

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, 2014

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COMBINED ACTUARIAL VALUATION REPORT AS OF SEPTEMBER 30, 2014
FOR GENERAL EMPLOYEES INCLUDING OCEAN RESCUE, POLICE
OFFICERS AND FIREFIGHTERS

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February 10, 2015

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

The results of the September 30, 2014 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, to determine the Town's contribution rate for the fiscal year beginning October 1, 2014 in accordance with established funding policies, and to determine actuarial information for Governmental Accounting Standards Board (GASB) Statements No. 25 and No. 27. The results of the valuation may not be applicable for other purposes. Information required by Statement No. 67 of the GASB that is effective for fiscal year 2014 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.

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.

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

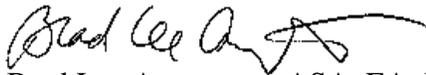
Governmental Accounting Standards Board Statement No. 25 information is contained in Section C of the respective reports.

Supplementary 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, MAAA



Jeffrey T. Tebeau, ASA, MAAA

BLA/JTT:bd

EXECUTIVE SUMMARY

COMBINED VALUATION SUMMARY, OBSERVATIONS,
RECOMMENDATIONS AND CERTIFICATION

Summary of Valuation Results

September 30, 2014

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.

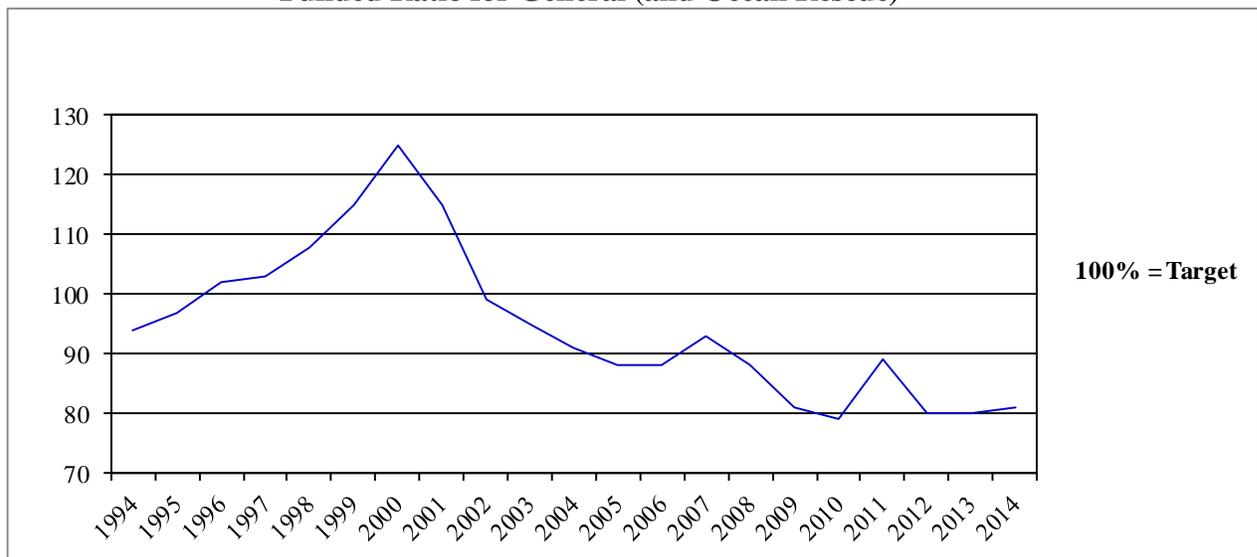
The annual actuarial valuation measures the relationship between Retirement System obligations and assets and determines the contribution rates for the ensuing year. The Retirement System is supported by member contributions, Town contributions, and investment income from Retirement System assets.

VALUATION RESULTS - FUNDING PROGRESS INDICATORS

General and Ocean Rescue

The September 30, 2014 actuarial valuation indicates that the actuarial accrued liabilities of the General Retirement System (including Ocean Rescue), measured in accordance with Statement No. 25 of the Governmental Accounting Standards Board, are 81.1% funded by the Funding Value of Assets. This is an increase from last year's funded ratio of 80.4%. Although not historically referred to, the ratio of the market value of assets to the actuarial accrued liabilities is 84.8%. This is a decrease from last year's ratio of 84.9%.

Funded Ratio for General (and Ocean Rescue)*

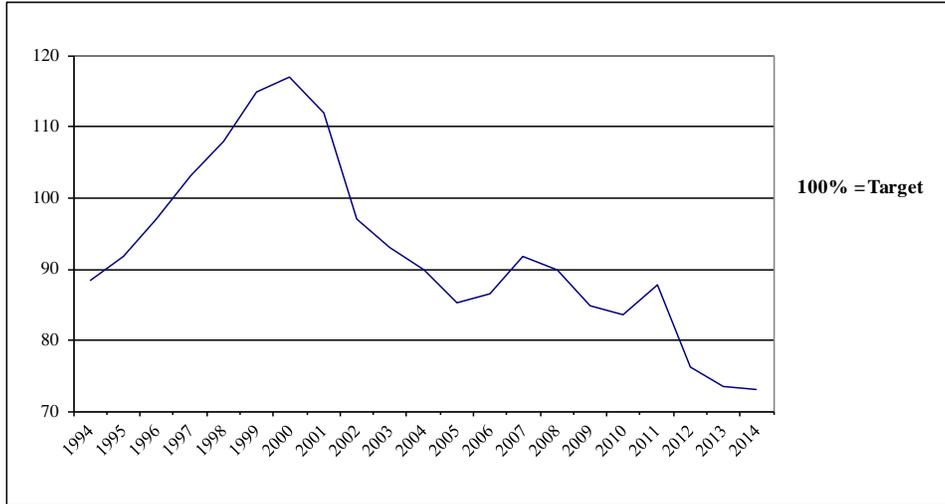


* Years prior to 2000 include Public Safety.

Police

The September 30, 2014 actuarial valuation indicates that the actuarial accrued liabilities of the Police Retirement System, measured in accordance with Statement No. 25 of the Governmental Accounting Standards Board, are 73.0% funded by the Funding Value of Assets. This is a decrease from last year's funded ratio of 73.5%. Although not historically referred to, the ratio of the market value of assets to the actuarial accrued liabilities is 74.9%. This is a decrease from last year's 75.1%.

Funded Ratio for Police*

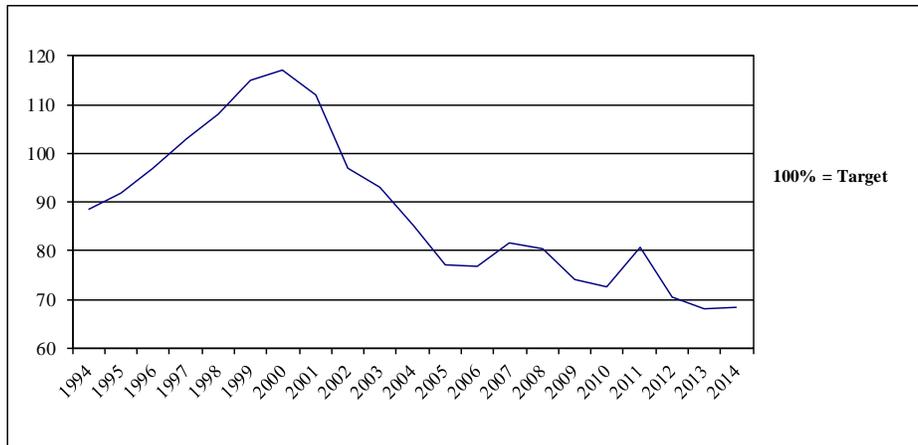


* Years prior to 2004 include Fire and years prior to 2000 include General and Ocean Rescue.

Fire

The September 30, 2014 actuarial valuation indicates that the actuarial accrued liabilities of the Fire Retirement and Benefit System, measured in accordance with Statement No. 25 of the Governmental Accounting Standards Board, are 68.3% funded by the Funding Value of Assets. This is an increase from last year's funded ratio of 68.1%. Although not historically referred to, the ratio of the market value of assets to the actuarial accrued liabilities is 70.1%. This is an increase from last year's 69.7%.

Funded Ratio for Fire*



* Years prior to 2004 include Police and years prior to 2000 include General and Ocean Rescue.

VALUATION RESULTS - CONTRIBUTION REQUIREMENT

The percent of active member payroll contribution requirements for the 2015-2016 and 2014-2015 fiscal years are:

General

	2015-2016			2014-2015		
	General	Ocean Rescue	Aggregate	General	Ocean Rescue	Aggregate
Member portion	2.66 %	3.63 %		2.95 %	4.16 %	
Town portion	18.37	72.32	19.48 %	18.39	71.93	19.49 %
Illustrative \$	\$1,908,865	\$157,411	\$2,066,276	\$1,839,317	\$151,266	\$1,990,583

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 report.

Police

	2015-2016	2014-2015
Member portion	2.50 %	5.01 %
Town portion	63.23	56.62
Illustrative \$	\$2,233,214	\$2,059,195

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 report.

Fire

	2015-2016	2014-2015
Member portion	4.18 %	4.87 %
Town portion	63.78	57.20
Illustrative \$	\$2,285,579	\$2,211,214

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 Fire report.

VALUATION RESULTS - LAST YEAR'S EXPERIENCE INDICATORS

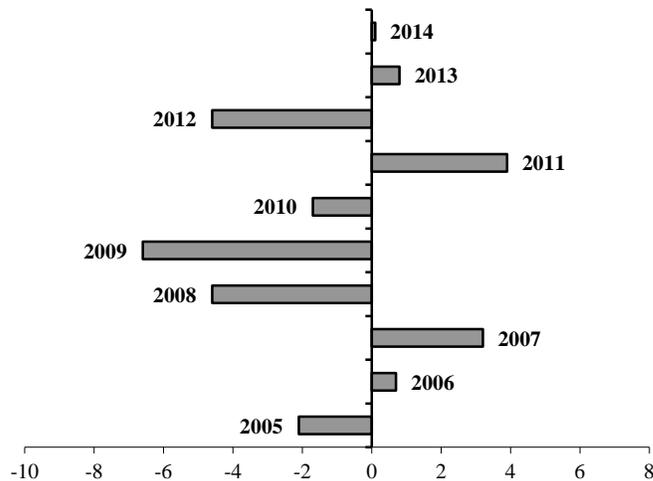
The Funding Value of Assets of the Retirement System increased less than projected by the long-term investment return assumption for Police and Fire and increased more than expected for General. Note that each year's deviation from assumed investment experience is spread over five years in equal dollar 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 8.5% for General, 7.1% for Police and 7.2% for Fire, net of investment expenses. The projected return for the fiscal year ending September 30, 2014 was 7.5%.

The aggregate effect of overall System experience was a loss of \$1.1 million. The impact on the Town's contribution amount for the fiscal year ending September 30, 2016 is an increase of approximately \$325,000. Losses were attributable to lower than expected recognized investment returns for Police and Fire, lower than expected retiree mortality, and the volume of retirement activity that took place during the fiscal year producing higher liabilities than were projected based on valuation assumptions. Losses were partially offset by greater than expected investment returns for General.

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).

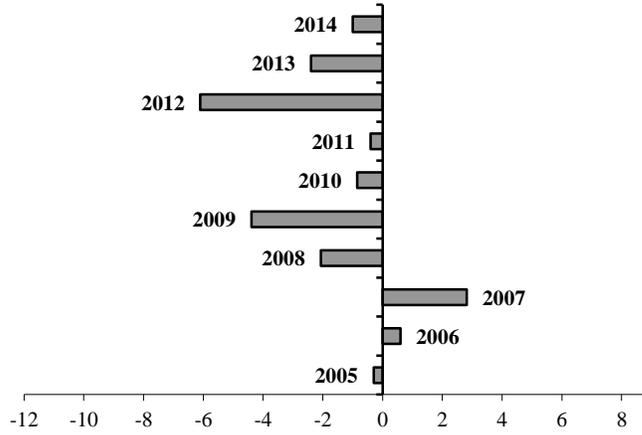
General

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



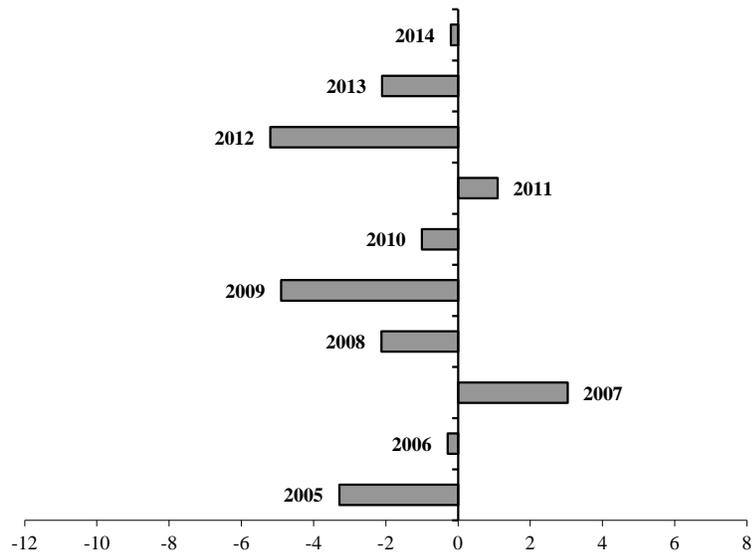
Police

Experience Gains and Losses (Amounts in Millions)



Fire

Experience Gains and Losses (Amounts in Millions)



CHAPTER 175 SHARE ACCOUNTS - FIRE

Share Accounts totaling \$847,737 were excluded from 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.

BENEFIT CHANGES

The Town Council adopted changes in the employee contribution rate as of October 1, 2013. Except for Grandfathered members and Bargaining Firefighters, all members now contribute 2.47% of pay. This change increased the Town's contribution amount for the fiscal year ending September 30, 2016 by approximately \$127,000.

RECOMMENDATIONS

There is sufficient time elapsed since the changes in benefit provisions in 2012 to perform an experience study. We recommend the Board request a fee quote for an experience study outlining the scope of the study and the timing of completion and presentation to the Board in order to be considered for adoption for use in performing the September 30, 2015 actuarial valuation.

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

The balances in the Retirement Reserve Fund as of October 1, 2014 following the transfers should be as follows:

<u>Division</u>	<u>Retirement Reserve Fund</u>
General	\$62,635,296
Ocean Rescue	<u>3,805,851</u>
	\$66,441,147

Police

The balance in the Retirement Reserve Fund as of October 1, 2014 following the transfer should be \$69,326,315.

Fire

The balance in the Retirement Reserve Fund as of October 1, 2014 following the transfer should be \$71,675,979.

NEXT YEAR'S EXPERIENCE INDICATORS

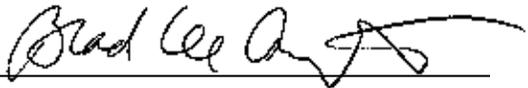
Due to the Boards' use of a five-year smoothed market asset valuation method, investment experience was only partially recognized, and combined with the scheduled phase-in of the prior four years unrecognized investment income. Subsequently, investment gains are scheduled for the next three years. This will reduce future computed employer contribution rates and improve the funded ratio in the next three reports in the absence of future gains or losses. In the fourth year, a gain is scheduled for General and losses are scheduled for Police and Fire. 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 approximately two weeks after the Board accepts this report.

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.

2/10/2015

Date



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

SECTION I
GENERAL REPORT

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Report of SEPTEMBER 30, 2014 Actuarial Valuation

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SECTION A

DETAILED VALUATION RESULTS

**Contributions to Finance Benefits of the Retirement System
for the Plan Year Beginning October 1, 2015
to be Contributed During the Fiscal Year Beginning October 1, 2015**

Contributions for	Contributions Expressed as Percents of UnDROPed Active Member Payroll	
	General	Ocean Rescue
Normal Cost		
Service pensions	4.98 %	8.57 %
Disability pensions	0.80	1.15
Death-in-service pensions	0.54	0.70
Deferred service pensions	0.29	0.94
Refunds of member contributions	0.46	0.42
Total Normal Cost	7.07	11.78
Unfunded Actuarial Accrued Liability *		
Retired members and beneficiaries	0.00	0.00
Active and vested terminated members	12.34	62.55
Total Unfunded Actuarial Accrued Liability	12.34	62.55
Administrative Expenses	1.62	1.62
Total Unadjusted Computed Contribution	21.03	75.95
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	21.03	75.95
Member portion	2.66	3.63
Town portion	18.37	72.32

* 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, $(1.035^{1.5})$, which is consistent with the projection used to calculate actuarial liability.

<u>General</u>	<u>Ocean Rescue</u>	<u>Total</u>
\$1,908,865	\$157,411	\$2,066,276 *

* *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
86/87 (a)	1985	12.83 %	20.20 %
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 (b)	2014	18.17	71.78
15/16 (a)	2014	18.37	72.32

(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 (UAAL) 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
1990 (a)	(\$839)	\$ 42,663	\$ 48,527	88 %	\$ 5,864	\$ 11,556	51 %
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	98	76,386	94,203	81	17,817	10,075	177
2014 (a)	98	76,386	94,245	81	17,858	10,075	177

(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 - 2014 valuations, Public Safety members are not included.

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, 2014

	Division	
	General	Ocean Rescue
DERIVATION		
(1) UAAL at start of year	\$16,216,580	\$1,814,655
(2) Employer normal cost for year	584,221	18,707
(3) Employer contributions	1,873,887	144,734
(4) Interest accrued: .075 x [(1) + 1/2 ((2)-(3))]	1,167,881	131,373
(5) Expected UAAL before changes: (1) + (2) - (3) + (4)	16,094,795	1,820,001
(6) Effect of assumption/method changes	0	0
(7) Effect of benefit changes	39,795	1,650
(8) Expected UAAL after changes	16,134,590	1,821,651
(9) Actual UAAL	16,056,434	1,802,060
(10) Gain/(loss): (9) - (10)	78,156	19,591

UAAL represents Unfunded Actuarial Accrued Liability.

Derivation of Funding Value of Retirement System Assets

<u>Year Ended September 30:</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
A. Funding Value Beginning of Year	\$72,392,627	\$73,853,074				
B. Market Value End of Year	77,995,357	79,882,302				
C. Market Value Beginning of Year	72,778,562	77,995,357				
D. Non-Investment Net Cash Flow: (EE+ER conts.) - (Refunds+Benefits+SPD+Adm.Exp.)	(3,957,533)	(3,616,350)				
	7.50%	7.50%				
E. Investment Income						
E1. Market Total: B - C - D	9,174,328	5,503,295				
E2. Amount for Immediate Recognition at 7.5%	5,281,040	5,403,367				
E3. Amount for Phased-In Recognition: E1-E2	3,893,288	99,928				
F. Phased-In Recognition of Investment Income						
F1. Current Year: 0.20 x E3	778,658	19,986				
F2. First Prior Year	1,100,769	778,658	\$ 19,986			
F3. Second Prior Year	(1,121,458)	1,100,769	778,658	\$ 19,986		
F4. Third Prior Year	(31,736)	(1,121,458)	1,100,769	778,658	\$ 19,986	
F5. Fourth Prior Year	(589,293)	(31,737)	(1,121,460)	1,100,770	778,656	\$ 19,984
F6. Adjustment to Recognize 20% Corridor	0	0	0	0	0	0
F7. Total Recognized Investment Gain/(Loss)	136,940	746,218	777,953	1,899,414	798,642	19,984
G. Funding Value End of Year: A + D + E2 + F7	73,853,074	76,386,309				
H. Difference between Market & Funding Value	4,142,283	3,495,993				
I. Recognized Rate of Return	7.69%	8.54%				
J. Recognized Rate of Investment Expenses	0.35%	0.34%				
K. Ratio of Funding Value to Market Value	94.7%	95.6%				

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.

Unfunded Actuarial Accrued Liability as of September 30

	<u>2014</u>		<u>2013</u>	
	<u>General</u>	<u>Ocean Rescue</u>	<u>General</u>	<u>Ocean Rescue</u>
A. Actuarial present value of future benefits	\$95,170,647	\$5,344,451	\$92,942,588	\$5,245,437
B. Actuarial present value of future normal costs	6,101,072	169,223	6,134,237	169,479
C. Actuarial accrued liability	89,069,575	5,175,228	86,808,351	5,075,958
D. Actuarial value of assets	73,013,141	3,373,168	70,591,771	3,261,303
E. Unfunded actuarial accrued liability	16,056,434	1,802,060	16,216,580	1,814,655
F. Funded ratio	82.0%	65.2%	81.3%	64.2%

Sources and Financing of Unfunded Actuarial Accrued Liability

GENERAL

Year Established	Initial Years	Years Remaining	Initial Amount	Current Amount	Amort. Factor	Contributions		FS112.64(5) Compliance*
						Dollars	Percent-of- Payroll	
Initial Unfunded								
2011	21	18		\$ 17,519,122	13.045428	\$ 1,342,932	13.38 %	0.00 %
(Gain)/Loss Experience								
2010	30	26	\$ 1,295,349	1,332,658	16.532481	80,608	0.80	0.00
2011	30	27	(4,007,514)	(4,042,989)	16.898602	(239,250)	(2.38)	0.00
2012	30	28	4,290,077	4,424,534	17.251100	256,478	2.55	0.00
2013	30	29	(896,488)	(910,921)	17.590482	(51,785)	(0.52)	0.00
2014	30	30	(78,156)	(78,156)	17.917236	(4,362)	(0.04)	0.00
Benefit Changes								
2010	30	26	(4,737,059)	(4,873,497)	16.532481	(294,783)	(2.94)	0.00
2013	30	29	75,660	76,878	17.590482	4,370	0.04	0.00
2014	30	30	39,795	39,795	17.917236	2,221	0.02	0.00
Assumption/Method Changes								
2010	30	26	(1,756,913)	(1,807,516)	16.532481	(109,331)	(1.09)	0.00
2011	30	27	(112,399)	(113,395)	16.898602	(6,710)	(0.07)	0.00
2012	30	28	4,353,476	4,489,921	17.251100	260,269	2.59	0.00
Totals				\$ 16,056,434		\$ 1,240,657	12.34 %	0.00 %

* 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	
Initial Unfunded								
2011	20	17		\$ 1,254,040	12.530393	\$ 100,080	47.59 %	0.00 %
(Gain)/Loss Experience								
2010	30	26	\$ 72,569	77,819	16.532481	4,707	2.24	0.00
2011	30	27	125,711	132,074	16.898602	7,816	3.72	0.00
2012	30	28	291,267	300,395	17.251100	17,413	8.28	0.00
2013	30	29	25,398	25,807	17.590482	1,467	0.70	0.00
2014	30	30	(19,591)	(19,591)	17.917236	(1,093)	(0.52)	0.00
Benefit Changes								
2010	30	26	(224,972)	(241,246)	16.532481	(14,592)	(6.94)	0.00
2014	30	30	1,650	1,650	17.917236	92	0.04	0.00
Assumption/Method Changes								
2010	30	26	(47,583)	(51,026)	16.532481	(3,086)	(1.47)	0.00
2011	30	27	65,059	66,206	16.898602	3,918	1.86	0.00
2012	30	28	248,155	255,932	17.251100	14,836	7.05	0.00
Totals				\$ 1,802,060		\$ 131,558	62.55 %	0.00 %

* 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, 2014

Present Resources and Expected Future Resources

	General	Ocean Rescue
A. Funding Value of System Assets:		
1. Net assets from System financial statements (market value)	\$ 76,354,753	\$3,527,549
2. Funding value adjustment	(3,341,612)	(154,381)
3. Funding value of assets	73,013,141	3,373,168
B. Actuarial Present Value of Expected Future Employer Contributions:		
1. For normal costs	3,587,702	106,725
2. For Unfunded Actuarial Accrued Liability (UAAL)	16,056,434	1,802,060
3. Totals	19,644,136	1,908,785
C. Actuarial Present Value of Expected Future Member Contributions	2,513,370	62,498
D. Total Present and Expected Future Resources	\$ 95,170,647	\$5,344,451

Actuarial Present Value of Expected Future Benefit Payments and Reserves

A. To Retirants and Beneficiaries	\$ 62,635,296	\$ 3,805,851
B. To Vested Terminated Members	2,227,182	0
C. To Present Active Members:		
1. Allocated to service rendered prior to valuation date	24,207,097	1,369,377
2. Allocated to service likely to be rendered after valuation date	6,101,072	169,223
3. Totals	30,308,169	1,538,600
D. Reserve for Employer Contributions	0	0
E. Total Actuarial Present Value of Expected Future Benefit Payments	\$ 95,170,647	\$5,344,451

SECTION B

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

Summary of Benefit Provisions (September 30, 2014)

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.

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 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 unmarried children under 18.

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:

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
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)

	<u>September 30, 2014*</u>	<u>September 30, 2013*</u>
Cash		
Accrued interest and dividends		
Other short-term		
Bonds - government		
- corporate		
- mutual funds		
- mortgage		
Stocks - common		
- preferred		
Stock mutual funds		
Accounts payable		
Other		
Total Assets	\$79,882,302	\$77,995,357

* *These figures were not available as of the valuation date.*

Accounting Information Utilized for Valuation

REVENUES AND EXPENDITURES

	<u>Year Ended</u> <u>September 30, 2014</u>	<u>Year Ended</u> <u>September 30, 2013</u>
Revenues:		
a. Member contributions:		
- General	\$ 281,091	\$ 298,561
- Ocean Rescue	8,333	8,942
b. Town contributions:		
- General	1,873,887	1,289,405
- Ocean Rescue	144,734	125,294
c. Investment income:		
1. Interest	801,625	498,348
2. Dividends	0	0
3. Unrealized Gain/(Loss)	4,942,542	8,935,778
4. Gain or (loss) on sales	0	0
5. Other	3,604	1,964
d. Total revenues	<u>8,055,816</u>	<u>11,158,292</u>
Expenditures:		
a. Refunds of member contributions:		
- General	16,118	2,117
- Ocean Rescue	0	0
b. Benefits paid:		
- General	5,436,791	5,225,083
- Ocean Rescue	308,506	303,832
c. Administrative expenses	162,980	148,703
d. Investment expenses	244,476	248,165
e. Other	0	0
f. Total expenditures	<u>6,168,871</u>	<u>5,927,900</u>
Reserve Increase:		
Total revenues minus total expenditures	<u>\$1,886,945</u>	<u>\$5,230,392</u>

Accounting Information Submitted for Valuation

RESERVE ACCOUNTS

	<u>September 30, 2014</u>	<u>September 30, 2013</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	76,354,753	74,551,134
Ocean Rescue	3,527,549	3,444,223
Totals	\$ 79,882,302	\$ 77,995,357

These figures were not available as of the valuation date.

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
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	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

* 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	
9/30/1986	10.8	2.2		13.8	
9/30/1987	5.9	2.2		14.0	
9/30/1988	7.1	2.1		14.3	
9/30/1989	10.3	2.5		11.4	
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	56.1	151.3

* 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 - 2014 valuations, Public Safety members are not included.

**Retired Member and Beneficiary Data as of September 30, 2014
by Type of Pension Being Paid**

<u>Type of Benefit Being Paid</u>	<u>General</u>		<u>Ocean Rescue</u>	
	<u>No.</u>	<u>Annual Pensions</u>	<u>No.</u>	<u>Annual Pensions</u>
Age & Service Benefits				
Straight Life	51	\$ 1,360,488	2	\$ 84,555
Joint and Survivor Benefits - Regular	73	2,616,344	5	159,587
Surviving Beneficiaries	20	332,875	0	0
DROP members	28	817,313	1	36,864
Total Age and Service Benefits	172	5,127,021	8	281,007
Duty Disability Benefits				
Straight Life	1	10,501	0	0
Surviving Beneficiaries	1	5,770	0	0
Total Duty Disability Benefits	2	16,272	0	0
Non-Duty Disability Benefits				
Straight Life	2	143,617	1	31,659
Joint and Survivor Benefits	3	135,107	0	0
Surviving Beneficiaries	5	61,268	0	0
Total Non-Duty Disability Benefits	10	339,992	1	31,659
Death-in-Service Benefits				
Non-Duty Spouse	4	52,613	0	0
Total Death-in-Service Benefits	4	52,613	0	0
Totals	188	\$ 5,535,898	9	\$ 312,666

**Retired Member and Beneficiary Data as of September 30, 2014
(Includes DROP Participants)
Tabulated by Attained Age**

Attained Age	General		Ocean Rescue	
	No.	Annual Pensions	No.	Annual Pensions
Under 40	1	\$ 7,901		
50 - 54	8	265,560	3	\$ 98,163
55 - 59	31	1,181,928	3	119,017
60 - 64	41	1,242,639	1	31,659
65 - 69	34	1,248,570		
70 - 74	25	618,648		
75 - 79	21	507,229	2	63,827
80 - 84	13	284,317		
85 - 89	7	107,277		
90 - 94	7	71,829		
Totals	188	\$5,535,898	9	\$312,666

	General	Ocean Rescue
Average Age at Retirement:	58.0 years	49.0 years
Average Age Now:	68.1	61.5

Vested Terminated Members as of September 30, 2014
Annual Estimated Pensions*
Tabulated by Attained Age

Attained Age	General	
	No.	Annual Estimated Pensions
20	1	\$ 13,141
28	1	1,200
32	1	4,064
38	1	1,200
39	1	15,442
43	1	18,159
44	1	26,390
47	1	6,552
48	1	4,586
50	1	1,200
51	1	9,520
52	1	13,397
53	1	1,277
54	4	116,131
55	1	1,280
61	1	2,310
Totals	19	\$235,849

* Includes estimated Plan B benefits for 2 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
1995	202	2	\$ 6,521,164	43.0 yrs.	8.8 yrs.	\$ 32,283
1996	205	2	6,624,917	42.8	8.2	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

Number Added to and Removed from Active Membership

Year Ended Sept. 30	Number Added During Year	Normal/Early Retirement				Disability Retirement	Died-in- Service	Withdrawal		Active Members End of Year		
		A			E			A	E		A	E
		DROP	Other	Totals								
2005	25	4	1	5	6.0	1	0.2	0.3	20	11.8	210	
2006	20	0	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	0.6		0.3	8	10.1	162

A represents actual number.

E represents expected number.

Ocean Rescue

Active and Vested Terminated Members Included in Valuation

Valuation September 30	Active Members	Vested Terminated Members	Valuation Payroll	Average		
				Age	Service	Pay
1995	10	0	\$273,547	33.7 yrs.	7.4 yrs.	\$ 27,355
1996	9	0	273,443	36.0	9.1	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
2014	4	0	206,713	44.4	17.6	51,678

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			E	Retirement		Service		A		
		DROP	Other	Totals		A	E	A	E	A	E	
2005					0.5						0.2	9
2006					0.5		0.1		0.2		0.2	9
2007	1	2		2	1.0		0.0		0.0		0.2	8
2008			1	1	0.5		0.0		0.0		0.2	7
2009	2			0	0.3		0.0		0.0		0.2	9
2010		1		1	0.3		0.0		0.0	1	0.42	7
2011		1		1	0.3		0.0		0.0	2	0.3	4
2012				0	0.0		0.0		0.0		0.1	4
2013				0	0.0		0.0		0.0		0.1	4
2014				0	1.3		0.0		0.0		0.0	4

A represents actual number.

E represents expected number.

General
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	2							2	\$ 57,558
25-29	5	5						10	361,781
30-34	5	6						11	490,559
35-39	8	1	4	3				16	871,379
40-44	6	7	6	7	1			27	1,731,303
45-49	10	4	6	7	2	1		30	1,780,432
50-54	2	10	4	7	6	5		34	2,424,136
55-59	5	5	3	6	2	2		23	1,449,324
60-64	1	3	2	2				8	612,005
71				1				1	90,120
Totals	44	41	25	33	11	8		162	\$9,868,597

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	\$ 45,570
45-49			1		1	1		3	161,143
Totals			2		1	1		4	\$206,713

SECTION C

CERTAIN DISCLOSURES REQUIRED BY STATEMENT NO. 25 OF THE GOVERNMENTAL ACCOUNTING STANDARDS BOARD

This information is presented in draft form for review by the System's auditor. Please let us know if there are any items that the auditor changes so that we may maintain consistency with the System's financial statements. Future valuation reports will not include GASB Statement No. 25 disclosures. Additional plan disclosures under the new GASB Statement No. 67 are issued in a separate report.

GASB Statement No. 25
Required 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
2005	\$ 59,589	\$67,882	87.8 %	\$ 8,293	\$ 11,552	71.8 %
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	76,386	94,203	81.1	17,817	10,075	176.8
2014 (a)	76,386	94,245	81.1	17,859	10,075	177.3

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#
2005	16.94 %	\$ 1,876	\$ 1,784	100 %
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)	1,991		
2016	19.27	2,044		
2016	19.48 (a)	2,066		

(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.

GASB Statement No. 25 Required 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, 2014
Actuarial cost method	Entry-Age
Amortization method	Level percent-of-payroll
Remaining amortization periods*	17-30 years
Asset valuation method	5-year smoothed market
Actuarial assumptions	
Investment rate of return	7.50%
Projected salary increases	7.3% to 3.7%
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, 2014, the date of the latest actuarial valuation:

	General	Ocean Rescue	Totals
Retirees and beneficiaries receiving benefits	188	9	197
Terminated plan members entitled to but not yet receiving benefits	19	0	19
Active plan members			
Vested	77	4	81
Non-vested	85	0	85
Totals	369	13	382

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

SECTION D

STATE REQUIRED DATA

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

	<u>September 30, 2014</u>				<u>September 30, 2013</u>	
	<u>Benefit Change</u>		<u>Before</u>		<u>General</u>	<u>Ocean Rescue</u>
	<u>General</u>	<u>Ocean Rescue</u>	<u>General</u>	<u>Ocean Rescue</u>		
(i) Actuarial present value of active member benefits:						
Service retirement	\$ 27,686	\$ 1,459	\$ 27,686	\$ 1,459	\$ 26,212	\$ 1,382
Vested termination benefits	356	5	356	5	326	5
Disability retirement	1,223	41	1,223	41	1,169	40
Survivor benefits (pre-retirement)	974	33	974	33	939	32
Termination benefits - refunds	69	0	70	0	58	0
Totals	30,308	1,539	30,309	1,539	28,704	1,459
(ii) Actuarial present value of terminated vested members	2,227	0	2,227	0	2,120	0
(iii) Actuarial present value of retired members & beneficiaries	62,635	3,806	62,635	3,806	61,504	3,787
(iv) Reserves	0	0	0	0	615	0
(v) Total actuarial present value of future benefit payments	95,170	5,344	95,171	5,345	92,943	5,245
(vi) Present value of active member future payroll	98,711	2,110	98,711	2,110	97,235	2,118
(vii) Present value of future active member contributions	2,513	62	2,706	76	2,694	76
(viii) Active member accumulated contributions	6,620	245	6,620	245	6,432	231
(ix) Actuarial accrued liability using projected unit credit funding method	69,811	4,457	69,811	4,457	68,222	4,382

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

	September 30, 2014				September 30, 2013	
	Benefit 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	\$ 62,635	\$ 3,806	\$ 62,635	\$ 3,806	\$ 61,504	\$ 3,787
Terminated members	2,227	-	2,227	-	2,120	-
Active members (includes non-forfeitable accum. member contributions)	22,221	1,310	22,377	1,320	19,846	1,239
Total	87,083	5,116	87,239	5,126	83,470	5,026
(ii) Non-vested accrued benefits	1,188	-	1,188	-	7,813	-
(iii) Total actuarial p.v. of accrued benefits	88,271	5,116	88,427	5,126	91,283	5,026
(iv) Actuarial p.v. of accrued benefits at begin. of year	91,283	5,026	91,283	5,026	89,981	4,897
(v) Changes attributable to:						
Amendments	40	2	-	-	76	-
Assumption change	-	-	-	-	-	-
Operation of decrements	2,385	397	2,581	409	6,451	433
Benefit payments	(5,437)	(309)	(5,437)	(309)	(5,225)	(304)
Expenses	-	-	-	-	-	-
(vi) Net change	(3,012)	90	(2,856)	100	1,302	129
(vii) Actuarial p.v. of accr. benefits at end of year	88,271	5,116	88,427	5,126	91,283	5,026
Actuarial Present Value of Accrued Benefits Using FRS Interest Rate						
(i) Vested	\$ 84,873	\$ 4,982	\$ 85,025	\$ 4,992	\$ 81,308	\$ 4,892
(ii) Non-Vested	1,129	0	1,129	0	7,369	0
(iii) Total	86,002	4,982	86,154	4,992	88,678	4,892
(iv) Market Value of Assets (MVA)	76,355	3,528	76,355	3,528	74,551	3,444
(v) Funded Ratio Using FRS Interest Rate and MVA	88.78%	70.80%	88.63%	70.67%	84.07%	70.41%

Reconciliation of Membership Data

A. Active Members	General	Ocean Rescue
1. Number Included in Last Valuation	156	4
2. New Members Included in Current Valuation	18	
3. Non-Vested Employment Terminations	(4)	
4. Vested Employment Terminations	(4)	
5. Service Retirements	(1)	
6. DROP Retirements	(3)	
7. Disability Retirements		
8. Deaths		
9. Other (Transfer)		
10. Number Included in This Valuation	162	4
B. Terminated Vested Members		
1. Number Included in Last Valuation	14	0
2. Additions from Active Members	6	
3. Lump Sum Payments		
4. Payments Commenced	(1)	
5. Deaths		
6. Other		
7. Number Included in This Valuation	19	0
C. Service Retirees, Disability Retirees and Beneficiaries		
1. Number Included in Last Valuation	186	9
2. Additions from Active Members	4	
3. Additions from Terminated Vested Members	1	
4. Removed (Deaths, Benefit Termination, Data Corrections)	(5)	
5. Added (Beneficiaries/Data Corrections)	2	
6. Number Included in this Valuation	188	9

**Number Eligible/Number Electing Normal Retirement
During Year Ended September 30, 2014**

GENERAL

Age	Number Eligible	Number Electing Normal Retirement	
		DROP	Regular
55	4	1	
56	4		
57	2		
59	2		
60	1		
61	2		
62	3	1	1
63	1	1	
71	1		
Totals	20	3	1

**Number Eligible/Number Electing Normal Retirement
During Year Ended September 30, 2014**

OCEAN RESCUE

Age	Number Eligible	Number Electing Normal Retirement	
		DROP	Regular
45	2		
Totals	2	0	0

SECTION II
POLICE OFFICERS REPORT

OUTLINE OF CONTENTS
Report of September 30, 2014 Actuarial Valuation

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7	Experience Gain/(Loss)
8	Funding Value of Assets
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SECTION A

DETAILED VALUATION RESULTS

**Contributions to Finance Benefits of the Retirement System
for the Plan Year Beginning October 1, 2015
to be Contributed During the Fiscal Year Beginning October 1, 2015**

Contributions for	Contributions Expressed as Percents of UnDROPed Active Member Payroll
Normal Cost	
Service pensions	4.68 %
Disability pensions	1.64
Death-in-service pensions	0.83
Deferred service pensions	0.37
Refunds of member contributions	<u>0.24</u>
Total Normal Cost	7.76
Unfunded Actuarial Accrued Liability (1)	
Retired members and beneficiaries	0.00
Active and vested terminated members	<u>54.11</u>
Total Unfunded Actuarial Accrued Liability	54.11
Administrative Expenses	3.86
Total Unadjusted Computed Contribution	65.73
Adjustments to Computed Contribution	
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
Total Adjusted Contribution Requirement	65.73
Member portion	2.50
Town portion	63.23

(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 9/30/13	\$118,579	
B. Chapter 185 receipts during fiscal year ending 9/30/14	0	\$3,032,132
C. Chapter 185 "frozen" receipts during fiscal year ending 9/30/14	0	2,315,446
D. Qualifying benefit improvements since Chapter 99-1 effective date	118,579	\$1,355,868
E. Additional premium tax revenues as of 9/30/2014 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.

Total Public Contribution Requirement	\$2,233,214
Chapter 185 Premium "frozen"	-
Funding from Add. Premium Tax Revenue	-
Illustrative Base Town Contribution	\$2,233,214

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	Public Contributions (Additional to Member Contributions)
	Sept. 30	% of Payroll Contributions*
86/87 (a)	1985	22.23 %
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	2014	60.88
15/16 (a)	2014	63.23

(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 (UAAL) 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
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 (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	(1,005)	61,819	84,537	73	22,719	3,354	677
2014 (a)	(1,005)	61,819	84,624	73	22,805	3,354	680

(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, 2014**

DERIVATION

(1) UAAL at start of year	\$21,862,203
(2) Employer normal cost for year	255,259
(3) Employer contributions	1,979,219
(4) Interest accrued .075 x [(1) + 1/2 ((2)-(3))]	1,575,017
(5) Expected UAAL before changes (1) + (2) - (3) + (4)	21,713,260
(6) Effect of assumption/method changes	0
(7) Effect of benefit changes	86,796
(8) Expected UAAL after changes	21,800,056
(9) Actual UAAL	22,805,493
(10) Gain/(loss) (8) - (9)	(1,005,437)

UAAL represents Unfunded Actuarial Accrued Liability.

Derivation of Funding Value of Retirement System Assets

Year Ended September 30:	2013	2014	2015	2016	2017	2018
A. Funding Value Beginning of Year	\$ 61,028,427	\$ 60,553,425				
B. Market Value End of Year	61,920,948	63,350,648				
C. Market Value Beginning of Year	58,114,391	61,920,948				
D. Non-Investment Net Cash Flow	(3,508,405)	(2,936,535)				
E. Investment Income						
E1. Market Total: B - C - D	7,314,962	4,366,235				
E2. Amount for Immediate Recognition at 7.5%	4,445,567	4,431,387				
E3. Amount for Phased-In Recognition: E1 - E2	2,869,395	(65,152)				
F. Phased-In Recognition of Investment Income						
F1. Current Year: 0.20 x E3	573,879	(13,030)				
F2. First Prior Year	416,475	573,879	\$ (13,030)			
F3. Second Prior Year	(970,512)	416,475	573,879	\$ (13,030)		
F4. Third Prior Year	(236,395)	(970,512)	416,475	573,879	\$ (13,030)	
F5. Fourth Prior Year	(1,195,611)	(236,393)	(970,511)	416,473	573,879	\$ (13,032)
F6. Adjustment to Recognize 20% Corridor	0	0	0	0	0	0
F7. Total Recognized Investment Gain/(Loss)	(1,412,164)	(229,581)	6,813	977,322	560,849	(13,032)
G. Accelerated Recognition of Investment Income						
H. Funding Value End of Year: A + D + E2 + F7 Not to Exceed 120% of Market Value	60,553,425	61,818,696				
I. Difference between Market & Funding Value	1,367,523	1,531,952				
J. Recognized Rate of Return	5.12%	7.11%				
K. Recognized Rate of Investment Expenses	0.33%	0.33%				

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.

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

	<u>2014</u>	<u>2013</u>
A. Actuarial Present Value of Future Benefits	\$87,555,902	\$85,539,650
B. Actuarial Present Value of Future Normal Costs	2,931,713	3,124,022
C. Actuarial Accrued Liability	84,624,189	82,415,628
D. Actuarial Value of Assets	61,818,696	60,553,425
E. Unfunded Actuarial Accrued Liability	22,805,493	21,862,203
F. Funded Ratio	73.1%	73.5%

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	
Initial Unfunded								
2011	15	12		\$ 11,773,921	9.640813	\$ 1,221,258	35.79 %	0.00 %
(Gain)/Loss Experience								
2010	30	26	\$ 876,056	939,431	16.532481	56,823	1.67	0.00
2011	30	27	420,131	441,397	16.898602	26,120	0.77	0.00
2012	30	28	6,094,095	6,285,093	17.251100	364,330	10.68	0.00
2013	30	29	2,357,290	2,395,242	17.590482	136,167	3.99	0.00
2014	30	30	1,005,437	1,005,437	17.917236	56,116	1.64	0.00
Benefit Changes								
2010	30	26	(4,060,736)	(4,354,493)	16.532481	(263,390)	(7.72)	0.00
2014	30	30	86,796	86,796	17.917236	4,844	0.14	0.00
Assumption/Method Changes								
2010	30	26	(611,648)	(655,895)	16.532481	(39,673)	(1.16)	0.00
2011	30	27	380,899	400,179	16.898602	23,681	0.69	0.00
2012	30	28	4,351,987	4,488,385	17.251100	260,180	7.62	0.00
Totals				\$ 22,805,493		\$ 1,846,456	54.11	0.00

* 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, 2014

Present Resources and Expected Future Resources

A. Funding Value of System Assets:	
1. Net assets from System financial statements (market value)	\$63,350,648
2. Funding value adjustment	<u>(1,531,952)</u>
3. Funding value of assets	61,818,696
B. Actuarial Present Value of Expected Future Employer Contributions:	
1. For normal costs	1,868,846
2. For Unfunded Actuarial Accrued Liability (UAAL)	<u>22,805,493</u>
3. Totals	24,674,339
C. Actuarial Present Value of Expected Future Member Contributions	<u>1,062,867</u>
D. Total Present and Expected Future Resources	<u><u>\$87,555,902</u></u>

Actuarial Present Value of Expected Future Benefit Payments and Reserves

A. To retirants and Beneficiaries	\$69,326,315
B. To Vested Terminated Members	3,076,328
C. To Present Active Members:	
1. Allocated to service rendered prior to valuation date	12,221,546
2. Allocated to service likely to be rendered after valuation date	<u>2,931,713</u>
3. Totals	15,153,259
D. Reserve for Employer Contributions	0
E. Total Actuarial Present Value of Expected Future Benefit Payments	<u><u>\$87,555,902</u></u>

SECTION B

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

Summary of Benefit Provisions (September 30, 2014)

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 member, 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.

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 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 unmarried children under 18.

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.

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 Officer	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, 2014*</u>	<u>September 30, 2013*</u>
Cash		
Accrued interest and dividends		
Other receivables		
Investments		
- US government securities		
- Corporate bonds and notes		
- Domestic fixed income funds		
- Common stock		
- Equities and equity funds		
- Inflation hedging funds		
Accounts payable		
Other		
Total Assets	\$63,350,648	\$61,920,948

* *These figures were not available as of the valuation date.*

Accounting Information Utilized for Valuation

REVENUES AND EXPENDITURES

	<u>Year Ended</u> <u>September 30, 2014</u>	<u>Year Ended</u> <u>September 30, 2013</u>
Revenues:		
a. Member contributions	\$ 108,250	\$ 180,924
b. Town contributions	1,979,219	1,257,107
c. State contributions (Chapter 185)	-	-
d. Investment income		
1. Interest and Dividends	636,414	397,935
2. Amortization of premiums/discounts	-	-
3. Net Appreciation in Fair Value	3,926,773	7,136,853
e. Other	2,861	-
f. Total revenues	<u>6,653,517</u>	<u>8,972,819</u>
Expenditures:		
a. Refunds of member contributions	12,726	117,123
b. Benefits paid	4,884,749	4,699,716
c. Administrative expenses	129,390	129,597
d. Investment expenses	194,091	198,162
e. Total expenditures	<u>5,220,956</u>	<u>5,144,598</u>
Reserve Increase:		
Total revenues minus total expenditures	<u>\$ 1,432,561</u>	<u>\$ 3,828,221</u>

Accounting Information Submitted for Valuation

RESERVE ACCOUNTS*

	<u>September 30, 2014</u>	<u>September 30, 2013</u>
Employees' contributions (Members' Saving Fund):	\$ 2,166,477	\$ 2,505,639
Employer contributions (Employer Reserve Fund):	(11,218,472)	(6,523,388)
Retired members and beneficiaries (Retirement Reserve Fund):	69,326,315	63,169,583
Inactive members (Deferred Retirement Fund):	<u>3,076,328</u>	<u>2,769,114</u>
Total	\$ 63,350,648	\$ 61,920,948

* *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	
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	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	5,179,467	53,397

* 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
9/30/1995	7.2 %	1.2	32.3 %
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)	1.0	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

** 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, 2014
by Type of Pension Being Paid**

<u>Type of Benefit Being Paid</u>	<u>No.</u>	<u>Annual Benefit</u>
Age & Service Benefits		
Straight Life	16	\$ 1,164,862
10 Year Certain	28	1,992,869
Joint and Survivor Benefits - Regular	27	970,182
Surviving Beneficiaries	10	187,747
Total Age and Service Benefits	81	4,315,660
Duty Disability Benefits		
Straight Life	0	0
10 Year Certain	1	41,329
Joint and Survivor Benefits	0	0
Surviving Beneficiaries	1	8,629
Total Duty Disability Benefits	2	49,958
Non-Duty Disability Benefits		
Straight Life	0	0
10 Year Certain	1	52,296
Joint and Survivor Benefits	0	0
Surviving Beneficiaries	1	15,691
Total Non-Duty Disability Benefits	2	67,987
Death-In-Service Benefits		
Non-Duty Spouse	1	41,892
Total Death-in-Service Benefits	1	41,892
Active DROP Members	11	703,970
Totals	97	\$ 5,179,467

**Retired Member and Beneficiary Data as of September 30, 2014
(Includes DROP Participants)
Tabulated by Attained Age**

Attained Age	No.	Annual Pensions
30 - 34	1	\$ 41,892
35 - 39	2	93,626
45 - 49	8	679,971
50 - 54	14	1,175,888
55 - 59	20	1,365,762
60 - 64	7	296,987
65 - 69	11	465,490
70 - 74	13	574,788
75 - 79	10	284,390
80 - 84	6	109,668
85 - 89	3	39,794
95 - 99	2	51,211
Totals	97	\$5,179,467

Average Age at Retirement: 49.4 years

Average Age Now: 64.1 years

**Vested Terminated Members as of September 30, 2014
Annual Estimated Pensions***

Tabulated by Attained Age

Attained Age	No.	Annual Estimated Pensions
26	1	\$ 6,825
28	3	21,484
29	4	34,090
33	1	9,473
38	1	18,089
39	2	61,435
40	3	103,087
41	1	30,770
44	1	23,802
46	2	21,873
47	1	2,624
48	1	24,708
49	1	50,301
50	1	2,280
Totals	23	\$410,838

* Includes estimated Plan B benefits for 3 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
2000	60	2		\$3,444,812	38.0 yrs.	10.1 yrs.	\$57,414
2001	62	2		3,959,149	37.8	10.0	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

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			E	Retirement		Service		Withdrawal		
		DROP	Other	Totals		A	E	A	E	A	E	
2005	7	0	2	2	9.4		0.1	0.1	3	2.8	72	
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	0	1	6.5		0.1	0.1	5	2.6	70	
2010	1	1	0	1	6.5		0.1	0.1	2	2.9	68	
2011	0	7	0	7	9.0	1	0.1	0.1	0	2.2	60	
2012	0	6	0	6	6.1		0.1	0.1	7	1.6	47	
2013	10	1	0	1	5.4		0.1	0.1	9	1.1	47	
2014	13	4	0	4	7.4	1	0.1	0.1	6	1.9	49	

A represents actual number.

E represents expected number.

Active Member Data as of September 30, 2014

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	\$ 140,999
25-29	2	1						3	154,525
30-34	5	3	1					9	513,595
35-39	2	1	1					4	248,759
40-44	2	2	2	4	1			11	860,731
45-49	4	2	4	1	1			12	875,994
50-54	1	3		1				5	426,029
55-59	1							1	54,513
60+		1						1	79,113
Totals	20	13	8	6	2			49	\$3,354,258

SECTION C

CERTAIN DISCLOSURES REQUIRED BY THE GOVERNMENTAL ACCOUNTING STANDARDS BOARD

This information is presented in draft form for review by the System's auditor. Please let us know if there are any items that the auditor changes so that we may maintain consistency with the System's financial statements. Future valuation reports will not include GASB Statement No. 25 disclosures. Additional plan disclosures under the new GASB Statement No. 67 are issued in a separate report.

GASB Statement No. 25
Required 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
2005 (a)	\$ 48,656	\$56,996	85.4 %	\$ 8,340	\$5,348	155.9 %
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

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)	35.36 %	\$1,943	\$2,010	100 %
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	2,059		
2016 (a)	63.23	2,233		

(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.

GASB Statement No. 25 Required 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, 2014
Actuarial cost method	Entry-Age
Amortization method	Level percent-of-payroll
Remaining amortization period*	12-30 years
Asset valuation method	5-year smoothed market
Actuarial assumptions	
Investment rate of return	7.50%
Projected salary increases	7.3% to 3.7%
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, 2014, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	97
Terminated plan members entitled to but not yet receiving benefits	23
Active plan members	
Vested	16
Non-vested	33
Totals	169

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

SECTION D

STATE REQUIRED DATA

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

	September 30, 2014		September 30, 2013
	After	Before	
(i) Actuarial present value of active member benefits:			
Service retirement	\$13,348	\$13,348	\$16,990
Vested termination benefits	187	201	201
Disability retirement	1,042	1,042	1,060
Survivor benefits (pre-retirement)	540	540	553
Termination benefits - refunds	37	62	48
Totals	15,153	15,193	18,853
(ii) Actuarial present value of terminated vested members	3,076	3,076	2,769
(iii) Actuarial present value of retired member & beneficiary	69,326	69,326	63,170
(iv) Reserves	0	0	748
(v) Total actuarial present value of future benefit payments	87,556	87,595	85,540
(vi) Present value of active member future payroll	42,860	42,860	43,806
(vii) Present value of future active member contributions	1,063	2,136	2,187
(viii) Active member accumulated contributions	2,166	2,166	2,506
(ix) Actuarial accrued liability using projected unit credit funding method	74,131	74,139	70,464

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

	September 30, 2014		September 30, 2013
	After	Before	
Actuarial Present Value of Accrued Benefits (calculated in accordance with FASB Statement No. 35)			
(i) Vested accrued benefits			
Retired members and beneficiaries	\$ 69,326	\$69,326	\$ 63,170
Terminated members	3,076	3,076	2,769
Active members (includes non-forfeitable accum. member contributions)	11,773	12,097	15,764
Total	84,175	84,499	81,703
(ii) Non-vested accrued benefits	749	1,158	1,059
(iii) Total actuarial p.v. of accrued benefits	84,924	85,657	82,762
(iv) Actuarial p.v. of accrued benefits at begin. of year	82,762	82,762	80,845
(v) Changes attributable to:			
Amendments	(733)	-	-
Assumption change	-	-	-
Operation of decrements	7,780	7,780	6,617
Benefit payments	(4,885)	(4,885)	(4,700)
Expenses	-	-	-
(vi) Net change	2,162	2,895	1,917
(vii) Actuarial p.v. of accr. benefits at end of year	84,924	85,657	82,762
Actuarial Present Value of Accrued Benefits Using FRS Interest Rate			
(i) Vested	\$ 81,886	\$82,195	\$ 79,436
(ii) Non-Vested	708	1,095	998
(iii) Total	82,594	83,289	80,435
(iv) Market Value of Assets (MVA)	63,351	63,351	61,921
(v) Funded Ratio Using FRS Interest Rate and MVA	76.70 %	76.06 %	76.98 %

Reconciliation of Membership Data

A. Active Members

1. Number Included in Last Valuation	47
2. New Members Included in Current Valuation	13
3. Non-Vested Employment Terminations	(3)
4. Vested Employment Terminations	(3)
5. Service Retirements	
6. DROP Retirements	(4)
7. Disability Retirements	(1)
8. Deaths	
9. Other (Transfer)	
10. Number Included in this Valuation	<u>49</u>

B. Terminated Vested Members

1. Number Included in Last Valuation	17
2. Additions from Active Members	6
3. Lump Sum Payments	
4. Payments Commenced	
5. Deaths	
6. Other	<u></u>
7. Number Included in this Valuation	23

C. Service Retirees, Disability Retirees and Beneficiaries

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

**Number Eligible/Number Electing Normal Retirement
During Year Ended September 30, 2014**

Age	Number Eligible	Number Electing Normal Retirement	
		DROP	Regular
44	1		
45	1		
46	1	1	
47	2	2	
50	1	1	
52	1		
65	1		
Totals	8	4	0

SECTION III
FIREFIGHTERS REPORT

OUTLINE OF CONTENTS
REPORT OF SEPTEMBER 30, 2014 ACTUARIAL VALUATION

Pages	Items
A	Detailed Valuation Results
1-3	Contribution requirement
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	Summary of Benefit Provisions and Valuation Data Submitted by the Retirement System
1-3	Benefit provisions
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C	Certain Disclosures Required by Statement No. 25 of the Governmental Accounting Standards Board
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D	State Required Data
1	Actuarial Present Value of Accrued Benefits
2	Summary of Valuation Results in State Format
3	Reconciliation of Membership Data
4	Number Eligible/Number Electing Normal Retirement

SECTION A

DETAILED VALUATION RESULTS

**Contributions to Finance Benefits of the Retirement System
for the Plan Year Beginning October 1, 2015
to be Contributed During the Fiscal Year Beginning October 1, 2015**

Contributions for	Contributions Expressed as Percents of UnDROPEd Active Member Payroll
Normal Cost	
Service pensions	3.61 %
Disability pensions	1.59
Death-in-service pensions	0.80
Deferred service pensions	0.42
Refunds of member contributions	0.39
Total Normal Cost	6.81
Unfunded Actuarial Accrued Liability (1)	
Retired members and beneficiaries	0.00
Active and vested terminated members	57.62
Total Unfunded Actuarial Accrued Liability	57.62
Administrative Expenses	3.53
Total Unadjusted Computed Contribution	67.96
Adjustments to Computed Contribution	
FS 112.64(5) Compliance	0.00
Full funding credit	0.00
Total adjustments	0.00
Total Adjusted Contribution Requirement	67.96
Member portion	4.18
Town portion	63.78

(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 9/30/13 after transfer			\$ -			
B. Chapter 175 receipts during fiscal year ending 9/30/14	\$ -	\$ -	0	\$5,302,770	\$ 2,501,137	\$7,803,907
C. Chapter 175 "frozen" receipts during fiscal year ending 9/30/14	201,787	50,247	252,034	3,228,592	753,705	3,982,297
D. Qualifying benefit improvements since Chapter 99-1 effective date			97,920			1,090,596
E. Additional premium tax revenues as of 9/30/2014 A + [B - C - D, not less than 0]			0 *			2,731,014

** 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, $(1.035^{1.5})$, which is consistent with the projection used to calculate actuarial liability.

Total Public Contribution Requirement	\$2,285,579
Chapter 175 Premium "frozen"	-
Chapter 175 Supplemental "frozen"	-
Funding from Add. Premium Tax Revenue	-
Base Town Contribution	\$2,285,579

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*
86/87 (a)	1985	22.23 %
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	2014	63.16
15/16 (a)	2014	63.78

(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
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 (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	(189)	56,897	83,329	68	26,432	3,403	777
2014 (a)	(189)	56,897	83,365	68	26,468	3,403	778

(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 beginning 9/30/2000.

& Excludes Police members 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, 2014**

DERIVATION

(1) UAAL at start of year	\$26,211,251
(2) Employer Normal cost for year	207,261
(3) Employer contributions for defined benefits	2,071,503
(4) Interest accrued .075 x [(1) + 1/2 ((2)-(3))]	1,895,935
(5) Expected UAAL before changes (1) + (2) - (3) + (4)	26,242,944
(6) Effect of assumption method changes	0
(7) Effect of benefit changes	35,743
(8) Expected UAAL after changes	26,278,687
(9) Actual UAAL	26,467,878
(10) Gain/(loss) (8) - (9)	(189,191)

UAAL represents Unfunded Actuarial Accrued Liability.

Derivation of Funding Value of Retirement System Assets

Year Ended September 30:	2013	2014	2015	2016	2017	2018
A. Funding Value Beginning of Year	\$56,303,556	\$56,006,749				
B. Market Value End of Year	57,436,358	58,419,961				
C. Market Value Beginning of Year	53,935,120	57,436,358				
D. Non-Investment Net Cash Flow	(3,398,222)	(3,019,910)				
E. Investment Income						
E1. Market Total: B - C - D	6,899,460	4,003,513				
E2. Amount for Immediate Recognition at 7.5%	4,095,333	4,087,260				
E3. Amount for Phased-In Recognition: E1 - E2	2,804,127	(83,747)				
F. Phased-In Recognition of Investment Income						
F1. Current Year: 0.20 x E3	560,825	(16,749)				
F2. First Prior Year	448,948	560,825	\$ (16,749)			
F3. Second Prior Year	(990,524)	448,948	560,825	\$ (16,749)		
F4. Third Prior Year	(179,489)	(990,524)	448,948	560,825	\$ (16,749)	
F5. Fourth Prior Year	(833,678)	(179,490)	(990,525)	448,950	560,827	\$ (16,751)
F6. Adjustment to Recognize 20% Corridor	0	0	0	0	0	0
F7. Total Recognized Investment Gain/(Loss)	(993,918)	(176,990)	2,499	993,026	544,078	(16,751)
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	56,006,749	56,897,109				
I. Difference between Market & Funding Value	1,429,609	1,522,852				
J. Recognized Rate of Return	5.68%	7.18%				
K. Recognized Rate of Investment Expenses	0.35%	0.33%				

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.

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

	<u>2014</u>	<u>2013</u>
A. Actuarial present value of future benefits	\$86,701,493	\$85,828,244
B. Actuarial present value of future normal costs	3,336,506	3,610,244
C. Actuarial accrued liability	83,364,987	82,218,000
D. Actuarial value of assets	56,897,109	56,006,749
E. Unfunded actuarial accrued liability	26,467,878	26,211,251
F. Funded ratio	68.3%	68.1%

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*
						Dollar	Percent of Payroll	
Initial Unfunded								
2011	20	17		\$ 22,069,854	12.530393	\$ 1,761,306	50.87 %	0.00 %
(Gain)/Loss Experience								
2010	30	26	\$ 1,384,923	1,485,110	16.532481	89,830	2.59	0.00
2011	30	27	(1,134,442)	(1,191,864)	16.898602	(70,530)	(2.04)	0.00
2012	30	28	5,221,198	5,384,838	17.251100	312,145	9.02	0.00
2013	30	29	2,023,014	2,055,585	17.590482	116,858	3.38	0.00
2014	30	30	189,191	189,191	17.917236	10,559	0.30	0.00
Benefit Changes								
2010	30	26	(7,020,622)	(7,528,499)	16.532481	(455,376)	(13.15)	0.00
2014	30	30	35,743	35,743	17.917236	1,995	0.06	0.00
Assumption/Method Changes								
2010	30	26	(740,005)	(793,538)	16.532481	(47,999)	(1.39)	0.00
2011	30	27	187,849	199,222	16.898602	11,789	0.34	0.00
2012	30	28	4,423,594	4,562,236	17.251100	264,461	7.64	0.00
Totals				\$ 26,467,878		\$ 1,995,038	57.62	0.00

* 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, 2014

Present Resources and Expected Future Resources

A. Funding Value of System Assets:	
1. Net Assets from System Financial Statements (Market Value)	\$58,419,961
2. Funding Value Adjustment	<u>(1,522,852)</u>
3. Funding Value of Assets	56,897,109
B. Actuarial Present Value of Expected Future Employer Contributions:	
1. For Normal Costs	1,232,392
2. For Unfunded Actuarial Accrued Liability	<u>26,467,878</u>
3. Totals	27,700,270
C. Actuarial Present Value of Expected Future Member Contributions	<u>2,104,114</u>
D. Total Present and Expected Future Resources	<u><u>\$86,701,493</u></u>

Actuarial Present Value of Expected Future Benefit Payments and Reserves

A. To Retirants and Beneficiaries	\$71,675,979
B. To Vested Terminated Members	2,817,445
C. To Present Active Members:	
1. Allocated to Service Rendered Prior to Valuation Date	8,871,563
2. Allocated to Service likely to be Rendered After Valuation Date	<u>3,336,506</u>
3. Totals	12,208,069
D. Reserve for Employer Contributions	0
E. Total Actuarial Present Value of Expected Future Benefit Payments	<u><u>\$86,701,493</u></u>

SECTION B

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

Summary of Benefit Provisions (September 30, 2014)

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.

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 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 unmarried children under 18.

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:

Benefit Group	Contribution Rate as a Percent of Pay		
	Before May 1, 2012	On and After May 1, 2012	On and After October 1, 2013
Firefighter (Bargaining Unit)	6.82%	4.82%	4.82%
Firefighter (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, 2014@</u>	<u>September 30, 2013@</u>
Cash		
Accrued interest and dividends		
Other receivables		
Investments		
- US government securities		
- Corporate bonds and notes		
- Domestic fixed income funds		
- Common stock		
- Equity funds		
- Real Asset funds		
- Alternative investments		
Accounts payable		
Other		
Total Assets	\$58,419,961	\$57,436,358

@ These figures were not available as of the valuation date.

Accounting Information Utilized for Valuation

Revenues and Expenditures

	<u>Year Ended</u> <u>September 30, 2014</u>	<u>Year Ended</u> <u>September 30, 2013</u>
Revenues:		
a. Member contributions	\$ 154,199	\$ 190,047
b. Town contributions	2,071,503	1,370,636
c. State contributions (Chapter 175)	- #	- *
d. Investment income		
1. Interest and dividends	590,322	386,137
2. Amortization of premiums/discounts	-	-
3. Net appreciation in fair value	3,642,379	6,925,255
e. Other	-	-
f. Total revenues	6,458,403	8,872,075
Expenditures:		
a. Refunds of member contributions	21,692	-
b. Benefits paid	5,103,900	4,847,953
c. Supplemental pension distribution	-	-
d. Administrative expenses	120,020	125,755
e. Investment expenses	180,034	192,287
f. DROP & share account distributions/expenses	49,154	204,842
g. Total expenditures	5,474,800	5,370,837
Reserve Increase:		
Total revenues minus total expenditures	\$ 983,603	\$ 3,501,238

* Aggregate share account assets of \$1,269,110 were excluded.

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

Accounting Information Submitted for Valuation

Reserve Accounts*

	<u>September 30, 2014</u>	<u>September 30, 2013</u>
Employees' contributions (Members' Saving Fund)	\$ 1,876,695	\$ 2,811,972
Employer contributions (Employer Reserve Fund)	(17,950,158)	(13,035,671)
Retired members and beneficiaries (Retirement Reserve Fund)	71,675,979	65,590,236
Inactive members (Deferred Retirement Fund)	<u>2,817,445</u>	<u>2,069,821</u>
Total	\$ 58,419,961	\$ 57,436,358

* 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	
1985	15	5	10	\$ 166,787	141	\$ 1,103,994	\$ 7,830
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

* 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
9/30/1995	7.2 %	1.1	38.7 %
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

** Prior to September 30, 2000, General and Ocean Rescue were included. Prior to September 30, 2004, Police were included.

**Retired Member and Beneficiary Data as of September 30, 2014
by Type of Pension Being Paid**

<u>Type of Benefit Being Paid</u>	<u>No.</u>	<u>Annual Benefit</u>
Age & Service Benefits		
Straight Life	6	\$ 231,331
10-Year Certain	29	2,000,980
Joint and Survivor Benefits - Regular	28	1,230,394
Surviving Beneficiaries	13	332,264
Total Age and Service Benefits	76	3,794,969
Duty Disability Benefits		
Straight Life	1	29,311
10-Year Certain	0	0
Joint and Survivor Benefits	1	49,205
Surviving Beneficiaries	0	0
Total Duty Disability Benefits	2	78,516
Non-Duty Disability Benefits		
Straight Life	0	0
10-Year Certain	4	171,488
Joint and Survivor Benefits	4	100,257
Surviving Beneficiaries	0	0
Total Non-Duty Disability Benefits	8	271,745
Death-In-Service Benefits		
Non-Duty Spouse	0	0
Total Death-in-Service Benefits	0	0
Active DROP Members	15	1,223,207
Totals	101	\$ 5,368,437

**Retired Member and Beneficiary Data as of September 30, 2014
(Includes DROP Participants)
Tabulated by Attained Age**

Attained Age	No.	Annual Pensions
Under 40	2	\$ 80,913
40 - 44	5	387,623
45 - 49	7	565,388
50 - 54	14	1,127,627
55 - 59	19	1,138,886
60 - 64	15	686,516
65 - 69	8	358,736
70 - 74	15	535,799
75 - 79	6	206,043
80 - 84	5	155,045
85 - 89	4	115,940
90 - 94	1	9,921
Totals	101	\$ 5,368,437

Average Age at Retirement: 48.4 years

Average Age Now: 62.4 years

Vested Terminated Members as of September 30, 2014
Annual Estimated Pensions*
Tabulated by Attained Age

Attained Age	No.	Annual Estimated Pensions
27	1	\$ 7,934
28	1	17,168
29	1	7,613
31	3	40,694
33	3	47,619
34	2	41,418
36	1	7,967
38	2	30,075
41	1	3,822
42	3	121,924
43	1	11,811
44	1	59,394
45	1	2,852
46	1	12,373
47	2	16,585
48	1	2,563
Totals	25	\$ 431,811

* 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
2000	56	0		\$2,785,352	37.3 yrs.	10.9 yrs.	\$49,738
2001	58	0		3,104,984	36.4	10.1	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

Number Added to and Removed from Active Membership

Year Ended Sept. 30	Number Added During Year	Retirement				Disability Retirement E	Died-in-		Withdrawal		Active Members End of Year
		A			E		Service A	E	A	E	
		DROP	Other	Totals							
2005	11	1	1	2	7	0.1	0.1	2	3.0	74	
2006	4	1	1	2	8.0	0.1	0.1	2	3.7	74	
2007	5	3	0	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	0	2	1	3	7.0	0.1	0.1	1	2.7	69	
2011	0	8	0	8	5.9	0.1	0.1	1	2.2	60	
2012	0	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		5	7.7	0.1	0.0	9	1.8	50	

A represents actual number.

E represents expected number.

Active Member Data as of September 30, 2014

by Attained Age and Years of Service

Attained 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	4							4	\$ 215,578
25-29	4							4	221,697
30-34	6	3	2					11	621,179
35-39	3	4	4	1				12	819,745
40-44	1		4	5				10	847,129
45-49	1	2	2					5	351,220
50-54	1		2					3	275,957
60	1							1	50,802
Totals	21	9	14	6				50	\$3,403,307

SECTION C

CERTAIN DISCLOSURES REQUIRED BY STATEMENT NO. 25 OF THE GOVERNMENTAL ACCOUNTING STANDARDS BOARD

This information is presented in draft form for review by the System's auditor. Please let us know if there are any items that the auditor changes so that we may maintain consistency with the System's financial statements. Future valuation reports will not include GASB Statement No. 25 disclosures. Additional plan disclosures under the new GASB Statement No. 67 are issued in a separate report.

GASB Statement No. 25
Required 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
2005 (a)	\$45,765	\$59,314	77.2 %	\$ 13,549	\$5,237	258.7 %
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

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	2,211		
2016 (a)	63.78	2,286		

(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.

GASB Statement No. 25 Required 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, 2014
Actuarial cost method	Entry-Age
Amortization method	Level percent of payroll
Remaining amortization period*	17-30 years
Asset valuation method	5-year smoothed market
Actuarial assumptions	
Investment rate of return	7.50%
Projected salary increases	7.3% to 3.5%
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, 2014, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	101
Terminated plan members entitled to but not yet receiving benefits	25
Active plan members	
Vested	20
Non-vested	30
	30
Totals	176

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

SECTION D

STATE REQUIRED DATA

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

	September 30, 2014		September 30, 2013
	After	Before	
(i) Actuarial present value of active member benefits:			
Service retirement	\$10,132	\$10,131	\$15,008
Vested termination benefits	240	242	246
Disability retirement	1,161	1,161	1,297
Survivor benefits (pre-retirement)	594	594	672
Termination benefits - refunds	80	82	41
Totals	12,208	12,212	17,265
(ii) Actuarial present value of terminated vested members	2,817	2,817	2,070
(iii) Actuarial present value of retired member & beneficiary	71,676	71,676	65,590
(iv) Reserves	0	0	903
(v) Total actuarial present value of future benefit payments	86,701	86,705	85,828
(vi) Present value of active member future payroll	49,939	49,939	53,228
(vii) Present value of future active member contributions	2,104	2,407	2,568
(viii) Active member accumulated contributions	1,877	1,877	2,812
(ix) Actuarial accrued liability using projected unit credit funding method	82,666	82,667	81,258

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

	September 30, 2014		September 30, 2013
	After	Before	
Actuarial Present Value of Accrued Benefits (calculated in accordance with FASB Statement No. 35)			
(i) Vested accrued benefits			
Retired members and beneficiaries	\$ 71,676	\$ 71,676	\$ 65,590
Terminated members	2,817	2,817	2,070
Active members (includes non-forfeitable accum. member contributions)	8,960	9,134	13,732
Total	83,453	83,627	81,392
(ii) Non-vested accrued benefits	965	999	1,192
(iii) Total actuarial p.v. of accrued benefits	84,418	84,626	82,584
(iv) Actuarial p.v. of accrued benefits at begin. of year	82,584	82,584	80,515
(v) Changes attributable to:			
Amendments	(208)	-	-
Assumption change	-	-	-
Operation of decrements	7,146	7,146	6,917
Benefit payments	(5,104)	(5,104)	(4,848)
Expenses	-	-	-
(vi) Net change	1,834	2,042	2,069
(vii) Actuarial p.v. of accr. benefits at end of year	84,418	84,626	82,584
Actuarial Present Value of Accrued Benefits Using FRS Interest Rate			
(i) Vested	\$ 77,366	\$ 77,531	\$ 76,305
(ii) Non-Vested	903	935	1,123
(iii) Total	78,269	78,466	77,428
(iv) Market Value of Assets (MVA)	58,420	58,420	57,436
(v) Funded Ratio Using FRS Interest Rate and MVA	74.64 %	74.45 %	74.18 %

Reconciliation of Membership Data

A. Active Members

1. Number Included in Last Valuation	50
2. New Members Included in Current Valuation	14
3. Non-Vested Employment Terminations	(1)
4. Vested Employment Terminations	(8)
5. Service Retirements	
6. DROP Retirements	(5)
7. Disability Retirements	
8. Deaths	
9. Other (Transfer)	
10. Number Included in this Valuation	<u>50</u>

B. Terminated Vested Members

1. Number Included in Last Valuation	13
2. Additions from Active Members	12
3. Lump Sum Payments	
4. Payments Commenced	
5. Deaths	
6. Other	
7. Number Included in this Valuation	<u>25</u>

C. Service Retirees, Disability Retirees and Beneficiaries

1. Number Included in Last Valuation	97
2. Additions from Active Members	5
3. Additions from Terminated Vested Members	
4. Removed (Deaths, Benefit Termination, Data Corrections)	(3)
5. Added (Beneficiaries/Data Corrections)	<u>2</u>
6. Number Included in this Valuation	101

**Number Eligible/Number Electing Normal Retirement
During Year Ended September 30, 2014**

Age	Number Eligible	Number Electing Normal Retirement	
		DROP	Regular
41	1	1	
45	1	1	
47	1	1	
48	1	1	
49	1	1	
Totals	5	5	0

APPENDIX

**ACTUARIAL COST METHOD, ACTUARIAL
ASSUMPTIONS AND DEFINITIONS OF TECHNICAL
TERMS**

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 (UAAL). The UAAL 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 UAAL Amortization Schedule*

Year	Investment Assumption 7.50%	Inflation Assumption 3.50%	
	Payroll	UAAL Balance	Payment
1	\$ 9,868,597	\$ 16,056,434	\$ 896,148
2	10,213,998	16,315,343	927,513
3	10,571,488	16,560,585	959,976
4	10,941,490	16,789,975	993,576
5	11,324,442	17,001,126	1,028,351
6	11,720,798	17,191,431	1,064,343
7	12,131,026	17,358,041	1,101,595
8	12,555,611	17,497,851	1,140,151
9	12,995,058	17,607,474	1,180,056
10	13,449,885	17,683,225	1,221,358
11	13,920,631	17,721,089	1,264,106
12	14,407,853	17,716,699	1,308,349
13	14,912,128	17,665,308	1,354,141
14	15,434,052	17,561,758	1,401,536
15	15,974,244	17,400,446	1,450,590
16	16,533,343	17,175,290	1,501,361
17	17,112,010	16,879,691	1,553,908
18	17,710,930	16,506,491	1,608,295
19	18,330,812	16,047,929	1,664,586
20	18,972,391	15,495,597	1,722,846
21	19,636,425	14,840,381	1,783,146
22	20,323,699	14,072,417	1,845,556
23	21,035,029	13,181,020	1,910,150
24	21,771,255	12,154,629	1,977,006
25	22,533,249	10,980,735	2,046,201
26	23,321,913	9,645,807	2,117,818
27	24,138,179	8,135,213	2,191,941
28	24,983,016	6,433,133	2,268,659
29	25,857,421	4,522,469	2,348,062
30	26,762,431	2,384,745	2,430,245
31	27,699,116	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	\$ 206,713	\$1,802,060	\$ 100,577
2	213,948	1,831,118	104,098
3	221,436	1,858,642	107,741
4	229,186	1,884,387	111,512
5	237,207	1,908,086	115,415
6	245,510	1,929,444	119,454
7	254,103	1,948,143	123,635
8	262,996	1,963,834	127,962
9	272,201	1,976,138	132,441
10	281,728	1,984,639	137,077
11	291,589	1,988,889	141,874
12	301,794	1,988,396	146,840
13	312,357	1,982,629	151,979
14	323,289	1,971,007	157,298
15	334,605	1,952,902	162,804
16	346,316	1,927,632	168,502
17	358,437	1,894,457	174,400
18	370,982	1,852,571	180,504
19	383,966	1,801,105	186,821
20	397,405	1,739,116	193,360
21	411,314	1,665,579	200,128
22	425,710	1,579,388	207,132
23	440,610	1,479,344	214,382
24	456,032	1,364,149	221,885
25	471,993	1,232,400	229,651
26	488,513	1,082,577	237,689
27	505,610	913,038	246,008
28	523,307	722,009	254,618
29	541,623	507,570	263,530
30	560,579	267,647	272,753
31	580,200	0	0

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

Police
UAAL Amortization Schedule*

Year	Investment Assumption	Inflation Assumption	
	7.50%	UAAL Balance	3.50%
	Payroll		Payment
1	\$ 3,354,258	\$ 22,805,493	\$ 1,272,829
2	3,471,658	23,173,231	1,317,378
3	3,593,166	23,521,555	1,363,487
4	3,718,926	23,847,366	1,411,209
5	3,849,089	24,147,271	1,460,601
6	3,983,807	24,417,567	1,511,722
7	4,123,240	24,654,209	1,564,632
8	4,267,554	24,852,785	1,619,394
9	4,416,918	25,008,488	1,676,073
10	4,571,510	25,116,079	1,734,736
11	4,731,513	25,169,858	1,795,452
12	4,897,116	25,163,623	1,858,292
13	5,068,515	25,090,631	1,923,333
14	5,245,913	24,943,555	1,990,649
15	5,429,520	24,714,438	2,060,322
16	5,619,553	24,394,642	2,132,433
17	5,816,237	23,974,793	2,207,068
18	6,019,806	23,444,724	2,284,316
19	6,230,499	22,793,414	2,364,267
20	6,448,566	22,008,917	2,447,016
21	6,674,266	21,078,293	2,532,662
22	6,907,865	19,987,527	2,621,305
23	7,149,641	18,721,446	2,713,051
24	7,399,878	17,263,628	2,808,007
25	7,658,874	15,596,308	2,906,288
26	7,926,935	13,700,265	3,008,008
27	8,204,377	11,554,716	3,113,288
28	8,491,530	9,137,195	3,222,253
29	8,788,734	6,423,415	3,335,032
30	9,096,340	3,387,133	3,451,758
31	9,414,712	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	\$ 3,403,307	\$26,467,878	\$ 1,477,236
2	3,522,423	26,894,672	1,528,939
3	3,645,708	27,298,934	1,582,452
4	3,773,307	27,677,068	1,637,838
5	3,905,373	28,025,136	1,695,162
6	4,042,061	28,338,839	1,754,493
7	4,183,533	28,613,484	1,815,900
8	4,329,957	28,843,950	1,879,457
9	4,481,506	29,024,657	1,945,238
10	4,638,358	29,149,526	2,013,321
11	4,800,701	29,211,941	2,083,787
12	4,968,725	29,204,705	2,156,720
13	5,142,631	29,119,991	2,232,205
14	5,322,623	28,949,296	2,310,332
15	5,508,915	28,683,385	2,391,194
16	5,701,727	28,312,232	2,474,886
17	5,901,287	27,824,958	2,561,507
18	6,107,832	27,209,764	2,651,159
19	6,321,606	26,453,859	2,743,950
20	6,542,862	25,543,378	2,839,988
21	6,771,863	24,463,303	2,939,388
22	7,008,878	23,197,368	3,042,266
23	7,254,189	21,727,964	3,148,746
24	7,508,085	20,036,033	3,258,952
25	7,770,868	18,100,953	3,373,015
26	8,042,849	15,900,421	3,491,070
27	8,324,348	13,410,314	3,613,258
28	8,615,700	10,604,557	3,739,722
29	8,917,250	7,454,965	3,870,612
30	9,229,354	3,931,081	4,006,084
31	9,552,381	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.

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).

The assumptions regarding the INVESTMENT RETURN rate, INFLATION rate, REAL INVESTMENT RETURN rate, and SALARY INCREASE rates were revised effective September 30, 2012. 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:

	Year Ended September 30					
	2014	2013	2012	2011	2010	Average for Period
Actual	1.7%	1.2%	2.0%	3.9%	1.1%	2.0%
Assumed	3.0%	3.0%	3.0%	4.0%	5.0%	3.6%

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 and Ocean Rescue

	Year Ended September 30					
	2014	2013	2012	2011	2010	Average for Period
Total Rate of Return	8.5 %	7.7 %	1.9 %	1.7 %	2.9 %	4.6 %
less investment expenses	0.3	0.4	0.4	0.4	0.3	0.4
Net Rate of Return	8.2	7.3	1.5	1.3	2.6	4.2
less inflation rate	1.7	1.2	2.0	3.9	1.1	2.0
Net Real Rate of Return	6.5	6.1	(0.5)	(2.6)	1.5	2.2
Assumed Real Rate	4.0 %	4.0 %	4.0 %	4.0 %	3.0 %	3.8 %
Assumed Net Rate	7.5 %	7.5 %	8.0 %	8.0 %	8.0 %	7.8 %

Police

	Year Ended September 30					Average for Period
	2014	2013	2012	2011	2010	
Total Rate of Return	7.1%	5.1%	0.9%	1.6%	3.2%	3.6%
less investment expenses	0.3	0.3	0.3	0.4	0.4	0.3
Net Rate of Return	6.8	4.8	0.6	1.2	2.8	3.3
less inflation rate	1.7	1.2	2.0	3.9	1.1	2.0
Net Real Rate of Return	5.1	3.6	(1.4)	(2.7)	1.7	1.3
Assumed Real Rate	4.0%	4.0%	4.0%	4.0%	3.0%	3.8%
Assumed Net Rate	7.5%	7.5%	7.5%	8.0%	8.0%	7.7%

Fire

	Year Ended September 30					Average for Period
	2014	2013	2012	2011	2010	
Total Rate of Return	7.2%	5.7%	0.9%	1.3%	3.0%	3.6%
less investment expenses	0.3	0.4	0.2	0.3	0.3	0.3
Net Rate of Return	6.9	5.4	0.7	1.0	2.7	3.3
less inflation rate	1.7	1.2	2.0	3.9	1.1	2.0
Net Real Rate of Return	5.2	4.2	(1.3)	(2.9)	1.6	1.3
Assumed Real Rate	4.0%	4.0%	4.0%	4.0%	3.0%	3.8%
Assumed Net Rate	7.5%	7.5%	7.5%	8.0%	8.0%	7.7%

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	3.8 %	2.7 %	2.1 %	1.1 %	0.2 %
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>
Totals	7.3 %	6.2 %	5.6 %	4.6 %	3.7 %

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

	Year Ended September 30					Average 10-Year#
	2014	2013	2012	2011	2010	
% Change: Actual*						
- Gen.	3.4 %	(1.8) %	0.6 %	1.0 %	1.1 %	
- O.R.	3.5	(0.4)	(2.1)	2.1	1.5	
- Pol.	4.0	(12.6)	1.9	0.8	1.1	
- Fire	3.0	(6.2)	(5.7)	0.4	3.1	
Assumed						
- Gen.	5.0	5.0	4.9	7.0	6.9	
- O.R.	5.2	5.3	5.4	7.5	7.7	
- Pol.	5.5	5.6	6.6	6.7	7.6	
- Fire	5.8	5.6	6.7	6.8	7.7	
% Change in Total Payroll						
- Gen.	3.9	(1.9)	(9.7)	(4.8)	(12.7)	(1.2) %
- O.R.	3.5	(0.4)	(2.1)	(50.1)	(21.2)	0.0
- Pol.	(2.9)	(18.6)	(18.8)	(13.6)	(2.3)	(2.7)
- Fire	(16.7)	(10.2)	(20.5)	(17.3)	(2.8)	(1.3)

* 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.

	Year Ended September 30					Average 5-Year	
	2014	2013	2012	2011	2010		
Net Rate of Investment							
Return							
- Gen./O.R.	8.5 %	7.7 %	1.9 %	1.7 %	2.9 %	4.6 %	
- Pol.	7.1	5.1	0.9	1.6	3.2	3.6	
- Fire	7.2	5.6	0.9	1.3	3.0	3.6	
Rate of Change							
in Average Pay -							
- Gen.	3.4	(1.8)	0.6	1.0	1.1	0.9	
- O.R.	3.5	(0.4)	(2.1)	2.1	1.5	0.9	
- Pol.	4.0	(12.6)	1.9	0.8	1.1	5.8	
- Fire	3.0	(6.2)	(5.7)	0.4	3.1	5.8	
Difference: Actual -							
- Gen.	5.1	9.5	1.3	0.7	1.8	3.7	
- O.R.	5.0	8.1	4.0	(0.4)	1.4	3.6	
- Pol.	3.1	17.7	(1.0)	0.8	2.1	(0.6)	
- Fire	4.2	11.8	6.6	0.9	(0.1)	(1.3)	
Target	- All	4.0	4.0	4.0	4.0	3.0	3.8

MORTALITY TABLE. The mortality tables used to measure retired life mortality were the RP-2000 Combined healthy mortality table for males and the RP-2000 Combined healthy mortality table for females. The mortality rates used in evaluating disability allowances were the RP-2000 Combined mortality tables, set forward 10 years for males and females. No margin for future mortality improvements are included in these tables.

Sample Ages	Value of \$1 Monthly for Life		Future Life Expectancy (Years)	
	Men	Women	Men	Women
50	\$141.96	\$145.59	30.80	33.59
55	133.68	138.42	26.18	28.91
60	123.21	129.20	21.74	24.38
65	110.73	118.12	17.61	20.12
70	96.66	105.41	13.88	16.23
75	81.22	91.30	10.57	12.74
80	65.29	76.14	7.75	9.68

This assumption is used to measure the probabilities of members dying before retirement and the probabilities of each benefit payment being made after retirement.

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	Years of Service	Percent Separating Within Next Year			
		General	Ocean Rescue	Police	Fire
ALL	0	40.00 %	15.00 %	15.00 %	15.00 %
	1	25.00	10.00	10.00	10.00
	2	15.00	8.00	8.00	8.00
	3	10.00	7.00	7.00	7.00
	4	7.00	6.00	6.00	6.00
20	5 & Over	6.00	5.00	5.00	5.00
25		6.00	5.00	5.00	5.00
30		5.50	4.50	4.50	4.50
35		4.40	3.55	3.55	3.55
40		1.85	1.45	1.45	1.45
45		1.25	0.75	0.75	0.75
50		1.25	0.75	0.75	0.75
55		1.25	0.75	0.75	0.75
60		1.25	--	--	--

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 grandfathered 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			

Police and Fire

Age & Service		Rule of 65		Service Based	
Retirement Ages	Percent Retiring	Age Plus Service	Percent Retiring	Service Based	Percent Retiring
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.

An 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

Retirement Ages	Percent Retiring General/Ocean Rescue/Police/Fire	Early Retirement Ages	Percent Retiring General
		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, 2014 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.

**Summary of Assumptions Used
September 30, 2014
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).

February 10, 2015

Mr. William Hanes, Esq.
Pension Administrator
William P. Hanes Consulting, Inc.
249 Royal Palm Way – Room 301 D
Palm Beach, Florida 33480

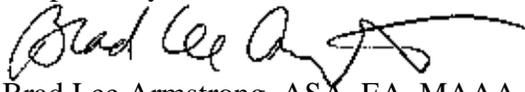
Dear Mr. Hanes:

Enclosed are twenty copies of the Combined Annual Actuarial Valuation Report as of September 30, 2014 for the Town of Palm Beach Retirement System.

One copy should be sent, within 60 days to:

Department of Management Services
Division of Retirement
Bureau of Program Services
2639 North Monroe Street
Tallahassee, Florida 32399-1560

Respectfully submitted,



Brad Lee Armstrong, ASA, EA, MAAA

BLA:bd
Enclosures

cc: Marcum
Attn: Mr. Michael D. Futterman (2 copies)

UPDATED 9/2014

Marcum

**Attn: Mr. Michael D. Futterman
525 Okeechobee Blvd, Suite 750
West Palm Beach, FL 33401**