

TOWN OF LONGBOAT KEY  
CONSOLIDATED RETIREMENT SYSTEM

ACTUARIAL VALUATION AND REPORT  
AS OF OCTOBER 1, 2016

CONTRIBUTIONS APPLICABLE TO THE PLAN/  
FISCAL YEAR ENDED SEPTEMBER 30, 2018

February 16, 2017

Board of Trustees  
Town of Longboat Key  
501 Bay Isles Road  
Longboat Key, FL 34228

Re: Town of Longboat Key  
Consolidated Retirement System

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the Town of Longboat Key Consolidated Retirement System. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and to develop the appropriate funding requirements for the applicable plan year. Please note that this valuation may not be applicable for any other purposes.

The valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board, and reflects laws and regulations issued to date pursuant to the provisions of Chapter 112, Florida Statutes, as well as applicable federal laws and regulations. In our opinion, the assumptions used in this valuation, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience. Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations.

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by the Town of Longboat Key and the actuarial assumptions and methods described in the Actuarial Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

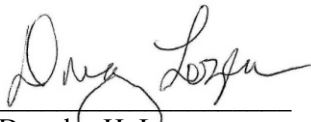
The undersigned is familiar with the immediate and long-term aspects of pension valuations, and meets the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the actuarial opinions.

To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the Town of Longboat Key, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the Town of Longboat Key Consolidated Retirement System. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

If there are any questions, concerns, or comments about any of the items contained in this report, please contact me at 239-433-5500.

Respectfully submitted,

Foster & Foster, Inc.

By:   
Douglas H. Lozen  
Enrolled Actuary #14-7778

DHL/lke

Enclosures

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## SUMMARY OF REPORT

The regular annual actuarial valuation of the Town of Longboat Key Consolidated Retirement System, performed as of October 1, 2016, has been completed, and the results are presented in this Report. The results of this valuation are applicable to the plan/fiscal year ended September 30, 2018.

The contribution requirements, compared with those set forth in the June 30, 2016, Actuarial Impact Statements (determined as of October 1, 2015), for each of the prior Police, Fire, and General Employee Plans, are as follows:

Valuation Date	10/1/2016	10/1/2015
Applicable Fiscal Year	<u>9/30/2018</u>	<u>9/30/2017</u>
Police Officers	\$664,376	\$585,869
Firefighters	\$1,876,726	\$1,660,200
General Employees	<u>\$742,489</u>	<u>\$679,109</u>
Town Required Contribution	\$3,283,591	\$2,925,178

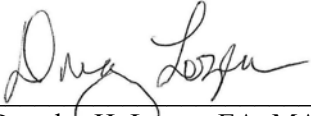
Experience since the prior valuation was less favorable than expected, based on the actuarial assumptions. The primary sources of unfavorable experience included an actuarial investment return (four year smoothed average, net of investment-related expenses) that fell short of the 7.0% assumption, lower than expected retiree mortality for the Police and Fire participants, and fewer than expected members electing the cash-out option offered by Ordinance 2016-22.

In addition to the net actuarial losses described above, funding requirements have increased due to the adoption of the state-mandated mortality assumption pursuant to Chapter 2015-157, Laws of Florida.

The balance of this Report presents additional details of the actuarial valuation and the general operation of the Fund. The undersigned would be pleased to meet with the Board of Trustees in order to discuss the Report and any pending questions concerning its contents.

Respectfully submitted,

FOSTER & FOSTER, INC.

By:   
\_\_\_\_\_  
Douglas H. Lozen, EA, MAAA

By:   
\_\_\_\_\_  
Christine M. O'Neal, FSA, EA, MAAA

## CHANGES SINCE PRIOR VALUATION

### Plan Changes

Ordinance 2016-22, adopted and effective July 5, 2016, provided a lump sum cash out option to active Members and prior Vested participants who were due a deferred monthly benefit. Actuarial Impact Statements for each of the prior Police, Fire, and General Employee Plans were submitted for this Ordinance.

### Actuarial Assumption/Method Changes

In conjunction with this valuation of the Plan, the mortality assumption was changed to that mandated by the provisions of Chapter 2015-157, Laws of Florida. The impact on the Plan's funding requirements and liabilities is set forth in the body of this report.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS  
POLICE OFFICERS

	New Assump <u>10/1/2016</u>	Old Assump <u>10/1/2016</u>	June 30, 2016 Impact Statement <u>10/1/2015</u>
A. Participant Data			
Number Included			
Actives	6	6	4
Service Retirees	16	16	15
DROP Retirees	0	0	1
Beneficiaries	3	3	3
Disability Retirees	1	1	1
Terminated Vested	<u>2</u>	<u>2</u>	<u>0</u>
 Total	 28	 28	 24
 Total Annual Payroll	 N/A	 N/A	 N/A
Payroll Under Assumed Ret. Age	N/A	N/A	N/A
 Annual Rate of Payments to:			
Service Retirees	692,802	692,802	605,605
DROP Retirees	0	0	75,015
Beneficiaries	89,851	89,851	88,390
Disability Retirees	19,609	19,609	19,609
Terminated Vested	50,975	50,975	0
 B. Assets			
Actuarial Value <sup>1</sup>	6,919,849	6,919,849	5,962,870
Market Value <sup>1</sup>	6,636,441	6,636,441	5,607,388
 C. Liabilities			
Present Value of Benefits			
Actives			
Retirement Benefits	719,696	698,929	251,990
Disability Benefits	89,471	93,785	75,731
Death Benefits	14,238	6,739	2,900
Vested Benefits	26,616	26,198	12,875
Refund of Contributions	0	0	0
Service Retirees	9,910,310	9,355,306	8,104,431
DROP Retirees <sup>1</sup>	0	0	1,364,850
Beneficiaries	862,648	770,243	785,299
Disability Retirees	137,659	120,566	126,020
Terminated Vested	506,362	486,056	0
Excess State Monies Reserve	<u>3,601</u>	<u>3,601</u>	<u>3,601</u>
 Total	 12,270,601	 11,561,423	 10,727,697



## POLICE OFFICERS

C. Liabilities - (Continued)	June 30, 2016		
	New Assump <u>10/1/2016</u>	Old Assump <u>10/1/2016</u>	Impact Statement <u>10/1/2015</u>
Present Value of Future Salaries	N/A	N/A	N/A
Present Value of Future Member Contributions	N/A	N/A	N/A
Normal Cost (Retirement)	0	0	0
Normal Cost (Disability)	16,003	16,892	14,493
Normal Cost (Death)	1,961	827	405
Normal Cost (Vesting)	0	0	0
Normal Cost (Refunds)	<u>0</u>	<u>0</u>	<u>0</u>
Total Normal Cost	17,964	17,719	14,898
Present Value of Future Normal Costs	64,660	63,832	58,378
Accrued Liability (Retirement)	719,696	698,929	251,990
Accrued Liability (Disability)	32,589	33,219	19,172
Accrued Liability (Death)	6,460	3,473	1,081
Accrued Liability (Vesting)	26,616	26,198	12,875
Accrued Liability (Refunds)	0	0	0
Accrued Liability (Inactives) <sup>1</sup>	11,416,979	10,732,171	10,380,600
Excess State Monies Reserve	<u>3,601</u>	<u>3,601</u>	<u>3,601</u>
Total Actuarial Accrued Liability	12,205,941	11,497,591	10,669,319
Unfunded Actuarial Accrued Liability (UAAL)	5,286,092	4,577,742	4,706,449
Funded Ratio (AVA / AL)	56.7%	60.2%	55.9%
D. Actuarial Present Value of Accrued Benefits			
Vested Accrued Benefits			
Inactives <sup>1</sup>	11,416,979	10,732,171	10,380,600
Actives	460,711	435,878	138,087
Member Contributions	<u>379,050</u>	<u>379,050</u>	<u>192,566</u>
Total	12,256,740	11,547,099	10,711,253
Non-vested Accrued Benefits	<u>0</u>	<u>0</u>	<u>0</u>
Total Present Value Accrued Benefits	12,256,740	11,547,099	10,711,253
Funded Ratio (MVA / PVAB)	54.1%	57.5%	52.4%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:			
Plan Amendments	0	0	
Assumption Changes	709,641	0	
New Accrued Benefits	0	1,059,120	
Benefits Paid	0	(940,156)	
Interest	0	716,882	
Other	<u>0</u>	<u>0</u>	
Total	709,641	835,846	

POLICE OFFICERS

	New Assump	Old Assump	June 30, 2016 Impact Statement
Valuation Date	10/1/2016	10/1/2016	10/1/2015
Applicable to Fiscal Year Ending	<u>9/30/2018</u>	<u>9/30/2018</u>	<u>9/30/2017</u>
E. Pension Cost			
Normal Cost <sup>2</sup>	\$19,850	\$19,579	\$16,462
Administrative Expenses <sup>2</sup>	43,368	43,368	46,837
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 26 years (as of 10/1/2016) <sup>2</sup>	601,158	532,107	522,570
Total Required Contribution	664,376	595,054	585,869
Expected Member Contributions <sup>2</sup>	0	0	0
Expected Town & State Contribution	664,376	595,054	585,869
F. Past Contributions			
Plan Years Ending:	<u>9/30/2016</u>		
Total Required Contribution	623,019		
Actual Contributions Made:			
Town	623,019		
G. Net Actuarial (Gain)/Loss	126,856		

<sup>1</sup> The asset values and liabilities for DROP Members include accumulated DROP Balances as of 9/30/2016 and 9/30/2015.

<sup>2</sup> Funding rates include a 1.5 year interest load.

POLICE OFFICERS

H. Schedule Illustrating the Amortization of the Total Unfunded Actuarial Accrued Liability as of:

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2016	5,286,092
2017	5,074,002
2018	4,847,068
2024	3,406,412
2030	1,256,888
2042	0

I. (i) 3 Year Comparison of Actual and Assumed Salary Increases

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2016	N/A	N/A
Year Ended	9/30/2015	N/A	N/A
Year Ended	9/30/2014	N/A	N/A

(ii) 3 Year Comparison of Investment Return on Actuarial Value

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2016	6.73%	7.00%
Year Ended	9/30/2015	8.46%	7.50%
Year Ended	9/30/2014	10.12%	7.50%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2016	N/A
	10/1/2016	N/A
(b) Total Increase		0.00%
(c) Number of Years		0
(d) Average Annual Rate		0.00%

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS  
FIREFIGHTERS

	New Assump <u>10/1/2016</u>	Old Assump <u>10/1/2016</u>	June 30, 2016 Impact Statement <u>10/1/2015</u>
A. Participant Data			
Number Included			
Actives	7	7	6
Service Retirees	32	32	26
DROP Retirees	0	0	6
Beneficiaries	0	0	0
Disability Retirees	3	3	3
Terminated Vested	<u>4</u>	<u>4</u>	<u>2</u>
 Total	 46	 46	 43
Total Annual Payroll	N/A	N/A	N/A
Payroll Under Assumed Ret. Age	N/A	N/A	N/A
Annual Rate of Payments to:			
Service Retirees	1,848,307	1,848,307	1,432,350
DROP Retirees	0	0	385,609
Beneficiaries	0	0	41,794
Disability Retirees	67,055	67,055	67,055
Terminated Vested	43,809	43,809	4,981
B. Assets			
Actuarial Value <sup>1</sup>	16,493,651	16,493,651	14,939,696
Market Value <sup>1</sup>	15,852,517	15,852,517	13,999,869
C. Liabilities			
Present Value of Benefits			
Actives			
Retirement Benefits	2,574,850	2,437,655	605,152
Disability Benefits	126,515	133,200	87,027
Death Benefits	30,716	16,806	10,269
Vested Benefits	168,591	163,030	148,505
Refund of Contributions	0	0	0
Service Retirees	27,499,853	25,798,224	19,768,368
DROP Retirees <sup>1</sup>	0	0	6,863,239
Beneficiaries	0	0	17,220
Disability Retirees	586,599	584,805	600,529
Terminated Vested	212,809	210,079	43,814
Excess State Monies Reserve	<u>0</u>	<u>0</u>	<u>0</u>
 Total	 31,199,933	 29,343,799	 28,144,123

FIREFIGHTERS

C. Liabilities - (Continued)	June 30, 2016		
	New Assump <u>10/1/2016</u>	Old Assump <u>10/1/2016</u>	Impact Statement <u>10/1/2015</u>
Present Value of Future Salaries	N/A	N/A	N/A
Present Value of Future Member Contributions	N/A	N/A	N/A
Normal Cost (Retirement)	0	0	0
Normal Cost (Disability)	10,404	11,196	6,594
Normal Cost (Death)	1,980	878	546
Normal Cost (Vesting)	0	0	0
Normal Cost (Refunds)	<u>0</u>	<u>0</u>	<u>0</u>
Total Normal Cost	12,384	12,074	7,140
Present Value of Future Normal Costs	53,001	52,031	45,592
Accrued Liability (Retirement)	2,574,850	2,437,655	605,152
Accrued Liability (Disability)	81,835	84,904	44,960
Accrued Liability (Death)	22,395	13,071	6,744
Accrued Liability (Vesting)	168,591	163,030	148,505
Accrued Liability (Refunds)	0	0	0
Accrued Liability (Inactives) <sup>1</sup>	28,299,261	26,593,108	27,293,170
Excess State Monies Reserve	<u>0</u>	<u>0</u>	<u>0</u>
Total Actuarial Accrued Liability	31,146,932	29,291,768	28,098,531
Unfunded Actuarial Accrued Liability (UAAL)	14,653,281	12,798,117	13,158,835
Funded Ratio (AVA / AL)	53.0%	56.3%	53.2%
D. Actuarial Present Value of Accrued Benefits			
Vested Accrued Benefits			
Inactives <sup>1</sup>	28,299,261	26,593,108	27,293,170
Actives	2,329,835	2,179,451	518,812
Member Contributions	<u>557,306</u>	<u>557,306</u>	<u>312,189</u>
Total	31,186,402	29,329,865	28,124,171
Non-vested Accrued Benefits	<u>0</u>	<u>0</u>	<u>0</u>
Total Present Value Accrued Benefits	31,186,402	29,329,865	28,124,171
Funded Ratio (MVA / PVAB)	50.8%	54.0%	49.8%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:			
Plan Amendments	0	0	
Assumption Changes	1,856,537	0	
New Accrued Benefits	0	2,984,533	
Benefits Paid	0	(3,620,803)	
Interest	0	1,841,964	
Other	<u>0</u>	<u>0</u>	
Total	1,856,537	1,205,694	

FIREFIGHTERS

	New Assump	Old Assump	June 30, 2016 Impact Statement
Valuation Date	10/1/2016	10/1/2016	10/1/2015
Applicable to Fiscal Year Ending	<u>9/30/2018</u>	<u>9/30/2018</u>	<u>9/30/2017</u>
E. Pension Cost			
Normal Cost <sup>2</sup>	\$13,684	\$13,342	\$7,890
Administrative Expenses <sup>2</sup>	39,444	39,444	52,944
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 26 years (as of 10/1/2016) <sup>2</sup>	1,823,598	1,642,756	1,599,366
Total Required Contribution	1,876,726	1,695,542	1,660,200
Expected Member Contributions	0	0	0
Expected Town & State Contribution	1,876,726	1,695,542	1,660,200
F. Past Contributions			
Plan Years Ending:	<u>9/30/2016</u>		
Total Required Contribution	1,758,137		
Actual Contributions Made:			
Town	1,758,137		
G. Net Actuarial (Gain)/Loss	480,606		

<sup>1</sup> The asset values and liabilities for DROP Members include accumulated DROP Balances as of 9/30/2016 and 9/30/2015.

<sup>2</sup> Funding rates include a 1.5 year interest load.

## FIREFIGHTERS

### H. Schedule Illustrating the Amortization of the Total Unfunded Actuarial Accrued Liability as of:

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2016	14,653,281
2017	13,913,174
2018	13,121,259
2024	7,639,825
2030	2,023,722
2042	0

### I. (i) 3 Year Comparison of Actual and Assumed Salary Increases

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2016	N/A	N/A
Year Ended	9/30/2015	N/A	N/A
Year Ended	9/30/2014	N/A	N/A

### (ii) 3 Year Comparison of Investment Return on Actuarial Value

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2016	6.14%	7.00%
Year Ended	9/30/2015	7.12%	7.50%
Year Ended	9/30/2014	7.85%	8.00%

### (iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2016	N/A
	10/1/2006	N/A
(b) Total Increase		N/A
(c) Number of Years		10.00
(d) Average Annual Rate		N/A

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS  
GENERAL EMPLOYEES

	New Assump <u>10/1/2016</u>	Old Assump <u>10/1/2016</u>	June 30, 2016 Impact Statement <u>10/1/2015</u>
A. Participant Data			
Number Included			
Actives	19	19	11
Service Retirees	41	41	39
DROP Retirees	4	4	6
Beneficiaries	0	0	0
Terminated Vested	<u>12</u>	<u>12</u>	<u>6</u>
 Total	 76	 76	 62
 Total Annual Payroll	 N/A	 N/A	 N/A
Payroll Under Assumed Ret. Age	N/A	N/A	N/A
 Annual Rate of Payments to:			
Service Retirees	848,782	848,782	825,698
DROP Retirees	135,817	135,817	173,610
Beneficiaries	0	0	0
Terminated Vested	183,025	183,025	40,702
 B. Assets			
Actuarial Value <sup>1</sup>	10,566,941	10,566,941	7,501,583
Market Value <sup>1</sup>	10,241,394	10,241,394	7,051,065
 C. Liabilities			
Present Value of Benefits			
Actives			
Retirement Benefits	2,835,572	2,759,250	453,400
Death Benefits	58,807	35,287	11,467
Vested Benefits	83,029	80,969	116,416
Refund of Contributions	0	0	0
Service Retirees	9,104,018	8,709,447	8,705,968
DROP Retirees <sup>1</sup>	2,143,247	2,078,079	2,459,167
Beneficiaries	0	0	0
Terminated Vested	<u>1,136,298</u>	<u>1,107,949</u>	<u>182,705</u>
 Total	 15,360,971	 14,770,981	 11,929,123



GENERAL EMPLOYEES

C. Liabilities - (Continued)	June 30, 2016		
	New Assump <u>10/1/2016</u>	Old Assump <u>10/1/2016</u>	Impact Statement <u>10/1/2015</u>
Present Value of Future Salaries	N/A	5,803,360	N/A
Present Value of Future Member Contributions	N/A	0	N/A
Normal Cost (Retirement)	0	0	0
Normal Cost (Death)	4,174	1,885	753
Normal Cost (Vesting)	0	0	0
Normal Cost (Refunds)	<u>0</u>	<u>0</u>	<u>0</u>
Total Normal Cost	4,174	1,885	753
Present Value of Future Normal Costs	19,411	8,704	4,647
Accrued Liability (Retirement)	2,835,572	2,759,250	453,400
Accrued Liability (Death)	39,396	26,583	6,820
Accrued Liability (Vesting)	83,029	80,969	116,416
Accrued Liability (Refunds)	0	0	0
Accrued Liability (Inactives) <sup>1</sup>	<u>12,383,563</u>	<u>11,895,475</u>	<u>11,347,840</u>
Total Actuarial Accrued Liability	15,341,560	14,762,277	11,924,476
Unfunded Actuarial Accrued Liability (UAAL)	4,774,619	4,195,336	4,422,893
Funded Ratio (AVA / AL)	68.9%	71.6%	62.9%
D. Actuarial Present Value of Accrued Benefits			
Vested Accrued Benefits			
Inactives <sup>1</sup>	12,383,563	11,895,475	11,347,840
Actives	2,227,929	2,124,292	230,576
Member Contributions	<u>620,705</u>	<u>620,705</u>	<u>263,865</u>
Total	15,232,197	14,640,472	11,842,281
Non-vested Accrued Benefits	<u>128,774</u>	<u>130,509</u>	<u>86,842</u>
Total Present Value Accrued Bene	15,360,971	14,770,981	11,929,123
Funded Ratio (MVA / PVAB)	66.7%	69.3%	59.1%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:			
Plan Amendments	0	0	
Assumption Changes	589,990	0	
New Accrued Benefits	0	3,136,125	
Benefits Paid	0	(1,091,117)	
Interest	0	796,850	
Other	<u>0</u>	<u>0</u>	
Total	589,990	2,841,858	

GENERAL EMPLOYEES

	New Assump	Old Assump	June 30, 2016 Impact Statement
Valuation Date	10/1/2016	10/1/2016	10/1/2015
Applicable to Fiscal Year Ending	<u>9/30/2018</u>	<u>9/30/2018</u>	<u>9/30/2017</u>
E. Pension Cost			
Normal Cost <sup>2</sup>	\$4,612	\$2,083	\$832
Administrative Expenses <sup>2</sup>	41,828	41,828	48,735
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 26 years (as of 10/1/2016) <sup>2</sup>	696,049	639,581	629,542
Total Required Contribution	742,489	683,492	679,109
Expected Member Contributions <sup>2</sup>	0	0	0
Expected Town Contribution	742,489	683,492	679,109
F. Past Contributions			
Plan Years Ending:	<u>9/30/2016</u>		
Total Required Contribution	738,686		
Actual Contributions Made:			
Town	<u>738,676</u>		
Total	738,676		
G. Net Actuarial (Gain)/Loss	180,916		

<sup>1</sup> The asset values and liabilities for DROP Members include accumulated DROP Balances as of 9/30/2016 and 9/30/2015.

<sup>2</sup> Funding rates include a 1.5 year interest load.

GENERAL EMPLOYEES

H. Schedule Illustrating the Amortization of the Total Unfunded Actuarial Accrued Liability as of:

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2016	4,774,619
2017	4,434,837
2018	4,071,276
2024	2,400,274
2030	421,284
2042	0

I. (i) 3 Year Comparison of Actual and Assumed Salary Increases

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2016	N/A	N/A
Year Ended	9/30/2015	N/A	N/A
Year Ended	9/30/2014	N/A	N/A

(ii) 3 Year Comparison of Investment Return on Actuarial Value

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2016	6.67%	7.00%
Year Ended	9/30/2015	8.05%	7.00%
Year Ended	9/30/2014	7.89%	7.00%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2016	N/A
	10/1/2006	2,840,744
(b) Total Increase		N/A
(c) Number of Years		10.00
(d) Average Annual Rate		N/A

STATEMENT BY ENROLLED ACTUARY

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.



Douglas H. Lozen, EA, MAAA  
Enrolled Actuary #14-7778

Please let us know when the report is approved by the Board and unless otherwise directed we will provide a copy of the report to the following office to comply with Chapter 112 Florida Statutes:

Mr. Keith Brinkman  
Bureau of Local  
Retirement Systems  
Post Office Box 9000  
Tallahassee, FL 32315-9000

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES  
POLICE OFFICERS

(1) Unfunded Actuarial Accrued Liability as of October 1, 2015	\$4,706,449
(2) Sponsor Normal Cost developed as of October 1, 2015	14,898
(3) Expected administrative expenses for the year ended September 30, 2016	42,386
(4) Expected interest on (1), (2) and (3)	331,978
(5) Sponsor contributions to the System during the year ended September 30, 2016	623,019
(6) Expected interest on (5)	21,806
(7) Expected Unfunded Actuarial Accrued Liability as of September 30, 2016 (1)+(2)+(3)+(4)-(5)-(6)	4,450,886
(8) Change to UAAL due to Assumption Change	708,350
(9) Change to UAAL due to Actuarial (Gain)/Loss	126,856
(10) Unfunded Accrued Liability as of October 1, 2016	5,286,092

<u>Type of</u> <u>Base</u>	<u>Date</u> <u>Established</u>	<u>Years</u> <u>Remaining</u>	<u>10/1/2016</u> <u>Amount</u>	<u>Amortization</u> <u>Amount</u>
	10/1/1991	5	\$189,787	\$43,259
	10/1/1996	10	(82,086)	(10,923)
	10/1/1999	13	(150,977)	(16,883)
method change	10/1/2002	16	1,155,822	114,348
prior losses	10/1/2002	12	1,052,420	123,833
actuarial gain	10/1/2003	12	(540,047)	(63,545)
actuarial loss	10/1/2004	12	262,735	30,915
actuarial loss	10/1/2005	12	330,028	38,833
actuarial gain	10/1/2006	12	(20,988)	(2,470)
benefit change	10/1/2006	20	890,471	78,555
actuarial loss	10/1/2007	12	621,750	73,158
assum. change	10/1/2007	21	81,199	7,004
benefit change	10/1/2007	21	406,860	35,092
actuarial gain	10/1/2008	2	(14,001)	(7,237)
method change	10/1/2008	12	204,908	24,111
actuarial loss	10/1/2009	3	196,396	69,941
actuarial gain	10/1/2010	4	(119,140)	(32,872)
actuarial gain	10/1/2011	5	(37,598)	(8,570)

Type of Base	Date Established	Years Remaining	10/1/2016 Amount	Amortization Amount
actuarial gain	10/1/2012	6	(54,860)	(10,756)
assum. change	10/1/2012	16	475,168	47,010
benefit change	10/1/2012	26	(338,203)	(26,728)
actuarial gain	10/1/2013	7	(97,019)	(16,824)
actuarial gain	10/1/2014	8	(155,682)	(24,366)
assum. change	10/1/2015	19	541,359	48,952
actuarial gain	10/1/2015	9	(334,907)	(48,041)
benefit change	10/1/2015	19	(12,509)	(1,131)
assum. change	10/1/2016	20	708,350	62,489
actuarial loss	10/1/2016	10	<u>126,856</u>	<u>16,880</u>
			5,286,092	544,034

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES  
FIREFIGHTERS

(1) Unfunded Actuarial Accrued Liability as of October 1, 2015	\$13,158,835
(2) Sponsor Normal Cost developed as of October 1, 2015	7,140
(3) Expected administrative expenses for the year ended September 30, 2016	47,913
(4) Expected interest on (1), (2) and (3)	923,295
(5) Sponsor contributions to the System during the year ended September 30, 2016	1,758,137
(6) Expected interest on (5)	61,535
(7) Expected Unfunded Actuarial Accrued Liability as of September 30, 2016 (1)+(2)+(3)+(4)-(5)-(6)	12,317,511
(8) Change to UAAL due to Assumption Change	1,855,164
(9) Change to UAAL due to Actuarial (Gain)/Loss	480,606
(10) Unfunded Accrued Liability as of October 1, 2016	14,653,281

<u>Type of Base</u>	<u>Date Established</u>	<u>Years Remaining</u>	<u>10/1/2016 Amount</u>	<u>Amortization Amount</u>
	10/1/1997	11	\$706,591	\$88,064
	10/1/1998	12	(193,866)	(22,811)
	10/1/1999	13	(379,643)	(42,453)
	10/1/2001	15	1,245,910	127,845
method change	10/1/2002	16	1,977,204	195,609
prior losses	10/1/2002	12	1,794,720	211,176
actuarial loss	10/1/2003	12	160,613	18,899
actuarial loss	10/1/2004	12	1,166,209	137,222
benefit change	10/1/2005	19	1,324,468	119,763
actuarial loss	10/1/2005	12	612,522	72,073
actuarial loss	10/1/2006	12	(195,743)	(23,032)
actuarial loss	10/1/2007	12	1,603,782	188,710
assum. change	10/1/2007	21	730,779	63,031
benefit change	10/1/2007	21	(155,775)	(13,436)
actuarial gain	10/1/2008	2	(191,514)	(98,995)
method change	10/1/2008	12	196,300	23,098
actuarial loss	10/1/2009	3	488,224	173,868
actuarial loss	10/1/2010	4	52,946	14,609

Type of <u>Base</u>	Date <u>Established</u>	Years <u>Remaining</u>	10/1/2016 <u>Amount</u>	Amortization <u>Amount</u>
actuarial loss	10/1/2011	5	390,728	89,061
actuarial gain	10/1/2012	6	(312,528)	(61,278)
benefit change	10/1/2012	26	(1,456,877)	(115,136)
actuarial loss	10/1/2013	7	149,247	25,882
actuarial loss	10/1/2014	8	77,156	12,076
assum. change	10/1/2014	18	1,226,400	113,944
actuarial loss	10/1/2015	9	113,038	16,215
assum. change	10/1/2015	19	1,523,092	137,723
benefit change	10/1/2015	21	(336,472)	(29,021)
assum. change	10/1/2016	20	1,855,164	163,658
actuarial loss	10/1/2016	10	<u>480,606</u>	<u>63,951</u>
			14,653,281	1,650,315



RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES  
GENERAL EMPLOYEES

(1) Unfunded Actuarial Accrued Liability as of October 1, 2015	\$4,422,893
(2) Sponsor Normal Cost developed as of October 1, 2015	753
(3) Expected administrative expenses for the year ended September 30, 2016	44,104
(4) Expected interest on (1), (2) and (3)	311,199
(5) Sponsor contributions to the System during the year ended September 30, 2016	738,676
(6) Expected interest on (5)	25,853
(7) Expected Unfunded Actuarial Accrued Liability as of September 30, 2016 (1)+(2)+(3)+(4)-(5)-(6)	4,014,420
(8) Change to UAAL due to Assumption Change	579,283
(9) Change to UAAL due to Actuarial (Gain)/Loss	180,916
(10) Unfunded Accrued Liability as of October 1, 2016	4,774,619

<u>Type of</u> <u>Base</u>	<u>Date</u> <u>Established</u>	<u>Years</u> <u>Remaining</u>	<u>10/1/2016</u> <u>Amount</u>	<u>Amortization</u> <u>Amount</u>
	10/1/1991	5	152,116	34,673
	10/1/1996	10	(131,181)	(17,455)
	10/1/1997	11	87,510	10,907
	10/1/2001	15	219,868	22,561
method change	10/1/2002	16	1,515,386	149,921
prior losses	10/1/2002	12	1,376,563	161,974
actuarial gain	10/1/2003	12	(418,688)	(49,265)
actuarial loss	10/1/2004	12	282,775	33,273
actuarial loss	10/1/2005	12	158,722	18,676
actuarial gain	10/1/2006	12	(25,705)	(3,025)
benefit change	10/1/2006	20	(188,769)	(16,653)
actuarial loss	10/1/2007	12	268,121	31,549
assum. change	10/1/2007	21	246,488	21,260
benefit change	10/1/2007	21	267,836	23,101
actuarial loss	10/1/2008	2	76,663	39,628
method change	10/1/2008	12	109,470	12,881
actuarial loss	10/1/2009	3	454,943	162,016
actuarial gain	10/1/2010	4	(163,222)	(45,035)
actuarial loss	10/1/2011	5	107,174	24,429

Type of <u>Base</u>	<u>Date</u> <u>Established</u>	<u>Years</u> <u>Remaining</u>	<u>10/1/2016</u> <u>Amount</u>	<u>Amortization</u> <u>Amount</u>
actuarial gain	10/1/2012	6	(501,750)	(98,379)
assum. change	10/1/2012	16	11,820	1,169
benefit change	10/1/2012	26	(684,410)	(54,088)
actuarial loss	10/1/2013	7	215,661	37,399
assum. change	10/1/2013	17	960,248	91,919
actuarial gain	10/1/2014	8	(18,528)	(2,900)
actuarial gain	10/1/2015	9	(53,303)	(7,646)
benefit change	10/1/2015	19	(311,388)	(28,157)
assum. change	10/1/2016	20	579,283	51,103
actuarial loss	10/1/2016	10	<u>180,916</u>	<u>24,073</u>
			4,774,619	629,909

ACTUARIAL ASSUMPTIONS AND METHODS  
POLICE OFFICERS

Mortality Rates

*Healthy Lives:*

**Female:** RP2000 Generational, 100% Annuitant White Collar, Scale BB.

**Male:** RP2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB.

*Disabled Lives:*

**Female:** 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale.

**Male:** 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale.

The assumed rates of mortality were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumption used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in the July 1, 2015 FRS actuarial valuation report for special risk participants. We feel this assumption sufficiently accommodates future mortality improvements.

Prior assumption: RP-2000 Table with no projection.

Termination Rates

See Table below (1304A). This assumption is consistent with historical Plan experience.

Disability Rates

See Table below (1205). 75% of Disability Retirements are assumed to service-related. These rates are similar to those utilized by other Florida special risk retirement programs.

Retirement Age

The earlier of age 60, age 55 with 10 years of credited service, or 25 years of credited service, regardless of age. Also, any Member who has reached Normal Retirement is assumed to continue employment for one additional year. This assumption is reasonable for the associated Plan provisions.

Interest Rate

7.0% per year, compounded annually, net of investment-related expenses. This assumption is supported by the Plan's investment policy and long-term expected returns by asset class.

Salary Increases

None.

<u>Early Retirement</u>	None.
<u>Cost of Living Adjustment</u>	3.0% per year, beginning 5 years after retirement.
<u>Payroll Growth</u>	None.
<u>Administrative Expenses</u>	\$39,247 annually, based on actual Administrative Expenses incurred during the prior fiscal year.

<u>Age</u>	<u>% Terminating During the Year</u>	<u>% Becoming Disabled During the Year</u>
20	9.2%	0.14%
30	7.3	0.18
40	3.5	0.30
50	0.8	1.00

Funding Method Entry Age Normal Actuarial Cost Method. An interest load equal to 1.5 years has been applied for determination of the Total Required Contribution.

Asset Valuation Method The Actuarial Value of Assets is brought forward using the historical four-year geometric average of Market Value Returns (net-of-fees). Over time, this may result in a de minimis bias that is above or below the Market Value of Assets.

ACTUARIAL ASSUMPTIONS AND METHODS  
FIREFIGHTERS

Mortality Rates

*Healthy Lives:*

**Female:** RP2000 Generational, 100% Annuitant White Collar, Scale BB.

**Male:** RP2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB.

*Disabled Lives:*

**Female:** 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale.

**Male:** 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale.

The assumed rates of mortality were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumption used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in the July 1, 2015 FRS actuarial valuation report for special risk participants. We feel this assumption sufficiently accommodates future mortality improvements.

Prior assumption: RP-2000 Table with no projection.

Termination Rates

See Table on the following page (1304). This is based on the results of an experience study for the period 2002 to 2007.

Disability Rates

See Table on the following page (1205). 75% of Disability Retirements are assumed to service-related. This assumption was developed from those used by other plans containing Florida municipal Firefighters.

Retirement Age

The earlier of age 60, age 55 with 10 years of credited service, or 25 years of credited service, regardless of age. Also, any Member who has reached Normal Retirement is assumed to continue employment for one additional year. We feel this assumption is reasonable based on the plan provisions.

Interest Rate

7.0% (previously 7.5%) per year, compounded annually, net of investment-related expenses. This is supported by the target asset class allocation of the trust and the expected long-term return by asset class.

Salary Increases

None.

<u>Early Retirement</u>	None.
<u>Cost of Living Adjustment</u>	3.0% per year, beginning 5 years after retirement.
<u>Payroll Growth</u>	None.
<u>Administrative Expenses</u>	\$35,696 annually. This is equal to the actual non-investment-related expenses paid out of the trust during the year.
<u>Funding Method</u>	Entry Age Normal Actuarial Cost Method. An interest load equal to 1.5 years has been applied for determination of the Total Required Contribution.
<u>Asset Valuation Method</u>	The Actuarial Value of Assets is brought forward using the historical four-year geometric average of Market Value Returns (net-of-fees). Over time, this may result in a de minimis bias that is above or below the Market Value of Assets.

<u>Age</u>	<u>% Terminating During the Year</u>	<u>% Becoming Disabled During the Year</u>
20	12.4%	0.14%
30	10.5	0.18
40	5.7	0.30
50	1.5	1.00

ACTUARIAL ASSUMPTIONS AND METHODS  
GENERAL EMPLOYEES

Mortality Rates

*Healthy Lives:*

**Female:** RP2000 Generational, 100% Annuitant White Collar, Scale BB.

**Male:** RP2000 Generational, 50% Annuitant White Collar / 50% Annuitant Blue Collar, Scale BB.

*Disabled Lives:*

**Female:** 100% RP2000 Disabled Female set forward two years.

**Male:** 100% RP2000 Disabled Male setback four years.

The above assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumption used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in the July 1, 2015 FRS valuation report for other than special risk participants. We feel this assumption sufficiently accommodates future mortality improvements.

(Prior assumption: RP 2000 Combined Healthy (sex distinct), projected to the valuation year using scale AA. Disabled lives are set forward 5 years.)

Termination Rates

Table 1305, see sample rates below.

<u>Age</u>	<u>% Terminating During the Year</u>
20	17.2%
30	15.0
40	8.2
50	1.7

Retirement Age

Earlier of age 62 or age 55 and completion of 30 years of Credited Service. Also, any Member who has reached normal Retirement is assumed to continue employment for one additional year. We believe this assumption is reasonable based on the plan provisions.

Early Retirement

5% per year, for each your of eligibility, beginning at Age 50 with 15 years of Credited Service. We believe this assumption is reasonable based on the plan provisions.

Interest Rate

7.0% per year, compounded annually, net of investment related expenses.

Salary Increases

None.

Payroll Growth

None.

Administrative Expenses

\$37,853 annually, based on last year's actual expenses.

Funding Method

Entry Age Normal Actuarial Cost Method. An interest load equal to 1.5 years has been applied for determination of the Total Required Contribution.

Asset Valuation Method

Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric four-year average Market Value return. It is possible that over time this technique will produce an insignificant bias above or below Market Value.



## VALUATION NOTES

Total Annual Payroll – Not applicable.

Present Value of Benefits is the single sum value on the valuation date of all future benefits to be paid to current Members, Retirees, Beneficiaries, Disability Retirees and Vested Terminations.

Normal (Current Year's) Cost is determined for each participant as the present value of future benefits, determined as of the Member's entry age, amortized over the anticipated number of years of participation, determined as of the entry age.

Individual Entry Age Normal Actuarial Cost Method (Level Dollar) is the method used to determine required contributions under the Plan. The use of this method involves the systematic funding of the Normal Cost (described above) and the Unfunded Accrued (Past Service) Liability. The actuarial accrued liability for active participants is the difference between the present value of future benefits and the present value of future Normal Costs. The actuarial accrued liability for inactive participants is the present value of future benefits.

Unfunded Actuarial Accrued Liability (UAAL) is the difference between the actuarial accrued liability (described above) and the actuarial value of assets. Under the Entry Age Normal Actuarial Cost Method, an actuarial gain or loss, based on actual versus expected UAAL, is determined in conjunction with each valuation of the plan.

Total Required Contribution is equal to the Normal Cost plus an amount sufficient to amortize the Unfunded Accrued Liability over no more than 30 years. The required amount is adjusted for interest according to the timing of contributions during the year.

PARTIAL HISTORY OF PREMIUM TAX REFUNDS  
POLICE OFFICERS

(Historical Information only - No State Monies received after fiscal 2014)

<u>Received During Fiscal Year</u>	<u>Amount</u>	<u>Increase from Previous Year</u>
1992	21,960.95	_____%
1993	24,878.19	13.3%
1994	25,809.27	3.7%
1995	26,342.47	2.1%
1996	29,967.71	13.8%
1997	31,763.10	6.0%
1998	30,943.80	-2.6%
1999	34,500.65	11.5%
2000	35,338.03	2.4%
2001	38,821.79	9.9%
2002	47,239.79	21.7%
2003	51,163.55	8.3%
2004	55,090.41	7.7%
2005	59,461.95	7.9%
2006	62,317.27	4.8%
2007	71,050.22	14.0%
2008	-	-100.0%
2009	137,801.41	N/A
2010	70,446.46	-48.9%
2011	70,893.30	0.6%
2012	77,700.11	9.6%
2013	77,298.10	-0.5%
2014	81,017.31	4.8%

PARTIAL HISTORY OF PREMIUM TAX REFUNDS  
FIREFIGHTERS

(Historical Information only - No State Monies received after fiscal 2013)

<u>Received During Fiscal Year</u>	<u>Amount</u>	<u>Increase from Previous Year</u>
1993	39,590.49	_____ %
1994	46,668.49	17.9%
1995	52,676.83	12.9%
1996	63,956.08	21.4%
1997	70,510.54	10.2%
1998	84,957.68	20.5%
1999	83,629.64	-1.6%
2000	109,664.52	31.1%
2001	92,878.93	-15.3%
2002	106,726.80	14.9%
2003	138,730.84	30.0%
2004	140,408.22	1.2%
2005	177,792.61	26.6%
2006	225,258.22	26.7%
2007	295,948.69	31.4%
2008	-	-100.0%
2009	513,555.97	N/A
2010	241,221.17	-53.0%
2011	239,800.33	-0.6%
2012	274,615.73	14.5%
2013	269,818.47	-1.7%

## POLICE OFFICERS

STATEMENT OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2016

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Short Term Investments	2,698.27	2,698.27
Prepaid Benefits	66,663.61	66,663.61
Money Market	178,823.06	178,823.06
Cash	1,966.47	1,966.47
Total Cash and Equivalents	250,151.41	250,151.41
Receivables:		
From Broker for Investments Sold	5,966.25	5,966.25
Investment Income	12,576.53	12,576.53
Total Receivable	18,542.78	18,542.78
Investments:		
U. S. Bonds and Bills	621,204.04	619,882.64
Federal Agency Guaranteed Securities	590,425.52	590,531.51
Corporate Bonds	858,509.67	863,509.30
Stocks	2,029,978.72	2,245,969.79
Mutual Funds:		
Equity	1,702,016.73	2,061,877.04
Total Investments	5,802,134.68	6,381,770.28
Total Assets	6,070,828.87	6,650,464.47
<u>LIABILITIES</u>		
Payables:		
Investment Expenses	2,335.13	2,335.13
Administrative Expenses	7,213.90	7,213.90
To Broker for Investments Purchased	4,474.70	4,474.70
Total Liabilities	14,023.73	14,023.73
NET POSITION RESTRICTED FOR PENSIONS	6,056,805.14	6,636,440.74

POLICE OFFICERS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED SEPTEMBER 30, 2016  
Market Value Basis

ADDITIONS

Contributions:

Town 623,019.00

Total Contributions 623,019.00

Investment Income:

Net Realized Gain (Loss) 139,654.41

Unrealized Gain (Loss) 282,137.08

Net Increase in Fair Value of Investments 421,791.49

Interest & Dividends 134,790.91

Less Investment Expense<sup>1</sup> (36,723.85)

Net Investment Income 519,858.55

Total Additions 1,142,877.55

DEDUCTIONS

Distributions to Members:

Benefit Payments 738,609.68

Lump Sum DROP Distributions 201,545.99

Total Distributions 940,155.67

Administrative Expense 39,246.82

Total Deductions 979,402.49

Net Increase in Net Position 163,475.06

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year 6,472,965.68

End of the Year 6,636,440.74

<sup>1</sup>Investment related expenses include investment advisory, custodial and performance monitoring fees.

POLICE OFFICERS

ACTUARIAL ASSET VALUATION  
SEPTEMBER 30, 2016

Actuarial Assets for funding purposes are developed by increasing the Actuarial Assets used in the most recent actuarial valuation of the Fund by the average annual market value rate of return (net of investment related expenses) for the past four years. Actuarial Assets shall not be less than 80% nor greater than 120% of Market Value of Assets.

Details of the derivation are set forth as follows:

Plan Year End	Rate of Return <sup>1</sup>	
09/30/2013	13.20%	
09/30/2014	9.94%	
09/30/2015	-3.67%	
09/30/2016	8.25%	
Annualized Rate of Return for prior four (4) years:		6.73%
(A) 10/01/2015 Actuarial Assets:		\$6,828,447.48
(I) Net Investment Income:		
1. Interest and Dividends		134,790.91
2. Realized Gains (Losses)		139,654.41
3. Change in Actuarial Value		210,063.25
4. Investment Related Expenses		(36,723.85)
Total		447,784.72
(B) 10/01/2016 Actuarial Assets:		\$6,919,848.71
Actuarial Asset Rate of Return = 2I/(A+B-I):		6.73%
10/01/2016 Limited Actuarial Assets:		\$6,919,848.71
10/01/2016 Market Value of Assets:		\$6,636,440.74
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)		(\$17,964.62)

<sup>1</sup>Market Value Basis, net of investment related expenses.

POLICE OFFICERS

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS  
 SEPTEMBER 30, 2016  
 Actuarial Asset Basis

REVENUES

Contributions:		
Town	623,019.00	
Total Contributions		623,019.00
Earnings from Investments:		
Interest & Dividends	134,790.91	
Net Realized Gain (Loss)	139,654.41	
Change in Actuarial Value	210,063.25	
Total Earnings and Investment Gains		484,508.57

EXPENDITURES

Distributions to Members:		
Benefit Payments	738,609.68	
Lump Sum DROP Distributions	201,545.99	
Total Distributions		940,155.67
Expenses:		
Investment related <sup>1</sup>	36,723.85	
Administrative	39,246.82	
Total Expenses		75,970.67
Change in Net Assets for the Year		91,401.23
Net Assets Beginning of the Year		6,828,447.48
Net Assets End of the Year <sup>2</sup>		6,919,848.71

<sup>1</sup>Investment related expenses include investment advisory, custodial and performance monitoring fees.

<sup>2</sup>Net Assets may be limited for actuarial consideration.

FIREFIGHTERS

STATEMENT OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2016

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Short Term Investments	6,438.84	6,438.84
Prepaid Benefits	159,537.21	159,537.21
Money Market	426,722.82	426,722.82
Cash	4,692.55	4,692.55
Total Cash and Equivalents	597,391.42	597,391.42
Receivables:		
From Broker for Investments Sold	14,237.17	14,237.17
Investment Income	30,011.19	30,011.19
Total Receivable	44,248.36	44,248.36
Investments:		
U. S. Bonds and Bills	1,482,369.98	1,479,216.75
Federal Agency Guaranteed Securities	1,408,923.65	1,409,176.57
Corporate Bonds	2,048,648.87	2,060,579.41
Stocks	4,844,108.06	5,359,524.35
Mutual Funds:		
Equity	4,061,497.24	4,920,226.55
Total Investments	13,845,547.80	15,228,723.63
Total Assets	14,487,187.58	15,870,363.41
<u>LIABILITIES</u>		
Payables:		
Administrative Expenses	7,168.91	7,168.91
To Broker for Investments Purchased	10,677.91	10,677.91
Total Liabilities	17,846.82	17,846.82
NET POSITION RESTRICTED FOR PENSIONS	14,469,340.76	15,852,516.59



FIREFIGHTERS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED SEPTEMBER 30, 2016  
Market Value Basis

ADDITIONS

Contributions:

Town	1,758,137.00	
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Total Contributions		1,758,137.00
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Investment Income:

Net Realized Gain (Loss)	354,860.72	
Unrealized Gain (Loss)	703,778.85	
Net Increase in Fair Value of Investments	1,058,639.57	
Interest & Dividends	336,972.63	
Less Investment Expense <sup>1</sup>	(87,381.46)	

Net Investment Income		1,308,230.74
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Total Additions		3,066,367.74
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DEDUCTIONS

Distributions to Members:

Benefit Payments	1,670,862.64	
Lump Sum DROP Distributions	1,149,856.06	
Lump Sum Cashout Distributions	800,084.40	

Total Distributions		3,620,803.10
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Administrative Expense		35,696.21
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Total Deductions		3,656,499.31
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Net Increase in Net Position		(590,131.57)
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NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year		16,442,648.16
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End of the Year		15,852,516.59
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<sup>1</sup>Investment related expenses include investment advisory, custodial and performance monitoring fees.

FIREFIGHTERS

ACTUARIAL ASSET VALUATION  
SEPTEMBER 30, 2016

Actuarial Assets for funding purposes are developed by increasing the Actuarial Assets used in the most recent actuarial valuation of the Fund by the average annual market value rate of return (net of investment related expenses) for the past four years. Actuarial Assets shall not be less than 80% nor greater than 120% of Market Value of Assets.

Details of the derivation are set forth as follows:

Plan Year End	Rate of Return <sup>1</sup>
09/30/2013	10.62%
09/30/2014	9.60%
09/30/2015	-3.28%
09/30/2016	8.25%
Annualized Rate of Return for prior four (4) years:	
	6.14%
(A) 10/01/2015 Actuarial Assets:	
	\$17,382,475.31
(I) Net Investment Income:	
1. Interest and Dividends	336,972.63
2. Realized Gains (Losses)	354,860.72
3. Change in Actuarial Value	405,086.40
4. Investment Related Expenses	(87,381.46)
Total	1,009,538.29
(B) 10/01/2016 Actuarial Assets:	
	\$16,493,651.29
Actuarial Asset Rate of Return = 2I/(A+B-I):	
	6.14%
10/01/2016 Limited Actuarial Assets:	\$16,493,651.29
10/01/2016 Market Value of Assets:	\$15,852,516.59
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)	
	(\$141,401.13)

<sup>1</sup>Market Value Basis, net of investment related expenses.

## FIREFIGHTERS

### CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS SEPTEMBER 30, 2016 Actuarial Asset Basis

#### REVENUES

Contributions:		
Town	1,758,137.00	
Total Contributions		1,758,137.00
Earnings from Investments:		
Interest & Dividends	336,972.63	
Net Realized Gain (Loss)	354,860.72	
Change in Actuarial Value	405,086.40	
Total Earnings and Investment Gains		1,096,919.75
Other		0.00

#### EXPENDITURES

Distributions to Members:		
Benefit Payments	1,670,862.64	
Lump Sum DROP Distributions	1,149,856.06	
Lump Sum Cashout Distributions	800,084.40	
Total Distributions		3,620,803.10
Expenses:		
Investment related <sup>1</sup>	87,381.46	
Administrative	35,696.21	
Total Expenses		123,077.67
Change in Net Assets for the Year		(888,824.02)
Net Assets Beginning of the Year		17,382,475.31
Net Assets End of the Year <sup>2</sup>		16,493,651.29

<sup>1</sup>Investment related expenses include investment advisory, custodial and performance monitoring fees.

<sup>2</sup>Net Assets may be limited for actuarial consideration.

GENERAL EMPLOYEES

STATEMENT OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2016

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Short Term Investments	4,174.53	4,174.53
Prepaid Benefits	70,731.83	70,731.83
Money Market	276,659.66	276,659.66
Cash	3,042.34	3,042.34
Total Cash and Equivalents	354,608.36	354,608.36
Receivables:		
From Broker for Investments Sold	9,230.46	9,230.46
Investment Income	19,457.33	19,457.33
Total Receivable	28,687.79	28,687.79
Investments:		
U. S. Bonds and Bills	961,073.44	959,029.09
Federal Agency Guaranteed Securities	913,455.56	913,619.55
Corporate Bonds	1,328,212.28	1,335,947.28
Stocks	3,140,608.41	3,474,771.22
Mutual Funds:		
Equity	2,633,213.84	3,189,958.75
Total Investments	8,976,563.53	9,873,325.89
Total Assets	9,359,859.68	10,256,622.04
<u>LIABILITIES</u>		
Payables:		
Administrative Expenses	8,305.66	8,305.66
To Broker for Investments Purchased	6,922.88	6,922.88
Total Liabilities	15,228.54	15,228.54
NET POSITION RESTRICTED FOR PENSIONS	9,344,631.14	10,241,393.50

GENERAL EMPLOYEES

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED SEPTEMBER 30, 2016  
Market Value Basis

ADDITIONS

Contributions:

Town 738,676.00

Total Contributions 738,676.00

Investment Income:

Net Realized Gain (Loss) 212,237.95

Unrealized Gain (Loss) 425,041.02

Net Increase in Fair Value of Investments 637,278.97

Interest & Dividends 212,564.92

Less Investment Expense<sup>1</sup> (52,261.80)

Net Investment Income 797,582.09

Total Additions 1,536,258.09

DEDUCTIONS

Distributions to Members:

Benefit Payments 835,443.31

Lump Sum DROP Distributions 190,055.42

Lump Sum Cashout Distributions 65,617.85

Total Distributions 1,091,116.58

Administrative Expense 37,852.93

Total Deductions 1,128,969.51

Net Increase in Net Position 407,288.58

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year 9,834,104.92

End of the Year 10,241,393.50

<sup>1</sup>Investment related expenses include investment advisory, custodial and performance monitoring fees.

GENERAL EMPLOYEES

ACTUARIAL ASSET VALUATION  
SEPTEMBER 30, 2016

Actuarial Assets for funding purposes are developed by increasing the Actuarial Assets used in the most recent actuarial valuation of the Fund by the average annual market value rate of return (net of investment related expenses) for the past four years. Actuarial Assets shall not be less than 80% nor greater than 120% of Market Value of Assets.

Details of the derivation are set forth as follows:

Plan Year End	Rate of Return <sup>1</sup>	
09/30/2013	10.30%	
09/30/2014	9.53%	
09/30/2015	-1.01%	
09/30/2016	8.25%	
Annualized Rate of Return for prior four (4) years:		6.67%
(A) 10/01/2015 Actuarial Assets:		\$10,284,623.35
(I) Net Investment Income:		
1. Interest and Dividends		212,564.92
2. Realized Gains (Losses)		212,237.95
3. Change in Actuarial Value		300,070.47
4. Investment Related Expenses		(52,261.80)
Total		672,611.54
(B) 10/01/2016 Actuarial Assets:		\$10,566,941.38
Actuarial Asset Rate of Return = 2I/(A+B-I):		6.67%
10/01/2016 Limited Actuarial Assets:		\$10,566,941.38
10/01/2016 Market Value of Assets:		\$10,241,393.50
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)		(\$33,277.63)

<sup>1</sup>Market Value Basis, net of investment related expenses.

GENERAL EMPLOYEES

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS  
 SEPTEMBER 30, 2016  
 Actuarial Asset Basis

REVENUES

Contributions:		
Town	738,676.00	
Total Contributions		738,676.00
Earnings from Investments:		
Interest & Dividends	212,564.92	
Net Realized Gain (Loss)	212,237.95	
Change in Actuarial Value	300,070.47	
Total Earnings and Investment Gains		724,873.34

EXPENDITURES

Distributions to Members:		
Benefit Payments	835,443.31	
Lump Sum DROP Distributions	190,055.42	
Lump Sum Cashout Distributions	65,617.85	
Total Distributions		1,091,116.58
Expenses:		
Investment related <sup>1</sup>	52,261.80	
Administrative	37,852.93	
Total Expenses		90,114.73
Change in Net Assets for the Year		282,318.03
Net Assets Beginning of the Year		10,284,623.35
Net Assets End of the Year <sup>2</sup>		10,566,941.38

<sup>1</sup>Investment related expenses include investment advisory, custodial and performance monitoring fees.

<sup>2</sup>Net Assets may be limited for actuarial consideration.

POLICE OFFICERS

DEFERRED RETIREMENT OPTION PLAN ACTIVITY  
October 1, 2015 to September 30, 2016

Beginning of the Year Balance	146,163.72
Plus Additions	50,009.92
Investment Return Earned	5,372.35
Less Distributions	(201,545.99)
End of the Year Balance	0.00



FIREFIGHTERS

DEFERRED RETIREMENT OPTION PLAN ACTIVITY  
October 1, 2015 to September 30, 2016

Beginning of the Year Balance	885,677.47
Plus Additions	230,471.96
Investment Return Earned	33,706.63
Less Distributions	(1,149,856.06)
End of the Year Balance	0.00

GENERAL EMPLOYEES

DEFERRED RETIREMENT OPTION PLAN ACTIVITY  
October 1, 2015 to September 30, 2016

Beginning of the Year Balance	477,915.03
Plus Additions	158,743.44
Investment Return Earned	31,406.24
Less Distributions	(190,055.42)
End of the Year Balance	478,009.29

VALUATION PARTICIPANT RECONCILIATION  
POLICE OFFICERS

1. Active lives

a. Number in prior valuation 10/1/2015	4
b. Terminations	
i. Vested (partial or full) with deferred benefits	(1)
ii. Non-vested or full lump sum distribution received	0
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	0
f. DROP	<u>0</u>
g. Continuing participants	3
h. New entrants <sup>1</sup>	<u>3</u>
i. Total active life participants in valuation	6

2. Non-Active lives (including beneficiaries receiving benefits)

	Service Retirees, Vested Receiving <u>Benefits</u>	DROP <u>Benefits</u>	Receiving Death <u>Benefits</u>	Receiving Disability <u>Benefits</u>	Vested Deferred <sup>1</sup>	<u>Total</u>
a. Number prior valuation	15	1	3	1	0	20
Retired	0	(1)	0	0	0	(1)
DROP	1	0	0	0	0	1
Vested Deferred	0	0	0	0	2	2
Death, With Survivor	0	0	0	0	0	0
Death, No Survivor	0	0	0	0	0	0
Disabled	0	0	0	0	0	0
Refund of Contributions	0	0	0	0	0	0
Rehires	0	0	0	0	0	0
Expired Annuities	0	0	0	0	0	0
Data Corrections	0	0	0	0	0	0
b. Number current valuation	16	0	3	1	2	22

<sup>1</sup> New entrants and one addition to Vested Deferreds for the fiscal year ended September 30, 2016 are those participants who were assumed to cash out under Ordinance 20166-22, but declined this option.

VALUATION PARTICIPANT RECONCILIATION  
FIREFIGHTERS

1. Active lives

a. Number in prior valuation 10/1/2015	6
b. Terminations	
i. Vested (partial or full) with deferred benefits	0
ii. Non-vested or full lump sum distribution received	0
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	0
f. DROP	<u>0</u>
g. Continuing participants	6
h. New Entrants <sup>1</sup>	<u>1</u>
i. Total active life participants in valuation	7

2. Non-Active lives (including beneficiaries receiving benefits)

	Service Retirees, Vested Receiving Benefits	DROP Benefits	Receiving Death Benefits	Receiving Disability Benefits	Vested Deferred <sup>1</sup>	<u>Total</u>
a. Number prior valuation	26	6	0	3	2	37
Retired	6	(6)	0	0	0	0
DROP	0	0	0	0	0	0
Vested Deferred	0	0	0	0	2	2
Death, With Survivor	0	0	0	0	0	0
Death, No Survivor	0	0	0	0	0	0
Disabled	0	0	0	0	0	0
Refund of Contributions	0	0	0	0	0	0
Rehires	0	0	0	0	0	0
Expired Annuities	0	0	0	0	0	0
Data Corrections	0	0	0	0	0	0
b. Number current valuation	32	0	0	3	4	39

<sup>1</sup> New entrants and additions to Vested Deferreds for the fiscal year ended September 30, 2016 are those participants who were assumed to cash out under Ordinance 20166-22, but declined this option.

VALUATION PARTICIPANT RECONCILIATION  
GENERAL EMPLOYEES

1. Active lives

a. Number in prior valuation 10/1/2015	11
b. Terminations	
i. Vested (partial or full) with deferred benefits	(2)
ii. Non-vested or full lump sum distribution received	0
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	0
f. DROP	<u>0</u>
g. Continuing participants	9
h. New entrants <sup>1</sup>	<u>10</u>
i. Total active life participants in valuation	19

2. Non-Active lives (including beneficiaries receiving benefits)

	Service Retirees, Vested Receiving <u>Benefits</u>	DROP <u>Benefits</u>	Receiving Death <u>Benefits</u>	Vested Deferred <sup>1</sup>	<u>Total</u>
a. Number prior valuation	39	6	0	6	51
Retired	3	(2)	0	(2)	(1)
DROP	0	0	0	0	0
Vested Deferred	0	0	0	8	8
Death, With Survivor	0	0	0	0	0
Death, No Survivor	(1)	0	0	0	(1)
Disabled	0	0	0	0	0
Refund of Contributions	0	0	0	0	0
Rehires	0	0	0	0	0
Expired Annuities	0	0	0	0	0
Data Corrections	0	0	0	0	0
b. Number current valuation	41	4	0	12	57

<sup>1</sup> New entrants and the addition to Vested Deferreds for the fiscal year ended September 30, 2016 are those participants who were assumed to cash out under Ordinance 20166-22, but declined this option.

SUMMARY OF PLAN PROVISIONS  
POLICE OFFICERS  
(Through Ordinance 2016-22)

**The below information is for historical reference only. Benefits are frozen as of February 1, 2014**

Eligibility Full-time Police Officers participate as a condition of employment. Members hired after January 31, 2014 do not participate in this System.

Credited Service Total years and fractional parts of years of service as a Police Officer with the Town. Credited Service is frozen as of January 31, 2014.

Salary Total W-2 compensation, plus tax deferred, tax-sheltered, and tax-exempt income. Salary earned after January 31, 2014 is not counted for determination of the accrued benefit.

Average Final Compensation Average Salary for the best 5 years during the 10 years immediately preceding retirement or termination. Average Final Compensation is not applicable for the determination of the accrued benefit after January 31, 2014.

Member Contributions None (previously 10%).

Town Contributions Amount necessary to maintain actuarial soundness and meet State requirements.

Normal Retirement

Eligibility Attainment of 1) age 60, 2) age 55 and the completion of 10 years of Credited Service or 3) the completion of 25 years of Credited Service, regardless of age.

Benefit 3.5% of Average Final Compensation times Years of Credited Service. The accrued benefit is frozen as of January 31, 2014.

Form of Benefit 10 Year Certain and Life Annuity (options are available).

Early Retirement (removed with Ordinance 2013-13)

Eligibility Age 45 and the completion of 15 years of Credited Service or Age 50 and the completion of 10 years of Credited Service.

Benefit Accrued benefit, reduced 3% per year.

Supplemental Benefit \$10.00 per month for each year of Credited Service, payable to age 65. Credited Service is frozen as of January 31, 2014 for determination of the Supplemental Benefit.

Cost of Living Adjustment Service Retirees receive a 3% annual increase in benefits commencing on the October 1 following the receipt of 5 years of benefit payments.

Vesting (Termination) Upon an employee's termination of employment for reason other than death, disability or retirement, he shall be entitled to the payment of the Vested Percentage of his or her accrued pension at the otherwise Early (reduced) of Normal Retirement Date. The applicable Vested Percentage is determined by the following table:

<u>Years of Service</u>	<u>Percentage</u> <sup>1</sup>
Less than 5	0%
5	50%
6	60%
7	70%
8	80%
9	90%
10	100%

<sup>1</sup> Members are 100% vested in their frozen accrued benefit as of January 31, 2014.

Death Benefit

Vested or Eligible for Retirement Monthly accrued benefit payable to designated beneficiary. The accrued benefit is frozen as of January 31, 2014.

Non-Vested Refund of Member Contributions.

Disability

Eligibility

Service Incurred

Covered from Date of Employment.

Non-Service Incurred

10 years of Credited Service.

Benefit

3.5% of Average Final Compensation times Credited Service (but not less than 42% of Average Final Compensation for Service Incurred). Average Final Compensation and Credited Service for purposes of determining the applicable minimum Disability Benefit are frozen as of January 31, 2014.

Form of Benefit

Ten year Certain and Life Annuity (options are available).

Board of Trustees

- a. Five Commission appointees, and
- b. Two Town Manager appointees

Deferred Retirement Option Plan (DROP)

Eligibility

Satisfaction of Normal Retirement requirements.

Participation

Not to exceed 36 months.

Rate of Return

At the Member's election:

- a. Actual net rate of investment return credited each fiscal quarter, or
- b. A fixed rate money market account.

Form of Distribution

Cash lump sum (options available) at termination of employment.



SUMMARY OF PLAN PROVISIONS  
FIREFIGHTERS  
(Through Ordinance 2016-22)

**The below information is for historical reference only. Benefits are frozen as of September 30, 2013.**

<u>Eligibility</u>	Full-time certified Firefighters participate as a condition of employment. Members hired after September 30, 2013 do not participate in this System
<u>Credited Service</u>	Total years and fractional parts of years of service as a Firefighter with the Town. Credited Service is frozen as of September 30, 2013.
<u>Salary</u>	Total W-2 compensation, plus tax deferred, tax-sheltered, and tax-exempt income. Salary earned after September 30, 2013 is not counted for determination of the accrued benefit.
<u>Average Final Compensation</u>	Average Salary for the best 5 years during the 10 years immediately preceding retirement or termination. Average Final Compensation is not applicable for the determination of the accrued benefit after September 30, 2013.
<u>Member Contributions</u>	None.
<u>Town Contributions</u>	Amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability over 30 years (per Chapter 112, Florida Statutes).
<u>Normal Retirement</u>	
Eligibility	Attainment of 1) age 60, 2) age 55 and the completion of 10 years of Credited Service or 3) the completion of 25 years of Credited Service, regardless of age.
Benefit	3.5% of Average Final Compensation times Years of Credited Service. The accrued benefit is frozen as of September 30, 2013.
Form of Benefit	10 Year Certain and Life Annuity (options are available).

Early Retirement (removed with Ordinance 2013-13)

Eligibility Age 45 and the completion of 15 years of Credited Service or Age 50 and the completion of 10 years of Credited Service.

Benefit Accrued benefit, reduced 3% per year.

Supplemental Benefit \$10.00 per month for each year of Credited Service, payable to age 65. Credited Service is frozen as of September 30, 2013 for determination of the Supplemental Benefit.

Vesting (Termination) Upon an employee's termination of employment for reason other than death, disability or retirement, he shall be entitled to the payment of the Vested Percentage of his or her accrued pension at the otherwise Early (reduced) of Normal Retirement Date. The applicable Vested Percentage is determined by the following table:

<u>Years of Service</u>	<u>Percentage</u> <sup>1</sup>
Less than 5	0%
5	50%
6	60%
7	70%
8	80%
9	90%
10	100%

<sup>1</sup> Members are 100% vested in their frozen accrued benefit as of September 30, 2013.

Disability

Eligibility

Service Incurred Covered from Date of Employment.

Non-Service Incurred 10 years of Credited Service.

Benefit 3.5% of Average Final Compensation times Credited Service (but not less than 42% of Average Final Compensation for Service Incurred). Average Final Compensation and Credited Service for purposes of determining the applicable minimum Disability Benefit are frozen as of September 30, 2013.

Form of Benefit Ten year Certain and Life Annuity (options are available)

Cost of Living Adjustment

Service Retirees receive a 3% annual increase in benefits commencing on the October 1 following the receipt of 5 years of benefit payments.

Death Benefit

Vested or Eligible  
for Retirement

Monthly accrued benefit payable to designated beneficiary. The accrued benefit is frozen as of September 30, 2013.

Non-Vested

Refund of Member Contributions.

Board of Trustees

- a. Five Commission appointees, and
- b. Two Town Manager appointees

Deferred Retirement Option Plan (DROP)

Eligibility

Satisfaction of Normal Retirement requirements. New DROP participants are not permitted after September 30, 2013.

Participation

Not to exceed 36 months.

Rate of Return

At the Member's election:

- a. Actual net rate of investment return credited each fiscal quarter, or
- b. A fixed rate money market account.

Form of Distribution

Cash lump sum (options available) at termination of employment.

SUMMARY OF PLAN PROVISIONS  
GENERAL EMPLOYEES  
(Through Ordinance No. 2016-22)

**The information below is for historical reference only. Benefits are frozen as of September 30, 2013.**

<u>Effective Date</u>	April 1, 1992
<u>Latest Amendment</u>	August 14, 2013
<u>Eligibility</u>	Full-time employees hired before September 30, 2013 become Members as a condition of employment.
<u>Compensation</u>	W-2 earnings, plus tax-deferred, tax-sheltered, and tax-exempt income. Salary earned after September 30, 2013 is not counted for determination of the accrued benefit.
<u>Average Final Compensation</u>	Average Compensation paid an employee during the best 5 years within the last 10 years preceding September 30, 2013.
<u>Credited Service</u>	Years and fractional parts of years of service with the Town as a General Employee through September 30, 2013.
<u>Normal Retirement</u>	
Eligibility	Earlier of 1) Age 62 or 2) Age 55 and the completion of 30 years of Credited Service.
Benefit	2.75% of Average Final Compensation times Years of Credited Service. The benefit is frozen as of September 30, 2013.
Form of Benefit	Life Annuity with 120 months certain (options available).
<u>Early Retirement</u>	
Date	Attainment of age 50 and the completion of 15 years of Credited Service.
Benefit	Accrued benefit reduced 3.0% for each year preceding the Normal Retirement Date.

Death Benefit

Not Vested	Refund of Member Contributions.
Vested	Accrued benefit paid to Beneficiary for 120 months at Member's otherwise Early (reduced) or Normal Retirement Date.
Post-Retirement	According to optional form of benefit selected.

Termination of Employment

Upon an employee's termination of employment for reason other than death, disability or retirement, he shall be entitled to the payment of the Vested Percentage of his or her accrued pension at the otherwise Early (reduced) or Normal Retirement Date. The applicable Vested Percentage is determined by the following table:

<u>Years of Service</u>	<u>Percentage</u>
Less than 5	0%
5	50%
6	60%
7	70%
8	80%
9	90%
10	100%

Members are 100% vested on September 30, 2013.

Deferred Retirement Option Plan

Eligibility	Within 12 months following satisfaction of Normal Retirement requirements (age 62 or age 55 and 30 years of Credited Service.) New DROP Participants are not allowed after September 30, 2013.
Participation	Not to exceed 60 months.
Rate of Return	At election of Member (may change once during the DROP period) either: 1) actual net rate of investment return (total return net of brokerage commissions, management fees, and transaction costs), or 2) 6.5%. Earnings are credited each fiscal quarter.
Form of Distribution	Cash lump sum (options available) at termination of employment.

Contributions

Employee

None.

Town

Amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability over 30 years (per Chapter 112, F.S.).