florida Division of Retirement.

The portion of the actuarial present value allocated to the valuation year is called the normal cost. The portion of the actuarial present value not provided for by the actuarial present value of future normal costs is called the actuarial accrued liability. Deducting accrued assets from the actuarial accrued liability determines the unfunded actuarial accrued liability. The unfunded actuarial accrued liability was financed as a level percent of active member payroll over varying periods of up to 30 years. Please refer to pages A-9 for General and A-10 for Ocean Rescue, Police and Fire for a schedule of financing periods.

The characteristics of this method of financing the UAAL are shown on pages 2 through 5 of this Appendix using the single equivalent amortization periods for each employee group.

Member payroll was assumed to increase 3.5% a year, net of members entering the DROP, for the purpose of determining the level percent contributions (except as required by F.S. 112.64 (5)). This assumption is consistent with the base rate of increase in salaries used to calculate actuarial present values. Expressing contributions, as a percent of active member payroll excluding DROP members may cause fluctuations due to the level of participation in the DROP.

## General Employees UAAL Amortization Schedule\*

Year	Investment Assumption	Inflation Assumption	
	7.50%	UAAL Balance	3.50% Payment
1	\$ 9,714,116	\$24,940,397	\$ 1,391,984
2	10,054,110	25,342,560	1,440,703
3	10,406,004	25,723,492	1,491,128
4	10,770,214	26,079,803	1,543,317
5	11,147,171	26,407,784	1,597,333
6	11,537,322	26,703,383	1,653,240
7	11,941,129	26,962,178	1,711,103
8	12,359,068	27,179,343	1,770,992
9	12,791,636	27,349,622	1,832,976
10	13,239,343	27,467,285	1,897,131
11	13,702,720	27,526,098	1,963,530
12	14,182,315	27,519,279	2,032,254
13	14,678,696	27,439,454	2,103,383
14	15,192,450	27,278,610	2,177,001
15	15,724,186	27,028,045	2,253,196
16	16,274,533	26,678,311	2,332,058
17	16,844,141	26,219,158	2,413,680
18	17,433,686	25,639,468	2,498,159
19	18,043,865	24,927,186	2,585,594
20	18,675,401	24,069,250	2,676,090
21	19,329,040	23,051,507	2,769,753
22	20,005,556	21,858,630	2,866,695
23	20,705,751	20,474,027	2,967,029
24	21,430,452	18,879,738	3,070,875
25	22,180,518	17,056,334	3,178,356
26	22,956,836	14,982,795	3,289,598
27	23,760,325	12,636,395	3,404,734
28	24,591,936	9,992,560	3,523,900
29	25,452,654	7,024,733	3,647,236
30	26,343,497	3,704,215	3,774,889
31	27,265,519	0	0

\* Illustrative schedule assuming 30-year amortization of the unfunded liability.

## Ocean Rescue UAAL Amortization Schedule\*

Year	Investment Assumption 7.50%	Inflation Assumption 3.50%	
	Payroll	UAAL Balance	Payment
1	\$ 142,289	\$2,080,354	\$ 116,110
2	147,269	2,113,900	120,173
3	152,423	2,145,675	124,379
4	157,758	2,175,396	128,733
5	163,280	2,202,754	133,238
6	168,994	2,227,410	137,902
7	174,909	2,248,997	142,728
8	181,031	2,267,112	147,724
9	187,367	2,281,315	152,894
10	193,925	2,291,130	158,245
11	200,712	2,296,036	163,784
12	207,737	2,295,467	169,516
13	215,008	2,288,808	175,450
14	222,533	2,275,392	181,590
15	230,322	2,254,491	187,946
16	238,383	2,225,319	194,524
17	246,727	2,187,020	201,332
18	255,362	2,138,666	208,379
19	264,300	2,079,252	215,672
20	273,550	2,007,689	223,221
21	283,124	1,922,796	231,034
22	293,034	1,823,295	239,120
23	303,290	1,707,801	247,489
24	313,905	1,574,816	256,151
25	324,892	1,422,721	265,116
26	336,263	1,249,761	274,395
27	348,032	1,054,040	283,999
28	360,213	833,510	293,939
29	372,821	585,954	304,227
30	385,870	308,980	314,875
31	399,375	0	0

\* Illustrative schedule assuming 30-year amortization of the unfunded liability.

## Police Officers UAAL Amortization Schedule\*

Year	Investment Assumption 7.50%	Inflation Assumption 3.50%	
	Payroll	UAAL Balance	Payment
1	\$ 3,668,289	\$27,053,603	\$ 1,509,927
2	3,796,679	27,489,842	1,562,774
3	3,929,563	27,903,051	1,617,471
4	4,067,097	28,289,552	1,674,083
5	4,209,446	28,645,322	1,732,676
6	4,356,776	28,965,968	1,793,319
7	4,509,264	29,246,690	1,856,085
8	4,667,088	29,482,257	1,921,048
9	4,830,436	29,666,963	1,988,285
10	4,999,501	29,794,595	2,057,875
11	5,174,484	29,858,392	2,129,901
12	5,355,591	29,850,995	2,204,447
13	5,543,036	29,764,407	2,281,603
14	5,737,043	29,589,935	2,361,459
15	5,937,839	29,318,139	2,444,110
16	6,145,663	28,938,772	2,529,654
17	6,360,762	28,440,715	2,618,192
18	6,583,388	27,811,907	2,709,828
19	6,813,807	27,039,274	2,804,672
20	7,052,290	26,108,644	2,902,836
21	7,299,120	25,004,667	3,004,435
22	7,554,590	23,710,718	3,109,591
23	7,819,000	22,208,797	3,218,426
24	8,092,665	20,479,424	3,331,071
25	8,375,908	18,501,522	3,447,659
26	8,669,065	16,252,292	3,568,327
27	8,972,483	13,707,080	3,693,218
28	9,286,519	10,839,233	3,822,481
29	9,611,548	7,619,941	3,956,268
30	9,947,952	4,018,074	4,094,737
31	10,296,130	0	0

\* This is an illustrative schedule assuming the unfunded liability is amortized over 30 years.

## Firefighters UAAL Amortization Schedule\*

Year	Investment Assumption 7.50%	Inflation Assumption 3.50%	
	Payroll	UAAL Balance	Payment
1	\$ 3,242,811	\$31,072,626	\$ 1,734,238
2	3,356,310	31,573,671	1,794,936
3	3,473,781	32,048,266	1,857,759
4	3,595,363	32,492,185	1,922,781
5	3,721,201	32,900,808	1,990,078
6	3,851,443	33,269,088	2,059,731
7	3,986,243	33,591,514	2,131,821
8	4,125,762	33,862,075	2,206,435
9	4,270,163	34,074,221	2,283,660
10	4,419,619	34,220,814	2,363,588
11	4,574,306	34,294,088	2,446,314
12	4,734,407	34,285,593	2,531,935
13	4,900,111	34,186,141	2,620,553
14	5,071,615	33,985,749	2,712,272
15	5,249,121	33,673,576	2,807,202
16	5,432,840	33,237,852	2,905,454
17	5,622,990	32,665,804	3,007,145
18	5,819,794	31,943,582	3,112,395
19	6,023,487	31,056,168	3,221,328
20	6,234,309	29,987,286	3,334,075
21	6,452,510	28,719,305	3,450,768
22	6,678,348	27,233,129	3,571,544
23	6,912,090	25,508,086	3,696,548
24	7,154,013	23,521,801	3,825,928
25	7,404,404	21,250,066	3,959,835
26	7,663,558	18,666,696	4,098,429
27	7,931,782	15,743,373	4,241,874
28	8,209,395	12,449,485	4,390,340
29	8,496,724	8,751,942	4,544,002
30	8,794,109	4,614,991	4,703,042
31	9,101,903	0	0

\* This is an illustrative schedule assuming the unfunded liability is amortized over 30 years.

## Actuarial Assumptions Used for the Valuation

Funding objective contribution requirements and actuarial present values are calculated by applying estimates of future Plan activities (actuarial assumptions) to the benefit provisions and people information of the System, using the actuarial cost method described on Appendix page 1.

The principal areas of activity which require assumptions are:

- long-term rates of investment return to be generated by the assets of the System
- patterns of pay increases to members
- rates of mortality among members, retirees and beneficiaries
- rates of withdrawal of active members
- rates of disability among active members
- the age patterns of actual retirement

In a valuation, the monetary effect of each activity is calculated for as long as a present covered person survives - - a period of time which can be as long as a century.

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Actual activities of the system will not coincide exactly with assumed activities due to the nature of the activities. Each valuation provides a complete recalculation of assumed future activities and takes into account the effect of differences between assumed and actual activities to date. The result is a continual series of adjustments (usually small) to the computed contribution rate.

From time-to-time one or more of the assumptions are modified to reflect experience trends (but not random or temporary year-to-year fluctuations).

*Actuarial assumptions* are established by the Board after consulting with the actuary. The reasonableness of the economic assumptions are based upon capital market expectations provided by various investment consultants and other sources such as the Social Security Trustees report. Assumptions were updated for the September 30, 2015 valuation pursuant to the Experience Study for the period October 1, 2009 to September 30, 2014, dated May 5, 2015, which contains the rationale for the assumptions used. All actuarial assumptions are based on future expectations, not market measures.

These assumptions are used, in combination with the other assumptions, to (i) determine the present value of amounts expected to be paid in the future and (ii) establish rates of contribution which are expected to remain relatively level as a percent of active member payroll.

**INVESTMENT RETURN.** 7.5% per annum compounded annually, net of investment expenses.

**INFLATION.** 3% per annum, compounded annually. This is the rate at which growth in the supply of money and credit is assumed to exceed growth in the supply of goods and services. It may be thought of as the rate of depreciation of the purchasing power of the dollar. There are a number of indices for measuring the inflation rate. The recent inflation rate, as measured by the Consumer Price Index, has been:

	<b>Year Ended September 30</b>					<b>Average for Period</b>
	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	
Actual	0.0%	1.7%	1.2%	2.0%	3.9%	1.8%
Assumed	3.0%	3.0%	3.0%	4.0%	4.0%	3.4%

**REAL INVESTMENT RETURN.** 4.5% per annum, compounded annually net of investment expenses. This is the rate of return assumed to be produced by investing a pool of assets in an inflation-free environment. Recent real investment return for the Retirement System has been:

### **General Employees and Ocean Rescue**

	<b>Year Ended September 30</b>					<b>Average for Period</b>
	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	
Total Rate of Return	6.2 %	8.5 %	7.7 %	1.9 %	1.7 %	5.2 %
less investment expenses	0.3	0.3	0.4	0.4	0.4	0.4
Net Rate of Return	5.8	8.2	7.3	1.5	1.3	4.8
less inflation rate	0.0	1.7	1.2	2.0	3.9	1.8
Net Real Rate of Return	5.8	6.5	6.1	(0.5)	(2.6)	3.1
<b>Assumed Real Rate</b>	<b>4.5 %</b>	<b>4.5 %</b>	<b>4.5 %</b>	<b>4.0 %</b>	<b>4.0 %</b>	<b>4.3 %</b>
<b>Assumed Net Rate</b>	<b>7.5 %</b>	<b>7.5 %</b>	<b>7.5 %</b>	<b>8.0 %</b>	<b>8.0 %</b>	<b>7.7 %</b>

## Police Officers

	Year Ended September 30					Average for Period
	2015	2014	2013	2012	2011	
Total Rate of Return	5.3%	7.1%	5.1%	0.9%	1.6%	4.0%
less investment expenses	0.3	0.3	0.3	0.3	0.4	0.3
Net Rate of Return	5.0	6.8	4.8	0.6	1.2	3.7
less inflation rate	0.0	1.7	1.2	2.0	3.9	1.8
Net Real Rate of Return	5.0	5.1	3.6	(1.4)	(2.7)	1.9
<b>Assumed Real Rate</b>	<b>4.5%</b>	<b>4.5%</b>	<b>4.5%</b>	<b>4.0%</b>	<b>4.0%</b>	<b>4.3%</b>
<b>Assumed Net Rate</b>	<b>7.5%</b>	<b>7.5%</b>	<b>7.5%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>7.7%</b>

## Firefighters

	Year Ended September 30					Average for Period
	2015	2014	2013	2012	2011	
Total Rate of Return	5.2%	7.2%	<b>5.7%</b>	0.9%	1.3%	4.1%
less investment expenses	0.3	0.3	0.4	0.2	0.3	0.3
Net Rate of Return	4.9	6.9	5.4	0.7	1.0	3.8
less inflation rate	0.0	1.7	1.2	2.0	3.9	1.8
Net Real Rate of Return	4.9	5.2	4.2	(1.3)	(2.9)	2.0
<b>Assumed Real Rate</b>	<b>4.5%</b>	<b>4.5%</b>	<b>4.5%</b>	<b>4.0%</b>	<b>4.0%</b>	<b>4.3%</b>
<b>Assumed Net Rate</b>	<b>7.5%</b>	<b>7.5%</b>	<b>7.5%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>7.7%</b>

The total investment return rate was computed using the approximate formula  $i = I$  divided by  $1/2 (A + B - I)$ , where I is actual realized investment income plus market value adjustments, A is the beginning of year asset value, and B is the end of year asset value.

The preceding investment return rates reflect the particular characteristics of these Retirement Systems and should not be used to measure an investment advisor's performance or for comparison with other retirement systems. Such use will usually mislead.

**SALARY INCREASES.** Employee salaries are assumed to increase between the date of hire and date of retirement or DROP election, if earlier. Salary increases occur in recognition of (i) individual merit and seniority, (ii) inflation-related depreciation of the purchasing power of salaries, and (iii) competition from other employers for personnel. A schedule of assumed rates of increase in individual salaries for sample ages follows:

Attributable to:	Annual Rates of Salary Increase for Sample Ages				
	20	30	40	50	60
Merit & Seniority	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
General Increase in Wage Level Due to:					
Inflation	3.0	3.0	3.0	3.0	3.0
Other Causes	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>
<b>Totals</b>	<b>3.5 %</b>	<b>3.5 %</b>	<b>3.5 %</b>	<b>3.5 %</b>	<b>3.5 %</b>

A schedule of recent salary change experience, as measured by average reported pay, follows:

	Year Ended September 30					Average 10-Year#
	2015	2014	2013	2012	2011	
% Change: Actual*						
- Gen.	3.4 %	3.4 %	-1.8 %	0.6 %	1.0 %	
- O.R.	2.0	3.5	(0.4)	-2.1	2.1	
- Pol.	4.9	4.0	(12.6)	1.9	0.8	
- Fire	4.5	3.0	(6.2)	(5.7)	0.4	
Assumed						
- Gen.	5.0	5.0	5.0	4.9	7.0	
- O.R.	5.1	5.2	5.3	5.4	7.5	
- Pol.	5.6	5.5	5.6	6.6	6.7	
- Fire	6.0	5.8	5.6	6.7	6.8	
% Change in Total Payroll						
- Gen.	(1.6)	3.9	(1.9)	(9.7)	(4.8)	(1.4) %
- O.R.	(31.2)	3.5	(0.4)	(2.1)	(50.1)	(10.4)
- Pol.	9.4	(2.9)	(18.6)	(18.8)	(13.6)	(4.8)
- Fire	(4.7)	(16.7)	(10.2)	(20.5)	(17.3)	(6.3)

\* Based on members who were active throughout the year.

# With the adoption of new economic assumptions, consultation with the Town on its budgeted payroll projections, and the Town's policy of contributing on a projected dollar basis using 3.5% wage inflation, this report uses 3.5% inflation for purposes of compliance with F.S. 112.64(5).

In order to achieve the funding objective of a contribution rate which remains level as a percent-of-payroll, the total rate of investment return must exceed the rate of average increase in salaries by an amount equal to the assumed real investment return rate. The following schedule illustrates the recent history of the relationship between total investment return and average pay changes.

	<b>Year Ended September 30</b>					<b>Average 5-Year</b>	
	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>		
<b>Net Rate of Investment</b>							
<b>Return</b>							
- Gen./O.R.	6.2 %	8.5 %	7.7 %	1.9 %	1.7 %	5.2 %	
- Pol.	5.3	7.1	5.1	0.9	1.6	4.0	
- Fire	5.2	7.2	5.6	0.9	1.3	4.0	
<b>Rate of Change</b>							
<b>in Average Pay -</b>							
- Gen.	3.4	3.4	(1.8)	0.6	1.0	1.3	
- O.R.	2.0	3.5	(0.4)	(2.1)	2.1	1.0	
- Pol.	4.9	4.0	(12.6)	1.9	0.8	(0.2)	
- Fire	4.5	3.0	(6.2)	(5.7)	0.4	(0.8)	
<b>Difference: Actual -</b>							
- Gen.	2.8	5.1	9.5	1.3	0.7	3.9	
- O.R.	4.2	5.0	8.1	4.0	(0.4)	4.2	
- Pol.	0.4	3.1	17.7	(1.0)	0.8	4.2	
- Fire	0.7	4.2	11.8	6.6	0.9	4.8	
<b>Target</b>	- All	4.5	4.5	4.5	4.0	4.0	4.3

**MORTALITY TABLE.** The mortality tables used to measure retired life mortality were the RP-2014 Blue Collar Health Annuitant Mortality Table for males and females projected to 2017 using the MP-2014 projection scale for Ocean Rescue, Police Officers and Firefighters. The mortality tables used to measure retired life mortality for General Employees were the RP-2014 Health Annuitant Mortality Table for males and females projected to 2017 using the MP-2014 projection scale. The mortality rates used in evaluating disability allowances were the RP-2014 Disability Tables. A margin for future mortality improvements are included in MP-2014 projection scales.

<b>General Employees</b>				
<b>Sample Ages in 2015</b>	<b>Value of \$1 Monthly for Life</b>		<b>Future Life Expectancy (Years)</b>	
	<b>Men</b>	<b>Women</b>	<b>Men</b>	<b>Women</b>
	50	\$142.98	\$147.10	32.96
55	136.65	141.44	28.65	31.16
60	128.86	134.09	24.48	26.74
65	119.12	124.80	20.45	22.47
70	107.23	113.42	16.61	18.41
75	93.21	99.96	13.04	14.64
80	77.51	84.69	9.83	11.21

<b>Ocean Rescue, Police Officers and Firefighters</b>				
<b>Sample Ages in 2015</b>	<b>Value of \$1 Monthly for Life</b>		<b>Future Life Expectancy (Years)</b>	
	<b>Men</b>	<b>Women</b>	<b>Men</b>	<b>Women</b>
	50	\$141.58	\$146.16	31.89
55	134.64	140.24	27.55	30.50
60	126.19	132.71	23.40	26.14
65	115.84	123.19	19.43	21.92
70	103.58	111.56	15.71	17.91
75	89.53	97.96	12.30	14.21
80	74.22	82.85	9.28	10.89

The mortality tables used to measure probabilities of members dying before retirement were the RP-2014 Employee Mortality Table for males and females for General Employees, and the RP-2014 Blue Collar Employee Mortality Table for males and females for Ocean Rescue, Police Officers and Firefighters.

**RATES OF SEPARATION FROM ACTIVE MEMBERSHIP.** The rates do not apply to members eligible to retire and do not include separation on account of death or disability. This assumption measures the probabilities of active members remaining in employment.

Sample Ages	General		Ocean Rescue, Police and Fire	
	Years of Service	Percent Separating Within Next Year	Years of Service	Percent Separating Within Next Year
ALL	0	40.00 %	0	20.00 %
	1	25.00	1	17.50
	2	15.00	2	15.00
	3	10.00	3	12.50
	4	7.00	4	10.00
20	5 & Over	6.00	5	9.00
25		6.00	6	8.00
30		5.50	7	7.00
35		4.40	8	6.00
40		1.85	9	5.00
45		1.25	10	4.00
50		1.25	11	3.00
55		1.25	12	2.00
60		1.25	13 & Over	2.00

**RATES OF DISABILITY.** This assumption measures the probabilities of active members becoming disabled.

Sample Ages	Percent Becoming Disabled	
	Within Next Year	
	Men	Women
20	0.07 %	0.03 %
25	0.09	0.05
30	0.10	0.07
35	0.14	0.13
40	0.21	0.19
45	0.32	0.28
50	0.52	0.45
55	0.92	0.76
60	1.53	1.10
65	1.65	0.98

The mortality table was set forward 10 years from the age at disability for projecting disability costs, of which 25% of General and 50% of Ocean Rescue, Police and Fire were assumed to be duty related.

**RATES OF RETIREMENT.** This assumption measures the probabilities of eligible members retiring or electing DROP during the next year.

### General and Ocean Rescue

Retirement Ages	Percent Retiring		Early Retirement Ages	Percent Retiring General
	General	Ocean Rescue		
45		25%		
46		25		
47		25		
48		25		
49		25		
50	15%	25	50	5%
51	10	25	51	5
52	10	25	52	5
53	10	25	53	5
54	10	25	54	5
55	15	25		
56	15	25		
57	15	25		
58	15	25		
59	15	25		
60	15	50		
61	15	60		
62	30	70		
63	15	80		
64	15	90		
65	60	100		
66	30			
67	40			
68	50			
69	90			
70	100			

## Grandfathered Police Officers and Firefighters

<b>Age &amp; Service</b>		<b>Rule of 65</b>		<b>Service Based</b>	
<b>Retirement Ages</b>	<b>Percent Retiring</b>	<b>Age Plus Service</b>	<b>Percent Retiring</b>	<b>Service Based</b>	<b>Percent Retiring</b>
50	70%	65	70%	20	70%
51	70	66	70	21	70
52	70	67	70	22	70
53	70	68	70	23	70
54	70	69	70	24	70
55	70	70	100	25	100
56	70				
57	70				
58	70				
59	70				
60	100				

A General member is eligible for normal retirement after 30 years of credited service or after attaining age 55 with 10 years of credited service.

A Ocean Rescue member is eligible for normal retirement after attaining age 50 with 10 years of credited service or when an individual's age plus credited service totals 65 years or more.

A Police or Fire member is eligible for normal retirement after attaining age 50 with 10 years of credited service or when an individual's age plus credited service totals 65 years or more or has 20 years of credited service regardless of age.

### New Plan Provisions

<b>Retirement Ages</b>	<b>Percent Retiring General/Ocean Rescue/Police/Fire</b>	<b>Early Retirement Ages</b>	<b>Percent Retiring General</b>
		60	5%
		61	5
		62	5
		63	5
		64	5
65	100		

A member is eligible for normal retirement under new plan provisions at age 65 with 10 years credited service.

## **Summary of Assumptions Used September 30, 2015 Miscellaneous and Technical Assumptions**

**Vested members** who terminate with a benefit worth less than 100% of their own accumulated contributions were assumed to elect a refund and to forfeit their vested benefit.

**Administrative expenses** are reimbursed on a retrospective basis by an addition to the Town contribution rate.

**Active Member Group Size.** The valuation was based on an active member group size which will decrease with members entering the DROP and then stabilize.

**Earnings** reported for the actuarial valuation include all amounts included in average earnings for benefit purposes.

**Investment expenses** are an offset against total investment income.

**Marriage Proportion.** 90% of active members who meet the age and service requirements for pre-retirement survivor benefits are assumed to be married. In each case the male was assumed to be 3 years older than the female.

**Lump sum payments** for unused accumulated leave time are excluded in determining pension amounts pursuant to the Town of Palm Beach Code of Ordinances.

**Pay Increase Timing.** Beginning of (Fiscal) year. This is equivalent to assuming that reported pays represent amounts paid to members during the year ended on the valuation date.

**Decrement Timing.** Decrements of all types are assumed to occur mid-year.

**Eligibility Testing.** Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.

**Benefit Service.** Exact fractional service is used to determine the amount of benefit payable.

**Option Factors.** Actuarially reduced Plan B benefits use the RP-2000 Mortality Table with a 7.50% interest rate assumption.

**Summary of Assumptions Used**  
**September 30, 2015**  
**Miscellaneous and Technical Assumptions**

**Decrement Relativity.** Decrement rates are used directly, without adjustment for multiple decrement table effects.

**Decrement Operation.** Disability and mortality decrements do not operate during the first 5 years of service. Disability and withdrawal do not operate during retirement eligibility.

**Normal Form of Benefit.** The assumed normal form of benefit is the straight life form.

**Incidence of Contributions.** Contributions are assumed to be received continuously throughout the year based upon the computed percent-of-payroll shown in this report, and the actual payroll payable at the time contributions are made. New entrant normal cost contributions are applied to the funding of new entrant benefits.

## Definitions of Technical Terms

**ACCRUED SERVICE.** Service credited under the System which was rendered before the date of the actuarial valuation.

**ACTUARIAL ACCRUED LIABILITY.** The difference between the actuarial present value of future benefit payments and the actuarial present value of future normal costs. Also referred to as "accrued liability" or "past service liability."

**ACTUARIAL ASSUMPTIONS.** Estimates of expected future experience with respect to rates of mortality, disability, separation, retirement, rate or rates of investment income and salary increases. Decrement estimates (rates of mortality, disability, separation and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic estimates (salary increases and investment income) consist of the underlying rates in an inflation-free environment plus a provision for a long-term average rate of inflation.

**ACTUARIAL COST METHOD.** A mathematical budgeting procedure for allocating the dollar amount of the "actuarial present value of future benefit payments" between future normal cost and actuarial accrued liabilities. Sometimes referred to as the "actuarial valuation cost method."

**ACTUARIAL EQUIVALENT.** A single amount or series of amounts of equal actuarial present value to another single amount or series of amounts, computed on the basis of appropriate actuarial assumptions.

**ACTUARIAL PRESENT VALUE.** The amount of funds currently required to provide a payment or series of payments in the future. It is determined by discounting future payments at predetermined rates of interest, and by probabilities of payment. Also referred to as "present value."

**AMORTIZATION.** Paying off an interest-discounted amount with periodic payments of interest and principal -- as opposed to paying it off with a lump sum payment.

**EXPERIENCE GAIN (LOSS).** The difference between actual actuarial costs and assumed actuarial costs -- during the period between two valuation dates.

## Definitions of Technical Terms

**FUNDING VALUE OF ASSETS.** Also referred to as actuarial value of assets, smoothed market value of assets, or valuation assets.

Valuation assets recognize assumed investment return fully each year. Differences between actual and assumed investment return are phased-in over a closed 5-year period. During periods when investment performance exceeds the assumed rate, valuation assets will tend to be less than market value. During periods when investment performance is less than the assumed rate, valuation assets will tend to be greater than market value. If assumed rates are exactly realized for 4 consecutive years, valuation assets will become equal to market value.

**NORMAL COST.** The actuarial cost allocated to the current year by the actuarial cost method. Sometimes referred to as "current service cost."

**UNFUNDED ACTUARIAL ACCRUED LIABILITIES.** The difference between actuarial accrued liabilities and the actuarial value of System assets. Sometimes referred to as "unfunded past service liability," "unfunded accrued liability" or "unfunded supplemental present value."

Most retirement systems have unfunded actuarial accrued liability. It arises each time new benefits are added and each time an experience loss is realized.

The existence of unfunded actuarial accrued liability is not in itself bad, any more than a mortgage on a house is bad. Unfunded actuarial accrued liability does not represent a debt that is payable today. What is important is the ability to control the amount of unfunded actuarial accrued liability and the trend in its amount (after due allowance for devaluation of the dollar).