TOWN OF PALM BEACH RETIREMENT SYSTEM
BOARD OF TRUSTEES
AGENDA
Meeting of March 2, 2018

Town Hall
360 S. County Road
Palm Beach, FL. 33480

Time: 9:00 a.m.

I. Call to Order and Roll Call

Dan Stanton, Chairman
Gerald Goldsmith, Chairman Pro Tem
Brett Madison, Secretary
Kirk Blouin, Town Manager
Brad Kaufman, Trustee
Jeff Amling, Trustee
Ed Carter, Trustee
Michael Marx, Trustee
Daniel Wilkinson, Trustee

II. Approval of Agenda

III. Comments by Trustees

IV. Public Comments

Pg. 3- V. Approval of Minutes: November 17, 2017

Pg. 8- VI. Professional Liability Policy, Judy Arenz, Vice President, Arthur J. Gallagher & Co, and Karen Temme, Town Risk Management

Pg. 16- VII. Financial Audit, Michael Futterman and Tammy Goldstritch, Marcum LLP

Pg. 77- VIII. RFP for Audit Services, Jane Struder, Finance Director and William Hanes, Retirement Administrator

Pg. 111- IX. Financial Report, Jane Struder, Finance Director

Pg. 119- X. DROP Policy (revision), Jane Struder, Finance Director

XI. Actuarial Presentation, Pete Strong, GRS

Pg. 127- a. Actuarial Valuation 2017
Pg. 246- b. GASB 67 Report
Pg. 284- c. Fee Proposal

XII. Investment Report, Dave West, AndCo Consulting

Pg. 288- a. Quarterly Investment Review
Pg. 325- b. Investment Administration and Benchmarking
Pg. 348- c. Manager Review

Pg. 367- XIII. Ellen Schaffer Software Fee Request, Jim Linn, Attorney

XIV. Attorney Report: Jim Linn, Attorney

Pg. 369- XV. Retirement Benefit Payments, William P. Hanes, Administrator

XVI. Other business

XVII. Adjournment

Next Quarterly Meeting Date: May 18, 2018

If a person decides to appeal any decision made by this Board with respect to any matter considered at this meeting, he/she will need a record of the proceedings, and that, for such purpose, he/she may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based.

This meeting may be conducted by or with electronic media technology. The public access point for the meeting is the Town Hall, 360 S. County Road, Palm Beach, Florida 33480.

The progress of this meeting may be monitored by visiting the Town's website (www.townofpalmbeach.com) and clicking on "Meeting Audio" in the left column. If you have questions regarding that feature, please contact the Office of Information Systems (561) 227-6315. The audio recording of the meeting will appear within 24 hours after the conclusion of the meeting.

Notice: Disabled persons who need an accommodation in order to participate in this meeting are requested to contact the Town Manager's Office at 561-838-5410 or through the Florida Relay Service by dialing 1-800-955-8770 for voice callers or 1-800-955-8771 for TDD callers, at least (2) working days before this meeting.

Town of Palm Beach Retirement System
Board of Trustees
Minutes of November 17, 2017

I. Call to Order and Roll Call

Chairman Daniel Stanton called the meeting at 9:00 am in the Town of Palm Beach Hall Chambers, 360 South County Road, Palm Beach, Florida 33480

In Attendance:

TRUSTEES:
Daniel Stanton, Chairman
Tom Bradford, Town Manager
Brett Madison, Secretary
Jeffrey Amling, Trustee
Brad Kaufman, Trustee
Ed Carter, Trustee
Gerald Goldsmith, Trustee
Michael Marx, Trustee
Dan Wilkinson, Trustee

ALSO PRESENT:
William P. Hanes, Retirement Administrator
Jane Struder, Finance Director
David West, AndCo Consulting
Danielle Olson, Human Resources Director
James Linn, Attorney

II. Approval of Agenda

Mr. Kaufman made the motion to approve the agenda. Mr. Bradford seconded the motion. The trustees unanimously approved the motion.

III. Comments by Trustees

None

IV. Public Comments

None

V. Approval of Minutes, August 18, 2017

Chairman Stanton commented there was one word incorrect that needs correction from the minutes. He identified on page 4 that the word underwhelming should be entered as underweighted.

Mr. Bradford made the motion to approve the minutes with the amendment offered by Chairman Stanton. Mr. Wilkinson seconded the motion. The trustees unanimously approved the motion.

VI. Financial Report and Disbursements, Jane Struder, Finance Director

Ms. Struder presented the quarterly financial report through September 30, 2017. She stated that the report has unaudited numbers and the audited numbers will be provided at the next meeting on March 2. She provided the financial details from the written report and indicated there was no need to transfer additional money from managers for payment of next quarter's benefit and expense payments.

Mr. Kaufman made the motion to accept the disbursements from the report for the quarter. Mr. Bradford seconded the motion. The trustees unanimously approved the motion.

VII. Presentation on Trustee Legal Powers and Duties as a Fiduciary, James Linn, Attorney

Mr. Linn discussed an overview of the Retirement Board powers and duties. He stated that the board was established by the Town Council as a legal entity with the authority to administer the retirement system for the benefit of the members, retirants, and beneficiaries. He commented that the board has the authority to bring and defend lawsuits, and the primary function of the board is directing the investment of assets of the retirement system as provided within the investment policy statement. He stated that board members are fiduciaries of the funds, which means trustees are charged with administering the fund and directing the investments in the best interest of the members of the retirement system pursuant to the prudent person rule. He stated that the retirement plan is qualified under the Internal Revenue Code, meaning the plan growth is not taxed until paid out to members of the plan. He stated there is a range of rules and regulations that govern qualified plans. He reminded the board that tax council previously recommended changes that have been enacted by the Town to ensure qualified status, and with one more change remaining, and to be adopted.

Mr. Linn stated that the issue he reported on at the prior meeting regarding the members exceeding the Sec. 415 excess benefit has been resolved. Mr. Goldsmith commented that the board cannot legislate.

Mr. Carter asked if decisions made regarding the assumptions are the purview of the Retirement Board. Mr. Linn answered that the Retirement Board that determines the assumption, but noted an exception under the code that the rate of return assumption requires approval by Town Council. Chairman Stanton asked if there is anything that has happened in the past with the Retirement Board that was close to a breach of fiduciary duties. Mr. Linn answered no.

VIII. Town Council September 19, 2017 Annual Retirement Report, Chairman Dan Stanton

Chairman Stanton commented on the annual retirement report he presented to Town Council on September 19, 2017, and that two alternatives for additional funding were provided to Town Council to address the unfunded liability. He stated that the Town Council approved the option of an annual fixed $5.42 million to be allocated by the Town each year in addition to the legally required amount. He stated there were many questions asked by Town Council, and noted one item decided is that a special Town Council meeting will be held annually to discuss retirement issues. Mr. Hanes commented that as a part of the upcoming annual Town Council meeting with the board, the actuary has been asked to provide a new 10-year funding forecast based on the most recent 2017 fiscal year investment performance.

IX. Investment Report, Dave West, AndCo Consulting, LLC

Mr. West stated that he had good news regarding the asset allocation, and the pension assets were placed in the right places over the year to capture very good returns. He discussed 3 agenda items (1) AndCo firm update, (2) the review of the Investment Report, and (3) the recent recommendation for the Town to make additional contributions. He introduced his colleague, Misha Bell, who is in charge to reporting. He discussed the rebranding and equity ownership with the AndCo group.

Mr. West reviewed the Quarterly Investment Report. He gave an overview of the most significant items that impacted returns over the 2017 year, including the investment progress and what needs to be done going forward. He noted a huge improvement in active management performance, and commented that long term interest rates have come down while bond prices have gone up. He noted that we have moved into the next phase of the recovery, and there is a global recovery resulting in international equities being the best performers over the last two quarters. He stated that the managers that have reported to date represents 85% of the portfolio, but the report does not include current private equity and private equity real estate investments because of delays in valuation from those asset classes. He noted that the fund performed at 10.92%, and would probably perform at 12.72% if all reporting was current as of today.

Chairman Stanton questioned the inconsistency between the total fund performance versus the total fund policy performance over the last two to three years where policy has outperformed the total fund. He asked

Mr. West his thoughts on that issue. Mr. West stated that it was largely due to management performance deficiency due to original asset allocation and policy construction. Mr. Goldsmith noted that we had a serious lag in liquidation of funds during the year. Mr. West agreed that liquidation with the many illiquid asset holdings was a challenge. Chairman Stanton questioned the alternative policy total of 22%. Mr. West answered that it was derived from the investment policy statement that produces an assigned custom benchmark with an inflation plus adjustment. He noted it is a constant earnings rate that is high. He commented he is using the peer group as a secondary policy measure along with the primary fixed policy. Chairman Stanton suggested relooking at how the number is derived if this portfolio keeps underperforming relative to policy. Mr. West agreed that the number is high and they will go back and confirm the numbers.

Chairman Stanton commented on the manager Thompson, Siegel & Walmsley (TSW) SMID fund, which changed their name to hide their bad management performance. He asked if AndCo is monitoring the changes in managers. Mr. West answered by comparing the managers and giving an overview of their management of performance. He commented that AndCo's efforts to date have been to set up the asset allocation of the portfolio, which is by far most impactful to performance, and going forward he believes AndCo can get to business as usual and will be able to zero in on monitoring the manager performance. Chairman Stanton commented in the market that we are in that value stocks are underperforming growth, and the fact that they are lagging is not a surprise. He stated his real issue is if they are lagging more than what they should because of poor performance. Mr. West stated that the index applied here, which is the Russell 2500 value index, are an apple to apple comparison. He added that according to this benchmark, the manager is lacking. He commented that they are tracking the full manager history that gives a long-term look, and that they are now at the point where they can be more focused on mangers. Chairman Stanton requested a more in-depth analysis of their performance and to discuss the construction of the alternative benchmark for the next meeting. Mr. West made additional comment that Artisan performance is under the radar screen and he will bring to the next meeting for discussion for possible replacement.

Mr. Goldsmith asked who sets the benchmarks. Mr. West answered that is not arbitrary and AndCo sets the benchmark and work with managers to meet the expectations. Mr. Linn asked if the benchmarks are reflected in the policy statement. Mr. West confirmed.

Mr. Goldsmith inquired of Mr. West how well we performed overall. Mr. West stated that the benchmark is 7.3%, and we performed admirably well, especially considering the difficulty of making changes because of caps imposed by the legacy investment policy statement, and that it took Town Council time to adopt the change made to the new investment policy statement.

Mr. Kaufman discussed with Mr. West the issue of performance differences between active and passive, and commented that performance depends on consideration of the starting point. He stated that if you look at the S&P performance over time, it will outperform almost every active manager. Mr. West stated that he takes Mr. Kaufman's point to be that it is about the point to point measurement, so if they came in at a good starting point, it could bias the point to point data. He commented that what they are trying to do on the way is to be cognizant of the rolling returns and style specific in comparisons to be fair, and that it is imperative to be cycle aware. He commented that we have come through an exceptional long period of time where indexing has prevailed as a style of investing in domestic equity. He stated it is his hope that we are at the point of inflection when the return to fundamental investing will provide a more fertile ground for active managers to bring value to the table, and historically investors will be better protection in down markets.

Mr. Bradford made inquiry regarding the board's role with placing managers on a watch list. Mr. West commented that AndCo reviews on a quarterly basis a very long list of managers they work with, and that it is not usually an action matter for the board to approve. Chairman Stanton requested that Mr. West provide the board a list of managers of this fund that AndCo is actively watching. Mr. West indicated the watch list of managers is typically related to compliance, and he will bring to the board to discuss with any recommendation from which the board will decide whether to ride it out or take some action. Mr. West commented that board action does not come until after AndCo has taken managers on a watch list to the board with a recommendation for action. Chairman Stanton asked if Mr. West will provide the board a list of managers being watched, and to distinguish those that are legacy managers inherited when AndCo was hired from those managers that were recommendations from AndCo and have been added to the portfolio by action of the board.

Mr. West updated the board on cash flow of the plan. He indicated that the Mesirow sale balance of $8 million from the June 30, 2017 quarterly report failed to show, and has been added to the current September 30, 2017 report.

Mr. Kaufman asked why there is still $401,000 in Mesirow. Mr. West answered that it represents a 10% hold back at liquidation, which is an industry standard. He commented these funds will be released after Mesirow clears their books, and their statements are audited.

Chairman Stanton asked about the 60% in management fee that appears to be paid to one manager, Oakmark. Mr. West answered that it appears to be some catch up in that number. Chairman Stanton asked Mr. West to review the item and report back to the board. Mr. Carter commented it looks expensive. Mr. West agreed that he will review and report back to the board.

Mr. West reviewed the Asset Allocation chart as of September 30, 2017. He stated that we are basically very close to where we need to be in complying with the target allocation, noting some strategic overweighting and underweighting in certain asset classes, and stated there are no recommendations for changes at this time. He commented that the plan is well positioned going forward. Chairman Stanton stated that Town Council will want to know where Mr. West plans that that the new Town allocation of $5.42 million will be applied. Mr. West answered that there is only one investment left to be funded. He recommends moving those funds to the Vanguard Domestic Bond Index Fund. Mr. Bradford asked why international is out. Mr. West answered that there is currently a good overweight with International right now, and AndCo recommends continuing at the current level of overweight with non-Domestic.

Mr. Kaufman made the motion for the incremental $6 million dollars of investable income be invested in the Vanguard bond index fund. Mr. Goldsmith seconded the motion. The trustees unanimously approved the motion.

Chairman Stanton commented that he hopes that AndCo does not give up on Hedge Funds and that at some point there will be a period of outperformance, and that it is worthy to keep on the radar. Chairman Stanton requested that if and when AndCo sees opportunities in that space with a changing environment, it would be something the board would like to hear. He commented that intuitively it doesn’t seem possible that going forward there would not be outperformers in the space. Mr. West agreed, and stated it would be on the radar screen which would be a normal function anyway. Mr. West commented that the first function might be to find the best performing Hedge Fund, and the second function would be to look for Hedge Funds with good returns and lower volatility. He stated that the return expectation for that group would be a mix of equities and bonds. He stated this to be the function of current funds in this space. He reminded the board that Hedge Funds have outperformed fixed income, and has served as a source of capital while creating diversification. Mr. Carter suggested that it is important that AndCo clean up the policy with regard to the alternative space as previously discussed. Mr. West stated that he will place this as an action item for the next meeting.

Chairman Stanton stated he has written down four matters for Mr. West to address at the next meeting as follows: (1) More definition on policy for alternatives; (2) more information on TSW; (3) Oakmark management fee from cash flow chart, (4) Managers of the Town of Palm Beach recommended since AndCo, and the legacy managers AndCo would not be recommending if they were not already active with the plan.

X. Attorney Report, James Linn

Mr. Linn reviewed an issue previously discussed with the board related to a former actuary for the plan that had not discovered the excess benefit received by a retiree of the Town per the Internal Revenue Code, and neither did the actuary note one member who will exceed the limit in the future. He commented Actuary Strong discovered the two individuals with regard to exceeding the benefit limit, and the Town has negotiated a settlement with GRS whereby GRS will pay $68,000 that will cover the back payments that is required to be paid back into the pension trust from the current retiree benefit payments. This is in addition to other legal and Town fees. In addition, the Town has adopted an emergency ordinance that establishes a "preservation of benefits" plan that the Federal Internal Revenue Code allows for governments to enact in order to accommodate for an excess payment of benefit so that when an employee has not been advised of the excess benefit limitation that the retiree will be made whole. The contribution made by the Town toward the retirement plan is reduced based on reduction in liability, but then the Town must pay into a separate account for paying the liability associated with the excess benefit. He concluded that GRS stepped up and did the right thing with no additional cost to the Town or retirement plan, and the two employees will be made whole for receiving the excess benefit amounts.

Mr. Carter inquired about the current 415 limit. Mr. Linn stated that the current limit is $215,000 at age 62, however, the limit is reduced for people retiring prior to age 62.

XI. Administrator's Report, William Hanes

Mr. Hanes presented his report that included one retirement.

Mr. Madison made the motion to ratify the retirement based on the report. Mr. Bradford seconded the motion. The trustees unanimously adopted the motion.

XII. Other Business

None.

XIII. Adjournment

Mr. Goldsmith made the motion to adjourn. Mr. Bradford seconded the motion. The trustees unanimously adopted the motion.

Respectfully Submitted,

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Town of Palm Beach Retirement System
Board of Trustees
Brett E. Madison, Secretary

ORDINANCE NO. 24-07

AN ORDINANCE OF THE TOWN COUNCIL OF THE TOWN OF PALM BEACH, PALM BEACH COUNTY, FLORIDA, AMENDING CHAPTER 2, ADMINISTRATION, TO INCLUDE A NEW ARTICLE IX TITLED RIGHT TO INDEMNIFICATION; CREATING A NEW SECTION 2-616 RELATING TO SOVEREIGN IMMUNITY; CREATING A NEW SECTION 2-617 RELATING TO RIGHT TO INDEMNIFICATION; CREATING A NEW SECTION 2-618 PROVIDING INDEMNIFICATION NOT EXCLUSIVE RIGHT; CREATING A NEW SECTION 2-619 RELATING TO CRIMINAL CASES; PROVIDING FOR SEVERABILITY; PROVIDING FOR REPEAL OF ORDINANCES IN CONFLICT; PROVIDING FOR CODIFICATION; PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Town of Palm Beach recognizes its responsibility to elected and appointed officials pursuant to Section 768.28, Florida Statutes, to be responsible for any injury or damage suffered as a result of any act, event or omission arising out of and in the scope of the office, authority and function of any of its elected and appointed officials; and

WHEREAS, it is the intent of the Town to assure elected and appointed officials of the Town of their rights to indemnification by the Town for acts taken by said officials while serving the Town and to provide a legal defense to said elected or appointed officials for such actions.

NOW, THEREFORE, BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF PALM BEACH, PALM BEACH COUNTY, FLORIDA, AS FOLLOWS:

Section 1: Chapter 2, Administration, of the Code of Ordinance of the Town of Palm Beach, Florida is hereby amended by adopting a new Article IX to be entitled "Right to Indemnification" to read as follows:

"ARTICLE IX. RIGHT TO INDEMNIFICATION

Sec. 2-616. Sovereign Immunity.

The Town of Palm Beach (the "Town") is a political subdivision of the State of Florida as defined in Section 768.28, Florida Statutes, and hereby agrees to be fully responsible for any injury or damage suffered as a result of any act, event, or omission arising out of and in the scope of the office, authority and function of any of its elected officials, of any member of an appointed board or commission of the Town, and of any officer, employee and agent of the Town pursuant to the limitations and terms of Section 768.28(9)(a), as the same exists or may hereafter be amended. Nothing contained in this Ordinance is intended to serve as a waiver of sovereign immunity by any party to which sovereign immunity may be applicable.

Sec. 2-617. Right to Indemnification.

(a) The Town, to the fullest extent permitted by law, shall indemnify any elected official and any member of any appointed board or commission of the Town who was or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, administrative or investigative (a "Proceeding"), by reason of the fact that such person was or is an elected official or a member of any appointed board or commission of the Town, or was or is serving at the request of the Town as a trustee or agent of any employee benefit plan of the Town, against all expenses (including court costs and reasonable attorneys' fees), judgments, and amounts paid in settlement with the approval of the Town in connection with a Proceeding involving alleged (i) liability for any statement made, vote, decision or action taken, or the failure to take any action, so long as the Indemnitee has not derived an improper personal benefit, either directly or indirectly, in connection therewith, and/or (ii) liability for failure to exercise reasonable care, skill, diligence, caution, and/or prudence, whether under the prudent investor or prudent man standard or otherwise; provided, however, notwithstanding the foregoing an Indemnitee shall not be entitled to indemnification as provided in this Section if and only if a court of competent jurisdiction makes a specific finding in a final decision (which through the lapse of time or otherwise is not subject to appeal) that such person (A) acted outside the scope of his/her office, authority or function, or (B) acted in bad faith or with malicious purpose or in a manner exhibiting wanton and willful disregard of human rights, safety, or property.

(b) The termination of any Proceeding by judgment, order, or settlement, shall not, of itself, create a presumption that the Indemnitee (i) acted outside the scope of his/her office, authority or function, or (ii) acted in bad faith or with malicious purpose or in a manner exhibiting wanton and willful disregard of human rights, safety, or property unless in connection therewith a court of competent jurisdiction shall have made a specific finding in a final decision (which through the lapse of time or otherwise is not subject to appeal) that such person (A) acted outside the scope of his/her office, authority or function, or (B) acted in bad faith or with malicious purpose or in a manner exhibiting wanton and willful disregard of human rights, safety, or property.

Any elected official or any member of an appointed board or commission of the Town entitled to indemnification as provided in paragraph (a) of this Section is referred to in this Ordinance as an "Indemnitee." As used in this Ordinance, the term "bad faith" shall mean any conscious action or omission to act known, or so obvious that it should have been known, by the Indemnitee to be unlawful.

(c) Promptly after receipt by an Indemnitee under this Section of notice of the commencement of any Proceeding, such Indemnitee will, if a claim in respect thereof is to be made against the Town under paragraph (a) of this Section, notify the Town in writing of the commencement thereof; but the failure so to notify the Town shall not relieve it from any liability which it may have under paragraph (a) of this Section except to the extent such failure prejudices the Town. In case any Proceeding is brought against any Indemnitee, and it notifies the Town of the commencement thereof, the Town shall assume the defense thereof, with legal counsel reasonably satisfactory to the Indemnitee, at the Town's sole cost and expense. Upon the assumption of the defense of such Proceeding pursuant to the immediately preceding sentence of this Section, the Town will not be liable to the Indemnitee under paragraph (a) of this Section for any legal or other expenses subsequently incurred by such Indemnitee in connection with the defense thereof unless the Town shall not have retained counsel reasonably satisfactory to the Indemnitee to represent the Indemnitee within a reasonable time after notice of commencement of the Proceeding has been given to the Town. Anything herein to the contrary notwithstanding, if in any Proceeding against more than one Indemnitee, such Indemnitees may each retain separate legal counsel at the Town's expense if under applicable standards of professional conduct, there is a conflict on any significant issue between the positions of any two or more Indemnitees.

The Town shall have the right to recover any attorneys' fees paid from public funds for or on behalf of any Indemnitee who is found in a final judgment (which through the lapse of time or otherwise is not subject to appeal) of a court of competent jurisdiction to be personally responsible or liable (i) by virtue of acting outside the scope of his/her office, authority, or function, or (ii) by acting in bad faith, or with malicious purpose, or in a manner exhibiting wanton and willful disregard to human rights, safety, or property.

Sec. 2-618. Indemnification Not Exclusive Right.

The right of indemnification provided in this Ordinance shall not be exclusive of any other rights to which an Indemnitee may otherwise be entitled, and the provisions of this Ordinance shall inure to the benefit of the heirs and personal representatives of any Indemnitee under this Ordinance and shall be applicable to Proceedings commenced or continuing after the adoption of this Ordinance, whether arising from acts, events, or omissions occurring before or after such adoption.

Sec. 2-619. Criminal Cases.

If any elected official or any member of any appointed board or commission of the Town is named in any criminal action based upon or arising out of the performance of his/her duties for or on behalf of the Town or by virtue of his/her being an elected official or a member of any appointed board or commission of the Town, such person shall be responsible for his/her own defense; provided, however, if such person is found not guilty in such criminal action, all reasonable expenses (including court costs and attorneys' fees) incurred by or on behalf of such person in such criminal action shall thereupon be reimbursed by the Town."

Section 2. Severability.

If any provision of this Ordinance or the application thereof is held invalid, such invalidity shall not affect the other provisions or applications of this Ordinance which can be given effect without the invalid provisions or applications, and to this end the provisions of this Ordinance are hereby declared severable.

Section 3. Repeal of Ordinances in Conflict.

All other ordinances of the Town of Palm Beach, Florida, or parts thereof which conflict with this or any part of this Ordinance are hereby repealed.

Section 4. Codification.

This Ordinance shall be codified and made a part of the official Code of Ordinances of the Town of Palm Beach.

Section 5. Effective Date.

This Ordinance shall take effect immediately upon its passage and approval, as provided by law.

PASSED AND ADOPTED in a regular, adjourned session of the Town Council of the Town of Palm Beach on first reading this 13th day of November 2007, and for second and final reading on this 11th day of December, 2007.

Jack McDonald, Mayor	Richard M. Kleid, Town Council President
	Denis P. Coleman, President Pro Tem
	William J. Brooks, Town Council Member
	Gail Coniglio, Town Council Member
Susan A. Eichhorn, Town Clerk	Susan Markin, Town Council Member

TOWN OF PALM BEACH

Office of Risk Management

To: Town of Palm Beach Retirement Board of Trustees

Via: William P. Hanes, William P. Hanes, Consulting, Inc.

From: Karen Temme, Risk Manager KT

Re: Town of Palm Beach Retirement Board of Trustees
Fiduciary Liability Policy
Coverage Period April 1, 2018 – April 1, 2019

Date: February 16, 2018

STAFF RECOMMENDATION

It is recommended that the Board renew the Fiduciary Liability coverage with Federal Insurance Company, a Chubb Company for a $10,000,000 aggregate limit of liability and a $150,000 deductible at an annual premium of $31,998. The annual premium includes the Waiver of Recourse and Spousal extension coverage.

GENERAL INFORMATION

The Public Officials/Trustees Fiduciary Liability coverage protects the assets of the Town, individual fiduciaries, administrators, trustees, and the plan. A fiduciary protected by this coverage includes any person who exercises any discretionary authority or control with respect to the management or administration of the Town's retirement plan or its assets.

The Town Council adopted Ordinance Number 24-07 – Right to Indemnification for Elected and Appointed Officials on November 13, 2007. This Ordinance was adopted to provide additional protection while acting in the capacity as an elected and appointed official.

The expiring Fiduciary Liability policy is with Federal Insurance Company, a Chubb Company with a $10,000,000 limit of liability and $150,000 deductible at an annual premium of $30,478. This annual premium includes the Waiver of Recourse and Spousal extension coverage.

Federal Insurance Company has been rated "A++" by A.M. Best.

Should you have any questions, Judy Arenz, with Arthur J. Gallagher and myself will be present at the meeting on March 2, 2018.

c: Judy Arenz, CPCU, Arthur J. Gallagher
Kirk Blouin, Town Manager
Jay Boodheshwar, Deputy Town Manager
Danielle Olson, Human Resource Director

Arthur J. Gallagher & Co.

Client Authorization to Bind Coverage
Town of Palm Beach

After careful consideration of your proposal dated January 31, 2018, we accept your insurance program subject to the following exceptions/changes:

POLICY OPTIONS:

YES	NO	OPTION DESCRIPTION
		Fiduciary Liability (Federal Insurance Company) Premium: $31,998.00 / TRIA Included
		Provide Quotations or Additional Information on the following Coverage Considerations: Cyber Liability

The above coverage may not necessarily represent the entirety of available insurance products. If you are interested in pursuing additional coverages other than those addressed in the coverage considerations included in this proposal, please list below:

It is understood this proposal provides only a summary of the details; the policies will contain the actual coverages.

We confirm the values, schedules, and other data contained in the proposal are from our records and acknowledge it is our responsibility to see that they are maintained accurately.

Client Signature
For Town of Palm Beach

Dated

February 21, 2018

To the Board of Trustees and the Plan Administrator
Town of Palm Beach Retirement System
Town of Palm Beach, Florida

We have audited the financial statements of the Town of Palm Beach Retirement System (the Plan) as of and for the year ended September 30, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 27, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Plan are described in Note 1 – Summary of Significant Accounting Policies, to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2017. We noted no transactions entered into by the Plan during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no significant or sensitive estimates disclosures other than the fair value of investments which fluctuate based on market conditions.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

> The disclosures in the notes the financial statements, and those included as part of the required supplementary information (RSI) required by GASB Statement No. 67.
>
> The disclosure of fair value measurements and fair value level hierarchy of Plan investment instruments in Note 4 to the financial statements as required by GASB Statement No. 72. The Statement addresses accounting and financial reporting issues related to fair value measurements of assets and liabilities. The adoption of GASB 72 resulted in increased disclosures related to the fair value measurements of investments.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. None of the auditor adjustments detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to Plan's financial statements taken as a whole. There were no uncorrected misstatements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 21, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Plan's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Plan's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and analysis, schedule of changes in the Town's net pension liability and related ratios, schedule of Town contributions, and the schedule of investment returns, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining statement of fiduciary net position, combining statement of changes in fiduciary net position and the schedule of administrative and investment expenses, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of Board of Trustees and the Plan Administrator and management of the Town of Palm Beach Retirement System and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Marcum LLP

Marcum LLP

TOWN OF PALM BEACH RETIREMENT SYSTEM

FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2017

TOWN OF PALM BEACH RETIREMENT SYSTEM

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INDEPENDENT AUDITORS' REPORT

MARCUM
ACCOUNTANTS ▲ ADVISORS

INDEPENDENT AUDITORS' REPORT

Board of Trustees and Plan Administrator
Town of Palm Beach Retirement System

Report on the Financial Statements

We have audited the accompanying financial statements of the Town of Palm Beach Retirement System (the Plan), which comprise the statement of fiduciary net position as of September 30, 2017 and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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MEMBER

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Plan, as of September 30, 2017, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Prior Year Comparative Information

We have previously audited the Town of Palm Beach Retirement System's 2016 financial statements, and our report dated March 6, 2017, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of changes in the town's net pension liability and related ratios, schedules of town contributions, and schedule of investment returns on pages 4-8 and 38-44 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Plan's financial statements. The accompanying combining statement of fiduciary net position, combining statement of changes in fiduciary net position and the schedules of administrative and investment expenses are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining statement of fiduciary net position, combining statement of changes in fiduciary net position and the schedules of administrative and investment expenses, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2018 on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plan’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control over financial reporting and compliance.

Marcum LLP

West Palm Beach, FL
February 21, 2018

MANAGEMENT’S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the Town of Palm Beach (the Town), we offer readers of the Town of Palm Beach Retirement System's financial statements this narrative overview and analysis of the financial activities of the Town of Palm Beach Retirement System for the fiscal year ended September 30, 2017 compared to the fiscal year ended September 30, 2016.

Prior to April 1, 2012, the Town had three separately managed pension plans. On April 1, 2012, the three retirement boards were consolidated into the Town of Palm Beach Retirement System Board of Trustees. This Board now oversees all of the Town's pension assets and retirement programs.

Financial Highlights

- The Net Position held in trust for pension benefits totaled $209,822,728 as of September 30, 2017, compared to the Net Position as of September 30, 2016 of $194,010,680.

- The Town of Palm Beach Retirement System (the Plan) recorded an increase in Net Position of $15,812,048 for fiscal year ended September 30, 2017 compared to the increase in Net Position of $3,246,190 recorded as of fiscal year ended September 30, 2016.

- The plan fiduciary net position as a percentage of the total pension liability in accordance with GASB Statement No. 67, *Financial Reporting for Pension Plans* (funded ratio), as of September 30, 2017 for the General Employees and Lifeguards plan was 70.29%, the Police Officers plan was 67.13% and the Firefighters plan was 59.93%. This compares to the September 30, 2016 ratios of: General Employees and Lifeguards plan 68.72%, Police Officers plan 63.03%, and Firefighters plan 59.77%.

- For fiscal year ended 2017, the Town's contribution to the Plan increased by $4,010,162. The fiscal year 2016 Town contribution increased by $500,271 from the previous year. The Town budgeted and contributed an extraordinary contribution in 2017 of $2,800,000 to reduce the unfunded actuarial accrued liability (UAAL).

- Net investment income for fiscal year 2017 was $22,070,534 compared to investment income of $14,058,495 in fiscal year 2016.

- Benefit payments for fiscal year 2017 were $16,258,261 compared to $15,587,355 in fiscal year 2016.

- Administrative expense for fiscal year 2017 totaled $425,985 compared to $450,395 in fiscal year 2016.

Plan Highlights

The Retirement Board's new Investment Consultant, AndCo, worked with the board to develop a new asset allocation and select money managers for this new allocation. For the fiscal year ended September 30, 2017, the net investment return of the portfolio was 10.92% for the year, which was higher than the target index of 7.3%.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Palm Beach Retirement System's (the Plan) financial statements. The Town of Palm Beach Retirement System financial statements consist of a Statement of Fiduciary Net Position, a Statement of Changes in Fiduciary Net Position and Notes to the Financial Statements.

The Plan presents three types of required supplementary schedules, which provide historical trend information about the Plan. The three schedules are as follows: schedule of changes in the town's net pension liability and related ratios, a schedule of town contributions and a schedule of investment returns.

The Plan prepares its financial statements on the accrual basis of accounting and in accordance with generally accepted accounting principles in the United States of America as applied to governmental pension plans. These statements provide information about the Plan's overall financial status.

Description of the Financial Statements

The *Statement of Fiduciary Net Position* presents information on the Town of Palm Beach Retirement System's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, with the difference between the two reported as *net position held in trust for pension benefits.* This statement is a snapshot of the financial position of the Plan at that specific point in time and reflects the resources available to pay retirees and beneficiaries at that point in time. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town of Palm Beach Retirement System is improving or deteriorating.

The *Statement of Changes in Fiduciary Net Position* presents information showing how the Plan's net position changed during the most recent fiscal year. Additions consist of contributions to the Plan and net investment income or loss. Deductions consist of refunds, benefit payments, share plan distributions and administrative expenses.

The *Notes to the Financial Statements* are presented to provide the information necessary for a full understanding of the financial statements. They include additional information not readily evident in the statements themselves such as a description of the Plan, contributions, significant accounting policies, funding policy and investment risk disclosure.

There are also three *Required Supplementary Schedules* included in this report as required by the Governmental Accounting Standards Board. The *Schedule of Changes in the Town's Net Pension Liability and Related Ratios* presents historical trend information about the actuarially determined funded status of the Plan from a long-term, ongoing plan perspective, and the progress made in accumulating sufficient assets to fund benefit payments as they become due. The *Schedule of Town Contributions* presents historical trend information about the annual contributions of employers and percentage of such contributions in relation to the covered payroll. The *Schedule of Investment Returns* provides historical trend information on the annual money-weighted rate of return.

Additional information is presented as part of the *Supplementary Information*. This section is not required but management has chosen to include it. It includes a Combining Statement of Fiduciary Net Position, a Combining Statement of Changes in Fiduciary Net Position, and Schedules of Administrative Expenses and Investment Expenses. The Combining Statement of Fiduciary Net Position presents the breakdown of assets, liabilities, and deferred inflows between the General Employees, Police Officers and Firefighter groups. The Combining Statement of Changes in Fiduciary Net Position presents a breakdown of additions and deductions for each of the employee groups. The Schedule of Administrative Expenses presents the expenses incurred in the administration of the Plan. The Schedule of Investment Expenses presents the expenses incurred in managing and monitoring the investments of the Plan and includes financial management, consultant and custodial fees.

Financial Analysis

The total net position held in trust for pension benefits at September 30, 2017 amounted to $209,822,728 and a summary of fiduciary net position is shown below.

Summary of Fiduciary Net Position

			Increase (Decrease) 2016 to 2017	
	FY2017	FY2016	Amount	Percent
Assets				
Cash	$ 2,157,701	$ 2,139,616	$ 18,085	1%
Receivables	553,708	156,118	397,590	255%
Investments	209,442,211	193,542,367	15,899,844	8%
Prepaid expenses	20,848	24,499	(3,651)	-15%
Total Assets	212,174,468	195,862,600	16,311,868	8%
Total Liabilities	2,351,740	1,851,920	499,820	27%
Net Position Held in Trust for Pension Benefits	$209,822,728	$194,010,680	$ 15,812,048	8%

The largest portion of the Plan's assets (99%) consists of investments at fair value. The balance of total assets includes cash (short-term investments), accrued interest and dividends receivable and amounts due from brokers for securities sold. Investments increased by $15,899,844 from FY16. Liabilities total $2,351,740 at September 30, 2017. The liabilities are comprised of accounts payable and accrued liabilities ($109,901), due to the Town ($2,046,476) and amounts due to brokers for securities purchased ($195,363).

The data relating to the change in net position is shown below:

Summary of Changes in Fiduciary Net Position

	FY2017	FY2016	Increase (Decrease) 2016 to 2017 Amount	Percent
Additions				
Contributions				
Town	$ 10,887,085	$ 6,876,923	$ 4,010,162	58%
Member	963,707	541,133	422,574	78%
Total Contributions	11,850,792	7,418,056	4,432,736	60%
Investment Income, Net	22,070,534	14,058,495	8,012,039	57%
Total Additions	33,921,326	21,476,551	12,444,775	58%
Deductions				
Benefits paid and distributions	17,614,048	17,648,526	(34,478)	0%
Refunds of participants' contributions	69,245	131,440	(62,195)	-47%
Administrative expense	425,985	450,395	(24,410)	-5%
Total Deductions	18,109,278	18,230,361	(121,083)	-1%
Net Increase	15,812,048	3,246,190	12,565,858	387%
Net Position - Beginning of Year	194,010,680	190,764,490	3,246,190	2%
Net Position - End of Year	$ 209,822,728	$ 194,010,680	$ 15,812,048	8%

Net position of the Town of Palm Beach Retirement System increased by $15,812,018 for FY2017. This increase was due to investment gains from interest and dividends and a net appreciation in fair value of investments amounting to $22,070,534 net of investment expenses. This amount is greater than FY16 due to an improvement in the performance of the portfolio from the prior year. Contributions by the Town and the employees totaled $11,850,792. This amount increased $4,432,736 from FY16. The Town's actuarially determined contribution increased due to increases in retirement activity, and smoothing investment losses and the Town contributed an additional $2,800,000 extraordinary contribution to reduce the UAAL. Member contributions increased by $422,574, due to a change in the benefits for police officers and firefighters, which also increased their contributions from 2.47% to 10%. Deductions for benefit payments and DROP and Share plan distributions amounted to $17,614,048. This amount decreased due to the fewer Drop and Share account distributions in FY17. Administrative expense amounted to $425,985 a decrease of $24,410 from FY16. The decrease is the result of decreases in fiduciary insurance and legal fees.

Economic Factors and Future Rates

The employer actuarially determined contribution to the Plan for FY2018 increased by $1,346,643. A portion of the increase is due to the change in the mortality tables and the approved changes in non-union public safety pension plan. In addition, the Town Council adopted a policy to require annual appropriations of the annual required contribution plus $5,420,000 with the total capped at $16 million. This policy was adopted to reduce the UAAL and improve the funded ratio of the plan. Beginning with the 2016 actuarial valuation, the investment return assumption will decrease from 7.5% to 7.4% and continue to decrease each year in 0.1% increments until it reaches the ultimate assumption goal of 7.0%. For 2017, the investment return assumption is 7.3%. In addition, the wage assumption will decrease from 3.5% to 3.25% for the 2016 valuation and then 3.0% for the 2017 valuation and 2.75% for the 2018 valuation.

Asset Allocation

At the end of the fiscal year ended September 30, 2017, domestic equity investments comprised 33.9% of the total portfolio, international equity was 19.7% of the total portfolio and emerging markets equity was 6% of the total portfolio. The allocation to fixed income securities was 11.6%. Alternative assets comprised 6.3% of the portfolio, private equity was 7.3% of the portfolio and real estate comprised 12.4% of the total portfolio.

The target asset allocation range versus the actual allocation is shown below:

	Target	***2017 Actual***
Domestic Equity	35.0%	33.9%
Developed Equity	15.0%	19.7%
Emerging Equity	5.0%	6.0%
Domestic Bonds	17.5%	11.6%
Alternative Assets	10.0%	6.3%
Real Estate Funds	10.0%	12.4%
Private Equity	7.5%	7.3%
Cash	0%	2.8%

Requests for Information

This financial report is designed to provide a general overview of the Town of Palm Beach Retirement System Fund's finances for all those with an interest in the Plan's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Finance Department
Town of Palm Beach
360 South County Road
Palm Beach, Florida 33480
(561) 838-5444

FINANCIAL STATEMENTS

TOWN OF PALM BEACH RETIREMENT SYSTEM

STATEMENT OF FIDUCIARY NET POSITION

SEPTEMBER 30, 2017
(WITH COMPARATIVE TOTALS AS OF SEPTEMBER 30, 2016)

	2017	2016
Assets		
Cash	$ 2,157,701	$ 2,139,616
Investments		
Short term investment fund	6,566,160	1,751,722
Fixed income securities	24,207,768	40,185,497
Common stock	20,282,997	18,295,498
Domestic equity funds	49,814,659	18,150,864
International and emerging market equity funds	53,856,662	53,446,990
Inflation hedging funds	--	3,298,993
Hedge funds	12,858,855	21,386,145
Private equity funds	17,895,688	15,970,409
Real estate funds	23,959,422	21,056,249
Total Investments	209,442,211	193,542,367
Receivables		
Interest and dividends	38,609	21,897
Due from broker for securities sold	515,099	134,221
Total Receivables	553,708	156,118
Prepaid Expenses	20,848	24,499
Total Assets	212,174,468	195,862,600
Liabilities		
Accounts payable and accrued liabilities	109,901	121,687
Due to the Town	2,046,476	1,602,058
Due to broker for securities purchased	195,363	128,175
Total Liabilities	2,351,740	1,851,920
Net Position Held in Trust for Pension Benefits	$ 209,822,728	$ 194,010,680

The accompanying notes are an integral part of these financial statements.

TOWN OF PALM BEACH RETIREMENT SYSTEM

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED SEPTEMBER 30, 2017
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2016)

	2017	2016
Additions		
Contributions		
Town	$ 10,887,085	$ 6,876,923
Member	963,707	541,133
Total Contributions	11,850,792	7,418,056
Investment Income		
Net appreciation in fair value of investments	21,560,863	13,248,261
Interest and dividends	1,016,043	1,368,443
Other	3,309	13,310
	22,580,215	14,630,014
Less: investment expenses	(509,681)	(571,519)
Net Investment Income	22,070,534	14,058,495
Total Additions	33,921,326	21,476,551
Deductions		
Benefit payments	16,258,261	15,587,355
Share distributions	--	74,464
DROP distributions	1,355,787	1,986,707
Refunds of participants' contributions	69,245	131,440
Administrative expenses	425,985	450,395
Total Deductions	18,109,278	18,230,361
Net Increase in Net Positon	15,812,048	3,246,190
Net Position Held in Trust for Pension Benefits		
Beginning of year	194,010,680	190,764,490
End of year	$ 209,822,728	$ 194,010,680

The accompanying notes are an integral part of these financial statements .

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements of the Town of Palm Beach Retirement System (the Plan) are prepared using the accrual basis of accounting. Member contributions are recognized in the period in which the contributions are due. Town contributions are recognized when due pursuant to the actuarial valuation. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

METHODS USED TO VALUE INVESTMENTS

Investments are recorded at fair value in the statement of fiduciary net position except for money market funds which are reported at amortized cost. The diversity of the investment types in which the Plan has entered into requires a range of techniques to determine fair value. For more detail regarding the methods used to measure the fair value of investments refer to the fair value hierarchy in Note 4.

Unrealized gains and losses are presented as net appreciation or depreciation in fair value of investments on the statement of changes in fiduciary net position along with gains and losses realized on sales of investments. Purchases and sales of securities are reflected on a trade-date basis. Interest income is recognized as earned and dividend income is recorded as of the ex-dividend date. Realized gains and losses on the sale of investments are based on average cost identification method.

DUE TO THE TOWN

The Plan uses the Town as a paying agent for the payment of all investment and administrative expenses, refunds of retirement contributions and payouts of DROP and Share account balances. The Plan reimburses the Town on an annual basis. The amounts due to the Town as of September 30, 2017 and 2016 were $2,046,476 and $1,602,058, respectively.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

COMPARATIVE INFORMATION/RECLASSIFICATIONS

The financial statements include certain prior-period summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Plan's financial statements for the year ended September 30, 2016, from which the information was derived. Certain 2016 amounts have been reclassified to conform with the presentation in the 2017 financial statements.

NOTE 2 – PLAN DESCRIPTION

The Town of Palm Beach (the Town) is the sponsor of a single-employer Public Employee Retirement System defined benefit pension plan established to provide pension benefits for its employees. The Town of Palm Beach retirement system board of trustees serves as administrator of the retirement plan. The Town's retirement system was first established on July 1, 1947, by an ordinance of the Town of Palm Beach. The Plan is considered part of the Town's financial reporting entity and is included in the Town's financial statements as a pension trust fund. The Plan was amended by ordinance 4-2012, effective April 1, 2012 providing that the retirement system be administered by a single board of trustees and ordinance No. 6-2012, effective May 1, 2012 amending participant benefits.

Effective April 1, 2012, the general employees and lifeguard employees board of trustees, police officer board of trustees, and firefighter board of trustees were eliminated and a new consolidated board of trustees was created. The existing contracts, investment holdings, assets and liabilities of the general employees' and lifeguard employees', police officers', and firefighters' retirement plans were transferred and became contracts, investment holdings, assets and liabilities of the new board. In conjunction with the new board consolidation, effective May 1, 2012, an amended consolidated hybrid retirement plan with a defined contribution component was established, covering all employees of the Town. The new consolidated plan is known as the Town of Palm Beach Retirement System, effective May 1, 2012. Effective October 1, 2016, non-bargaining public safety employees on that date were authorized to retire under normal retirement after reaching age 56, and all service accrued after that date is calculated at an accrual rate of 2.75%. Effective May 1, 2017, all active and DROP participating General Employee and Life Guards on and after that date were authorized to retire under normal retirement after reaching age 62, and all service accrued after that date is calculated at an accrual rate of 1.70%. Effective October 1, 2017, bargaining public safety employees and those participating in DROP on and after that date were authorized to retire under normal retirement after reaching age 56, and all service accrued after that date is calculated at an accrual rate of 2.75% (vested terminated employees on date of enactment continue to qualify for normal retirement at age 65).

The Plan is currently administered by the Town of Palm Beach Retirement System Board of Trustees. There are nine members on the board of trustees. The trustees consist of (a) one employee who is a member of the benefit group general or benefit group lifeguard elected by the members of those benefit groups (b) one employee who is a member of the benefit group firefighter elected by the members of that benefit group (c) one employee who is a member of the benefit group police officer elected by the members of that benefit group (d) five residents of the Town who are not officers or employees of the Town, retirees or beneficiaries of the retirement system, appointed by the Town Council and (e) the Town Manager or, in the Town Manager's absence, the Acting Town Manager, who shall serve as

NOTE 2 – PLAN DESCRIPTION (CONTINUED)

a voting ex-officio member. All employees working in excess of 1,040 hours per year are covered by the Plan. The Town Council is authorized to establish benefit levels and to approve the actuarial assumptions used in the determination of contribution levels. Notwithstanding the consolidation of funds, the board provides separate accounting of the assets and liabilities of each employee group and all actuarial valuation studies performed on and after April 1, 2012 include a separate accounting of the assets and liabilities attributable to the groups.

At September 30, 2016, the date of the most recent actuarial valuation, the plan membership consisted of the following:

	General	Police	Fire	Total
Inactive plan members and beneficiaries currently receiving benefits	213	98	104	415
Inactive plan members entitled but not yet receiving benefits	31	22	35	88
Active plan member	169	48	51	268
Total Plan Membership	413	168	190	771

The following brief description of the Plan is provided for general information purposes only. Participants should refer to Town Ordinances for more complete information.

GENERAL EMPLOYEES

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.

Lifeguards: Age 50 with 10 or more years of service. The 10 year vesting was waived for active employees frozen benefits as of May 1, 2013. 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.

NOTE 2 – PLAN DESCRIPTION (CONTINUED)

GENERAL EMPLOYEES (CONTINUED)

Normal Retirement (continued)

Eligibility (continued)

Plan benefits accrued after April 30, 2012.

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

Lifeguards: Age 65 with 10 or more years of service.

Plan benefits accrued after April 30, 2017

General and DROP: Age 62 with 10 or more years of service.

Lifeguards and DROP: Age 62 with 10 or more years of service.

Vested terminated employees on date of enactment continue to qualify for normal retirement at age 65 with 10 or more years of service.

Pension Amount

Grandfathered and April 30, 2012 frozen accrued benefits.

General: Average final compensation (AFC) 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.

Lifeguards: 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.

NOTE 2 – PLAN DESCRIPTION (CONTINUED)

GENERAL EMPLOYEES (CONTINUED)

Normal Retirement (continued)

Pension Amount (continued)

Plan benefits accrued after April 30, 2012.

Average final compensation (AFC) times the sum of 1.25% for service after this date.

Plan benefits accrued after April 30, 2017.

Average final compensation (AFC) times the sum of 1.70% for service earned after this date.

The normal form of pension is a pension payable for life. Member can elect for reduced monthly survivorship benefit.

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.

Plan benefits accrued after April 30, 2012.

Average final compensation for benefits based on credited service on or after May 1, 2012 means the total amount of compensation paid a member during the final 60 consecutive months of credited service, divided by five.

DROP Retirement

Eligibility **–** Same as Normal Retirement and completed within 5 years from election of DROP participation.

Pension Amount **–** Members that entered or eligible for the DROP before May 1, 2012: 98% of the member's accrued benefit at the date of election to participate in DROP. Grandfather DROP participants entering on or after May 1, 2012 receive 98% of member's accrued benefit. Other members that entered the DROP on or after May 1, 2012: 100% of the members accrued benefit at the date of election to participate in DROP. Member contributions must be left on deposit in the System. As of September 30, 2017, there were 27 members in the DROP and the value was $3,283,209 which is included in the Plan's investment balance in the statement of fiduciary net position.

NOTE 2 – PLAN DESCRIPTION (CONTINUED)

GENERAL EMPLOYEES (CONTINUED)

Early Retirement

Eligibility **–** Grandfathered and frozen benefits at 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 **–** Grandfathered and frozen benefits 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 (waived for frozen benefits). Pension begins upon meeting requirement for normal retirement. Contributions must be left on deposit in the Plan; 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 (waived for frozen benefits).

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

NOTE 2 – PLAN DESCRIPTION (CONTINUED)

GENERAL EMPLOYEES (CONTINUED)

Duty Death Before Retirement

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

Pension Amount – A pension to each surviving child of 25% of the member's computed benefit not to exceed 50% or equal share of 75% of the member's computed benefit 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 computed benefit and the aggregate amount paid to children for the month.

Non-Duty Death Before Retirement

Eligibility **–** 10 or more years of credited service (waived for frozen benefits).

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 (dependent child to age 25 if there is a surviving spouse payment).

Automatic Death After Retirement Pension

Grandfathered and April 30, 2012 frozen accrued benefits.

To Surviving Child(ren): 25% of the retiree’s pension payable to age 18, not to exceed an equal share of 75% of the retiree’s 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 retiree’s pension and the aggregate amount paid to any surviving children for the month.

Plan benefits accrued after April 30, 2012.

Reduced optional forms of payment are available upon election of survivorship at retirement.

NOTE 2 – PLAN DESCRIPTION (CONTINUED)

GENERAL EMPLOYEES (CONTINUED)

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. Pensions effective after 9/30/90 are increased 2.0% annually based on the total pension payable subsequent to an initial 3-year deferral period.

Plan benefits accrued after April 30, 2012.

None.

POLICE OFFICERS

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 (10-year vesting was waived for active employees frozen benefits as of May 1, 2013); 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.

Plan benefits accrued after April 30, 2012.

Age 65 with 10 or more years of service.

Plan benefits accrued after September 30, 2016.

Age 56 with 10 or more years of service (if employed on October 1, 2016 or commenced service after September 30, 2016).

Vested terminated employees on date of enactment continue to qualify for normal retirement at age 65 with 10 or more years of service.

NOTE 2 – PLAN DESCRIPTION (CONTINUED)

POLICE OFFICERS (CONTINUED)

Normal Retirement (continued)

Pension Amount

Grandfathered and April 30, 2012 frozen accrued benefits.

Average final compensation multiplied by:

a) 3.5% per year of credited service to a maximum of 25 years, and
b) 2.0% per year of credited service plus two percent of average final compensation for credited service, if any, in excess of 43.75 years.

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

Plan benefits accrued after April 30, 2012.

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

The normal form of pension is a pension payable for the life of member. Member may elect on actuarially reduced survivorship benefit.

Plan benefits accrued after September 30, 2016.

Average final compensation multiplied by 2.75% per year of credited service after September 30, 2016.

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.

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 on or after April 30, 2017.

NOTE 2 – PLAN DESCRIPTION (CONTINUED)

POLICE OFFICERS (CONTINUED)

DROP Retirement

Eligibility – Same as Normal Retirement and completed within 5 years of election of participation.

Pension Amount – 100% of the member's accrued benefit at the date of election to participate in DROP.

Member contributions must be left on deposit in the Plan. As of September 30, 2017, there were 10 members in the DROP and the value was $2,041,876 which is included in the investment balance in the statement of fiduciary net position.

Deferred Retirement (Vested Termination Benefit)

Eligibility – 10 or more years of credited service (waived for frozen benefits). Pension begins upon meeting requirement for normal retirement. Contributions must be left on deposit in the Plan; 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 (waived for frozen benefits).

Pension Amount – Computed as for normal retirement, not less than 30% of final average compensation.

NOTE 2 – PLAN DESCRIPTION (CONTINUED)

POLICE OFFICERS (CONTINUED)

Duty Death Before Retirement

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

Pension Amount – A pension to each surviving child of 25% of the member's computed benefit not to exceed 50% or an equal share of 75% of the member's computed benefit 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 computed benefit and the aggregate amount paid to children for the month.

Non-Duty Death Before Retirement

Eligibility **–** 10 or more years of credited service (waived for frozen benefits).

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 retirant's 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.

Plan benefits accrued after April 30, 2012.

Reduced optional forms of payment are available upon election of survivorship at retirement.

NOTE 2 – PLAN DESCRIPTION (CONTINUED)

POLICE OFFICERS (CONTINUED)

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/l/90 receive an annual 1.0% increase computed on the base benefit. 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.

Plan benefits accrued after April 30, 2012.

None.

NON-BARGAINING FIREFIGHTERS

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 (10-year vesting was waived for active employees frozen benefits as of May 1, 2013); 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.

Plan benefits accrued after April 30, 2012.

Age 65 with 10 or more years of service.

Plan benefits accrued after September 30, 2016.

Age 56 with 10 or more years of service (if employed on October 1, 2016 or commenced service after September 30, 2016).

Vested terminated employees not employed on October 1, 2016 continue to qualify for normal retirement at age 65 with 10 or more years of service.

NOTE 2 – PLAN DESCRIPTION (CONTINUED)

NON-BARGAINING FIREFIGHTERS (CONTINUED)

Normal Retirement (continued)

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.

Plan benefits accrued after April 30, 2012.

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

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

Plan benefits accrued after September 30, 2016.

Average Final Compensation multiplied by 2.75% per year of credited service after September 30, 2016.

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.

Plan benefits accrued after April 30, 2012.

Average final compensation for benefits based on credited service on or after May 1, 2012 means the total amount of compensation paid a member during the final 60 consecutive months of credited service, divided by five.

NOTE 2 – PLAN DESCRIPTION (CONTINUED)

BARGAINING FIREFIGHTERS

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 (10-year vesting was waived for active employees frozen benefits as of May 1, 2012); 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.

Plan benefits accrued after April 30, 2012.

Age 65 with 10 or more years of service.

Plan benefits accrued after September 30, 2017.

Age 56 with 10 or more years of service (if employed on October 1, 2017 or commenced service after September 30, 2017).

Vested terminated employees not employed on October 1, 2017 continue to qualify for normal retirement at 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.

Plan benefits accrued after April 30, 2012.

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

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

NOTE 2 – PLAN DESCRIPTION (CONTINUED)

BARGAINING FIREFIGHTERS (CONTINUED)

Normal Retirement (continued)

Pension Amount (continued)

Plan benefits accrued after September 30, 2017.

Average Final Compensation multiplied by 2.75% per year of credited service after September 30, 2016.

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.

Plan benefits accrued after April 30, 2012.

Average final compensation for benefits based on credited service on or after May 1, 2012 means the total amount of compensation paid a member during the final 60 consecutive months of credited service, divided by five.

DROP Retirement

Eligibility – Same as Normal Retirement and completed within 5 years of election.

Pension Amount – 100% of the member's accrued benefit at the date of election to participate in DROP. Member contributions must be left on deposit in the Plan. As of September 30, 2017, there were 14 members in the DROP with a value of $4,334,463 which is included in the Plan’s investment balance in the statement of fiduciary net position.

Deferred Retirement (Vested Termination Benefit)

Eligibility – 10 or more years of credited service (waived for frozen benefits). Pension begins upon meeting requirement for normal retirement. Contributions must be left on deposit in the Plan; 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.

NOTE 2 – PLAN DESCRIPTION (CONTINUED)

BARGAINING FIREFIGHTERS (CONTINUED)

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 (waived for frozen benefits).

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 calculated benefit not to exceed 50% or an equal share of 75% of the member's calculated benefit 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 calculated benefit and the aggregate amount paid to children for the month.

Non-Duty Death Before Retirement

Eligibility **–** 10 or more years of credited service (waived for frozen benefits).

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.

NOTE 2 – PLAN DESCRIPTION (CONTINUED)

BARGAINING FIREFIGHTERS (CONTINUED)

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 retirant's 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 pension and the aggregate amount paid to any surviving children for the month.

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.

Plan benefits accrued after April 30, 2012.

None.

Share Account

Effective October 1, 2003, the Town Council authorized the establishment of individual member Share accounts for firefighters actively employed by the Town. These accounts were funded annually using Chapter 175 monies that have not been otherwise committed for benefits for firefighter members. As of September 30, 2017, $895,855 was held in Share accounts included in the investment balance in the statement of fiduciary net position.

NOTE 2 – PLAN DESCRIPTION (CONTINUED)

BARGAINING FIREFIGHTERS (CONTINUED)

Share Account (continued)

On July 22, 2009, the Board passed and adopted a resolution that permits the plan participants to self-direct their Share accounts. The Board approved that the self-directed Share accounts be administered by ICMA Retirement Corporation (ICMA). As of September 30, 2017, $2,467,004 reflects the amount of self-directed investments held outside the Plan. Members are eligible to take distributions after separation from service. No new member accounts shall be established as of May 1, 2012.

NOTE 3 – CONTRIBUTIONS

GENERAL MEMBER CONTRIBUTIONS

The contribution requirement of the plan members are established and may be amended by the Town Council. All employees, except grandfathered and union firefighters hired on or after May 1, 1992, are required to contribute 2.47% of their compensation (3.0% after May 1, 2017). Grandfathered employees contribute 6.47% of their compensation.

FIRE MEMBER CONTRIBUTIONS

Effective May 1, 2012, union firefighters are required to contribute 4.82%, and all non-union firefighters contribute 2.47% of their annual covered salary (variable 10% non-bargaining after October 1, 2016, bargaining after October 1, 2017).

POLICE MEMBER CONTRIBUTIONS

Effective May 1, 2012, police officers are required to contribute 2.47% of their annual covered salary (variable 10% after October 1, 2016). Grandfathered employees contribute 6.98% of their compensation.

TOWN CONTRIBUTIONS

The Town is expected to contribute such additional amounts as are necessary on an actuarial basis to fund the Plan's expenses, normal cost and to amortize the unfunded actuarial accrued liability.

NOTE 3 – CONTRIBUTIONS (CONTINUED)

TOWN CONTRIBUTIONS (CONTINUED)

Prior to March 14, 2012, pursuant to Florida Statutes, Chapters 175 and 185, contributions from the State of Florida Department of Insurance consist of an excise tax imposed by the Town upon certain casualty insurance companies on the gross amount of receipts of premiums from policy holders on all premiums collected on casualty insurance policies covering property within the Town. The allowable portion of the State contribution was used to reduce the Town's contribution when received. Effective March 14, 2012, the Town withdrew from participation under Chapters 175 and 185.

NOTE 4 – INVESTMENTS

TYPES OF INVESTMENTS

Florida statutes and the Plan investment policy authorize the Trustees to invest funds in various investments. The Plan's investment policy establishes asset classes and stipulates the following maximum portfolio percentages:

Authorized Investments	Allowable Range %	Target %
Domestic equity funds	30%-40%	35%
Developed equity funds	10%-20%	15%
Emerging markets equity funds	0%-10%	5%
Fixed income securities	10%-25%	17.5%
Alternative assets	0%-15%	10.0%
Real estate funds	0%-20%	10%
Private equity funds	0%-15%	8%
Cash	0% - 2.5%	0%

INTEREST RATE RISK

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to interest rate risk, the Plan diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer with various durations of maturities.

NOTE 4 – INVESTMENTS (CONTINUED)

INTEREST RATE RISK (CONTINUED)

Information about the sensitivity of the fair values of the Plan's investments to market interest rate fluctuations is provided by the following tables that show the distribution of the Plan's investments by maturity at September 30, 2017:

		Remaining Maturity			
	Fair Value	Less Than 1 Year	1 - 5 Years	6 - 10 Years	Greater Than 10 Years
Fixed Income Securities	$24,207,768	$ --	$20,500,670	$ 3,707,098	$ --

CREDIT RISK

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. This risk is generally measured by the assignment of a rating by a nationally recognized statistical rating organization. The Plan's investment policy utilizes portfolio diversification in order to control this risk.

The following tables disclose credit ratings of the fixed income securities, at September 30, 2017, as applicable:

Credit Rating by Standard & Poor's	Fair Value
AA +	$ 9,840,322
AAA	4,607,965
AA	558,297
A	854,865
A-	615,020
BBB+	2,050,067
BBB	1,786,105
BBB-	1,435,047
Not rated	2,460,080
Total Fixed Income Securities	$ 24,207,768

NOTE 4 – INVESTMENTS (CONTINUED)

CONCENTRATION OF CREDIT RISK

The investment policy of the Plan contains limitations on the amount that can be invested in any one issuer as well as maximum portfolio allocation percentages. There were no individual investments that represent 5% or more of Plan net position at September 30, 2017.

CUSTODIAL CREDIT RISK

In addition to insurance provided by the Federal Depository Insurance Corporation, all deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, *Florida Security for Public Deposits Act*, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or another banking institution eligible collateral. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. Accordingly, all amounts reported as deposits are deemed as insured or collateralized.

Custodial risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Plan will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the Plan, and are held either by the counterparty or the counterparty's trust department or agent but not in the Plan's name.

Consistent with the Plan's investment policy, the investments are held by the Plan's custodial banks and registered in the Plan's name. All of the Plan's deposits are insured and or collateralized by a financial institution separate from the Plan's depository financial institution.

RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statement of fiduciary net position. The Plan, through its investment advisor, monitors the Plan’s investment and the risks associated therewith on a regular basis, which the Plan believes minimizes these risks.

NOTE 4 – INVESTMENTS (CONTINUED)

RATE OF RETURN

For the year ended September 30, 2017, the annual money-weighted rate of return on Plan investments, net of pension plan investment expenses was 11.20%.

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. Inputs to the money-weighted rate of return valuation are determined on a monthly basis.

FAIR VALUE HIERARCHY

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Plan categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 – Investments' fair values based on prices quoted in active markets for identical assets.

Level 2 – Investments' fair values based on observable inputs for the assets either directly or indirectly, other than those considered Level 1 inputs, which may include quoted prices for identical assets in markets that are not considered to be active, and quoted prices of similar assets in active or inactive markets.

Level 3 – Investments' fair values based upon unobservable inputs.

The following is a description of the fair value techniques for the Plan's investments. Level 1 and 2 prices are obtained from various pricing sources by the Plan's custodian bank:

Short-term investments, which consist of money market funds, are reported at amortized cost.

Equity securities traded on national or international exchanges are valued at the last reported sales price or current exchange rates (Level 1). This includes common stock.

The Plan has investments in alternative asset classes including hedge funds, private equity funds and real estate funds which hold a variety of investment vehicles that do not have readily available market quotations. These investments are measured at net asset value based on their proportionate share of the value of the investments as determined by the fund managers and are valued according to methodologies which include pricing models, discounted cash flow models and similar techniques.

NOTE 4 – INVESTMENTS (CONTINUED)

FAIR VALUE HIERARCHY (CONTINUED)

The following is a summary of the fair value hierarchy of the fair value of investments as of September 30, 2017:

		Fair Value Measurements Using		
	9/30/2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Equity securities				
Common stock	20,282,997	20,282,997	--	--
Total Equity Securities	20,282,997	20,282,997	--	--
Mutual funds				
International	19,462,816	19,462,816	--	--
Fixed income	3,707,098	3,707,098	--	--
Total Mutual Funds	23,169,914	$ 23,169,914	$ --	$ --
Investments Measured at the Net Asset Value (NAV)*				
Commingled domestic equity fund	49,814,659			
Commingled funds - emerging markets	12,610,235			
Commingled funds - real estate	10,477,936			
Fixed income collective trust	20,500,670			
Private equity - International equity	21,783,611			
Private equity - Secondary markets	4,570,727			
Private equity - real estate	15,548,551			
Hedge funds				
Multi-strategy	12,858,855			
Venture capital	3,862,082			
Hybrid	7,395,814			
Total investments measured at NAV	159,423,140			
Money market funds (exempt)	6,566,160			
Total Investments	$ 209,442,211			

* As required by generally accepted accounting principles (GAAP), certain investments that are measured at net asset value have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the total investments in the Statement of Fiduciary Net Position.

NOTE 4 – INVESTMENTS (CONTINUED)

FAIR VALUE HIERARCHY (CONTINUED)

The following table summarizes investments for which fair value is measured using the net asset value per share practical expedient, including their related unfunded commitments and redemption restrictions.

Investments Measured at the NAV	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period (Days)
Commingled domestic equity fund [1]	$ 49,814,659	$ --	Daily	1-30
Commingled funds - emerging markets [1]	12,610,235	--	N/A	N/A
Commingled funds - real estate [1]	10,477,936	--	Quarterly	45 days
Fixed income collective trust [2]	20,500,670	--	N/A	N/A
Private equity - International equity [3]	21,783,611	--	Monthly	30
Private equity - Secondary markets [4]	4,570,727	5,361,633	N/A	N/A
Private equity - real estate [5]	15,548,551	6,011,718	N/A	N/A
Hedge funds				
Multi-strategy fund [6]	12,858,855	--	Quarterly	65 days
Venture capital [7]	3,862,082	1,572,167	N/A	N/A
Hybrid [8]	7,395,814	2,921,250	N/A	N/A
Total Investments Measured at NAV	$159,423,140			

1 *Commingled funds* – Consists of a domestic equity fund established to approximate the performance of the S&P 500 Index over the long term, an emerging market fund and a strategic property fund which are considered commingled in nature. The funds are valued at net asset value (NAV) of the units held at the end of the period based on the fair value of the underlying investments.

2 *Fixed income collective trust* – This fund is invested in a core plus fixed income collective trust strategy. The fund is valued at NAV.

3 *Private Equity – International Fund* – the objective of this fund is to provide investors with long-term capital appreciation by selecting and investing primarily in equity securities of non-U.S. issuers. The investment is valued at NAV, redeemable on a monthly basis with 30 days prior notice required for all redemptions.

4 *Private Equity – Secondary markets* – consists of 3 funds invested in private equity investments through secondary markets. One of the funds focuses on acquiring high quality, mature assets with near term liquidity. These investments are valued at NAV.

NOTE 4 – INVESTMENTS (CONTINUED)

FAIR VALUE HIERARCHY (CONTINUED)

5 *Private Equity – real estate* – consists of four funds. Two of the funds are closed end funds targeting high growth markets in urban, modern, green properties by acquiring undercapitalized properties and adding value through enhancements. These funds have very limited redemption rights. Another fund pursues distressed and opportunistic real estate investment opportunities. The final real estate fund focuses on acquiring assets well located but with operationally impaired assets with distressed capital structures. These funds are valued at NAV.

6 *Multi-Strategy fund* – The fund in this group aims to diversify risk and reduce volatility by combining other strategies. The strategies include hedged equity, event driven, and relative value. The fund is valued at NAV per share and is eligible for redemptions quarterly with 65 days' notice.

7 *Venture Capital* – Consists of one fund which focuses primarily on early state investments in start-up companies and later stage investments. A majority of the companies in the fund focus on information technology, software, media, and life sciences. Redemptions in this fund are not permitted.

8 *Hybrid* – Consists of three closed end investment vehicles. One fund focuses on partnership investments in U.S. based buyout, recapitalization and turnaround; one fund consists of global partnership investments in mezzanine debt, distressed debt, and venture debt and; the third fund consists predominantly of partnership investments in U.S. based venture capital and growth equity.

NOTE 5 –NET PENSION LIABILITY OF THE TOWN

The components of the net pension liability at September 30, 2017:

	General Employees	Police Officers	Firefighters	Total
Total pension liability	$ 116,325,350	$ 98,384,612	$ 103,467,979	$ 318,177,941
Plan fiduciary net position	81,764,036	66,045,558	62,013,134	209,822,728
Net Pension Liability	$ 34,561,314	$ 32,339,054	$ 41,454,845	$ 108,355,213
Plan fiduciary net position as a percentage of total pension liability	70.29%	67.13%	59.93%	65.95%
Net pension liability as a percentage of covered payroll	322.57%	908.57%	1198.92%	611.10%

NOTE 5 – NET PENSION LIABILITY OF THE TOWN (CONTINUED)

SIGNIFICANT ACTUARIAL ASSUMPTIONS

The total pension liability was determined using the following actuarial assumptions:

Interest rates:	
Single discount rate	7.30%
Long-term expected rate of return	7.30%
Municipal Bond Rate	3.50%

Municipal Bond Rate:

The source of the municipal bond rate is the general obligation, 20 years to maturity, mixed quality Bond Buyer Index. The bonds' average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp's AA.

Mortality:

The mortality tables used are the same as those used in the July 1, 2016 Pension Actuarial Valuation of the Florida Retirement System (FRS) for other than Special Risk members (General) and Special Risk members (Ocean Rescue). These tables are based on the RP-2000 mortality tables with white and blue collar adjustments and with mortality improvements projected for healthy lives to all future years using Scale BB.

LONG-TERM EXPECTED RATE OF RETURN

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Domestic equity funds	35.0%	7.50%
International equity	20.0%	8.50%
Domestic bonds	17.5%	2.50%
International bonds	0.0%	3.50%
Real estate funds	10.0%	4.50%
Alternative assets	17.5%	6.42%
	100.0%	

NOTE 5 – NET PENSION LIABILITY OF THE TOWN (CONTINUED)

DISCOUNT RATE

A single discount rate of 7.30% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.30%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Below is a table providing the sensitivity of the net pension liability to changes in the discount rate. In particular, the table presents the Plan's net pension liability, if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher than the single discount rate:

SENSITIVITY OF NET PENSION LIABILITY TO THE SINGLE DISCOUNT RATE ASSUMPTION

	1% Decrease 6.30%	Current Single Discount Rate Assumption 7.30%	1% Increase 8.30%
General employees	$ 48,876,863	$ 34,561,314	$ 23,374,173
Police officers	45,110,788	32,339,054	22,458,873
Firefighters	54,911,823	41,454,845	31,072,335

NOTE 6 – TAX STATUS

Management believes that the Plan is currently being operated in compliance with the applicable requirements of the Internal Revenue Code.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF PALM BEACH RETIREMENT SYSTEM

REQUIRED SUPPLEMENTARY INFORMATION

GENERAL EMPLOYEES AND LIFEGUARDS

SCHEDULE OF CHANGES IN THE TOWN'S NET PENSION LIABILITY AND RELATED RATIOS

September 30,	2017	2016	2015	2014
Total Pension Liability				
Service cost	$ 750,112	$ 636,740	$ 739,734	$ 733,095
Interest on the total pension liability	7,948,875	7,664,270	7,096,090	7,058,622
Benefit changes	1,932,700	--	39,572	--
Difference between expected and actual experience	529,542	961,731	499,433	--
Assumption changes	1,253,789	2,296,388	7,152,240	--
Benefit payments	(6,243,450)	(6,476,789)	(9,215,159)	(5,289,162)
Refunds	(20,235)	(37,241)	(70,488)	(16,118)
Net Change in Total Pension Liability	6,151,333	5,045,099	6,241,422	2,486,437
Total Pension Liability - Beginning	110,174,017	105,128,918	98,887,496	91,884,309
Prior Period Adjustment	--	--	--	4,516,750
Total Pension Liability - Ending (a)	$ 116,325,350	$ 110,174,017	$ 105,128,918	$ 98,887,496
Plan Fiduciary Net Position				
Employer contributions	$ 3,531,685	$ 2,210,609	$ 2,008,406	$ 2,018,621
Employee contributions	332,457	289,317	282,284	289,425
Pension plan net investment income	8,813,057	5,708,914	(3,076,859)	5,799,299
Investment expense	(198,929)	(223,064)	(241,461)	(243,389)
Benefit payments	(6,243,450)	(6,476,789)	(9,215,159)	(5,289,162)
Refunds	(20,235)	(37,241)	(70,488)	(16,118)
Pension plan administrative expense	(166,261)	(175,570)	(175,900)	(162,070)
Net Change in Plan Fiduciary Net Position	6,048,324	1,296,176	(10,489,177)	2,396,606
Plan Fiduciary Net Position - Beginning	75,715,712	74,419,536	84,908,713	77,995,357
Prior Year Adjustment	--	--	--	4,516,750
Plan Fiduciary Net Position - Ending (b)	$ 81,764,036	$ 75,715,712	$ 74,419,536	$ 84,908,713
Net Pension Liability Ending (a)	$ 34,561,314	$ 34,458,305	$ 30,709,382	$ 13,978,783
Plan Fiduciary Net Position as a Percentage of Total Pension liability	70.29%	68.72%	70.79%	85.86%
Covered Employee Payroll	$ 10,714,252	$ 9,856,405	$ 10,075,310	$ 9,698,419
Net Pension Liability as a Percentage of Covered Employee Payroll	322.57%	349.60%	304.80%	144.13%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the plan will present information for those years for which information is available.

TOWN OF PALM BEACH RETIREMENT SYSTEM

REQUIRED SUPPLEMENTARY INFORMATION

GENERAL EMPLOYEES AND LIFEGUARDS

SCHEDULE OF TOWN CONTRIBUTIONS

Year Ending September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2017	$ 2,578,403	$ 3,531,685	$ (953,282)	$ 10,714,252	32.96%
2016	2,066,276	2,210,609	(144,333)	9,856,405	22.43%
2015	2,013,723	2,008,406	5,317	10,075,310	19.93%
2014	1,994,388	2,018,621	(24,233)	9,698,419	20.81%

Notes to Schedule of Contributions

Valuation Date:	September 30, 2015
Notes	Actuarially determined contribution rates are calculated as of September 30, which is 12 months prior to the beginning of the fiscal year which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates for fiscal year Ending September 30, 2017:

Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level Percent-of-Payroll, Closed
Remaining Amortization Period	16-30 years
Asset Valuation Method	5-Year smoothed market
Inflation and Other General Increases	3.00% wage inflation: 2.50% general
Salary Increases	3.5% including inflation
Investment Rate of Return	7.50%
Retirement Age	Age-based table of rates that are specific to the type of eligibility
Mortality	RP-2014 Employee and Healthy Annuitant Mortality Table for males and females, projected to 2017 using Projection Scale MP-2014

Other Information:

Notes	The FY 2017 contributions were determined in the September 30, 2015 Actuarial Valuation Report dated February 26, 2016.
Cost-of-Living Adjustment	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 who retire 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.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the plan will present information for those years for which information is available.

TOWN OF PALM BEACH RETIREMENT SYSTEM

REQUIRED SUPPLEMENTARY INFORMATION

POLICE OFFICERS

SCHEDULE OF CHANGES IN THE TOWN'S NET PENSION LIABILITY AND RELATED RATIOS

September 30,	2017	2016	2015	2014
Total Pension Liability				
Service cost	$ 571,802	$ 229,514	$ 274,361	$ 311,681
Interest on the total pension liability	6,940,855	6,571,902	6,343,197	6,321,297
Benefit changes	--	1,149,473	83,392	--
Difference between expected and actual experience	(978,835)	489,883	637,285	--
Assumption changes	1,100,893	3,077,576	2,464,150	--
Benefit payments	(5,509,488)	(5,492,306)	(7,918,798)	(4,690,744)
Refunds	(9,583)	(27,651)	(22,377)	(12,726)
Net Change in Total Pension Liability	2,115,644	5,998,391	1,861,210	1,929,508
Total Pension Liability - Beginning	96,268,968	90,270,577	88,409,367	82,415,628
Prior Period Adjustment	--	--	--	4,064,231
Total Pension Liability - Ending (a)	$ 98,384,612	$ 96,268,968	$ 90,270,577	$ 88,409,367
Plan Fiduciary Net Position				
Employer contributions	$ 3,747,478	$ 2,306,795	$ 2,144,662	$ 1,979,219
Employee contributions	368,777	122,231	98,530	108,250
Pension plan net investment income	7,060,834	4,574,146	(2,464,621)	4,966,209
Investment expense	(159,377)	(178,714)	(193,415)	(193,228)
Benefit payments	(5,509,488)	(5,492,306)	(7,918,798)	(4,690,744)
Refunds	(9,583)	(27,651)	(22,377)	(12,726)
Pension plan administrative expense	(133,206)	(140,951)	(140,899)	(128,668)
Net Change in Plan Fiduciary Net Position	5,365,435	1,163,550	(8,496,918)	2,028,312
Plan Fiduciary Net Position - Beginning	60,680,123	59,516,573	68,013,491	61,920,948
Prior Year Adjustment	--	--	--	4,064,231
Plan Fiduciary Net Position - Ending (b)	$ 66,045,558	$ 60,680,123	$ 59,516,573	$ 68,013,491
Net Pension Liability Ending (a)	$ 32,339,054	$ 35,588,845	$ 30,754,004	$ 20,395,876
Plan Fiduciary Net Position as a Percentage of Total Pension liability	67.13%	63.03%	65.93%	76.93%
Covered Employee Payroll	$ 3,559,337	$ 3,668,239	$ 3,354,258	$ 3,453,957
Net Pension Liability as a Percentage of Covered Employee Payroll	908.57%	970.19%	916.86%	590.51%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the plan will present information for those years for which information is available.

TOWN OF PALM BEACH RETIREMENT SYSTEM

REQUIRED SUPPLEMENTARY INFORMATION

POLICE OFFICERS

SCHEDULE OF TOWN CONTRIBUTIONS

Year Ending September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2017	$ 2,642,757	$ 3,747,478	$ (1,104,721)	$ 3,559,337	105.29%
2016	2,233,214	2,306,795	(73,581)	3,668,239	62.89%
2015	2,144,662	2,144,662	--	3,354,258	63.94%
2014	1,881,949	1,979,219	(97,270)	3,453,957	57.30%

Notes to Schedule of Contributions

Valuation Date:	September 30, 2015
Notes	Actuarially determined contribution rates are calculated as of September 30, which is 12 months prior to the beginning of the fiscal year which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates for fiscal year Ending September 30, 2017:

Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level Percent-of-Payroll, Closed
Remaining Amortization Period	11-30 years
Asset Valuation Method	5-Year smoothed market
Inflation and Other General Increases	3.00% wage inflation: 2.50% general
Salary Increases	3.5% including inflation
Investment Rate of Return	7.50%
Retirement Age	Age-based table of rates that are specific to the type of eligibility
Mortality	RP-2014 Blue Collar Employee and Healthy Annuitant Mortality Table for males and females, projected to 2017 using Projection Scale MP-2014.

Other Information:

Notes	The FY 2017 contributions were determined in the September 30, 2015 Actuarial Valuation Report dated February 26, 2016, as amended by the Actuarial Impact Statement dated August 10, 2016.
Cost-of-Living Adjustment	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 who retire 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.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the plan will present information for those yeas for which information is available.

TOWN OF PALM BEACH RETIREMENT SYSTEM

REQUIRED SUPPLEMENTARY INFORMATION

FIREFIGHTERS

SCHEDULE OF CHANGES IN THE TOWN'S NET PENSION LIABILITY AND RELATED RATIOS

September 30,	2017	2016	2015	2014
Total Pension Liability				
Service cost	$ 342,206	$ 187,387	$ 238,556	$ 281,248
Interest on the total pension liability	6,927,564	6,601,468	6,396,715	6,324,999
Benefit changes	1,163,805	370,169	35,550	--
Difference between expected and actual experience	3,372,587	1,133,752	(299,119)	--
Assumption changes	1,167,456	3,049,237	2,324,039	--
Benefit payments	(5,861,110)	(5,679,431)	(6,098,229)	(5,101,421)
Refunds	(39,427)	(66,548)	(36,034)	(21,692)
Net Change in Total Pension Liability	7,073,081	5,596,034	2,561,478	1,483,134
Total Pension Liability - Beginning	96,394,898	90,798,864	88,237,386	82,218,000
Prior Period Adjustment	--	--	--	4,536,252
Total Pension Liability - Ending (a)	$ 103,467,979	$ 96,394,898	$ 90,798,864	$ 88,237,386
Plan Fiduciary Net Position				
Employer contributions	$ 3,607,922	$ 2,359,519	$ 2,269,117	$ 2,071,503
Employee contributions	262,473	129,585	210,233	154,199
Pension plan net investment income	6,706,324	4,346,954	(2,285,815)	4,308,313
Investment expense	(151,375)	(169,741)	(179,383)	(182,692)
Benefit payments	(5,861,110)	(5,679,431)	(6,098,229)	(5,101,421)
Refunds	(39,427)	(66,548)	(36,034)	(21,692)
Pension plan administrative expense	(126,518)	(133,874)	(130,676)	(121,652)
Net Change in Plan Fiduciary Net Position	4,398,289	786,464	(6,250,787)	1,106,558
Plan Fiduciary Net Position - Beginning	57,614,845	56,828,381	63,079,168	57,436,358
Prior Year Adjustment	--	--	--	4,536,252
Plan Fiduciary Net Position - Ending (b)	$ 62,013,134	$ 57,614,845	$ 56,828,381	$ 63,079,168
Net Pension Liability Ending (a)	$ 41,454,845	$ 38,780,053	$ 33,970,483	$ 25,158,218
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	59.93%	59.77%	62.59%	71.49%
Covered Employee Payroll	$ 3,457,670	$ 3,242,811	$ 3,403,307	$ 3,671,337
Net Pension Liability as a Percentage of Covered Employee Payroll	1198.92%	1195.88%	998.16%	685.26%
	(1)	(1)	(1)	

NOTE (1): Transfers from ICMA Shares included in benefit payments

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the plan will present information for those years for which information is available.

TOWN OF PALM BEACH RETIREMENT SYSTEM

REQUIRED SUPPLEMENTARY INFORMATION

FIREFIGHTERS

SCHEDULE OF TOWN CONTRIBUTIONS

Year Ending September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2017	$ 2,629,230	$ 3,607,922	$ (978,692)	$ 3,457,670	104.35%
2016	2,285,579	2,359,519	(73,940)	3,242,811	72.76%
2015	2,223,584	2,223,584	--	3,403,307	65.34%
2014	2,040,491	2,071,503	(31,012)	3,671,337	56.42%

Notes to Schedule of Contributions

Valuation Date:	September 30, 2015
Notes	Actuarially determined contribution rates are calculated as of September 30, which is 12 months prior to the beginning of the fiscal year which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates for fiscal year Ending September 30, 2017

Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level Percent-of-Payroll, Closed
Remaining Amortization Period	16-30 years
Asset Valuation Method	5-Year smoothed market
Inflation and Other General Increases	3.00% wage inflation: 2.50% general
Salary Increases	3.5% including inflation
Investment Rate of Return	7.50%
Retirement Age	Age-based table of rates that are specific to the type of eligibility
Mortality	RP-2014 Blue Collar Employee and Healthy Annuitant Mortality Table for males and females, projected to 2017 using Projection Scale MP-2014.

Other Information:

Notes	The FY 2017 contributions were determined in the September 30, 2015 Actuarial Valuation Report dated February 26, 2016, as amended by the Actuarial Impact Statement dated August 10, 2016.
Cost-of-Living Adjustment	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 who retire 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.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the plan will present information for those years for which information is available.

TOWN OF PALM BEACH RETIREMENT SYSTEM

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF INVESTMENT RETURNS

September 30,	2017	2016	2015	2014
Annual Money-Weighted Rate of Return, Net of Investment Expense	11.20%	7.80%	-4.22%	7.09%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the plan will present information for those years for which information is available.

SUPPLEMENTARY INFORMATION

TOWN OF PALM BEACH RETIREMENT SYSTEM

COMBINING STATEMENT OF FIDUCIARY NET POSITION

SEPTEMBER 30, 2017

	General	Police Officers	Firefighters	Total
Assets				
Cash	$ 840,816	$ 679,176	$ 637,709	$ 2,157,701
Investments				
Short term investment fund	2,558,711	2,066,820	1,940,629	6,566,160
Fixed income securities	9,433,320	7,619,839	7,154,609	24,207,768
Common stock	7,903,909	6,384,446	5,994,642	20,282,997
Domestic equity funds	19,411,851	15,680,079	14,722,729	49,814,659
International equity funds	20,986,945	16,952,374	15,917,343	53,856,662
Hedge funds	5,010,858	4,047,561	3,800,436	12,858,855
Private equity funds	6,973,619	5,632,996	5,289,073	17,895,688
Real estate funds	9,336,544	7,541,668	7,081,210	23,959,422
Total Investments	81,615,757	65,925,783	61,900,671	209,442,211
Receivables				
Interest and dividends	15,045	12,153	11,411	38,609
Due from broker for securities sold	200,724	162,137	152,238	515,099
Total Receivables	215,769	174,290	163,649	553,708
Prepaid Expenses	8,124	6,562	6,162	20,848
Total Assets	82,680,466	66,785,811	62,708,191	212,174,468
Liabilities				
Accounts payable and accrued liabilities	42,826	34,594	32,481	109,901
Due to the Town	797,474	644,166	604,836	2,046,476
Due to broker for securities purchased	76,130	61,493	57,740	195,363
Total Liabilities	916,430	740,253	695,057	2,351,740
Net Position Held in Trust for Pension Benefits	$ 81,764,036	$ 66,045,558	$ 62,013,134	$ 209,822,728

TOWN OF PALM BEACH RETIREMENT SYSTEM

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	General	Police Officers	Firefighters	Total
Additions				
Contributions				
Town	$ 3,531,685	$ 3,747,478	$ 3,607,922	$ 10,887,085
Member	332,457	368,777	262,473	963,707
Total Contributions	3,864,142	4,116,255	3,870,395	11,850,792
Investment Income				
Net appreciation in fair value of investments	8,415,205	6,742,082	6,403,576	21,560,863
Interest and dividends	396,561	317,717	301,765	1,016,043
Other	1,291	1,035	983	3,309
	8,813,057	7,060,834	6,706,324	22,580,215
Less: investment expenses	(198,929)	(159,377)	(151,375)	(509,681)
Net Investment Income	8,614,128	6,901,457	6,554,949	22,070,534
Total Additions	12,478,270	11,017,712	10,425,344	33,921,326
Deductions				
Benefit payments	6,052,244	4,986,041	5,219,976	16,258,261
DROP distributions	191,206	523,447	641,134	1,355,787
Refunds of participants' contributions	20,235	9,583	39,427	69,245
Administrative expenses	166,261	133,206	126,518	425,985
Total Deductions	6,429,946	5,652,277	6,027,055	18,109,278
Net Increase in Net Position	6,048,324	5,365,435	4,398,289	15,812,048
Net Position Held in Trust for Pension Benefits				
Beginning of year	75,715,712	60,680,123	57,614,845	194,010,680
End of year	$ 81,764,036	$ 66,045,558	$ 62,013,134	$ 209,822,728

TOWN OF PALM BEACH RETIREMENT SYSTEM

SCHEDULES OF ADMINISTRATIVE AND INVESTMENT EXPENSES

FOR THE YEAR ENDED SEPTEMBER 30, 2017

SUPPLEMENTARY INFORMATION

Administrative Expenses		
Administrator fees	$	152,500
Salaries and employee benefits		79,167
Fiduciary insurance		40,238
Legal fees		47,695
Actuarial services		69,440
Audit fees and accounting fees		26,700
Software		7,712
Postage, office and miscellaneous expense		2,533
Total Administrative Expenses	$	425,985
Investment Expenses		
Investment management fees	$	321,105
Investment consultant services		130,000
Custodial fees		58,576
Total Investment Expenses	$	509,681

REPORTING SECTION

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees and Plan Administrator
Town of Palm Beach Retirement System

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Town of Palm Beach Retirement System (the Plan), as of and for the year ended September 30, 2017, and the related notes to the financial statements, and have issued our report thereon dated February 21, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Plan's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Plan’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

MARCUMGROUP
MEMBER

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Plan's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plan's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Marcum LLP

West Palm Beach, FL
February 21, 2018

TOWN OF PALM BEACH

RFP No. 2018-15

AUDIT SERVICES FOR RETIREMENT SYSTEM

Event	Date
Date RFP Issued	XX-XX-2018
Due date for bidder questions	Until ten (10) days prior to the submittal date
Due date for bidder responses	Until seven (7) days prior to the submittal date
RFP Due Date	XX-XX-2018
Start Date	After Town Council Review and Approval

RFP CONTACT: Eugene M. Bitteker, Buyer
No phone inquiries will be accepted. All correspondence shell be directed to the purchasing division via email to solicitations@TownofPalmBeach.com or Fax (561) 835-4688.

Purchasing Division

* *

Finance Department

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TOWN OF PALM BEACH

RFP No. 2018-15

AUDIT SERVICES FOR RETIREMENT SYSTEM

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TOWN OF PALM BEACH

RFP No. 2018-15

AUDIT SERVICES FOR RETIREMENT SYSTEM

Advertisement

Proposals for Audit Services For Retirement System will be received by the Town of Palm Beach at the Purchasing Office, 951 Okeechobee Road, Suite D, West Palm Beach, FL 33401, until __________**at 2:00 P.M**.

Any proposal received after **2:00 p.m. on _____, 2018,** whether by mail or otherwise, will be returned unopened. Proposers are responsible for ensuring that their proposal is stamped by Purchasing Office personnel by the deadline indicated.

The Town of Palm Beach and the Board of Trustees of the Town of Palm Beach Retirement System, a tax qualified pension plan established by the Town of Palm Beach under 401(a) IRC, is soliciting Requests for Proposals (RFP) for a qualified independent Certified Public Accountant firm(s) licensed to practice in the State of Florida for the purpose of providing an annual examination of the financial statements and records of the Board.

Time is of the essence and any proposal received after 2:00 p.m. on ________, 2018, whether by mail or otherwise, will be returned unopened. Proposers are responsible for insuring that their proposal is stamped by Purchasing Office personnel by the deadline indicated.

An **original and eleven (11) copies along with one (1) electronic copy on a USB thumb drive**, must be submitted in sealed envelopes/packages addressed to Eugene M. Bitteker, Buyer, Town of Palm Beach, Florida, and marked "**RFP No. 2018-15 – Audit Services For Retirement System**". Proposers desiring information for use in preparing proposals may obtain copies of the RFP requirements by visiting the Town's website at www.townofpalmbeach.com, (click "Doing Business," click "Sealed Bids & Requests for Proposals" and follow the instructions). The Purchasing Office is located at 951 Okeechobee Road, Suite D, West Palm Beach, Florida 33401, Telephone (561) 838-5406.

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Eugene M. Bitteker
Buyer

Dated: _______, 2018
_______, 2018

Published: **Palm Beach Post**
DemandStar
Public Purchase

PART I
PROPOSAL TERMS AND CONDITIONS

1-1 Introduction: The Town of Palm Beach (Town) and Board of Trustees of the Town of Palm Beach Retirement System (Board) seek proposals from qualified independent Certified Public Accountants and/or firms licensed to practice in the State of Florida for providing an annual examination of the financial statements and records of the Town of Palm Beach Retirement System. This is a request for interested firms to submit their credentials and qualifications to the Town and Board for consideration to provide annual services.

1-2 Proposal Submission and Withdrawal: Proposals must be received by **2:00P.M. on ______, 2018** at the following address:

TOWN OF PALM BEACH
Purchasing Division
951 Okeechobee Road Suite “D”
West Palm Beach, Florida 33401

To facilitate processing, please clearly mark the outside of the proposal package as follows: **RFP No. 2018-15 – Audit Services For Retirement System**. This package shall also include the Proposer’s return address.

Proposers may withdraw their proposals by notifying the Town in writing at any time prior to the deadline for proposal submittal. After the deadline, the proposal will constitute an irrevocable offer, for a period of six (6) months. Once opened, proposals become a record of the Town and will not be returned to the Proposer.

The Town cautions Proposers to assure actual delivery of mailed or hand-delivered proposals directly to the Town’s Purchasing Division at 951 Okeechobee Road, Suite “D”, West Palm Beach, FL 33401 prior to the deadline set for receiving proposals. Telephone confirmation of timely receipt of the proposal may be made by calling (561) 838-5406, before proposal closing time. Any proposal received after the established deadline **will not** be considered and will be returned unopened to the Proposer(s).

1-3 Number of Copies: Proposers shall submit an **original and eleven (11) copies along with one (1) electronic copy on a USB thumb drive** of the proposal in a sealed, opaque package marked as noted above. The Proposer will be responsible for timely delivery, whether by personal delivery, US Mail or any other delivery medium.

1-4 Development Costs: Neither the Town, Board, nor its representatives shall be liable for any expenses incurred in connection with preparation of a response to this Request for Proposals.

Proposers should prepare their proposals simply and economically, providing a straightforward and concise description of the Proposer's ability to meet the requirements of the RFP.

1-5 Inquiries: The Purchasing Division will receive written requests for clarification concerning the meaning or interpretations of the RFP, until ten **(10)** days prior to the submittal date. Town personnel are authorized only to direct the attention of prospective Proposers to various portions of the RFP so that they may read and interpret such for themselves. No employee of the Town is authorized to interpret any portion of this RFP or give information as to the requirements of the RFP in addition to what is contained in the written RFP document.

1-6 Addendum: The Town may record its response to inquiries and any supplemental instructions in the form of written addenda. The Town may provide written addenda up to seven **(7)** calendar days before the date fixed for receiving the proposals. Proposers may contact the Town to ascertain whether any addenda have been issued. Failure to acknowledge receipt of addendums may result in an unresponsive proposal. Any oral explanation given before the RFP opening will not be binding.

All Proposers are expected to carefully examine the proposal documents. Any ambiguities or inconsistencies should be brought to the attention of the Town Purchasing Manager through written communication prior to the opening of the proposals.

1-7 Contract Awards: The Board anticipates entering into an Agreement with the Proposer who submits the proposal judged by the Board to be most advantageous.

The Town and Board reserve the right to accept or reject any or all proposals, with or without cause, to waive technicalities or to accept the proposal which, in its sole judgment, best serves the interest of the Town and Retirement System, or to award a contract to the next most qualified proposal if the successful proposal does not execute a contract within sixty (60) days after the award of the proposal. The Town and Board also reserve the right to abandon the project and/or to solicit and re-advertise for other proposals.

The Proposer understands that this RFP does not constitute an offer or an Agreement with the Proposer. An offer or Agreement shall not be deemed to exist and is not binding until proposals are reviewed by appointed staff, the best proposal identified, approved by the Board and executed by all parties.

Any proposal may be withdrawn until the date and time set above for the submission of the proposals. Any proposal not so withdrawn shall constitute an irrevocable offer for a period of six (6) months to provide to the Board the services set forth in this Request for Proposals.

1-8 Contractual Agreement: This RFP shall be included and incorporated in the final award. The order of contractual precedence will be the Contract or Price Agreement document, original Terms and Conditions, and contractor response. Any and all legal action necessary to enforce the award will be held in Palm Beach County and the contractual obligations will be interpreted according to the laws of Florida. Any additional contract or agreement requested for consideration by the Proposer must be attached and enclosed as part of the proposal.

1-9 Contract Term: The purpose of the RFP is to enter into an agreement to provide Audit Services For Retirement System contract that shall cover the period beginning with fiscal year end financials dated September 30, 2018 and ended with fiscal year September 30, 2020 with the expectation that an additional contract will be awarded for a single two (2) year period subject to the mutual consent of the Board and the proposer.

1-10 Renewal of Contract: The Board expects to sign a firm fixed price contract with the successful proposer for a three (3) fiscal year periods with the expectation that an additional contract will be awarded for one additional two (2) fiscal year periods subject to the mutual consent of the Board and the proposer.

1-11 Method of Ordering, Contracts, Billing and Payment: An annual Purchase Order shall be issued for these services. Invoices shall be submitted after completion of services specified in this contract and shall refer to the Purchase Order Number and the appropriate item number. Invoices shall be submitted to the Town of Palm Beach, Finance Department, Accounts Payable, P.O. Box 2029, Palm Beach, FL 33480 or email electronic invoices to: Invoices@TownofPalmBeach.com (Preferred Method).

The preferred method of payment for Town of Palm Beach is Purchase Card (PCard) and the alternative is direct payment (ACH).

The proposer shall submit a flat fee for each of the five years covered by the request for proposals. Fees for the option years and significant extenuating circumstances will be considered by the Board in determining whether any adjustment should be made to the proposed rates for future years.

A progress payment not to exceed 75% of the total fee may be made upon the request of the proposer upon completion of the audit fieldwork. Final payment shall be made upon receipt and acceptance of the final audit report by the Board and upon request by proposer.

1-12 Selection Process: The proposals will be evaluated and assigned points; the firm with the highest number of points will be ranked first. However, nothing herein will prevent the Board from assigning work to any firm deemed responsive and responsible.

The Board reserves the right to further negotiate any proposal, including price, with the highest rated Proposer. If an agreement cannot be reached with the highest rated Proposer, the Board reserves the right to negotiate and recommend award to the next highest Proposer or subsequent Proposers until an agreement is reached.

1-13 News Releases: The Proposer shall obtain the prior approval of the Town Manager's Office of all news releases or other publicity pertaining to this RFP, the service, or project to which it relates.

1-14 Insurance: The Service Provider shall provide at its own cost and expense during the life of the contract, the following insurance coverages to the Town of Palm Beach (30) thirty business days prior to the commencement of any work. All service providers including any independent contractors and subcontractors utilized must comply with these requirements. All insurance policies shall be issued by companies authorized to do business under the laws of the State of

Florida. The insurance shall be evidenced by certificates and/or policies including premiums as determined by the Town of Palm Beach. It shall be an affirmative obligation upon the Service

Provider to advise the Town's Risk Manager at fax no. 561-838-5497, e-mail risk@townofpalmbeach.com, 360 S. County Road, Palm Beach, FL 33480 within 24 hours or the next business day of cancellation, non-renewal or modification of any stipulated insurance and failure to do so shall be construed to be a breach of this Agreement/contract. The Town of Palm Beach reserves the right to require additional coverages and limits based upon the particular service or change in service provided by the Service Provider.

If the service provider maintains higher limits than the minimums shown below, the Town requires and shall be entitled to coverage for the higher limits maintained by the service provider.

Comprehensive General Liability Insurance coverage with limits of liability not less than $1,000,000 Each Occurrence/$2,000,000 Aggregate. The Certificate of Insurance shall indicate an Occurrence Basis. The Town of Palm Beach and the Board shall be endorsed as additional insureds under the General Liability coverage. The Service Provider's General Liability coverage shall be primary and non-contributory.

Professional Liability (Errors & Omissions) - must maintain professional liability or equivalent errors & omissions liability with limit of not less than $1,000,000 per occurrence. For policies written on a claim(s) made basis, service provider shall maintain a retroactive date prior to or equal to the effective date of this contract. In the event the policy is canceled, non-renewed, switched to an occurrence form or there is a change in retroactive date, service provider must purchase an extended reporting period rider during the life of this contract of not less than 3 years. Coverage is to apply on a primary basis.

Cyber Liability is required for all service providers processing or storing sensitive or confidential data such as, but not limited to, credit card, health care, employee records, banking, etc. The Cyber Liability policy shall have a limit of liability not less than $1,000,000 per occurrence including coverage for Privacy & Security Liability as well as Security Breach Response/Expense coverage. For policies written on a claim(s) made basis, service providers shall maintain a retroactive date prior to or equal to the effective date of this contract. In the event the policy is canceled, non-renewed, switched to an occurrence form or there is a change in retroactive date, service provider must purchase an extended reporting period rider during the life of this contract of not less than 3 years. Coverage is to apply on a primary basis.

For policies written on a Claims-made basis, service provider shall maintain a retroactive date prior to or equal to the effective date of this contract. In the event the policy is canceled, non-renewed, switched to an occurrence form or there is a change in retroactive date, or any other event triggering the right to purchase a Supplemental Extended Reporting Period (SERP) during the life of this contract, the service provider shall agree to purchase a SERP with a minimum reporting period of not less than three (3) years. Coverage is to apply on a primary basis.

Workers' Compensation coverage with statutory limits pursuant to Florida State Statute 440 or an exemption letter from the State. Should the scope of work performed by contractor qualify its employee for benefits under federal workers compensation statute (example, U.S. Longshore & Harbor Workers Act or Merchant Marine act), proof of appropriate federal act coverage must be provided. A waiver of subrogation must be provided.

Employers Liability coverage with limits not less than $100,000 for each accident, $100,000 disease (each employee) and $500,000 disease (policy limit).

In the event that claims in excess of the insured amounts provided herein are filed by reason of any operations under the contract, the amount excess of such claims or any portion thereof may be withheld from any payment due or to become due the Service Provider until such time the Service Provider shall furnish such additional security covering such claims as may be determined by the Town of Palm Beach.

Umbrella or Excess Liability is required up to the minimum limit of liability if the limits of liability shown on the Certificate of Insurance under General Liability do not meet the minimum limit of liability as required.

All required insurance policies shall provide a waiver of subrogation and rights of recovery against the Town of Palm Beach and Board, including their agents, officers, past and present employees, elected officials and representatives, the insurance policy in effect shall protect both parties and be primary and non-contributory for any and all losses covered by the above described insurance. Insurers have no recourse against the Town of Palm Beach or Board for payment or assessments in any form on any insurance policy.

1-15 Indemnification: To the fullest extent allowed by law the Contractor shall protect, defend, reimburse, indemnify and hold harmless the Town of Palm Beach and the Board, and their officers, agents, employees free and harmless from and against any and all claims, losses, penalties, damages, settlements, costs, charges, attorneys or other professional fees, or other expenses or liabilities of every kind and character arising out of or relating to any and all claims, liens, demands, obligations, actions, proceedings, cause or causes of action of every kind and character in connection with, or arising directly or indirectly out of or related to this Contract and the Work performed hereunder. Without limiting the generality of the foregoing, Contractor’s Indemnity shall include all claims, damages, losses, or expense arising out of or related to personal injury, death, damages to property, defects in materials or workmanship, actual or alleged infringement of any patent, trademark, copyright, proprietary information, or applications of any thereof, or of any other tangible or intangible personal or property right, or any actual or alleged violation of any applicable statute, ordinance, administrative order, rule or regulation, or order of any court. Contractor agrees to investigate, respond, adjust and provide a defense for, all and any such claims, demands and actions at Contractor’s sole expense and agrees to bear and remain liable for all such other costs and expenses relating thereto, even if such claim is groundless, false or fraudulent. Notwithstanding the foregoing, Contractor’s Indemnity shall not extend to liability for damages to persons or property to the extent such damage was caused by any act, omission, or default of the Town, Board or by their officers, agents and employees.

Contractor acknowledges and agrees that TOWN and BOARD would not enter into a contract without this indemnification of TOWN and BOARD by Contractor, and that BOARD'S entering into a contract shall constitute good and sufficient consideration for this indemnification. These provisions shall survive the expiration or earlier termination of the Contract. Nothing in this Contract shall be construed to affect in any way the TOWN'S or BOARD’S rights, privileges, and immunities as set forth in Florida Statutes 768.28.

1-16 Licenses: Proposers, both corporate and individual must be fully licensed in the State of Florida at the time of RFP submittal. The proposal of any Proposer that is not fully licensed and certified shall be rejected.

1-17 Rights and Privileges: Rights and privileges granted by the Board shall not be assigned or transferred in any manner whatsoever without written approval of the Board and Town Council. At all times during the term of the contract the Contractor shall act as an independent contractor and at no time shall the Contractor be considered an agent or partner of the Town or Board. The Contractor shall obtain and pay for all permits, licenses, Federal, State and Local taxes chargeable to its operation.

1-18 Bankruptcy/Insolvency: At the time of submittal of bid, vendor/firm shall not be in the process of or engaged in any type of proceedings in insolvency or bankruptcy, either voluntary or involuntary, or receivership proceedings. If the vendor/firm is awarded a contract for six (6) months or longer, and files for bankruptcy, insolvency or receivership, the Board may, at its option, terminate and cancel said contract, in which event all rights hereunder shall immediately cease and terminate.

1-19 Disclosure and Disclaimer: Any action taken by the Town or Board in response to proposals made pursuant to this RFP or in making any award or failure or refusal to make any award pursuant to such proposals, or in any cancellation of award, or in any withdrawal or cancellation of this RFP, either before or after issuance of an award, shall be without any liability or obligation on the part of the Town, Board or their advisors or representatives.

In their sole discretion, the Town or Board may withdraw this RFP either before or after receiving proposals, may accept or reject proposals, and may accept proposals which deviate from the RFP. In its sole discretion, the Board may determine the qualifications and acceptability of any party or parties submitting proposals in response to this RFP (each such party being hereinafter a “Proposer”).

Following submission of a proposal, the Proposer agrees to deliver, within three (3) business days of Town’s or Board’s request, such further details, information and assurances, including, but not limited to, financial and disclosure data, relating to the proposal and/or the Proposer, including the Proposer’s affiliates, officers, directors, shareholders, partners and employees, as requested by the Town or Board.

The information contained herein is provided solely for the convenience of proposers. It is the responsibility of a Proposer to assure itself that information contained herein is accurate and complete. Neither the Town, Board, nor their advisors or representatives provide any assurances as to the accuracy of any information in this RFP. Any reliance on the contents of this RFP, or on any communications with Town, Board, representatives or advisors, shall be at each Proposer’s own risk. Proposers should rely exclusively on their own investigations, interpretations and analyses in connection with this matter. The RFP is being provided by the Board without any warranty or representation, express or implied, as to its content; accuracy or completeness and no proposer or other party shall have recourse to the Town or Board if any information herein contained shall be inaccurate or incomplete. No warranty or representation is made by the Town or Board that any proposal conforming to these requirements will be selected for consideration, negotiation or approval.

The Town, Board, and their representatives shall have no obligation or liability with respect to this RFP, or the selection and award process contemplated hereunder. Neither the Town, Board, or their representatives warrant or represent that any award or recommendation will be made as a result of the issuance of this RFP. All costs incurred by a Proposer in preparing and responding to this RFP are the sole responsibility of the Proposer. Any recipient of this RFP who responds hereto fully acknowledges all the provisions of this Discloser and Disclaimer and agrees to be bound by the terms hereof. Any proposal submitted pursuant to this RFP is at the sole risk and responsibility of the party submitting such proposal.

This RFP is made subject to correction of errors, omissions, or withdrawal without notice. Information contained in the RFP is for guidance only and each recipient hereof is cautioned and advised to independently verify all of such information. In the event of any differences between this Disclosure and Disclaimer and the balance of the RFP, the provisions of this Disclosure and Disclaimer shall govern.

1-20 Proposal Contents: All material submitted becomes the property of the Town of Palm Beach and Board. The Town and Board have the right to use any or all ideas presented in any reply to this RFP. Selection or rejection of the proposal does not affect this right.

1-21 Termination by Owner for Cause: The Town or Board may terminate the contract in the event:

a. Contractor fails or refuses to prosecute the Work or any severable part, with the diligence that will insure its completion within the time specified in this Contract;
b. Contractor fails to perform the services required of the Contractor under this Contract;
c. Contractor violates laws, ordinances, rules, regulations of any governmental authority having jurisdiction;
d. Contractor materially breaches any of the provisions of this Contract.

When any single or combination of the above causes exist such cause(s) have not been cured after seven (7) days written demand by the Town and or Board, the Town and or Board may, with full reservation of, and without prejudice to any other right or remedy the Town and or Board may have, upon giving Contractor five (5) days written notice, terminate the Contract. No payments shall be due to the Contractor until the Work is fully and finally completed.

1-22 Termination for Convenience:

a. The Town and or Board may terminate performance of work under this contract in whole or in part (the "Work Terminated") if the Town and or Board determines that such termination is in the Town or Board's best interest. The Town and or Board shall terminate by delivering to the Contractor a Notice of Termination, specifying the extent of the Work Terminated and the effective date.

b. After receipt of a Notice of Termination, a Contractor shall immediately proceed with the following obligations, regardless of any delay in determining or adjusting any amounts due under this clause:

1. Stop work as specified in the notice.
2. Complete performance of the work not terminated.

1-23 Public Entity Crimes: In accordance with Florida Statute 287.133, no award will be made to any person or affiliate identified on the Department of Management Services' "Convicted Vendor List". This list is defined as consisting of persons and affiliates who are disqualified from public contracting and the purchasing process because they have been found guilty of a public entity crime. A "person" or affiliate" includes any natural person or any entity, including predecessor or successor entities or an entity under the control of any natural person who is active in its management and who has been convicted of a public entity crime.

A person or affiliate who has been placed on the convicted vendor list following a conviction for a public entity crime may not submit a bid, proposal or reply on a contract to provide any goods or services to a public entity; may not submit a bid, proposal or reply on a contract with a public entity for the construction or repair of a public building or public work; may not submit bids, proposals, or replies on leases of real property to a public entity; may not be awarded or perform work as a contractor, supplier, subcontractor or consultant under a contract with any public entity; and may not transact business with any public entity in excess of the threshold amount provided in Section 287.017, for CATEGORY TWO for a period of 36 months following the date of being placed on the convicted vendor list.

By signing and submitting the Bid documents, the submitting firm attests that they have not been placed on the "Convicted Vendor List" or found guilty of a public entity crime.

1-22 Drug-Free Workplace: Preference shall be given to businesses with Drug-Free Work Place (DFW) programs. Whenever two or more proposals which are equal with respect to price, quality, and service are received for the procurement of commodities or contractual services, a proposal received from a business that completes the attached DFW form certifying that it is a DFW shall be given preference in the award process.

1-23 Palm Beach County Inspector General: The Proposer shall be aware that the Inspector General of Palm Beach County has the authority to investigate and audit matters relating to the negotiation and performance of any contracts resulting from this solicitation, and in furtherance thereof may demand and obtain records and testimony from the contractor and its subcontractors and lower tier subcontractors. The Bidder understands and agrees that in addition to all other remedies and consequences provided by law, the failure of the Proposer or its sub contractors or lower tier subcontractors to fully cooperate with the Inspector General when requested may be deemed by the municipality to be a material breach of this contract justifying its termination.

1-24 Code of Ethics: If any Proposer violates or is a party to a violation of the code of ethics of the Town of Palm Beach, Palm Beach County or the State of Florida with respect to this proposal, such Proposer may be disqualified from performing the work described in this proposal or from furnishing the goods or services for which the proposal is submitted and shall be further disqualified from submitting any future proposals for work, goods or services for the Town of Palm

Beach. The link for further information regarding the Palm Beach County Commission on Ethics is: http://www.palmbeachcounthyethics.com/ordinances-codes.htm.

1-25 Lobbying Prohibited: Proposers are not to contact or lobby any Town or Board personnel or any person related or involved with this Request for Proposals. All oral or written inquiries are to be directed to the Purchasing Division as instructed herein. Any violation of this condition may result in rejection and/or disqualification of the Proposer. Please refer to Palm Beach County Registration Ordinance – Effective April 2, 2012 for further information; http://www.palmbeachcountyethics.com/ordinances-codes.htm.

1-26 Conflict of Interest: The award hereunder is subject to provisions of State Statutes and Town Ordinances. All Proposers must disclose with their Proposal the name of any officer, director, or agent who is also an employee of the Town of Palm Beach OR Board representative. Further, all Proposers must disclose the name of any Town or Board representative or employee who owns, directly or indirectly, an interest in the Proposer's firm or any of its branches.

1-27 Non-Collusion: Proposer certifies that their Proposal is made without prior understanding, agreement, or connection with any corporation, firm or person submitting a Proposal for the same materials, services, supplies, or equipment and is in all respects fair and without collusion or fraud.

1-28 Cone of Silence: The Cone of Silence is a prohibition on any communication, except for written correspondence, regarding a particular request for proposal, request for qualification, bid or any other competitive solicitation between:

(1) Any person or person's representative seeking an award from such competitive solicitation; and

(2) Any County commissioner or commissioner's staff, any member of a local governing body or the member's staff, a mayor or chief executive officer that is not a member of a local governing body or the mayor or chief executive officer's staff, or any employee authorized to act on behalf of the commission or local governing body to award a particular contract.

For the purposes of this section, a person's representative shall include but not be limited to the person's employee, partner, officer, director, consultant, lobbyist, or any actual or potential subcontractor or consultant of the person.

The cone of silence shall be in effect as of the issuance of the Invitation To Bid, RFQ, or other response to a competitive solicitation. The cone of silence applies to any person or person's representative who responds to a particular request for proposal, request for qualification, bid or any other competitive solicitation, and shall remain in effect until such response is with rejected by the county or municipality as applicable or withdrawn by the person or person's representative. Each request for proposal, request for qualification, bid or any other competitive solicitation shall provide notice of cone of silence requirements and refer to this article.

The provisions of this article shall not apply to oral communications at any public proceeding, including pre-bid conferences, oral presentation before selection committees, contract negotiations during any public meeting, presentations made to the board or local municipal governing body as applicable, and protest hearings. Further, the cone of silence shall not apply to contract negotiations between any employee and the intended awardee, any dispute resolution process following the filing of a protest between the person filing the protest and any employee, or any written correspondence at any time with any employee, county commissioner, member of a local municipal governing body, mayor or advisory board member or selection committee member, unless specifically prohibited by the applicable competitive solicitation process.

The cone of silence shall terminate at the time the board, local municipal governing body, or a county or municipal department authorized to act on behalf of the board or local municipal governing body as applicable, awards or approves a contract, rejects all bids or responses, or otherwise takes action which ends the solicitation process.

For further information refer to http://www.palmbeachcountyethics.com/ordinances-codes.htm Palm Beach County Registration Ordinance – Effective April 2, 2012 TOWN OF PALM BEACH**.**

1-29 Public Records: Proposals become "public records" and shall be subject to public disclosure consistent with Chapter 119.07 Florida Statutes. Document files may be examined, during normal working hours by appointment. If a Proposer believes that any portion of their response is confidential and/or proprietary, the Proposer must invoke the exemptions to disclosure provided by law in the response to the RFP. The Proposer must identify the data or other materials to be protected, and must state the reasons why such exclusion from public disclosure is necessary and the specific legal authority of the asserted exemption. All material that qualifies for exemption from Chapter 119 must be submitted in a separate envelope, clearly identified with your firm's name and the RFP number marked on the envelope.

By your designation of material in your submission as exempt from public records, you agree to hold harmless the Town and Board for any award to a plaintiff for damages, costs or attorney's fees and shall defend the Town and Board should any legal action occur challenging your claim.

1-30 Public Record Laws: In accordance with Florida Statutes 119.0701, the contractor shall comply with public records laws, specifically to:

(1) Keep and maintain public records required by the public agency to perform the service.

(2) Upon request from the public agency's custodian of public records, provide the public agency with a copy of the requested records or allow the records to be inspected or copied within a reasonable time at a cost that does not exceed the cost provided in this chapter or as otherwise provided by law.

(3) Ensure that public records that are exempt or confidential and exempt from public records disclosure requirements are not disclosed except as authorized by law for the duration of the contract term and following completion of the contract if the contractor does not transfer the records to the public agency.

(4) Upon completion of the contract, transfer, at no cost, to the public agency all public records in possession of the contractor or keep and maintain public records required by the public agency to perform the service. If the contractor transfers all public records to the public agency upon completion of the contract, the contractor shall destroy any duplicate public records that are exempt or confidential and exempt from public records disclosure requirements. If the contractor keeps and maintains public records upon

completion of the contract, the contractor shall meet all applicable requirements of retaining public records. All records stored electronically must be provided to the public agency, upon request from the public agency's custodian of public records, in a format that is compatible with the information technology systems of the public agency.

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A copy of Section 119.0701, Florida Statutes, has been provided to the contractor (attached).

IF THE CONTRACTOR HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA STATUTES, TO THE CONTRACTOR'S DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THIS CONTRACT, CONTACT THE CUSTODIAN OF PUBLIC RECORDS AT: Town Clerk, or designee
Phone 561-838-5416
Email records@townofpalmbeach.com

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TOWN OF PALM BEACH

RFP No. 2018-15

AUDIT SERVICES FOR RETIREMENT SYSTEM

PART II

NATURE OF SERVICES REQUIRED

2-1 PURPOSE AND INTENT

The Town of Palm Beach Retirement System Board of Trustees (Board) seeks proposals from qualified independent Certified Public Accountants and/or firms licensed to practice in the State of Florida for the purpose of providing an annual examination of the financial statements and records of the Town of Palm Beach Retirement System. The successful Proposer shall be required to provide the Town and Board Audit Services for Retirement System.

The audit shall be conducted for the purpose of forming an opinion of the general purpose financial statements taken as a whole and to determine whether operations were conducted in accordance with legal and regulatory requirements.

2-1.1 BACKGROUND

The Town of Palm Beach, Florida, the plan sponsor, was incorporated in 1911 and is located on a barrier island in the eastern part of Palm Beach County. The Town serves a full-time resident population of approximately 8,500 plus an estimated 25,000 additional seasonal residents.

The Town of Palm Beach operates under a Council – Manager form of government and provides the following services as authorized by its Charter: public safety (police and fire), public works (streets, roads), planning, zoning, building inspections, sanitation, parks, recreation, general administrative services, and storm water management.

Prior to April 1, 2012 The Town had maintained three separate defined benefit pension trust funds for the general and lifeguard employees, police officers and firefighters administered by separate boards. Effective April 1, 2012, the general employees and lifeguard employees board of trustees, police officer board of trustees and firefighter board of trustees were eliminated and a new consolidated board of trustees was created. Effective May 1, 2012, a new consolidated plan was established covering all employees of the Town. The new plan is known as the Town of Palm Beach Retirement System (the "Retirement System"). The Retirement System is governed by a nine member board of trustees. The trustees consist of one employee who is a member of the benefit group general or lifeguard, one employee who is a member of the benefit group firefighter, one employee who is a member of the benefit group police officer, five residents of the Town, and the Town Manager.

As of the most recent actuarial valuation, September 30, 2017, there were 277 active members, 420 retired members and 89 vested/terminated members. Verify date and numbers

Total net assets of the three plans as of September 30, 2017 were $208,879,419. Additional information regarding the pension system financial statements can be found in the Town of Palm Beach Comprehensive Annual Financial Report and the most recent Retirement System financial report. Verify date and dollar amount

Accounting records for the Retirement System are maintained by the Town of Palm Beach Finance Department.

Finance Department

Prior recent audits of the Retirement System were performed by Marcum LLP.

Copies of the Town of Palm Beach Comprehensive Annual Financial Report (CAFR), Annual Report and Budget Information can be found on the Town's website – www.townofpalmbeach.com.

2-2 SCOPE OF WORK

The successful Proposer shall perform all services and work necessary to complete the following tasks and/or provide the following items:

2-2.1. Audit shall be performed in compliance with the requirements of:

a. Applicable Florida Statutes
b. Regulations of the State of Florida Department of Financial Services
c. Rules of the Auditor General, State of Florida, Chapter 10.550 (Local Government Audits)
d. Audits of State and Local Government Units, issued by the American Institute of Certified Public Accountants.
e. Circular A-133, Audits of States, Local Governments, and Non-profit Organizations, Office of Management and Budget
f. Governmental Accounting Standards Board standards (GASB)
g. Statements on Auditing Standards (GAAS)
h. Government Auditing Standards, issued by the Comptroller General of the United States
i. Any other applicable federal, state, local regulations or professional guidance not specifically listed above as well as any additional requirements which may be adopted by these organizations in the future.

2-2.2 The Town expects the auditor to express an opinion on the fair presentation of its general-purpose financial statements in conformity with applicable generally accepted accounting principles.

2-2.3 The audit shall be an annual financial audit as defined in Section 218.3(17), Florida Statutes, and shall be conducted in accordance with generally accepted auditing standards as well as the standards listed above. The contract shall cover the period beginning with fiscal year end financials dated September 30, 2018 and ended with fiscal year September 30, 2020 verify dates with the expectation that an additional contract will be awarded for one (2) two-year period subject to the mutual consent of the Town and the proposer.

2-2.4 A final and complete opinion letter on the financial statements taken as a whole, the financial statements, as well as any additional letters or reports required by the United States or State of Florida shall be delivered to the Town of Palm Beach by February 1st following the end of the fiscal year under audit.

2-2.5 The auditor shall submit not later than February 1st following the end of the fiscal year under audit a full and complete management letter which shall identify any management weaknesses observed, assess their effect on financial management and propose steps to correct or eliminate those weaknesses. A draft of the management letter is to be discussed with the administrator and finance director before issuance. It is the Town's intent that all fieldwork related to the audit shall be completed by December 31 following the end of the fiscal year under audit.

2-2.6 The partner in charge of the audit and the audit manager or other CPA assigned to the audit shall be free to attend one or more retirement board meetings for discussion of the audit report as deemed necessary by the Retirement Board.

2-2.7 A minimum of 15 copies of the audit report and a copy in digital PDF format will be provided to the Finance Director prior to February 1st. All costs of production will be borne by auditor.

2-2.8 The Town will be responsible for the preparation of the Management's Discussion and Analysis.

2-2.9 Timeliness is critical in the performance of the audit. The auditor should coordinate with the Finance Director and endeavor to accomplish the audit in a phased in approach throughout the year in order to reduce the year-end workload on both the audit firm and Town staff. The Town will make necessary records available to the auditor through the year to assist in this regard. In addition, the Town will make end-of-year records available to the auditor on or before November 15th after the end of the fiscal year under audit.

2-2.10 The auditor shall report to the Town at least bi-weekly the status of any potential audit adjustments so that the Town may have adequate opportunity to investigate, gather information and respond if necessary. Final audit adjustments shall be submitted to the Town of Palm Beach no later than February 1 following the end of the fiscal year under audit.

2-2.11 The Partner in charge of the audit will present the audited financial statements and management letter to the Retirement Board at their February quarterly Board meeting.

2-2.12 The auditor will prepare all required annual State of Florida pension reports including Chapter 175 and Chapter 185 reports.

2-2.13 The work papers are the property of the auditors and shall be held locally for a period of five years. Work papers shall be available for examination or duplication without charge to authorized Town and Board personnel or representatives, or representatives of Federal or State or County Agencies upon request of that Agency or the Town of Palm Beach or Board in accordance with Federal Law, State Law and other regulations. Working papers will also be made available for examination, at no charge, or duplication, at a reasonable charge, to subsequent auditors engaged by the Town or Board.

2-2.14 The auditors agree to notify the Town and Board Administrator immediately if any regulatory or other government agencies request a review of the audit work papers concerning the Town of Palm Beach Retirement System.

2-2.15 The auditor agrees to notify the Town and Board Administrator immediately should any disciplinary actions be taken or complaints filed with any regulatory bodies against any of the firm's staff or the firm itself. Auditor shall be required to make an immediate written report of all irregularities and illegal acts.

2-2.16 The auditor must designate two (2) "key" members of the audit team. The Board shall reserve the right to approve any substitutions or changes in those staff designated as "key".

2-2.17 Auditor shall provide the Town of Palm Beach Finance Director and Retirement Administrator with a copy of each external quality control review (peer review) conducted during the time period engaged by the Board.

2-2.18 The proposal should set forth a detailed work plan, including an explanation of the audit methodology to be followed, and estimated hours needed to perform the services required in the request for proposal.

All requirements and conditions set forth in this RFP shall be incorporated into the Contract between the Board and the selected firm unless otherwise specified in the Contract.

2-3 PROPOSAL REQUIREMENTS

This document is intended to be used as the instrument to transmit proposals and to define the terms, conditions and specifications desired by the Board to receive proposals from qualified independent Certified Public Accountants and/or firms licensed to practice in the State of Florida for the purpose of providing an annual examination of the financial statements and records of the Town of Palm Beach Retirement System. It is the intent of the Board to select a single proposer to supply the services necessary for successful completion of the proposal as defined herein. Nothing in this RFP is intended to restrict the Board in any way in the selection of the proposal that best meets the needs of the Board. The Board reserves the right to reject any or all offers and to negotiate changes in proposals or best and final offers.

1. Proposals must include the following at a minimum:
   - Description and history of the make-up and composition of the firm.
   - Relevant government pension auditing experience of firm.
   - Not less than three (3) Florida Municipal references for which the firm has performed similar work.

2. Resumes of partners, managers, supervisory and other staff assigned to this audit, including the following information:
   - Formal education.
   - Supplemental education relative to governmental accounting and auditing.
   - Experience in public accounting in general.

- Experience in private business or government.
- Experience in auditing governmental pension systems.
- Membership in various national and state governmental accounting boards, committees, or associations (past and present).
- Professional recognition, such as awards, etc.
- Copy of CPA license for all individual CPA's assigned to the audit and for the firm in the State of Florida.

3. Total staff available for this audit and the anticipated percent of audit work to be performed by various levels of staff.

4. A statement setting forth the proposers understanding of the work to be done and a positive commitment to meet or exceed specifications stated herein and a positive commitment to perform the work within the time period specified.

   a. The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services.
      Proposers will be required to provide the following information on their audit approach:
      - Level of staff and number of hours to be assigned to the engagement.
      - Sample size and the extent to which statistical sampling is to be used in the engagement.
      - Extent of use of EDP software in the engagement.
      - Type and extent of analytical procedures to be used in the engagement.
      - Approach to be taken to gain and document an understanding of the internal control structure.
      - Approach to be taken in determining laws and regulations that will be subject to audit test work.
      - A tentative schedule for performing key aspects of the audit.
   b. A fee schedule for the complete audit including fees for FY18 through FY20 and staff hourly rates to be used for any additional work which may be requested by the Town which is outside the scope of this contract.
   c. The auditor is free to include any promotional material pertaining to the auditor or audit firm; however, that promotional material shall not be considered the proposal in and of itself.
   d. Positive affirmation that all CPA's assigned to the engagement have properly maintained CPE in governmental accounting as required by the Board of Accountancy.
   e. Documentation from Florida's Board of Accountancy that all licenses are indeed active and in good standing.
   f. Location of the office from which the audit will be conducted and number of personnel in that office who would be working on the audit.
   g. Copy of the two most recent external quality control reviews (peer reviews) which include a review of specific government or pension engagements.
   h. Results of any Federal or State desk review or field audits during the past three years.

i. Circumstances and status of any disciplinary actions taken or pending against the firm or any partners or employees of the firm by the State regulatory bodies or professional organizations.
j. The firm must agree to use town staff in preparation of supporting schedules, reconciliations and document retrieval. Prior planning and explicit instruction are paramount for timely performance in this regard. The auditor shall provide the Town with a list of all schedules to be prepared by the Town. Finance Department staff will be available during the audit to provide information, documentation and explanation to the auditors.
k. Provide evidence of required insurance coverage on Certificate of Insurance.

2-4 MINIMUM QUALIFICATIONS

1. Auditor must maintain a permanent office in Palm Beach, Martin or Broward County.
2. Auditor and audit firm must be licensed by the State of Florida, Department of Business & Professional Regulation, State Board of Accountancy, to practice in the State of Florida.
3. A minimum of 2 full-time CPA's must be employed and assigned to the audit for the Board. These CPA's must also be employed at a permanent office in Palm Beach, Martin or Broward County.
4. Auditor must have experience in governmental auditing preferably municipal and retirement plans, and must clearly indicate its governmental pension expertise.

2-5 INFORMATION TO BE PROVIDED BY THE TOWN AND BOARD

The Town and Board will provide, at a minimum, the following information to assist the auditor in performing the annual audit:

1. General Ledger/Trial Balance printouts of September 30 and any other time periods requested by auditor.
2. Statements of Revenues, Expenditures, Estimated vs. Actual Revenues, and Expenditures vs. Appropriations as of September 30, and any other time periods requested by auditor.
3. Various schedules and worksheets designed to assist and provide backup information to the auditor.
4. Payroll and pension records as required by the auditor
5. Investment and custodial reports as required by the auditor.
6. Electronic file containing end of year general ledger, revenue and expenditure balances for all accounts in the Town's accounting system for download into auditor software.
7. Electronic file containing year-to-date detail information for all general ledger, revenue and expenditure accounts in the Town's accounting system.
8. Town will prepare confirmation letters for the auditor.
9. Town will provide paid invoices, canceled checks and other supportive documentation as requested by the firm.
10. Town will work with actuary to ensure GASB 67 report is completed timely and provided o the auditor.
11. Other information requested by the auditor and mutually agreed upon by the Finance Director.

2-6 TOWN CONTRACT COORDINATOR

The Board and Town Contract Coordinator for this project will be Jane Struder, Finance Director at (561) 227-5400 or jstruder@townofpalmbeach.com. After Notice to Proceed /Purchase Order is issued, all communications and correspondence shall be directed to Ms. Struder, with copies of the correspondence to the Purchasing Division at 951 Okeechobee Road, Suite "D", West Palm Beach, FL 33401.

2-7 DESIGNATED PERSONNEL

The successful contractor shall designate the personnel to be assigned specifically to the performance of this work. At the time of negotiation for entry into a formal contract, the Town shall have the right to specify those key project personnel for whom the successful contractor shall not be allowed to substitute other personnel without prior written permission of the Town.

2-8 SUBCONSULTANTS

The Town encourages the use of sub-consultants in various fields of expertise and experience in order to establish the team(s) with the most comprehensive resources to provide all of the services discussed herein. All proposed sub-consultants shall be included in the submittal and their qualifications and utilization presented in detail. The Town reserves the right to approve all sub-consultants hired by the Consultant and/or to require the Consultant to dismiss a sub-consultant, upon request.

2-9 CONTRACT

The selected Proposer will be expected to enter into a formal agreement at the time of contract award.

The selected Proposer will also be expected to submit a scope of services for the purpose of entering into a formal contract. Scope of services and pricing shall be negotiated and decided prior to award of contract and become part of the contract document at award.

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PART III

PROPOSAL REQUIREMENTS

3-1 RULES FOR PROPOSALS

Proposer shall submit **one (1) original and seven (7) copies along with one (1) electronic copy** in a clear, concise format on 8½ " x 11" paper, in English. **The proposal should contain tabbed sets in the same order as the information requested below to be considered for award.** Omission of required data may be cause for disqualification. Any other information thought to be relevant, but not applicable to the enumerated sections, should be provided as an appendix to the proposal. If publications are supplied by a Proposer to respond to a requirement, the response should include reference to the document number and page number. Proposals not providing this reference will be considered to have no reference materials included in the additional documents.

Proposals must be properly signed in ink by the owner/principal having the authority to bind the firm to this agreement.

The proposal must name all persons or entities interested in the proposal as principals. The proposal must declare that it is made without collusion with any other person or entity submitting a proposal pursuant to this RFP.

3-2 SUBMISSION OF PROPOSALS

Proposals must be submitted in a sealed envelope/package clearly marked with the name and address of the proposing firm and the following: **"RFP No. 2018-15 – Audit Services For Retirement System"**. An **original** (so marked) and eleven **(11) copies along with one (1) electronic copy on a USB thumb drive,** to include the following, shall be submitted for a proposing firm to be considered:

(TAB 1) Title Page Title page shall provide the request for proposals' subject, the firm's name, the name, address and telephone number of contact person, and the name, address, principal place of business and telephone number of legal entity with whom the contract is to be written.

(TAB 2) Table of Contents The table of contents of the proposal should include a clear and complete identification of the materials submitted by section and page number.

(TAB 3) Transmittal Letter. This letter will summarize in a brief and concise manner the Proposer understands of the work to be performed, the commitment to perform the work within the anticipated time period, a statement why the firm believes itself to be best qualified to provide the services, and a statement that the proposal remains in effect for one hundred twenty (120) days. An authorized agent of the Proposer must sign the Letter of Transmittal indicating the agent's title or authority.

(TAB 4) <u>Firm Composition, Qualifications and Background</u>. The Submittal Package shall include the name and type of firm or organization (corporation, partnership, joint venture, etc.) that will serve as the Applicant Firm, and provide the name of the single-entity responsible for the Project. The history, ownership, organization, and background of the Applicant Firm shall be provided. If the Applicant Firm is a joint venture, the required information shall be submitted for each member of the joint venture firm Details of the organizational structure of the joint venture shall be given. Include a general statement describing the types of services offered by the firm, location of main and branch offices, and number of years in business. The Firm shall have a minimum of five (5) years relevant business experience similar to scope of work as described herein.

The Applicant Firm should provide examples of applicable projects where the firm provided services on behalf of at least three (3) municipal clients. The firm should demonstrate how it interacts with municipal clients and provides and exchanges information relative to the requirements.

Provide a list of at least five (5) client references for which the Applicant firm provides similar services to those outlined in this request for qualifications.

a. Name and address of client.
b. The nature of the firm's contract.
c. The owner's representative's name, addresses, and phone number.
d. Date contract started and ended.
e. Scope or nature of contract
f. Present status of the contract.

(TAB 5) <u>Detailed Technical Proposal</u> The detailed technical proposal should follow the order set forth in this Request for Proposal.

(TAB 6) <u>Cost Proposal.</u> Complete detailed fee schedule for provision of services and any additional fees, using forms provided.

(TAB 7) <u>Proposers Qualifications.</u> Executed copy of form.

(TAB 8) <u>List of Professional References.</u> Executed copy of form.

(TAB 9) <u>Drug Free Certification</u>. Executed copy of form.

(TAB 10) <u>Addendum.</u> Acknowledgement in appropriate section herein of receipt of each addendum issued by the Town.

(TAB 11) <u>Variations/Exceptions</u>. Provide a list of services which are not included in the firm's proposal to the required services as outlined in the Scope of Services along with any exceptions or variations to any section of the proposal.

PART IV
EVALUATION OF PROPOSALS

4-1 EVALUATION AND AWARD - The Town will select proposals deemed most qualified based on the submittal criteria. The Town will select, based on responses to this RFP, one proposer to perform the program. The Selection Committee will rank those Proposers whose proposals are deemed most qualified.

The Town reserves the right to select the proposal which in the opinion and sole discretion of the Town will be in the best interest of and/or most advantageous to the Town. The Town reserves the right to waive any irregularities and technicalities and may at its discretion request re-submittal of proposals.

4-2 SELECTION COMMITTEE - A Selection Committee will convene, review and discuss all proposals submitted. The Purchasing Manager or designee will chair the committee.

4-3 REVIEW OF PROPOSALS - The Selection Committee will use a point/percentage formula during the review process to score proposals.

4-4 EVALUATION CRITERIA - The criteria and weights as shown herein shall be utilized in the evaluation of the proposals. The Selection Committee will evaluate all responsive written proposals to determine which proposals best meet the needs of the Town, based on the evaluation criteria as specified, herein. It is expected that a contract will be executed between both parties for the services as may be necessary.

4-5 INNOVATIVE CONCEPTS AND RECOMMENDATIONS – Any innovative concepts and recommendations for expansion of services or to enhance the quality of services to the Committees that the Proposer considers pertinent for consideration should be included in the proposal.

4-6 SELECTION - Selection and award of contract shall be done in accordance with the statutes of the State of Florida and Town policies and procedures. The Selection Committee will evaluate, rank all qualified proposers, and prepare a shortlist.

4-7 ORAL PRESENTATIONS - Upon completion of the evaluation of all written proposals, the Selection Committee shall determine whether to recommend award to the Board with the highest score, or to invite those firms in the “Competitive Range” to give an oral presentation and participate in interviews. Only those firms with the highest rated scores in accordance with the stated criteria and their weights will be invited to give oral presentations. The Evaluation Criteria may be changed for the oral presentations evaluation phase. References and site visits (if completed) shall be included in the final evaluation criteria, along with other criteria and weights as determined by the Selection Committee. Additionally, during the oral presentations, the proposers shall include (but not be limited to) their approach to the project. The proposed Project Manager should be in attendance. Finalists will be informed as to the revised criteria prior to their oral presentation.

4-8 FINAL SELECTION - The Selection Committee will submit the recommended award to the highest ranked proposer (with all proposers in ranked order) to the Retirement Board for final approval. The Board shall be the sole judge of its own best interests, the proposals, and the resulting negotiated agreement. The Board's decisions will be final. Upon Board authorization, contract negotiations will be initiated with the first ranked firm. If those negotiations are unsuccessful, the Board will formally terminate negotiations with the first ranked firm and will commence contract negotiations with the next ranked firm, etc. Upon successful contract negotiations with the prevailing firm, the remaining firms will be notified that the process has been completed and that they were not selected.

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TOTAL PROPOSED FEES: FISCAL YEAR PERIOD ENDING FY2018 THROUGH FY2022

Item	Fiscal Year Period Ending	Employees Retirement System Audit
1	September 30, 2018	$
2	September 30, 2019	$
3	September 30, 2020	$
4	September 30, 2021	$
5	September 30, 2022	$
	Total	$

Item	Title	Proposed Number of Hours	Hourly Rate	Total
1	Partner		$	
2	Manager		$	
3	Supervisory Staff		$	
4	Staff		$	
			Total	$

The hereby undersigned representative submits this proposal and certifies that they are an authorized representative of the proposer who may legally bind the proposer:

***SIGNATURE:** ____**Date:**________________

Name: _____________________________ Title: _________________________________

Printed

Company:_____________________________ Address:________________________________

Legally registered name

City:________________________________State:_______________Zip:________________

Telephone No: ____________ Fax No: ____________ Email: ___________________________

Federal ID #: _________________________ Dun Bradstreet #: _________________________

***Failure to affix signature may result in disqualification of proposal**

Name of Company Representative: ____

Address: ____

Phone Number: _______________________Fax Number: _____________________

E Mail: ____Date__________________

Acknowledgement is hereby made of the following Addenda received since issuance of this Request for Proposals:

Addendum No. _______ Dated: ________ Addendum No. _______ Dated: _______

Addendum No. _______ Dated: ________ Addendum No. _______ Dated: _______

Addendum No. _______ Dated: ________ Addendum No. _______ Dated: _______

PROPOSER'S CHECKLIST

All proposals shall include the Town provided forms. Failure to do so may cause the proposal to be rejected. All blanks on the forms must be completed. Supplemental information may be attached to the forms. This list is not meant to be all-inclusive of all items required.

Is a Title Page included?	Yes	No
Is a Table of Contents provided?	Yes	No
Have 11 copies and 1 USB been provided?	Yes	No
Transmittal/Introduction Letter submitted?	Yes	No
Technical Proposal Section with Qualifications & Approach?	Yes	No
Variations/Exceptions Section?	Yes	No
Proposer's Experience Section with 5 References?	Yes	No
Minimum 5 clients shown?	Yes	No
Qualifications of personnel provided?	Yes	No
Cost Proposal completed with fee schedule?	Yes	No
Proposer's Qualifications Form submitted?	Yes	No
Business Tax Receipt included?	Yes	No
Form W-9 included?	Yes	No
Is Drug-Free Workplace Certification form submitted?	Yes	No
Is Professional References form submitted?	Yes	No
Do References include current clients?	Yes	No
List of Subcontractors provided?	Yes	No
Verification/acknowledgement of insurance capabilities?	Yes	No
Are all proposal pages signed?	Yes	No
Are addenda, if any, acknowledged?	Yes	No

PROPOSER'S QUALIFICATIONS

The Proposer, as a result of this proposal, must hold a County and/or Municipal Tax Receipt (Occupational License) in the area of their fixed business location. Each proposer must complete the following information and submit with their proposal in order to be considered:

1. Legal Name and Address:

   Name:____

   Address:____

   City, State, Zip: ____________________________ Phone _________________Fax:__________________

2. Check One: Corporation ( ) Partnership ( ) Individual ( )

3. If Corporation, state: Date of Incorporation: ___________ State in which Incorporated: ___________

4. If an out-of-state Corporation, currently authorized to do business in Florida, give date of such authorization: _________________

5. Name and Title of Principal Officers — Date Elected:

   ___________________________________ ______________________________

   ___________________________________ ______________________________

   ___________________________________ ______________________________

   ___________________________________ ______________________________

6. The Vendor's length of time in business: _____________years

7. The Vendor's length of time (continuous) in business as a service organization in Florida: ________years

8. All proposers must disclose with their proposal the name of any officer, director or agent who is also an employee of the Town. Further, all proposers must disclose the name of any Town employee who owns, directly or indirectly, an interest in the bidder's firm or any of its branches.

   Name____ Percentage of Interest: ___________

9. A copy of County and/or Municipal Tax Receipt (Occupational License) in the area of their fixed business location.

10. A current, signed copy of your firm's IRS form W-9.

Note: *Information requested herein and submitted by the proposers will be analyzed by the Town of Palm Beach and will be a factor considered in awarding any resulting contract. The purpose is to insure that the Proposers, in the sole opinion of the Town of Palm Beach, can sufficiently and efficiently perform all the required services in a timely and satisfactory manner as will be required by the subject contract. If there are any terms and/or conditions that are in conflict, the most stringent requirement shall apply.*

LIST OF CURRENT & PERTINENT PROFESSIONAL REFERENCE

The following is a list of at least **five** (5) current and pertinent professional references that the Board can contact in relation to Proposer's qualifications, financial stability, and experience. Failure to furnish this information may be grounds for rejection of the proposal.

1. Name and Address of Firm, City, County, or Agency	**Scope of Service:**	
	Date(s):	
	Amount:	
	Contact:	
	Telephone No:	
For Town Use Only: Reference Verified: Yes ___ No___	Comments:	

2. Name and Address of Firm, City, County, or Agency	**Scope of Service:**	
	Date(s):	
	Amount:	
	Contact:	
	Telephone No:	
For Town Use Only: Reference Verified: Yes ___ No___	Comments:	

3. Name and Address of Firm, City, County, or Agency	**Scope of Service:**	
	Date(s):	
	Amount:	
	Contact:	
	Telephone No:	
For Town Use Only: Reference Verified: Yes ___ No___	Comments:	

4. Name and Address of Firm, City, County, or Agency	**Scope of Service:**	
	Date(s):	
	Amount:	
	Contact:	
	Telephone No:	
For Town Use Only: Reference Verified: Yes ___ No___	Comments:	

5. Name and Address of Firm, City, County, or Agency	**Scope of Service:**	
	Date(s):	
	Amount:	
	Contact:	
	Telephone No:	
For Town Use Only: Reference Verified: Yes ___ No___	Comments:	

Company Name: ________________________________ Additional *references may be provided by attachment*.

DRUG-FREE WORK PLACE CERTIFICATION

Whenever two (2) or more bids/proposals, which are equal with respect to price, quality, and service, are received by the Town of Palm Beach for the procurement of commodities or contractual services, a bid/proposal received from a business that certifies that it has implemented a drug-free workplace program shall be given preference in the award process. In order to have a drug-free workplace program, a business shall:

1. Publish a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession or use of controlled substances is prohibited in the workplace and specifying the actions that will be taken against employees for violations of such prohibition.

1. Inform employees about the dangers of drug abuse in the workplace, the business's policy of maintaining a drug-free workplace, any available drug counseling, rehabilitation, and employee assistance programs, and the penalties that may be imposed upon employees for drug abuse violations.

2. Give each employee engaged in providing the commodities or contractual services that are under bid a copy of the statement specified in number (1).

3. In the statement specified in number (1), notify the employees that as a condition for working on the commodities or contractual services that are under bid, the employee will abide by the terms of the statement and will notify the employer of any conviction on or plea of guilty or nolo contendere to any violation of Chapter 893, Florida Statutes or of any controlled substance law of the United States or any singular state, for a violation occurring in the workplace no later than five (5) days after such conviction.

4. Impose a sanction on, or require the satisfactory participation in a drug abuse assistance or rehabilitation program if such is available in the employee's community by any employee who is so convicted.

5. Make a good faith effort to continue to maintain a drug-free workplace through implementation of Section 287.087, Florida Statutes.

This Certification is submitted by* ____ *the

(Individual's Name)

__________________________________ **of** ____________________________________

(Title/Position with Company/Vendor) **(Name of Company/Vendor)**

Who does hereby certify that said Company/Vendor has implemented a drug-free workplace program, which meets the requirements of Section 287.087, Florida Statutes, which are identified in numbers (1) through (6) above.

______________________ ____________________________________

Date **Signature**

LIST OF PROPOSED SUBCONTRACTORS

The undersigned bidder hereby designates, as follows, all major subcontractors whom he/she proposes to utilize for the major areas of work for the project. The bidder is further notified that all subcontractors shall be properly licensed, bondable and shall be required to furnish the TOWN with a Certificate of Insurance in accordance with the contract general conditions. Failure to furnish this information shall be grounds for rejection of the bidder's proposal. If no subcontractors are proposed, state "None" on first line below.

Name and Address of Subcontractor	Scope of Work	License #
1.		
2.		
3.		
4.		
5.		

Signature and Date ____

Title/Company ____

EVALUATION CRITERIA

Criteria	Weight
Qualifications and Experience / Ability of Professional Personnel • Availability of qualified personnel • The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's support personnel and continuity of staff. • Ability to perform additional services and provide technical support throughout the period of engagement • Ability to meet set standards • Previous contracting experience with the Town and other governmental pension funds • Evidence of a capable and well-organized engagement team and management plan • Demonstrated experience performing government pension fund audits	30%
Quality of Services • Conveyance of a willingness to work with Town and Board to maximize resources • The ability to satisfactorily convey, via the completeness and responsiveness of their Proposal, a depth of understanding of the Scope of Work and the firm's capacity to accomplish it successfully • High quality level of services to be provided to Board	30%
Technical Approach to the Project/Scope of Work • Approach to the Project and Methodology • Understanding of Town needs • Technical Soundness of the proposal • Applicability of the services offered • Meeting the Town's operational requirements • Project Schedule/Timeframes and delivery dates • Volume of Work	25%
Fee • Pricing Structure • Proposed Fees • Any other Costs	10%
Other • Overall completeness, clarity and quality of proposal • Location of firm • Evidence of insurance • Financial Information	5%

ATTACHMENT "A"

2017 FLORIDA STATE STATUTES

Title X
PUBLIC OFFICERS, EMPLOYEES, AND RECORDS

Chapter 119
PUBLIC RECORDS

119.0701 Contracts; public records; request for contractor records; civil action.—

(1) DEFINITIONS.—For purposes of this section, the term:
(a) "Contractor" means an individual, partnership, corporation, or business entity that enters into a contract for services with a public agency and is acting on behalf of the public agency as provided under s. 119.011(2).
(b) "Public agency" means a state, county, district, authority, or municipal officer, or department, division, board, bureau, commission, or other separate unit of government created or established by law.
(2) CONTRACT REQUIREMENTS.—In addition to other contract requirements provided by law, each public agency contract for services entered into or amended on or after July 1, 2016, must include:
(a) The following statement, in substantially the following form, identifying the contact information of the public agency's custodian of public records in at least 14-point boldfaced type:
IF THE CONTRACTOR HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA STATUTES, TO THE CONTRACTOR'S DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THIS CONTRACT, CONTACT THE CUSTODIAN OF PUBLIC RECORDS AT (telephone number, e-mail address, and mailing address) .
(b) A provision that requires the contractor to comply with public records laws, specifically to:
1. Keep and maintain public records required by the public agency to perform the service.
2. Upon request from the public agency's custodian of public records, provide the public agency with a copy of the requested records or allow the records to be inspected or copied within a reasonable time at a cost that does not exceed the cost provided in this chapter or as otherwise provided by law.
3. Ensure that public records that are exempt or confidential and exempt from public records disclosure requirements are not disclosed except as authorized by law for the duration of the contract term and following completion of the contract if the contractor does not transfer the records to the public agency.
4. Upon completion of the contract, transfer, at no cost, to the public agency all public records in possession of the contractor or keep and maintain public records required by the public agency to perform the service. If the contractor transfers all public records to the public agency upon completion of the contract, the contractor shall destroy any duplicate public records that are exempt or confidential and exempt from public records disclosure requirements. If the contractor keeps and maintains public records upon completion of the contract, the contractor shall meet all applicable requirements for retaining public records. All records stored electronically must be provided to the public agency, upon request from the public agency's custodian of public records, in a format that is compatible with the information technology systems of the public agency.
(3) REQUEST FOR RECORDS; NONCOMPLIANCE.—
(a) A request to inspect or copy public records relating to a public agency's contract for services must be made directly to the public agency. If the public agency does not possess the requested records, the public agency shall immediately notify the contractor of the request, and the contractor must provide the records to the public agency or allow the records to be inspected or copied within a reasonable time.

(b) If a contractor does not comply with the public agency's request for records, the public agency shall enforce the contract provisions in accordance with the contract.
(c) A contractor who fails to provide the public records to the public agency within a reasonable time may be subject to penalties under s. 119.10.
(4) CIVIL ACTION.—
(a) If a civil action is filed against a contractor to compel production of public records relating to a public agency's contract for services, the court shall assess and award against the contractor the reasonable costs of enforcement, including reasonable attorney fees, if:
1. The court determines that the contractor unlawfully refused to comply with the public records request within a reasonable time; and
2. At least 8 business days before filing the action, the plaintiff provided written notice of the public records request, including a statement that the contractor has not complied with the request, to the public agency and to the contractor.
(b) A notice complies with subparagraph (a)2. if it is sent to the public agency's custodian of public records and to the contractor at the contractor's address listed on its contract with the public agency or to the contractor's registered agent. Such notices must be sent by common carrier delivery service or by registered, Global Express Guaranteed, or certified mail, with postage or shipping paid by the sender and with evidence of delivery, which may be in an electronic format.
(c) A contractor who complies with a public records request within 8 business days after the notice is sent is not liable for the reasonable costs of enforcement.

History.—s. 1, ch. 2013-154; s. 1, ch. 2016-20.

Town of Palm Beach Retirement System

Quarterly Financial Reports
As of December 31, 2017

Town of Palm Beach Employee's Retirement Fund
Statement of Net Assets
December 31, 2017

	December 31, 2017
Assets	
Cash (held in bank accounts)	3,288,426
Cash and cash equivalents (held in custodial accounts)	3,289,764
Total Cash and Cash Equivalents	**6,578,190**
Receivables	
Due from Brokers	407,161
Due from General Fund	-
Interest Receivable	38,609
Total Receivables	**445,771**
Investments at Market Value	
Domestic Equity	74,315,795
Fixed Income	31,247,435
Alternative	16,187,282
International Equity	55,720,988
Private Equity	17,505,326
Real Estate	24,112,906
Total Investments	**219,089,733**
Other Assets	15,739
Total Assets	**226,129,432**
Liabilities	
Accounts Payable and Accrued Expenses	7,829
Due to General Fund	-
Due to Brokers	42,848
Total Liabilities	**50,678**
Net Assets Held in Trust for Pension Benefits	**226,078,755**

Town of Palm Beach Retirement System
Statement of Changes in Net Assets
December 31, 2017 and December 31, 2016

	FYTD Through December 31, 2017					*FYTD Through December 31, 2016*				
	General	Ocean Rescue	Police Officers	Firefighters	Total	General	Ocean Rescue	Police Officers	Firefighters	Total
Additions										
Contributions										
Employer	2,997,898	188,431	2,870,523	3,263,383	9,320,235	2,414,960	163,443	2,832,558	2,676,124	8,087,085
Employee	93,561	1,399	90,788	97,354	283,102	66,589	954	74,722	48,323	190,588
Employee Service Purchase	-	-	-	-	-	-	-	-	-	-
Additional Transfer from Town	1,488,114	98,428	1,579,232	1,717,532	4,883,306	783,186	53,006	821,110	842,698	2,500,000
Prepaid Contribution	-	-	-	-	-	-	-	-	-	-
Total Contributions	**4,579,573**	**288,258**	**4,540,543**	**5,078,269**	**14,486,643**	**3,264,735**	**217,403**	**3,728,390**	**3,567,145**	**10,777,673**
Investment Income (loss)										
Net Appreciation (Depreciation) in										
Fair Value of Investments	2,742,845	135,596	2,306,842	2,190,311	7,375,593	(612,193)	(30,264)	(514,879)	(488,869)	(1,646,205)
Interest and Dividends	122,980	6,080	103,431	98,206	330,696	237,372	11,735	199,639	189,553	638,299
Other	25,289	1,250	21,269	20,195	68,003	448	22	377	358	1,205
Total Investment Income	**2,891,114**	**142,925**	**2,431,541**	**2,308,711**	**7,774,292**	**(374,373)**	**(18,507)**	**(314,863)**	**(298,958)**	**(1,006,701)**
Less Investment Expense	13,583	672	11,421	10,848	36,524	12,672	626	10,655	10,120	34,073
Net Investment Income	**2,877,531**	**142,253**	**2,420,120**	**2,297,864**	**7,737,768**	**(387,045)**	**(19,133)**	**(325,518)**	**(309,078)**	**(1,040,774)**
Total Additions	**7,457,103**	**430,512**	**6,960,664**	**7,376,133**	**22,224,411**	**2,877,690**	**198,270**	**3,402,872**	**3,258,067**	**9,736,899**
Deductions										
Benefit Payments	1,451,166	82,290	1,288,738	1,346,833	4,169,027	1,424,241	80,890	1,221,937	1,289,646	4,016,714
Share distributions	-	-		98,319	98,319	-	-	-	-	-
DROP Withdrawal	467,038	-	-	-	467,038	940	-	-	-	940
Refunds of Participants Contributions	44,570	4,532	5,456	11,767	66,326	1,780	-	-	15,444	17,224
Salary and Benefits	7,176	355	6,035	5,730	19,296	7,001	346	5,888	5,591	18,826
Administrative Expense	27,771	1,374	23,350	22,178	74,673	25,261	1,250	21,240	20,173	67,924
Total Deductions	**1,997,721**	**88,551**	**1,323,579**	**1,484,828**	**4,894,680**	**1,459,223**	**82,486**	**1,249,065**	**1,330,854**	**4,121,628**
Net Increase (Decrease)	**5,459,382**	**341,961**	**5,637,084**	**5,891,304**	**17,329,731**	**1,418,467**	**115,784**	**2,153,807**	**1,927,213**	**5,615,271**

Town of Palm Beach Retirement System
Investment and Operating Expenses
For the Period October 1, 2017 – December 31, 2017

Description	Amount	% of Total MV of
Investment Management Fees		
Acadian		0.00%
Wellington		0.00%
Wells Capital Management		0.00%
Geneva Capital Management		0.00%
Thompson, Siegel & Walmsley		0.00%
JP Morgan - Venture Capital	25,414	0.01%
JP Morgan - Strategic Property		0.00%
State Street Global Advisors		0.00%
Goldman Sachs		0.00%
Total Investment Management Fees	**25,414**	**0.01%**
Other Investment Fees		
Custodial Fees	11,110	0.00%
Investment Consultant Services		0.00%
Total Investment Expense	**36,524**	**0.02%**
Operating Expenses		
Fiduciary Insurance		0.00%
Actuarial Services		0.00%
Audit Fees and Accounting Fees	16,714	0.01%
Software	5,109	0.00%
Administrator Fees	39,375	0.02%
Legal Fees	12,564	0.01%
Memberships	600	0.00%
Medical Exams		0.00%
Postage	311	0.00%
Miscellaneous		0.00%
Total Operating Expenses	**74,673**	**0.03%**
Total Operating and Investment Expenses	**111,197**	**0.05%**
Investments at Market Value as of December 31, 2017	222,851,427	
Total Assets at Cost as of December 30, 2017	167,316,753	
Total Expenses as a Percentage of Assets at Cost	0.07%	

Town of Palm Beach Retirement System
Historical Investment and Operating Expenses
FY2014 – FY2018

Description	FY2014	% of Total MV Assets	FY2015	% of Total MV Assets	FY2016	% of Total MV Assets	FY2017	% of Total MV Assets	YTD FY2018	% of Total MV Assets
Investment Management Fees										
Acadian Emerging Markets	70,795	0.04%	83,275	0.04%	67,871	0.03%	38,480	0.02%	-	0.00%
Wellington	36,667	0.02%	33,602	0.02%	26,844	0.01%	14,792	0.01%	-	0.00%
JP Morgan Venture Capital	-	0.00%	-	0.00%	13,679	0.01%	21,814	0.01%	25,414	0.01%
State Street Fund	63,874	0.03%	60,489	0.03%	56,778	0.03%	49,849	0.02%	-	0.00%
Income Research and Management	1,364	0.00%	16,108	0.00%	2,277	0.00%	-	0.00%		0.00%
Richmond Capital	6,633	0.00%		0.00%	-	0.00%	-	0.00%		0.00%
Geneva Capital Management	34,992	0.02%	39,108	0.02%	36,218	0.02%	36,902	0.02%	-	0.00%
Thompson Siegel & Walmsley	75,633	0.04%	123,071	0.04%	112,184	0.06%	75,941	0.04%	-	0.00%
Pyramis Global Advisors, Trust Company	36,419	0.02%	7,276	0.02%	9,845	0.00%	12,774	0.01%		0.00%
Goldman Sachs	100,142	0.05%	76,720	0.05%	47,376	0.02%	48,454	0.02%	-	0.00%
Total Investment Management Fees	426,519	0.21%	439,649	0.22%	373,071	0.19%	299,006	0.14%	25,414	0.01%
Other Investment Fees										
Custodial Fees	100,081	0.05%	74,797	0.05%	71,924	0.04%	58,576	0.03%	11,110	0.01%
Investment Consultant Services	92,000	0.05%	94,000	0.05%	126,167	0.06%	130,000	0.06%	-	0.00%
Total Investment Expense	**618,600**	**0.31%**	**608,446**	**0.31%**	**571,162**	**0.29%**	**487,582**	**0.23%**	**36,524**	**0.02%**
Operating Expenses										
Fiduciary Insurance	51,450	0.03%	33,805	0.03%	65,880	0.03%	31,478	0.02%	-	0.00%
Actuarial Services	42,500	0.02%	57,450	0.02%	56,450	0.03%	69,440	0.03%	-	0.00%
Accounting and Audit Fees	23,600	0.01%	22,800	0.01%	22,000	0.01%	26,700	0.01%	16,714	0.01%
Software	9,401	0.00%	20,847	0.00%	16,159	0.01%	7,712	0.00%	5,109	0.00%
Administrator Fees	150,054	0.07%	150,000	0.07%	150,000	0.08%	152,500	0.07%	39,375	0.02%
Legal Fees	81,116	0.04%	106,486	0.04%	61,682	0.03%	47,695	0.02%	12,564	0.01%
Memberships and Travel	-	0.00%		0.00%	-	0.00%	600	0.00%	600	0.00%
Medical Exams	2,772	0.00%	1,300	0.00%	-	0.00%	-	0.00%	-	0.00%
Postage and Office Expense	280	0.00%	255	0.00%	57	0.00%	1,395	0.00%	311	0.00%
Miscellaneous	493	0.00%	619	0.00%	947	0.00%	541	0.00%	-	0.00%
Total Operating Expenses	**361,666**	**0.18%**	**393,562**	**0.20%**	**373,176**	**0.19%**	**338,061**	**0.16%**	**74,673**	**0.04%**
Total Expenses	**$ 980,265**	**0.49%**	**$ 1,002,008**	**0.50%**	**$ 944,338**	**0.47%**	**$ 825,643**	**0.39%**	**$ 111,197**	**0.05%**
Investments at Market Value as of September 30	$200,852,218		$191,534,122		$193,698,501		$209,413,599		$222,851,427	
Investments at Cost as of September 30	$167,507,626		$176,650,573		$163,377,632		$161,047,667		$167,316,753	
Total Expenses as a Percentage of Assets at Cost	0.59%		0.57%		0.56%		0.51%		0.07%	

Town of Palm Beach Retirement System
Cash Flow Projection
For the Period of February 1, 2018 through April 30, 2018

Checking Account Balance as of February 1, 2018	1,269,463
Estimated Receipts	
Employer Transfer	-
Estimated Employee Contributions	275,000
Total Estimated Receipts	275,000
Estimated Expenditures	
Estimated Pension Benefits	(4,300,000)
Estimated Refunds/DROP Payouts	(1,123,778)
Estimated Expenses	(250,000)
Total Estimated Expenditures	(5,673,778)
Estimated Cash Balance available on April 30, 2018	(4,129,314)
Estimated Amount of Transfer from Money Manager Accounts	4,500,000

Town of Palm Beach Retirement System
Disbursements
November 11, 2017 – February 16, 2018

Check #	Check Date	Vendor Name	Description	Total Amount
1145558	11/10/2017	GRAY, REBEKAH	R. GRAY PLAN B REFUND	$3,659.16
1145531	11/10/2017	STATE STREET GLOBAL ADVISORS, (SSGA)	INVESTMENT MGMT FEES TOPB GENERAL 7/1/17 - 9/30/17	$5,990.79
1145566	11/10/2017	NOWACKI, ELIZABETH	E. NOWACKI SHARE REFUND	$20,000.00
1145542	11/10/2017	BUCHECK, DERRYL	D. BUCHECK SHARE WITHDRAWAL	$20,000.00
1145588	11/10/2017	VANTAGEPOINT TRSFR AGENTS/457, FBO D BUCHECK / #300786	D BUCHECK ROLLOVER	$48,319.27
1145589	11/10/2017	VANTAGEPOINT TRSFR AGENTS/457, FBO V CLOSE / #300786	V CLOSE DROP ROLLOVER	$229,661.76
1145612	11/17/2017	LEWIS LONGMAN & WALKER P.A.	LEGAL SERVICES - RETIREMENT BOARD OCT /2017	$2,530.00
1145653	11/17/2017	OLIVIER, MAXIMILIAN	M. OLIVIER PLAN B REFUND	$1,436.30
1145728	11/24/2017	FPPTA	2018 MEMBERSHIP DUES (FPPTA)- RE: BILL	$600.00
1145712	11/24/2017	WILLIAM P.HANES CONSULTING INC	PENSION ADMINSTRATOR FEE - NOVEMBER 2017	$13,125.00
1145762	11/24/2017	SWINARSKI, CHRISTOPHER	C. SWINARSKI PLAN B REFUND	$3,625.90
1145797	12/1/2017	STATE STREET BANK & TRUST CO.	EBBC-GENERAL EMPLOYEES RETIREMENT FUND	$5,536.16
1145786	12/1/2017	MARCUM, LLP	AUDIT SERVICES FOR TPB RETIREMENT SYSTEM FY17	$3,899.00
1145816	12/1/2017	DOROW, GLEN	G. DOROW PLAN B REFUND	$3,671.26
1145796	12/1/2017	RODRIGUEZ, ADRIANA	A. RODRIGUEZ PLAN B REFUND	$3,983.84
1145901	12/8/2017	STATE STREET BANK & TRUST CO.	EBBC-GENERAL EMPLOYEES RETIREMENT FUND / SEPT 2017	$5,573.47
1145970	12/8/2017	VANTAGEPOINT TRSFR AGENTS/457, FBO R CALLENIUS / #30078	R CALLENIUS DROP ROLLOVER	$62,044.51
1146002	12/15/2017	MARCUM, LLP	AUDIT SERVICES FOR TPB RETIREMENT SYSTEM FY17	$12,815.00
1145999	12/15/2017	LEWIS LONGMAN & WALKER P.A.	LEGAL SERVICES - RETIREMENT BOARD	$10,033.72
1146127	12/22/2017	WILLIAM P.HANES CONSULTING INC	PENSION ADMINSTRATOR FEE - DECEMBER 2017	$13,125.00
1146297	1/5/2018	VANTAGEPOINT TRSFR AGENTS/457, FBO P. DUDLEY, #300786	P. DUDLEY 261-87-9918 PLAN B ROLLOVER	$2,192.81
1146255	1/5/2018	FINIZIO, JR., RAYMOND	PLAN B REFUND RAYMOND FINIZIO, JR.	$3,462.78
1146296	1/5/2018	VANTAGEPOINT TRSFR AGENTS/457, FBO P DUDLEY/ #300786	P DUDLEY DROP ROLLOVER	$500,616.55
1146296	1/5/2018	VANTAGEPOINT TRSFR AGENTS/457, FBO P DUDLEY/ #300786	P DUDLEY SHARE ROLLOVER	$698.51
1146272	1/5/2018	LANTRY, PATRICK	P. LANTRY PLAN B REFUND	$5,006.35
1146341	1/12/2018	WELLS CAPITAL MGMT, INC.	ACCT: ND25678800 INVESTMENT MGMT FEES 7/1/17-9/30/17	$19,324.56
1146303	1/12/2018	ANDCO CONSULTING, LLC	CONSULTING SERVICES AND PERFORMANCE	$32,500.00
1146316	1/12/2018	GABRIEL,ROEDER,SMITH & CO	PROFESSIONAL ACTUARIAL SERVICES FOR	$3,272.00
1146437	1/19/2018	MARCUM, LLP	AUDIT SERVICES FOR TPB RETIREMENT SYSTEM FY17	$5,173.00
1146453	1/19/2018	THOMPSON,SIEGEL,& WALMSLEY LLC	NVESTMENT MGMT FEES (TOPB RETIREMENT	$16,543.37
1146436	1/19/2018	LEWIS LONGMAN & WALKER P.A.	LEGAL SERVICES - RETIREMENT BOARD - DEC 2017	$1,628.50
1146429	1/19/2018	GOLDMAN SACHS TRUST COMPANY	MG102781 PB EMPLOYEES' RETIREMENT 10/1/17-12/31/17	$12,285.56
1146514	1/19/2018	VENTURE CAPITAL V	MGMT FEES FOR 4TH QTR ENDING 12/31/2017	$6,680.00
1146465	1/19/2018	CHRISTON, CORNELIUS	C. CHRISTON PLAN B REFUND	$6,615.16
1146542	1/26/2018	WELLS CAPITAL MGMT, INC.	ACCT: ND25678800 ADMIN FEES 10/1/17-12/31/17	$20,241.72
1146543	1/26/2018	WILLIAM P.HANES CONSULTING INC	PENSION ADMINSTRATOR FEE - JANUARY 2018	$13,125.00
1146581	1/26/2018	VANTAGEPOINT TNSFR AGENTS/457	L. CANDELIER PLAN 300786 ROLLOVER -	$4,573.84
1146600	2/2/2018	GENEVA CAPITAL MANAGEMENT LTD	QTRLY FEE (10/1/2017 - 12/31/2017):	$10,541.00
1146596	2/2/2018	ELLEN SCHAFFER	8.00 HOURS DATA ENTRY SERVICE~	$325.00
1146724	2/9/2018	STATE STREET BANK & TRUST CO.	EBBC-GENERAL EMPLOYEES RETIREMENT FUND / OCT 2017	$6,120.54
1146725	2/9/2018	STATE STREET GLOBAL ADVISORS, (SSGA)	INVESTMENT MGMT FEES TOPB GENERAL 10/1/17 - 12/31/17	$6,471.67
1146824	2/16/2018	MARCUM, LLP	AUDIT SERVICES FOR TPB RETIREMENT SYSTEM FY17	$2,013.00
1146822	2/16/2018	LEWIS LONGMAN & WALKER P.A.	LEGAL SERVICES - RETIREMENT BOARD - JAN/18	$1,045.00
1146904	2/16/2018	VANTAGEPOINT TRSF AGENTS/457, FBO C. QUEVILLON #307463	C. QUEVILLON XXX-XX-6034 PLAN B ROLLOVER	$799.98
1146875	2/16/2018	NATIONWIDE RETIREMENT SOLUTION	C. COLSON ROLLOVER SSN: 8556 PLAN B	$4,492.49
45	**Total**			**$1,155,378.53**

Town of Palm Beach Retirement System

Deferred Retirement Option Plan (DROP) Policies and Information for Participants

Town of Palm Beach Retirement System
Deferred Retirement Option Plan (DROP)
Policies and Information for Participants

Adopted: May 15, 2015
Updated February 2018

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What is DROP?

The Deferred Retirement Option Program (DROP) allows a vested member that is eligible for normal retirement to effectively retire and remain employed by the Town of Palm Beach. Once an employee begins participating as a DROP participant, the participant is no longer a member of the retirement system. A DROP participant accumulates retirement deposits of monthly retirement payments to the retirement fund while continuing to be employed by the Town. The maximum time allowed for DROP participation is 60 months from the date the participant commences participation with the DROP program. The DROP participant is authorized to simultaneously earn a salary as a Town employee while their monthly retirement payments are accumulated in the Pension fund.

Before a member commences DROP participation, a monthly retirement payment is calculated and the DROP participant is considered retired. The calculation of payment is final, and the employee will no longer be eligible to earn additional service credit thereafter. The participant's monthly retirement payments will accumulate in the Town's retirement fund while participating in DROP, earning tax-deferred income while continuing employment for the Town. (Tax-deferred income means the participant is able to defer payment of Federal Income Taxes until the DROP payments are distributed to retiree after termination of employment. Exception: Federal Income Tax is deferred on DROP balance distribution if the retiree chooses to rollover from the Town of Palm Beach retirement fund to a qualified retirement plan).

Once the DROP participant terminates employment with the Town, the retiree will begin receiving taxable monthly retirement payments at the amount previously deposited as a monthly DROP payment, plus annual cost-of-living-adjustment (COLA) increases when eligible, but then subject to Federal Income Tax withholding.

What are the eligibility requirements?

The member must be eligible for normal retirement in order to elect participation in DROP. DROP participation requires termination of employment within 5 years of commencement.

Normal Retirement Eligibility

Plan A

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

b) *Ocean Rescue:* Age 50 with 10 or more years of service. Or 10 or more years of service and age plus credited service totals 65 years or more.

c) *Police Officers and Firefighters:* 20 or more years of service, regardless of age; or, age 50 with 10 or more years of service; or, at least 10 years of service and age plus credited service totals 65 years or more.

d) Immediate vesting was granted to all employees who on May 1, 2012, were active contributing plan participants.

Plan B

General and Ocean Rescue: Age 62 with 10 or more years of service, including service prior to May 1, 2012.

Police Officers and Firefighters: Age 56 with 10 or more years of service including service prior to May 1, 2012.

Pension Amount

General and Ocean Rescue: 100% of member's accrued benefit at the date of election to participate in DROP. Grandfathered General and Ocean Rescue employees: 98% of member's accrued benefit at the date of election to participate in DROP.

Police and Firefighters: 100% of the member's accrued benefit at the date of election to participate in DROP.

How is the benefit calculated?

Since the participant is considered retired after entering DROP, the monthly DROP payment represents a final calculation of the retirement payment at the time the member elects to participate in DROP. Therefore, the average final compensation, multiplier, and total credited service at the time of the election to participate in the DROP represents the monthly payment that is deposited while employed and participating in DROP, and after termination of employment.

Will the DROP balance receive a Cost of Living Adjustment (COLA)?

The Plan A retirement payments that accumulate in DROP will be increased by an annual cost of living adjustment of 2% for Plan A on the 37th month of the DROP payment and adjusted each year thereafter during DROP and retirement. There is no cost of living adjustment provided to Plan B DROP participant or retiree.

What must I do to enter participation in DROP?

A member electing to participate in the DROP must complete the proper DROP/Retirement forms requiring the selection of a monthly benefit option, and designation of beneficiary. Like retirement, DROP participation is irrevocable once the first payment is made.

How are other employment benefits impacted?

Other non-retirement benefits are not impacted by the participation of DROP. Accumulated leave and RHS account distributions, when applicable, apply at separation of service after termination of DROP participation and according the Employee Personnel Manual or other applicable Town policy. Also, a member who receives DROP payments for the portion of their pension earned on or after May 1, 2012, shall be an at-will employee for the remainder of the DROP period.

Are there limitations or conditions that restrict receipt of other public benefits?

After commencement of DROP participation, the participant shall thereafter be prohibited from becoming a future contributing member of the Retirement System, and shall no longer be eligible for disability or pre-retirement death benefits.

Will employee contributions to the retirement system be discontinued?

The member's employee contributions will be discontinued upon commencement of participation in DROP.

How will the accumulated DROP balances be invested?

The member's DROP account is credited or debited based on a calculation of a quarterly performance applied based on the trailing five (5) year net average return to the Retirement fund investment portfolio. The calculation is performed each quarter by the System's investment consultant. Net quarterly performance is calculated by reducing the gross rate of return by brokerage commissions and fund transaction costs. The trailing five (5) year average quarterly net return is applied to the member's average daily DROP balance each quarter. Exhibit A demonstrates the calculation of quarterly DROP earnings.

When do DROP participants receive statements?

DROP participants shall receive quarterly statements from the System approximately 45 days after the end of each quarter. This should provide sufficient time for fund valuations and expenses to be computed and processed for calculation of net quarterly performance. The quarterly end dates are as follows: March 31, June 30, September 30, and December 31. The DROP participant can access their most recent statement at the internet link as follows: http://webserver.townofpalmbeach.com/cgi-bin/ol050_agree.htm. The DROP participant must enter the following to access account information: (1) Retiree (DROP) identification number, (2) Date of Birth, and (3) Social Security Number. Statements can also be viewed on the Town's website under the Human Resources Department/Retirement Benefits/Participant Access to DROP and Share Account Statements.

How do I take distributions from my DROP account balance?

Upon termination of employment, DROP participation is discontinued and taxable retirement benefits are paid to the retiree or survivor if retiree is deceased.

Once participant terminates employment, the DROP balance will remain with the retirement fund until retiree initiates a written request and distribution is made. The retiree's account balance shall be distributed based on the member's written request within 30 days of the retirement administrator's receipt of completed form. NO earnings will be credited or debited from the final quarter performance prior to termination of employment if the retiree submits a request for a distribution before the quarter's performance has been credited or debited to the participant's account for the quarter.

Withdrawal options are as follows:

(1) Lump Sum. You may elect a distribution of your accumulated balance, less withholding of Federal Income Taxes.
(2) Direct rollover. You may elect to transfer your accumulated balance tax deferred to an account held at a financial institution that provides for an eligible retirement plan as defined in section 402(c) (8) (b) of the Internal Revenue Code.
(3) Partial lump sum distribution and rollover. You may elect a portion of the accumulated balance paid to you, less withholding of Federal Income Tax, and the remaining balance transferred to a qualified retirement plan tax deferred.
(4) One-time Partial Distribution Option – An eligible member has a one-time partial distribution election prior to total distribution of the balance. The balance will remain in the retirement system fund.

If the retiree chooses a total or partial lump-sum distribution from their DROP Account, the lump-sum amount will be subject to Federal Income Tax in the year the payment is issued. Federal Law requires that the Town withhold 20% of the amount distributed. The member may owe additional Federal Income Taxes based on their personal tax liability.

DROP balances will continue to receive the quarterly calculation of investment performance while balances remain in the retirement fund until retiree is terminated from employment and reaches age 60. However, once a DROP participant has terminated Town employment and reaches the age of 60, there will be no further net quarterly performance credited.

Finally, significant Federal Income Tax penalties apply to DROP participants who reach age 70 and ½ and do not take the minimum distributions required by Federal Law. Participants who maintain DROP balances are urged to consult with a qualified tax advisor regarding this IRS minimum distribution requirement prior to reaching age 70 ½.

EXHIBIT A: EXAMPLE OF MONTHLY DROP ACCOUNT ACTIVITY AND EARNINGS CALCULATION

Assumptions:

DROP Account Balance on January 1: $25,000

Monthly deposit at end of each month: $2,000 (Last business day of the month)

Net investment return for the Quarter: 2.04% (Actual rate used is plan's 5 year trailing average return, net of fees)

Calculations:

The quarterly earnings are calculated based on the average daily account balance for the month.

The Average Daily Balance:

$25,000 + $2,000 deposit on January 31st, February 28th and March 31st = ($25,000 x 30 days, $27,000 x 28 days, $29,000 x 31 days, and $31,000 x 1 day) / 90 days = Average Daily Balance for the Quarter = $27,066.67

Calculation of Earnings

$27,066.67 Average Balance x 2.04% (Quarterly 5 year trailing average return net of fees) = $552.16 Earnings

DROP Account Balance on March 31:

Beginning Balance	$25,000.00
Add: Monthly Deposits	$ 6,000.00
Add/Subtract: Earnings/Losses	$ 552.16
Balance at End of Quarter	$31,552.16

DROP activity is calculated monthly, DROP earnings are calculated quarterly, and DROP statements are distributed quarterly.

THE ABOVE EXAMPLE IS FOR DEMONSTRATION PURPOSES ONLY AND IS NO INDICATION OR GUARANTEE OF INVESTMENT PERFORMANCE.

Exhibit B: DROP Form

Town of Palm Beach Retirement System
DROP Distribution Election Form

________________________________ ______________________________________
Member's Name (Print) Member's Phone

____
Member's Address City State Zip

Please Select Option A, B, C, or D below:

A. The Town of Palm Beach Retirement System is directed to make full payment to me, the member, less any applicable withholding described in the Special Tax Notice received with this election form.

____ _______________
Signature of Member Date

B. The Town of Palm Beach Retirement System is directed to make a one-time partial distribution to me, the member, less any applicable withholding described in the Special Tax Notice received with this election form in the amount of $_____________________. The remaining balance will remain with the Town of Palm Beach Retirement System.

____ ________________
Signature of Member Date

C. The Town of Palm Beach Retirement System is directed to mail the entire balance of my DROP to the trustee for deposit in accordance with the rollover provisions (attached).

____ _________________
Signature of Member Date

D. The Town of Palm Beach Retirement System is directed to mail $_______________ of my DROP balance to trustee for deposit in accordance with the rollover provisions (attached). The remainder less any applicable withholding described in the Special Tax Notice received with this election form will be paid directly to me, the member.

____ ____________________
Signature of Member Date

Please complete the "Agreement of Depository Trustee", attached, if Option C or D is selected.

Approved for Payment: ________________________________ ___________________
Administrator Date

Revised May 2015

TOWN OF PALM BEACH RETIREMENT SYSTEM

ACTUARIAL VALUATION REPORT AS OF SEPTEMBER 30, 2017

ANNUAL EMPLOYER CONTRIBUTION FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2019

GRS Retirement Consulting
P: 954.527.1616 | F: 954.525.0083 | www.grsconsulting.com

February 22, 2018

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

Re: Town of Palm Beach Retirement System
Actuarial Valuation as of September 30, 2017

Dear Trustees:

The results of the September 30, 2017 Annual Actuarial Valuation of the Town of Palm Beach Retirement System are presented in this report. The Town of Palm Beach Retirement System is treated as three separate benefit groups: General Employees including Ocean Rescue, Police Officers and Firefighters.

The computed contribution rate shown on page 1 may be considered as a minimum contribution rate that complies with the Board's funding policy. Users of this report should be aware that contributions made at that rate do not guarantee benefit security. Given the importance of benefit security to any retirement system, we suggest that contributions to the System in excess of those presented in this report continue to be considered.

The contribution rate in this report is determined using the actuarial assumptions and methods disclosed in Section B of this report. This report includes risk metrics in Section A but does not include a more robust assessment of the risks of future experience not meeting the actuarial assumptions. Additional assessment of risks was outside the scope of this assignment. We encourage a review and assessment of investment and other significant risks that may have a material effect on the System's financial condition.

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

The purpose of the valuation is to measure the System's funding progress, to determine the employer contribution rate for the fiscal year ending September 30, 2019. As requested, separate employer contribution rates have been prepared for General Employees including Ocean Rescue, Firefighters and Police Officers. This report should not be relied on for any purpose other than the purposes described herein. Determinations of financial results associated with the benefits described in this report, for purposes other than those identified above may be significantly different.

The findings in this report are based on data or other information through September 30, 2017. 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

One East Broward Boulevard | Suite 505 | Ft. Lauderdale, Florida 33301-1804

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. The scope of an actuarial valuation does not include an analysis of the potential range of such future measurements.

This valuation assumed the continuing ability of the plan sponsor to make the contributions necessary to fund this plan. A determination regarding whether or not the plan sponsor is actually able to do so is outside our scope of expertise and was not performed.

The valuation was based upon information furnished by the Administrator concerning Retirement System benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We checked for internal reasonability and year-to-year consistency, but did not otherwise audit the data. We are not responsible for the accuracy or completeness of the information provided by the Administrator.

In addition, this report was prepared using certain assumptions prescribed by the Board and prescribed by the Florida Statues as described in the section of this report entitled Actuarial Assumptions and Cost Method. The prescribed assumptions are the assumed mortality rates detailed in the Actuarial Assumptions and Cost Method section in accordance with Florida Statutes Chapter 112.63.

This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of the Town of Palm Beach Retirement System as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, with the Actuarial Standards of Practice issued by the Actuarial Standards Board and with applicable statutes.

Peter N. Strong and Jeffrey Amrose are members of the American Academy of Actuaries. These actuaries meet the Academy's Qualification Standards to render the actuarial opinions contained herein.

The signing actuaries are independent of the plan sponsor.

This actuarial valuation and/or cost determination was prepared and completed by us or under our direct supervision, and we acknowledge responsibility for the results. To the best of our knowledge, the results are complete and accurate. In our opinion, the techniques and assumptions used are reasonable, meet the requirements and intent of Part VII, Chapter 112, Florida Statutes, and are based on generally accepted actuarial principles and practices. 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.

Gabriel, Roeder, Smith & Company will be pleased to review this valuation report with the Board of Trustees and to answer any questions pertaining to the valuation.

Respectfully submitted,

GABRIEL, ROEDER, SMITH AND COMPANY

By ______________________
Peter N. Strong, FSA, FCA, MAAA
Enrolled Actuary No. 17-6975
Senior Consultant & Actuary

By ______________________
Jeffrey Amrose, MAAA
Enrolled Actuary No. 17-6599
Senior Consultant & Actuary

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SECTION A

DISCUSSION OF VALUATION RESULTS

DISCUSSION OF VALUATION RESULTS

Comparison of Required Employer Contributions

The actuarially determined employer contribution (ADEC) developed in this year's valuation is compared below to the last valuation.

	For FYE 9/30/2019 Based on 9/30/2017 Valuation	For FYE 9/30/2018 Based on 9/30/16# Valuation
General Employees - General		
Member Portion	3.55 %	3.61 %
Town Portion	26.65	26.04
Illustrative $	$ 3,041,335	$ 2,881,982
General Employees - Ocean Rescue		
Member Portion	3.50 %	3.50 %
Town Portion	108.26	104.54
Illustrative $	$ 191,588	$ 181,145
General Employees - Aggregate		
Town Portion	**27.89 %**	**27.25 %**
Illustrative $	**$ 3,232,923**	**$ 3,063,127**
Police Officers		
Member Portion	**10.19 %**	**10.09 %**
Town Portion	**72.67**	**76.87**
Illustrative $	**$ 2,936,040**	**$ 2,870,523**
Firefighters		
Member Portion	**10.15 %**	**10.07 %**
Town Portion	**88.65**	**89.93**
Illustrative $	**$ 3,462,484**	**$ 3,262,296**
All Groups		
Town Portion	**49.30 %**	**49.43 %**
Illustrative $	**$ 9,631,447**	**$ 9,195,946**

Reflects all Actuarial Impact Statements through August 2017.

Payment of Required Contribution

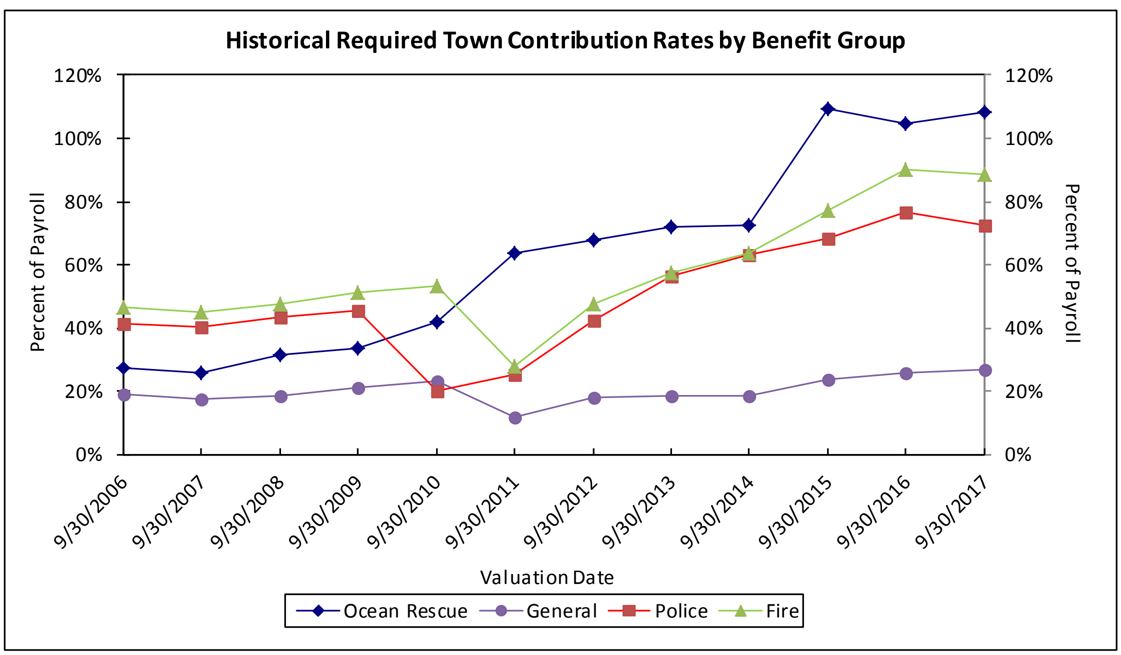
The required employer contribution rates developed in this valuation have been calculated as though the payments are evenly distributed throughout the year. If payments are made at the beginning of the year, the contribution rate for this year's valuation would be as outlined on the following page.

	Contribution Rate	Illustrative Amount
General	25.74 %	$ 2,937,426
Ocean Rescue	104.56	185,042
General Employees and Ocean Rescue	**26.94**	**3,122,468**
Police Officers	**70.19**	**2,835,728**
Firefighters	**85.62**	**3,344,186**
Total	**47.62** %	**$ 9,302,382**

The Town contributed the FYE 2017 ADEC earlier than expected, which resulted in a reduction in the FYE 2017 ADEC from $7,850,390 to $7,613,714. The actual total employer contributions for the year ending September 30, 2017 were $13,270,390. This amount includes $5.42 million in extra Town contributions toward the Unfunded Actuarial Accrued Liability (UAAL), most of which was deposited shortly after the end of the year, as well as an additional $236,676 in interest savings due to the earlier than expected ADEC payment timing, which has been re-characterized as additional contributions. The supplemental contribution was allocated between the benefit groups based on the amount of unfunded actuarial accrued liability reported as of September 30, 2016 for each group. The total contributions for each group were as follows:

	General Employees and Ocean Rescue	Police Officers	Firefighters	Total
Required (ADEC)	$2,500,669	$2,563,082	$2,549,963	**$7,613,714**
Additional (due to interest savings)	$77,734	$79,675	$79,267	**$236,676**
Supplemental	$1,691,432	$1,640,682	$2,087,886	**$5,420,000**
Total Town Contributions	**$4,269,835**	**$4,283,439**	**$4,717,116**	**$13,270,390**

The total employer contribution met the minimum required payment for the year.



Revisions in Benefits

The following revisions in benefits for General and Ocean Rescue Employees occurred since the previous valuation:

- Effective May 1, 2017, Plan B General and Ocean Rescue Employees, including members who were participating in the DROP on May 1, 2017, became eligible to retire upon attaining age 62 with ten or more years of credited service.
- The Plan B benefit formula for General and Ocean Rescue Employees was changed to 1.25% of Average Final Compensation (AFC) multiplied by years of credited service between May 1, 2012 and April 30, 2017 plus 1.70% of AFC multiplied by years of credited service on and after May 1, 2017.
- The member contribution rate for General and Ocean Rescue Employees was changed from 2.47% to 3.50% of compensation effective the first full pay period after May 1, 2017.

The effect of the above changes on plan liabilities and contribution requirements was determined in an Actuarial Impact Statement dated March 6, 2017, and is reflected in the prior year column of this report.

Additionally, the following revisions in benefits for Bargaining Firefighters occurred since the previous valuation:

- Effective August 12, 2017, Plan B Bargaining Firefighters, including vested terminated (former) Plan B Bargaining Firefighters, became eligible to retire upon attaining age 56 with ten or more years of credited service.
- The Plan B benefit formula for Bargaining Firefighters was changed to 1.25% of Average Final Compensation (AFC) multiplied by years of credited service between May 1, 2012 and August 12, 2017 plus 2.75% of AFC multiplied by years of credited service on and after August 12, 2017.
- The member contribution rate for Bargaining Firefighters was changed from 4.82% to 10.00% of compensation effective with the first full pay period after August 8, 2017. The member contribution rate for such members shall be subject to adjustment beginning with the first full pay period following October 1, 2017 and the first full pay period following October 1 of each year thereafter based on the investment performance of the retirement system, as set forth below:
    - The annual actuarial valuation for the plan year ending September 30, 2016 and each plan year thereafter shall reflect an adjustment to the member contribution rate for the following plan year based on funding the difference between the assumed rate of investment return and the actual rate of investment return for the plan year ending on the valuation date, net of investment expenses, and such that the ratio of employer to member contributions for the plan year ending on the valuation date is maintained for the plan year following the adjustment; subject in any event to a minimum member contribution rate of 8% and a maximum member contribution rate of 12% of compensation.

The effect of the above changes on plan liabilities and contribution requirements was determined in an Actuarial Impact Statement dated August 4, 2017, and is reflected in the prior year column of this report.

Revisions in Actuarial Assumptions and Methods

The investment return was reduced from 7.4% last year to 7.3% as of September 30, 2017[1]. The investment return will continue to be reduced in the future by 0.1% per year until the target rate of 7.0% is reached.

The payroll growth rate assumption was decreased from 3.25% last year to 3.00% this year. The payroll growth rate will be reduced by 0.25% for one more year (to the target rate of 2.75%). This change was made in compliance with the Bureau of Local Retirement Systems' letter dated January 5, 2017 requiring such a change as a condition of the State's acceptance of prior valuation reports.

As a result of the changes described above, the required employer contribution for the fiscal year ending September 30, 2019 increased by approximately $327,000 – 1.04% of covered payroll for General Employees, 3.63% for Ocean Rescue, 2.75% for Police Officers and 3.17% of covered payroll for Firefighters.

The amortization period for amortizing changes in the unfunded actuarial accrued liability (UAAL) has been changed from 30 years to 25 years per Board action taken in 2017. This change increased the required employer contribution by approximately $194,000 – 0.57% of covered payroll for General Employees, 1.74% for Ocean Rescue, 1.27% for Police Officers and 1.90% of covered payroll for Firefighters.

Reflecting IRC Section 415 Limitation

Two Plan members' benefits are currently or soon projected to be in excess of the Internal Revenue Code (IRC) Section 415 limit (one member in the General Employees' Plan and one in the Police Officers' Plan). Based on the assumptions outlined in our letter dated May 17, 2017, no other current active members are expected to accrue benefits in excess of the IRC Section 415 limit in the foreseeable future. Since the prior year's actuarial valuation, a Preservation of Benefits (Excess) Plan was established to pay benefits in excess of the IRC Section 415 limitation. Henceforth, valuation liabilities in this report reflect a reduction in the Retirement System's liability for the present value of benefits expected to be paid from the Preservation of Benefits Plan for these two members. The present value has been developed in accordance with our letter dated June 29, 2017, with updates based on the most recently published IRC Section 415 limits. As a result of this reduction, the required employer contribution decreased for the fiscal year ending September 30, 2019 by 0.10% of covered payroll for General Employees and 0.26% of covered payroll for Police Officers. The UAL decreased by approximately $175,000 for General Employees and by approximately $162,000 for Police Officers.

Actuarial Experience

The aggregate Plan experience during the year resulted in a net actuarial loss of $1,269,711. The loss is primarily attributable to a lower than assumed return on the smoothed Actuarial Value of Assets. The total investment return based on the aggregate Market Value of Assets was 11.3%, but the investment return on the aggregate Actuarial Value of Assets was 6.7% (compared to the expected annual investment return of 7.4% for the year). The return on the Actuarial Value of Assets was less

[1] This assumption is forward-looking starting with the year beginning on the valuation date.

than the return on the Market Value because past years' losses on the market value of assets continue to be phased in.

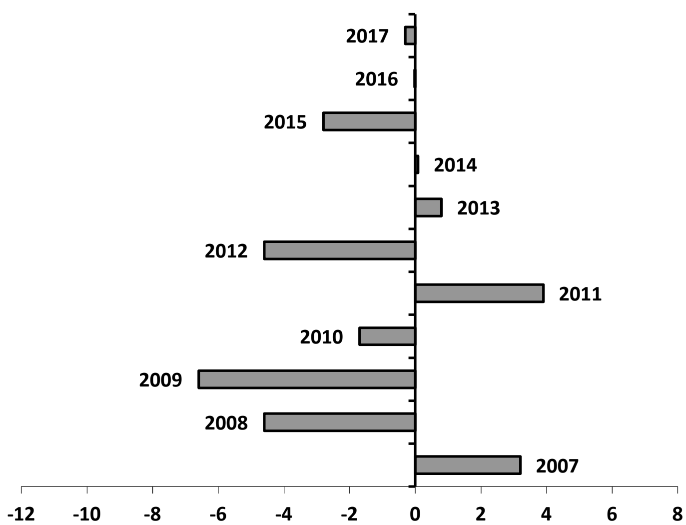
The investment loss was partially offset by modest demographic gains. The gains resulted from lower than expected salary increases in all groups and the IRC Section 415 limit adjustments described above for General Employees and Police Officers, the effects of which were mostly offset by lower than expected mortality experience. Actual salary increases were 0.6% for General Employees, 2.5% for Ocean Rescue, 2.2% for Police Officers, and 2.5% for Firefighters compared to expected increases of 3.5% for all benefit groups.

The net actuarial experience loss for the year caused total required Town contribution for the fiscal year 2019 to increase by approximately $84,000.

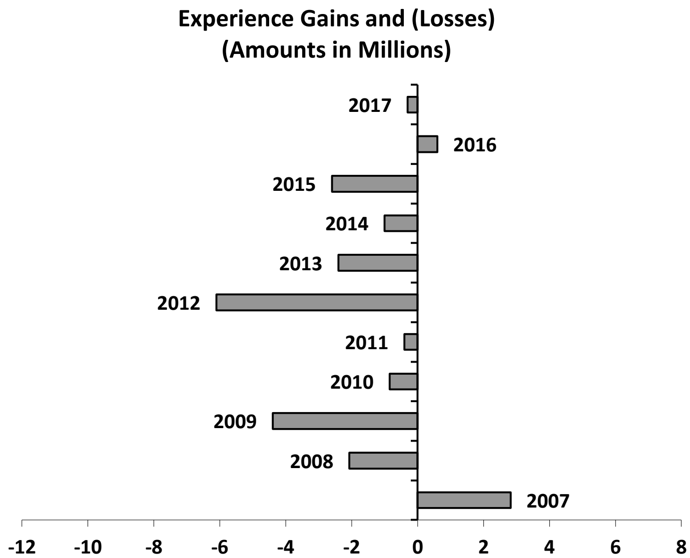
Year-to-year experience variations are expected and normal in the operation of a retirement system as members' demographic experience varies and economic conditions change. The expectation is that the positive and negative years will tend to cancel each other out over 20 to 25 year periods, as long as the actuarial assumptions used are reasonable. However, the majority of the last 10 years have been unfavorable.

General Employees and Ocean Rescue

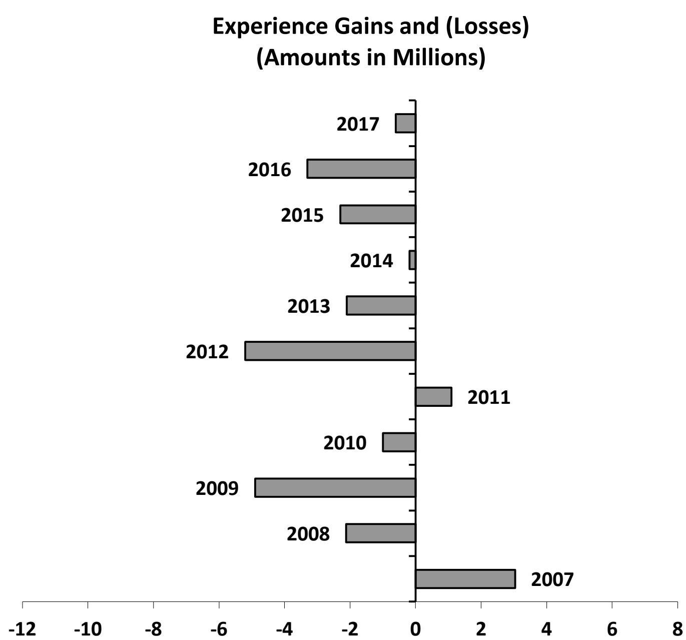
Experience Gains and (Losses)
(Amounts in Millions)



Police Officers



Firefighters



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 25-year closed periods.

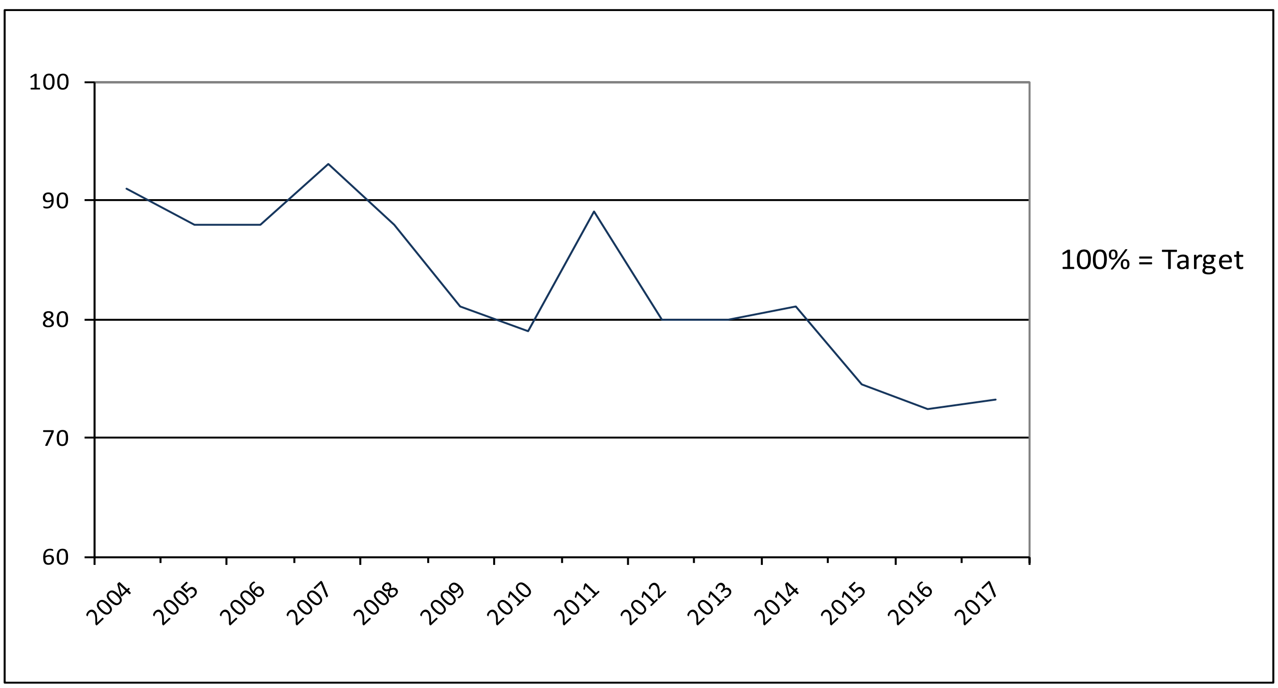
The annual actuarial valuation measures the relationship between Retirement System obligations and assets and determines the contribution rates for the ensuing year. The Retirement System is supported by member contributions, Town contributions, and investment income from Retirement System assets.

The Town adopted a Funding Policy effective in 2017 to make extra payments in excess of the required employer contribution of $5.42 million toward the unfunded actuarial liability each year until the plan becomes fully funded. This is subject to an annual cap on the total employer contribution of $16 million per year (indexed at 2.75% per year).

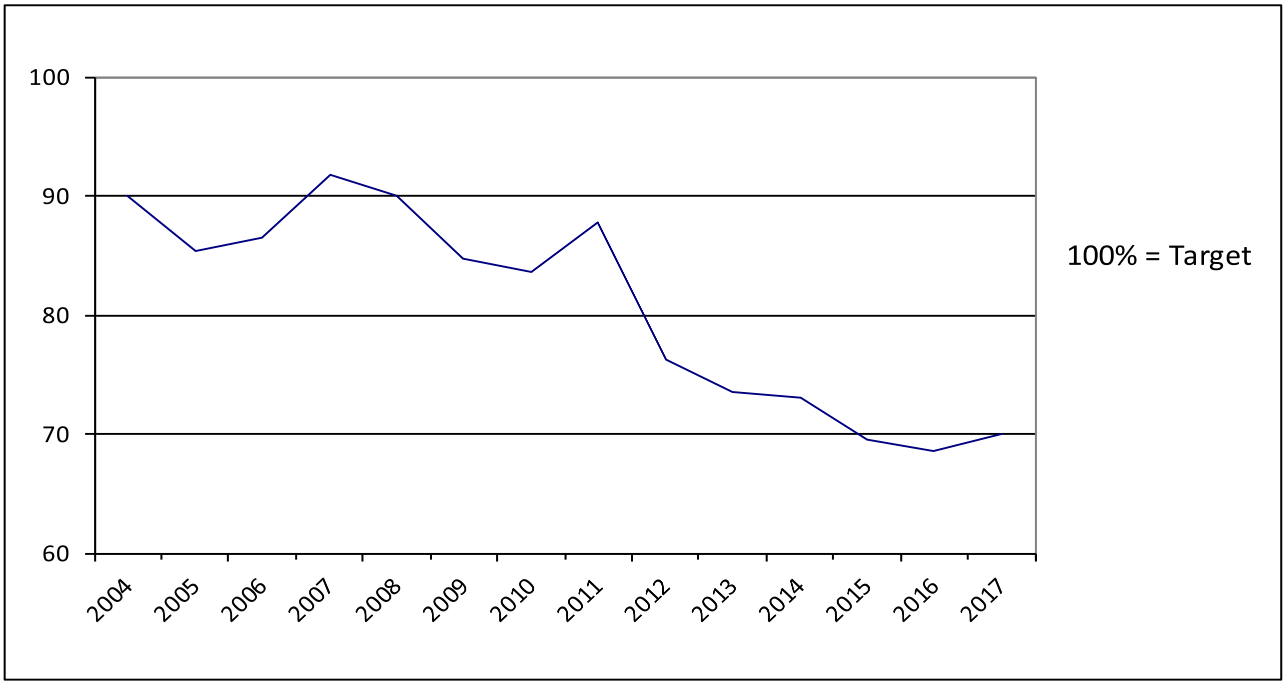
Funded Ratio

This year's combined overall funded ratio for the Town of Palm Beach Retirement System is 68.9% compared to 67.9% last valuation (after reflecting all Actuarial Impact Statements). The combined overall funded ratio was 69.7% this year prior to reflecting the assumption changes. The funded ratios for each group are 73.2% for General and Ocean Rescue, 70.0% for Police Officers, and 63.0% for Firefighters, compared to 72.5%, 68.6%, and 62.1%, respectively, in the previous valuation (after reflecting all Actuarial Impact Statements). Prior to reflecting the assumption changes, the funded ratios this year would have been 74.0%, 70.8%, and 63.8%, respectively. The funded ratio is equal to the actuarial value of assets divided by the actuarial accrued (past service) liability.

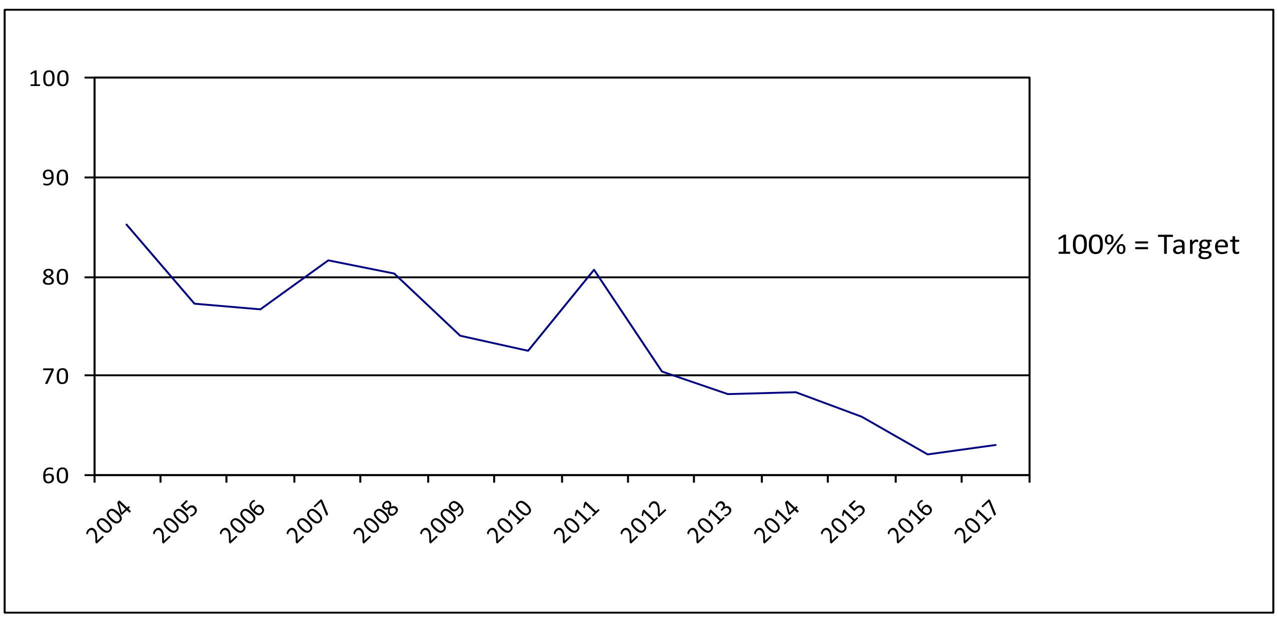
Funded Ratio for General (and Ocean Rescue)



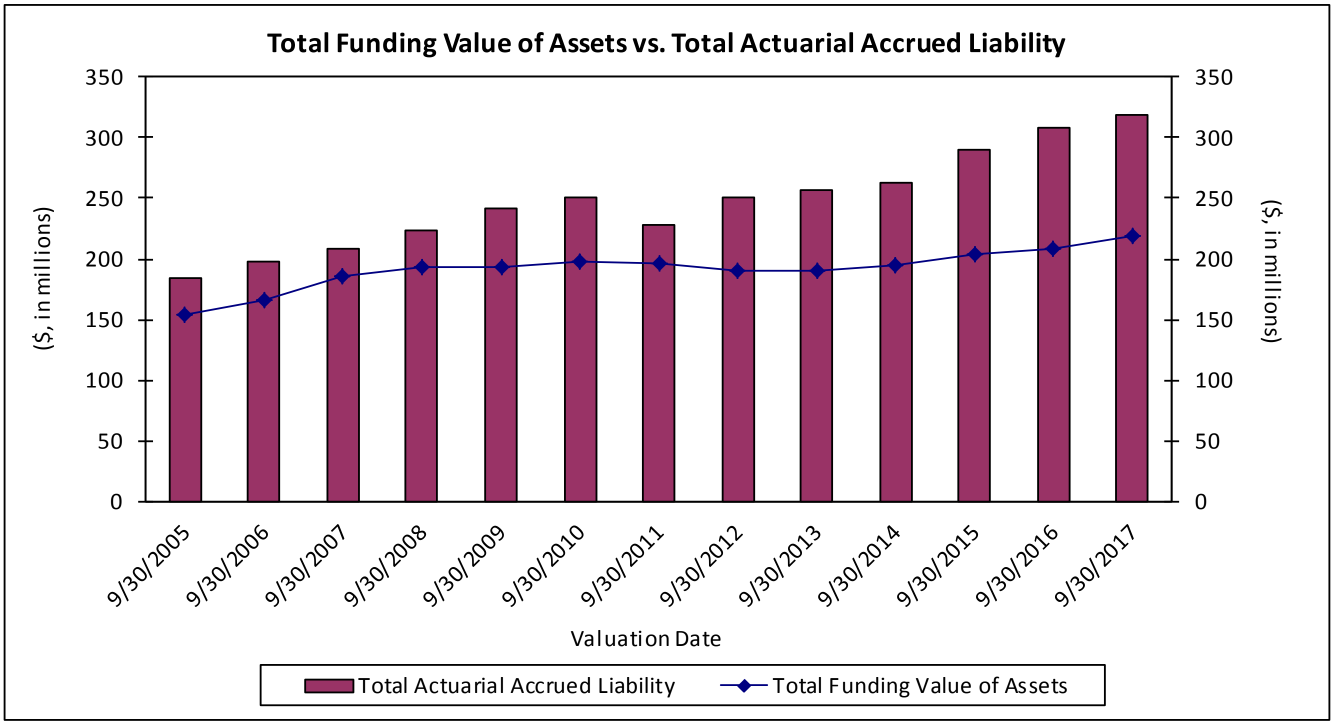
Funded Ratio for Police Officers



Funded Ratio for Firefighters



Below is a historical comparison of the total funding value of assets versus the total actuarial accrued liability.



Analysis of Retirement Plan Costs

The components of the change in the required contribution as a percent of payroll are as follows:

	General	Ocean Rescue	Police Officers	Firefighters
Town Portion Contribution Rate Last Year	26.04 %	104.54 %	76.87 %	89.93 %
Experience (Gains) or Losses	0.11	3.11	0.49	0.93
Revision in Assumptions/Methods	1.61	5.37	4.02	5.07
Extra Town Contribution Towards UAAL	(1.31)	(6.77)	(5.78)	(5.30)
Amortization Payment on UAAL	0.42	1.67	(2.62)	(1.75)
Normal Cost Rate	(0.09)	0.47	0.26	0.35
Administrative Expense	(0.13)	(0.13)	(0.47)	(0.50)
Benefit Changes	0.00	0.00	0.00	0.00
Member Contribution	0.00	0.00	(0.10)	(0.08)
Contribution Rate This Year	26.65 %	108.26 %	72.67 %	88.65 %

Variability of Future Contribution Rates

The Actuarial Cost Method used to determine the required contribution is intended to produce contribution rates which are generally level as a percent of payroll. Even so, when experience differs from the assumptions, as it often does, the employer's contribution rate can vary significantly from year-to-year.

Over time, if the year-to-year gains and losses offset each other, the contribution rate would be expected to return to the current level, but this does not always happen.

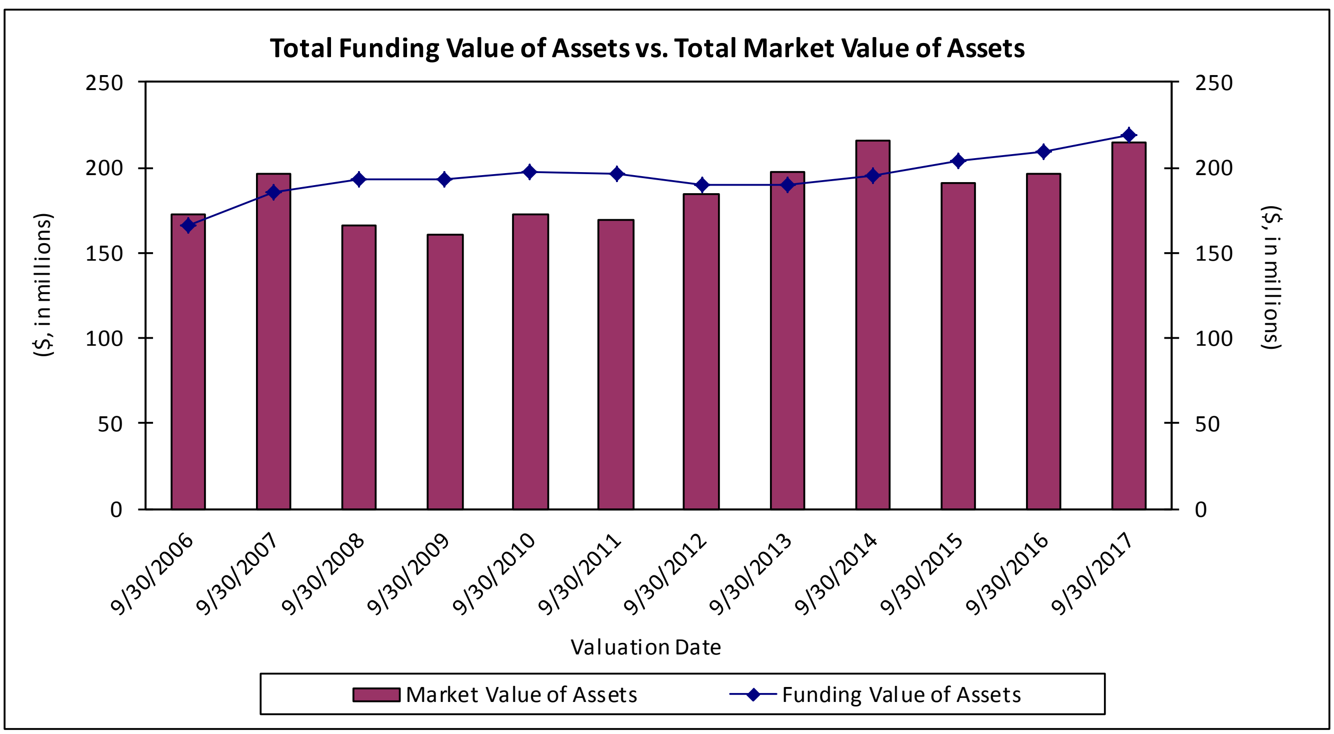
The total Funding Value of Assets exceeds the total Market Value of Assets by $4,399,666 as of the valuation date (see Section C). This difference will be gradually recognized in the absence of offsetting gains. In turn, the computed employer contribution rate is expected to gradually increase by approximately 0.93% of covered payroll for General Employees, 2.97% for Ocean Rescue 1.98% of covered payroll for Police Officers, and 2.01% of covered payroll for Firefighters.

Relationship to Market Value

If Market Value had been the basis for the valuation, the contribution rate and funded ratio would have been:

	Contribution Rate	Funded Ratio
General	27.58 %	72.2 %
Ocean Rescue	111.23	63.1
General Employees and Ocean Rescue	**28.85**	**71.7**
Police Officers	**74.65**	**68.6**
Firefighters	**90.66**	**61.8**
Total	**50.69**	**67.5**

The overall funded ratio on the market value basis last year was 63.8%. In the absence of other gains and losses, and before taking into account the impact of future assumption changes, the Employer contribution rate should increase to that level over the next four years.



Recommendations

The Retirement Ordinance requires reserve account transfers from the Employer Reserve Fund to the Retirement Reserve Fund which will establish a match between assets allocated to the Retirement Fund and liabilities associated with current retired lives. The balances in the Retirement Reserve Fund as of September 30, 2017 following the transfers should be as follows:

Division	Retirement Reserve Fund
General	$82,094,784
Ocean Rescue	5,429,508
Police Officers	80,281,682
Firefighters	84,449,037
	$252,255,011

Conclusion

The funded ratio for this Plan was over 100% as of September 30, 2000, whereas it is currently 68.9%. The decline in the funded ratio has mostly been caused by adverse overall investment experience during the 17-year period from 10/1/2000 to through 9/30/2017. The average compound investment return on the Market Value of Assets during this period was 4.67% versus an assumed rate of mostly 8.0% (7.5%/7.4% in recent years). Recent changes in assumptions (to the investment return assumption and the mortality rates) have also reduced the funded ratio, but to a much lesser extent than the investment experience.

Several steps have been taken to address the decline in funded status, such as extra Town contributions toward the UAAL, including planned annual $5.42 million extra Town contributions starting in 2017 until the Plan becomes 100% funded, strengthening the actuarial assumptions, lowering the amortization period to 25 years, and scheduled future reductions in the investment return and payroll growth rate assumptions. Some of these changes will initially reduce the funded ratio, but they are expected to significantly strengthen the funded status of the Plan over the next 10 to 15 years.

The remainder of this Report includes detailed actuarial valuation results, information relating to the pension fund, financial accounting information, miscellaneous employee data and summaries of Plan provisions.

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 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 1.045336, ($1.03^{1.5}$), which is consistent with the projection used to calculate actuarial liability.

General and Ocean Rescue

General	Ocean Rescue	Total
$3,041,335	$191,588	$3,232,923 *

* 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.

Police Officers

Total Public Contribution Requirement	**$2,936,040**
Chapter 185 Premium "frozen"	-
Funding from Add. Premium Tax Revenue	-
Base Town Contribution	**$2,936,040**

Firefighters

Total Public Contribution Requirement	**$3,462,484**
Chapter 175 Premium "frozen"	-
Chapter 175 Supplemental "frozen"	-
Funding from Add. Premium Tax Revenue	-
Base Town Contribution	**$3,462,484**

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 0.59% (.0059) for each month of delay.

SECTION B

VALUATION RESULTS

SUMMARY OF VALUATION RESULTS		
	September 30, 2017	September 30, 2016#
GENERAL & OCEAN RESCUE		
Active Members	178	169
Terminated Vested Members	31	31
Retired Members	214	213
Total Members	423	413
Covered Payroll	$ 11,086,494	$ 10,714,252
Retired Member Annual Benefits	$ 6,934,060	$ 6,778,690
Market Value of Assets	$ 83,283,484	$ 76,497,011
Actuarial Value of Assets	$ 84,968,775	$ 81,381,934
Unfunded Actuarial Liability	$ 31,148,837	$ 30,854,932
Town Contribution Rate		
General	26.65%	26.04%
Ocean Rescue	108.26%	104.54%
Aggregate	27.89%	27.25%
Town Contribution - Illustrative $	$ 3,232,923	$ 3,063,127
POLICE OFFICERS		
Active Members	54	48
Terminated Vested Members	24	22
Retired Members	100	98
Total Members	178	168
Covered Payroll	$ 3,865,012	$ 3,559,337
Retired Member Annual Benefits	$ 5,679,377	$ 5,487,334
Market Value of Assets	$ 67,389,660	$ 61,488,263
Actuarial Value of Assets	$ 68,773,459	$ 65,428,417
Unfunded Actuarial Liability	$ 29,532,297	$ 29,929,159
Town Contribution Rate	72.67%	76.87%
Town Contribution - Illustrative $	$ 2,936,040	$ 2,870,523
FIREFIGHTERS		
Active Members	58	51
Terminated Vested Members	35	35
Retired Members	104	104
Total Members	197	190
Covered Payroll	$ 3,736,398	$ 3,457,670
Retired Member Annual Benefits	$ 5,948,424	$ 5,837,861
Market Value of Assets	$ 64,032,889	$ 58,525,406
Actuarial Value of Assets	$ 65,363,465	$ 62,312,189
Unfunded Actuarial Liability	$ 38,314,007	$ 38,087,018
Town Contribution Rate	88.65%	89.93%
Town Contribution - Illustrative $	$ 3,462,484	$ 3,262,296

Reflects all Actuarial Impact Statements through August 2017.

PARTICIPANT DATA						
	September 30, 2017					
		General and Ocean Rescue				
	Total	General	Ocean Rescue	Subtotal	Police Officers	Firefighters
ACTIVE MEMBERS						
Number	**290**	174	4	178	54	58
Total Current Payroll	**$ 18,687,904**	$ 10,917,199	$ 169,295	$ 11,086,494	$ 3,865,012	$ 3,736,398
Average Annual Salary	**$ 64,441**	$ 62,743	$ 42,324	$ 62,284	$ 71,574	$ 64,421
Average Age	**43.2**	46.7	47.6	46.7	38.7	36.7
Average Past Service	**8.2**	9.3	8.9	9.3	7.5	5.7
Average Age at Hire	**35.0**	37.4	38.7	37.4	31.2	31.0
RETIREES, BENEFICIARIES & DROP						
Number	**394**	193	10	203	96	95
Annual Benefits	**$ 17,772,867**	$ 6,232,767	$ 371,093	$ 6,603,860	$ 5,556,582	$ 5,612,426
Average Annual Benefit	**$ 45,109**	$ 32,294	$ 37,109	$ 32,531	$ 57,881	$ 59,078
Average Age	**66.1**	68.8	61.0	68.4	64.1	63.3
DISABILITY RETIREES						
Number	**24**	10	1	11	4	9
Annual Benefits	**$ 788,994**	$ 296,604	$ 33,597	$ 330,201	$ 122,795	$ 335,998
Average Annual Benefit	**$ 32,875**	$ 29,660	$ 33,597	$ 30,018	$ 30,699	$ 37,333
Average Age	**60.9**	61.1	67.4	61.7	55.4	62.3
TERMINATED VESTED MEMBERS						
Number	**90**	30	1	31	24	35
Annual Benefits	**$ 1,163,565**	$ 243,542	$ 2,160	$ 245,702	$ 286,566	$ 631,297
Average Annual Benefit	**$ 12,929**	$ 8,118	$ 2,160	$ 7,926	$ 11,940	$ 18,037
Average Age	**45.6**	50.6	48.7	50.5	44.7	42.0

PARTICIPANT DATA - PRIOR VALUATION						
	September 30, 2016					
		General and Ocean Rescue				
	Total	General	Ocean Rescue	Subtotal	Police Officers	Firefighters
ACTIVE MEMBERS						
Number	**268**	165	4	169	48	51
Total Current Payroll	**$ 17,731,259**	$ 10,549,091	$ 165,161	$ 10,714,252	$ 3,559,337	$ 3,457,670
Average Annual Salary	**$ 66,161**	$ 63,934	$ 41,290	$ 63,398	$ 74,153	$ 67,797
Average Age	**43.4**	46.4	46.6	46.4	39.0	37.7
Average Past Service	**8.8**	9.8	7.9	9.8	8.2	5.8
Average Age at Hire	**34.7**	36.6	38.7	36.6	30.8	31.9
RETIREES, BENEFICIARIES & DROP						
Number	**391**	192	10	202	94	95
Annual Benefits	**$ 17,319,485**	$ 6,078,969	$ 366,373	$ 6,445,342	$ 5,366,813	$ 5,507,329
Average Annual Benefit	**$ 44,295**	$ 31,661	$ 36,637	$ 31,908	$ 57,094	$ 57,972
Average Age	**65.7**	68.4	60.0	68.0	63.5	63.0
DISABILITY RETIREES						
Number	**24**	10	1	11	4	9
Annual Benefits	**$ 784,401**	$ 300,410	$ 32,938	$ 333,348	$ 120,521	$ 330,532
Average Annual Benefit	**$ 32,683**	$ 30,041	$ 32,938	$ 30,304	$ 30,130	$ 36,726
Average Age	**60.1**	60.5	66.4	61.1	54.4	61.3
TERMINATED VESTED MEMBERS						
Number	**88**	30	1	31	22	35
Annual Benefits	**$ 1,138,207**	$ 208,517	$ 2,160	$ 210,677	$ 278,895	$ 648,635
Average Annual Benefit	**$ 12,934**	$ 6,951	$ 2,160	$ 6,796	$ 12,677	$ 18,532
Average Age	**45.1**	51.2	47.7	51.1	43.1	41.0

ACTUARIALLY DETERMINED CONTRIBUTION (ADC)						
A. Valuation Date	September 30, 2017					
		General and Ocean Rescue				
	Total	*General*	*Ocean Rescue*	*Subtotal*	*Police Officers*	*Firefighters*
B. ADC to Be Paid During Fiscal Year Ending	**9/30/2019**	9/30/2019	9/30/2019	9/30/2019	9/30/2019	9/30/2019
C. Covered Annual Payroll (expected)	**$ 19,535,138**	$ 11,412,141	$ 176,970	$ 11,589,111	$ 4,040,236	$ 3,905,791
D. Annual Payment to Amortize						
Unfunded Actuarial Liability Rate	**41.42 %**	20.00 %	100.84 %	21.23 %	62.95 %	79.05 %
As Illustrative $	**8,091,742**	2,282,428	178,457	2,460,885	2,543,329	3,087,528
E. Total Employer Normal Cost Rate	**7.95 %**	6.65 %	7.42 %	6.66 %	9.91 %	9.75 %
As Illustrative $	**1,553,240**	758,907	13,131	772,038	400,387	380,815
F. Total Unadjusted Contribution Rate						
Employer Normal Cost	**7.95 %**	6.65 %	7.42 %	6.66 %	9.91 %	9.75 %
Amortization	**41.42**	20.00	100.84	21.23	62.95	79.05
Total	**49.37**	26.65	108.26	27.89	72.86	88.80
G. Adjustments to Computed Contribution						
a. Town funding for additional premium tax revenue shortfall in prior fiscal year	**0.00 %**	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
b. Member Cost Sharing	**(0.07)**	0.00	0.00	0.00	(0.19)	(0.15)
c. Full funding credit	**0.00**	0.00	0.00	0.00	0.00	0.00
d. Total Adjustments	**(0.07)**	0.00	0.00	0.00	(0.19)	(0.15)
As Illustrative $	**(13,535)**	0	0	0	(7,676)	(5,859)
H. Total Adjusted ADC as % of Covered Payroll	**49.30 %**	26.65 %	108.26 %	27.89 %	72.67 %	88.65 %
J. Total Adjusted ADC as Illustrative $	**$ 9,631,447**	$ 3,041,335	$ 191,588	$ 3,232,923	$ 2,936,040	$ 3,462,484

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.

ACTUARIALLY DETERMINED CONTRIBUTION (ADC) - BEFORE CHANGES						
A. Valuation Date	September 30, 2017					
		General and Ocean Rescue				
	Total	*General*	*Ocean Rescue*	*Subtotal*	*Police Officers*	*Firefighters*
B. ADC to Be Paid During Fiscal Year Ending	**9/30/2019**	9/30/2019	9/30/2019	9/30/2019	9/30/2019	9/30/2019
C. Covered Annual Payroll (expected)	**$ 19,606,303**	$ 11,453,714	$ 177,615	$ 11,631,329	$ 4,054,954	$ 3,920,020
D. Annual Payment to Amortize						
Unfunded Actuarial Liability Rate	**38.82 %**	18.56 %	95.63 %	19.74 %	59.26 %	74.32 %
As Illustrative $	**7,611,987**	2,125,809	169,853	2,295,662	2,402,966	2,913,359
E. Total Employer Normal Cost Rate	**7.71 %**	6.48 %	7.26 %	6.49 %	9.58 %	9.41 %
As Illustrative $	**1,512,435**	742,201	12,895	755,096	388,465	368,874
F. Total Unadjusted Contribution Rate						
Employer Normal Cost	**7.71 %**	6.48 %	7.26 %	6.49 %	9.58 %	9.41 %
Amortization	**38.82**	18.56	95.63	19.74	59.26	74.32
Total	**46.53**	25.04	102.89	26.23	68.84	83.73
G. Adjustments to Computed Contribution						
a. Town funding for additional premium tax revenue shortfall in prior fiscal year	**0.00 %**	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
b. Member Cost Sharing	**(0.07)**	0.00	0.00	0.00	(0.19)	(0.15)
c. Full funding credit	**0.00**	0.00	0.00	0.00	0.00	0.00
d. Total Adjustments	**(0.07)**	0.00	0.00	0.00	(0.19)	(0.15)
As Illustrative $	**(13,584)**	0	0	0	(7,704)	(5,880)
H. Total Adjusted ADC as % of Covered Payroll	**46.46 %**	25.04 %	102.89 %	26.23 %	68.65 %	83.58 %
J. Total Adjusted ADC as Illustrative $	**$ 9,110,838**	$ 2,868,010	$ 182,748	$ 3,050,758	$ 2,783,727	$ 3,276,353

ACTUARIALLY DETERMINED CONTRIBUTION (ADC) - PRIOR VALUATION												
A. Valuation Date	September 30, 2016#											
			General and Ocean Rescue									
	Total		*General*		*Ocean Rescue*		*Subtotal*		*Police Officers*		*Firefighters*	
B. ADC to Be Paid During Fiscal Year Ending	**9/30/2018**		9/30/2018		9/30/2018		9/30/2018		9/30/2018		9/30/2018	
C. Covered Annual Payroll (expected)	**$ 18,602,645**		$ 11,067,516		$ 173,278		$ 11,240,794		$ 3,734,257		$ 3,627,594	
D. Annual Payment to Amortize												
Unfunded Actuarial Liability Rate	**41.58**	**%**	19.34	%	97.62	%	20.55	%	67.17	%	80.44	%
As Illustrative $	**7,735,949**		2,140,458		169,154		2,309,612		2,508,300		2,918,037	
E. Total Employer Normal Cost Rate	**7.88**	**%**	6.70	%	6.92	%	6.70	%	9.79	%	9.56	%
As Illustrative $	**1,465,897**		741,524		11,991		753,515		365,584		346,798	
F. Total Contribution Rate												
Employer Normal Cost	**7.88**	**%**	6.70	%	6.92	%	6.70	%	9.79	%	9.56	%
Amortization	**41.58**		19.34		97.62		20.55		67.17		80.44	
Total	**49.46**		26.04		104.54		27.25		76.96		90.00	
G. Adjustments to Computed Contribution												
a. Town funding for additional premium tax revenue shortfall in prior fiscal year	**0.00**	**%**	0.00	%	0.00	%	0.00	%	0.00	%	0.00	%
b. Additional Member Cost Sharing	**(0.03)**		0.00		0.00		0.00		(0.09)		(0.07)	
c. Full funding credit	**0.00**		0.00		0.00		0.00		0.00		0.00	
d. Total Adjustments	**(0.03)**		0.00		0.00		0.00		(0.09)		(0.07)	
As Illustrative $	**(5,900)**		0		0		0		(3,361)		(2,539)	
H. Total Adjusted ADC as % of Covered Payroll	**49.43**	**%**	26.04	%	104.54	%	27.25	%	76.87	%	89.93	%
J. Total Adjusted ADC as Illustrative $	**$ 9,195,946**		$ 2,881,982		$ 181,145		$ 3,063,127		$ 2,870,523		$ 3,262,296	

Reflects all Actuarial Impact Statements through August 2017.

ACTUARIAL VALUE OF BENEFITS AND ASSETS						
A. Valuation Date	September 30, 2017					
		General and Ocean Rescue				
	Total	*General*	*Ocean Rescue*	*Subtotal*	*Police Officers*	*Firefighters*
B. Actuarial Present Value of All Projected Benefits for						
1. Active Members						
a. Service Retirement Benefits	**$ 56,685,213**	$ 27,721,703	$ 418,663	$ 28,140,366	$ 16,835,003	$ 11,709,844
b. Vesting Benefits	**1,541,092**	694,360	24,238	718,598	406,878	415,616
c. Disability Benefits	**2,657,227**	1,231,407	43,167	1,274,574	676,196	706,457
d. Preretirement Death Benefits	**1,297,028**	551,706	26,925	578,631	350,850	367,547
e. Return of Member Contributions	**498,820**	134,597	4,036	138,633	161,970	198,217
f. Reserve for Employer Contributions	**-**	-	-	-	-	-
g. Total	**62,679,380**	30,333,773	517,029	30,850,802	18,430,897	13,397,681
2. Inactive Members						
a. Retired Members & Beneficiaries	**252,255,011**	82,094,784	5,429,508	87,524,292	80,281,682	84,449,037
b. Terminated Vested Members	**10,965,042**	1,909,070	8,415	1,917,485	2,727,827	6,319,730
c. DROP and Share Account Balances	**10,555,223**	2,853,177	429,852	3,283,029	2,041,876	5,230,318
d. Total	**273,775,276**	86,857,031	5,867,775	92,724,806	85,051,385	95,999,085
3. Total for All Members	**336,454,656**	117,190,804	6,384,804	123,575,608	103,482,282	109,396,766
C. Actuarial Present Value of Future Normal Costs	**18,353,816**	7,338,580	119,416	7,457,996	5,176,526	5,719,294
D. Actuarial Accrued (Past Service) Liability	**318,100,840**	109,852,224	6,265,388	116,117,612	98,305,756	103,677,472
E. Actuarial Value of Accumulated Plan Benefits per FASB No. 35	**315,131,000**	106,796,453	6,236,529	113,032,982	98,067,031	104,030,987
F. Plan Assets						
1. Market Value	**214,706,033**	79,333,131	3,950,353	83,283,484	67,389,660	64,032,889
2. Actuarial Value	**219,105,699**	80,938,484	4,030,291	84,968,775	68,773,459	65,363,465
G. Unfunded Actuarial Accrued Liability	**98,995,141**	28,913,740	2,235,097	31,148,837	29,532,297	38,314,007
H. Funded Ratio (F2 ÷ D)	**68.9 %**	73.7 %	64.3 %	73.2 %	70.0 %	63.0 %
I. Actuarial Present Value of Projected Covered Payroll	**162,742,043**	91,997,403	1,433,526	93,430,929	33,474,383	35,836,731
J. Actuarial Present Value of Projected Member Contributions	**10,215,152**	3,235,894	50,173	3,286,067	3,345,412	3,583,673
K. Accumulated Value of Active Member Contributions	**9,714,654**	5,834,631	87,067	5,921,698	2,199,552	1,593,404

ACTUARIAL VALUE OF BENEFITS AND ASSETS - BEFORE CHANGES						
A. Valuation Date	September 30, 2017					
		General and Ocean Rescue				
	Total	*General*	*Ocean Rescue*	*Subtotal*	*Police Officers*	*Firefighters*
B. Actuarial Present Value of All Projected Benefits for						
1. Active Members						
a. Service Retirement Benefits	**$ 55,570,910**	$ 27,191,742	$ 410,899	$ 27,602,641	$ 16,519,541	$ 11,448,728
b. Vesting Benefits	**1,499,269**	676,064	23,607	699,671	395,561	404,037
c. Disability Benefits	**2,612,844**	1,212,074	42,488	1,254,562	664,426	693,856
d. Preretirement Death Benefits	**1,271,583**	540,829	26,461	567,290	344,034	360,259
e. Return of Member Contributions	**496,983**	134,151	4,021	138,172	161,345	197,466
f. Reserve for Employer Contributions	**-**	-	-	-	-	-
g. Total	**61,451,589**	29,754,860	507,476	30,262,336	18,084,907	13,104,346
2. Inactive Members						
a. Retired Members & Beneficiaries	**249,623,170**	81,317,117	5,371,782	86,688,899	79,417,049	83,517,222
b. Terminated Vested Members	**10,766,661**	1,874,650	8,242	1,882,892	2,677,847	6,205,922
c. DROP and Share Account Balances	**10,555,223**	2,853,177	429,852	3,283,029	2,041,876	5,230,318
d. Total	**270,945,054**	86,044,944	5,809,876	91,854,820	84,136,772	94,953,462
3. Total for All Members	**332,396,643**	115,799,804	6,317,352	122,117,156	102,221,679	108,057,808
C. Actuarial Present Value of Future Normal Costs	**17,846,969**	7,139,649	116,395	7,256,044	5,031,718	5,559,207
D. Actuarial Accrued (Past Service) Liability	**314,549,674**	108,660,155	6,200,957	114,861,112	97,189,961	102,498,601
E. Actuarial Value of Accumulated Plan Benefits per FASB No. 35	**311,631,496**	105,653,988	6,172,760	111,826,748	96,956,256	102,848,492
F. Plan Assets						
1. Market Value	**214,706,033**	79,333,131	3,950,353	83,283,484	67,389,660	64,032,889
2. Actuarial Value	**219,105,699**	80,938,484	4,030,291	84,968,775	68,773,459	65,363,465
G. Unfunded Actuarial Accrued Liability	**95,443,975**	27,721,671	2,170,666	29,892,337	28,416,502	37,135,136
H. Funded Ratio (F2 ÷ D)	**69.7 %**	74.5 %	65.0 %	74.0 %	70.8 %	63.8 %
I. Actuarial Present Value of Projected Covered Payroll	**161,633,838**	91,387,440	1,424,219	92,811,659	33,242,232	35,579,947
J. Actuarial Present Value of Projected Member Contributions	**10,144,565**	3,214,524	49,848	3,264,372	3,322,198	3,557,995
K. Accumulated Value of Active Member Contributions	**9,714,654**	5,834,631	87,067	5,921,698	2,199,552	1,593,404

ACTUARIAL VALUE OF BENEFITS AND ASSETS - PRIOR VALUATION						
A. Valuation Date	September 30, 2016#					
		General and Ocean Rescue				
	Total	*General*	*Ocean Rescue*	*Subtotal*	*Police Officers*	*Firefighters*
B. Actuarial Present Value of All Projected Benefits for						
1. Active Members						
a. Service Retirement Benefits	**$ 55,929,357**	$ 28,325,392	$ 386,932	$ 28,712,324	$ 16,691,531	$ 10,525,502
b. Vesting Benefits	**1,370,380**	657,346	22,216	679,562	343,499	347,319
c. Disability Benefits	**2,489,964**	1,195,415	41,213	1,236,628	610,012	643,324
d. Preretirement Death Benefits	**1,639,653**	965,878	24,978	990,856	311,761	337,036
e. Return of Member Contributions	**359,675**	109,405	3,634	113,039	103,741	142,895
f. Reserve for Employer Contributions	**-**	-	-	-	-	-
g. Total	**61,789,029**	31,253,436	478,973	31,732,409	18,060,544	11,996,076
2. Inactive Members						
a. Retired Members & Beneficiaries	**244,235,152**	78,390,087	5,349,807	83,739,894	77,705,723	82,789,535
b. Terminated Vested Members	**9,792,270**	1,557,948	7,639	1,565,587	2,405,512	5,821,171
c. DROP and Share Account Balances	**9,204,852**	2,148,199	329,571	2,477,770	1,855,953	4,871,129
d. Total	**263,232,274**	82,096,234	5,687,017	87,783,251	81,967,188	93,481,835
3. Total for All Members	**325,021,303**	113,349,670	6,165,990	119,515,660	100,027,732	105,477,911
C. Actuarial Present Value of Future Normal Costs	**16,966,299**	7,123,148	111,965	7,235,113	4,670,156	5,061,030
D. Actuarial Accrued (Past Service) Liability	**308,055,004**	106,226,522	6,054,025	112,280,547	95,357,576	100,416,881
E. Actuarial Value of Accumulated Plan Benefits per FASB No. 35	**305,350,825**	103,338,267	6,031,746	109,370,013	95,130,203	100,850,609
F. Plan Assets						
1. Market Value	**196,510,680**	72,869,851	3,627,160	76,497,011	61,488,263	58,525,406
2. Actuarial Value	**209,122,540**	77,523,152	3,858,782	81,381,934	65,428,417	62,312,189
G. Adjustment for Member Contributions Increase During Year Ending 9/30/2017	**(61,355)**	(42,976)	(705)	(43,681)	0	(17,674)
H. Unfunded Actuarial Accrued Liability	**98,871,109**	28,660,394	2,194,538	30,854,932	29,929,159	38,087,018
I. Funded Ratio (F2 ÷ D)	**67.9 %**	73.0 %	63.7 %	72.5 %	68.6 %	62.1 %
J. Actuarial Present Value of Projected Covered Payroll	**157,228,461**	91,334,696	1,430,389	92,765,085	31,199,305	33,264,071
K. Actuarial Present Value of Projected Member Contributions	**9,612,265**	3,235,358	50,064	3,285,422	3,117,883	3,208,960
L. Accumulated Value of Active Member Contributions	**8,879,428**	5,463,252	79,256	5,542,508	1,998,905	1,338,015

Reflects all Actuarial Impact Statements through August 2017.

CALCULATION OF EMPLOYER NORMAL COST											
A. Valuation Date	September 30, 2017										
		General and Ocean Rescue									
B. Normal Cost for	***Total***	*General*		*Ocean Rescue*		*Subtotal*		*Police Officers*		*Firefighters*	
1. Service Retirement Benefits	**$ 1,614,954**	$ 703,845	6.51%	$ 6,833	4.05%	$ 710,678	6.48%	$ 454,959	11.99%	$ 449,317	11.98%
2. Vesting Benefits	**116,160**	47,155	0.44%	1,266	0.75%	48,421	0.44%	34,448	0.91%	33,291	0.89%
3. Disability Benefits	**201,660**	80,924	0.75%	3,553	2.10%	84,477	0.77%	58,738	1.55%	58,445	1.56%
4. Preretirement Death Benefits	**98,227**	34,628	0.32%	2,611	1.55%	37,239	0.34%	30,113	0.79%	30,875	0.82%
5. Return of Member Contributions	**159,006**	70,970	0.66%	1,607	0.95%	72,577	0.66%	44,174	1.16%	42,255	1.13%
6. Total for Future Benefits	**2,190,007**	937,522	8.68%	15,870	9.40%	953,392	8.69%	622,432	16.40%	614,183	16.38%
7. Assumed Amount for Administrative Expenses	**426,361**	164,175	1.52%	2,566	1.52%	166,741	1.52%	133,231	3.51%	126,389	3.37%
8. Total Normal Cost	**2,616,368**	1,101,697	10.20%	18,436	10.92%	1,120,133	10.21%	755,663	19.91%	740,572	19.75%
C. Expected Member Contribution	**1,143,960**	383,435	3.55%	5,908	3.50%	389,343	3.55%	379,576	10.00%	375,041	10.00%
D. Employer Normal Cost: B8-C	**1,472,408**	718,262	6.65%	12,528	7.42%	730,790	6.66%	376,087	9.91%	365,531	9.75%
E. Employer Normal Cost as a % of Covered Payroll	**7.95%**	6.65%		7.42%		6.66%		9.91%		9.75%	

CALCULATION OF EMPLOYER NORMAL COST - BEFORE CHANGES											
A. Valuation Date	September 30, 2017										
		General and Ocean Rescue									
B. Normal Cost for	***Total***	*General*		*Ocean Rescue*		*Subtotal*		*Police Officers*		*Firefighters*	
1. Service Retirement Benefits	**$ 1,577,969**	$ 688,333	6.37%	$ 6,670	3.95%	$ 695,003	6.34%	$ 444,244	11.70%	$ 438,722	11.70%
2. Vesting Benefits	**113,213**	45,882	0.42%	1,230	0.73%	47,112	0.43%	33,613	0.89%	32,488	0.86%
3. Disability Benefits	**198,876**	79,740	0.74%	3,512	2.08%	83,252	0.76%	57,955	1.53%	57,669	1.54%
4. Preretirement Death Benefits	**96,610**	33,967	0.32%	2,576	1.53%	36,543	0.33%	29,657	0.78%	30,410	0.81%
5. Return of Member Contributions	**159,680**	71,285	0.66%	1,611	0.95%	72,896	0.66%	44,350	1.17%	42,434	1.13%
6. Total for Future Benefits	**2,146,348**	919,207	8.51%	15,599	9.24%	934,806	8.52%	609,819	16.07%	601,723	16.04%
7. Assumed Amount for Administrative Expenses	**426,366**	164,177	1.52%	2,566	1.52%	166,743	1.52%	133,233	3.51%	126,390	3.37%
8. Total Normal Cost	**2,572,714**	1,083,384	10.03%	18,165	10.76%	1,101,549	10.04%	743,052	19.58%	728,113	19.41%
C. Expected Member Contribution	**1,143,973**	383,440	3.55%	5,908	3.50%	389,348	3.55%	379,581	10.00%	375,044	10.00%
D. Employer Normal Cost: B8-C	**1,428,741**	699,944	6.48%	12,257	7.26%	712,201	6.49%	363,471	9.58%	353,069	9.41%
E. Employer Normal Cost as a % of Covered Payroll	**7.72%**	6.48%		7.26%		6.49%		9.58%		9.41%	

CALCULATION OF EMPLOYER NORMAL COST - PRIOR VALUATION

A. Valuation Date	September 30, 2016#										
		General and Ocean Rescue									
	Total	*General*		*Ocean Rescue*		*Subtotal*		*Police Officers*		*Firefighters*	
B. Normal Cost for											
1. Service Retirement Benefits	**$ 1,493,619**	$ 673,831	6.43%	$ 6,333	3.86%	$ 680,164	6.39%	$ 410,901	11.61%	$ 402,554	11.63%
2. Vesting Benefits	**107,355**	46,188	0.44%	1,229	0.75%	47,417	0.44%	31,187	0.88%	28,751	0.83%
3. Disability Benefits	**185,761**	77,474	0.74%	3,269	1.99%	80,743	0.76%	50,907	1.44%	54,111	1.56%
4. Preretirement Death Benefits	**112,712**	55,780	0.53%	2,347	1.43%	58,127	0.55%	25,891	0.73%	28,694	0.83%
5. Return of Member Contributions	**125,514**	54,648	0.52%	1,221	0.74%	55,869	0.52%	40,685	1.15%	28,960	0.84%
6. Total for Future Benefits	**2,024,961**	907,921	8.66%	14,399	8.77%	922,320	8.66%	559,571	15.81%	543,070	15.69%
7. Assumed Amount for Administrative Expenses	**450,453**	172,900	1.65%	2,710	1.65%	175,610	1.65%	140,802	3.98%	134,041	3.87%
8. Total Normal Cost	**2,475,414**	1,080,821	10.31%	17,109	10.42%	1,097,930	10.31%	700,373	19.79%	677,111	19.56%
C. Expected Member Contribution	**1,083,963**	378,284	3.61%	5,748	3.50%	384,032	3.61%	353,774	10.00%	346,157	10.00%
D. Employer Normal Cost: B8-C	**1,391,451**	702,537	6.70%	11,361	6.92%	713,898	6.70%	346,599	9.79%	330,954	9.56%
E. Employer Normal Cost as a % of Covered Payroll	**7.88%**	6.70%		6.92%		6.70%		9.79%		9.56%	

Reflects all Actuarial Impact Statements through August 2017.

ACTUARIAL BALANCE SHEET						
A. Valuation Date	September 30, 2017					
		General and Ocean Rescue				
	Total	*General*	*Ocean Rescue*	*Subtotal*	*Police Officers*	*Firefighters*
B. Present Resources and Expected Future Resources						
1. Funding Value of System Assets:						
a. Net assets from System financial statements (market value)	**$ 214,706,033**	$ 79,333,131	$ 3,950,353	$ 83,283,484	$ 67,389,660	$ 64,032,889
b. Funding value adjustment	**4,399,666**	1,605,353	79,938	1,685,291	1,383,799	1,330,576
c. Funding value of assets	**219,105,699**	80,938,484	4,030,291	84,968,775	68,773,459	65,363,465
2. Actuarial Present Value of Expected Future Employer Contributions						
a. For normal costs	**8,138,664**	4,102,686	69,243	4,171,929	1,831,114	2,135,621
b. For Unfunded Actuarial Accrued Liability (UAAL)	**98,995,141**	28,913,740	2,235,097	31,148,837	29,532,297	38,314,007
c. Total	**107,133,805**	33,016,426	2,304,340	35,320,766	31,363,411	40,449,628
3. Actuarial Present Value of Expected Future Member Contributions	**10,215,152**	3,235,894	50,173	3,286,067	3,345,412	3,583,673
4. Total Present and Expected Future Resources	**336,454,656**	117,190,804	6,384,804	123,575,608	103,482,282	109,396,766
C. Actuarial Present Value of Expected Future Benefit Payments and Reserves						
1. To Retirants, Beneficiaries and DROP members	**262,810,234**	84,947,961	5,859,360	90,807,321	82,323,558	89,679,355
2. To Vested Terminated Members	**10,965,042**	1,909,070	8,415	1,917,485	2,727,827	6,319,730
3. To Present Active Members:						
a. Allocated to service rendered prior to valuation date	**44,325,564**	22,995,193	397,613	23,392,806	13,254,371	7,678,387
b. Allocated to service likely to be rendered after valuation date	**18,353,816**	7,338,580	119,416	7,457,996	5,176,526	5,719,294
c. Total	**62,679,380**	30,333,773	517,029	30,850,802	18,430,897	13,397,681
4. Reserve for Employer Contributions	**0**	0	0	0	0	0
5. Total Actuarial Present Value of Expected Future Benefit Payments	**336,454,656**	117,190,804	6,384,804	123,575,608	103,482,282	109,396,766

LIQUIDATION OF THE UNFUNDED ACTUARIAL ACCRUED LIABILITY

UAAL AMORTIZATION PERIOD AND PAYMENTS - GENERAL

Original UAAL				Current UAAL						
						Contributions			Contributions - Before Changes	
Date Established	Type of Amortization Base	Amortization Period (Years)	Initial Amount	Amount	Years Remaining	Dollars	Percent-of-Payroll	Years Remaining	Dollars	Percent-of-Payroll
9/30/2010	(Gain)/Loss Experience	30	$ 1,295,349	$ 1,368,956	23	$ 91,841	0.83 %	23	$ 90,513	0.82 %
9/30/2010	Benefit Changes	30	(4,737,059)	(5,006,235)	23	(335,859)	(3.03)	23	(331,004)	(2.98)
9/30/2010	Assumption/Method Changes	30	(1,756,913)	(1,856,746)	23	(124,566)	(1.12)	23	(122,765)	(1.11)
9/30/2011	Initial Unfunded	21		15,548,853	15	1,386,876	12.52	15	1,372,967	12.38
9/30/2011	(Gain)/Loss Experience	30	(4,007,514)	(4,172,073)	24	(272,894)	(2.46)	24	(268,810)	(2.42)
9/30/2011	Assumption/Method Changes	30	(112,399)	(117,016)	24	(7,654)	(0.07)	24	(7,539)	(0.07)
9/30/2012	(Gain)/Loss Experience	30	4,290,077	4,584,805	25	292,858	2.64	25	288,328	2.60
9/30/2012	Assumption/Method Changes	30	4,353,476	4,652,560	25	297,186	2.68	25	292,589	2.64
9/30/2013	(Gain)/Loss Experience	30	(896,488)	(947,374)	25	(60,514)	(0.55)	26	(58,237)	(0.52)
9/30/2013	Benefit Changes	30	75,660	79,955	25	5,107	0.05	26	4,915	0.04
9/30/2014	(Gain)/Loss Experience	30	(78,156)	(81,564)	25	(5,210)	(0.05)	27	(4,908)	(0.04)
9/30/2014	Benefit Changes	30	39,795	41,531	25	2,653	0.02	27	2,499	0.02
9/30/2015	(Gain)/Loss Experience	30	2,702,752	2,782,242	25	177,718	1.60	28	164,069	1.48
9/30/2015	Assumption/Method Changes	30	6,295,183	6,480,330	25	413,936	3.74	28	382,145	3.44
9/30/2016	(Gain)/Loss Experience	30	36,561	37,077	25	2,368	0.02	29	2,145	0.02
9/30/2016	Assumption/Method Changes	30	2,507,487	2,542,843	25	162,426	1.47	29	147,129	1.33
9/30/2016	Benefit Changes	30	1,546,937	1,568,749	25	100,205	0.90	29	90,768	0.82
9/30/2017	(Gain)/Loss Experience	30	214,778	214,778	25	13,719	0.12	30	12,206	0.11
9/30/2017	Assumption/Method Changes	25	1,192,069	1,192,069	25	76,144	0.69	N/A	N/A	N/A
				$ 28,913,740		**$ 2,216,340**	**20.00 %**		**$ 2,057,010**	**18.56 %**

UAAL AMORTIZATION PERIOD AND PAYMENTS - OCEAN RESCUE										
Original UAAL				Current UAAL						
						Contributions			Contributions Before Changes	
Date Established	Type of Amortization Base	Amortization Period (Years)	Initial Amount	Amount	Years Remaining	Dollars	Percent-of-Payroll	Years Remaining	Dollars	Percent-of-Payroll
9/30/2010	(Gain)/Loss Experience	30	$ 72,569	$ 79,939	23	$ 5,363	3.12 %	23	$ 5,285	3.07 %
9/30/2010	Benefit Changes	30	(224,972)	(247,817)	23	(16,626)	(9.68)	23	(16,385)	(9.52)
9/30/2010	Assumption/Method Changes	30	(47,583)	(52,415)	23	(3,516)	(2.05)	23	(3,466)	(2.01)
9/30/2011	Initial Unfunded	20		1,032,197	14	96,840	56.36	14	95,927	55.76
9/30/2011	(Gain)/Loss Experience	30	125,711	136,291	24	8,915	5.19	24	8,781	5.10
9/30/2011	Assumption/Method Changes	30	65,059	68,320	24	4,469	2.60	24	4,402	2.56
9/30/2012	(Gain)/Loss Experience	30	291,267	311,276	25	19,883	11.57	25	19,575	11.38
9/30/2012	Assumption/Method Changes	30	248,155	265,203	25	16,940	9.86	25	16,678	9.70
9/30/2013	(Gain)/Loss Experience	30	25,398	26,840	25	1,714	1.00	26	1,650	0.96
9/30/2014	(Gain)/Loss Experience	30	(19,591)	(20,445)	25	(1,306)	(0.76)	27	(1,230)	(0.72)
9/30/2014	Benefit Changes	30	1,650	1,722	25	110	0.06	27	104	0.06
9/30/2015	(Gain)/Loss Experience	30	105,415	108,515	25	6,931	4.03	28	6,399	3.72
9/30/2015	Assumption/Method Changes	30	181,090	186,416	25	11,907	6.93	28	10,993	6.39
9/30/2016	(Gain)/Loss Experience	30	(14,661)	(14,868)	25	(950)	(0.55)	29	(860)	(0.50)
9/30/2016	Assumption/Method Changes	30	169,649	172,041	25	10,989	6.40	29	9,954	5.79
9/30/2016	Benefit Changes	30	22,856	23,178	25	1,481	0.86	29	1,341	0.78
9/30/2017	(Gain)/Loss Experience	30	94,273	94,273	25	6,022	3.50	30	5,358	3.11
9/30/2017	Assumption/Method Changes	25	64,431	64,431	25	4,116	2.40	N/A	N/A	N/A
				$ 2,235,097		**$ 173,282**	**100.84 %**		**$ 164,506**	**95.63 %**

UAAL AMORTIZATION PERIOD AND PAYMENTS - POLICE OFFICERS										
Original UAAL				Current UAAL						
						Contributions			Contributions Before Changes	
Date Established	Type of Amortization Base	Amortization Period (Years)	Initial Amount	Amount	Years Remaining	Dollars	Percent-of-Payroll	Years Remaining	Dollars	Percent-of-Payroll
9/30/2010	(Gain)/Loss Experience	30	$ 876,056	$ 965,019	23	$ 64,741	1.65 %	23	$ 63,805	1.62 %
9/30/2010	Benefit Changes	30	(4,060,736)	(4,473,095)	23	(300,092)	(7.65)	23	(295,754)	(7.53)
9/30/2010	Assumption/Method Changes	30	(611,648)	(673,759)	23	(45,201)	(1.15)	23	(44,548)	(1.13)
9/30/2011	Initial Unfunded	15		8,618,771	9	1,144,684	29.18	9	1,137,480	28.96
9/30/2011	(Gain)/Loss Experience	30	420,131	455,490	24	29,794	0.76	24	29,348	0.75
9/30/2011	Assumption/Method Changes	30	380,899	412,955	24	27,011	0.69	24	26,607	0.68
9/30/2012	(Gain)/Loss Experience	30	6,094,095	6,512,760	25	416,008	10.61	25	409,573	10.43
9/30/2012	Assumption/Method Changes	30	4,351,987	4,650,969	25	297,084	7.57	25	292,489	7.45
9/30/2013	(Gain)/Loss Experience	30	2,357,290	2,491,093	25	159,121	4.06	26	153,133	3.90
9/30/2014	(Gain)/Loss Experience	30	1,005,437	1,049,289	25	67,024	1.71	27	63,136	1.61
9/30/2014	Benefit Changes	30	86,796	90,581	25	5,786	0.15	27	5,450	0.14
9/30/2015	(Gain)/Loss Experience	30	2,602,412	2,678,951	25	171,120	4.36	28	157,978	4.02
9/30/2015	Assumption/Method Changes	30	1,813,280	1,866,610	25	119,231	3.04	28	110,074	2.80
9/30/2015	Benefit Changes	30	895,408	921,743	25	58,877	1.50	28	54,355	1.38
9/30/2016	(Gain)/Loss Experience	30	(648,599)	(657,744)	25	(42,014)	(1.07)	29	(38,057)	(0.97)
9/30/2016	Assumption/Method Changes	30	3,121,743	3,165,760	25	202,215	5.16	29	183,171	4.66
9/30/2017	(Gain)/Loss Experience	30	341,109	341,109	25	21,789	0.56	30	19,386	0.49
9/30/2017	Assumption/Method Changes	25	1,115,795	1,115,795	25	71,272	1.82	N/A	N/A	N/A
				$ 29,532,297		**$ 2,468,450**	**62.95 %**		**$ 2,327,626**	**59.26 %**

UAAL AMORTIZATION PERIOD AND PAYMENTS - FIREFIGHTERS

Original UAAL				Current UAAL						
						Contributions			Contributions Before Changes	
Date Established	Type of Amortization Base	Amortization Period (Years)	Initial Amount	Amount	Years Remaining	Dollars	Percent-of-Payroll	Years Remaining	Dollars	Percent-of-Payroll
9/30/2010	(Gain)/Loss Experience	30	$ 1,384,923	$ 1,525,559	23	$ 102,347	2.70 %	23	$ 100,867	2.66 %
9/30/2010	Benefit Changes	30	(7,020,622)	(7,733,551)	23	(518,830)	(13.68)	23	(511,330)	(13.47)
9/30/2010	Assumption/Method Changes	30	(740,005)	(815,152)	23	(54,687)	(1.44)	23	(53,897)	(1.42)
9/30/2011	Initial Unfunded	20		19,176,731	14	1,799,154	47.45	14	1,782,186	46.94
9/30/2011	(Gain)/Loss Experience	30	(1,134,442)	(1,229,917)	24	(80,449)	(2.12)	24	(79,245)	(2.09)
9/30/2011	Assumption/Method Changes	30	187,849	205,582	24	13,447	0.35	24	13,246	0.35
9/30/2012	(Gain)/Loss Experience	30	5,221,198	5,579,894	25	356,420	9.40	25	350,907	9.24
9/30/2012	Assumption/Method Changes	30	4,423,594	4,727,495	25	301,973	7.96	25	297,301	7.83
9/30/2013	(Gain)/Loss Experience	30	2,023,014	2,137,843	25	136,556	3.60	26	131,418	3.46
9/30/2014	(Gain)/Loss Experience	30	189,191	197,443	25	12,612	0.33	27	11,880	0.31
9/30/2014	Benefit Changes	30	35,743	37,302	25	2,383	0.06	27	2,244	0.06
9/30/2015	(Gain)/Loss Experience	30	2,384,452	2,454,581	25	156,788	4.13	28	144,747	3.81
9/30/2015	Assumption/Method Changes	30	2,334,926	2,403,598	25	153,532	4.05	28	141,740	3.73
9/30/2015	Benefit Changes	30	418,585	430,896	25	27,524	0.73	28	25,410	0.67
9/30/2016	(Gain)/Loss Experience	30	3,276,066	3,322,259	25	212,212	5.60	29	192,226	5.06
9/30/2016	Assumption/Method Changes	30	3,173,987	3,218,740	25	205,600	5.42	29	186,236	4.91
9/30/2016	Benefit Changes	30	864,098	876,282	25	55,973	1.48	29	50,702	1.34
9/30/2017	(Gain)/Loss Experience	30	619,551	619,551	25	39,574	1.04	30	35,210	0.93
9/30/2017	Assumption/Method Changes	25	1,178,871	1,178,871	25	75,301	1.99	N/A	N/A	N/A
				$ 38,314,007		**$ 2,997,430**	**79.05 %**		**$ 2,821,848**	**74.32 %**

Amortization Schedule

The UAAL is being amortized as a level percent of pay over the number of years remaining in each amortization period. The following schedule illustrates the expected amortization of the UAAL:

Amortization Schedule					
Year	Expected UAAL				
	Total	General	Ocean Rescue	Police Officers	Firefighters
2017	$ 98,995,141	$ 28,913,740	$ 2,235,097	$ 29,532,297	$ 38,314,007
2018	99,980,186	29,285,185	2,261,701	29,692,036	38,741,264
2019	98,596,921	28,973,527	2,235,298	29,131,449	38,256,647
2020	96,852,224	28,565,634	2,201,221	28,448,098	37,637,271
2021	94,711,892	28,052,276	2,158,736	27,630,562	36,870,318
2022	92,138,994	27,423,481	2,107,057	26,666,516	35,941,940
2027	72,877,691	22,139,850	1,678,329	20,747,351	28,312,161
2032	47,533,483	11,938,617	1,015,693	17,831,869	16,747,304
2037	32,552,018	8,498,046	662,910	11,825,169	11,565,893
2042	-	-	-	-	-

ACTUARIAL GAINS AND LOSSES

The assumptions used to anticipate mortality, employment turnover, investment income, expenses, salary increases, and other factors have been based on long range trends and expectations. Actual experience can vary from these expectations. The variance is measured by the gain and loss for the period involved. If significant long term experience reveals consistent deviation from what has been expected and that deviation is expected to continue, the assumptions should be modified. The net actuarial gain (loss) for the past year is computed as follows:

	Total	General	Ocean Rescue	Police Officers	Firefighters
1. UAAL at start of year	**$ 98,871,109**	$ 28,660,394	$ 2,194,538	$ 29,929,159	$ 38,087,018
2. Employer Normal Cost for Year	**1,710,267**	839,533	13,459	374,906	482,369
3. Employer Contributions	**7,613,714**	2,342,153	158,516	2,563,082	2,549,963
4. Extra Town Contributions Towards UAAL:	**5,656,676**	1,643,937	125,229	1,720,357	2,167,153
5. Interest at the Assumed Rate .074 x [(1) + 1/2*(2)-11/12*(3)]	**6,863,278**	1,993,056	152,141	2,054,767	2,663,314
6. Expected UAAL Before Changes Revision: 1 + 2 - 3 - 4 + 5	**94,174,264**	27,506,893	2,076,393	28,075,393	36,515,585
7. Change in UAAL Due to Plan Amendments and/or Changes in Actuarial Assumptions	**3,551,166**	1,192,069	64,431	1,115,795	1,178,871
8. This Year's Expected UAAL (after changes):	**97,725,430**	28,698,962	2,140,824	29,191,188	37,694,456
9. This Year's Actual UAAL (after changes):	**98,995,141**	28,913,740	2,235,097	29,532,297	38,314,007
10. Net Actuarial Gain/(Loss):	**(1,269,711)**	(214,778)	(94,273)	(341,109)	(619,551)
11. Gain/(Loss) Due to Investments:	**(1,498,806)**	(525,616)	(26,173)	(474,974)	(472,043)
12. Gain/(Loss) Due to Other Sources:	**229,095**	310,838	(68,100)	133,865	(147,508)

The annual experience (gains)/losses in previous years have been as follows:

Year Ending	Experience (Gain) / Loss				
	Total	General	Ocean Rescue	Police Officers	Firefighters
9/30/2007	$ (9,435,772)	$ (3,267,590)	$ (180,537)	$ (2,937,297)	$ (3,050,348)
9/30/2008	7,552,522	4,355,167	258,699	2,074,882	863,774
9/30/2009	16,157,482	6,350,288	393,013	4,392,377	5,021,804
9/30/2010	3,628,897	1,295,349	72,569	876,056	1,384,923
9/30/2011	(4,596,114)	(4,007,514)	125,711	420,131	(1,134,442)
9/30/2012	15,896,637	4,290,077	291,267	6,094,095	5,221,198
9/30/2013	3,509,214	(896,488)	25,398	2,357,290	2,023,014
9/30/2014	1,096,881	(78,156)	(19,591)	1,005,437	189,191
9/30/2015	7,795,031	2,702,752	105,415	2,602,412	2,384,452
9/30/2016	2,649,367	36,561	(14,661)	(648,599)	3,276,066
9/30/2017	1,269,711	214,778	94,273	341,109	619,551

The fund earnings and salary increase assumptions have considerable impact on the cost of the plan so it is important that they are in line with the actual experience. The following table shows the actual fund earnings and salary increase rates compared to the assumed rates for the last few years:

Year Ending	Investment Return			
	Actual Actuarial Rate of Return			Assumed
	General and Ocean Rescue	Police Officers	Firefighters	
9/30/2004	4.9 %	4.8 %	4.8 %	8.00 %
9/30/2005	5.9	5.5	5.4	8.00
9/30/2006	8.3	8.4	8.4	8.00
9/30/2007	11.2	11.5	11.3	8.00
9/30/2008	1.9	6.0	5.3	8.00
9/30/2009	(1.2)	3.9	1.5	8.00
9/30/2010	2.9	3.2	3.0	8.00
9/30/2011	1.7	1.6	1.3	8.00
9/30/2012	1.9	0.9	0.9	7.50
9/30/2013	7.7	5.1	5.7	7.50
9/30/2014	8.5	7.1	7.2	7.50
9/30/2015	6.2	5.3	5.2	7.50
9/30/2016	7.5	6.7	6.8	7.50
9/30/2017	6.7	6.7	6.6	7.40
Average	5.2 %	5.4 %	5.2 %	

Period Ending	Salary Increases							
	General		Ocean Rescue		Police Officers		Firefighters	
	Actual*	Assumed	Actual*	Assumed	Actual*	Assumed	Actual*	Assumed
9/30/2004	7.9 %	7.1 %	5.8 %	7.6 %	8.2 %	7.7 %	15.2 %	7.8 %
9/30/2005	10.0	7.0	12.7	7.5	6.6	7.7	15.2	7.8
9/30/2006	6.0	7.0	5.7	7.4	11.0	7.7	10.8	7.7
9/30/2007	6.8	7.0	5.1	7.6	(0.7)	7.7	3.0	7.7
9/30/2008	6.3	7.0	5.5	7.6	11.6	7.6	6.5	7.7
9/30/2009	5.6	7.0	9.4	7.7	16.4	7.7	16.1	7.7
9/30/2010	1.1	6.9	1.5	7.7	1.1	7.6	3.1	7.7
9/30/2011	1.0	7.0	2.1	7.5	0.8	6.7	0.4	6.8
9/30/2012	0.6	4.9	(2.1)	5.4	1.9	6.6	(5.7)	6.7
9/30/2013	(1.8)	5.0	(0.4)	5.3	(12.6)	5.6	(6.2)	5.6
9/30/2014	3.4	5.0	3.5	5.2	4.0	5.5	3.0	5.8
9/30/2015	3.4	5.0	2.0	5.1	4.9	5.6	4.5	6.0
9/30/2016	9.0 #	3.5	7.6 #	3.5	10.0 #	3.5	7.0 #	3.5
9/30/2017	0.6 #	3.5	2.5 #	3.5	2.2 #	3.5	2.5 #	3.5
Average	4.2 %	5.9 %	4.3 %	6.3 %	4.4 %	6.5 %	5.2 %	6.6 %

*Based on members who were active throughout the year.

Salaries for the year ended 9/30/2016 included 27 pay periods rather than the standard 26. Salaries for the year ended 9/30/2017 included 26 pay periods, so the true annualized salary increases for the year ended 9/30/2017 are understated.

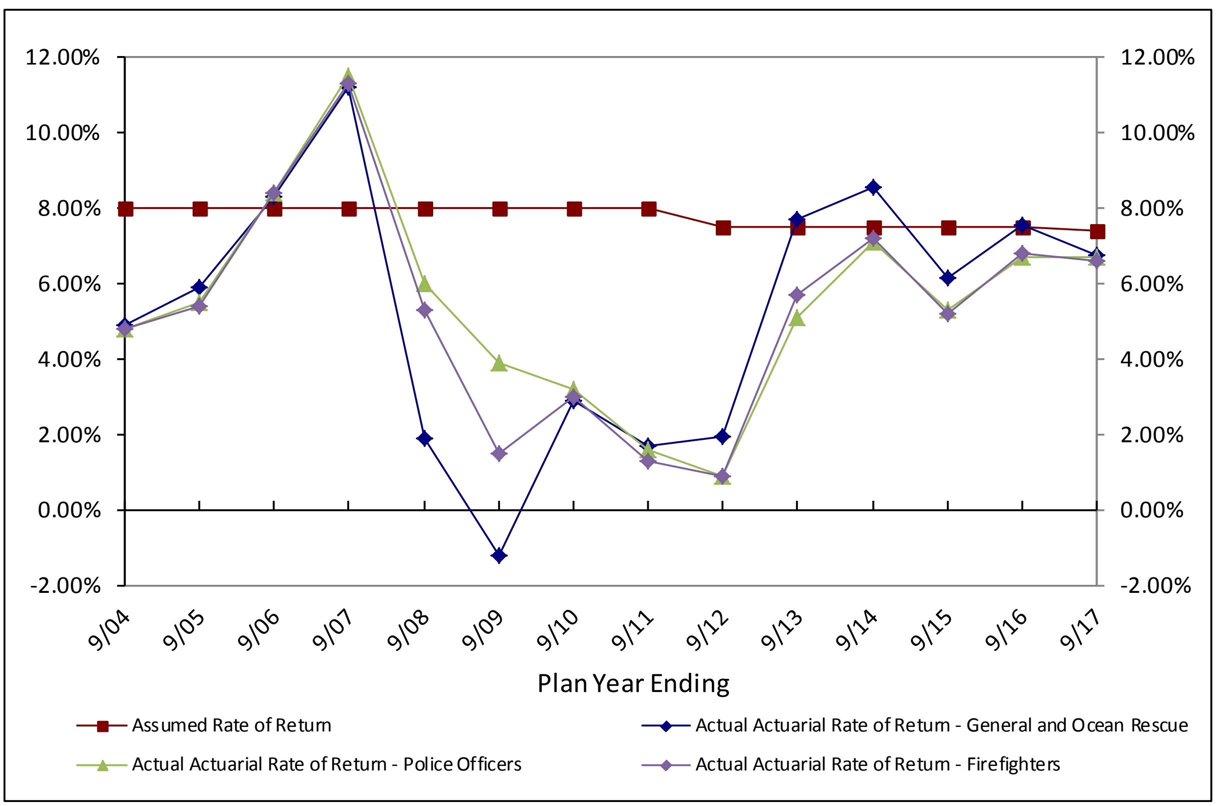
The actual investment return rates shown on the previous page are based on the actuarial value of assets. These returns differ from the returns on the market value of assets due to the smoothing of investment gains and losses over a five-year period. Please see page 65 for a full comparison of market value versus actuarial value (funding) rates of return. The actual salary increase rates shown above are the increases received by those active members who were included in the actuarial valuations both at the beginning and end of each period.

A schedule of recent total payroll change experience, as measured by gross pay, follows:

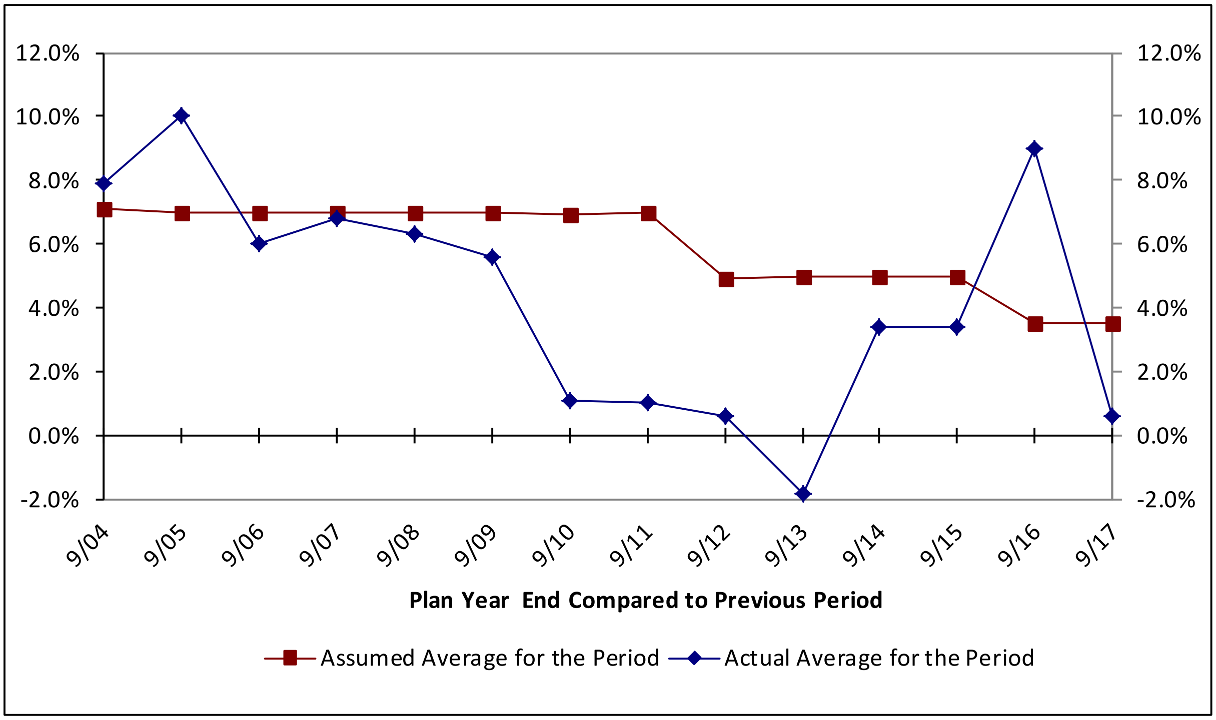
	Year Ended September 30					Average
	2017	2016	2015	2014	2013	10-Year#
% Change in Total Payroll						
General	3.5	8.6	(1.6)	3.9	(1.9)	(1.2) %
Ocean Rescue	2.5	16.1	(31.2)	3.5	(0.4)	(7.3)
Police Officers	8.6	(3.0)	9.4	(2.9)	(18.6)	(3.2)
Firefighters	8.1	6.6	(4.7)	(16.7)	(10.2)	(3.9)

 # 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 3.00% wage inflation, this report uses 3.00% inflation for purposes of compliance with F.S. 112.64(5).

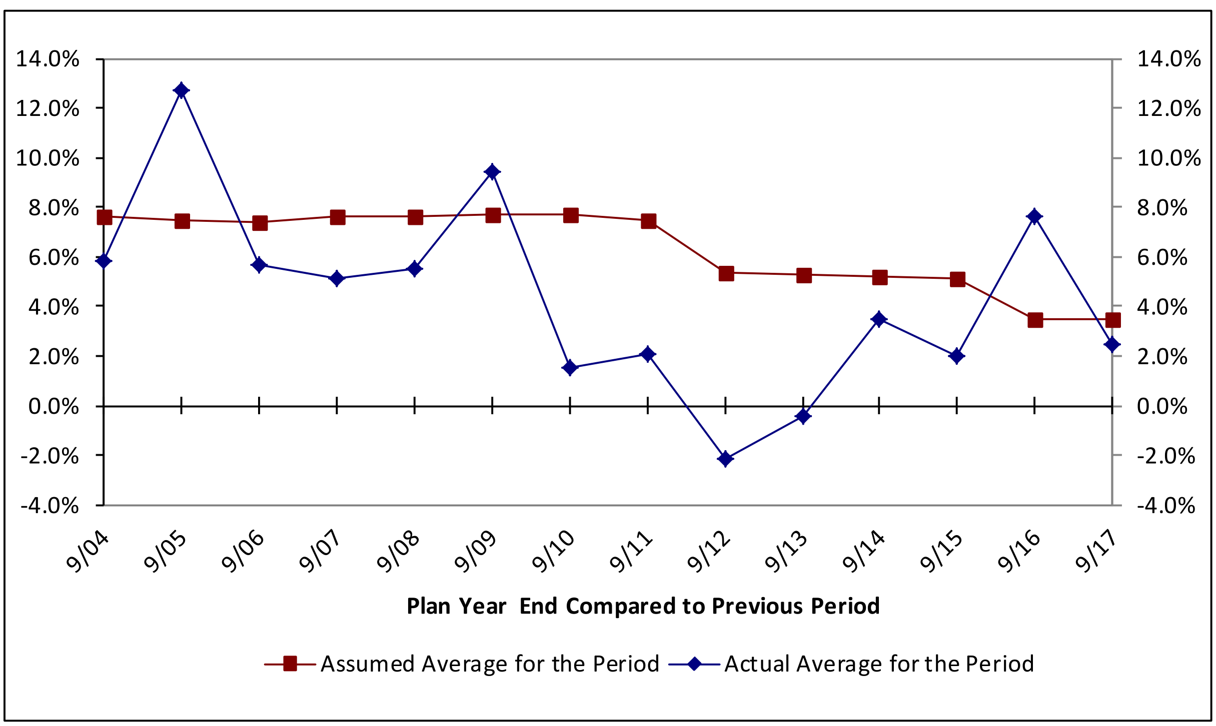
History of Investment Return
Based on Total Actuarial Value of Assets



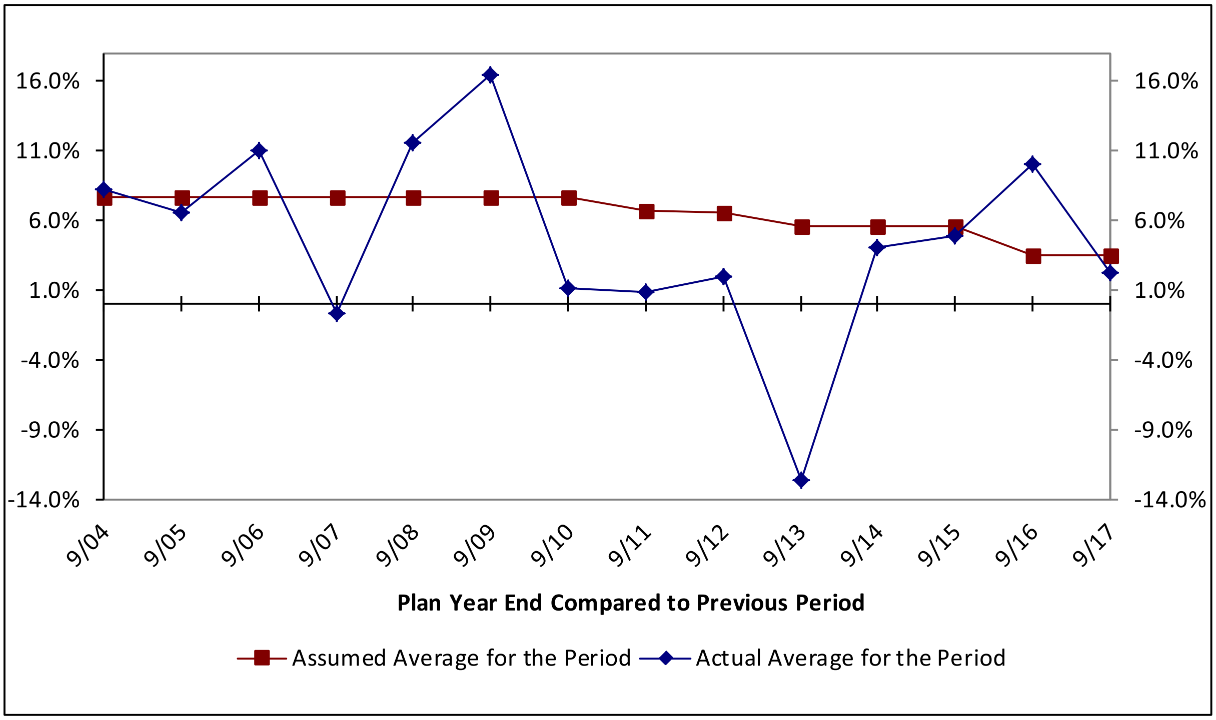
History of Salary Increases – General



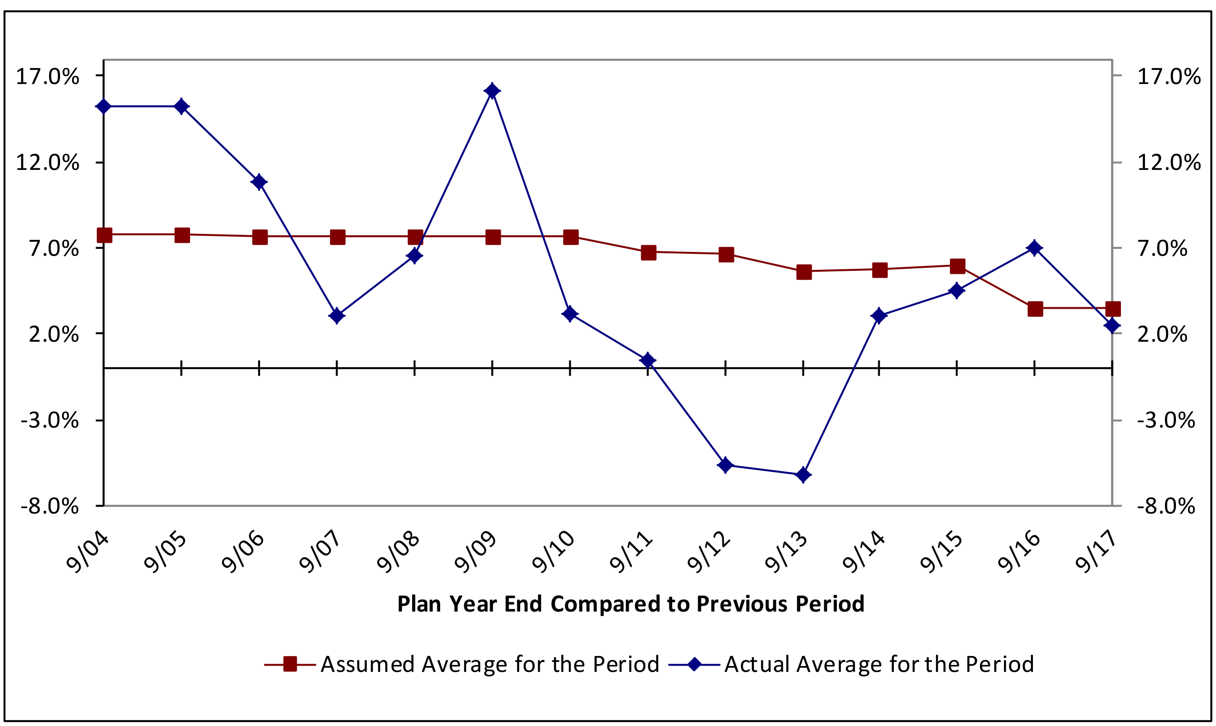
History of Salary Increases – Ocean Rescue



History of Salary Increases – Police Officers



History of Salary Increases – Firefighters



Number Added To and Removed from Active Participation
Actual (A) Compared to Expected (E)

General

Year Ended	Number Added During Year A	Number Added During Year E	Service & DROP Retirement A	Service & DROP Retirement E	Disability Retirement A	Disability Retirement E	Died In Service A	Died In Service E	Terminations Vested A	Terminations Other A	Terminations Totals A	Terminations Totals E	Active Members End of Year
9/30/2006	20	14	2	6	0	0	0	0	*	*	12	16	216
9/30/2007	16	18	9	7	0	0	1	0	*	*	8	15	214
9/30/2008	9	21	13	8	0	0	0	0	1	7	8	14	202
9/30/2009	17	16	9	6	0	0	0	0	2	5	7	12	203
9/30/2010	6	34	14	7	1	0	0	0	2	17	19	12	175
9/30/2011	7	18	10	6	1	0	0	0	1	6	7	7	164
9/30/2012	8	21	18	20	0	1	0	0	3	0	3	6	151
9/30/2013	17	12	9	11	1	1	0	0	2	0	2	7	156
9/30/2014	18	12	4	12	0	1	0	0	4	4	8	10	162
9/30/2015	17	20	11	20	0	1	0	0	0	9	9	12	159
9/30/2016	24	18	7	10	0	1	1	0	3	7	10	12	165
9/30/2017	24	15	5	5	0	1	0	0	3	7	10	13	174
12-Yr Total	183	219	111	118	3	6	2	0	21	62	103	136	

*Breakdown between vested and other terminations was not determined for year ended 9/30/2006 and 9/30/2007.

Ocean Rescue

Two Years Ended	Number Added During Year A	Number Added During Year E	Service & DROP Retirement A	Service & DROP Retirement E	Disability Retirement A	Disability Retirement E	Died In Service A	Died In Service E	Terminations Vested A	Terminations Other A	Terminations Totals A	Terminations Totals E	Active Members End of Year
9/30/2006	0	0	0	1	0	0	0	0	0	0	0	0	9
9/30/2007	1	2	2	1	0	0	0	0	0	0	0	0	8
9/30/2008	0	1	1	1	0	0	0	0	0	0	0	0	7
9/30/2009	2	0	0	0	0	0	0	0	0	0	0	0	9
9/30/2010	0	2	1	0	0	0	0	0	0	1	1	0	7
9/30/2011	0	3	1	0	0	0	0	0	0	2	2	0	4
9/30/2012	0	0	0	0	0	0	0	0	0	0	0	0	4
9/30/2013	0	0	0	0	0	0	0	0	0	0	0	0	4
9/30/2014	0	0	0	1	0	0	0	0	0	0	0	0	4
9/30/2015	0	1	1	1	0	0	0	0	0	0	0	0	3
9/30/2016	2	1	1	2	0	0	0	0	0	0	0	0	4
9/30/2017	0	0	0	1	0	0	0	0	0	0	0	0	4
12-Yr Total	5	10	7	8	0	0	0	0	0	3	3	0	

Number Added To and Removed from Active Participation
Actual (A) Compared to Expected (E)

Police Officers

Year Ended	Number Added During Year A	Number Added During Year E	Service & DROP Retirement A	Service & DROP Retirement E	Disability Retirement A	Disability Retirement E	Died In Service A	Died In Service E	Terminations Vested A	Terminations Other A	Terminations Totals A	Terminations Totals E	Active Members End of Year
9/30/2006	10	8	3	10	0	0	0	0	*	*	5	3	74
9/30/2007	4	7	5	11	0	0	0	0	*	*	2	3	71
9/30/2008	4	10	5	9	0	0	0	0	0	5	5	3	65
9/30/2009	11	6	1	7	0	0	0	0	0	5	5	3	70
9/30/2010	1	3	1	7	0	0	0	0	0	2	2	3	68
9/30/2011	0	8	7	9	1	0	0	0	0	0	0	2	60
9/30/2012	0	13	6	6	0	0	0	0	7	0	7	2	47
9/30/2013	10	10	1	5	0	0	0	0	9	0	9	1	47
9/30/2014	13	11	4	7	1	0	0	0	3	3	6	2	49
9/30/2015	6	3	0	8	0	0	0	0	0	3	3	3	52
9/30/2016	6	10	5	9	0	0	0	0	0	5	5	3	48
9/30/2017	12	6	2	6	0	0	0	0	0	4	4	2	54
12-Yr Total	77	95	40	94	2	0	0	0	19	27	53	30	

*Breakdown between vested and other terminations was not determined for year ended 9/30/2006 and 9/30/2007.

Firefighters

Two Years Ended	Number Added During Year A	Number Added During Year E	Service & DROP Retirement A	Service & DROP Retirement E	Disability Retirement A	Disability Retirement E	Died In Service A	Died In Service E	Terminations Vested A	Terminations Other A	Terminations Totals A	Terminations Totals E	Active Members End of Year
9/30/2006	4	4	2	8	0	0	0	0	*	*	2	4	74
9/30/2007	5	7	3	8	0	0	0	0	*	*	4	3	72
9/30/2008	4	3	3	9	0	0	0	0	0	0	0	3	73
9/30/2009	5	5	4	9	0	0	0	0	1	0	1	3	73
9/30/2010	0	4	3	7	0	0	0	0	0	1	1	3	69
9/30/2011	0	9	8	6	0	0	0	0	0	1	1	2	60
9/30/2012	0	9	4	4	0	0	0	0	5	0	5	2	51
9/30/2013	8	9	1	2	1	0	0	0	7	0	7	1	50
9/30/2014	14	14	5	8	0	0	0	0	8	1	9	2	50
9/30/2015	12	13	3	4	0	0	0	0	1	9	10	3	49
9/30/2016	14	12	3	2	0	0	0	0	2	7	9	5	51
9/30/2017	14	7	0	0	0	0	0	0	1	6	7	4	58
12-Yr Total	80	96	39	67	1	0	0	0	25	25	56	35	

*Breakdown between vested and other terminations was not determined for year ended 9/30/2006 and 9/30/2007.

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.

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

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

FUNDING PROGRESS INDICATORS - HISTORICAL COMPARISONS ALL GROUPS									
	Number of		Indicator (1)	Indicator (2)			Indicator (3)		
Valuation Date September 30	Active Members	Inactive Members	Exper. Gain (Loss)	Funding Value of Assets	AAL	Funded Ratio	Unfunded AAL	Active Member Payroll	Ratio to Payroll
1991	*	*	$ (756)	$ 46,830	$ 53,410	88	$ 6,580	$ 12,287	-- %
1992	*	*	(530)	51,470	58,398	88	6,928	12,712	--
1993 (a)	*	*	2,632	57,089	61,692	93	4,603	12,443	--
1994	*	*	674	62,651	66,474	94	3,823	12,415	--
1995 (a)	*	*	4,437	70,326	72,339	97	2,013	12,543	--
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)	*	*	9,599	130,812	109,013	120	(21,799)	14,343	--
2001 (a)	338	402	(4,082)	148,052	131,036	113	(17,016)	15,816	--
2002	335	416	(20,118)	138,762	142,062	98	3,300	17,149	19
2003	351	409	(4,281)	141,889	151,643	94	9,754	18,781	52
2004 (a)	357	272	(5,077)	146,764	165,149	89	18,385	20,391	90
2005 (a)	365	283	(5,728)	154,010	184,192	84	30,182	22,137	136
2006	373	284	1,014	166,459	198,108	84	31,650	23,901	132
2007	365	301	9,423	185,370	208,401	89	23,030	23,604	98
2008	347	319	(7,553)	193,053	224,095	86	31,043	23,819	130
2009	355	329	(16,157)	193,222	242,054	80	48,832	25,889	189
2010	319	350	(3,629)	197,107	251,439	78	54,331	23,842	228
2011 (a)	288	371	4,596	196,700	228,323	86	31,623	21,290	149
2012 (a)	253	404	(5,571)	189,725	250,698	76	60,973	18,212	335
2013	257	431	(3,509)	190,413	256,518	74	66,105	16,823	393
2014 (a)	265	462	(1,096)	195,102	262,234	74	67,132	16,832	399
2015 (a)	263	480	(7,794)	203,456	289,918	70	86,461	16,767	516
2016 (a)	268	503	(2,649)	209,123	307,994	68	98,871	17,731	558
2017	**290**	**508**	**(1,270)**	**219,106**	**314,550**	**70**	**95,444**	**18,687**	**511**
2017 (a)	**290**	**508**	**(1,270)**	**219,106**	**318,101**	**69**	**98,995**	**18,687**	**530**

Note: Dollar amounts are in thousands.

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

GASB Statement No. 25 basis.

FUNDING PROGRESS INDICATORS - HISTORICAL COMPARISONS GENERAL AND OCEAN RESCUE									
	Number of		Indicator (1)	Indicator (2)			Indicator (3)		
Valuation Date September 30	Active Members	Inactive Members	Exper. Gain (Loss)	Funding Value of Assets	AAL	Funded Ratio	Unfunded AAL	Active Member Payroll**	Ratio to Payroll
1991	*	*	$ (756)	$ 46,830	$ 53,410	88 %	$ 6,580	$ 12,287	54 %
1992	*	*	(530)	51,470	58,398	88	6,928	12,712	54
1993 (a)	*	*	2,632	57,089	61,692	93	4,603	12,443	37
1994	*	*	674	62,651	66,474	94	3,823	12,415	31
1995 (a)	*	*	4,437	70,326	72,339	97	2,013	12,543	16
1996	214	214	3,707	78,929	77,327	102	(1,602)	13,382	--
1997 #	220	214	5,135	88,697	86,042	103	(2,655)	14,092	--
1998 (a)	224	223	4,961	99,939	92,703	108	(7,236)	14,549	--
1999 (a)	214	234	7,056	113,770	98,866	115	(14,904)	14,422	--
2000 @	212	118	3,385	49,616	39,588	125	(10,028)	8,113	--
2001 (a) @	218	124	(949)	56,060	48,675	115	(7,385)	8,752	--
2002	213	126	(8,273)	52,316	53,071	99	755	9,380	8
2003	221	122	(1,193)	53,798	56,652	95	2,854	10,223	28
2004	220	124	(2,100)	56,298	61,842	91	5,544	10,877	51
2005	219	130	(2,111)	59,589	67,882	88	8,294	11,552	72
2006	225	129	673	64,608	73,054	88	8,446	12,422	68
2007	222	140	3,448	72,161	77,632	93	5,470	12,697	43
2008	209	153	(4,614)	73,732	83,758	88	10,025	12,687	79
2009	212	160	(6,743)	72,370	89,658	81	17,288	13,304	130
2010	182	175	(1,368)	73,809	93,147	79	19,338	11,580	167
2011 (a)	168	189	3,882	74,247	82,974	89	8,728	10,926	80
2012 (a)	155	202	5,744	72,393	90,681	80	18,289	9,884	185
2013 (a)	160	209	871	73,853	91,884	80	18,031	9,698	186
2014 (a)	166	216	98	76,386	94,245	81	17,858	10,075	177
2015 (a)	162	229	(2,808)	79,003	106,024	75	27,021	9,856	274
2016 (a)	169	244	(22)	81,382	112,237	72	30,855	10,714	288
2017	**178**	**245**	**(309)**	**84,969**	**114,861**	**74**	**29,892**	**11,086**	**270**
2017 (a)	**178**	**245**	**(309)**	**84,969**	**116,118**	**73**	**31,149**	**11,086**	**281**

Note: Dollar amounts are in thousands.

* Count between active and inactive members was not determined for valuations before 1996.

** Active Member Payroll includes Public Safety members for years before 9/30/2000.

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

\# GASB Statement No. 25 basis.

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

FUNDING PROGRESS INDICATORS - HISTORICAL COMPARISONS POLICE OFFICERS									
	Number of		Indicator (1)	Indicator (2)			Indicator (3)		
Valuation Date September 30	Active Members	Inactive Members	Exper. Gain (Loss)	Funding Value of Assets	AAL	Funded Ratio	Unfunded AAL	Active Member Payroll**	Ratio to Payroll
1996	*	*	$ 3,707	$ 78,929	$ 77,327	102 %	($1,602)	$ 13,382	-- %
1997 #	*	*	5,135	88,697	86,042	103	(2,655)	14,092	--
1998 (a)	*	*	4,961	99,939	92,703	108	(7,236)	14,549	--
1999 (a)	*	*	7,056	113,770	98,866	115	(14,904)	14,422	--
2000 (a)@	*	*	6,214	81,196	69,425	117	(11,771)	6,230	--
2001 (a)@	62	140	(3,133)	91,992	82,361	112	(9,631)	7,064	--
2002	66	145	(11,845)	86,446	88,991	97	2,545	7,769	33
2003	67	144	(3,088)	88,091	94,991	93	6,900	8,558	81
2004 (a)&	70	70	(1,390)	46,386	51,605	90	5,219	5,070	103
2005 (a)	72	72	(330)	48,656	56,996	85	8,340	5,348	156
2006	74	75	631	52,614	60,835	86	8,220	5,769	142
2007	71	80	2,937	58,486	63,742	92	5,256	5,334	99
2008	65	83	(2,075)	61,668	68,525	90	6,857	5,309	129
2009	70	83	(4,392)	63,000	74,257	85	11,257	6,187	182
2010	68	85	(876)	64,079	76,694	84	12,614	6,043	209
2011 (a)	60	89	(420)	63,554	72,421	88	8,866	5,222	170
2012 (a)	47	102	(6,094)	61,028	80,129	76	19,101	4,241	450
2013	47	112	(2,357)	60,553	82,416	73	21,862	3,454	633
2014 (a)	49	120	(1,005)	61,819	84,624	73	22,805	3,354	680
2015 (a)	52	119	(2,602)	63,673	91,622	69	27,949	3,668	762
2016 (a)	48	120	649	65,428	95,358	69	29,929	3,559	841
2017	**54**	**124**	**(341)**	**68,773**	**97,190**	**71**	**28,417**	**3,865**	**735**
2017 (a)	**54**	**124**	**(341)**	**68,773**	**98,306**	**70**	**29,532**	**3,865**	**764**

Note: Dollar amounts are in thousands.

* Count between active and inactive members was not determined for valuations before 2001.

** Active Member Payroll includes General and Life members for years before 9/30/2000 and Fire members for years before 9/30/2004.

(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).

FUNDING PROGRESS INDICATORS - HISTORICAL COMPARISONS FIREFIGHTERS									
	Number of		Indicator (1)	Indicator (2)			Indicator (3)		
Valuation Date September 30	Active Members	Inactive Members	Exper. Gain (Loss)	Funding Value of Assets	AAL	Funded Ratio	Unfunded AAL	Active Member Payroll**	Ratio to Payroll
1996	*	*	$ 3,707	$ 78,929	$ 77,327	102 %	($1,602)	$ 13,382	-- %
1997 #	*	*	5,135	88,697	86,042	103	(2,655)	14,092	--
1998 (a)	*	*	4,961	99,939	92,703	108	(7,236)	14,549	--
1999 (a)	*	*	7,056	113,770	98,866	115	(14,904)	14,422	--
2000 (a)@	*	*	6,214	81,196	69,425	117	(11,771)	6,230	--
2001 (a)@	58	138	(3,133)	91,992	82,361	112	(9,631)	7,064	--
2002	56	145	(11,845)	86,446	88,991	97	2,545	7,769	33
2003	63	143	(3,088)	88,091	94,991	93	6,900	8,558	81
2004 (a)&	67	78	(1,587)	44,080	51,703	85	7,623	4,444	172
2005 (a)	74	81	(3,287)	45,765	59,314	77	13,548	5,237	259
2006	74	80	(290)	49,236	64,220	77	14,984	5,710	262
2007	72	81	3,038	54,723	67,027	82	12,304	5,573	221
2008	73	83	(864)	57,652	71,813	80	14,161	5,823	243
2009	73	86	(5,022)	57,852	78,139	74	20,287	6,398	317
2010	69	90	(1,385)	59,219	81,598	73	22,379	6,219	360
2011 (a)	60	93	1,134	58,899	72,928	81	14,029	5,142	273
2012 (a)	51	100	(5,221)	56,304	79,887	70	23,584	4,087	577
2013	50	110	(2,023)	56,007	82,218	68	26,211	3,671	714
2014 (a)	50	126	(189)	56,897	83,365	68	26,468	3,403	778
2015 (a)	49	132	(2,384)	60,781	92,272	66	31,491	3,243	971
2016 (a)	51	139	(3,276)	62,312	100,399	62	38,087	3,458	1101
2017	**58**	**139**	**(620)**	**65,363**	**102,499**	**64**	**37,135**	**3,736**	**994**
2017 (a)	**58**	**139**	**(620)**	**65,363**	**103,677**	**63**	**38,314**	**3,736**	**1026**

Note: Dollar amounts are in thousands.

* Count between active and inactive members was not determined for valuations before 2001.

** Active Member Payroll includes General and Life members for years before 9/30/2000 and Police members for years before 9/30/2004.

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

GASB Statement No. 25 basis.

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

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

RECENT HISTORY OF REQUIRED AND ACTUAL CONTRIBUTIONS

Valuation Date	End of Year To Which Valuation Applies	Required Contributions							Actual Contributions			
		General & Ocean Rescue		Police Officers		Firefighters		Total	General & Ocean Rescue	Police Officers	Firefighters	Total
		Dollar Amount*	% of Payroll	Dollar Amount*	% of Payroll	Dollar Amount*	% of Payroll	Dollar Amount*				
9/30/2004	9/30/2006	$ 2,105	17.86 %	$1,943	35.36 %	$1,796	39.34 %	$5,844	$ 2,008	$2,010	$ 1,701	$ 5,719
9/30/2005	9/30/2007	2,415	19.29	2,382	42.25	2,609	45.97	7,406	2,417	2,399	2,610	7,426
9/30/2006	9/30/2008	2,615	19.43	2,593	41.47	2,875	46.47	8,083	2,615	2,596	2,875	8,086
9/30/2007	9/30/2009	2,420	17.59	2,330	40.32	2,709	44.86	7,459	2,420	2,330	2,709	7,459
9/30/2008	9/30/2010	2,616	19.03	2,491	43.30	2,997	47.50	8,104	2,616	2,491	2,997	8,104
9/30/2009	9/30/2011	3,075	21.33	3,054	45.56	3,540	51.06	9,669	3,075	2,496	2,919	8,490
9/30/2010	9/30/2012	955	7.72	1,290	19.98	1,563	23.54	3,808	811	1,235	1,415	3,461
9/30/2011	9/30/2013	1,349	12.84	1,257	25.04	1,371	27.72	3,977	1,415	1,257	1,371	4,043
9/30/2012	9/30/2014	1,994	19.16	1,882	42.14	2,040	47.41	5,916	2,019	1,979	2,072	6,070
9/30/2013	9/30/2015	2,014	19.49	2,145	56.62	2,224	57.20	6,383	2,008	2,145	2,224	6,377
9/30/2014	9/30/2016	2,066	19.48	2,233	63.23	2,286	63.78	6,585	2,992	3,115	3,270	9,377
9/30/2015	9/30/2017	2,578	24.84	2,643	68.42	2,629	77.00	7,850	4,270	4,283	4,717	13,270
9/30/2016	9/30/2018	3,063	27.25	2,871	76.87	3,262	89.93	9,196	---	---	---	---
9/30/2017	9/30/2019	3,233	27.89	2,936	72.67	3,462	88.65	9,631	---	---	---	---

Note: Dollar amounts are in thousands.

*Computed Dollar Contribution Based on Projected Payroll.

Recommended Contributions
Comparative Statement

Fiscal Year	Valuation Date Sept. 30	Public Contributions (Additional to Member Contributions) % of Payroll Contributions			
		General	Ocean Rescue	Police Officers	Firefighters
87/88	1986	12.65 %	18.96 %	21.58 %	21.58 %
88/89	1987	12.84	18.83	23.35	23.35
89/90	1988	13.50	20.31	23.34	23.34
90/91	1989	13.14	17.90	22.56	22.84
91/92	1990	15.42	20.12	25.00	26.06
92/93	1991	15.49	20.35	24.98	27.17
93/94	1992	15.41	20.50	25.35	28.86
94/95	1993	15.66	21.26	27.74	29.73
95/96	1994	15.76	19.90	28.24	32.83
96/97	1995	14.29	19.70	30.60	35.45
97/98	1996	12.87	18.82	29.03	34.32
98/99	1997	11.59	17.84	28.91	32.40
99/00	1998	12.08	16.50	25.97	30.13
00/01	1999	9.58	15.44	22.37	26.48
01/02	2000	6.14	10.81	12.71	15.11
02/03	2001	10.83	15.59	19.34	22.36
03/04	2002	15.85	16.97	30.74	34.45
04/05	2003	16.75	22.39	33.09	36.75
05/06	2004	17.66	24.39	35.36	39.34
06/07	2005	19.01	27.09	42.25	45.97
07/08	2006	19.15	27.15	41.47	46.47
08/09	2007	17.35	25.81	40.32	44.86
09/10	2008	18.71	31.42	43.30	47.50
10/11	2009	20.95	33.37	45.56	51.06
11/12	2010	23.34	41.71	19.98	53.12
12/13	2011	11.87	63.59	25.04	27.72
13/14	2012	18.15	68.04	42.14	47.41
14/15	2013	18.39	71.93	56.62	57.20
15/16	2014	18.37	72.32	63.23	63.78
16/17	2015	23.61	109.09	68.42	77.00
17/18	2016	26.04	104.54	76.87	89.93
18/19 (b)	**2017**	**25.04**	**102.89**	**68.65**	**83.58**
18/19 (a)	**2017**	**26.65**	**108.26**	**72.67**	**88.65**

(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.

ACTUARIAL ASSUMPTIONS AND COST METHOD

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 the following page.

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).

Actuarial Assumptions are established by the Board after consulting with the actuary. The reasonableness of the economic assumptions are based upon capital market expectations provided by various investment consultants and other sources such as the Social Security Trustees report. All actuarial assumptions are based on future expectations, not market measures.

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

Valuation Methods

Actuarial Cost Method - Normal cost and the allocation of benefit values between service rendered before and after the valuation date were determined using an **Individual Entry-Age Actuarial Cost Method** having the following characteristics:

(i) the annual normal cost for each individual active member, payable from the date of employment to the dates of expected retirement, is sufficient to accumulate the value of the member's benefit at the time of retirement;

(ii) each annual normal cost is a constant percentage of the member's year by year projected covered pay.

Actuarial gains/(losses), as they occur, reduce (increase) the Unfunded Actuarial Accrued Liability.

Financing of Unfunded Actuarial Accrued Liabilities - Unfunded Actuarial Accrued Liabilities were amortized as a level (principal & interest combined) percent of payroll over a prescribed period of up to 25 years. The maximum prescribed period was 30 years in the prior valuation. The payroll growth assumption is 3.00% for purposes of compliance with F.S. 112.64(5). The payroll growth assumption was 3.25% in the prior valuation. The payroll growth assumption will be further reduced by 0.25% next year (to 2.75%).

Funding Value of Assets - The Funding Value of Assets phases in the difference between the expected investment earnings and actual investment earnings at the rate of 20% per year. The Funding Value of Assets will be further adjusted to the extent necessary to fall within the corridor whose lower limit is 80% of the Market Value of plan assets and whose upper limit is 120% of the Market Value of plan assets. During periods when investment performance exceeds the assumed rate, the Funding Value of Assets will tend to be less than the Market Value. During periods when investment performance is less than assumed rate, the Funding Value of Assets will tend to be greater than the Market Value.

Valuation Assumptions

The actuarial assumptions used in the valuation are shown in this Section. The active group is too small to provide statistically significant experience on which to base certain demographic assumptions. Mortality is based on a commonly used fully generational table and projection scale that is mandated by Florida Statutes.

Economic Assumptions

The investment return rate assumed in the valuation is 7.30% per year, compounded annually (net after investment expenses). The investment return assumption was 7.4% in the prior valuation. The investment return will further be reduced by 0.1% each year until reaching a target rate of 7.0%.

The **Inflation Rate** assumed in this valuation was 2.50% per year. This rate was 3.0% in the prior valuation. 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					
	2017	2016	2015	2014	2013	Average for Period
Actual	2.2%	1.5%	0.0%	1.7%	1.2%	1.3%
Assumed	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

The assumed **real rate of return** over inflation is defined to be the portion of total investment return that is more than the assumed inflation rate. This is the rate of return assumed to be produced by investing a pool of assets in an inflation-free environment. Considering other economic assumptions, the 7.30% investment return rate translates to an assumed real rate of return over inflation of 4.80%.

The active member population is assumed to remain constant.

The rate of salary increase used for individual members is 3.5% per year. Part of this assumption is for merit and/or seniority increases, and 2.5% recognizes inflation, productivity increases, and other macroeconomic forces. This assumption is used to project a member's current salary to the salaries upon which benefits will be based.

Demographic Assumptions

The mortality table is the RP-2000 Combined Healthy Participant Mortality Table (for pre-retirement mortality) and the RP-2000 Mortality Table for Annuitants (for post-retirement mortality), with mortality improvements projected to all future years after 2000 using Scale BB. For General Employee males, the base mortality rates include a 50% blue collar adjustment and a 50% white collar adjustment. For Ocean Rescue, Police Officer and Firefighter males, the base mortality rates include a 90% blue collar adjustment and a 10% white collar adjustment. For females, the base mortality rates include a 100% white collar adjustment. These are the same rates currently in use for Regular and Special Risk Class members of the Florida Retirement System (FRS), as mandated under Florida Statues Chapter 112.63.

Healthy Post-Retirement Mortality

General Employees

Sample Ages in 2017	Value of $1 Monthly for Life		Future Life Expectancy (Years)	
	Men	Women	Men	Women
50	$146.79	$152.67	34.66	38.31
55	140.84	146.77	30.03	33.29
60	132.35	139.02	25.36	28.39
65	121.33	128.95	20.84	23.65
70	107.82	116.62	16.59	19.19
75	92.12	102.21	12.73	15.11
80	75.27	86.13	9.40	11.49

Ocean Rescue, Police Officers and Firefighters

Sample Ages in 2017	Value of $1 Monthly for Life		Future Life Expectancy (Years)	
	Men	Women	Men	Women
50	$145.42	$152.67	33.90	38.31
55	138.90	146.77	29.26	33.29
60	130.22	139.02	24.68	28.39
65	119.21	128.95	20.28	23.65
70	105.78	116.62	16.15	19.19
75	90.43	102.21	12.43	15.11
80	74.11	86.13	9.23	11.49

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

Healthy Pre-Retirement Mortality

General Employees

Sample Ages in 2017	Value of $1 Monthly for Life		Future Life Expectancy (Years)	
	Men	Women	Men	Women
50	$149.79	$153.67	35.58	38.66
55	142.46	147.55	30.46	33.51
60	133.09	139.45	25.53	28.49
65	121.52	129.08	20.88	23.67
70	107.82	116.62	16.59	19.19
75	92.12	102.21	12.73	15.11
80	75.27	86.13	9.40	11.49

Ocean Rescue, Police Officers and Firefighters

Sample Ages in 2017	Value of $1 Monthly for Life		Future Life Expectancy (Years)	
	Men	Women	Men	Women
50	$148.60	$153.67	34.89	38.66
55	140.86	147.55	29.77	33.51
60	131.15	139.45	24.89	28.49
65	119.44	129.08	20.33	23.67
70	105.78	116.62	16.15	19.19
75	90.43	102.21	12.43	15.11
80	74.11	86.13	9.23	11.49

This assumption is used to measure the probabilities of active members dying prior to retirement.

For disabled retirees, the mortality table used for General Employees was the RP-2000 for Disabled Annuitants, set back 4 years for males and set forward 2 years for females; and for Ocean Rescue, Police Officers and Firefighters, 60% of the RP-2000 for Disabled Annuitants set forward 2 years for females and setback for 4 years for males and 40% of the RP-2000 Annuitant Mortality Table with a White Collar adjustment and no age setback, both with no provision being made for future mortality improvement. These are the same rates currently in use for Regular and Special Risk Class members of the Florida Retirement System (FRS), as mandated under Florida Statues Chapter 112.63.

The rates of retirement used to measure the probability of eligible members retiring during the next year were as follows:

For Grandfathered General and Ocean Rescue:

Retirement Ages	Percent Retiring General	Percent Retiring Ocean Rescue	Early Retirement Ages	Percent Retiring General
45 - 49	N/A	25%		N/A
50	15%	25	50	5%
51 - 54	10	25	51 - 54	5
55 - 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			

For Grandfathered Police Officers and Firefighters:

Age & Service		Rule of 65		Service Based	
Retirement Ages	Percent Retiring	Age Plus Service	Percent Retiring	Service Based	Percent Retiring
50 - 59	70%	65 - 69	70%	20 - 24	70%
60	100	70	100	25	100

For Non-Grandfathered Employees:

Retirement Ages	Percent Retiring General	Percent Retiring Ocean Rescue	Early Retirement Ages	Percent Retiring General	Retirement Ages	Percent Retiring Police & Firefighters
62	30%	70%	60 - 61	5%	56	70%
63	15	80			57	70%
64	15	90			58	70%
65	60	100			59	70%
66	30				60	100%
67	40					
68	50					
69	90					
70	100					

Rates of separation from active membership were as shown below (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 members separating from employment.

Sample Ages	Years of Service	Percent Separating Within Next Year: General	Percent Separating Within Next Year: Police and Firefighters	Years of Service	Percent Separating Within Next Year: Ocean Rescue
ALL	0	40.00 %	15.00 %	0	20.00 %
	1	25.00	10.00	1	17.50
	2	15.00	8.00	2	15.00
	3	10.00	7.00	3	12.50
	4	7.00	6.00	4	10.00
20	5 & Over	6.00	5.00	5	9.00
25		6.00	5.00	6	8.00
30		5.50	4.50	7	7.00
35		4.40	3.55	8	6.00
40		1.85	1.45	9	5.00
45		1.25	0.75	10	4.00
50		1.25	0.75	11	3.00
55		1.25	0.75	12	2.00
60		1.25	0.75	13 & Over	2.00

Note: Frozen plan A benefits are valued assuming 10% separation per year after the first 4 years to better model the earlier benefit commencement eligibility applicable to Plan A benefits.

Rates of disability measures the probabilities of active members becoming disabled. (For General Employees 25% of disabilities are assumed to be service-connected, and for Ocean Rescue, Police Officers and Firefighters 50% of disabilities are assumed to be service-connected).

Sample Ages	Percent Becoming Disabled Within Next Year: Men	Percent Becoming Disabled Within Next Year: 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

Changes from previous valuation

- The assumed investment return was lowered from 7.4% to 7.3% per year, compounded annually, net after investment expenses.
- The payroll growth rate assumption was lowered from 3.25% to 3.00%.
- The cost/CPI inflation assumption was lowered from 3.0% to 2.5%.
- The maximum prescribed period of amortizing the unfunded actuarial accrued liabilities was lowered from 30 years to 25 years.

Miscellaneous and Technical Assumptions

Administrative & Investment Expenses	Administrative expenses are reimbursed on a retrospective basis by an addition to the Town contribution rate. Investment expenses are an offset against total investment income. Assumed administrative expenses are added to the Normal Cost.
Benefit Service	Exact fractional service is used to determine the amount of benefit payable.
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.
Decrement Relativity	Decrement rates are used directly, without adjustment for multiple decrement table effects.
Decrement Timing	Decrements of all types are assumed to occur at the middle of the year.
Earnings	Earnings reported for the actuarial valuation include all amounts included in average earnings for benefit purposes.
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.
Forfeitures	For vested separations from service, it is assumed that members separating will only withdraw their contributions and forfeit an employer financed benefit if the value of their accumulated contributions exceeds the present value of their deferred monthly benefit. It was further assumed that the liability at termination is the greater of the vested deferred benefit (if any) or the member's accumulated contributions.
Internal Revenue Code (IRC) Section 415 Limitation	IRC Section 415 limits are projected into the future assuming annual inflation increases of 2.0% per year and no changes in the applicable prescribed mortality assumptions. For the purposes of valuing the liability for applicable Plan members whose benefits are currently limited under IRC Section 415 and who are currently in the DROP, payments and interest in the DROP balance continue to accumulate until the latest allowable DROP exit date. Benefits payable from the Plan are then reduced to reflect the projected IRC Section 415 limit and the value of the projected DROP exit balance. Investment earnings in the DROP are being projected at an assumed rate of 6.5% for this purpose.

Incidence of Contributions — Employer contributions and Member contributions are assumed to be received continuously throughout the year based upon the computed percentages 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.

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

Marriage Assumption — 90% of males and 90% of females are assumed to be married for purposes of death-in-service benefits. Males are assumed to be three years older than their spouses for active member valuation purposes.

Member Contributions — Member contributions are based upon the percentages of payroll shown in this report. Police officers and firefighters are assumed to contribute at a rate of 10%.

Normal Form of Benefit — The assumed normal form of benefit is the straight life form for Plan B benefits, and 75% joint and survivor (with 10 years certain) for Plan A benefits.

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

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.

Service Credit Accruals — It is assumed that members accrue one year of service credit per year.

GLOSSARY

Accrued Service	Service credited under the System which was rendered before the date of the actuarial valuation.
Actuarial Accrued Liability (AAL)	The difference between the Actuarial Present Value of Future Benefits, and the Actuarial Present Value of Future Normal Costs. Also referred to as "Accrued Liability" or "Past Service Liability."
Actuarial Assumptions	Assumptions about future plan experience that affect costs or liabilities, such as: mortality, withdrawal, disablement, and retirement; future increases in salary; future rates of investment earnings; future investment and administrative expenses; characteristics of members not specified in the data, such as marital status; characteristics of future members; future elections made by members; and other items.
Actuarial Cost Method	A mathematical budgeting procedure for allocating the Actuarial Present Value of Future Benefits between the Actuarial Present Value of Future Normal Costs and the Actuarial Accrued Liability. Sometimes referred to as the "Actuarial Valuation Cost Method."
Actuarial Equivalent	Of equal Actuarial Present Value, determined as of a given date and based on a given set of Actuarial Assumptions.
Actuarial Present Value (APV)	The amount of funds required to provide a payment or series of payments in the future. It is determined by discounting the future payments with an assumed interest rate and with the assumed probability each payment will be made. Also referred to as "Present Value."
Actuarial Present Value of Future Benefits (APVFB)	The Actuarial Present Value of amounts which are expected to be paid at various future times to active members, retired members, beneficiaries receiving benefits, and inactive, nonretired members entitled to either a refund or a future retirement benefit. Expressed another way, it is the value that would have to be invested on the valuation date so that the amount invested plus investment earnings would provide sufficient assets to pay all projected benefits and expenses when due.
Actuarial Valuation	The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for a plan. An Actuarial Valuation for a governmental retirement system typically also includes calculations of items needed for compliance with GASB, such as the Funded Ratio and the Actuarially Determined Contribution (ADC).

Actuarially Determined Contribution (ADC)	The employer's periodic required contributions, expressed as a dollar amount or a percentage of covered plan compensation, determined under GASB. The ADC consists of the Employer Normal Cost and Amortization Payment.
Amortization Method	A method for determining the Amortization Payment. The most common methods used are level dollar and level percentage of payroll. Under the Level Dollar method, the Amortization Payment is one of a stream of payments, all equal, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the Amortization Payment is one of a stream of increasing payments, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the stream of payments increases at the rate at which total covered payroll of all active members is assumed to increase.
Amortization Payment	That portion of the plan contribution or ADC which is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability.
Amortization Period	The period used in calculating the Amortization Payment.
Closed Amortization Period	A specific number of years that is reduced by one each year, and declines to zero with the passage of time. For example if the amortization period is initially set at 30 years, it is 29 years at the end of one year, 28 years at the end of two years, etc.
Employer Normal Cost	The portion of the Normal Cost to be paid by the employer. This is equal to the Normal Cost less expected member contributions.
Equivalent Single Amortization Period	For plans that do not establish separate amortization bases (separate components of the UAAL), this is the same as the Amortization Period. For plans that do establish separate amortization bases, this is the period over which the UAAL would be amortized if all amortization bases were combined upon the current UAAL payment.
Experience Gain/Loss	A measure of the difference between the normal cost rate from last year and the normal cost rate from this year.
Funded Ratio	The ratio of the Actuarial Value of Assets to the Actuarial Accrued Liability.
Funding Value of Assets	The value of the assets as of a given date, used by the actuary for valuation purposes. This may be the market or fair value of plan assets or a smoothed value in order to reduce the year-to-year volatility of calculated results, such as the funded ratio and the actuarially

Funding Value of Assets (continued)	determined contribution (ADC). Also referred to as "Actuarial Value of Assets", "Smoothed Market Value of Assets", or "Valuation Assets".
GASB	Governmental Accounting Standards Board.
GASB No. 67 and GASB No. 68	These are the governmental accounting standards that set the accounting rules for public retirement systems and the employers that sponsor or contribute to them. Statement No. 68 sets the accounting rules for the employers that sponsor or contribute to public retirement systems, while Statement No. 67 sets the rules for the systems themselves.
Normal Cost	The annual cost assigned, under the Actuarial Cost Method, to the current plan year. Sometimes referred to as "Current Service Cost."
Open Amortization Period	An open amortization period is one which is used to determine the Amortization Payment but which does not change over time. In other words, if the initial period is set as 30 years, the same 30-year period is used in determining the Amortization Period each year. In theory, if an Open Amortization Period is used to amortize the Unfunded Actuarial Accrued Liability, the UAAL will never completely disappear, but will become smaller each year, either as a dollar amount or in relation to covered payroll.
Unfunded Actuarial Accrued Liability	The difference between the Actuarial Accrued Liability and Actuarial Value of Assets. Sometimes referred to as "Unfunded Past Service Liability," "Unfunded Accrued Liability" or "Unfunded Supplemental Present Value."
Valuation Date	The date as of which the Actuarial Present Value of Future Benefits are determined. The benefits expected to be paid in the future are discounted to this date.

SECTION C

PENSION FUND INFORMATION

Statement of Total Plan Assets at Market Value

Item	September 30 2017 Total	2017 General & Ocean Rescue	2017 Police Officers	2017 Firefighters	2016 Total
A. Cash and Cash Equivalents (Operating Cash)	**$ 8,723,861**	$ 3,399,527	$ 2,745,996	$ 2,578,338	$ 2,289,280
B. Investments, at Fair Value					
1. Domestic Equity Funds	**$ 70,097,655**	$ 27,315,759	$ 22,064,525	$ 20,717,371	$ 36,446,362
2. Fixed Income	**24,207,769**	9,433,320	7,619,840	7,154,609	40,185,497
3. Alternative	**12,858,855**	5,010,858	4,047,561	3,800,436	24,685,138
4. International Equity	**53,856,661**	20,986,944	16,952,374	15,917,343	53,446,990
5. Private Equity Funds	**17,895,689**	6,973,619	5,632,997	5,289,073	15,970,409
6. Commodities	**-**	-	-	-	-
7. Real Estate Funds	**23,959,421**	9,336,543	7,541,668	7,081,210	21,056,249
8. Mutual Funds - DROP	**-**	-	-	-	-
9. Total Investments	**$ 202,876,050**	$ 79,057,043	$ 63,858,965	$ 59,960,042	$ 191,790,645
C. Prepaid Expenses:	**$ 20,849**	$ 8,126	$ 6,561	$ 6,162	$ 24,499
D. Receivables:					
1. Town Contribution	**$ 4,883,305**	$ 1,519,449	$ 1,344,101	$ 2,019,755	$ 2,500,000
2. Due from Brokers	**515,099**	200,724	162,137	152,238	134,221
3. Interest Receivable	**38,609**	15,045	12,153	11,411	21,897
4. Total Receivables	**$ 5,437,013**	$ 1,735,218	$ 1,518,391	$ 2,183,404	$ 2,656,118
E. Liabilities					
1. Accounts Payable and Accrued Expenses	**$ 109,900**	$ 42,826	$ 34,593	$ 32,481	$ 121,687
2. Due to Brokers	**195,364**	76,130	61,494	57,740	128,175
3. Due to General Fund	**2,046,476**	797,474	644,166	604,836	-
4. Prepaid Town Contributions	**-**	-	-	-	-
5. Total Liabilities	**$ 2,351,740**	$ 916,430	$ 740,253	$ 695,057	$ 249,862
F. Total Market Value of Assets	**$ 214,706,033**	$ 83,283,484	$ 67,389,660	$ 64,032,889	$ 196,510,680

Reconciliation of Plan Assets by Benefit Group

Item	September 30 2017					2016
	Total	**General**	**Ocean Rescue**	**Police Officers**	**Firefighters**	**Total**
A. Market Value of Assets at Beginning of Year	**$ 196,510,680**	$ 72,869,851	$ 3,627,160	$61,488,263	$ 58,525,406	$ 190,764,490
B. Revenues and Expenditures						
1. Contributions						
a. Member Contributions	**$ 963,707**	$ 327,592	$ 4,865	$ 368,777	$ 262,473	$ 541,133
b. Town Contributions	**13,270,390**	3,986,090	283,745	4,283,439	4,717,116	8,888,290
c. State Contributions (Chapter 175/185)	**-**	-	-	-	-	-
d. Prepaid Contribution	**-**	-	-	-	-	488,633
e. Total	**$ 14,234,097**	$ 4,313,682	$ 288,610	$ 4,652,216	$ 4,979,589	$ 9,918,056
2. Investment Income						
a. Interest, Dividends, and Other Income	**$ 1,019,352**	$ 379,096	$ 18,756	$ 318,752	$ 302,748	$ 1,381,753
b. Net Appreciation in Fair Value of Investments*	**21,560,863**	$ 8,057,141	$ 358,064	6,742,082	6,403,576	13,248,261
c. Investment Expenses	**(509,681)**	(189,551)	(9,378)	(159,377)	(151,375)	(571,519)
d. Net Investment Income	**$ 22,070,534**	$ 8,246,686	$ 367,442	$ 6,901,457	$ 6,554,949	$ 14,058,495
3. Benefits and Refunds						
a. Regular Monthly Benefits	**$ (16,258,261)**	$ (5,727,223)	$ (325,021)	$ (4,986,041)	$ (5,219,976)	$ (15,587,355)
b. Refunds	**(69,245)**	(20,235)	-	(9,583)	(39,427)	(131,440)
c. DROP & share account distributions/expenses	**(1,355,787)**	(191,206)	-	(523,447)	(641,134)	(2,061,171)
d. Other	**-**	-	-	-	-	-
e. Total	**$ (17,683,293)**	$ (5,938,664)	$ (325,021)	$ (5,519,071)	$ (5,900,537)	$ (17,779,966)
4. Administrative and Miscellaneous Expenses	**$ (425,985)**	$ (158,424)	$ (7,838)	$ (133,205)	$ (126,518)	$ (450,395)
C. Market Value of Assets at End of Year	**$ 214,706,033**	$ 79,333,131	$ 3,950,353	$ 67,389,660	$ 64,032,889	$ 196,510,680

*Includes an adjustment to the beginning-of-year market values for General and Ocean Rescue to align with final audited financial statements.

Reserve Accounts*

	September 30, 2017	September 30, 2016
Employees' contributions (Members' Saving Fund):		
General	$ 5,834,631	$ 5,463,252
Ocean Rescue	87,067	79,256
Police Officers	2,199,552	1,998,905
Firefighters	1,593,404	1,338,015
Totals	**$ 9,714,654**	**$ 8,879,428**
Employer contributions (Employer Reserve Fund):		
General	(13,358,531)	(14,648,954)
Ocean Rescue	(2,004,489)	(2,137,221)
Police Officers	(19,861,277)	(22,477,830)
Firefighters	(33,559,600)	(36,284,097)
Totals	**$ (68,783,897)**	**$ (75,548,102)**
Retired members and beneficiaries (Retirement Reserve Fund):		
General	84,947,961	80,538,286
Ocean Rescue	5,859,360	5,679,378
Police Officers	82,323,558	79,561,676
Firefighters	89,679,355	87,660,664
Totals	**$ 262,810,234**	**$ 253,440,004**
Inactive members (Deferred Retirement Fund):		
General	1,909,070	1,517,267
Ocean Rescue	8,415	5,747
Police Officers	2,727,827	2,405,512
Firefighters	6,319,730	5,810,824
Totals	**$ 10,965,042**	**$ 9,739,350**
Total		
General	79,333,131	72,869,851
Ocean Rescue	3,950,353	3,627,160
Police Officers	67,389,660	61,488,263
Firefighters	64,032,889	58,525,406
Totals	**$ 214,706,033**	**$ 196,510,680**

* Before transfers in accordance with Section 82-82(b) of Retirement Ordinance. For Police Officers and Firefighters, all reserve accounts are available for funding.

Funding Value of Retirement System Assets by Benefit Group

	Valuation Date – September 30, 2017	General & Ocean Rescue	Police Officers	Firefighters	Total
A.	Funding Value Beginning of Year	$81,381,934	$65,428,417	$62,312,189	$209,122,540
B.	Market Value End of Year	83,283,484	67,389,660	64,032,889	$214,706,033
C.	Market Value Beginning of Year	76,497,011	61,488,263	58,525,406	$196,510,680
D.	Non-Investment/Administrative Net Cash Flow	(1,827,655)	(1,000,060)	(1,047,466)	(3,875,181)
E.	Investment Income				
	E1. Actual Market Total: B-C-D	8,614,128	6,901,457	6,554,949	$22,070,534
	E2. Assumed Rate of Return	7.40%	7.40%	7.40%	7.40%
	E3. Amount for Immediate Recognition	5,966,285	4,820,076	4,570,785	15,357,146
	E4. Amount Subject to Phase-In: E1–E3	2,647,843	2,081,381	1,984,164	6,713,388
F.	Phased-In Recognition of Investment Income				
	F1. Current Year: 0.2 x E4	529,569	416,276	396,833	1,342,678
	F2. First Prior Year	(56,449)	(51,765)	(50,840)	(159,054)
	F3. Second Prior Year	(1,830,648)	(1,480,244)	(1,386,527)	(4,697,419)
	F4. Third Prior Year	27,081	66,880	7,666	101,627
	F5. Fourth Prior Year	778,658	573,879	560,825	1,913,362
	F6. Total Phase-Ins	(551,789)	(474,974)	(472,043)	(1,498,806)
G.	**Funding Value End of Year**				
	G1. Preliminary Funding Value End of Year:				
	A + D + E3 + F6	84,968,775	68,773,459	65,363,465	219,105,699
	G2. Upper Corridor Limit: 120%*B	99,940,181	80,867,592	76,839,467	257,647,240
	G3. Funding Value End of Year	84,968,775	68,773,459	65,363,465	219,105,699
H.	Difference between Market & Funding Value	(1,685,291)	(1,383,799)	(1,330,576)	(4,399,666)
I.	**Funding Value Rate of Return**	6.72%	6.67%	6.64%	6.68%
J.	**Recognized Rate of Investment Expenses**	0.25%	0.25%	0.24%	0.25%
K.	**Market Value Rate of Return**	11.37%	11.28%	11.31%	11.32%
L.	**Ratio of Funding Value to Market Value**	102.0%	102.1%	102.1%	102.0%

Funding Value of Retirement System Assets
General and Ocean Rescue

	Valuation Date – September 30,	2016	2017	2018	2019	2020	2021
A.	Funding Value Beginning of Year	$79,002,801	$81,381,934				
B.	Market Value End of Year	76,497,011	83,283,484				
C.	Market Value Beginning of Year	74,419,536	76,497,011				
D.	Non-Investment/Administrative Net Cash Flow	(3,408,375)	(1,827,655)				
E.	Investment Income						
	E1. Actual Market Total: B-C-D	5,485,850	8,614,128				
	E2. Assumed Rate of Return	7.50%	7.40%				
	E3. Amount for Immediate Recognition	5,768,097	5,966,285				
	E4. Amount Subject to Phase-In: E1–E3	(282,247)	2,647,843				
F.	Phased-In Recognition of Investment Income						
	F1. Current Year: 0.2 x E4	(56,449)	529,569				
	F2. First Prior Year	(1,830,648)	(56,449)	529,569			
	F3. Second Prior Year	27,081	(1,830,648)	(56,449)	529,569		
	F4. Third Prior Year	778,658	27,081	(1,830,648)	(56,449)	529,569	
	F5. Fourth Prior Year	1,100,769	778,658	27,081	(1,830,649)	(56,451)	529,567
	F6. Total Phase-Ins	19,411	(551,789)	(1,330,447)	(1,357,529)	473,118	529,567
G.	**Funding Value End of Year**						
	G1. Preliminary Funding Value End of Year: A + D + E3 + F6	81,381,934	84,968,775				
	G2. Upper Corridor Limit: 120%*B	91,796,413	99,940,181				
	G3. Funding Value End of Year	81,381,934	84,968,775				
H.	Difference between Market & Funding Value	(4,884,923)	(1,685,291)				
I.	**Funding Value Rate of Return**	7.53%	6.72%				
J.	**Recognized Rate of Investment Expenses**	0.29%	0.25%				
K.	**Market Value Rate of Return**	7.59%	11.37%				
L.	**Ratio of Funding Value to Market Value**	106.4%	102.0%				

The Funding Value of Assets recognizes assumed investment income (line E3) fully each year. Differences between actual and assumed investment income (line E4) 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.

Funding Value of Retirement System Assets
Police Officers

	Valuation Date – September 30,	2016	2017	2018	2019	2020	2021
A.	Funding Value Beginning of Year	$63,672,679	$65,428,417				
B.	Market Value End of Year	61,488,263	67,389,660				
C.	Market Value Beginning of Year	59,516,573	61,488,263				
D.	Non-Investment/Administrative Net Cash Flow	(2,423,742)	(1,000,060)				
E.	Investment Income						
	E1. Actual Market Total: B-C-D	4,395,432	6,901,457				
	E2. Assumed Rate of Return	7.50%	7.40%				
	E3. Amount for Immediate Recognition	4,654,255	4,820,076				
	E4. Amount Subject to Phase-In: E1–E3	(258,823)	2,081,381				
F.	Phased-In Recognition of Investment Income						
	F1. Current Year: 0.2 x E4	(51,765)	416,276				
	F2. First Prior Year	(1,480,244)	(51,765)	416,276			
	F3. Second Prior Year	66,880	(1,480,244)	(51,765)	416,276		
	F4. Third Prior Year	573,879	66,880	(1,480,244)	(51,765)	416,276	
	F5. Fourth Prior Year	416,475	573,879	66,880	(1,480,247)	(51,763)	416,277
	F6. Total Phase-Ins	(474,775)	(474,974)	(1,048,853)	(1,115,736)	364,513	416,277
G.	**Funding Value End of Year**						
	G1. Preliminary Funding Value End of Year: A + D + E3 + F6	65,428,417	68,773,459				
	G2. Upper Corridor Limit: 120%*B	73,785,916	80,867,592				
	G3. Funding Value End of Year	65,428,417	68,773,459				
H.	Difference between Market & Funding Value	(3,940,154)	(1,383,799)				
I.	**Funding Value Rate of Return**	6.73%	6.67%				
J.	**Recognized Rate of Investment Expenses**	0.29%	0.25%				
K.	**Market Value Rate of Return**	7.59%	11.28%				
L.	**Ratio of Funding Value to Market Value**	106.4%	102.1%				

The Funding Value of Assets recognizes assumed investment income (line E3) fully each year. Differences between actual and assumed investment income (line E4) 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.

Funding Value of Retirement System Assets
Firefighters

	Valuation Date – September 30,	2016	2017	2018	2019	2020	2021
A.	Funding Value Beginning of Year	$60,780,891	$62,312,189				
B.	Market Value End of Year	58,525,406	64,032,889				
C.	Market Value Beginning of Year	56,828,381	58,525,406				
D.	Non-Investment/Administrative Net Cash Flow	(2,480,188)	(1,047,466)				
E.	Investment Income						
	E1. Actual Market Total: B-C-D	4,177,213	6,554,949				
	E2. Assumed Rate of Return	7.50%	7.40%				
	E3. Amount for Immediate Recognition	4,431,414	4,570,785				
	E4. Amount Subject to Phase-In: E1–E3	(254,201)	1,984,164				
F.	Phased-In Recognition of Investment Income						
	F1. Current Year: 0.2 x E4	(50,840)	396,833				
	F2. First Prior Year	(1,386,527)	(50,840)	396,833			
	F3. Second Prior Year	7,666	(1,386,527)	(50,840)	396,833		
	F4. Third Prior Year	560,825	7,666	(1,386,527)	(50,840)	396,833	
	F5. Fourth Prior Year	448,948	560,825	7,666	(1,386,525)	(50,841)	396,832
	F6. Total Phase-Ins	(419,928)	(472,043)	(1,032,868)	(1,040,532)	345,992	396,832
G.	**Funding Value End of Year**						
	G1. Preliminary Funding Value End of Year: A + D + E3 + F6	62,312,189	65,363,465				
	G2. Upper Corridor Limit: 120%*B	70,230,487	76,839,467				
	G3. Funding Value End of Year	62,312,189	65,363,465				
H.	Difference between Market & Funding Value	(3,786,783)	(1,330,576)				
I.	**Funding Value Rate of Return**	6.79%	6.64%				
J.	**Recognized Rate of Investment Expenses**	0.29%	0.24%				
K.	**Market Value Rate of Return**	7.58%	11.31%				
L.	**Ratio of Funding Value to Market Value**	106.5%	102.1%				

The Funding Value of Assets recognizes assumed investment income (line E3) fully each year. Differences between actual and assumed investment income (line E4) 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.

Investment Return

The approximate annual rates of investment return have been calculated on two bases and are shown below:

Year Ending September 30th	Investment Rate of Return	
	Market Value	Funding Value
1999	13.3	13.9
2000	16.5	20.0
2001	(6.1)	6.8
2002	(10.1)	(4.1)
2003	17.7	4.4
2004	10.5	4.9
2005	11.4	5.6
2006	7.9	8.4
2007	14.1	11.3
2008	(15.6)	4.2
2009	(1.6)	1.2
2010	8.2	3.1
2011	0.1	1.5
2012	15.3	1.3
2013	13.0	6.3
2014	7.2	7.7
2015	(4.1)	5.6
2016	7.6	7.1
2017	11.3	6.7
Average Returns:		
Last 5 Years	6.8 %	6.7 %
Last 10 Years	3.7 %	4.4 %
All Years	5.7 %	6.0 %

Recent real investment return for the Retirement System has been:

General and Ocean Rescue

	Year Ended September 30					
	2017	**2016**	**2015**	**2014**	**2013**	**Average for Period**
Net Rate of Return	6.7 %	7.5 %	6.2 %	8.5 %	7.7 %	7.3 %
less inflation rate	2.2	1.5	0.0	1.7	1.2	1.3
Net Real Rate of Return	4.5	6.0	6.2	6.8	6.5	6.0
Assumed Real Rate	**4.4 %**	**4.5 %**	**4.5 %**	**4.5 %**	**4.5 %**	**4.5 %**
Assumed Net Rate	**7.4 %**	**7.5 %**	**7.5 %**	**7.5 %**	**7.5 %**	**7.5 %**

Police Officers

	Year Ended September 30					
	2017	**2016**	**2015**	**2014**	**2013**	**Average for Period**
Net Rate of Return	6.7 %	6.7 %	5.3 %	7.1 %	5.1 %	6.2 %
less inflation rate	2.2	1.5	0.0	1.7	1.2	1.3
Net Real Rate of Return	4.5	5.2	5.3	5.4	3.9	4.9
Assumed Real Rate	**4.4 %**	**4.5 %**	**4.5 %**	**4.5 %**	**4.5 %**	**4.5 %**
Assumed Net Rate	**7.4 %**	**7.5 %**	**7.5 %**	**7.5 %**	**7.5 %**	**7.5 %**

Firefighters

	Year Ended September 30					
	2017	**2016**	**2015**	**2014**	**2013**	**Average for Period**
Net Rate of Return	6.6 %	6.8 %	5.2 %	7.2 %	5.7 %	6.3 %
less inflation rate	2.2	1.5	0.0	1.7	1.2	1.3
Net Real Rate of Return	4.4	5.3	5.2	5.5	4.5	5.0
Assumed Real Rate	**4.4 %**	**4.5 %**	**4.5 %**	**4.5 %**	**4.5 %**	**4.5 %**
Assumed Net Rate	**7.4 %**	**7.5 %**	**7.5 %**	**7.5 %**	**7.5 %**	**7.5 %**

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.

SECTION D

FINANCIAL ACCOUNTING INFORMATION

ASC 960 INFORMATION							
A. Valuation Date	September 30, 2017						September 30, 2016#
		General and Ocean Rescue					
B. Actuarial Present Value of Accumulated Plan Benefits	***Total***	*General*	*Ocean Rescue*	*Subtotal*	*Police Officers*	*Firefighters*	*Total*
1. Vested Benefits							
a. Members Currently Receiving Payments	**$ 262,810,234**	84,947,961	$ 5,859,360	90,807,321	$ 82,323,558	$ 89,679,355	$ 253,440,004
b. Terminated Vested Members	**10,965,042**	1,909,070	8,415	1,917,485	2,727,827	6,319,730	9,792,270
c. Other Members	**37,242,494**	18,634,197	343,804	18,978,001	11,718,134	6,546,359	38,406,059
d. Total	**311,017,770**	105,491,228	6,211,579	111,702,807	96,769,519	102,545,444	301,638,333
2. Non-Vested Benefits	**4,113,230**	1,305,225	24,950	1,330,175	1,297,512	1,485,543	3,712,492
3. Total Actuarial Present Value of Accumulated Plan Benefits: 1d + 2	**315,131,000**	106,796,453	6,236,529	113,032,982	98,067,031	104,030,987	305,350,825
4. Accumulated Contributions of Active Members	**9,714,654**	5,834,631	87,067	5,921,698	2,199,552	1,593,404	8,879,428
C. Changes in the Actuarial Present Value of Accumulated Plan Benefits							
1. Total Value at Beginning of Year	**305,350,825**	103,338,267	6,031,746	109,370,013	95,130,203	100,850,609	289,275,713
2. Increase (Decrease) During the Period Attributable to:							
a. Plan Amendments	**0**	0	0	0	0	0	1,720,479
b. Change in Actuarial Assumptions	**3,499,504**	1,142,465	63,769	1,206,234	1,110,775	1,182,495	8,689,632
c. Latest Member Data, Benefits Accumulated and Decrease in the Discount Period	**23,963,964**	8,254,385	466,035	8,720,420	7,345,124	7,898,420	23,444,967
d. Benefits Paid	**(17,683,293)**	(5,938,664)	(325,021)	(6,263,685)	(5,519,071)	(5,900,537)	(17,779,966)
e. Net Increase	**9,780,175**	3,458,186	204,783	3,662,969	2,936,828	3,180,378	16,075,112
3. Total Value at End of Period	**315,131,000**	106,796,453	6,236,529	113,032,982	98,067,031	104,030,987	305,350,825
D. Market Value of Assets	**214,706,033**	79,333,131	3,950,353	83,283,484	67,389,660	64,032,889	196,510,680
E. Funded Ratio Using Market Value	**68.1%**	74.3%	63.3%	73.7%	68.7%	61.6%	64.4%
F. Actuarial Assumptions - See page entitled Actuarial Assumptions and Methods							

Reflects all Actuarial Impact Statements through August 2017.

SECTION E

MISCELLANEOUS INFORMATION

RECONCILIATION OF MEMBERSHIP DATA ALL BENEFIT GROUPS	From 9/30/16 To 9/30/17	From 9/30/15 To 9/30/16
A. Active Members		
1. Number Included in Last Valuation	268	263
2. New Members Included in Current Valuation	50	44
3. Non-Vested Employment Terminations	(17)	(17)
4. Vested Employment Terminations	(4)	(5)
5. Service Retirements	(3)	(4)
6. DROP Retirements	(4)	(12)
7. Disability Retirements	0	0
8. Deaths	0	(1)
9. Transfer/Rehire	0	0
10. Other - Refunded	0	0
11. Number Included in This Valuation	290	268
B. Terminated Vested Members		
1. Number Included in Last Valuation	88	74
2. Additions from Active Members	8	22
3. Lump Sum Payments/Refund of Contributions	(5)	(9)
4. Payments Commenced	(1)	(2)
5. Deaths	0	0
6. Rehire	0	0
7. Other - Data Corrections	0	3
8. Number Included in This Valuation	90	88
C. DROP Retirees, Service Retirees, Disability Retirees and Beneficiaries		
1. Number Included in Last Valuation	415	406
2. Additions from Active Members	7	17
3. Additions from Terminated Vested Members	1	2
4. Deaths	(8)	(14)
5. Additions from New Survivor Benefits	3	4
6. End of Certain Period - No Further Payments	0	0
7. Other	0	0
8. Number Included in This Valuation	418	415

RECONCILIATION OF MEMBERSHIP DATA BY BENEFIT GROUP FROM 9/30/16 TO 9/30/17					
	General	**Ocean Rescue**	**Police Officers**	**Firefighters**	**Total**
A. Active Members					
1. Number Included in Last Valuation	165	4	48	51	**268**
2. New Members Included in Current Valuation	24	0	12	14	**50**
3. Non-Vested Employment Terminations	(7)	0	(4)	(6)	**(17)**
4. Vested Employment Terminations	(3)	0	0	(1)	**(4)**
5. Service Retirements	(2)	0	(1)	0	**(3)**
6. DROP Retirements	(3)	0	(1)	0	**(4)**
7. Disability Retirements	0	0	0	0	**0**
8. Deaths	0	0	0	0	**0**
9. Transfer/Rehire	0	0	0	0	**0**
10. Other - Data Corrections	0	0	0	0	**0**
11. Number Included in This Valuation	174	4	54	58	**290**
B. Terminated Vested Members					
1. Number Included in Last Valuation	30	1	22	35	**88**
2. Additions from Active Members	5	0	2	1	**8**
3. Lump Sum Payments/Refund of Contributions	(4)	0	0	(1)	**(5)**
4. Payments Commenced	0	0	0	(1)	**(1)**
5. Deaths	0	0	0	0	**0**
6. Rehire	0	0	0	0	**0**
7. Other - Data Corrections	(1)	0	0	1	**0**
8. Number Included in This Valuation	30	1	24	35	**90**
C. DROP Retirees, Service Retirees, Disability Retirees and Beneficiaries					
1. Number Included in Last Valuation	202	11	98	104	**415**
2. Additions from Active Members	5	0	2	0	**7**
3. Additions from Terminated Vested Members	0	0	0	1	**1**
4. Deaths	(7)	0	0	(1)	**(8)**
5. Additions from New Survivor Benefits	3	0	0	0	**3**
6. End of Certain Period - No Further Payments	0	0	0	0	**0**
7. Other	0	0	0	0	**0**
8. Number Included in This Valuation	203	11	100	104	**418**

Age/Service/Salary Distributions – General and Ocean Rescue

Number Eligible/ Number Electing Normal Retirement
During Year Ending September 30, 2017

GENERAL

	Number	Number Electing Normal Retirement	
Age	Eligible	DROP	Regular
55	4		
56	6		
57	5		
58	6	1	1
59	3		
60	1		
61	1	1	
62	3	1	
63			
64	1		
65	2		
66	1		1
67	1		
Totals	**34**	**3**	**2**

OCEAN RESCUE

	Number	Number Electing Normal Retirement	
Age	Eligible	DROP	Regular
51	1		
Totals	**1**	**0**	**0**

General and Ocean Rescue

Retired Member and Beneficiary Data
Historical Schedule*

Year Ended	Number		Net Increase		End of Year		
				Annual		Annual	Average
Sept. 30	Added	Removed	No.	Pensions	No.	Pensions	Pensions
1975	13	7	6	$ 57,636	81	$ 260,062	$ 3,211
1980	12	3	9	103,790	119	687,545	5,778
1985	15	5	10	166,787	141	1,103,994	7,830
1990	17	10	7	207,012	168	1,737,745	10,344
1991	7	5	2	145,915	170	1,883,660	11,080
1992	16	11	5	291,355	176	2,175,015	12,358
1993	11	8	3	159,198	179	2,334,213	13,040
1994	21	4	17	441,322	196	2,775,535	14,161
1995	15	8	7	199,472	203	2,975,006	14,655
1996	18	9	9	323,738	212	3,298,744	15,560
1997	13	13	0	127,873	212	3,426,617	16,163
1998	17	8	9	272,820	221	3,699,437	16,740
1999	15	7	8	455,698	229	4,155,135	18,145
2000	9	126 #	(117)	(2,583,596)	112	1,571,539	14,032
2001	11	5	6	445,871	118	2,017,410	17,097
2002	15	12	3	175,152	121	2,192,562	18,120
2003	5	10	(5)	(18,398)	116	2,174,164	18,743
2004	5	4	1	140,941	117	2,315,105	19,787
2005	8	3	5	261,811	122	2,576,916	21,122
2006	3	3	0	72,714	122	2,649,630	21,718
2007	16	4	12	375,327	134	3,024,957	22,574
2008	16	4	12	452,964	146	3,477,921	23,821
2009	12	6	6	373,718	152	3,851,639	25,340
2010	17	3	14	613,661	166	4,465,300	26,899
2011	15	3	12	450,020	178	4,915,320	27,614
2012	19	8	11	415,632	189	5,330,952	28,206
2013	13	7	6	357,390	195	5,688,342	29,171
2014	7	5	2	160,222	197	5,848,564	29,688
2015	18	7	11	585,066	208	6,433,630	30,931
2016	12	7	5	345,060	213	6,778,690	31,825
2017	**8**	**7**	**1**	**155,370**	**214**	**6,934,060**	**32,402**

* Prior to the September 30, 2000 valuation, Public Safety members were included.
# Includes 122 Public Safety members.

General and Ocean Rescue

Retired Member and Beneficiary Data
Historical Comparison

Valuation Date	% Incr. in Annual Pensions**	No. of Active Per Retired: General	No. of Active Per Retired: Ocean Rescue	Pension Payroll as % of Active Payroll#: General	Pension Payroll as % of Active Payroll#: Ocean Rescue
9/30/1975 *	17.9 %	3.7		6.7 %	
9/30/1980 *	21.6	2.5		13.0	
9/30/1985	17.8	2.4		13.2	
9/30/1990	13.5	2.5		10.8	
9/30/1991	8.4	2.6	3.3	10.1	25.4 %
9/30/1992	15.5	2.8	3.0	9.8	25.0
9/30/1993	7.3	2.7	3.3	10.5	23.6
9/30/1994	18.9	2.4	3.0	11.9	24.7
9/30/1995	7.2	2.3	3.3	13.4	22.5
9/30/1996	10.9	2.2	3.0	15.6	22.8
9/30/1997	3.9	2.2	3.3	15.2	20.4
9/30/1998	8.0	2.1	3.3	16.4	19.8
9/30/1999	12.3	2.0	3.3	17.1	19.1
9/30/2000	(62.2)	1.9	3.3	19.4	18.3
9/30/2001	28.4	1.8	3.3	23.2	20.3
9/30/2002	8.7	1.8	1.4	22.9	40.1
9/30/2003	(0.8)	1.9	1.8	20.7	38.5
9/30/2004	6.5	1.9	1.8	20.8	36.5
9/30/2005	11.3	1.8	1.8	21.9	32.8
9/30/2006	2.8	1.8	1.8	21.0	31.4
9/30/2007	14.2	1.7	1.1	22.9	57.0
9/30/2008	15.0	1.5	0.9	26.2	74.9
9/30/2009	10.7	1.4	1.1	28.0	59.0
9/30/2010	15.9	1.1	0.8	37.2	86.8
9/30/2011	10.1	1.0	0.4	42.9	155.8
9/30/2012	8.5	0.8	0.4	51.9	151.0
9/30/2013	6.7	0.8	0.4	56.7	152.9
9/30/2014	2.8	0.9	0.4	56.7	151.3
9/30/2015	10.0	0.8	0.3	62.5	256.8
9/30/2016	5.4	0.8	0.4	60.5	241.8
9/30/2017	**2.3**	**0.9**	**0.4**	**59.8**	**239.0**

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

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

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

General and Ocean Rescue

Retired Member and Beneficiary Data
as of September 30, 2017

TYPE OF PENSION BEING PAID

	General		Ocean Rescue	
Type of Benefit Being Paid	No.	Annual Pensions	No.	Annual Pensions
Age & Service Benefits				
Straight Life	50	$ 1,408,429	3	$ 128,852
Joint and Survivor Benefits - Regular	92	3,380,023	5	166,711
Surviving Beneficiaries	28	628,826	0	0
DROP members	21	737,141	2	75,530
Total Age and Service Benefits	191	6,154,419	10	371,093
Duty Disability Benefits				
Straight Life	1	11,144	0	0
Surviving Beneficiaries	0	0	0	0
Total Duty Disability Benefits	1	11,144	0	0
Non-Duty Disability Benefits				
Straight Life	2	152,408	1	33,597
Joint and Survivor Benefits	1	39,055	0	0
Surviving Beneficiaries	6	93,997	0	0
Total Non-Duty Disability Benefits	9	285,460	1	33,597
Death-in-Service Benefits				
Non-Duty Spouse	2	78,348	0	0
Total Death-in-Service Benefits	2	78,348	0	0
Totals	**203**	**$ 6,529,370**	**11**	**$ 404,690**

General and Ocean Rescue

Retired Member and Beneficiary Data
as of September 30, 2017

(INCLUDES DROP PARTICIPANTS)

TABULATED BY ATTAINED AGE

	General		Ocean Rescue	
Attained Age	**No.**	**Annual Pensions**	**No.**	**Annual Pensions**
Under 40	1	$ 8,384		
40 - 44	0	0		
45 - 49	0	0	2	$ 75,530
50 - 54	7	219,564		
55 - 59	31	1,287,858	6	230,473
60 - 64	43	1,523,114		
65 - 69	36	1,131,241	1	33,597
70 - 74	36	1,247,313		
75 - 79	24	616,414		
80 - 84	10	244,764	2	65,090
85 - 89	10	214,462		
90 - 94	3	14,260		
95 - 99	2	21,996		
Totals	**203**	**$6,529,370**	**11**	**$404,690**

	General	**Ocean Rescue**
Average Age at Retirement:	56.9 years	48.5 years
Average Age Now:	68.4	61.6

General and Ocean Rescue

Vested Terminated Members
as of September 30, 2017

TABULATED BY ATTAINED AGE

	General		Ocean Rescue	
Attained Age	No.	Annual Estimated Pensions*	No.	Annual Estimated Pensions**
31	1	$ 1,200		
35	1	4,064		
41	1	1,200		
42	2	30,168		
43	2	45,047		
44	1	17,194		
45	1	25,980		
46	1	18,012		
47	1	26,390		
48			1	$ 2,160
52	1	5,629		
53	1	1,200		
54	3	18,340		
55	2	23,284		
56	3	7,570		
57	2	4,767		
58	3	7,922		
59	4	5,575		
Totals	**30**	**$243,542**	**1**	**$2,160**

* Includes estimated Plan B benefits for 14 members currently receiving Plan A benefits.
**Includes estimated Plan B benefits for 1 member currently receiving Plan A benefits.

General

Active and Vested Terminated Members Included in Valuation
Historical Schedule

Valuation Date September 30	Active Members	Vested Terminated Members	Valuation Payroll	Average Age	Average Service	Average Pay
1996	205	2	$ 6,624,917	42.8 yrs.	8.2 yrs.	$ 32,317
1997	210	2	7,128,895	42.7	8.1	33,947
1998	214	2	7,528,503	42.9	8.1	35,180
1999	204	5	7,582,477	43.7	8.6	37,169
2000	202	6	7,760,543	44.0	8.5	38,419
2001	208	6	8,371,487	43.5	8.4	40,248
2002	206	5	9,106,367	43.9	8.4	44,206
2003	212	6	9,883,393	44.4	9.0	46,620
2004	211	7	10,517,577	44.9	9.5	49,846
2005	210	8	11,147,262	45.7	9.5	53,082
2006	216	7	11,994,303	46.3	9.9	55,529
2007	214	6	12,336,518	46.5	10.1	57,647
2008	202	7	12,366,080	46.2	10.4	61,218
2009	203	8	12,893,270	46.3	10.2	63,514
2010	175	9	11,256,751	47.1	10.7	64,324
2011	164	11	10,721,241	47.4	10.9	65,373
2012	151	13	9,683,803	46.8	11.4	64,131
2013	156	14	9,498,699	46.0	10.7	60,889
2014	162	19	9,868,597	46.0	10.8	60,917
2015	159	21	9,714,116	45.9	10.6	61,095
2016	165	30	10,549,091	46.4	9.8	63,934
2017	**174**	**30**	**10,917,199**	**46.7**	**9.3**	**62,743**

Ocean Rescue

Active and Vested Terminated Members Included in Valuation
Historical Schedule

Valuation Date September 30	Active Members	Vested Terminated Members	Valuation Payroll	Average Age	Average Service	Average Pay
1996	9	0	$273,443	36.0 yrs.	9.1 yrs.	$ 30,383
1997	10	0	307,049	35.5	9.2	30,705
1998	10	0	320,414	36.5	10.2	32,041
1999	10	0	335,155	37.5	11.2	33,516
2000	10	0	352,879	38.5	12.2	35,288
2001	10	0	380,672	38.8	12.7	38,067
2002	7	0	273,922	40.0	14.0	39,132
2003	9	0	339,703	39.0	11.9	37,745
2004	9	0	359,342	40.0	12.9	39,927
2005	9	0	404,910	41.0	13.9	44,990
2006	9	0	427,989	42.0	14.9	47,554
2007	8	0	360,242	39.9	12.5	45,030
2008	7	0	321,053	39.8	12.5	45,865
2009	9	0	410,292	37.7	10.6	45,588
2010	7	0	323,298	38.0	10.8	46,185
2011	4	0	204,927	41.3	14.6	51,232
2012	4	0	200,577	42.4	15.6	50,144
2013	4	0	199,719	43.4	16.6	49,930
2014	4	0	206,713	44.4	17.6	51,678
2015	3	0	142,289	45.0	16.1	47,430
2016	4	1	165,161	46.6	7.9	41,290
2017	**4**	**1**	**169,295**	**47.6**	**8.9**	**42,324**

General

Schedule of Active Participant Data
as of September 30, 2017

BY NEAR AGE AND YEARS OF SERVICE

Near Age	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	Totals No.	Totals Valuation Payroll
20-24	3							3	$ 108,327
25-29	11							11	409,072
30-34	3	3	4					10	431,002
35-39	10	2	3	3				18	1,003,467
40-44	7	3	4	5	4			23	1,346,150
45-49	13	5	3	4	5	1		31	2,087,552
50-54	12	3	5	7	3	3		33	2,012,039
55-59	10	6	7	8	3	1		35	2,601,293
60	1	1						2	141,960
61									
62		2						2	213,831
63				1				1	222,856
64									
65		1		1				2	164,844
66	2							2	118,883
67		1						1	55,923
Totals	**72**	**27**	**26**	**29**	**15**	**5**		**174**	**$10,917,199**

Ocean Rescue

Schedule of Active Participant Data
as of September 30, 2017

BY NEAR AGE AND YEARS OF SERVICE

Near Age	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	Totals No.	Totals Valuation Payroll
35-39	1							1	$ 34,500
40-44				1				1	49,570
50-54			1					1	49,752
63	1							1	35,473
Totals	**2**		**1**	**1**				**4**	**$169,295**

Age/Service/Salary Distributions – Police Officers

Number Eligible/ Number Electing Normal Retirement
During Year Ending September 30, 2017

Age	Number Eligible	Number Electing Normal Retirement DROP	Regular
43	1		
45	1		
46	2		
47	1		
48	1		
50	1		
51	2	1	
53	1		
55	2		1
Totals	**12**	**1**	**1**

Police Officers

Retired Member and Beneficiary Data
Historical Schedule*

Year Ended	Number		Net Increase		End of Year		Average
Sept. 30	Added	Removed	No.	Annual Pensions	No.	Annual Pensions	Pensions
1991	7	5	2	$ 145,915	170	$ 1,883,660	$ 11,080
1992	16	11	5	291,355	176	2,175,015	12,358
1993	11	8	3	159,198	179	2,334,213	13,040
1994	21	4	17	441,322	196	2,775,535	14,161
1995	15	8	7	199,472	203	2,975,006	14,655
1996	18	9	9	323,738	212	3,298,744	15,560
1997	13	13	0	127,873	212	3,426,617	16,163
1998	17	8	9	272,820	221	3,699,437	16,740
1999	15	7	8	455,698	229	4,155,135	18,145
2000	16	110 #	(94)	(861,467)	135	3,293,668	24,398
2001	12	9	3	215,455	138	3,509,123	25,428
2002	8	3	5	269,507	143	3,778,630	26,424
2003	1	2	(1)	100,315	142	3,878,945	27,317
2004	4	3	1	172,906	68	1,968,093	28,943
2005	4	1	3	247,724	71	2,215,817	31,209
2006	3	1	2	257,450	73	2,473,267	33,880
2007	7	2	5	503,946	78	2,977,213	38,169
2008	5	2	3	389,364	81	3,366,577	41,563
2009	3	2	1	159,740	82	3,526,317	43,004
2010	2	0	2	172,503	84	3,698,820	44,034
2011	9	5	4	602,812	88	4,301,632	48,882
2012	7	1	6	306,760	94	4,608,392	49,025
2013	1	0	1	124,540	95	4,732,932	49,820
2014	5	3	2	446,535	97	5,197,467	53,397
2015	3	5	(2)	34,586	95	5,232,053	55,074
2016	8	5	3	255,281	98	5,487,334	55,993
2017	**2**	**0**	**2**	**192,043**	**100**	**5,679,377**	**56,794**

* 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.

Police Officers

Retired Member and Beneficiary Data
Historical Comparison

Valuation Date**	% Incr. in Annual Pensions	No. of Active Per Retired	Pension Payroll as % of Active Payroll
9/30/1996	10.9 %	1.3	29.5 %
9/30/1997	3.9	1.4	29.2
9/30/1998	8.0	1.5	27.9
9/30/1999	12.3	1.3	30.8
9/30/2000	(20.7)	1	42.9
9/30/2001	6.5	1.0	39.4
9/30/2002	7.7	1.0	38.6
9/30/2003	2.7	1.0	38.1
9/30/2004	(49.3)	1.0	38.8
9/30/2005	12.6	1.0	41.4
9/30/2006	11.6	1.0	42.9
9/30/2007	20.4	0.9	55.8
9/30/2008	13.1	0.8	63.4
9/30/2009	4.7	0.9	57.0
9/30/2010	4.9	0.8	61.2
9/30/2011	16.3	0.7	82.4
9/30/2012	7.1	0.5	108.7
9/30/2013	2.7	0.5	137.0
9/30/2014	9.4	0.5	154.4
9/30/2015	0.7	0.5	142.6
9/30/2016	4.9	0.5	154.2
9/30/2017	**3.5**	**0.5**	**146.9**

Police Officers

Retired Member and Beneficiary Data
as of September 30, 2017

TYPE OF PENSION BEING PAID

Type of Benefit Being Paid	No.	Annual Benefit
Age & Service Benefits		
Straight Life	8	$ 508,276
10-Year Certain	48	3,405,381
Joint and Survivor Benefits - Regular	22	915,000
Surviving Beneficiaries	9	161,706
Total Age and Service Benefits	87	4,990,363
Duty Disability Benefits		
Straight Life	0	0
10-Year Certain	1	42,156
Joint and Survivor Benefits	0	0
Surviving Beneficiaries	1	8,817
Total Duty Disability Benefits	2	50,973
Non-Duty Disability Benefits		
Straight Life	0	0
10-Year Certain	1	55,497
Joint and Survivor Benefits	0	0
Surviving Beneficiaries	1	16,325
Total Non-Duty Disability Benefits	2	71,822
Death-In-Service Benefits		
Non-Duty Spouse	1	44,456
Total Death-in-Service Benefits	1	44,456
Active DROP Members	8	521,763
Totals	**100**	**$ 5,679,377**

Police Officers

Retired Member and Beneficiary Data
as of September 30, 2017

(INCLUDES DROP PARTICIPANTS)

TABULATED BY ATTAINED AGE

Attained Age	No.	Annual Pensions
30 - 34	1	44,456
35 - 39	0	0
40 - 44	2	97,653
45 - 49	5	324,981
50 - 54	17	1,226,033
55 - 59	16	1,405,082
60 - 64	17	995,808
65 - 69	8	316,908
70 - 74	9	398,127
75 - 79	18	781,208
80 - 84	5	58,893
85 - 89	2	30,228
Totals	**100**	**$5,679,377**

Average Age at Retirement: 48.2

Average Age Now: 63.7

Police Officers

Vested Terminated Members
as of September 30, 2017

TABULATED BY ATTAINED AGE

Attained Age	No.	Annual Estimated Pensions*
31	2	$ 16,416
32	2	12,512
36	1	9,473
41	1	18,089
42	2	60,875
43	2	61,073
44	1	30,770
45	1	6,402
47	2	28,242
49	3	25,953
50	1	2,624
51	4	11,024
52	1	834
53	1	2,280
Totals	**24**	**$286,566**

* Includes estimated Plan B benefits for 11 members currently receiving Plan A benefits.

Police Officers

Active and Vested Terminated Members Included in Valuation
Historical Schedule

Valuation Date September 30	Active Members	Vested Terminated Members	Valuation Payroll	Average Age	Average Service	Average Pay
2001	62	2	$3,959,149	37.8 yrs.	10.0 yrs.	$63,857
2002	66	2	4,454,577	37.9	9.4	67,494
2003	67	2	4,713,181	38.5	10.0	70,346
2004	70	2	5,069,790	38.3	9.6	72,426
2005	72	1	5,347,947	38.8	9.6	74,277
2006	74	2	5,769,134	38.9	9.0	77,961
2007	71	2	5,333,625	38.9	8.7	75,121
2008	65	2	5,309,135	39.6	8.8	81,679
2009	70	1	6,186,737	39.1	8.5	88,382
2010	68	1	6,043,273	39.9	9.3	88,872
2011	60	1	5,221,806	40.1	9.0	87,030
2012	47	8	4,241,336	40.6	10.3	90,241
2013	47	17	3,453,957	40.7	9.2	73,488
2014	49	23	3,354,258	40.8	7.8	68,454
2015	52	24	3,668,289	40.3	8.3	70,544
2016	48	22	3,559,337	39.0	8.2	74,153
2017	**54**	**24**	**3,865,012**	**38.7**	**7.5**	**71,574**

Police Officers

Schedule of Active Participant Data as of September 30, 2017

BY NEAR AGE AND YEARS OF SERVICE

Near Age	Years of Service to Valuation Date 0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	Totals No.	Totals Valuation Payroll
20-24	2							2	$ 104,539
25-29	14							14	747,455
30-34	5	1	1					7	434,297
35-39	3	1	3					7	486,888
40-44			1	1	1			3	317,621
45-49	2	1	1	3	3			10	895,060
50-54	5		2	1				8	568,311
55-59	1		1		1			3	310,841
Totals	**32**	**3**	**9**	**5**	**5**			**54**	**$3,865,012**

Age/Service/Salary Distributions – Firefighters

Number Eligible/ Number Electing Normal Retirement
During Year Ending September 30, 2017

Age	Number Eligible	Number Electing Normal Retirement: DROP	Number Electing Normal Retirement: Regular
49	1		
50	1		
55	1		
Totals	**3**	**0**	**0**

Firefighters

Retired Member and Beneficiary Data
Historical Schedule*

Year Ended	Number			Net Increase		End of Year		
					Annual		Annual	Average
Sept. 30	Added	Removed		No.	Pensions	No.	Pensions	Pensions
1986	10	3		7	$119,451	148	$1,223,445	$ 8,267
1987	7	2		5	72,350	153	1,295,794	8,469
1988	13	8		5	92,514	158	1,388,308	8,787
1989	9	6		3	142,425	161	1,530,733	9,508
1990	17	10		7	207,012	168	1,737,745	10,344
1991	7	5		2	145,915	170	1,883,660	11,080
1992	16	11		5	291,355	176	2,175,015	12,358
1993	11	8		3	159,198	179	2,334,213	13,040
1994	21	4		17	441,322	196	2,775,535	14,161
1995	15	8		7	199,472	203	2,975,006	14,655
1996	18	9		9	323,738	212	3,298,744	15,560
1997	13	13		0	127,873	212	3,426,617	16,163
1998	17	8		9	272,820	221	3,699,437	16,740
1999	15	7		8	455,698	229	4,155,135	18,145
2000	16	110	#	(94)	(861,467)	135	3,293,668	24,398
2001	12	9		3	215,455	138	3,509,123	25,428
2002	8	3		5	269,507	143	3,778,630	26,424
2003	1	2		(1)	100,315	142	3,878,945	27,317
2004	9	7		2	235,991	77	2,319,749	30,127
2005	2	0		2	247,973	79	2,567,722	32,503
2006	3	4		(1)	187,448	78	2,755,170	35,323
2007	6	5		1	254,745	79	3,009,915	38,100
2008	7	4		3	270,047	82	3,279,962	40,000
2009	6	3		3	316,610	85	3,596,572	42,313
2010	5	1		4	232,386	89	3,828,958	43,022
2011	9	6		3	719,043	92	4,548,001	49,435
2012	4	2		2	238,201	94	4,786,202	50,917
2013	5	2		3	132,496	97	4,918,698	50,708
2014	6	2		4	449,739	101	5,368,437	53,153
2015	4	2		2	233,139	103	5,601,576	54,384
2016	3	2		1	236,285	104	5,837,861	56,133
2017	**1**	**1**		**0**	**110,563**	**104**	**5,948,424**	**57,196**

* 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.

Firefighters

Retired Member and Beneficiary Data
Historical Comparison

Valuation Date**	% Incr. in Annual Pensions	No. of Active Per Retired	Pension Payroll as % of Active Payroll
9/30/1996	10.9 %	1.1	41.8 %
9/30/1997	3.9	1.1	40.1
9/30/1998	8.0	1.0	45.7
9/30/1999	12.3	0.8	58.8
9/30/2000	(20.7)	0.8	65.2
9/30/2001	6.5	0.8	62.8
9/30/2002	7.7	0.7	62.1
9/30/2003	2.7	0.8	54.2
9/30/2004	(40.2)	0.9	52.2
9/30/2005	10.7	0.9	49.0
9/30/2006	7.3	0.9	48.3
9/30/2007	9.2	0.9	54.0
9/30/2008	9.0	0.9	56.3
9/30/2009	9.7	0.9	56.2
9/30/2010	6.5	0.8	61.6
9/30/2011	18.8	0.7	88.4
9/30/2012	5.2	0.5	117.1
9/30/2013	2.8	0.5	134.0
9/30/2014	9.1	0.5	157.7
9/30/2015	4.3	0.5	172.7
9/30/2016	4.2	0.5	168.8
9/30/2017	**1.9**	**0.6**	**159.2**

Firefighters

Retired Member and Beneficiary Data
as of September 30, 2017

TYPE OF PENSION BEING PAID

Type of Benefit Being Paid	No.	Annual Benefit
Age & Service Benefits		
Straight Life	6	$ 243,648
10-Year Certain	42	3,178,305
Joint and Survivor Benefits - Regular	26	1,255,864
Surviving Beneficiaries	12	336,220
Total Age and Service Benefits	86	5,014,037
Duty Disability Benefits		
Straight Life	0	0
10-Year Certain	0	0
Joint and Survivor Benefits	1	52,217
Surviving Beneficiaries	0	0
Total Duty Disability Benefits	1	52,217
Non-Duty Disability Benefits		
Straight Life	0	0
10-Year Certain	4	180,268
Joint and Survivor Benefits	4	103,513
Surviving Beneficiaries	0	0
Total Non-Duty Disability Benefits	8	283,781
Death-In-Service Benefits		
Non-Duty Spouse	0	0
Total Death-in-Service Benefits	0	0
Active DROP Members	9	598,389
Totals	**104**	**$ 5,948,424**

Firefighters

Retired Member and Beneficiary Data
as of September 30, 2017

(INCLUDES DROP PARTICIPANTS)

TABULATED BY ATTAINED AGE

Attained Age	No.	Annual Pensions
Under 40	2	$ 85,865
40 - 44	4	279,421
45 - 49	7	533,930
50 - 54	13	979,479
55 - 59	16	1,240,918
60 - 64	18	1,044,647
65 - 69	12	596,291
70 - 74	9	427,868
75 - 79	14	495,295
80 - 84	4	116,869
85 - 89	4	136,688
90 - 94	1	11,153
Totals	**104**	**$ 5,948,424**

Average Age at Retirement: 47.17 years

Average Age Now: 63.2 years

Firefighters

Vested Terminated Members
as of September 30, 2017

TABULATED BY ATTAINED AGE

Attained Age	No.	Annual Estimated Pensions*
26	1	$ 840
30	1	7,934
31	1	17,168
32	1	7,613
34	3	40,694
35	1	7,937
36	4	73,384
37	2	41,418
38	1	20,704
41	2	30,075
43	2	35,248
44	1	4,800
45	3	121,924
46	2	15,651
47	3	142,505
48	1	2,852
49	2	49,539
50	2	3,500
51	1	2,563
54	1	4,948
Totals	**35**	**$ 631,297**

* Includes estimated Plan B benefits for 9 members currently receiving Plan A benefits.

Firefighters

Active and Vested Terminated Members Included in Valuation
Historical Schedule

Valuation Date September 30	Active Members	Vested Terminated Members	Valuation Payroll	Average Age	Average Service	Average Pay
2001	58	0	$3,104,984	36.4 yrs.	10.1 yrs.	$53,534
2002	56	2	3,314,457	36.9	10.3	59,187
2003	63	1	3,845,159	37.2	10.1	61,034
2004	67	1	4,443,846	37.4	9.4	66,326
2005	74	2	5,236,941	37.2	8.7	70,769
2006	74	2	5,709,684	37.7	9.1	77,158
2007	72	2	5,573,348	37.9	9.1	77,408
2008	73	1	5,822,885	37.9	9.3	79,766
2009	73	1	6,397,554	37.6	9.1	87,638
2010	69	1	6,218,731	38.1	9.8	90,127
2011	60	1	5,142,125	38.0	9.2	85,702
2012	51	6	4,087,465	38.0	10.0	80,146
2013	50	13	3,671,337	39.3	9.6	73,427
2014	50	25	3,403,307	37.3	7.4	68,066
2015	49	29	3,242,811	36.6	7.0	66,180
2016	51	35	3,457,670	37.7	5.8	67,797
2017	**58**	**35**	**3,736,398**	**36.7**	**5.7**	**64,421**

Firefighters

Schedule of Active Participant Data
as of September 30, 2017

BY NEAR AGE AND YEARS OF SERVICE

Attained	Years of Service to Valuation Date							Totals	
Age	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.	Valuation Payroll
20-24	4							4	$ 169,546
25-29	15							15	793,170
30-34	5							5	278,090
35-39	8	2	1					11	652,743
40-44	1		5	5				11	976,034
45-49	3		1	2				6	423,677
50-54	2		2					4	270,468
55-59			1					1	98,672
60	1							1	73,998
Totals	**39**	**2**	**10**	**7**				**58**	**$3,736,398**

SECTION F

SUMMARY OF PLAN PROVISION

Summary of Benefit Provisions
(September 30, 2017)
General/Ocean Rescue

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.

Plan benefits accrued after April 30, 2012.

General: Age 62 with 10 or more years of service.

Ocean Rescue: Age 62 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.

Plan benefits accrued after April 30, 2012.

Average final compensation multiplied by

a) 1.25% per year of credited service between May 1, 2012 and April 30, 2017, plus
b) 1.70% per year of credited service on and after May 1, 2017.

<u>Type of Average Final Compensation</u>

Grandfathered and April 30, 2012 frozen accrued benefits.

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

Plan benefits accrued after April 30, 2012.

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

DROP RETIREMENT:

Eligibility - Same as Normal Retirement.

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 April 30, 2012: Except for grandfathered members, 100% of the member's accrued benefit at the date of election to participate in DROP.

Monthly Distributions - Monthly DROP payments are made to the retirement trust during DROP participation.

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. Eligibility for benefits accrued after April 30, 2017 is age 60 with 10 or more years of credited service.

Pension Amount - Frozen accrued benefits are 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. For plan benefits accrued after April 30, 2012 the Plan provides for an actuarially equivalent reduction.

DEFERRED RETIREMENT (VESTED TERMINATION BENEFIT):

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

Plan B members with service accrued after April 30, 2012 are eligible for normal retirement at age 65. Plan B members who are employed or participating in DROP on and after May 1, 2017 are eligible to retire at age 62.

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.

Non-Duty Disability Before Retirement:

Eligibility - 10 or more years of credited service.

Pension Amount - Computed as for normal retirement.

Duty Death Before Retirement:

Eligibility - No age or service requirements.

Pension Amount - A pension to each surviving child until age 18 of 25% of the deceased member's computed benefit, not to exceed 25% per surviving child or 75% of the amount of the pension benefit computed (child receives until age 25 when there is no surviving spouse). A child's amount shall not exceed an equal share of 75% of the amount of pension benefit computed. A pension to the widow of the difference, if any, between 75% of the computed benefit and the aggregate amount paid to children for the month.

Non-Duty Death Before Retirement:

Eligibility - 10 or more years of credited service.

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

Automatic Death After Retirement Pension:

Grandfathered and April 30, 2012 frozen accrued benefits.

To Surviving Child(ren): 25% of the retirant's pension payable to age 18, not to exceed an equal share of 75% of the retirant's pension. Payments to surviving children may be paid to age 25 if no spouse benefits are payable. Deceased retirant payment is unreduced for an initial 10-year period from the retirant's retirement date. Subsequent payments are based on 75% from the end of this 10-year period until termination of applicable surviving child(ren) or spousal payment.

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. Payment is unreduced for an initial 10-year period from the retirant's retirement date. Subsequent payments are made until the later of death of surviving spouse or termination of child payments.

Plan benefits accrued after April 30, 2012.

Reduced optional forms of payment are available based on actuarial equivalency.

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.

Plan benefits accrued after April 30, 2012.

None.

MEMBER CONTRIBUTIONS:

	Contribution Rate as a Percent-of-Payroll			
Benefit Group	Before May 1, 2012	On and After May 1, 2012	On and After October 1, 2013	On and After April 30, 2017
General –				
Hired Before May 1, 1992	6.47%	4.47%	2.47%	3.50%
Hired on or After May 1, 1992	6.47%	2.47%	2.47%	3.50%
Lifeguard –				
Hired Before May 1, 1992	7.21%	5.21%	2.47%	3.50%
Hired on or After May 1, 1992	7.21%	3.21%	2.47%	3.50%

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 Benefit Provisions
(September 30, 2017)
Police

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.

Plan benefits accrued after April 30, 2012.

Age 56 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.

Plan benefits accrued after April 30, 2012.

Average final compensation multiplied by:

a) 1.25% per year of credited service between May 1, 2012 and September 30, 2016, plus

b) 2.75% per year of credited service on and after October 1, 2016.

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.

Plan benefits accrued after April 30, 2012.

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

DROP RETIREMENT:

Eligibility - Same as Normal Retirement.

Pension Amount - 100% of the member's accrued benefit at the date of election to participate in DROP.

Monthly Distributions - Monthly DROP payments are made to the retirement trust during DROP participation.

DEFERRED RETIREMENT (VESTED TERMINATION BENEFIT):

Eligibility - 10 or more years of credited service. Pension begins upon meeting requirement for normal retirement. Contributions must be left on deposit in the System; failure to do so results in forfeiture of the vested benefit. Frozen accrued benefits as of April 30, 2012 are vested immediately. Members employed with the Town on May 1, 2012 are eligible to retire from Plan A when reaching age 50, notwithstanding total service. Members with accrued service on and after May 1, 2012 are eligible to retire from Plan B when reaching age 56.

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

DUTY DISABILITY RETIREMENT:

Eligibility - No age or service requirements.

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

NON-DUTY DISABILITY BEFORE RETIREMENT:

Eligibility - 10 or more years of credited service.

Pension Amount - Computed as for normal retirement.

DUTY DEATH BEFORE RETIREMENT:

Eligibility - No age or service requirements.

Pension Amount - A pension to each surviving child until age 18 of 25% of the deceased member's computed benefit, not to exceed 25% per surviving child or 75% of the amount of pension benefit computed (until age 25 when there is no surviving spouse). A child's pension shall not exceed an equal share of 75% of the amount of pension benefit computed. A pension to the widow of the difference, if any, between 75% of the computed benefit and the aggregate amount paid to children for the month.

NON-DUTY DEATH BEFORE RETIREMENT:

Eligibility - 10 or more years of credited service.

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

AUTOMATIC DEATH AFTER RETIREMENT PENSION:

Grandfathered and April 30, 2012 frozen accrued benefits.

To Surviving Child(ren): 25% of the retirant's pension payable to age 18, not to exceed an equal share of 75% of the retirant's pension. Payments to surviving children may be paid to age 25 if no spouse benefits are payable. Payment to dependent children and spouse is an unreduced payment for an initial 10-year period from retirant's retirement date. Subsequent payments are based on 75% from the end of this 10-year period until termination of child(ren) and surviving spouse payment.

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. Payment to surviving spouse is an unreduced payment for an initial 10-year period from retirant's retirement date. Subsequent payments are based on 75% from the end of this 10-year period until death of surviving spouse.

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.

Plan benefits accrued after April 30, 2012.

None.

MEMBER CONTRIBUTIONS:

	Contribution Rate as a Percent-of-Payroll			
Benefit Group	**Before May 1, 2012**	**On and After May 1, 2012**	**On and After October 1, 2013**	**On and After October 1, 2016**
Police Officers	6.98%	4.98%	2.47%	10.00%*

*The member contribution rates for plan years beginning on and after October 1, 2017 shall be subject to adjustment based on the assumed investment return and the actual rate of investment return for the plan year ending on the valuation date, net of investment expenses, and such that the ratio of employer to member contributions for the plan year ending on the valuation date is maintained for the plan year following the adjustment; subject in any event to a minimum member contribution rate of 8% and a maximum member contribution rate of 12% of compensation.

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 as a Police Officer 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-Police Officer who has not purchased service credit under Prior Governmental Service elsewhere may purchase years or fractional parts of years of service based upon actual prior service as a Police Officer 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 Benefit Provisions
(September 30, 2017)
Fire

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.

Plan benefits accrued after April 30, 2012.

Age 56 and 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.

Plan benefits accrued after April 30, 2012.

Bargaining: Average final compensation multiplied by:

a) 1.25% per year of credited service between May 1, 2012 and August 11, 2017, plus

b) 2.75% per year of credited service on and after August 12, 2017.

Non-Bargaining: Average final compensation multiplied by:

a) 1.25% per year of credited service between May 1, 2012 and September 30, 2016, plus

b) 2.75% per year of credited service on and after October 1, 2016.

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.

Plan benefits accrued after April 30, 2012.

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

DROP RETIREMENT:

Eligibility - Same as Normal Retirement.

Pension Amount - 100% of the member's accrued benefit at the date of election to participate in DROP.

Monthly Distributions - Monthly DROP payments are made to the retirement trust during DROP participation.

DEFERRED RETIREMENT (VESTED TERMINATION BENEFIT):

Eligibility - 10 or more years of credited service. Pension begins upon meeting requirement for normal retirement. Contributions must be left on deposit in the System; failure to do so results in forfeiture of the vested benefit. Frozen accrued benefits as of April 30, 2012 are vested immediately. Members employed with the Town on May 1, 2012 are eligible to retire from Plan A when reaching age 50, notwithstanding total service. Members with accrued service on and after May 1, 2012 are eligible to retire from Plan B when reaching age 56.

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 payment to each surviving child until age 18 of 25% of the deceased member's computed benefit, not to exceed 25% per surviving child or 75% of the amount of pension benefit computed (until age 25 when there is no surviving spouse). A child's pension shall not exceed an equal share of 75% of the amount of pension benefit computed. A pension to the widow of the difference, if any, between 75% of the computed benefit and the aggregate amount paid to children for the month.

NON-DUTY DEATH BEFORE RETIREMENT:

Eligibility - 10 or more years of credited service.

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

AUTOMATIC DEATH AFTER RETIREMENT PENSION:

Grandfathered and April 30, 2012, frozen accrued benefits.

To Surviving Child(ren): 25% of the retirant's pension payable to age 18, not to exceed an equal share of 75% of the retirant's pension. Payments to surviving children may be paid to age 25 if no spouse benefits are payable. Payment to dependent children and spouse is an unreduced payment for an initial 10-year period from the retirant's retirement date. Subsequent payments are based on 75% from the end of this 10-year period until termination of child(ren) and surviving spouse payment.

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. Payment to surviving spouse is an unreduced payment for an initial 10-year period from retirant's retirement date. Subsequent payments are based on 75% from the end of this 10-year period until death of surviving spouse.

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.

Plan benefits accrued after April 30, 2012.

None.

MEMBER CONTRIBUTIONS:

Benefit Group	Before May 1, 2012	On and After May 1, 2012	On and After Oct. 1, 2013	On and After Oct. 1, 2016	On and After Aug. 12, 2017
Firefighters (Bargaining Unit)	6.82%	4.82%	4.82%	4.82%	10.00%*
Firefighters (Non-Bargaining)	6.82%	4.82%	2.47%	10.00%*	10.00%*

*The member contribution rates for plan years beginning on and after October 1, 2017 shall be subject to adjustment based on the assumed investment return and the actual rate of investment return for the plan year ending on the valuation date, net of investment expenses, and such that the ratio of employer to member contributions for the plan year ending on the valuation date is maintained for the plan year following the adjustment; subject in any event to a minimum member contribution rate of 8% and a maximum member contribution rate of 12% of compensation.

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 as a Firefighter 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-Firefighter who has not purchased service credit under Prior Governmental Service Elsewhere may purchase years or fractional parts of years of service based upon actual prior service as a firefighter 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.

Town of Palm Beach Retirement System

GASB STATEMENT NO. 67 PLAN REPORTING AND ACCOUNTING SCHEDULES

SEPTEMBER 30, 2017

OUTLINE OF CONTENTS
GASB STATEMENT NO. 67 REPORT AS OF SEPTEMBER 30, 2017
FOR GENERAL EMPLOYEES INCLUDING OCEAN RESCUE, POLICE OFFICERS AND FIREFIGHTERS

GRS Retirement Consulting

P: 954.527.1616 | F: 954.525.0083 | www.grsconsulting.com

December 7, 2017

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

Re: Town of Palm Beach Retirement System
GASB No. 67 Plan Reporting and Accounting Schedules for Fiscal Year Ending September 30, 2017

Dear Board Members:

This report provides accounting and financial reporting information that is intended to comply with the Governmental Accounting Standards Board (GASB) Statement No. 67 for the Town of Palm Beach Retirement System. These calculations have been made on a basis that is consistent with our understanding of this accounting standard.

GASB Statement No. 67 is the accounting standard that applies to the stand-alone financial reports issued by retirement systems. 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.

Our calculation of the liability associated with the benefits described in this report was performed for the purpose of assisting in the reporting and disclosure information that satisfies certain requirements of GASB Statement No. 67. The calculation of the System's liability for this report may not be applicable for funding purposes of the System. A calculation of the System's liability for purposes other than satisfying the requirements of GASB Statement No. 67 may produce significantly different results. This report may be provided to parties other than the Town of Palm Beach and the Board only in its entirety and only with the permission of the System and the Board.

The actuarial valuation of the liabilities in this report has been determined as of the beginning of the year, September 30, 2016 (based on the actuarial valuation results reported in the September 30, 2016 Actuarial Valuation Report dated February 15, 2017), and "rolled forward" to the measurement date, September 30, 2017, using generally accepted actuarial principles. Using the beginning of the year valuation of liabilities allows for timelier reporting at the end of the year. If significant changes occur during the year, such as benefit changes or changes in assumptions or methods, these may need to be reflected in the process. Accordingly, we have reflected the impact of Ordinance No. 07-2017, adopted March 14, 2017, as measured in the Actuarial Impact Statement dated March 6, 2017; and the impact of Ordinance No. 20-2017, adopted August 9, 2017, as measured in the Actuarial Impact Statement dated August 4, 2017. We have also reflected the investment return assumption change from 7.40% to 7.30% and the payroll growth rate assumption to 3.00% which was approved by the Board effective for the September 30, 2017 valuation.

This report is based upon information, furnished to us by the System's administrator, concerning retirement and ancillary benefits, active members, deferred vested members, retirees and beneficiaries, and financial data. If your understanding of this information is different, please let us know. This information was checked for internal consistency, but it was not otherwise audited.

This report complements the actuarial valuation reports that will be provided to the System and should be considered collectively as a combined report for the plan year ending September 30, 2017. Please see the Actuarial Valuation Report as of September 30, 2016 and the Actuarial Impact Statements dated March 6, 2017 and August 4, 2017 for additional discussion of the nature of actuarial calculations and more information related to participant data, financial data, economic and demographic assumptions, and benefit provisions.

The assumptions used to calculate the Total Pension Liability in this report are the "Ultimate" assumptions as discussed in the 2009 to 2014 Experience Study, with the exception of the investment return assumption change noted above, and the employee mortality tables which correspond to the mandated assumption used in the July 1, 2016 Florida Retirement System (FRS) actuarial valuation. It is our opinion that the recommended assumptions are internally consistent, reasonable, and comply with the requirements under GASB Statement No. 67.

The findings in this report are based on census data as of September 30, 2016 and financial information through September 30, 2017. 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.

To the best of our knowledge, the information contained within this report is accurate and fairly represents the actuarial position of the Fund. All calculations have been made in conformity with generally accepted actuarial principles and practices as well as with the Actuarial Standards of Practice issued by the Actuarial Standards Board.

The signing actuaries are independent of the plan sponsor.

Peter N. Strong and Jeffrey Amrose are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Respectfully submitted,

Pete Strong

Peter N. Strong, FSA, EA, MAAA
Senior Consultant and Actuary

Jeff Amrose

Jeffrey Amrose, EA, MAAA
Senior Consultant and Actuary

FIDUCIARY NET POSITION

FIDUCIARY NET POSITION OF THE COMBINED SYSTEM

Statement of Fiduciary Net Position
as of September 30, 2017

		2017
Assets		
Cash and Cash Equivalents	$	8,723,861
Investments, at Fair Value		
Domestic Equity Funds	$	70,097,656
Fixed Income		24,207,768
Alternative		12,783,384
International Equity		53,856,663
Private Equity Funds		17,117,997
Commodities		-
Real Estate Funds		23,863,282
Total Investments	$	201,926,750
Other Assets	$	20,848
Receivable		
Due From Brokers	$	515,099
Interest Receivable		38,610
Total Receivables	$	553,709
Total Assets	$	211,225,168
Liabilities and Deferred Inflows of Resources		
Liabilities		
Accounts Payable and Accrued Expenses	$	103,910
Due to Brokers		195,363
Due to General Fund		2,046,476
Total Liabilities and Deferred Inflows of Resources	$	2,345,749
Net Position Restricted for Pensions	$	208,879,419

SECTION I

GENERAL EMPLOYEES AND OCEAN RESCUE

SUMMARY OF DISCLOSURES

Actuarial Valuation Date		September 30, 2016
Pension Plan's Fiscal Year Ending Date (Asset Measurement Date & Reporting Date)		September 30, 2017
Membership as of Actuarial Valuation Date		
Number of		
- Retirees and Beneficiaries		213
- Inactive, Nonretired Members^		31
- Active Members		169
- Total		413
Covered Payroll#	$	10,714,252
Net Pension Liability		
Total Pension Liability	$	116,325,350
Plan Fiduciary Net Position		81,395,112
Net Pension Liability	$	34,930,238
Plan Fiduciary Net Position as a Percentage of Total Pension Liability		69.97%
Net Pension Liability as a Percentage of Covered Payroll		326.02%
Development of the Single Discount Rate		
Single Discount Rate		7.30%
Long-Term Expected Rate of Return		7.30%
Long-Term Municipal Bond Rate*		3.50%
Last year ending September 30 in the 2018 to 2117 projection period for which projected benefit payments are fully funded		2117

* *Source: Fidelity's "20-Year Municipal GO AA Index" as of September 29, 2017. This is the rate for Fidelity's Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds. In describing this index, Fidelity notes that the municipal curves are constructed using option adjusted analytics of a diverse population of over 10,000 tax exempt securities.*

^ *Includes estimated Plan B benefits for 17 members currently receiving Plan A benefits.*

As reported for the September 30, 2016 Actuarial Valuation.

MEASUREMENT OF THE NET PENSION LIABILITY

The net pension liability is measured as the total pension liability, less the amount of the pension plan's fiduciary net position. In actuarial terms, this will be the accrued liability less the market value of assets (not the smoothed actuarial value of assets that is often encountered in actuarial valuations performed to determine the employer's contribution requirement).

A single discount rate of 7.30% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.30%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Below is a table providing the sensitivity of the net pension liability to changes in the discount rate. In particular, the table presents the plan's net pension liability, if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher than the single discount rate:

Sensitivity of Net Pension Liability
to the Single Discount Rate Assumption

1% Decrease 6.30%	Current Single Discount Rate Assumption 7.30%	1% Increase 8.30%
$48,876,863	$34,930,238	$23,374,173

Statement of Fiduciary Net Position
as of September 30, 2017

		2017
Assets		
Cash and Cash Equivalents	$	3,399,471
Investments, at Fair Value		
Domestic Equity Funds	$	27,315,313
Fixed Income		9,433,165
Alternative		4,981,367
International Equity		20,986,601
Private Equity Funds		6,670,458
Commodities		-
Real Estate Funds		9,298,927
Total Investments	$	78,685,831
Other Assets	$	8,124
Receivable		
Due From Brokers	$	200,721
Interest Receivable		15,045
Total Receivables	$	215,766
Total Assets	$	82,309,192
Liabilities and Deferred Inflows of Resources		
Liabilities		
Accounts Payable and Accrued Expenses	$	40,491
Due to Brokers		76,128
Due to General Fund		797,461
Total Liabilities and Deferred Inflows of Resources	$	914,080
Net Position Restricted for Pensions	$	81,395,112

Statement of Changes in Fiduciary Net Position for Year Ended September 30, 2017

		2017
Additions		
Contributions		
Employer	$	3,531,675
Employee		332,457
Other		-
Total Contributions	$	3,864,132
Investment Income		
Net Appreciation in Fair Value of Investments	$	8,043,987
Interest and Dividends		396,526
Less Investment Expense		(196,590)
Other		1,291
Net Investment Income	$	8,245,214
Total Additions	$	12,109,346
Deductions		
Benefit Payments	$	6,052,244
DROP Plan Payments to ICMA		-
Share Distributions		-
DROP Withdrawal		191,206
Refunds of Participants Contributions		20,235
Salary and Benefits		30,897
Administrative Expense		135,364
Total Deductions	$	6,429,946
Net Increase in Net Position	$	5,679,400
Net Position Restricted for Pensions		
Beginning of Year	$	75,715,712
Prior Period Adjustment		-
End of Year	$	81,395,112

Schedules of Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios Multiyear

Ultimately 10 Years Will Be Displayed

Fiscal year ending September 30,	2017	2016	2015	2014
Total Pension Liability				
Service Cost	$ 750,112	$ 636,740	$ 739,734	$ 733,094
Interest on the Total Pension Liability	7,948,875	7,664,270	7,096,090	7,058,622
Benefit Changes	1,932,700	-	39,572	-
Difference between Expected and Actual Experience	529,542	961,731	499,433	-
Assumption Changes	1,253,789	2,296,388	7,152,240	-
Benefit Payments	(6,243,450)	(6,476,789)	(9,215,159)	(5,289,162)
Refunds	(20,235)	(37,241)	(70,488)	(16,118)
Net Change in Total Pension Liability	6,151,333	5,045,099	6,241,422	2,486,437
Total Pension Liability - Beginning	110,174,017	105,128,918	98,887,496	91,884,309
Prior Year Adjustment	-	-	-	4,516,750
Total Pension Liability - Ending (a)	$116,325,350	$110,174,017	$105,128,918	$ 98,887,496
Plan Fiduciary Net Position				
Employer Contributions	$ 3,531,675	$ 2,210,609	$ 2,008,406	$ 2,018,621
Employee Contributions	332,457	289,317	282,284	289,425
Pension Plan Investment Income	8,441,804	5,708,914	(3,076,859)	5,799,299
Investment Expense	(196,590)	(223,064)	(241,461)	(243,389)
Benefit Payments	(6,243,450)	(6,476,789)	(9,215,159)	(5,289,162)
Refunds	(20,235)	(37,241)	(70,488)	(16,118)
Pension Plan Administrative Expense	(166,261)	(175,570)	(175,900)	(162,070)
Net Change in Plan Fiduciary Net Position	5,679,400	1,296,176	(10,489,177)	2,396,606
Plan Fiduciary Net Position - Beginning	75,715,712	74,419,536	84,908,713	77,995,357
Prior Year Adjustment	-	-	-	4,516,750
Plan Fiduciary Net Position - Ending (b)	$ 81,395,112	$ 75,715,712	$ 74,419,536	$ 84,908,713
Net Pension Liability - Ending (a) - (b)	34,930,238	34,458,305	30,709,382	13,978,783
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	69.97 %	68.72 %	70.79 %	85.86 %
Covered Employee Payroll	$ 10,714,252	$ 9,856,405	$ 10,075,310	$ 9,698,419
Net Pension Liability as a Percentage of Covered Employee Payroll	326.02 %	349.60 %	304.80 %	144.13 %
Notes to Schedule:	N/A	N/A	N/A	N/A

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE NET PENSION LIABILITY MULTIYEAR

Ultimately 10 Years Will Be Displayed

FY Ending September 30,	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as a % of Total Pension Liability	Covered Payroll	Net Pension Liability as a % of Covered Payroll
2014	$ 98,887,496	$ 84,908,713	$ 13,978,783	85.86%	$ 9,698,419	144.13%
2015	105,128,918	74,419,536	30,709,382	70.79%	10,075,310	304.80%
2016	110,174,017	75,715,712	34,458,305	68.72%	9,856,405	349.60%
2017	116,325,350	81,395,112	34,930,238	69.97%	10,714,252	326.02%

NOTES TO NET PENSION LIABILITY

Valuation Date:	September 30, 2016
Measurement Date:	September 30, 2017

Methods and Assumptions Used to Determine Net Pension Liability:

Actuarial Cost Method	Entry Age Normal
Inflation and other general increases	3.00% wage inflation; 2.50% general inflation
Salary Increases	3.5% including inflation
Investment Rate of Return	7.30%
Municipal Bond Rate	3.50%
Retirement Age	Age-based table of rates that are specific to the type of eligibility condition.
Mortality	The mortality tables used are the same as those used in the July 1, 2016 Pension Actuarial Valuation of the Florida Retirement System (FRS) for other than Special Risk members (General) and Special Risk members (Ocean Rescue). These tables are based on the RP-2000 mortality tables with white and blue collar adjustments and with mortality improvements projected for healthy lives to all future years using Scale BB.

Other Information:

Notes	See Discussion of Valuation Results in the September 30, 2016 Actuarial Valuation Report, dated February 15, 2017 and the Actuarial Impact Statement dated March 6, 2017. Effective as of September 30, 2017, the investment return assumption was lowered from 7.4% to 7.3%, and the payroll growth rate assumption was lowered to 3.00%. The impact of these changes is disclosed in the Schedule of Changes in Net Pension Liability Exhibit of this report.

SCHEDULE OF CONTRIBUTIONS MULTIYEAR

Ultimately 10 Years Will Be Displayed

FY Ending September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2014	$ 1,994,388	$ 2,018,621	$ (24,233)	$ 9,698,419	20.81%
2015	2,013,723	2,008,406	5,317	10,075,310	19.93%
2016	2,066,276	2,210,609	(144,333)	9,856,405	22.43%
2017	2,578,403	3,531,675	(953,272)	10,714,252	32.96%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:	September 30, 2015
Notes	Actuarially determined contribution rates are calculated as of September 30, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates for FY Ending September 30, 2016:

Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level Percent-of-Payroll, Closed
Remaining Amortization Period	16-30 years
Asset Valuation Method	5-Year smoothed market
Inflation and other general increases	3.00% wage inflation; 2.50% general inflation
Salary Increases	3.5% including inflation
Investment Rate of Return	7.50%
Retirement Age	Age-based table of rates that are specific to the type of eligibility condition.
Mortality	For General members, the RP-2014 Employee and Healthy Annuitant Mortality Tables for males and females, projected to 2017 using Projection Scale MP-2014. For Ocean Rescue members, the Blue Collar versions of the same tabes were used.

Other Information:

Notes	The FY 2017 contributions were determined in the September 30, 2015 Actuarial Valuation Report dated February 26, 2016.
Cost-of-Living Adjustment	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 who retire 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.

SECTION II

POLICE OFFICERS

SUMMARY OF DISCLOSURES

Actuarial Valuation Date		September 30, 2016
Pension Plan's Fiscal Year Ending Date (Asset Measurement Date & Reporting Date)		September 30, 2017
Membership		
Number of		
- Retirees and Beneficiaries		98
- Inactive, Nonretired Members^		22
- Active Members		48
- Total		168
Covered Payroll#	$	3,559,337
Net Pension Liability		
Total Pension Liability	$	98,394,613
Plan Fiduciary Net Position		65,752,050
Net Pension Liability	$	32,642,563
Plan Fiduciary Net Position as a Percentage of Total Pension Liability		66.82%
Net Pension Liability as a Percentage of Covered Payroll		917.10%
Development of the Single Discount Rate		
Single Discount Rate		7.30%
Long-Term Expected Rate of Return		7.30%
Long-Term Municipal Bond Rate*		3.50%
Last year ending September 30 in the 2018 to 2117 projection period for which projected benefit payments are fully funded		2117

* *Source: Fidelity's "20-Year Municipal GO AA Index" as of September 29, 2017. This is the rate for Fidelity's Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds. In describing this index, Fidelity notes that the municipal curves are constructed using option adjusted analytics of a diverse population of over 10,000 tax exempt securities.*

^ *Includes estimated Plan B benefits for 9 members currently receiving Plan A benefits.*

\# *As reported for the September 30, 2016 Actuarial Valuation.*

MEASUREMENT OF THE NET PENSION LIABILITY

The net pension liability is measured as the total pension liability, less the amount of the pension plan's fiduciary net position. In actuarial terms, this will be the accrued liability less the market value of assets (not the smoothed actuarial value of assets that is often encountered in actuarial valuations performed to determine the employer's contribution requirement).

A single discount rate of 7.30% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.30%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Below is a table providing the sensitivity of the net pension liability to changes in the discount rate. In particular, the table presents the plan's net pension liability, if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher than the single discount rate:

Sensitivity of Net Pension Liability
to the Single Discount Rate Assumption

1% Decrease 6.30%	Current Single Discount Rate Assumption 7.30%	1% Increase 8.30%
$45,110,788	$32,642,563	$22,458,873

STATEMENT OF FIDUCIARY NET POSITION
AS OF SEPTEMBER 30, 2017

		2017
Assets		
Cash and Cash Equivalents	$	2,746,139
Investments, at Fair Value		
Domestic Equity Funds	$	22,065,670
Fixed Income		7,620,235
Alternative		4,024,014
International Equity		16,953,255
Private Equity Funds		5,388,483
Commodities		-
Real Estate Funds		7,511,797
Total Investments	$	63,563,454
Other Assets	$	6,563
Receivable		
Due From Brokers	$	162,145
Interest Receivable		12,155
Total Receivables	$	174,300
Total Assets	$	66,490,456
Liabilities and Deferred Inflows of Resources		
Liabilities		
Accounts Payable and Accrued Expenses	$	32,709
Due to Brokers		61,498
Due to General Fund		644,199
Total Liabilities and Deferred Inflows of Resources	$	738,406
Net Position Restricted for Pensions	$	65,752,050

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR YEAR ENDED SEPTEMBER 30, 2017

		2017
Additions		
Contributions		
Employer	$	3,747,499
Employee		368,777
Other		-
Total Contributions	$	4,116,276
Investment Income		
Net Appreciation in Fair Value of Investments	$	6,446,616
Interest and Dividends		317,784
Less Investment Expense		(157,504)
Other		1,036
Net Investment Income	$	6,607,932
Total Additions	$	10,724,208
Deductions		
Benefit Payments	$	4,986,040
DROP Plan Payments to ICMA		-
Share Distributions		-
DROP Withdrawal		523,447
Refunds of Participants Contributions		9,583
Salary and Benefits		24,760
Administrative Expense		108,451
Total Deductions	$	5,652,281
Net Increase in Net Position	$	5,071,927
Net Position Restricted for Pensions		
Beginning of Year	$	60,680,123
Prior Period Adjustment		-
End of Year	$	65,752,050

Schedules of Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios Multiyear

Ultimately 10 Years Will Be Displayed

Fiscal year ending September 30,	2017	2016	2015	2014
Total Pension Liability				
Service Cost	$ 571,802	$ 229,514	$ 274,361	$ 311,681
Interest on the Total Pension Liability	6,940,855	6,571,902	6,343,197	6,321,297
Benefit Changes	-	1,149,473	83,392	-
Difference between Expected and Actual Experience	(978,835)	489,883	637,285	-
Assumption Changes	1,110,893	3,077,576	2,464,150	-
Benefit Payments	(5,509,487)	(5,492,306)	(7,918,798)	(4,690,744)
Refunds	(9,583)	(27,651)	(22,377)	(12,726)
Net Change in Total Pension Liability	2,125,645	5,998,391	1,861,210	1,929,508
Total Pension Liability - Beginning	96,268,968	90,270,577	88,409,367	82,415,628
Prior Year Adjustment	-	-	-	4,064,231
Total Pension Liability - Ending (a)	$ 98,394,613	$ 96,268,968	$ 90,270,577	$ 88,409,367
Plan Fiduciary Net Position				
Employer Contributions	$ 3,747,499	$ 2,306,795	$ 2,144,662	$ 1,979,219
Employee Contributions	368,777	122,231	98,530	108,250
Pension Plan Investment Income	6,765,436	4,574,146	(2,464,621)	4,966,210
Investment Expense	(157,504)	(178,714)	(193,415)	(193,228)
Benefit Payments	(5,509,487)	(5,492,306)	(7,918,798)	(4,690,744)
Refunds	(9,583)	(27,651)	(22,377)	(12,726)
Pension Plan Administrative Expense	(133,211)	(140,951)	(140,899)	(128,668)
Net Change in Plan Fiduciary Net Position	5,071,927	1,163,550	(8,496,918)	2,028,312
Plan Fiduciary Net Position - Beginning	60,680,123	59,516,573	68,013,491	61,920,948
Prior Year Adjustment	-	-	-	4,064,231
Plan Fiduciary Net Position - Ending (b)	$ 65,752,050	$ 60,680,123	$ 59,516,573	$ 68,013,491
Net Pension Liability - Ending (a) - (b)	32,642,563	35,588,845	30,754,004	20,395,876
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	66.82 %	63.03 %	65.93 %	76.93 %
Covered-Employee Payroll	$ 3,559,337	$ 3,668,289	$ 3,354,258	$ 3,453,957
Net Pension Liability as a Percentage of Covered-Employee Payroll	917.10 %	970.18 %	916.86 %	590.51 %
Notes to Schedule:	N/A	N/A	N/A	N/A

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE NET PENSION LIABILITY MULTIYEAR

Ultimately 10 Years Will Be Displayed

FY Ending September 30,	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as a % of Total Pension Liability	Covered Payroll	Net Pension Liability as a % of Covered Payroll
2014	$ 88,409,367	$ 68,013,491	$ 20,395,876	76.93%	$ 3,453,957	590.51%
2015	90,270,577	59,516,573	30,754,004	65.93%	3,354,258	916.86%
2016	96,268,968	60,680,123	35,588,845	63.03%	3,668,289	970.18%
2017	98,394,613	65,752,050	32,642,563	66.82%	3,559,337	917.10%

NOTES TO NET PENSION LIABILITY

Valuation Date:	September 30, 2016
Measurement Date:	September 30, 2017

Methods and Assumptions Used to Determine Net Pension Liability:

Actuarial Cost Method	Entry Age Normal
Inflation and other general increases	3.00% wage inflation; 2.50% general inflation
Salary Increases	3.5% including inflation
Investment Rate of Return	7.30%
Municipal Bond Rate	3.50%
Retirement Age	Age-based table of rates that are specific to the type of eligibility condition.
Mortality	The mortality tables used are the same as those used in the July 1, 2016 Pension Actuarial Valuation of the Florida Retirement System (FRS) for Special Risk members. These tables are based on the RP-2000 mortality tables with white and blue collar adjustments and with mortality improvements projected for healthy lives to all future years using Scale BB.

Other Information:

Notes	See Discussion of Valuation Results in the September 30, 2016 Actuarial Valuation Report, dated February 15, 2017. Effective as of September 30, 2017, the investment return assumption was lowered from 7.40% to 7.30%, and the payroll growth rate assumption was lowered to 3.0%. The impact of these changes is disclosed in the Schedule of Changes in Net Pension Liability Exhibit of this report.

Schedule of Contributions Multiyear

Ultimately 10 Years Will Be Displayed

FY Ending September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2014	$ 1,881,949	$ 1,979,219	$ (97,270)	$ 3,453,957	57.30%
2015	2,144,661	2,144,662	(1)	3,354,258	63.94%
2016	2,233,214	2,306,795	(73,581)	3,668,289	62.88%
2017	2,642,757	3,747,499	(1,104,742)	3,559,337	105.29%

Notes to Schedule of Contributions

Valuation Date:	September 30, 2015
Notes	Actuarially determined contribution rates are calculated as of September 30, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates for FY Ending Spetember 30, 2016:

Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level Percent-of-Payroll, Closed
Remaining Amortization Period	11-30 years
Asset Valuation Method	5-Year smoothed market
Inflation and other general increases	3.00% wage inflation; 2.50% general inflation
Salary Increases	3.5% including inflation
Investment Rate of Return	7.50%
Retirement Age	Age-based table of rates that are specific to the type of eligibility condition.
Mortality	RP-2014 Blue Collar Employee and Healthy Annuitant Mortality Tables for males and females, projected to 2017 using Projection Scale MP-2014.

Other Information:

Notes	The FY 2017 contributions were determined in the September 30, 2015 Actuarial Valuation Report dated February 26, 2016, as amended by the the Actuarial Impact Statement dated August 10, 2016.
Cost-of-Living Adjustment	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 who retire 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.

SECTION III

FIREFIGHTERS

SUMMARY OF DISCLOSURES

Actuarial Valuation Date		September 30, 2016
Pension Plan's Fiscal Year Ending Date (Asset Measurement Date & Reporting Date)		September 30, 2017
Membership		
Number of		
- Retirees and Beneficiaries		104
- Inactive, Nonretired Members^		35
- Active Members		51
- Total		190
Covered Payroll#	$	3,457,670
Net Pension Liability		
Total Pension Liability	$	103,467,979
Plan Fiduciary Net Position		61,732,257
Net Pension Liability	$	41,735,722
Plan Fiduciary Net Position as a Percentage of Total Pension Liability		59.66%
Net Pension Liability as a Percentage of Covered Payroll		1,207.05%
Development of the Single Discount Rate		
Single Discount Rate		7.30%
Long-Term Expected Rate of Return		7.30%
Long-Term Municipal Bond Rate*		3.50%
Last year ending September 30 in the 2018 to 2117 projection period for which projected benefit payments are fully funded		2117

* *Source: Fidelity's "20-Year Municipal GO AA Index" as of September 29, 2017. This is the rate for Fidelity's Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds. In describing this index, Fidelity notes that the municipal curves are constructed using option adjusted analytics of a diverse population of over 10,000 tax exempt securities.*

^ *Includes estimated Plan B benefits for 9 members currently receiving Plan A benefits.*

As reported for the September 30, 2016 Actuarial Valuation.

MEASUREMENT OF THE NET PENSION LIABILITY

The net pension liability is measured as the total pension liability, less the amount of the pension plan's fiduciary net position. In actuarial terms, this will be the accrued liability less the market value of assets (not the smoothed actuarial value of assets that is often encountered in actuarial valuations performed to determine the employer's contribution requirement).

A single discount rate of 7.30% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.30%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Below is a table providing the sensitivity of the net pension liability to changes in the discount rate. In particular, the table presents the plan's net pension liability, if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher than the single discount rate:

Sensitivity of Net Pension Liability to the Single Discount Rate Assumption

1% Decrease 6.30%	Current Single Discount Rate Assumption 7.30%	1% Increase 8.30%
$54,911,823	$41,735,722	$31,072,335

STATEMENT OF FIDUCIARY NET POSITION
AS OF SEPTEMBER 30, 2017

		2017
Assets		
Cash and Cash Equivalents	$	2,578,251
Investments, at Fair Value		
Domestic Equity Funds	$	20,716,673
Fixed Income		7,154,368
Alternative		3,778,003
International Equity		15,916,807
Private Equity Funds		5,059,056
Commodities		-
Real Estate Funds		7,052,558
Total Investments	$	59,677,465
Other Assets	$	6,161
Receivable		
Due From Brokers	$	152,233
Interest Receivable		11,410
Total Receivables	$	163,643
Total Assets	$	62,425,520
Liabilities and Deferred Inflows of Resources		
Liabilities		
Accounts Payable and Accrued Expenses	$	30,710
Due to Brokers		57,737
Due to General Fund		604,816
Total Liabilities and Deferred Inflows of Resources	$	693,263
Net Position Restricted for Pensions	$	61,732,257

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR YEAR ENDED SEPTEMBER 30, 2017

		2017
Additions		
Contributions		
Employer	$	3,607,911
Employee		262,473
Other		-
Total Contributions	$	3,870,384
Investment Income		
Net Appreciation in Fair Value of Investments	$	6,120,963
Interest and Dividends		301,732
Less Investment Expense		(149,596)
Other		982
Net Investment Income	$	6,274,081
Total Additions	$	10,144,465
Deductions		
Benefit Payments	$	5,219,976
DROP Plan Payments to ICMA		-
Share Distributions		-
DROP Withdrawal		641,134
Refunds of Participants Contributions		39,427
Salary and Benefits		23,510
Administrative Expense		103,006
Total Deductions	$	6,027,053
Net Increase in Net Position	$	4,117,412
Net Position Restricted for Pensions		
Beginning of Year	$	57,614,845
Prior Period Adjustment		-
End of Year	$	61,732,257

Schedules of Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios Multiyear

Ultimately 10 Years Will Be Displayed

Fiscal year ending September 30,	2017	2016	2015	2014
Total Pension Liability				
Service Cost	$ 342,206	$ 187,387	$ 238,556	$ 281,248
Interest on the Total Pension Liability	6,927,564	6,601,468	6,396,715	6,324,999
Benefit Changes	1,163,805	370,169	35,550	-
Difference between Expected and Actual Experience	3,372,587	1,133,752	(299,119)	-
Assumption Changes	1,167,456	3,049,237	2,324,039	-
Benefit Payments	(5,861,110)	(5,679,431)	(6,098,229)	(5,101,421)
Refunds	(39,427)	(66,548)	(36,034)	(21,692)
Net Change in Total Pension Liability	7,073,081	5,596,034	2,561,478	1,483,134
Total Pension Liability - Beginning	96,394,898	90,798,864	88,237,386	82,218,000
Prior Year Adjustment	-	-	-	4,536,252
Total Pension Liability - Ending (a)	$103,467,979	$ 96,394,898	$ 90,798,864	$ 88,237,386
Plan Fiduciary Net Position				
Employer Contributions (see Note below)	$ 3,607,911	$ 2,359,519	$ 2,269,117	$ 2,071,503
Employee Contributions	262,473	129,585	210,233	154,199
Pension Plan Investment Income	6,423,677	4,346,954	(2,285,815)	4,308,313
Investment Expense	(149,596)	(169,741)	(179,383)	(182,692)
Benefit Payments	(5,861,110)	(5,679,431)	(6,098,229)	(5,101,421)
Refunds	(39,427)	(66,548)	(36,034)	(21,692)
Pension Plan Administrative Expense	(126,516)	(133,874)	(130,676)	(121,652)
Net Change in Plan Fiduciary Net Position	4,117,412	786,464	(6,250,787)	1,106,558
Plan Fiduciary Net Position - Beginning	57,614,845	56,828,381	63,079,168	57,436,358
Prior Year Adjustment	-	-	-	4,536,252
Plan Fiduciary Net Position - Ending (b)	$ 61,732,257	$ 57,614,845	$ 56,828,381	$ 63,079,168
Net Pension Liability - Ending (a) - (b)	41,735,722	38,780,053	33,970,483	25,158,218
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	59.66 %	59.77 %	62.59 %	71.49 %
Covered-Employee Payroll	$ 3,457,670	$ 3,242,811	$ 3,403,307	$ 3,671,337
Net Pension Liability as a Percentage of Covered-Employee Payroll	1,207.05 %	1,195.88 %	998.16 %	685.26 %
Notes to Schedule:	transfers from ICMA Shares included in benefit payouts	transfers from ICMA Shares included in benefit payouts	transfers from ICMA Shares included in benefit payouts	N/A

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE NET PENSION LIABILITY MULTIYEAR

Ultimately 10 Years Will Be Displayed

FY Ending September 30,	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as a % of Total Pension Liability	Covered Payroll	Net Pension Liability as a % of Covered Payroll
2014	$ 88,237,386	$ 63,079,168	$ 25,158,218	71.49%	$ 3,671,337	685.26%
2015	90,798,864	56,828,381	33,970,483	62.59%	3,403,307	998.16%
2016	96,394,898	57,614,845	38,780,053	59.77%	3,242,811	1,195.88%
2017	103,467,979	61,732,257	41,735,722	59.66%	3,457,670	1,207.05%

NOTES TO NET PENSION LIABILITY

Valuation Date:	September 30, 2016
Measurement Date:	September 30, 2017

Methods and Assumptions Used to Determine Net Pension Liability:

Actuarial Cost Method	Entry Age Normal
Inflation and other general increases	3.00% wage inflation; 2.50% general inflation
Salary Increases	3.5% including inflation
Investment Rate of Return	7.30%
Municipal Bond Rate	3.50%
Retirement Age	Age-based table of rates that are specific to the type of eligibility condition.
Mortality	The mortality tables used are the same as those used in the July 1, 2016 Pension Actuarial Valuation of the Florida Retirement System (FRS) for Special Risk members. These tables are based on the RP-2000 mortality tables with white and blue collar adjustments and with mortality improvements projected for healthy lives to all future years using Scale BB.

Other Information:

Notes	See Discussion of Valuation Results in the September 30, 2016 Actuarial Valuation Report, dated February 15, 2017 and the Actuarial Impact Statement dated August 4, 2017. Effective as of September 30, 2017, the investment return assumption was lowered from 7.40% to 7.30%, and the payroll growth rate assumption was lowered to 3.0%. The impact of these changes is disclosed in the Schedule of Changes in Net Pension Liability Exhibit of this report.

SCHEDULE OF CONTRIBUTIONS MULTIYEAR

Ultimately 10 Years Will Be Displayed

FY Ending September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2014	$ 2,040,491	$ 2,071,503	$ (31,012)	$ 3,671,337	56.42%
2015	2,223,585	2,223,584	1	3,403,307	65.34%
2016	2,285,579	2,359,519	(73,940)	3,242,811	72.76%
2017	2,629,230	3,607,911	(978,681)	3,457,670	104.35%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:	September 30, 2015
Notes	Actuarially determined contribution rates are calculated as of September 30, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates for FY Ending Spetember 30, 2016:

Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level Percent-of-Payroll, Closed
Remaining Amortization Period	16-30 years
Asset Valuation Method	5-Year smoothed market
Inflation and other general	3.0% wage inflation; 2.50% general inflation
Salary Increases	3.5% including inflation
Investment Rate of Return	7.50%
Retirement Age	Age-based table of rates that are specific to the type of eligibility condition.
Mortality	RP-2014 Blue Collar Employee and Healthy Annuitant Mortality Tables for males and females, projected to 2017 using Projection Scale MP-2014.

Other Information:

Notes	The FY 2017 contributions were determined in the September 30, 2015 Actuarial Valuation Report dated February 26, 2016, as amended by the the Actuarial Impact Statement dated August 10, 2016.
Cost-of-Living Adjustment	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 who retire 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.

SECTION IV

CALCULATION OF THE SINGLE DISCOUNT RATE

Calculation of the Single Discount Rate

GASB Statement No. 67 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the fund to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. As long as assets are projected to be on hand in a future year, the assumed valuation discount rate is used. In years where assets are not projected to be sufficient to meet benefit payments, the use of a “risk-free” rate is required, as described in the following paragraph.

The *Single Discount Rate* (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on the Bond Buyer 20-Bond Index of general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.30%; the municipal bond rate is 3.50%; and the resulting single discount rate is 7.30%.

The tables in this section provide background for the development of the single discount rate.

The **Projection of Contributions** table shows the development of expected contributions in future years.

The **Projection of Plan Fiduciary Net Position** table shows the development of expected asset levels in future years.

The **Present Values of Projected Benefit Payments** table shows the development of the Single Discount Rate (SDR). It breaks down the benefit payments into present values for funded and unfunded portions and shows the equivalent total at the SDR.

Single Discount Rate Development Projection of Contributions Ending September 30 for 2018 to 2067

Year	Payroll for Current Employees	Contributions from Current Employees	Service Cost Contributions	Administrative Expense Contributions	UAL Contributions	Total Contributions
1	$ 16,997,029	$ 1,046,535	$ 845,161	$ 476,329	$ 8,070,521	$ 10,438,546
2	16,600,661	1,021,192	804,590	488,821	8,312,637	10,627,240
3	16,312,666	1,002,371	773,666	501,730	8,562,016	10,839,783
4	16,056,193	989,940	749,616	514,252	8,818,877	11,072,685
5	15,743,357	975,769	724,266	526,447	9,083,443	11,309,925
6	15,383,326	954,537	695,257	539,199	9,355,946	11,544,939
7	14,826,196	919,040	653,313	551,888	9,636,625	11,760,866
8	14,192,721	878,684	608,785	564,610	9,925,723	11,977,802
9	13,485,333	835,353	559,852	577,620	10,223,495	12,196,320
10	12,586,082	779,285	505,183	591,204	8,863,205	10,738,878
11	11,839,607	732,029	466,407	603,511	9,129,102	10,931,049
12	11,322,864	702,974	438,751	613,643	9,402,975	11,158,343
13	10,765,581	672,220	413,697	623,506	9,685,064	11,394,487
14	10,123,055	632,417	389,034	633,201	8,818,622	10,473,274
15	9,486,258	589,552	363,769	642,458	6,154,886	7,750,666
16	8,841,791	548,823	336,505	650,800	4,143,863	5,679,991
17	8,255,477	515,355	309,451	657,018	4,268,179	5,750,004
18	7,738,791	487,266	286,334	661,663	4,396,225	5,831,488
19	7,158,010	455,508	262,411	666,464	4,528,111	5,912,495
20	6,452,221	413,789	233,939	671,868	4,663,955	5,983,551
21	5,802,432	373,842	205,421	675,611	4,803,873	6,058,747
22	5,121,189	328,633	177,573	679,139	4,947,990	6,133,334
23	4,390,224	280,068	149,462	682,213	5,096,429	6,208,172
24	3,785,506	241,329	126,896	682,554	7,376,428	8,427,207
25	3,346,593	214,544	111,396	679,485	8,133,034	9,138,459
26	2,968,615	191,678	97,231	674,439	-	963,348
27	2,557,623	165,370	81,126	668,832	-	915,328
28	2,104,062	134,329	63,579	663,290	-	861,198
29	1,672,511	102,347	47,064	656,395	-	805,805
30	1,297,909	73,790	33,794	647,727	-	755,311
31	932,888	46,932	22,268	637,732	-	706,932
32	686,993	29,712	15,513	624,107	-	669,332
33	534,646	20,401	11,635	607,382	-	639,418
34	422,491	15,263	9,018	588,724	-	613,006
35	340,128	12,013	7,142	568,652	-	587,808
36	281,121	9,856	5,876	547,354	-	563,086
37	215,059	7,527	4,426	525,715	-	537,668
38	153,328	5,366	3,119	503,418	-	511,903
39	116,463	4,076	2,307	480,316	-	486,699
40	73,053	2,557	1,440	457,233	-	461,230
41	40,690	1,424	792	433,990	-	436,206
42	24,669	863	473	410,711	-	412,048
43	12,616	442	228	387,714	-	388,384
44	5,170	181	96	365,071	-	365,348
45	1,369	48	23	342,854	-	342,925
46	411	14	10	321,119	-	321,143
47	36	1	(0)	299,917	-	299,918
48	-	-	-	279,289	-	279,289
49	-	-	-	259,299	-	259,299
50	-	-	-	240,001	-	240,001

Single Discount Rate Development Projection of Contributions Ending September 30 for 2068 to 2117

Year	Payroll for Current Employees	Contributions from Current Employees	Service Cost Contributions	Administrative Expense Contributions	UAL Contributions	Total Contributions
51	$ -	$ -	$ -	$ 221,436	$ -	$ 221,436
52	-	-	-	203,676	-	203,676
53	-	-	-	186,748	-	186,748
54	-	-	-	170,664	-	170,664
55	-	-	-	155,453	-	155,453
56	-	-	-	141,111	-	141,111
57	-	-	-	127,613	-	127,613
58	-	-	-	114,945	-	114,945
59	-	-	-	103,099	-	103,099
60	-	-	-	92,061	-	92,061
61	-	-	-	81,804	-	81,804
62	-	-	-	72,314	-	72,314
63	-	-	-	63,602	-	63,602
64	-	-	-	55,670	-	55,670
65	-	-	-	48,494	-	48,494
66	-	-	-	42,032	-	42,032
67	-	-	-	36,239	-	36,239
68	-	-	-	31,074	-	31,074
69	-	-	-	26,488	-	26,488
70	-	-	-	22,441	-	22,441
71	-	-	-	18,890	-	18,890
72	-	-	-	15,807	-	15,807
73	-	-	-	13,156	-	13,156
74	-	-	-	10,891	-	10,891
75	-	-	-	8,953	-	8,953
76	-	-	-	7,294	-	7,294
77	-	-	-	5,891	-	5,891
78	-	-	-	4,721	-	4,721
79	-	-	-	3,750	-	3,750
80	-	-	-	2,948	-	2,948
81	-	-	-	2,287	-	2,287
82	-	-	-	1,752	-	1,752
83	-	-	-	1,326	-	1,326
84	-	-	-	990	-	990
85	-	-	-	726	-	726
86	-	-	-	527	-	527
87	-	-	-	379	-	379
88	-	-	-	270	-	270
89	-	-	-	189	-	189
90	-	-	-	130	-	130
91	-	-	-	88	-	88
92	-	-	-	58	-	58
93	-	-	-	38	-	38
94	-	-	-	25	-	25
95	-	-	-	16	-	16
96	-	-	-	10	-	10
97	-	-	-	6	-	6
98	-	-	-	4	-	4
99	-	-	-	2	-	2
100	-	-	-	-	-	-

SINGLE DISCOUNT RATE DEVELOPMENT PROJECTION
OF PLAN FIDUCIARY NET POSITION ENDING SEPTEMBER 30 FOR 2018 TO 2067

Year	Projected Beginning Plan Net Position	Projected Total Contributions	Projected Benefit Payments	Projected Administrative Expenses	Projected Investment Earnings at 7.30%	Projected Ending Plan Net Position
	(a)	(b)	(c)	(d)	(e)	(f)=(a)+(b)-(c)-(d)+(e)
1	$ 198,324,196	$ 10,438,546	$ 18,256,987	$ 476,329	$ 13,872,148	$ 203,901,574
2	203,901,574	10,627,240	18,735,801	488,821	14,257,206	209,561,398
3	209,561,398	10,839,783	19,230,605	501,730	14,648,826	215,317,672
4	215,317,672	11,072,685	19,710,541	514,252	15,050,086	221,215,650
5	221,215,650	11,309,925	20,177,970	526,447	15,462,945	227,284,103
6	227,284,103	11,544,939	20,666,724	539,199	15,886,488	233,509,607
7	233,509,607	11,760,866	21,153,076	551,888	16,320,282	239,885,791
8	239,885,791	11,977,802	21,640,679	564,610	16,765,056	246,423,361
9	246,423,361	12,196,320	22,139,331	577,620	17,220,899	253,123,629
10	253,123,629	10,738,878	22,659,990	591,204	17,564,626	258,175,938
11	258,175,938	10,931,049	23,131,700	603,511	17,912,140	263,283,916
12	263,283,916	11,158,343	23,520,068	613,643	18,272,524	268,581,072
13	268,581,072	11,394,487	23,898,088	623,506	18,648,139	274,102,105
14	274,102,105	10,473,274	24,269,668	633,201	18,956,093	278,628,603
15	278,628,603	7,750,666	24,624,499	642,458	19,061,199	280,173,511
16	280,173,511	5,679,991	24,944,229	650,800	18,998,869	279,257,342
17	279,257,342	5,750,004	25,182,540	657,018	18,919,248	278,087,036
18	278,087,036	5,831,488	25,360,576	661,663	18,826,429	276,722,713
19	276,722,713	5,912,495	25,544,616	666,464	18,718,961	275,143,089
20	275,143,089	5,983,551	25,751,744	671,868	18,593,321	273,296,349
21	273,296,349	6,058,747	25,895,183	675,611	18,453,254	271,237,557
22	271,237,557	6,133,334	26,030,399	679,139	18,298,279	268,959,632
23	268,959,632	6,208,172	26,148,220	682,213	18,128,628	266,465,998
24	266,465,998	8,427,207	26,161,311	682,554	18,107,602	266,156,941
25	266,156,941	9,138,459	26,043,675	679,485	18,145,774	266,718,013
26	266,718,013	963,348	25,850,260	674,439	17,604,436	258,761,099
27	258,761,099	915,328	25,635,370	668,832	17,036,172	250,408,398
28	250,408,398	861,198	25,422,947	663,290	16,438,385	241,621,744
29	241,621,744	805,805	25,158,663	656,395	15,812,712	232,425,203
30	232,425,203	755,311	24,826,438	647,727	15,162,563	222,868,912
31	222,868,912	706,932	24,443,356	637,732	14,490,117	212,984,873
32	212,984,873	669,332	23,921,131	624,107	13,804,955	202,913,922
33	202,913,922	639,418	23,280,080	607,382	13,115,609	192,781,487
34	192,781,487	613,006	22,564,941	588,724	12,427,580	182,668,408
35	182,668,408	587,808	21,795,615	568,652	11,745,112	172,637,061
36	172,637,061	563,086	20,979,272	547,354	11,072,167	162,745,689
37	162,745,689	537,668	20,149,895	525,715	10,410,366	153,018,113
38	153,018,113	511,903	19,295,294	503,418	9,762,385	143,493,689
39	143,493,689	486,699	18,409,826	480,316	9,131,588	134,221,834
40	134,221,834	461,230	17,525,070	457,233	8,519,156	125,219,917
41	125,219,917	436,206	16,634,218	433,990	7,926,918	116,514,834
42	116,514,834	412,048	15,741,944	410,711	7,356,519	108,130,745
43	108,130,745	388,384	14,860,509	387,714	6,808,776	100,079,682
44	100,079,682	365,348	13,992,626	365,071	6,284,375	92,371,709
45	92,371,709	342,925	13,141,089	342,854	5,783,840	85,014,531
46	85,014,531	321,143	12,308,032	321,119	5,307,576	78,014,099
47	78,014,099	299,918	11,495,401	299,917	4,855,865	71,374,564
48	71,374,564	279,289	10,704,754	279,289	4,428,896	65,098,706
49	65,098,706	259,299	9,938,575	259,299	4,026,690	59,186,821
50	59,186,821	240,001	9,198,894	240,001	3,649,119	53,637,046

Share and DROP Accounts are excluded from the Plan Net Position for the purpose of this projection.

SINGLE DISCOUNT RATE DEVELOPMENT PROJECTION
OF PLAN FIDUCIARY NET POSITION ENDING SEPTEMBER 30 FOR 2068 TO 2117

Year	Projected Beginning Plan Net Position	Projected Total Contributions	Projected Benefit Payments	Projected Administrative Expenses	Projected Investment Earnings at 7.30%	Projected Ending Plan Net Position
	(a)	(b)	(c)	(d)	(e)	(f)=(a)+(b)-(c)-(d)+(e)
51	$ 53,637,046	$ 221,436	$ 8,487,310	$ 221,436	$ 3,295,931	$ 48,445,667
52	48,445,667	203,676	7,806,590	203,676	2,966,653	43,605,729
53	43,605,729	186,748	7,157,769	186,748	2,660,701	39,108,662
54	39,108,662	170,664	6,541,314	170,664	2,377,416	34,944,764
55	34,944,764	155,453	5,958,277	155,453	2,116,014	31,102,500
56	31,102,500	141,111	5,408,567	141,111	1,875,657	27,569,590
57	27,569,590	127,613	4,891,239	127,613	1,655,520	24,333,871
58	24,333,871	114,945	4,405,659	114,945	1,454,759	21,382,971
59	21,382,971	103,099	3,951,621	103,099	1,272,489	18,703,839
60	18,703,839	92,061	3,528,559	92,061	1,107,795	16,283,075
61	16,283,075	81,804	3,135,438	81,804	959,778	14,107,415
62	14,107,415	72,314	2,771,685	72,314	827,508	12,163,238
63	12,163,238	63,602	2,437,761	63,602	709,960	10,435,437
64	10,435,437	55,670	2,133,769	55,670	606,022	8,907,690
65	8,907,690	48,494	1,858,715	48,494	514,575	7,563,550
66	7,563,550	42,032	1,611,018	42,032	434,535	6,387,066
67	6,387,066	36,239	1,388,997	36,239	364,859	5,362,929
68	5,362,929	31,074	1,191,020	31,074	304,549	4,476,458
69	4,476,458	26,488	1,015,245	26,488	252,669	3,713,882
70	3,713,882	22,441	860,123	22,441	208,324	3,062,083
71	3,062,083	18,890	724,027	18,890	170,678	2,508,735
72	2,508,735	15,807	605,866	15,807	138,909	2,041,778
73	2,041,778	13,156	504,255	13,156	112,239	1,649,762
74	1,649,762	10,891	417,433	10,891	89,960	1,322,289
75	1,322,289	8,953	343,166	8,953	71,476	1,050,599
76	1,050,599	7,294	279,581	7,294	56,284	827,302
77	827,302	5,891	225,800	5,891	43,910	645,411
78	645,411	4,721	180,955	4,721	33,905	498,361
79	498,361	3,750	143,735	3,750	25,888	380,514
80	380,514	2,948	112,974	2,948	19,530	287,070
81	287,070	2,287	87,645	2,287	14,558	213,983
82	213,983	1,752	67,145	1,752	10,719	157,558
83	157,558	1,326	50,813	1,326	7,792	114,537
84	114,537	990	37,927	990	5,593	82,203
85	82,203	726	27,845	726	3,968	58,326
86	58,326	527	20,212	527	2,782	40,897
87	40,897	379	14,543	379	1,924	28,278
88	28,278	270	10,340	270	1,309	19,247
89	19,247	189	7,235	189	877	12,889
90	12,889	130	4,974	130	578	8,493
91	8,493	88	3,354	88	375	5,514
92	5,514	58	2,231	58	240	3,522
93	3,522	38	1,466	38	150	2,206
94	2,206	25	948	25	92	1,350
95	1,350	16	603	16	55	801
96	801	10	380	10	31	452
97	452	6	238	6	16	230
98	230	4	148	4	6	88
99	88	2	88	2	-	-
100	-	-	-	-	-	-

Share and DROP Accounts are excluded from the Plan Net Position for the purpose of this projection.

SINGLE DISCOUNT RATE DEVELOPMENT PRESENT VALUES OF PROJECTED BENEFITS ENDING SEPTEMBER 30 FOR 2018 TO 2067

Year	Projected Beginning Plan Net Position	Projected Benefit Payments	Funded Portion of Benefit Payments	Unfunded Portion of Benefit Payments	Present Value of Funded Benefit Payments using Expected Return Rate (v)	Present Value of Unfunded Benefit Payments using Municipal Bond Rate (vf)	Present Value of Benefit Payments using Single Discount Rate (sdr)
(a)	(b)	(c)	(d)	(e)	(f)=(d)*v^((a)-1)	(g)=(e)*vf ^((a)-1)	(h)=((c)/(1+sdr)^(a-1)
1	$ 198,324,196	$ 18,256,987	$ 18,256,987	$ -	$ 17,014,900	$ -	$ 17,014,900
2	203,901,574	18,735,801	18,735,801	-	16,273,195	-	16,273,195
3	209,561,398	19,230,605	19,230,605	-	15,566,601	-	15,566,601
4	215,317,672	19,710,541	19,710,541	-	14,869,613	-	14,869,613
5	221,215,650	20,177,970	20,177,970	-	14,186,617	-	14,186,617
6	227,284,103	20,666,724	20,666,724	-	13,541,704	-	13,541,704
7	233,509,607	21,153,076	21,153,076	-	12,917,411	-	12,917,411
8	239,885,791	21,640,679	21,640,679	-	12,316,097	-	12,316,097
9	246,423,361	22,139,331	22,139,331	-	11,742,674	-	11,742,674
10	253,123,629	22,659,990	22,659,990	-	11,201,147	-	11,201,147
11	258,175,938	23,131,700	23,131,700	-	10,656,402	-	10,656,402
12	263,283,916	23,520,068	23,520,068	-	10,098,152	-	10,098,152
13	268,581,072	23,898,088	23,898,088	-	9,562,397	-	9,562,397
14	274,102,105	24,269,668	24,269,668	-	9,050,399	-	9,050,399
15	278,628,603	24,624,499	24,624,499	-	8,557,986	-	8,557,986
16	280,173,511	24,944,229	24,944,229	-	8,079,315	-	8,079,315
17	279,257,342	25,182,540	25,182,540	-	7,601,587	-	7,601,587
18	278,087,036	25,360,576	25,360,576	-	7,134,510	-	7,134,510
19	276,722,713	25,544,616	25,544,616	-	6,697,376	-	6,697,376
20	275,143,089	25,751,744	25,751,744	-	6,292,340	-	6,292,340
21	273,296,349	25,895,183	25,895,183	-	5,896,914	-	5,896,914
22	271,237,557	26,030,399	26,030,399	-	5,524,423	-	5,524,423
23	268,959,632	26,148,220	26,148,220	-	5,171,881	-	5,171,881
24	266,465,998	26,161,311	26,161,311	-	4,822,433	-	4,822,433
25	266,156,941	26,043,675	26,043,675	-	4,474,136	-	4,474,136
26	266,718,013	25,850,260	25,850,260	-	4,138,778	-	4,138,778
27	258,761,099	25,635,370	25,635,370	-	3,825,138	-	3,825,138
28	250,408,398	25,422,947	25,422,947	-	3,535,360	-	3,535,360
29	241,621,744	25,158,663	25,158,663	-	3,260,586	-	3,260,586
30	232,425,203	24,826,438	24,826,438	-	2,998,629	-	2,998,629
31	222,868,912	24,443,356	24,443,356	-	2,751,500	-	2,751,500
32	212,984,873	23,921,131	23,921,131	-	2,509,520	-	2,509,520
33	202,913,922	23,280,080	23,280,080	-	2,276,112	-	2,276,112
34	192,781,487	22,564,941	22,564,941	-	2,056,097	-	2,056,097
35	182,668,408	21,795,615	21,795,615	-	1,850,883	-	1,850,883
36	172,637,061	20,979,272	20,979,272	-	1,660,353	-	1,660,353
37	162,745,689	20,149,895	20,149,895	-	1,486,220	-	1,486,220
38	153,018,113	19,295,294	19,295,294	-	1,326,362	-	1,326,362
39	143,493,689	18,409,826	18,409,826	-	1,179,398	-	1,179,398
40	134,221,834	17,525,070	17,525,070	-	1,046,335	-	1,046,335
41	125,219,917	16,634,218	16,634,218	-	925,580	-	925,580
42	116,514,834	15,741,944	15,741,944	-	816,338	-	816,338
43	108,130,745	14,860,509	14,860,509	-	718,200	-	718,200
44	100,079,682	13,992,626	13,992,626	-	630,248	-	630,248
45	92,371,709	13,141,089	13,141,089	-	551,625	-	551,625
46	85,014,531	12,308,032	12,308,032	-	481,506	-	481,506
47	78,014,099	11,495,401	11,495,401	-	419,119	-	419,119
48	71,374,564	10,704,754	10,704,754	-	363,739	-	363,739
49	65,098,706	9,938,575	9,938,575	-	314,730	-	314,730
50	59,186,821	9,198,894	9,198,894	-	271,487	-	271,487

Share and DROP Accounts are excluded from the Plan Net Position for the purpose of this projection.

Single Discount Rate Development Present Values of Projected Benefits Ending September 30 for 2068 to 2117

Year	Projected Beginning Plan Net Position	Projected Benefit Payments	Funded Portion of Benefit Payments	Unfunded Portion of Benefit Payments	Present Value of Funded Benefit Payments using Expected Return Rate (v)	Present Value of Unfunded Benefit Payments using Municipal Bond Rate (vf)	Present Value of Benefit Payments using Single Discount Rate (sdr)
(a)	(b)	(c)	(d)	(e)	(f)=(d)*v^((a)-1)	(g)=(e)*vf ^((a)-1)	(h)=((c)/(1+sdr)^(a-1)
51	$ 53,637,046	$ 8,487,310	$ 8,487,310	$ -	$ 233,445	$ -	$ 233,445
52	48,445,667	7,806,590	7,806,590	-	200,113	-	200,113
53	43,605,729	7,157,769	7,157,769	-	170,999	-	170,999
54	39,108,662	6,541,314	6,541,314	-	145,640	-	145,640
55	34,944,764	5,958,277	5,958,277	-	123,633	-	123,633
56	31,102,500	5,408,567	5,408,567	-	104,592	-	104,592
57	27,569,590	4,891,239	4,891,239	-	88,153	-	88,153
58	24,333,871	4,405,659	4,405,659	-	73,999	-	73,999
59	21,382,971	3,951,621	3,951,621	-	61,857	-	61,857
60	18,703,839	3,528,559	3,528,559	-	51,477	-	51,477
61	16,283,075	3,135,438	3,135,438	-	42,630	-	42,630
62	14,107,415	2,771,685	2,771,685	-	35,121	-	35,121
63	12,163,238	2,437,761	2,437,761	-	28,788	-	28,788
64	10,435,437	2,133,769	2,133,769	-	23,484	-	23,484
65	8,907,690	1,858,715	1,858,715	-	19,065	-	19,065
66	7,563,550	1,611,018	1,611,018	-	15,400	-	15,400
67	6,387,066	1,388,997	1,388,997	-	12,374	-	12,374
68	5,362,929	1,191,020	1,191,020	-	9,889	-	9,889
69	4,476,458	1,015,245	1,015,245	-	7,856	-	7,856
70	3,713,882	860,123	860,123	-	6,203	-	6,203
71	3,062,083	724,027	724,027	-	4,866	-	4,866
72	2,508,735	605,866	605,866	-	3,795	-	3,795
73	2,041,778	504,255	504,255	-	2,944	-	2,944
74	1,649,762	417,433	417,433	-	2,271	-	2,271
75	1,322,289	343,166	343,166	-	1,740	-	1,740
76	1,050,599	279,581	279,581	-	1,321	-	1,321
77	827,302	225,800	225,800	-	994	-	994
78	645,411	180,955	180,955	-	743	-	743
79	498,361	143,735	143,735	-	550	-	550
80	380,514	112,974	112,974	-	403	-	403
81	287,070	87,645	87,645	-	291	-	291
82	213,983	67,145	67,145	-	208	-	208
83	157,558	50,813	50,813	-	147	-	147
84	114,537	37,927	37,927	-	102	-	102
85	82,203	27,845	27,845	-	70	-	70
86	58,326	20,212	20,212	-	47	-	47
87	40,897	14,543	14,543	-	32	-	32
88	28,278	10,340	10,340	-	21	-	21
89	19,247	7,235	7,235	-	14	-	14
90	12,889	4,974	4,974	-	9	-	9
91	8,493	3,354	3,354	-	6	-	6
92	5,514	2,231	2,231	-	3	-	3
93	3,522	1,466	1,466	-	2	-	2
94	2,206	948	948	-	1	-	1
95	1,350	603	603	-	1	-	1
96	801	380	380	-	0	-	0
97	452	238	238	-	0	-	0
98	230	148	148	-	0	-	0
99	88	88	88	-	0	-	0
100	-	-	-	-	-	-	-
				Totals	$ 292,119,348	$ -	$ 292,119,348

Share and DROP Accounts are excluded from the Plan Net Position for the purpose of this projection.

GRS Retirement Consulting

P: 954.527.1616 | F: 954.525.0083 | www.grsconsulting.com

November 6, 2017

Board of Trustees
Town of Palm Beach Retirement System
C/O Bill Hanes, Plan Administrator
P.O. Box 2112
Palm Beach, Florida 33480

Re: Town of Palm Beach Retirement System
Proposed FY 2018 Actuarial Consulting Services Fees

Dear Trustees:

As the actuaries for the Town of Palm Beach Retirement System, GRS performs routine annual actuarial and consulting services for the Retirement System. In the past, we have provided an annual fee letter for the year at the beginning of each year. We would like to discuss entering a multi-year professional services agreement (contract) with the Board which would cover other aspects of our professional relationship with the Board beyond just our fees. For information and discussion purposes, the proposed fees to be incorporated into a longer-term services agreement are listed below.

	Actuarial Services	Fees
1.	Annual Actuarial Valuation Report, including separate results for four groups (General, Ocean Rescue, Police and Fire), attendance at one Board meeting to review the report with the Board, and up to 2 hours of routine consultation (emails, phone calls, etc.) per quarter (8 hours total)	$25,000*
2.	Preparation of Annual GASB 67 Report (with separate results for General Employees/Ocean Rescue, Police and Fire – 38-page report)	$4,500*
3.	Preparation of Annual GASB 68 Report (with separate results for General Employees/Ocean Rescue, Police and Fire – 54-page report)	$5,000*
4.	Chapter 112.664 State Compliance Report	$6,500*
5.	Compliance with State Online Electronic Valuation Reporting Requirements, per letter dated October 31, 2017	$1,250 in first year; $500 in future years
6.	Actuarial certifications of benefit calculations, 415 limit calculations and annual updates to 415 limit calculations	$300 each
7.	Consultation time (emails, phone calls, etc.) in excess of 2 hours per quarter	Hourly Rates
8.	Attendance at additional Board meetings other than listed in item 1 above	Hourly Rates
9.	Actuarial Studies, Projections or Impact Statements requested by the Board	Hourly Rates; fixed fee quote if requested

* This is the proposed amount to be charged for the 2017-18 fiscal year. In subsequent years, this amount shall be adjusted annually by the change in CPI-U, Consumer Price Index (All Urban Consumers, U.S. All items) from September of the prior year to September of the current year. The annual adjustment would be no more than 4.0% per year.

Our hourly rates are adjusted annually, but they are currently as shown below (through June 30, 2018):

Title	Hourly Rate
Senior Consultant (Pete Strong, Jeff Amrose)	$ 388
Consultant (Nicolas Lahaye)	$ 298
Senior Actuarial Analyst (Dina Spektor)	$ 248
Actuarial Analyst (Jennifer Cagasan)	$ 206
Administrative Assistant	$ 85 - $ 100

Please note that this proposed fee letter is intended for discussion and information purposes only. It should not be considered a binding services agreement.

The most significant changes from last year's fees are as follows:

- Last year's retainer of $28,400 covered the actuarial valuation report, routine correspondence, attendance at one Board meeting, benefit verifications and updates to the SPD. We are proposing a $25,000 charge to cover the actuarial valuation report, routine correspondence up to 8 hours per year, and attendance at one Board meeting. The actual time charges incurred for routine correspondence and benefit verifications exceeded our expectations last year and resulted in significant write-offs. The actual incurred time charges for the actuarial valuation report exceeded $40,000 last year.

- The charges for the GASB 67 report were $2,950 last year. Since this report includes separate valuation results for each group, the incurred time charges were more than $9,000. We are proposing an increase from $2,950 to $4,500.

If these proposed fees had been in place during 2016-17, the total fees incurred by the Board would have been approximately $10,000 to $15,000 higher, mostly due to benefit verifications and correspondence in excess of 8 hours during the year. Our realization during FY 2017 was 49% (of actual incurred time charges). This proposed fee change is projected to increase our realization to about 55%-60%.

We do truly appreciate your business and we look forward to continuing to serve the Board of Trustees and the Town of Palm Beach Retirement System.

Respectfully submitted,

Pete Strong

Peter N. Strong, FSA, EA
Senior Consultant and Actuary

GRS Retirement Consulting

P: 954.527.1616 | F: 954.525.0083 | www.grsconsulting.com

January 25, 2018

Board of Trustees
Town of Palm Beach Retirement System
C/O Bill Hanes, Plan Administrator
P.O. Box 2112
Palm Beach, Florida 33480

Re: Town of Palm Beach Retirement System
Follow-up Regarding Proposed FY 2018 Actuarial Consulting Services Fees

Dear Trustees:

This letter serves as a follow-up letter to our November 6, 2017 letter regarding the actuarial consulting service fees for the Town of Palm Beach Retirement System for services to be rendered during the fiscal year ending September 30, 2018. Our November 6, 2017 letter provided a list of the actuarial services and a proposed fee for each service. Below is a list showing a direct comparison of last year's fees (during fiscal year 2017) to this year's proposed fees for each service.

	Actuarial Services	FY 2017 Fees	FY 2018 Fees
1.	Annual Actuarial Valuation Report with separate results for 4 groups (General, O/R, Police, Fire), attendance at one Board meeting to review report with Board, and up to 2 hours of routine consultation per quarter (8 hours/year)	$28,400 (fixed fee - included items 6 & 7)	$25,000*
2.	Annual GASB 67 Report (separate results for General, O/R, Police, Fire) – 38-page report)	$2,950	$4,500*
3.	Annual GASB 68 Report (separate results for General, O/R, Police, Fire) – 54-page report (paid by the Town)	$4,500	$5,000*
4.	Chapter 112.664 State Compliance Report	$6,500	$6,500*
5.	Compliance with State Online Electronic Valuation Reporting Requirements, per 10/31/2017 letter (NEW THIS YEAR)	N/A - New	$1,250 first year; $500 future yrs
6.	Actuarial certifications of benefit calculations, 415 limit calculations and annual updates to 415 limit calculations	Included in Retainer	$300 each
7.	Consultation time (emails, phone calls, etc.) in excess of 2 hours per quarter	Included in Retainer	Hourly Rates
8.	Attendance at additional Board meetings (over 1 per year)	Hourly Rates	Hourly Rates
9.	Actuarial Studies, Projections or Impact Statements requested by Board	Hourly Rates; fixed fee quote if requested	Hourly Rates; fixed fee quote if requested

* Proposed amount to be charged for fiscal year 2018. In subsequent years, this amount shall be adjusted annually by change in CPI-U, Consumer Price Index (All Urban Consumers, U.S., All items) from September of prior year to September of current year. The annual adjustment would be no more than 4.0% per year.

Additional commentary and rationale for the proposed change in fees:

- Last year's retainer fee of $28,400 covered the actuarial valuation report, all consultation time and correspondence not billed for separately as part of a special study/project, attendance at one Board meeting, and benefit verifications. Here is a breakdown of the actual time charges incurred for these services during FY 2017:
    - Actuarial Valuation Report: 203 hours incurred (total time charges: $49,844).
    - Consultation Time, not including special studies/projects: Over 50 hours incurred (total time charges: Over $15,000).
    - Benefit verifications: 14 Benefit verifications were prepared during FY 2017. 27.5 hours were incurred (total time charges: $6,246). Average time charges per benefit verification = $446.

  The total incurred time charges for services related to the $28,400 fixed fee retainer were over $70,000, so there were substantial write-offs. Given the volume of consultation/correspondence time and benefit verifications, we believe we can no longer include these items as part of a single flat fee. However, we are proposing to still provide 8 hours of consultation time at no charge. The proposed fees are in line with what we charge other clients for similar work.

- The charges for the GASB 67 report were $2,950 last year. When GASB 67 was first implemented in 2014, we decided as a firm that our standard fee would be $2,950. For most of our clients, there is only one group (for example, Police Officers only), and the $2,950 uniform fee did not contemplate the need to provide separate results for multiple groups (for a single client). For some of our other clients who require separate results for multiple groups, our fee was later adjusted upward to the $4,500 to $5,000 range in consideration of the additional work involved, but this was not done for the Town of Palm Beach. Our standard fee quote for GASB 68 was $2,000 to $2,500, but our initial fee quote was higher at $4,500 for the Town of Palm Beach (reflecting the fact that separate results were needed for multiple groups).

  The total incurred time charges have been over $18,000 per year to prepare both the GASB 67 and GASB 68 reports, with about half of that amount ($9,000) being spent on each report. Since the GASB 68 fee was already higher to reflect the additional work involved to provide results for multiple groups, the proposed fee increase for the GASB 67 report is now higher than the proposed fee increase for GASB 68.

I would be happy to discuss these proposed fees further with the Board. Our goal is to provide excellent service for a reasonable price. We do truly appreciate your business and we look forward to continuing to serve the Board of Trustees and the Town of Palm Beach Retirement System.

Respectfully submitted,

Pete Strong

Peter N. Strong, FSA, EA
Senior Consultant and Actuary

Investment Performance Review
Period Ending December 31, 2017

Town of Palm Beach Retirement System

Preliminary Results

As we embark on a New Year together we first wanted to say, "Thank you" to our clients for giving us the opportunity to work with you. Our mission is to represent the sole interests of our clients by redefining independence. This mission means everything to us. We want to demonstrate this mission every day by maintaining your trust in an evolving financial world. We are extremely grateful to be your consultant and will continue to work tirelessly to uphold your trust and confidence.

As we enter 2018, AndCo has never been stronger and more committed to delivering high quality service. We are 87 people strong, all collectively striving to serve our clients each day. Since most clients do not have the opportunity to interact with our entire firm, we have attached a page which outlines our current organizational structure and illustrates our continued reinvestment in professionals to better serve you. Our steadfast focus on one line of business, general consulting, will remain our singular focus going forward.

Each January, we hold a Firmwide retreat to discuss the previous year's successes and challenges, as well as outline our Strategic plan, including reinforcement of our Mission, Vision and Values. It's a great time for our employees to spend time together and get a better understanding of where the company is going, why we're headed in that direction, and more importantly, the critical role they each play in making it a success. Starting last year, along with this strategic review, we also started the process of announcing new partners at the firm. Since the firm was founded in 2000 by Joe Bogdahn, its foundational goal was to make the firm a multigenerational organization led by the employees. That succession plan was put into place in 2015 and last January we announced 6 new partners – Donna Sullivan, David Ray, Jason Purdy, Bryan Bakardjiev, Steve Gordon and Troy Brown.

This year, we added one new partner – Dan Johnson. Dan has been with the firm for almost 10 years and has worked tirelessly serving his clients and evolving the firm in multiple areas. Dan believes in what we are doing and the value of the independent service model. Dan has continuously demonstrated his willingness to drop everything to help others and help the firm better serve our clients, each other, and the community. As a testament to his contributions, when his name was announced Dan received a standing ovation from his peers. We are honored to have Dan at our firm and part of our ownership team.

At AndCo, we believe in order to continue growing over time, and align interests of all employees, we must continue to recycle equity opportunities back into the organization. This belief embodies our commitment to remain employee owned and managed, as well as reward those team members that have helped make the company what it is today and what it will be going forward. This shared belief also ensures legacy partners will eventually transfer their units to new members.

As such, since Joe initially transferred units back to the firm, I have granted units to new members. I am also happy to acknowledge Dave West as the most recent 1st generation partner to voluntarily recycle his ownership units back into the company. Dave was one of our initial partners and was an instrumental collaborator in the development of the early philosophies and deliverables of the organization. Dave will continue to support the firm by serving our clients with the same passion and enthusiasm into the future as one of our most tenured senior consultants.

So, this New Year we want to say "Thank you" twice: once to you, our valued clients, and once to Dave West for his support, belief and understanding of the AndCo way. We embark on 2018 stronger than ever thanks to your trust, people like Dave, and the rest of our tremendous, growing team.

On behalf of everyone at AndCo, thank you for your partnership.

Mike Welker, CFA®
President/CEO

MANAGEMENT

Mike Welker, CFA
President/CEO

Bryan Bakardjiev, CFA
Executive Director

Troy Brown, CFA
Executive Director

Steve Gordon
Executive Director

Kim Spurlin, CPA
Executive Director

CONSULTANTS

Jack Evatt
Director of Consulting

Dan Johnson
Director of Consulting

Doug Anderson
Annette Bidart
Mike Bostler
Jon Breth, CFP
Christiaan J. Brokaw, CFA
Peter Brown
Jennifer Brozstek
Mike Fleiner
Michael Holycross, CIMA
Jennifer Gainfort, CFA
Brian Green
Tyler Grumbles,CFA,CIPM
Ian Jones
Tony Kay
Brian King
Jeff Kuchta, CFA
Chris Kuhn, CFA, CAIA
Justin Lauver, Esq.
John McCann, CIMA
John Mellinger
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Kerry Richardville, CFA
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Tim Walters
Greg Weaver
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Director of Research - Alternatives

Julie Baker, CFA
International

Brad Hess, CFA
Domestic

Steve Jones, CFA
Head of Asset Strategies

Tim Kominiarek, CAIA
Head of Real Asset

Kevin Laake, CFA
Domestic

Rob Mills, CAIA
Real Estate

Kadmiel Onodje, CAIA
Asset Strategies

Dan Osika, CFA
Asset Strategies

Philip Schmitt, CIMA
Head of Fixed Income

Evan Scussel, CFA, CAIA
Head of Equity

Matthew Ogren
Associate

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Director of Retirement Solutions

Joe Carter
Al DiCristofaro
Amy Heyel
Paul Murray

CLIENT SOLUTIONS GROUP

David Ray
Director of Client Solutions

Misha Bell
Zach Chichinski, CFA, CIPM
Jose Christiansen
Amy Foster
Nicole Hampton
Kim Hummel
Mary Ann Johnson
Rosemarie Kieskowski
Yoon Lee-Choi
Annie Lopez
Grace Niebrzydowski
Beth Porzelt
Jeff Pruniski
Albert Sauerland
Donna Sullivan
Brooke Wilson

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Jamie Utt
IT Systems Administrator

Jerry Camel
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Tim Linger
Software Developer

Brandie Rivera
Controller

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Kim Goodearl
Head of RFP Team

Tala Chin
Marketing Analyst

John Rodak, CIPM
Head of Client On-Boarding

Meghan Haines
Client On-Boarding Associate

Bonnie Burgess
Office Administrator

COMPLIANCE

Matt DeConcini, Esq.
Chief Compliance Officer

Sara Searle
Compliance Officer

INVESTMENT COMMITTEE

Matt DeConcini, Esq.
Chief Compliance Officer (Moderator)

Jack Evatt
Director/Senior Consultant

Jeff Gabrione, CFA
Director of Research

Dan Johnson
Director/Senior Consultant

Ian Jones
Senior Consultant

Jacob Peacock
Director of Retirement Solutions

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87 EMPLOYEES

29 ADVANCED DEGREES

20 CFA

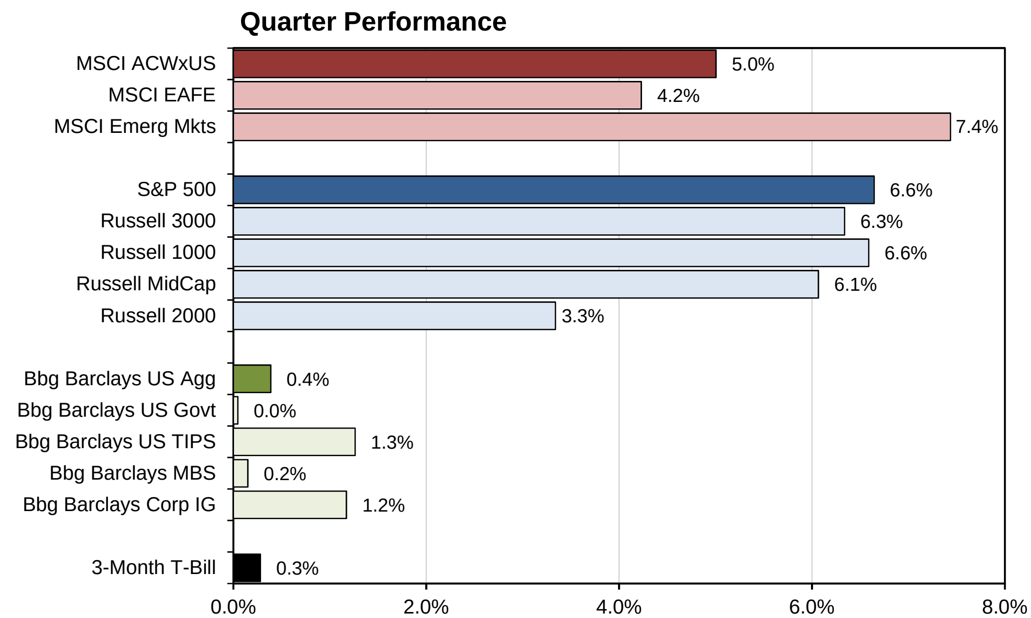
6 CAIA

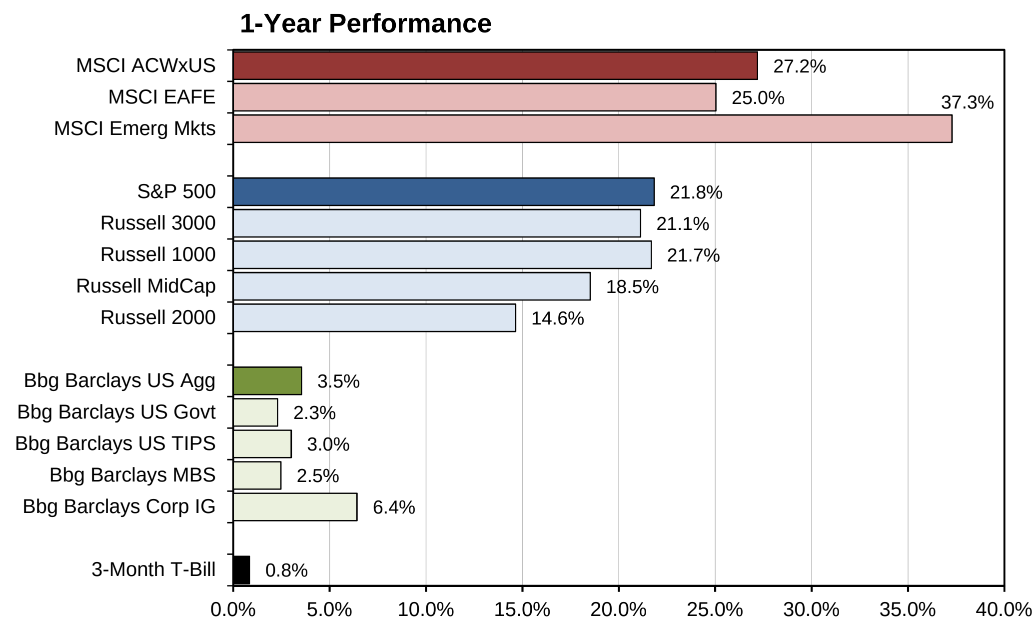
3 CIPM

- Market returns were positive across major equity and fixed income indices for the 4th quarter and calendar year 2017. Broad domestic and international equity markets continued their year long trend of strong positive performance. Fixed income indices also posted positive results, but equities outpaced fixed income investments for both the quarter and 1-year period as improving macroeconomic data and robust corporate earnings worldwide fostered investor optimism in the continued global economic recovery. The US stock market represented by the Russell 3000 Index returned 6.3% and 21.1% for the quarter and calendar year respectively. While the Russell 3000 outperformed the international MSCI ACWI ex US Index during the 4th quarter, international stocks were the best performers of 2017. Domestic equity indices pushed higher as most measures continued to show continued signs of a healthy US economy. Future prospects for lower corporate and individual tax rates following the passage of a republican party led tax code overhaul in December also boosted returns through the period.

- International equity market benchmarks posted considerable gains for both the 4th quarter and year-to-date period with the MSCI ACWI ex US returning 5.0% and 27.2% respectively. Emerging market stocks outpaced both international developed and US equities over both periods with the MSCI Emerging Markets Index returning 7.4% through the quarter and an impressive 37.3% for the calendar year. While developed market international index returns were weaker by comparison, they still posted solid gains with the MSCI EAFE Index returning 25.0% for the 1-year period outpacing major domestic indices. International equities benefitted from continued strength in global fundamental data, a weakening U.S. Dollar (USD) and generally accommodative global central bank policies. This positive trend in economic fundamentals led some global central banks to begin normalizing monetary policy with both the European Central Bank (ECB) and the Bank of England (BoE) taking action during the 4th quarter. Many international markets also saw their returns influenced, both positively and negatively, by ongoing political developments throughout the quarter.

- During the 4th quarter, interest rates on the US Treasury Yield Curve rose for short-term maturities, but fell for long-term maturities causing further flattening of the yield curve. The jump in interest rates on the short end of the curve was partially due to increasing investor expectations for a US Federal Reserve (Fed) interest rate hike, which materialized in December. Despite the increase in short-term rates, broad fixed income indices posted modestly positive results with the bellwether Bloomberg Barclays U.S. Aggregate Index returning 0.4% for the quarter and 3.5% for the year. Corporate credit continued its trend of outperformance relative to other investment grade sectors through 2017 as it benefitted from the further tightening of credit spreads relative to Treasuries.





Source: Investment Metrics

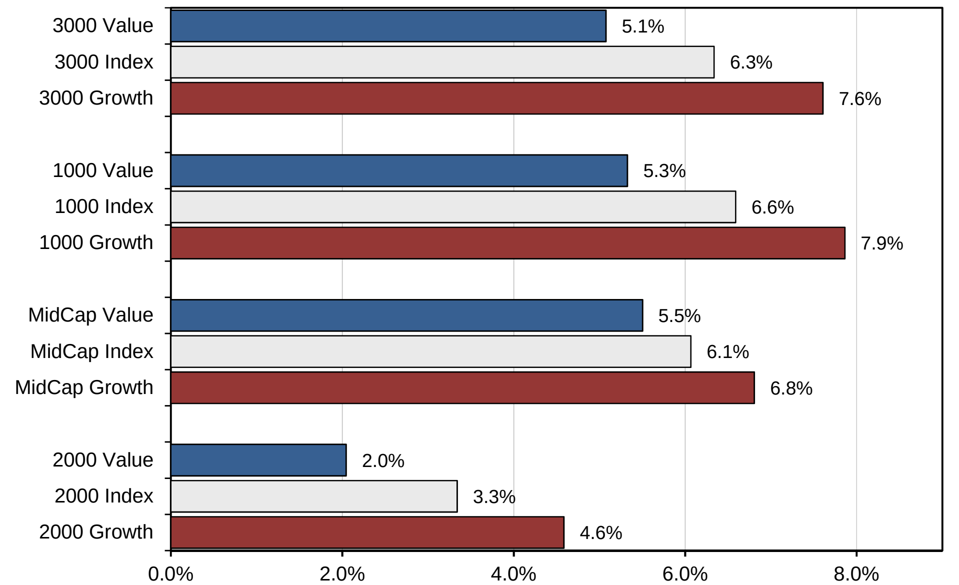
- US equity index returns were solidly positive across the style and capitalization spectrum for the 4th quarter and trailing 1-year period. Throughout 2017, there was only one instance of a negative quarterly return being posted by the Russell market cap and style indices, which was a -0.13% return by the Russell 2000 Value Index during 1Q 2017. Quarterly results benefitted from the passage of republican party tax reforms that represented the first major restructuring of the US Tax code since 1986. Investors cheered the reductions to both individual and corporate income tax rates. In particular, the reduction of the corporate tax rate from 35% to 21%, all else equal, should act as a tailwind to corporate earnings and therefore future investment returns. Furthermore, as seen through much of 2017, encouraging economic data continued to facilitate gains in U.S. equity markets as positive trends in GDP, consumer and business sentiment, corporate earnings and employment continued throughout the period.

- During the quarter, large cap stocks outperformed mid and small cap equities. The large cap Russell 1000 Index returned 6.6% during the period, double the 3.3% return posted by the small cap Russell 2000 Index. Calendar year results echo the 4th quarter's with the Russell 1000 gaining 21.7% versus a 14.6% increase for the Russell 2000. This trend of large cap outperformance can be partially explained by their greater to exposure to foreign markets relative to small cap companies. This can be especially beneficial during periods of USD weakness, such as that experienced over the last year, which is typically favorable to exporters and foreign sales. Large cap companies as a whole generate more revenue outside of the US which can expose them to faster growing markets, foreign tax benefits or strengthening foreign currencies.

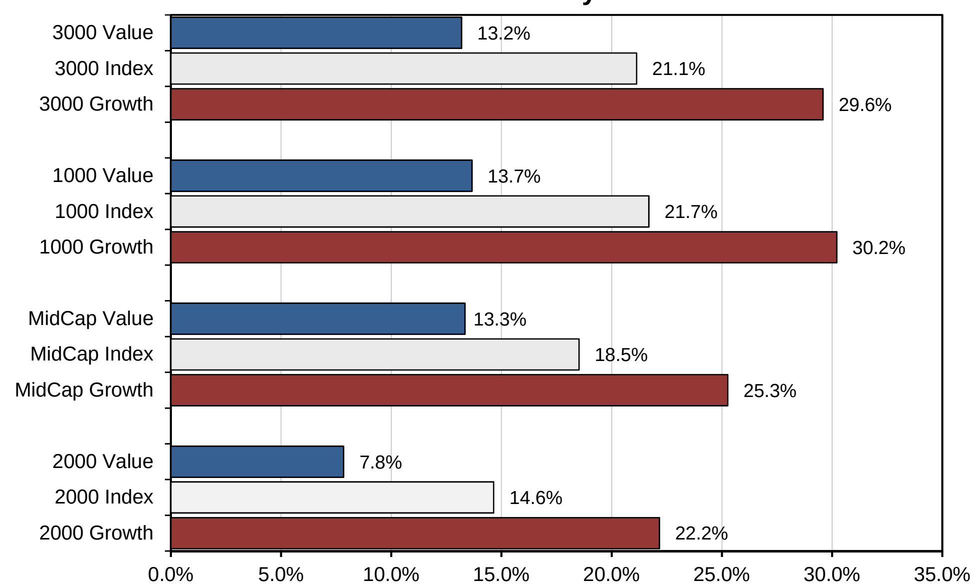
- Growth indices outperformed value indices across the market cap spectrum for the fourth straight quarter. Performance for growth indices more than doubled value index performance for each respective cap segment with all market cap growth indices posting returns greater than 20% during 2017. Growth benchmarks benefitted from larger exposures to more cyclical names within the information technology, consumer discretionary, health care and industrials sectors. They also benefitted from underweights to more defensive "bond proxy" sectors such as REITs, utilities and telecom. Lower exposure to the energy sector also acted as tailwind to growth benchmarks.

- Domestic equity valuations appear stretched relative to historical levels based on Forward Price/Earnings ratios (P/E), with even the most reasonably valued indices trading above their historical P/E valuations. Index P/E valuations range from 110% to 132% of their respective 15-year P/E averages. The small cap value index appears the most inexpensive and the small cap growth segment looks the most overvalued.

Quarter Performance - Russell Style Series



1-Year Performance - Russell Style Series

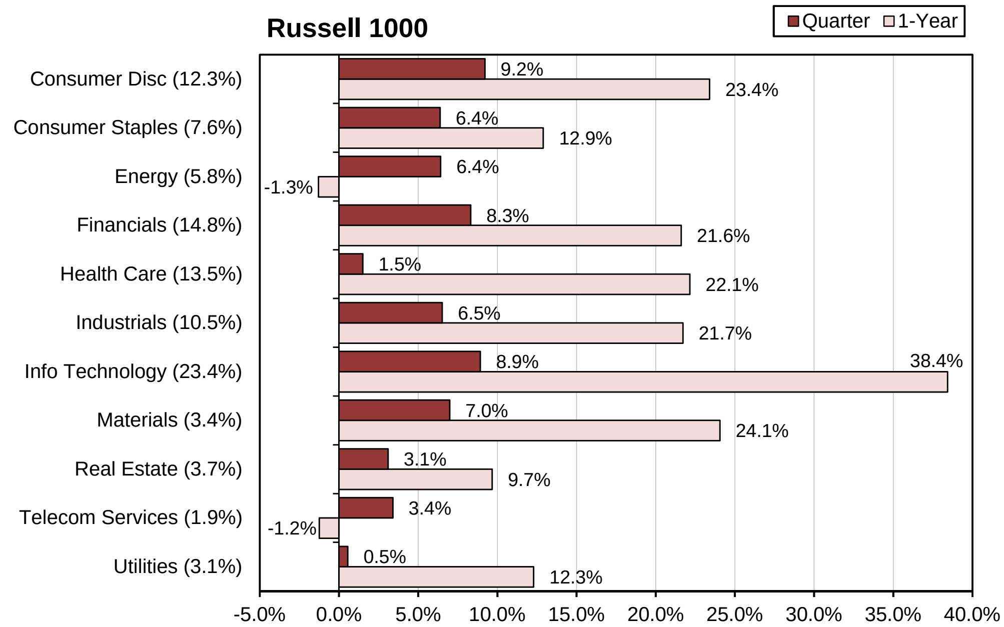


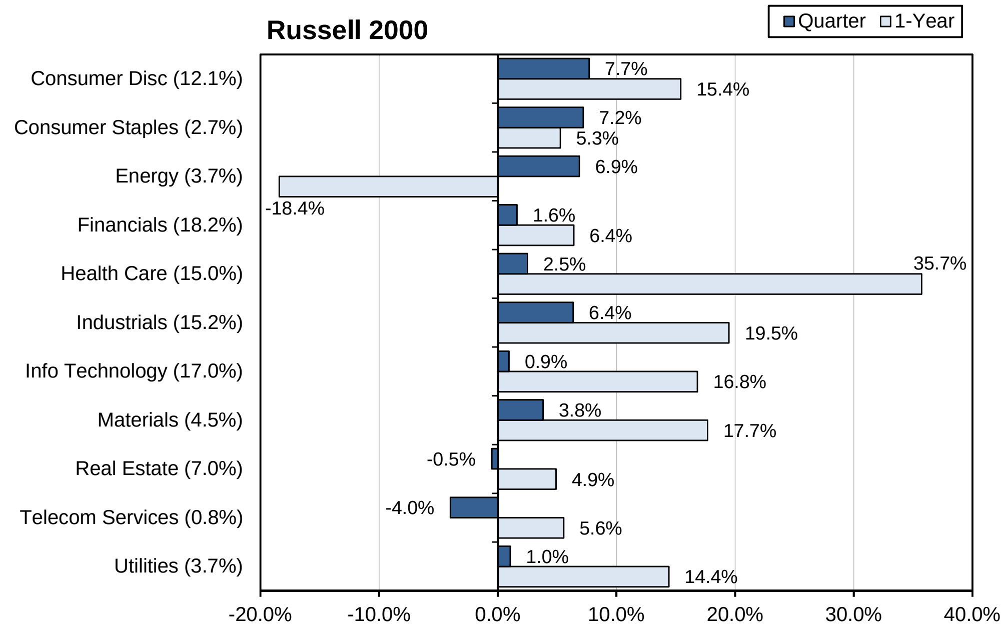
Source: Investment Metrics

- Sector performance was positive across all sectors for the 4th quarter of 2017. However, only four of eleven economic sectors outpaced the Russell 1000 Index return. Cyclical sectors tended to do well through the period with the higher yielding bond proxy sectors lagging on a relative basis. Apparel and retail companies drove performance within the consumer discretionary sector, which returned 9.2%, leading all other sectors. Technology stocks continued their 2017 gains over the quarter benefitting from robust 3rd quarter earnings and product demand returning 8.9%. Over the trailing 1-year period, technology was the best performing sector by a relatively wide margin returning an impressive 38.4%. Materials, consumer discretionary, healthcare, industrials and financials all posted returns greater than 20%. Nine of eleven large cap economic sectors posted positive returns for the year with eight posting double digit returns. Energy and telecom services were the only large cap sectors to post negative returns over the last year, returning -1.3% and -1.2% respectively.

- Small cap sector results were mixed relative to their large capitalization counterparts. Five of eleven economic sectors outpaced the Russell 2000 Index return for the quarter, with nine sectors posting positive results for the period. Most of the sector trends observable in large cap index sector performance also impacted small cap sectors. However, there were several notable differences, particularly in technology, telecom services and financials where there was significant underperformance relative to their large cap counterparts. Small cap sectors trailed large cap sectors in those three categorizations by 8.0%, 7.4% and 6.7% during the quarter respectively. Over the 1-year period, ten of eleven sectors have posted gains with six of eleven sectors having returns greater than 10%. Over the one year period, health care stocks were the best performers within the Russell 2000 returning a solid 35.7%. Energy was the only Russell 2000 sector to post a negative return over last year, falling a meaningful -18.4%.

- Using S&P 500 sector valuations as a proxy for the market, forward P/E ratios for eight of the GICS sectors were higher than their long-term averages at quarter-end. Using these historical P/E measures, the energy, materials and utilities sectors appear the most extended. In contrast the technology, health care and telecommunications sectors were trading at a discount to their long-term average P/E ratios.





Source: Morningstar Direct

Top 10 Weighted Stocks

Russell 1000	Weight	1-Qtr Return	1-Year Return	Sector
Apple Inc	3.43%	10.2%	48.5%	Information Technology
Microsoft Corp	2.53%	15.4%	40.7%	Information Technology
Amazon.com Inc	1.83%	21.6%	56.0%	Consumer Discretionary
Facebook Inc A	1.63%	3.3%	53.4%	Information Technology
Berkshire Hathaway Inc B	1.50%	8.1%	21.6%	Financials
Johnson & Johnson	1.49%	8.1%	24.4%	Health Care
JPMorgan Chase & Co	1.46%	12.6%	26.7%	Financials
Exxon Mobil Corp	1.40%	3.0%	-3.8%	Energy
Alphabet Inc C	1.25%	9.1%	35.6%	Information Technology
Alphabet Inc A	1.24%	8.2%	32.9%	Information Technology

Top 10 Weighted Stocks

Russell 2000	Weight	1-Qtr Return	1-Year Return	Sector
Nektar Therapeutics Inc	0.42%	148.8%	386.7%	Health Care
bluebird bio Inc	0.41%	29.7%	188.7%	Health Care
Sage Therapeutics Inc	0.30%	164.4%	222.6%	Health Care
Exact Sciences Corp	0.29%	11.5%	293.3%	Health Care
GrubHub Inc	0.29%	36.3%	90.9%	Information Technology
Catalent Inc	0.26%	2.9%	52.4%	Health Care
Knight-Swift Transportation Inc A	0.26%	5.4%	33.2%	Industrials
Curtiss-Wright Corp	0.26%	16.9%	24.6%	Industrials
EPAM Systems Inc	0.25%	22.2%	67.1%	Information Technology
Sterling Bancorp	0.25%	0.1%	6.4%	Financials

Top 10 Performing Stocks (by Quarter)

Russell 1000	Weight	1-Qtr Return	1-Year Return	Sector
CalAtlantic Group Inc	0.02%	54.1%	66.5%	Consumer Discretionary
Skechers USA Inc	0.02%	50.8%	53.9%	Consumer Discretionary
First Solar Inc	0.02%	47.2%	110.4%	Information Technology
Urban Outfitters Inc	0.01%	46.7%	23.1%	Consumer Discretionary
L Brands Inc	0.06%	46.5%	-3.9%	Consumer Discretionary
Regal Entertainment Group A	0.01%	45.4%	17.0%	Consumer Discretionary
HollyFrontier Corp	0.04%	43.5%	63.2%	Energy
Twitter Inc	0.06%	42.3%	47.3%	Information Technology
The Kroger Co	0.10%	37.6%	-19.0%	Consumer Staples
United States Steel Corp	0.02%	37.4%	7.4%	Materials

Top 10 Performing Stocks (by Quarter)

Russell 2000	Weight	1-Qtr Return	1-Year Return	Sector
Verso Corp A	0.03%	245.2%	147.5%	Materials
AnaptysBio Inc	0.09%	188.2%	N/A	Health Care
Sage Therapeutics Inc	0.30%	164.4%	222.6%	Health Care
Valhi Inc	0.01%	154.6%	82.7%	Materials
Nektar Therapeutics Inc	0.42%	148.8%	386.7%	Health Care
Forterra Inc	0.01%	146.7%	-48.8%	Materials
Ignyta Inc	0.07%	116.2%	403.8%	Health Care
Overstock.com Inc	0.05%	115.2%	265.1%	Consumer Discretionary
Madrigal Pharmaceuticals Inc	0.02%	104.1%	516.0%	Health Care
Boot Barn Holdings Inc	0.01%	86.6%	32.7%	Consumer Discretionary

Bottom 10 Performing Stocks (by Quarter)

Russell 1000	Weight	1-Qtr Return	1-Year Return	Sector
Mallinckrodt PLC	0.01%	-39.6%	-54.7%	Health Care
Intrexon Corp	0.00%	-39.4%	-49.4%	Health Care
Pandora Media Inc	0.00%	-37.4%	-63.0%	Information Technology
Tesaro Inc	0.01%	-35.8%	-38.4%	Health Care
PG&E Corp	0.09%	-34.2%	-24.5%	Utilities
Acadia Healthcare Co Inc	0.01%	-31.7%	-1.4%	Health Care
OPKO Health Inc	0.01%	-28.6%	-47.3%	Health Care
Celgene Corp	0.32%	-28.4%	-9.8%	Health Care
General Electric Co	0.60%	-27.3%	-42.9%	Industrials
Newell Brands Inc	0.06%	-27.0%	-29.4%	Consumer Discretionary

Bottom 10 Performing Stocks (by Quarter)

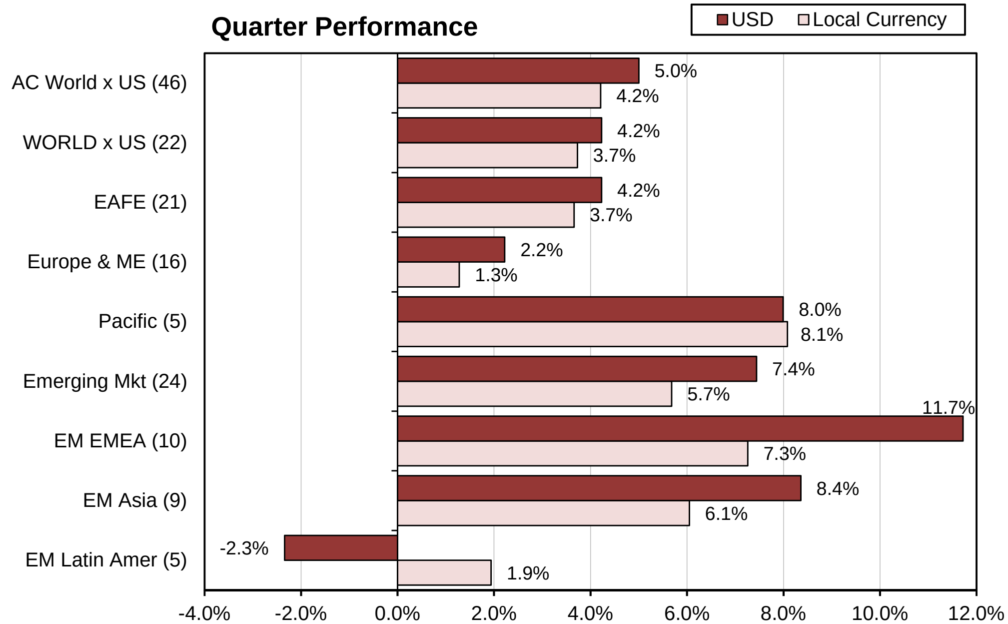
Russell 2000	Weight	1-Qtr Return	1-Year Return	Sector
Iconix Brand Group Inc	0.00%	-77.3%	-86.2%	Consumer Discretionary
Aqua Metals Inc	0.00%	-68.9%	-83.8%	Industrials
Immune Design Corp	0.01%	-62.3%	-29.1%	Health Care
GNC Holdings Inc	0.01%	-58.3%	-66.6%	Consumer Discretionary
Eastman Kodak Co	0.00%	-57.8%	-80.0%	Information Technology
GenMark Diagnostics Inc	0.01%	-56.7%	-65.9%	Health Care
Willbros Group Inc	0.00%	-55.9%	-56.2%	Energy
NanoString Technologies Inc	0.01%	-53.8%	-66.5%	Health Care
Nordic American Tankers Ltd	0.01%	-53.6%	-67.8%	Energy
Curis Inc	0.00%	-53.0%	-77.3%	Health Care

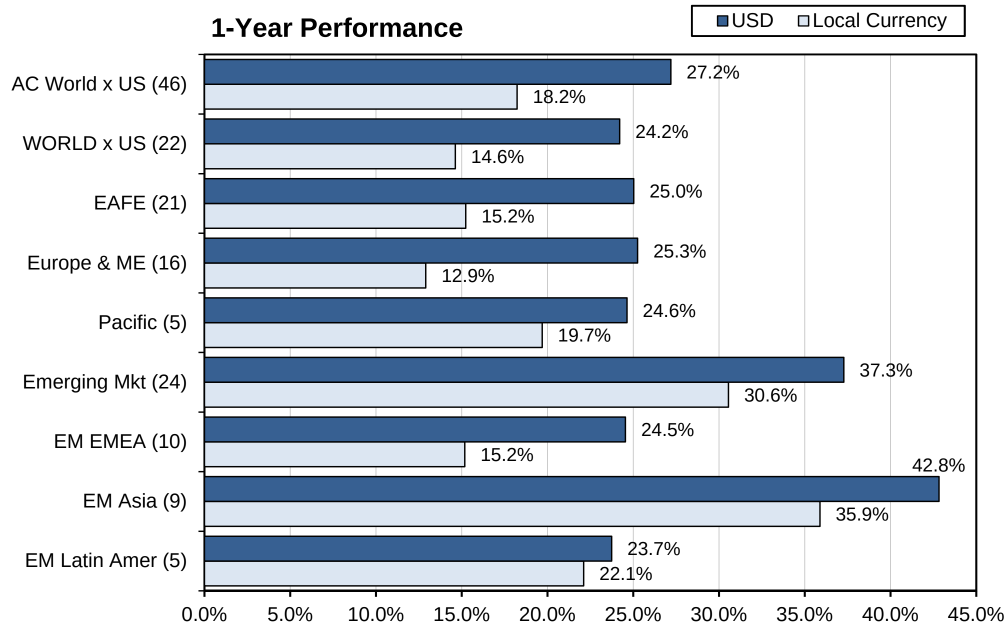
Source: Morningstar Direct

- International equity returns advanced during the 4th quarter, largely driven by ongoing improvement in the global economy and continued weakness in the USD. These trends, in tandem with a rally in technology stocks and rising commodity prices, helped emerging markets continue their 2017 outperformance relative to developed market equities. The USD continued its year-to-date decline against most major currencies through the period. This provided additional tailwinds to international index returns denominated in USD. The USD weakness is also visible in the 1-year performance for broad international indices, with all indices showing higher returns in terms of USD.

- Results for broad developed market international indices were positive for the 4th quarter in both USD and local currency terms with the MSCI EAFE Index returning 4.2% and 3.7% respectively. While developed markets advanced on the back of positive economic data, ongoing political developments also impacted several markets thorough the quarter. Enthusiasm over the ECB's decision to extend its quantitative easing program was waned by German Chancellor Merkel's failure to form a coalition government and Catalonia's independence referendum. In the UK, initial concerns over a "hard Brexit" were tempered toward the end of the quarter as a the EU and UK were able to come to a preliminary agreement, increasing the odds of a more amicable separation. Prime Minister Abe's coalition government was successful in Japan's October elections, winning a clear majority and providing reassurance that Japan's current monetary and fiscal policies will likely continue without major change. Performance for the past year has been strong on an absolute basis with the MSCI EAFE Index returning 25.0% and 15.2% in USD and local currency terms respectively.

- The MSCI Emerging Market Index outperformed developed markets during the 4th quarter, returning 7.4% and 5.7% in USD and local currency terms respectively. While the same tailwinds that pushed developed international markets higher also benefitted emerging market equities, rising commodity and technology stock prices also helped gains. Similar to developed markets, political news influenced emerging markets during the quarter. In China, there was a change in posture with a greater focus on quality growth, financial stability and economic reforms. India announced relief for the country's state run banks designed to inject additional liquidity to the financial system to improve lending and stimulate the economy. Mexican stocks suffered as the peso weakened against the dollar and investor concerns surrounding the future of NAFTA's pushed prices lower. Brazil also faced currency headwinds and despite the fact that corruption charges against President Temer were dropped, recent votes indicated that support for future political reforms may have weakened. One year returns for the MSCI Emerging Market Index were an impressive 37.3% in USD terms and 30.6% in terms of local currency.





Source: MSCI Global Index Monitor (Returns are Net)

MSCI - EAFE	Sector Weight	Quarter Return	1-Year Return
Consumer Discretionary	12.3%	5.3%	24.7%
Consumer Staples	11.2%	4.9%	24.1%
Energy	5.3%	10.0%	21.6%
Financials	21.2%	3.0%	24.7%
Health Care	10.1%	0.0%	16.9%
Industrials	14.6%	4.8%	30.0%
Information Technology	6.4%	5.0%	39.3%
Materials	8.2%	8.5%	33.9%
Real Estate	3.6%	6.4%	21.7%
Telecommunication Services	3.9%	0.7%	12.9%
Utilities	3.2%	-1.0%	19.2%
Total	**100.0%**	**4.2%**	**25.0%**

MSCI - ACWIxUS	Sector Weight	Quarter Return	1-Year Return
Consumer Discretionary	11.3%	6.1%	28.1%
Consumer Staples	9.6%	5.5%	24.0%
Energy	6.7%	7.4%	16.5%
Financials	23.1%	4.5%	26.0%
Health Care	7.6%	1.3%	18.1%
Industrials	11.9%	4.8%	29.4%
Information Technology	11.5%	6.2%	51.1%
Materials	8.2%	8.4%	32.2%
Real Estate	3.2%	5.6%	26.5%
Telecommunication Services	4.0%	1.5%	14.5%
Utilities	2.9%	-0.4%	18.6%
Total	**100.0%**	**5.0%**	**27.2%**

MSCI - Emerging Mkt	Sector Weight	Quarter Return	1-Year Return
Consumer Discretionary	10.2%	9.0%	40.1%
Consumer Staples	6.6%	8.2%	25.5%
Energy	6.8%	7.9%	21.1%
Financials	23.5%	8.2%	32.6%
Health Care	2.7%	16.6%	32.7%
Industrials	5.2%	5.1%	26.1%
Information Technology	27.7%	7.1%	60.6%
Materials	7.4%	8.7%	33.6%
Real Estate	2.8%	3.1%	49.5%
Telecommunication Services	4.8%	3.0%	16.8%
Utilities	2.4%	1.5%	16.6%
Total	**100.0%**	**7.4%**	**37.3%**

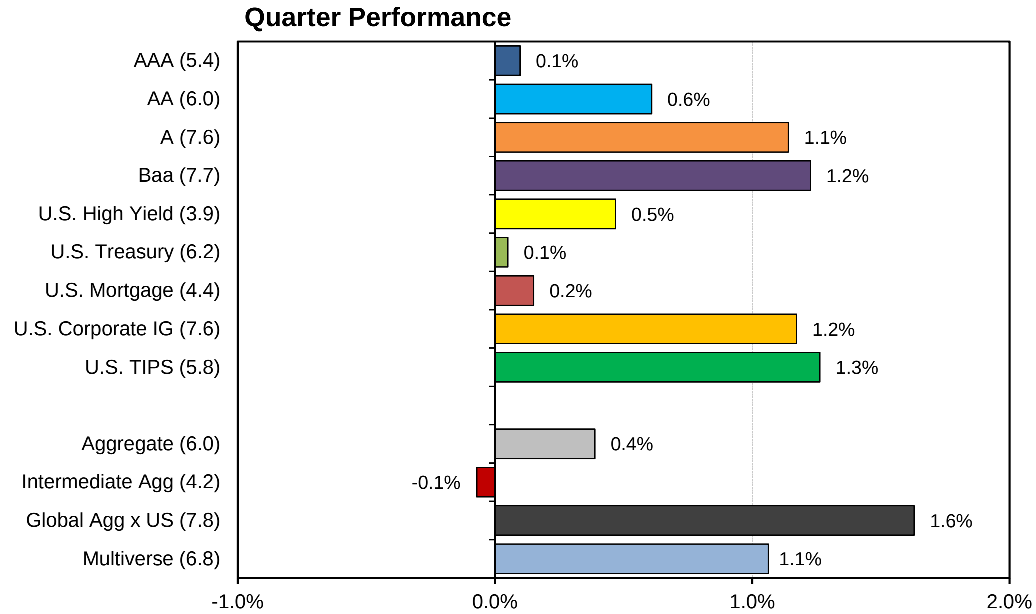
Country	MSCI-EAFE Weight	MSCI-ACWIxUS Weight	Quarter Return	1- Year Return
Japan	24.0%	16.5%	8.5%	24.0%
United Kingdom	17.8%	12.2%	5.7%	22.3%
France	10.7%	7.3%	1.5%	28.8%
Germany	9.8%	6.7%	2.8%	27.7%
Switzerland	8.0%	5.5%	1.8%	22.5%
Australia	6.9%	4.8%	6.8%	19.9%
Hong Kong	3.6%	2.5%	6.6%	36.2%
Netherlands	3.6%	2.5%	0.8%	32.2%
Spain	3.2%	2.2%	-1.6%	27.1%
Sweden	2.7%	1.8%	-3.8%	20.6%
Italy	2.3%	1.6%	-2.3%	28.4%
Denmark	1.8%	1.3%	2.2%	34.7%
Singapore	1.3%	0.9%	10.1%	35.6%
Belgium	1.1%	0.8%	-1.5%	18.6%
Finland	0.9%	0.6%	-2.6%	22.5%
Norway	0.7%	0.5%	1.9%	28.3%
Ireland	0.5%	0.3%	3.5%	18.1%
Israel	0.5%	0.3%	4.1%	2.1%
Austria	0.3%	0.2%	5.8%	58.3%
New Zealand	0.2%	0.1%	1.5%	11.7%
Portugal	0.2%	0.1%	-2.0%	23.8%
Total EAFE Countries	**100.0%**	**68.7%**	**4.2%**	**25.0%**
Canada		6.6%	4.3%	16.1%
Total Developed Countries		**75.2%**	**4.2%**	**24.2%**
China		7.4%	7.6%	54.1%
Korea		3.8%	11.4%	47.3%
Taiwan		2.8%	4.0%	27.5%
India		2.2%	11.8%	38.8%
South Africa		1.8%	21.4%	36.1%
Brazil		1.7%	-2.0%	24.1%
Russia		0.8%	4.3%	5.2%
Mexico		0.7%	-8.1%	16.0%
Malaysia		0.6%	7.9%	25.1%
Indonesia		0.6%	8.2%	24.2%
Thailand		0.6%	9.5%	34.5%
Poland		0.3%	5.8%	54.7%
Chile		0.3%	7.2%	42.2%
Philippines		0.3%	6.5%	24.6%
Turkey		0.3%	4.3%	38.4%
United Arab Emirates		0.2%	-4.6%	2.9%
Qatar		0.1%	4.7%	-11.5%
Colombia		0.1%	0.8%	16.3%
Peru		0.1%	7.3%	38.4%
Greece		0.1%	13.3%	28.6%
Hungary		0.1%	7.1%	40.0%
Czech Republic		0.0%	7.8%	35.5%
Egypt		0.0%	-2.1%	5.1%
Pakistan		0.0%	-5.5%	-24.4%
Total Emerging Countries		**24.8%**	**7.4%**	**37.3%**
Total ACWIxUS Countries		**100.0%**	**5.0%**	**27.2%**

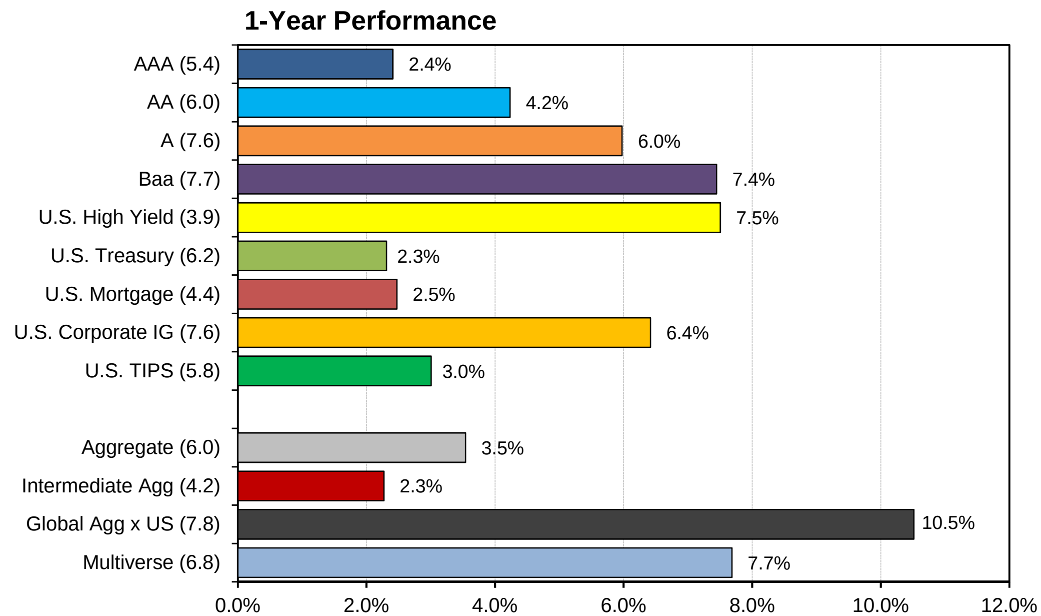
Source: MSCI Global Index Monitor (Returns are Net in USD)

- Broad fixed income benchmarks were slightly positive during the 4th quarter. In October, the Fed began implementation of its plan to gradually reduce its balance sheet by systematically slowing the rate of reinvestment of the Treasury and mortgage backed securities (MBS) it holds on its books as the securities mature. This process will reduce the size of the Fed's balance sheet over time and can be viewed as tightening of monetary policy. Positive macroeconomic data throughout the quarter increased expectations that the Federal Open Market Committee (FOMC) would increase short-term interest rates during the quarter, pushing interest rates higher, especially at the short end of the yield curve. The FOMC announced a 25 bps interest rate hike after its December meeting, however, investors were not surprised by the rate increase and market reactions were relatively muted. Despite subdued inflation, the Fed feels the economy is tracking to be healthy enough to warrant continued tightening in 2018. This caused a flattening of the yield curve as short-term market yields rose and rates on maturities greater than 10 years fell. Long-term rates fell due to the artificially low supply caused by significant Fed ownership of long maturity Treasuries as well as strong investor demand. All else equal, this was a benefit to longer duration indices. While this was a relatively difficult period for fixed income investments, the Bloomberg Barclays U.S. Aggregate Index stayed slightly positive for the quarter and calendar year, returning 0.4% and 3.5% respectively.

- Within investment grade credit, lower quality corporate issues outperformed higher quality issues for both the quarter and 1-year period as contracting credit spreads from improvements in economic fundamentals acted as a tailwind to these issues. Baa rated credit was the best performing investment grade credit quality segment returning 1.2% for the quarter and 7.4% for the year. High yield debt trailed investment grade credit for the quarter due to its lower duration and lack of spread compression relative to investment grade credit. While investment grade spreads tightened 8 bps during the 4th quarter, spreads on high yield bonds tightened only 4 bps. However, high yield debt continues to be the largest beneficiary of the strengthening economy over last year with the Bloomberg Barclays High Yield Index appreciating 7.5%.

- A review of sector performance shows that investment grade credit has continued its 2017 trend of outperformance versus Treasuries and MBS securities during the 4th quarter. As previously mentioned, corporate issues benefited from tightening credit spreads throughout the period. Treasuries struggled through the quarter due to lower yields and tightening monetary policy. Despite widening spreads and increased supply, MBS managed to outperform Treasuries for the quarter and the year. For calendar year 2017, Treasury securities were the worst performing investment grade sector returning 2.3%, while U.S. investment grade corporate bonds were the best performing investment grade sector gaining 6.4%.



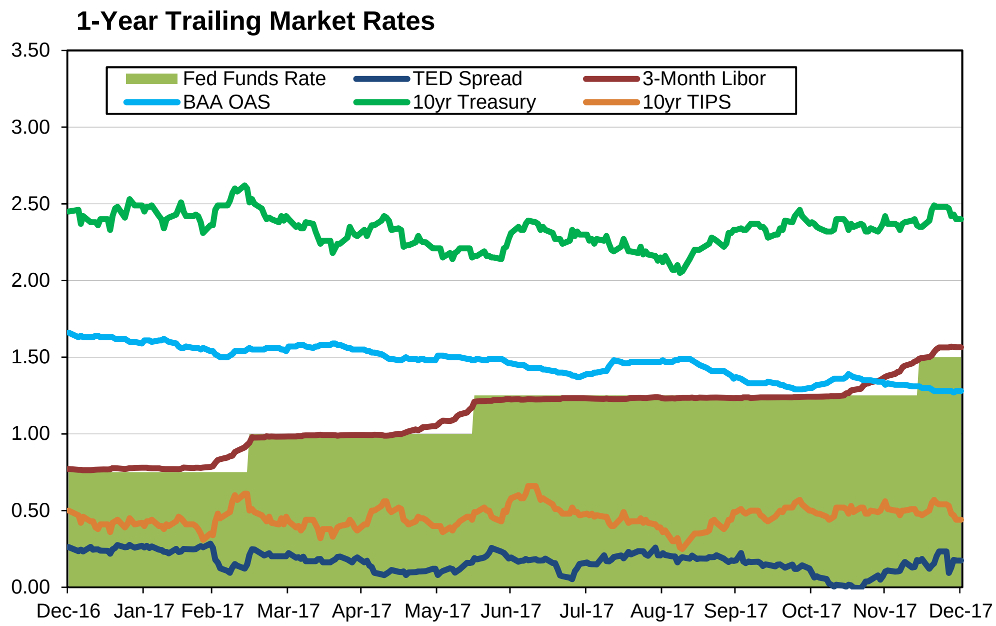


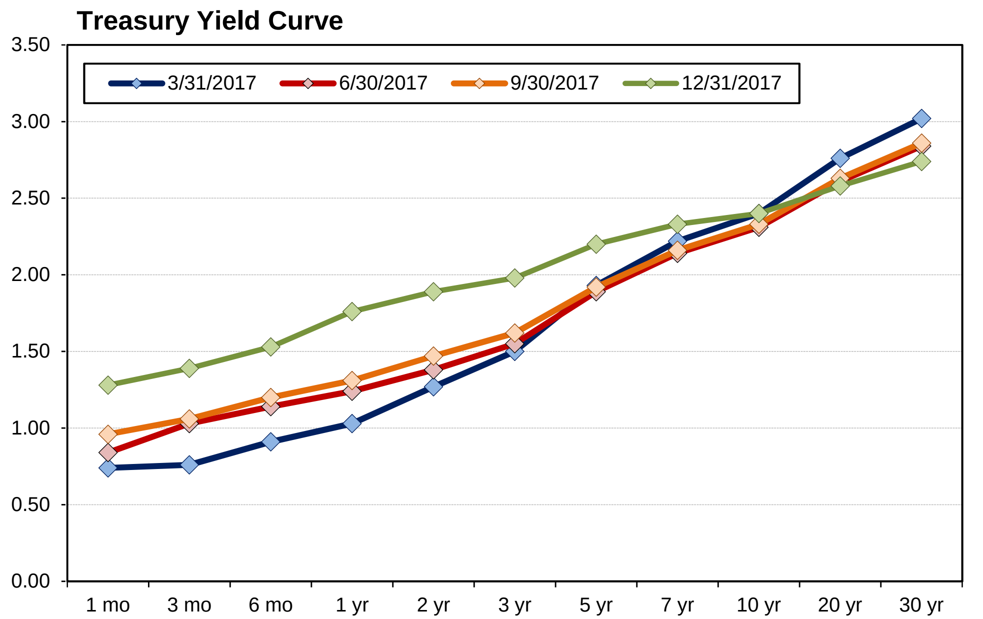
Source: Bloomberg

- Global fixed income indices also posted gains for the quarter. Global benchmarks are impacted by the same local yield and duration factors as domestic benchmarks. While these indices have relatively high durations, which benefitted them in the current quarter, the returns of these indices are also significantly influenced by fluctuations in their currency denomination relative to the USD. This currency effect can add additional return to foreign issues as it did during calendar year 2017, or it can further exacerbate negative performance as it did in 2016. Global bonds outperformed domestic issues during the quarter and 1-year period due to their relatively long durations and a currency effect tailwind caused by a weakening USD. Returns on global bonds represented by the Bloomberg Barclays Global Aggregate ex US Index were 1.6% and 10.5% for the 4th quarter and year-to-date period respectively. As the global economy continues to recover, several international central banks have started to move toward a less accommodative posture during the quarter. Notably, the ECB, while extending its current quantitative easing program well into 2018, announced that it be reducing the amount of monthly asset purchases from 60 billion euro per month to 30 billion euro per month. Similarly, despite a dovish stance on future rate increases, the BoE voted to raise interest rates for the first time in a decade.

- Much of the index performance detailed in the bar graphs on the previous page is visible on a time series basis by reviewing the line graphs to the right. The '1-Year Trailing Market Rates' chart illustrates that the 10-year Treasury yield (green line) ended 2017 close to where it began the year, modestly rising during the 4th quarter. During the year, rates peaked during the 1st quarter of 2017 before hitting a low during the 3rd quarter. They then gradually rose to end the year slightly lower than where they started, falling to 2.40% from 2.45%. The blue line illustrates changes in the BAA OAS (Option Adjusted Spread). This measure quantifies the additional yield premium that investors require to purchase and hold non-Treasury issues. This line illustrates a steady decline in credit spreads throughout 2017. This decline is equivalent to an interest rate decrease on corporate bonds, which produces a tailwind for corporate bond index returns. These credit spreads have tightened by about 38 bps over the last 12-months. The green shading at the bottom of the graph illustrates the gradual increase in the Federal Funds Rate due to a less accommodative US monetary policy.

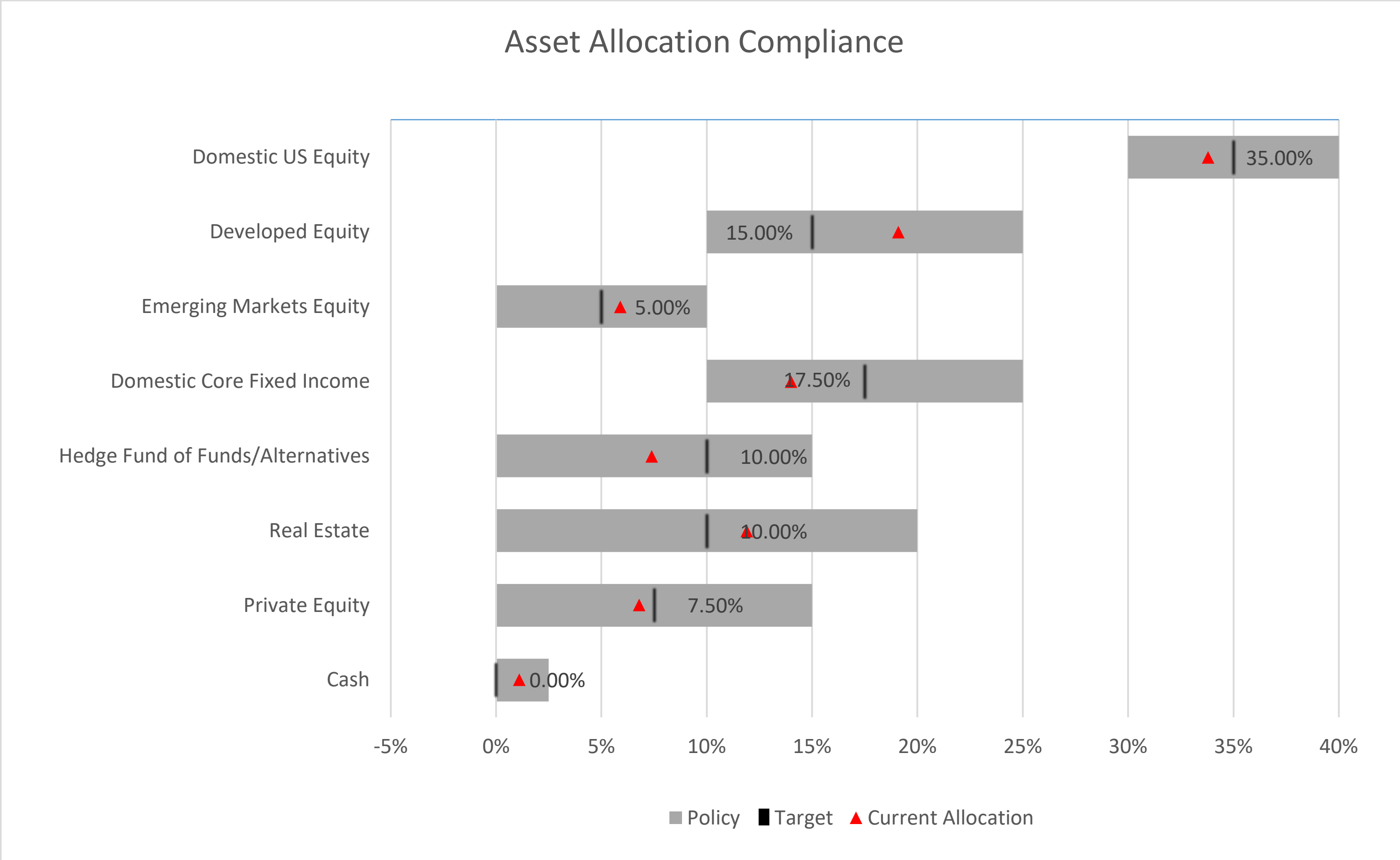
- The lower graph provides a snapshot of the U.S. Treasury yield curve at the end of each of the last four calendar quarters. As mentioned, the yield curve continues to flatten as yields on shorter-term maturities have risen, while interest rates on the long end of the curve have generally declined. The significant upward shift in short-term interest rates and decline of long-term interest rates throughout the year is clearly visible.





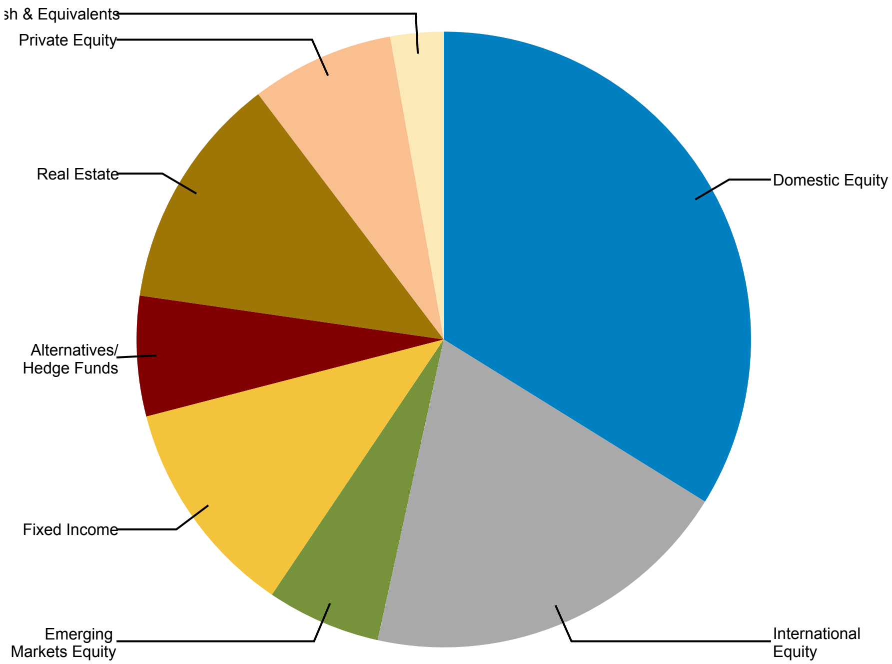
Source: US Department of Treasury, FRED (Federal Reserve of St. Louis)

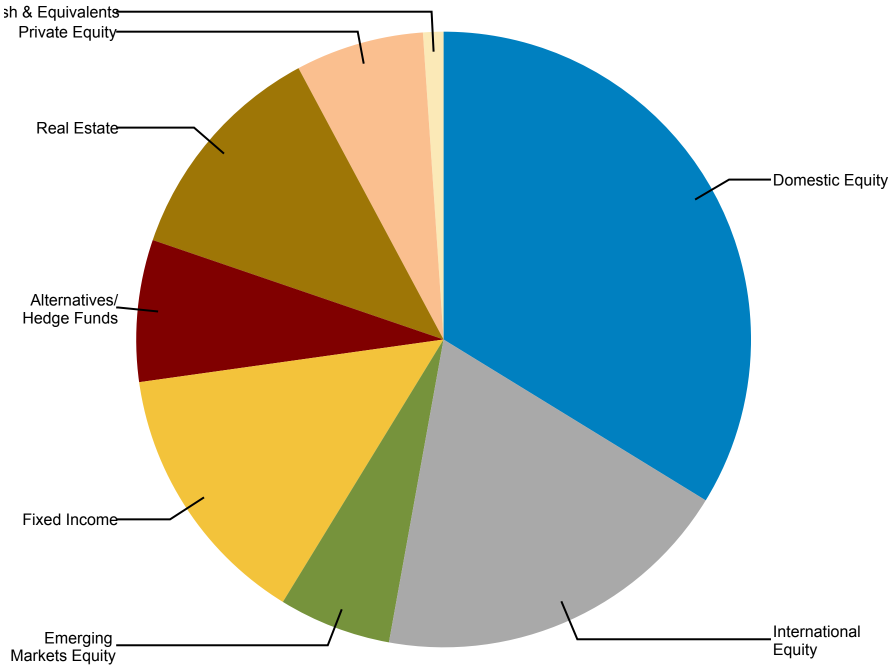
Manager	Call as of	MV as of	Most Recent Statement Date
Private Equity			
HarbourVest Partners	12/31/2017	12/31/2017 (Unaudited)	12/31/2017 (Unaudited)
JpMorgan Venture Cap V	12/31/2017	9/30/2017	9/30/2017
Landmark XIV	12/31/2017	09/30/2017 (Unaudited)	09/30/2017 (Unaudited)
Pomona Cap VIII	12/31/2017	9/30/2017	9/30/2017
Private Equity Fund V	12/31/2017	09/30/2017 (Estimate)	09/30/2017 (Estimate)
Real Estate			
Gerding Edlen Green Cities II	12/31/2017	9/30/2017	9/30/2017
Gerding Edlen Green Cities III	12/31/2017	9/30/2017	9/30/2017
Long Whart Real Estate Fund V	12/31/2017	12/31/2017	12/31/2017
Westport RE Fund IV	12/31/2017	9/30/2017	9/30/2017



Asset Allocation	Minimum	Target	Maximum	Current Allocation
Domestic US Equity	30.0%	35.0%	40.0%	33.8%
Developed Equity	10.0%	15.0%	20.0%	19.1%
Emerging Markets Equity	0.0%	5.0%	10.0%	5.9%
Domestic Core Fixed Income	10.0%	17.5%	25.0%	14.0%
Hedge Fund of Funds/GTAA/Risk Parity	0.0%	10.0%	15.0%	7.4%
Real Estate	0.0%	10.0%	20.0%	11.9%
Private Equity	0.0%	7.5%	15.0%	6.8%
Cash	0.0%	0.0%	2.5%	1.1%

September 30, 2017 : $210,165,345	December 31, 2017 : $222,847,232

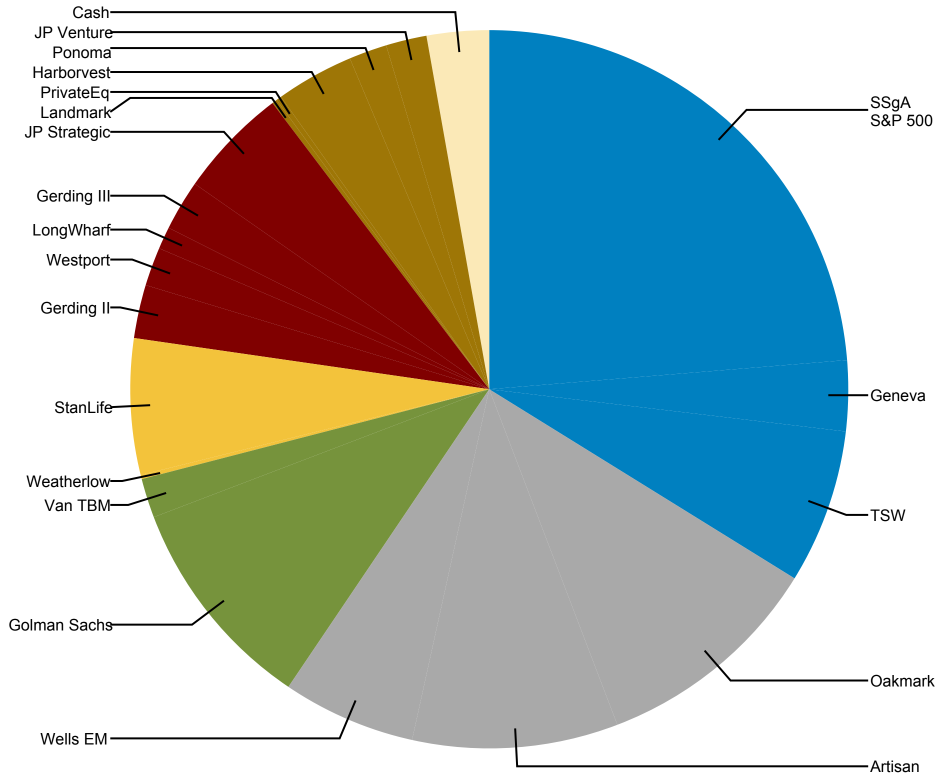




Allocation	Market Value ($)	Allocation (%)
Domestic Equity	71,091,201	33.83
International Equity	41,246,430	19.63
Emerging Markets Equity	12,610,239	6.00
Fixed Income	24,211,962	11.52
GTAA/Hedge Funds	13,260,847	6.31
Real Estate	26,055,368	12.40
Private Equity	15,798,694	7.52
Cash & Equivalents	5,890,604	2.80

Allocation	Market Value ($)	Allocation (%)
Domestic Equity	75,214,380	33.75
International Equity	42,558,289	19.10
Emerging Markets Equity	13,162,705	5.91
Fixed Income	31,270,373	14.03
GTAA/Hedge Funds	16,607,885	7.45
Real Estate	26,592,452	11.93
Private Equity	15,046,969	6.75
Cash & Equivalents	2,394,179	1.07

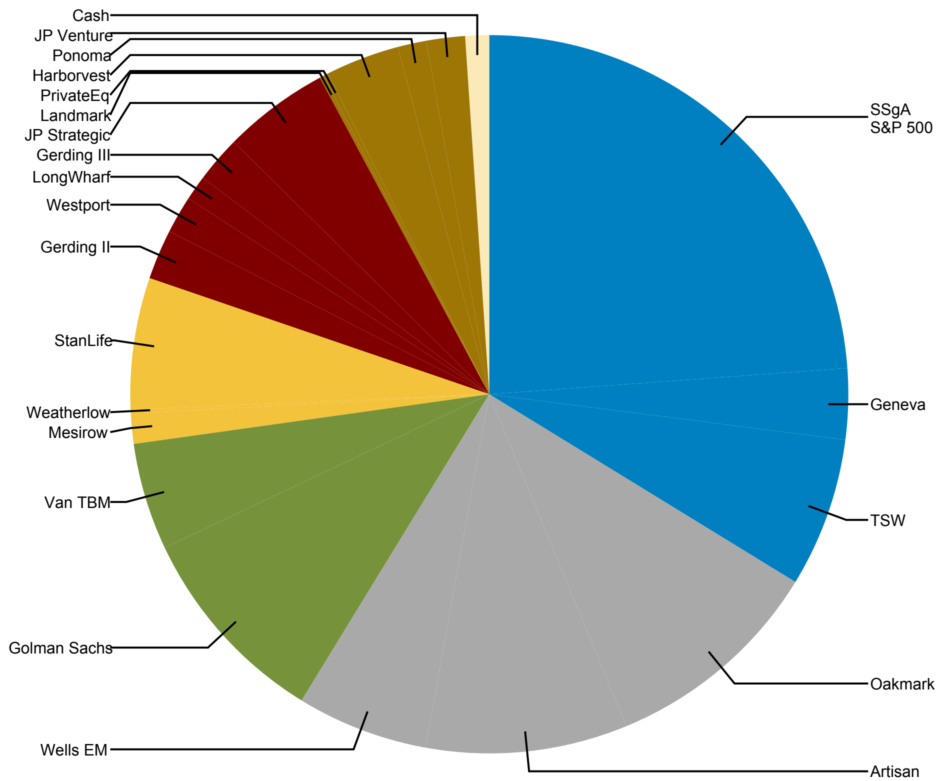
September 30, 2017 : $210,165,345



Allocation

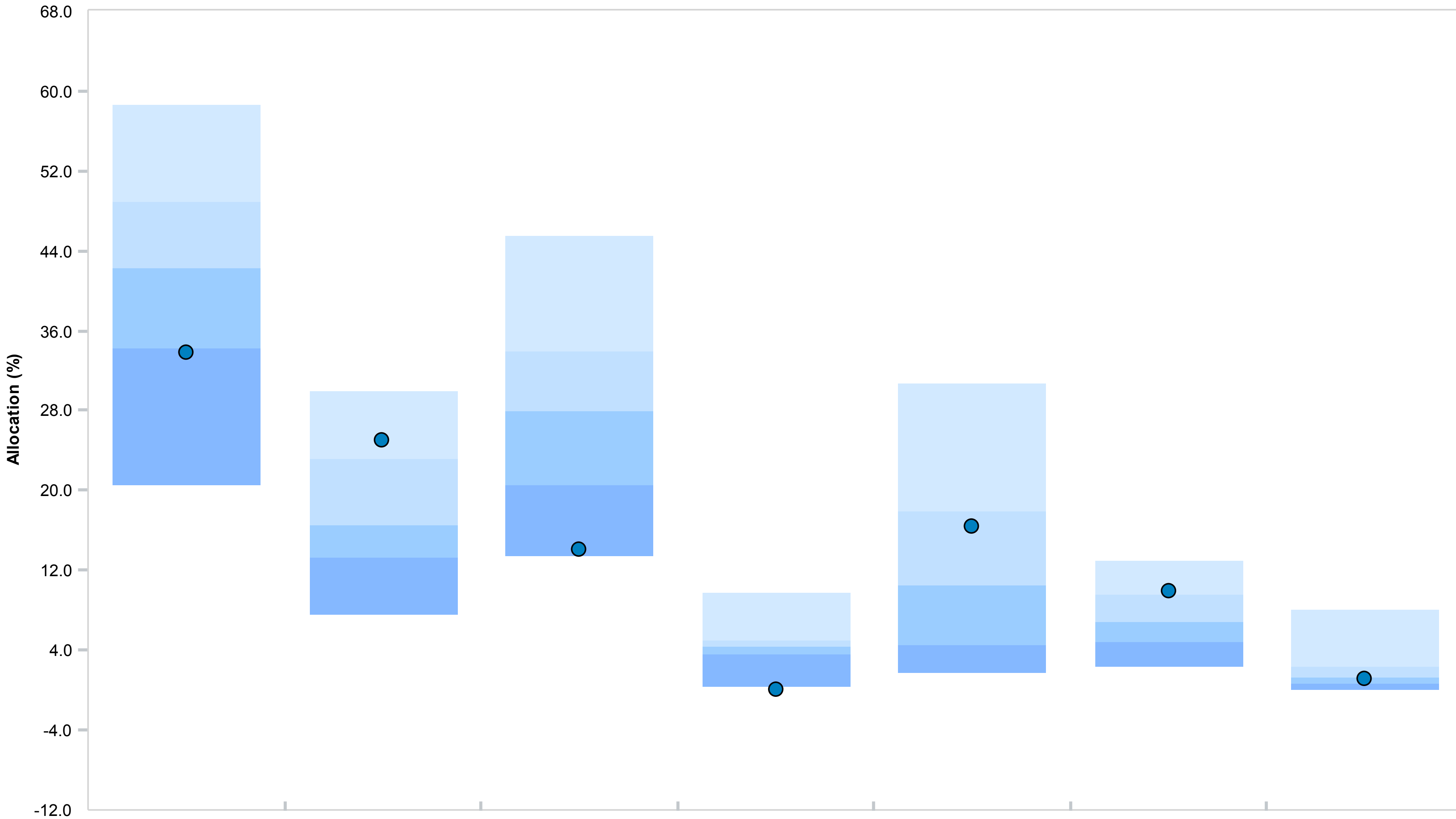
	Market Value ($)	Allocation (%)
SSgA S&P 500 Flagship Fund	49,814,660	23.70
Geneva Mid Cap Growth	6,667,654	3.17
Thompson, Siegel & Walmsley SMID Value	14,608,887	6.95
Oakmark International Value	21,783,614	10.36
Artisan International Growth (ARTIX)	19,462,816	9.26
Wells Capital Emerging Markets	12,610,239	6.00
Goldman Sachs Asset Management	20,500,670	9.75
Vanguard Total Bond Market Index (VBTIX)	3,711,291	1.77
BlackRock Multi-Asset Income Fund (BKMIX)	-	0.00
Mesirow (Holdback)	401,992	0.19
Weatherlow Offshore Fund I Ltd.	12,858,855	6.12
Gerding Edlen Green Cities II	5,051,651	2.40
Gerding Edlen Green Cities III	3,648,050	1.74
Long Wharf Real Estate Partners Fund V	2,095,944	1.00
Westport Real Estate Fund IV	4,781,784	2.28
JP Morgan Strategic Property	10,477,939	4.99
Landmark Equity Partners XIV LP	476,837	0.23
Private Equity Investment Fund V	502,967	0.24
HarbourVest Partners IX	7,365,886	3.50
Pomona Capital VIII	3,590,922	1.71
JPMorgan Venture Capital Fund V	3,862,082	1.84
Cash Account	5,890,604	2.80

December 31, 2017 : $222,847,232



Allocation

	Market Value ($)	Allocation (%)
SSgA S&P 500 Flagship Fund	53,129,332	23.84
Geneva Mid Cap Growth	7,099,463	3.19
Thompson, Siegel & Walmsley SMID Value	14,985,586	6.72
Oakmark International Value	22,320,079	10.02
Artisan International Growth (ARTIX)	20,238,210	9.08
Wells Capital Emerging Markets	13,162,705	5.91
Goldman Sachs Asset Management	20,537,776	9.22
Vanguard Total Bond Market Index (VBTIX)	10,732,597	4.82
BlackRock Multi-Asset Income Fund (BKMIX)	3,018,731	1.35
Mesirow (Holdback)	401,992	0.18
Weatherlow Offshore Fund I Ltd.	13,187,162	5.92
Gerding Edlen Green Cities II	5,023,931	2.25
Gerding Edlen Green Cities III	3,766,640	1.69
Long Wharf Real Estate Partners Fund V	2,479,543	1.11
Westport Real Estate Fund IV	4,681,784	2.10
JP Morgan Strategic Property	10,640,554	4.77
Landmark Equity Partners XIV LP	410,964	0.18
Private Equity Investment Fund V	502,967	0.23
HarbourVest Partners IX	7,395,813	3.32
Pomona Capital VIII	2,875,143	1.29
JPMorgan Venture Capital Fund V	3,862,082	1.73
Cash Account	2,394,179	1.07



	US Equity	Intl. Equity	US Fixed Income	Intl. Fixed Income	Alternative Inv.	Real Estate	Cash
● Total Fund	33.75 (76)	25.00 (18)	14.03 (94)	0.00	16.31 (28)	9.83 (22)	1.07 (61)
5th Percentile	58.66	29.99	45.49	9.70	30.64	12.95	7.98
1st Quartile	48.90	23.14	33.93	5.03	17.87	9.61	2.34
Median	42.29	16.48	27.90	4.41	10.51	6.80	1.31
3rd Quartile	34.20	13.29	20.52	3.60	4.42	4.74	0.68
95th Percentile	20.59	7.54	13.44	0.29	1.77	2.27	0.06

Comparative Performance

	QTR	YTD	1 YR	2 YR	3 YR	4 YR	5 YR
Total Fund (Net)	**3.12**	**14.86**	**14.86**	**10.21**	**5.64**	**4.95**	**7.22**
Total Fund (Gross)	3.20	15.21	15.21	10.57	5.97	5.27	7.52
Total Fund Policy	4.30	17.11	17.11	12.38	8.22	7.55	8.88
Total Fund (Net)	**3.12**	**14.86**	**14.86**	**10.21**	**5.64**	**4.95**	**7.22**
Total Fund (Gross)	3.20	15.21	15.21	10.57	5.97	5.27	7.52
Total Fund Policy Index ex Alts	3.53	14.15	14.15	10.95	7.30	6.87	8.33
Total Domestic Equity (Net)	**5.75**	**18.12**	**18.12**	**14.58**	**8.85**	**8.67**	**13.13**
Total Domestic Equity (Gross)	5.80	18.38	18.38	14.89	9.19	9.00	13.43
S&P 500 Index	6.64	21.83	21.83	16.79	11.41	11.98	15.79
Total International Equity (Net)	**3.19**	**30.65**	**30.65**	**13.62**	**7.36**	**4.67**	**9.04**
Total International Equity (Gross)	3.30	31.23	31.23	14.13	7.84	5.14	9.47
MSCI EAFE (Net) Index	4.23	25.03	25.03	12.38	7.80	4.47	7.90
Total Emerging Markets Equity (Net)	**4.22**	**36.49**	**36.49**	**23.90**	**9.22**	**6.46**	**N/A**
Total Emerging Markets Equity (Gross)	4.38	37.34	37.34	24.71	9.95	7.17	N/A
MSCI Emerging Markets (Net) Index	7.44	37.28	37.28	23.55	9.10	6.16	4.35
Total Fixed Income (Net)	**0.07**	**3.01**	**3.01**	**3.37**	**2.09**	**2.66**	**1.89**
Total Fixed Income (Gross)	0.12	3.20	3.20	3.51	2.24	2.82	2.03
Total Fixed Income Policy	0.63	4.39	4.39	5.52	3.24	3.56	2.54
Total GTAA/Hedge Fund	**2.57**	**5.23**	**5.23**	**3.59**	**1.37**	**1.47**	**3.67**
Total GTAA/Hedge Fund Policy	2.11	9.03	9.03	5.42	3.37	3.34	4.72

Returns for periods greater than one year are annualized.
Returns are expressed as percentages.
Alger replaced Nuveen 11/1/2014.

Comparative Performance

	QTR		YTD		1 YR		2 YR		3 YR		4 YR		5 YR	
Total Domestic Equity														
SSgA S&P 500 Flagship Fund (Net)	**6.64**	**(53)**	**21.79**	**(51)**	**21.79**	**(51)**	**16.78**	**(36)**	**11.39**	**(42)**	**11.95**	**(43)**	**15.77**	**(50)**
SSgA S&P 500 Flagship Fund (Gross)	6.65	(53)	21.84	(51)	21.84	(51)	16.83	(36)	11.44	(42)	12.01	(43)	15.83	(50)
S&P 500 Index	6.64	(52)	21.83	(50)	21.83	(50)	16.79	(36)	11.41	(41)	11.98	(43)	15.79	(50)
IM U.S. Large Cap Core Equity (SA+CF) Median	6.67		21.82		21.82		16.11		11.16		11.71		15.76	
Geneva Mid Cap Growth (Net)	**6.32**	**(41)**	**23.56**	**(65)**	**23.56**	**(65)**	**12.50**	**(83)**	**9.54**	**(65)**	**8.48**	**(78)**	**12.68**	**(89)**
Geneva Mid Cap Growth (Gross)	6.48	(41)	24.26	(65)	24.26	(65)	13.18	(83)	10.20	(65)	9.13	(78)	13.33	(89)
Russell Midcap Growth Index	6.81	(36)	25.27	(54)	25.27	(54)	15.95	(44)	10.30	(55)	10.70	(37)	15.30	(36)
IM U.S. Mid Cap Growth Equity (SA+CF) Median	6.00		25.47		25.47		15.49		10.44		9.78		15.04	
Thompson, Siegel & Walmsley SMID Value (Net)	**2.46**	**(92)**	**6.95**	**(96)**	**6.95**	**(96)**	**N/A**		**N/A**		**N/A**		**N/A**	
Thompson, Siegel & Walmsley SMID Value (Gross)	2.58	(92)	7.52	(96)	7.52	(96)	N/A		N/A		N/A		N/A	
Russell 2500 Value Index	4.25	(69)	10.36	(86)	10.36	(86)	17.55	(43)	9.30	(60)	8.75	(62)	13.27	(73)
IM U.S. SMID Cap Value Equity (SA+CF) Median	5.37		14.63		14.63		17.19		9.84		9.32		14.39	
Total International Equity														
Oakmark International Value (Net)	**2.47**	**(92)**	**30.11**	**(14)**	**30.11**	**(14)**	**18.32**	**(16)**	**10.09**	**(30)**	**6.10**	**(35)**	**10.80**	**(16)**
Oakmark International Value (Gross)	2.69	(92)	31.23	(14)	31.23	(14)	19.37	(16)	11.07	(30)	7.05	(35)	11.59	(16)
MSCI EAFE IMI Value (Net)	3.58	(70)	22.67	(81)	22.67	(81)	13.57	(59)	7.27	(76)	3.96	(82)	7.68	(69)
IM International Large Cap Value Equity (SA+CF) Median	4.22		26.27		26.27		14.17		8.93		5.48		8.96	
Artisan International Growth (ARTIX) (Net)	**3.98**	**(55)**	**31.24**	**(16)**	**31.24**	**(16)**	**9.04**	**(90)**	**4.64**	**(91)**	**3.25**	**(75)**	**7.31**	**(46)**
MSCI EAFE Growth Index (Net)	5.24	(4)	28.86	(44)	28.86	(44)	11.78	(59)	9.15	(24)	5.59	(26)	8.78	(11)
IM International Large Cap Growth Equity (MF) Median	4.07		28.07		28.07		12.36		8.11		4.63		7.15	
Total Emerging Markets Equity														
Wells Capital Emerging Markets (Net)	**4.22**	**(92)**	**36.16**	**(57)**	**36.16**	**(57)**	**23.45**	**(48)**	**10.36**	**(39)**	**6.44**	**(63)**	**N/A**	
Wells Capital Emerging Markets (Gross)	4.38	(92)	37.02	(57)	37.02	(57)	24.23	(48)	11.06	(39)	7.11	(63)	N/A	
MSCI Emerging Markets (Net) Index	7.44	(37)	37.28	(48)	37.28	(48)	23.55	(47)	9.10	(61)	6.16	(66)	4.35	(79)
IM Emerging Markets Equity (SA+CF) Median	6.96		37.03		37.03		23.36		9.78		7.00		5.84	

Returns for periods greater than one year are annualized.
Returns are expressed as percentages.
Alger replaced Nuveen 11/1/2014.

	QTR		YTD		1 YR		2 YR		3 YR		4 YR		5 YR	
Total Fixed Income														
Goldman Sachs Asset Management (Net)	**0.12**	**(98)**	**3.31**	**(97)**	**3.31**	**(97)**	**3.20**	**(97)**	**2.34**	**(95)**	**2.94**	**(94)**	**2.21**	**(95)**
Goldman Sachs Asset Management (Gross)	0.18	(98)	3.55	(97)	3.55	(97)	3.44	(97)	2.60	(95)	3.20	(94)	2.46	(95)
Bloomberg Barclays U.S. Aggregate Index	0.39	(86)	3.54	(94)	3.54	(94)	3.09	(98)	2.24	(96)	3.16	(91)	2.10	(96)
IM U.S. Broad Market Core+ Fixed Income (SA+CF) Median	0.61		4.87		4.87		4.80		3.24		3.90		3.02	
Vanguard Total Bond Market Index (VBTIX) (Net)	**0.41**	**(35)**	**3.05**	**(75)**	**3.05**	**(75)**	**2.84**	**(73)**	**N/A**		**N/A**		**N/A**	
Bloomberg Barclays U.S. Aggregate Index	0.39	(39)	3.54	(52)	3.54	(52)	3.09	(57)	2.24	(43)	3.16	(35)	2.10	(39)
IM U.S. Broad Market Core Fixed Income (MF) Median	0.34		3.58		3.58		3.26		2.16		2.99		1.96	
Total GTAA/Hedge Fund														
BlackRock Multi-Asset Income Fund (BKMIX)	N/A		N/A		N/A		N/A		N/A		N/A		N/A	
50% MSCI World / 50% Barcap Agg	2.98	(49)	12.93	(44)	12.93	(44)	9.18	(56)	6.16	(30)	6.07	(27)	7.21	(34)
IM Flexible Portfolio (MF) Median	2.86		12.10		12.10		9.57		5.09		4.93		6.15	
Weatherlow Offshore Fund I Ltd. (Net)	**2.55**	**(80)**	**5.73**	**(96)**	**5.73**	**(96)**	**3.33**	**(98)**	**2.71**	**(96)**	**3.26**	**(96)**	**5.26**	**(81)**
HFRI FOF: Diversified Index	1.83	(90)	6.64	(93)	6.64	(93)	3.50	(98)	2.26	(96)	2.55	(96)	3.81	(92)
IM Global Balanced/TAA (SA+CF+MF) Median	3.97		15.77		15.77		11.71		7.37		7.25		8.78	
Total Real Estate														
JP Morgan Strategic Property (Net)	**1.55**	**(99)**	**N/A**		**N/A**		**N/A**		**N/A**		**N/A**		**N/A**	
JP Morgan Strategic Property (Gross)	1.80	(99)	N/A		N/A		N/A		N/A		N/A		N/A	
NCREIF Fund Index-Open End Diversified Core (EW)	2.12	(51)	7.76	(63)	7.76	(63)	8.51	(61)	10.69	(58)	11.08	(66)	11.53	(74)
IM U.S. Open End Private Real Estate (SA+CF) Median	2.14		8.52		8.52		8.92		10.93		11.51		12.20	

Returns for periods greater than one year are annualized.
Returns are expressed as percentages.
Alger replaced Nuveen 11/1/2014.

Financial Reconciliation Quarter to Date

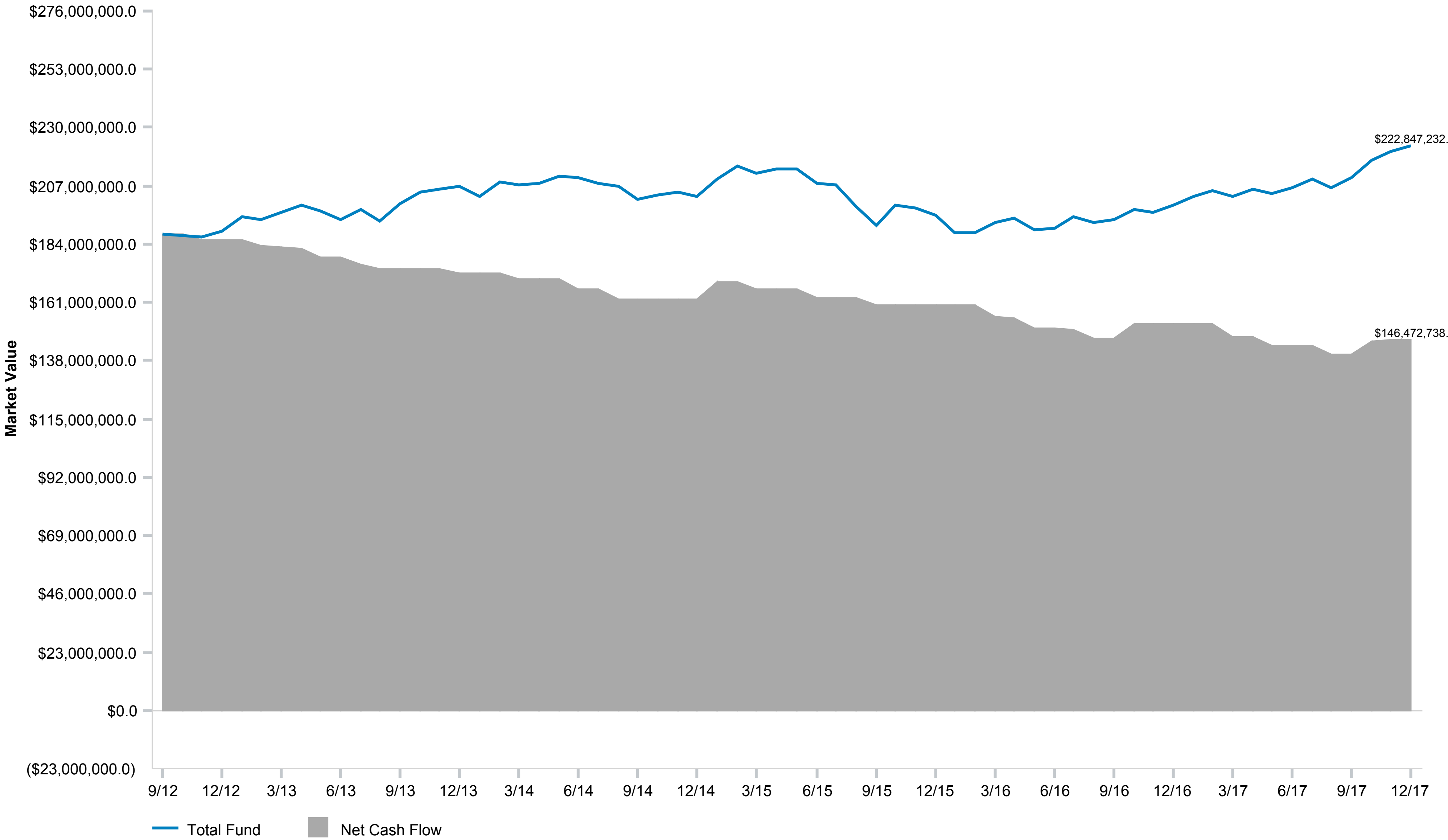
	Market Value 10/01/2017	Net Transfers	Contributions	Distributions	Management Fees	Other Expenses	Income	Market Value 12/31/2017
Total Domestic Equity	**71,091,201**	**32,290**	**-**	**-**	**-32,290**	**-**	**91,577**	**75,214,380**
SSgA S&P 500 Flagship Fund	49,814,660	5,991	-	-	-5,991	-	-	53,129,332
Geneva Mid Cap Growth	6,667,654	9,857	-	-	-9,857	-	11,116	7,099,463
Thompson, Siegel & Walmsley SMID Value	14,608,887	16,442	-	-	-16,442	-	80,461	14,985,586
Total International Equity	**41,246,430**	**-**	**-**	**-**	**-47,486**	**-2,210**	**181,873**	**42,558,289**
Artisan International Growth (ARTIX)	19,462,816	-	-	-	-	-	181,873	20,238,210
Oakmark International Value	21,783,614	-	-	-	-47,486	-2,210	-	22,320,079
Total Emerging Markets Equity	**12,610,239**	**20,311**	**-**	**-**	**-20,311**	**-**	**-**	**13,162,705**
Wells Capital Emerging Markets	12,610,239	20,311	-	-	-20,311	-	-	13,162,705
Total Fixed Income	**24,211,962**	**7,012,310**	**-**	**-**	**-12,310**	**-**	**46,444**	**31,270,373**
Goldman Sachs Asset Management	20,500,670	12,310	-	-	-12,310	-	-	20,537,776
Vanguard Total Bond Market Index (VBTIX)	3,711,291	7,000,000	-	-	-	-	46,444	10,732,597
Total GTAA/Hedge Funds	**13,260,847**	**3,000,000**	**-**	**-**	**-**	**-**	**18,723**	**16,607,885**
BlackRock Multi-Asset Income Fund (BKMIX)	-	3,000,000	-	-	-	-	18,723	3,018,731
Weatherlow Offshore Fund I Ltd.	12,858,855	-	-	-	-	-	-	13,187,162
Mesirow (Holdback)	401,992	-	-	-	-	-	-	401,992
Total Real Estate	**26,055,368**	**333,610**	**-**	**-**	**-43,977**	**-**	**111,061**	**26,592,452**
Gerding Edlen Green Cities II	5,051,651	-27,720	-	-	-	-	-	5,023,931
Westport Real Estate Fund IV	4,781,784	-100,000	-	-	-	-	-	4,681,784
Long Wharf Real Estate Partners Fund V	2,095,944	342,740	-	-	-	-	-	2,479,543
Gerding Edlen Green Cities III	3,648,050	118,590	-	-	-18,563	-	-	3,766,640
JP Morgan Strategic Property	10,477,939	-	-	-	-25,414	-	111,061	10,640,554
Total Private Equity	**15,798,694**	**-928,959**	**-**	**-**	**-6,680**	**-**	**-**	**15,046,969**
Landmark Equity Partners XIV LP	476,837	-65,873	-	-	-	-	-	410,964
Private Equity Investment Fund V	502,967	-	-	-	-	-	-	502,967
HarbourVest Partners IX	7,365,886	-153,987	-	-	-	-	-	7,395,813
Pomona Capital VIII	3,590,922	-715,779	-	-	-	-	-	2,875,143
JPMorgan Venture Capital Fund V	3,862,082	6,680	-	-	-6,680	-	-	3,862,082
Total Liquid Capital	**5,890,604**	**-9,397,971**	**5,883,305**	**-**	**-**	**-**	**18,241**	**2,394,179**
Cash Account	5,890,604	-9,397,971	5,883,305	-	-	-	18,241	2,394,179
Total Fund	**210,165,345**	**71,590**	**5,883,305**	**-**	**-163,053**	**-2,210**	**467,919**	**222,847,232**
Receipts & Disbursements (From Town)	**-**	**-71,590**	**2,020,251**	**-4,800,710**	**-**	**-103,040**	**-**	**-**
Total Fund including Town Flows	**210,165,345**	**-**	**7,903,556**	**-4,800,710**	**-163,053**	**-105,250**	**467,919**	**222,847,232**

Receipts & Disbursements (From Town) data provided by the Town of Palm Beach, as of 10/01/2015.

Financial Reconciliation Fiscal Year to Date	Market Value 10/01/2017	Net Transfers	Contributions	Distributions	Management Fees	Other Expenses	Income	Market Value 12/31/2017
Total Domestic Equity	**71,091,201**	**32,290**	**-**	**-**	**-32,290**	**-**	**91,577**	**75,214,380**
SSgA S&P 500 Flagship Fund	49,814,660	5,991	-	-	-5,991	-	-	53,129,332
Geneva Mid Cap Growth	6,667,654	9,857	-	-	-9,857	-	11,116	7,099,463
Thompson, Siegel & Walmsley SMID Value	14,608,887	16,442	-	-	-16,442	-	80,461	14,985,586
Total International Equity	**41,246,430**	**-**	**-**	**-**	**-47,486**	**-2,210**	**181,873**	**42,558,289**
Artisan International Growth (ARTIX)	19,462,816	-	-	-	-	-	181,873	20,238,210
Oakmark International Value	21,783,614	-	-	-	-47,486	-2,210	-	22,320,079
Total Emerging Markets Equity	**12,610,239**	**20,311**	**-**	**-**	**-20,311**	**-**	**-**	**13,162,705**
Wells Capital Emerging Markets	12,610,239	20,311	-	-	-20,311	-	-	13,162,705
Total Fixed Income	**24,211,962**	**7,012,310**	**-**	**-**	**-12,310**	**-**	**46,444**	**31,270,373**
Goldman Sachs Asset Management	20,500,670	12,310	-	-	-12,310	-	-	20,537,776
Vanguard Total Bond Market Index (VBTIX)	3,711,291	7,000,000	-	-	-	-	46,444	10,732,597
Total GTAA/Hedge Fund	**13,260,847**	**3,000,000**	**-**	**-**	**-**	**-**	**18,723**	**16,607,885**
BlackRock Multi-Asset Income Fund (BKMIX)	-	3,000,000	-	-	-	-	18,723	3,018,731
Weatherlow Offshore Fund I Ltd.	12,858,855	-	-	-	-	-	-	13,187,162
Mesirow (Holdback)	401,992	-	-	-	-	-	-	401,992
Total Real Estate	**26,055,368**	**333,610**	**-**	**-**	**-43,977**	**-**	**111,061**	**26,592,452**
Gerding Edlen Green Cities II	5,051,651	-27,720	-	-	-	-	-	5,023,931
Westport Real Estate Fund IV	4,781,784	-100,000	-	-	-	-	-	4,681,784
Long Wharf Real Estate Partners Fund V	2,095,944	342,740	-	-	-	-	-	2,479,543
Gerding Edlen Green Cities III	3,648,050	118,590	-	-	-18,563	-	-	3,766,640
JP Morgan Strategic Property	10,477,939	-	-	-	-25,414	-	111,061	10,640,554
Total Private Equity	**15,798,694**	**-928,959**	**-**	**-**	**-6,680**	**-**	**-**	**15,046,969**
Landmark Equity Partners XIV LP	476,837	-65,873	-	-	-	-	-	410,964
Private Equity Investment Fund V	502,967	-	-	-	-	-	-	502,967
HarbourVest Partners IX	7,365,886	-153,987	-	-	-	-	-	7,395,813
Pomona Capital VIII	3,590,922	-715,779	-	-	-	-	-	2,875,143
JPMorgan Venture Capital Fund V	3,862,082	6,680	-	-	-6,680	-	-	3,862,082
Total Liquid Capital	**5,890,604**	**-9,397,971**	**5,883,305**	**-**	**-**	**-**	**18,241**	**2,394,179**
Cash Account	5,890,604	-9,397,971	5,883,305	-	-	-	18,241	2,394,179
Total Fund	**210,165,345**	**71,590**	**5,883,305**	**-**	**-163,053**	**-2,210**	**467,919**	**222,847,232**
Receipts & Disbursements (From Town)	**-**	**-71,590**	**2,020,251**	**-4,800,710**	**-**	**-103,040**	**-**	**-**
Total Fund including Town Flows	**210,165,345**	**-**	**7,903,556**	**-4,800,710**	**-163,053**	**-105,250**	**467,919**	**222,847,232**

Receipts & Disbursements (From Town) data provided by the Town of Palm Beach, as of 10/01/2015.

Schedule of Investable Assets



Periods Ending	Beginning Market Value $	Net Cash Flow $	Gain/Loss $	Ending Market Value $
Inception	188,232,786	-41,760,047	76,374,494	222,847,232

Private Equity Summary of Partnership

Partnerships	Valuation Date	Vintage Year	Investment Strategy	Capital Commitment $	Drawn Down $	Market Value $	Distributed $	IRR (%)	TVPI Multiple	Remaining Commitment
Private Equity										
Landmark Equity Partners XIV LP	12/31/2017	2008	Secondaries	1,250,000	1,202,959	410,964	1,172,792	10.6	1.3	47,041
Private Equity Investment Fund V	12/31/2017	2009	Secondaries	1,250,000	1,253,016	502,967	601,766	-3.4	0.9	-
HarbourVest Partners IX	12/31/2017	2010	Hybrid	10,000,000	7,501,315	7,395,813	3,394,206	16.1	1.4	2,553,750
Pomona Capital VIII	12/31/2017	2012	Secondaries	10,000,000	6,336,651	2,875,143	5,819,863	21.9	1.4	5,310,808
JPMorgan Venture Capital Fund V	12/31/2017	2014	Venture Capital	5,000,000	5,162,878	3,862,082	1,667,022	6.2	1.1	1,572,167
Real Estate										
Gerding Edlen Green Cities II	12/31/2017	2012	Real Estate	5,000,000	4,903,486	5,023,931	1,925,244	12.0	1.4	330,000
Gerding Edlen Green Cities III	12/31/2017	2015	Value-Add Real Estate	5,000,000	3,447,742	3,766,640	81,862	8.7	1.1	1,578,745
Westport Real Estate Fund IV	12/31/2017	2014	Real Estate	5,000,000	6,459,000	4,681,784	2,751,920	9.0	1.1	997,500
Long Wharf Real Estate Partners Fund V	12/31/2017	2015	Value-Add Real Estate	5,000,000	2,517,510	2,479,543	102,780	2.3	1.0	2,454,016
Total				**47,500,000**	**38,784,558**	**30,998,867**	**17,517,455**	**-**	**-**	**14,844,028**

Comparative Performance - IRR

	QTD	1 YR	3 YR	5 YR	Inception	Inception Date
Private Equity						
Landmark Equity Partners XIV LP	0.00	5.54	-1.27	6.65	10.61	11/12/2009
Private Equity Investment Fund V	0.00	1.59	-21.38	-11.95	-3.44	01/21/2010
HarbourVest Partners IX	2.42	15.57	12.82	N/A	16.07	07/29/2013
Pomona Capital VIII	0.00	16.05	13.45	N/A	21.86	03/25/2014
JPMorgan Venture Capital Fund V	-0.17	4.35	N/A	N/A	6.21	07/31/2015
Real Estate						
Gerding Edlen Green Cities II	0.00	-1.79	8.44	N/A	12.01	08/28/2013
Gerding Edlen Green Cities III	0.00	1.02	N/A	N/A	8.68	03/03/2016
Westport Real Estate Fund IV	0.00	8.37	9.76	N/A	9.03	03/24/2014
Long Wharf Real Estate Partners Fund V	1.85	2.80	N/A	N/A	2.26	11/20/2015

Comparative Performance

	QTD	YTD	1 YR	3 YR	5 YR
Firefighters Retirement Composite (Gross)*	3.20	15.21	15.21	5.97	7.52
Police Retirement Composite (Gross)*	3.20	15.21	15.21	5.97	7.52
General Employees Retirement Composite (Gross)*	3.20	15.21	15.21	5.97	7.52
Town of Palm Beach Retirement System Combined (Gross)**	**3.20**	**15.21**	**15.21**	**5.97**	**7.52**
Estimated Quarterly Return over 5 Years as of 12/31/2017 (Gross): 1.88%					
Firefighters Retirement Composite (Net)*	3.12	14.86	14.86	5.64	7.22
Police Retirement Composite (Net)*	3.12	14.86	14.86	5.64	7.22
General Employees Retirement Composite (Net)*	3.12	14.86	14.86	5.64	7.22
Town of Palm Beach Retirement System Combined (Net)**	**3.12**	**14.86**	**14.86**	**5.64**	**7.22**
Estimated Quarterly Return over 5 Years as of 12/31/2017 (Net): 1.81%					

Returns for periods greater than one year are annualized.
Returns are expressed as percentages.
Performance shown is not GIPS compliant and is an estimation. Historical data and calculations prior to March 31, 2016 provided by former consultant.
*October 2009-September 2012 represents each Plan's unique performance. October 2012-present represents performance for the combined Plan.
**Prior to October 2012, performance is a theoretical weighted average of the each Plan's composite given a static weighting between the Plans. October 2012-present represents performance for the combined Plan.

	Market Value ($)	Estimated Annual Fee (%)	Estimated Annual Fee ($)
Total Domestic Equity			
SSgA S&P 500 Flagship Fund	53,129,332	0.03	15,939
Geneva Mid Cap Growth	7,099,463	0.60	42,597
Thompson, Siegel & Walmsley SMID Value	14,985,586	0.45	67,435
Total International Equity			
Artisan International Growth (ARTIX)	20,238,210	1.19	240,835
Oakmark International Value	22,320,079	0.90	200,881
Total Emerging Markets			
Wells Capital Emerging Markets	13,162,705	0.63	82,925
Total Fixed Income			
Goldman Sachs Asset Management	20,537,776	0.29	59,560
Vanguard Total Bond Market Index (VBTIX)	10,732,597	0.04	4,293
Total GTAA/HedgeFunds			
BlackRock Multi-Asset Income Fund (BKMIX)	3,018,731	0.52	15,697
Weatherlow Offshore Fund I Ltd.	13,187,162	1.00	131,872
Mesirow (Holdback)	401,992	1.00	4,020
Total Real Estate			
Gerding Edlen Green Cities II	5,023,931	1.50	75,359
Westport Real Estate Fund IV	4,681,784	1.50	70,227
Long Wharf Real Estate Partners Fund V	2,479,543	1.50	37,193
Gerding Edlen Green Cities III	3,766,640	1.50	56,500
JP Morgan Strategic Property	10,640,554	1.00	106,406
Total Private Equity			
Landmark Equity Partners XIV LP	410,964	1.00	4,110
Private Equity Investment Fund V	502,967	1.75	8,802
HarbourVest Partners IX	7,395,813	1.00	73,958
Pomona Capital VIII	2,875,143	1.00	28,751
JPMorgan Venture Capital Fund V	3,862,082	0.55	21,241
Cash			
Cash Account	2,394,179		-
Total Fund	**222,847,232**	**0.61**	**1,348,599**

Total Fund Policy

Allocation Mandate	Weight (%)
Oct-2012	
Russell 3000 Index	30.00
MSCI EAFE (Net) Index	13.00
Bloomberg Barclays U.S. Aggregate Index	24.00
CPI + 5%	9.00
90 Day T-Bill + 3.75%	22.00
S&P 500 + 5%	2.00
Jul-2013	
S&P 500 Index	7.50
MSCI EAFE (Net) Index	15.00
Bloomberg Barclays U.S. Aggregate Index	17.50
Bloomberg Commodity Index Total Return	2.50
90 Day T-Bills + 5%	15.00
S&P 500 + 5%	10.00
Russell Midcap Value Index	3.75
Russell Midcap Growth Index	3.75
MSCI Emerging Markets (Net) Index	10.00
Bloomberg Barclays U.S. TIPS Index	2.50
Bloomberg Barclays U.S. Corporate High Yield	2.50
NCREIF Property Index	10.00
Jan-2017	
Russell 3000 Index	35.00
MSCI AC World ex USA	20.00
Bloomberg Barclays U.S. Aggregate Index	12.50
Blmbg. Barc. Global Multiverse	5.00
NCREIF Fund Index-Open End Diversified Core (EW)	10.00
S&P 500 + 3%	7.50
Total GTAA/Hedge Fund Policy	10.00

Total Fixed Income Policy

Allocation Mandate	Weight (%)
Mar-1997	
Bloomberg Barclays U.S. Aggregate Index	50.00
Bloomberg Barclays U.S. Corporate High Yield	25.00
Bloomberg Barclays U.S. TIPS Index	25.00

HedgeFund/Balanced Blend Policy

Allocation Mandate	Weight (%)
Jan-1990	
HFRI FOF: Diversified Index	70.00
Balanced Index	30.00
Sep-2017	
HFRI FOF: Diversified Index	100.00
Nov-2017	

Balanced Index

Allocation Mandate	Weight (%)
Jan-1985	
MSCI World (net)	60.00
Citigroup World Government Bond Index	40.00

Total Alternative Policy

Allocation Mandate	Weight (%)
Oct-2012	
CPI + 5%	82.00
S&P 500 + 5%	18.00
Jul-2013	
S&P 500 + 5%	100.00
Jan-2017	
S&P 500 + 3%	100.00

Final Previous Quarter Results

Comparative Performance

	QTR	YTD	1 YR	2 YR	3 YR	4 YR	5 YR
Total Fund (Net)	**3.54**	**11.39**	**11.26**	**9.57**	**4.76**	**5.34**	**6.94**
Total Fund (Gross)	3.63	11.65	11.60	9.92	5.09	5.66	7.23
Total Fund Policy	3.90	12.28	12.72	11.38	7.04	7.49	8.25
Total Fund (Net)	**3.54**	**11.39**	**11.26**	**9.57**	**4.76**	**5.34**	**6.94**
Total Fund (Gross)	3.63	11.65	11.60	9.92	5.09	5.66	7.23
Total Fund Policy Index ex Alts	3.23	10.26	10.69	10.37	6.40	7.01	7.86
Total Domestic Equity (Net)	**2.97**	**11.70**	**15.57**	**13.49**	**8.21**	**9.66**	**11.96**
Total Domestic Equity (Gross)	3.02	11.89	15.80	13.83	8.56	9.99	12.25
S&P 500 Index	4.48	14.24	18.61	17.01	10.81	12.98	14.22
Total International Equity (Net)	**7.63**	**26.61**	**25.25**	**15.19**	**6.37**	**5.43**	**10.17**
Total International Equity (Gross)	7.75	27.04	25.82	15.70	6.85	5.90	10.58
MSCI EAFE (Net) Index	5.40	19.96	19.10	12.63	5.04	4.84	8.38
Total Emerging Markets Equity (Net)	**8.66**	**30.96**	**24.55**	**22.23**	**6.17**	**5.36**	**N/A**
Total Emerging Markets Equity (Gross)	8.83	31.57	25.35	23.04	6.89	6.06	N/A
MSCI Emerging Markets (Net) Index	7.89	27.78	22.46	19.59	4.90	4.75	3.99
Total Fixed Income (Net)	**0.57**	**2.93**	**-0.04**	**3.00**	**2.25**	**2.81**	**2.00**
Total Fixed Income (Gross)	0.63	3.07	0.13	3.13	2.40	2.96	2.14
Total Fixed Income Policy	1.14	3.74	2.02	4.69	3.24	3.48	2.63
Total GTAA/Hedge Fund	**1.61**	**2.59**	**3.95**	**2.21**	**0.12**	**1.87**	**3.56**
Total GTAA/Hedge Fund Policy	2.65	6.77	6.84	4.92	2.90	3.83	4.53

rcentages.Mutual fund and ETF investments are reported net of fees.
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Investments Reporting Status page in report for details on status of valuations.

Comparative Performance

	QTR		YTD		1 YR		2 YR		3 YR		4 YR		5 YR	
Total Domestic Equity														
SSgA S&P 500 Flagship Fund (Net)	**4.48**	**(59)**	**14.21**	**(48)**	**18.59**	**(54)**	**17.00**	**(30)**	**10.79**	**(45)**	**12.95**	**(45)**	**14.20**	**(50)**
SSgA S&P 500 Flagship Fund (Gross)	4.49	(59)	14.24	(48)	18.64	(54)	17.06	(30)	10.85	(45)	13.01	(45)	14.26	(50)
S&P 500 Index	4.48	(58)	14.24	(47)	18.61	(53)	17.01	(29)	10.81	(44)	12.98	(45)	14.22	(49)
IM U.S. Large Cap Core Equity (SA+CF) Median	4.60		14.13		18.71		15.81		10.60		12.73		14.20	
Geneva Mid Cap Growth (Net)	**2.07**	**(92)**	**16.21**	**(66)**	**15.88**	**(77)**	**10.15**	**(88)**	**9.85**	**(60)**	**8.63**	**(83)**	**11.17**	**(94)**
Geneva Mid Cap Growth (Gross)	2.20	(92)	16.70	(66)	16.55	(77)	10.81	(88)	10.51	(60)	9.28	(83)	11.80	(94)
Russell Midcap Growth Index	5.28	(31)	17.29	(52)	17.82	(61)	14.48	(44)	9.96	(58)	11.06	(42)	14.18	(41)
IM U.S. Mid Cap Growth Equity (SA+CF) Median	4.52		17.77		18.78		13.97		10.26		10.64		13.60	
Thompson, Siegel & Walmsley SMID Value (Net)	**-1.13**	**(97)**	**4.38**	**(91)**	**N/A**		**N/A**		**N/A**		**N/A**		**N/A**	
Thompson, Siegel & Walmsley SMID Value (Gross)	-1.02	(97)	4.82	(91)	N/A		N/A		N/A		N/A		N/A	
Russell 2500 Value Index	3.83	(59)	5.86	(84)	15.75	(70)	16.71	(45)	9.94	(57)	9.93	(64)	13.25	(69)
IM U.S. SMID Cap Value Equity (SA+CF) Median	4.01		8.83		18.42		16.27		10.30		10.38		14.21	
Total International Equity														
Oakmark International Value (Net)	**9.48**	**(1)**	**26.97**	**(8)**	**35.27**	**(1)**	**19.88**	**(7)**	**9.27**	**(13)**	**6.68**	**(34)**	**13.00**	**(7)**
Oakmark International Value (Gross)	9.72	(1)	27.79	(8)	36.44	(1)	20.95	(7)	10.25	(13)	7.58	(34)	13.75	(7)
MSCI EAFE IMI Value (Net)	6.05	(39)	18.43	(75)	22.63	(37)	13.24	(54)	4.36	(77)	4.63	(80)	8.49	(63)
IM International Large Cap Value Equity (SA+CF) Median	5.66		20.53		20.82		13.80		5.96		5.87		9.24	
Artisan International Growth (ARTIX) (Net)	**5.62**	**(46)**	**26.21**	**(8)**	**15.66**	**(69)**	**10.54**	**(74)**	**3.47**	**(80)**	**4.09**	**(72)**	**7.64**	**(46)**
MSCI EAFE Growth Index (Net)	4.94	(56)	22.45	(53)	15.68	(68)	12.53	(41)	6.48	(34)	5.57	(35)	8.89	(13)
IM International Large Cap Growth Equity (MF) Median	5.26		22.87		17.30		11.90		5.43		5.12		7.41	
Total Emerging Markets Equity														
Wells Capital Emerging Markets (Net)	**8.66**	**(32)**	**30.65**	**(34)**	**21.68**	**(58)**	**23.17**	**(22)**	**6.67**	**(39)**	**5.30**	**(61)**	**N/A**	
Wells Capital Emerging Markets (Gross)	8.83	(32)	31.27	(34)	22.44	(58)	23.95	(22)	7.35	(39)	5.97	(61)	N/A	
MSCI Emerging Markets (Net) Index	7.89	(44)	27.78	(53)	22.46	(53)	19.59	(52)	4.90	(63)	4.75	(71)	3.99	(84)
IM Emerging Markets Equity (SA+CF) Median	7.59		28.13		22.66		19.94		5.85		5.92		5.75	

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	QTR		YTD		1 YR		2 YR		3 YR		4 YR		5 YR	
Total Fixed Income														
Goldman Sachs Asset Management (Net)	**0.58**	**(100)**	**3.18**	**(94)**	**0.49**	**(97)**	**2.96**	**(94)**	**2.56**	**(93)**	**3.08**	**(93)**	**2.38**	**(93)**
Goldman Sachs Asset Management (Gross)	0.64	(100)	3.37	(94)	0.73	(97)	3.20	(94)	2.82	(93)	3.34	(93)	2.63	(93)
Bloomberg Barclays U.S. Aggregate Index	0.85	(92)	3.14	(95)	0.07	(100)	2.60	(97)	2.71	(91)	3.02	(95)	2.06	(98)
IM U.S. Broad Market Core+ Fixed Income (SA+CF) Median	1.16		4.14		1.92		4.14		3.41		3.95		3.08	
Vanguard Total Bond Market Index (VBTIX) (Net)	**0.71**	**(75)**	**2.63**	**(84)**	**-0.62**	**(92)**	**2.33**	**(76)**	**N/A**		**N/A**		**N/A**	
Bloomberg Barclays U.S. Aggregate Index	0.85	(42)	3.14	(57)	0.07	(63)	2.60	(58)	2.71	(31)	3.02	(41)	2.06	(44)
IM U.S. Broad Market Core Fixed Income (MF) Median	0.81		3.26		0.47		2.74		2.50		2.93		2.00	
Total GTAA/Hedge Fund														
BlackRock Multi-Asset Income Fund (BKMIX)	N/A		N/A		N/A		N/A		N/A		N/A		N/A	
50% MSCI World / 50% Barcap Agg	2.90	(47)	9.67	(45)	9.11	(50)	8.95	(47)	5.63	(26)	6.32	(31)	6.88	(33)
IM Flexible Portfolio (MF) Median	2.82		9.18		9.09		8.80		4.19		5.32		5.94	
Weatherlow Offshore Fund I Ltd. (Net)	**1.91**	**(89)**	**3.09**	**(97)**	**4.04**	**(93)**	**2.65**	**(98)**	**2.20**	**(96)**	**3.51**	**(94)**	**5.11**	**(80)**
HFRI FOF: Diversified Index	2.38	(79)	4.72	(93)	5.89	(83)	2.77	(98)	1.99	(97)	3.08	(95)	3.72	(89)
IM Global Balanced/TAA (SA+CF+MF) Median	3.55		11.21		11.67		10.84		6.82		7.55		8.36	
Total Real Estate														
JP Morgan Strategic Property (Net)	**1.56**	**(71)**	**N/A**		**N/A**		**N/A**		**N/A**		**N/A**		**N/A**	
JP Morgan Strategic Property (Gross)	1.72	(71)	N/A		N/A		N/A		N/A		N/A		N/A	
NCREIF Fund Index-Open End Diversified Core (EW)	1.89	(45)	5.53	(58)	7.81	(62)	9.21	(62)	11.01	(67)	11.35	(70)	11.58	(72)
IM U.S. Open End Private Real Estate (SA+CF) Median	1.76		5.94		8.30		9.65		11.52		11.81		12.38	

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Active Return	- Arithmetic difference between the manager's performance and the designated benchmark return over a specified time period.
Alpha	- A measure of the difference between a portfolio's actual performance and its expected return based on its level of risk as determined by beta. It determines the portfolio's non-systemic return, or its historical performance not explained by movements of the market.
Beta	- A measure of the sensitivity of a portfolio to the movements in the market. It is a measure of the portfolio's systematic risk.
Consistency	- The percentage of quarters that a product achieved a rate of return higher than that of its benchmark. Higher consistency indicates the manager has contributed more to the product's performance.
Distributed to Paid In (DPI)	- The ratio of money distributed to Limited Partners by the fund, relative to contributions. It is calculated by dividing cumulative distributions by paid in capital. This multiple shows the investor how much money they got back. It is a good measure for evaluating a fund later in its life because there are more distributions to measure against.
Down Market Capture	- The ratio of average portfolio performance over the designated benchmark during periods of negative returns. A lower value indicates better product performance
Downside Risk	- A measure similar to standard deviation that utilizes only the negative movements of the return series. It is calculated by taking the standard deviation of the negative quarterly set of returns. A higher factor is indicative of a riskier product.
Excess Return	- Arithmetic difference between the manager's performance and the risk-free return over a specified time period.
Excess Risk	- A measure of the standard deviation of a portfolio's performance relative to the risk free return.
Information Ratio	- This calculates the value-added contribution of the manager and is derived by dividing the active rate of return of the portfolio by the tracking error. The higher the Information Ratio, the more the manager has added value to the portfolio.
Public Market Equivalent (PME)	- Designs a set of analyses used in the Private Equity Industry to evaluate the performance of a Private Equity Fund against a public benchmark or index.
R-Squared	- The percentage of a portfolio's performance that can be explained by the behavior of the appropriate benchmark. A high R-Squared means the portfolio's performance has historically moved in the same direction as the appropriate benchmark.
Return	- Compounded rate of return for the period.
Sharpe Ratio	- Represents the excess rate of return over the risk free return divided by the standard deviation of the excess return. The result is an absolute rate of return per unit of risk. A higher value demonstrates better historical risk-adjusted performance.
Standard Deviation	- A statistical measure of the range of a portfolio's performance. It represents the variability of returns around the average return over a specified time period.
Total Value to Paid In (TVPI)	- The ratio of the current value of remaining investments within a fund, plus the total value of all distributions to date, relative to the total amount of capital paid into the fund to date. It is a good measure of performance before the end of a fund's life
Tracking Error	- This is a measure of the standard deviation of a portfolio's returns in relation to the performance of its designated market benchmark.
Treynor Ratio	- Similar to Sharpe ratio but utilizes beta rather than excess risk as determined by standard deviation. It is calculated by taking the excess rate of return above the risk free rate divided by beta to derive the absolute rate of return per unit of risk. A higher value indicates a product has achieved better historical risk-adjusted performance.
Up Market Capture	- The ratio of average portfolio performance over the designated benchmark during periods of positive returns. A higher value indicates better product performance.

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Town of Palm Beach Retirement System
Benchmarking Review

Putting clients first.

TWR & IRR Concept Overview

Time-Weighted Return (TWR) versus Internal (Dollar-Weighted) Rate of Return (IRR)

- The IRR represents the average growth rate of all money invested in the account, while the TWR represents the growth of a single unit of money invested in the account. Consequently, the IRR is sensitive to the size and timing of external cash flows to and from the account, while the TWR remains unaffected by these flows.
- When there are no cash flows, the two calculations will produce the same results. However, if external cash flows that are large relative to the account's value occur, and the account's performance fluctuates significantly during the measurement period, then the IRR and the TWR can differ materially.

When is it appropriate to use either the TWR or the IRR?

- The TWR should be used when calculating returns for investments where the manager does not control cash flows. In this case, the returns are unaffected by cash outflows or inflows and, thus, offer a more accurate representation of the manager's performance, irrespective of the portfolio's asset level.
- For equal comparison purposes, the performance of both the manager and the index should be calculated using the same method.
- The TWR measures the manager's performance. For traditional investments, as well as some alternative investments, the CFA Institute's Global Investment Performance Standards (GIPS) requires managers to present their returns on a TWR basis.
- The IRR should be used for investments such as private equity and closed-end real estate, because the manager typically has the ability to control cash flows into and out of the fund. By using the IRR, the manager's decision to call or distribute cash will impact performance. For private equity and closed-end real estate, the CFA Institute's GIPS require managers to present their returns on an IRR basis.
- The TWR allows an investor to accurately evaluate the true performance of the investment manager, not just the return of the dollars invested in the portfolio. The TWR and IRR can be significantly different for the same time period. It is important to understand the differences between the two so the investor can make investment decisions utilizing the best information available.

Return Measure Descriptions & Calculations

Time-Weighted Rate of Return

- The TWR reflects the compounded rate of growth over a stated evaluation period of one unit of money initially invested in an account. Its calculation requires the account be valued every time an external cash flow occurs. If no such flows take place, the TWR and the IRR will be the same. If external cash flows do occur, however, the TWR requires computing a set of sub-period returns. These sub-period returns must be linked together in computing the TWR for the entire evaluation period.

- The basic formula for a time-weighted rate of return is:

$$\text{Return} = \frac{MV_1 - MV_0}{MV_0}$$

Where

MV_1 = Ending Market Value

MV_0 = Beginning Market Value

Internal Rate of Return

- Unlike the TWR, the IRR Includes cash flows and timing in the calculation of performance. With no cash flows, the return resulting from the IRR calculation and the TWR calculation will be the same. The only time the return calculation will be different is when there is a cash flow.

- The IRR measures the compound growth rate of the value of all funds invested in the account over the evaluation period. The IRR is also referred to as the “money-weighted” or “dollar-weighted” rate of return. Of importance for performance measurement, the IRR is the growth rate linking the ending value of the account to its beginning value plus all intermediate cash flows.

- With the MV_1 and MV_0 representing the values of the account at the end and beginning of the evaluation period respectively, in equation form, the IRR is the growth rate “R” that solves the following formula:

$$MV_1 = MV_0\,(1 + R)^M + CF_1\,(1 + R)^{M-L(1)} + \ldots + CF_n\,(1 + R)^{M-L(n)}$$

M = number of units in the evaluation period (for example, the number of days in the month)

$CF_{1\text{ to }n}$ = the n^{th} cash flow

L(1 to n) = the number of time units by which the n^{th} cash flow is separated from the beginning of the evaluation period

Calculating Performance WITHOUT Intra-Period External Cash Flows

In this example, the fund owns 100,000 shares of a mutual fund (VFINX) at the beginning of April 2015. There were no contributions or withdrawals made during the month. This calculation shows how to calculate performance when there are no cash flows during the evaluation period.

Date	# Shares	Price	Market Value	
3/31/2015	100,000	$190.71	$19,071,000	MV_0
4/30/2015	100,000	$192.52	$19,252,000	MV_1
		Gain/(Loss)	$181,000	

Time-Weighted Rate of Return

The mutual fund reported a TWR of **+0.9491%** for the month of April.

Formula

$$\text{Return} = \frac{MV_1 - MV_0}{MV_0}$$

$$\boxed{\mathbf{0.9491\%}} = \frac{\$19{,}252{,}000 - \$19{,}071{,}000}{\$19{,}071{,}000}$$

Internal Rate of Return

Since there were no cash flows for the period, the mutual fund also reported an IRR of **+0.9491%** for the month of April.

Formula

$$MV_1 = MV_0\,(1 + R)^{M} + CF_1\,(1 + R)^{M-L(1)} + \ldots + CF_n(1 + R)^{M-L(n)}$$

$$\$19{,}252{,}000 = \$19{,}071{,}000 * (1 + R)^{30}$$

30	Days in month$^{(M)}$
0.031492%	Estimated daily IRR (R). Used by trial and error to find appropriate ending market value.
$19,252,000	= $\$19{,}071{,}000 * (1 + 0.031492\%)^{30}$
0.9491%	= $((1 + 0.031492\%)^{30}) - 1$. This is the formula to calculate the return for the month.

Calculating Performance WITH Intra-Period External Cash Flows

Scenario Parameters

In this example, the fund owns 100,000 shares of a mutual fund (VFINX) at the beginning of April. A contribution of $30,000,000 was made during the month. As a result, the fund recorded a loss of $86,181 during the period. When there is a significant cash flow during the evaluation period, the portfolio should be revalued at each significant cash flow. This example illustrates how to calculate performance when a contribution (or withdrawal) is made during the month.

Date	# Shares	Price	Market Value	
3/31/2015	100,000	$190.71	$19,071,000	MV_0
4/16/2015	154,440	$194.25	$30,000,000	CF
4/30/2015	254,440	$192.52	$48,984,819	MV_1
		Gain/(Loss)	**($86,181)**	

Calculating Performance WITH Intra-Period External Cash Flows

Time-Weighted Rate of Return

Since there was a significant cash flow during the period, the TWR requires computing a set of sub-period returns. These sub-period returns must then be linked together in computing the TWR for the entire evaluation period.

Valuation Sub-Period 1

Date	# Shares	Price	Value	
3/31/2015	100,000	$190.71	$19,071,000	MV_0
4/16/2015	100,000	$194.25	$19,425,000	MV_1
		Gain/(Loss)	**$354,000**	

$$\text{Return} = \frac{MV_1 - MV_0}{MV_0}$$

$$\boxed{1.8562\%} = \frac{\$19{,}425{,}000 - \$19{,}071{,}000}{\$19{,}071{,}000}$$

Valuation Sub-Period 2

Date	# Shares	Price	Value	
4/16/2015	254,440.1544*	$194.25	$49,425,000	MV_0
4/30/2015	254,440.1544	$192.52	$48,984,819	MV_1
		Gain/(Loss)	**($440,181)**	

**$30,000,000 Deposit / 192.25 NAV = 154,440.1544 shares*

$$\text{Return} = \frac{MV_1 - MV_0}{MV_0}$$

$$\boxed{-0.8906\%} = \frac{\$48{,}984{,}819 - \$49{,}425{,}000}{\$49{,}425{,}000}$$

Chain-link the Two Sub-Period Returns

Date	# Shares	Price	Market Value	
3/31/2015	100,000	$190.71	$19,071,000	MV_0
4/16/2015	154,440	$194.25	$30,000,000	CF
4/30/2015	254,440	$192.52	$48,984,819	MV_1
		Gain/(Loss)	**($86,181)**	

$$R_{twr} = (1 + R_{t,1}) * (1 + R_{t,2}) – 1$$

$$R_{twr} = (1 + 1.8562\%) * (1 + (-0.8906\%)) – 1$$

$$R_{twr} = \boxed{0.9491\%}$$

Even though there is a dollar loss for the month, the loss is a result of the timing of the contribution, not the manager’s skill. As a result, the account’s TWR is positive for April even though the account experienced a dollar loss due to the timing of the large contribution.

Calculating Performance WITH Intra-Period External Cash Flows

Internal Rate of Return

Unlike the TWR calculation, both the timing and size of the cash flows have a significant impact on the IRR performance calculation. This is why the IRR measure is appropriate for showing the performance of a strategy when the manager has control over the timing of cash contributions and distributions.

Date	# Shares	Price	Market Value	
3/31/2015	100,000	$190.71	$19,071,000	MV_0
4/16/2015	154,440	$194.25	$30,000,000	CF
4/30/2015	254,440	$192.52	$48,984,819	MV_1
		Gain/(Loss)	**($86,181)**	

$$MV_1 = MV_0\,(1 + R)^{M} + CF_1\,(1 + R)^{M-L(1)} + \ldots + CF_n\,(1 + R)^{M-L(n)}$$

$$\$48{,}984{,}819 = \$19{,}071{,}000 * (1 + R)^{30} + (\$30{,}000{,}000) * (1 + R)^{(30-16)}$$

30	Days in month$^{(M)}$
-0.008695%	Estimated daily IRR (R). Used by trial and error to find appropriate ending market value.
$48,984,819	= $19,071,000 (1 + (-0.008695%))^{30} + ($30,000,000) * (1 + (-0.008695%))$^{(30-16)}$
-0.2605%	= ((1 + 0.031492%)^{30}) - 1. This is the formula to calculate the return for the month.

Performance using Modified Dietz WITH Intra-Period External Cash Flows

Modified Dietz TWR (without repricing portfolio)

Without revaluing the portfolio, the Modified Dietz TWR calculation weights cash flows by the exact date of the cash flow. The formula will normally produce a return similar to the IRR calculation.

Date	# Shares	Price	Market Value	
3/31/2015	100,000	$190.71	$19,071,000	MV_0
4/16/2015	154,440	$194.25	$30,000,000	CF
4/30/2015	254,440	$192.52	$48,984,819	MV_1
		Gain/(Loss)	**($86,181)**	

$$\text{Return} = \frac{MV_1 - MV_0 - CF}{MV_0 + ((T - t) / T) * CF}$$

MV_1 = Ending market value

MV_0 = Beginning market value

CF = Cash flow

T = Total number of days in evaluation period

t = Day the contribution / distribution occurs

$$\boxed{-0.2606\%} = \frac{\$48,984,819 - \$19,071,000 - \$30,000,000}{\$19,071,000 + ((30 - 16) / 30) * \$30,000,000}$$

The Modified Dietz TWR calculation is used for AndCo's Total Fund and all Sub Composite calculations. A true TWR calculation for composites would require that every sub-portfolio within a composite be revalued for each sub-portfolio cash flow. For example, for a true TWR, if a composite had five sub-portfolios and only one sub-portfolio had a cash flow, the other four sub-portfolios would have to be revalued on the date of the cash flow as well.

Why Caution is Warranted When Using IRR to Evaluate Investments

Why the IRR Calculation can be a Misleading Measure - Example #1

- The IRR calculation can be heavily biased for a fund that quickly returns capital. In the "fee-less" example below:
  - both funds started calling capital on the same day;
  - both funds called $6,000,000 over the life of the funds;
  - both funds distributed a total of $6,175,000; and
  - both funds had an ending balance of $1,000,000 at the end of the 4.25 year evaluation period.*

- While all flow information is identical, Fund B made a significant distribution early in the life of the investment, while Fund A made significant distributions late in the life of the investment. As a result, Fund A has an IRR of **+5.43%** while Fund B has an IRR of **+11.84%**.

Date	Fund A	Fund B	Description	
12/31/2010	($5,000,000)	($5,000,000)	Contribution	
2/20/2011	$150,000	$3,000,000	Distribution	
6/8/2011	($250,000)	$0	Contribution	
12/9/2011	($500,000)	$0	Contribution	
3/6/2012	$375,000	$500,000	Distribution	
3/12/2012	$0	($400,000)	Contribution	
9/19/2012	$500,000	$250,000	Distribution	
4/4/2013	($250,000)	($600,000)	Contribution	
5/21/2013	$0	$200,000	Distribution	
8/14/2013	$0	$150,000	Distribution	
12/14/2013	$0	$0	Contribution	
4/18/2014	$150,000	$0	Distribution	
9/18/2014	$1,000,000	$500,000	Distribution	
10/30/2014	$1,000,000	$0	Distribution	
1/16/2015	$3,000,000	$1,575,000	Distribution	
3/31/2015	**$1,000,000**	**$1,000,000**	**Ending Balance**	
	5.43%	**11.84%**	**IRR**	**≠ IRR**
	1.20	**1.20**	**TVPI Multiple**	**= Cash Flow**
	($6,000,000)	**($6,000,000)**	**Total Contributions**	**= Ending Value**
	$6,175,000	**$6,175,000**	**Total Distributions**	**= TVPI**

- To make matters potentially worse, carried interest (incentive fee) in a private fund is often calculated after a 'hurdle' return has been achieved. This hurdle rate is usually expressed as an IRR. This ability to manipulate the IRR through early distributions could potentially lead to unaligned behavior by the General Partner (GP). Although less apparent than early distribution IRR manipulation, there is also a potential for unaligned GP behavior in regard to "value maximization" later in a fund's life since distribution late in a fund's life will have a lesser impact on the fund's final IRR.

- Using our first example, if both fund terms had a hurdle rate set at an 8% IRR before a 20% carry by the GP, investors in Fund A would have never paid an incentive fee, while investors in Fund B would have accrued a 20% carry for virtually the entire investment period, lowering the net realized IRR and cash flows received on Fund B.

*The math of the IRR calculation treats the residual value of the fund as a cash flow, essentially the fund's final distribution.

Why the IRR Calculation can be a Misleading Measure - Example #2

- The IRR calculation can be heavily biased for a fund that quickly returns capital. In the "feeless" example below:
  - both funds started calling capital on the same day;
  - both funds called $6,000,000 over the life of the funds;
  - Fund A distributed a total of $7,825,000;
  - Fund B distributed a total of $6,175,000; and
  - both funds had an ending value of $1,000,000 at the end of the 4.25 year evaluation period.*

- Even though investors in Fund A received an additional $1,650,000 over the life of the fund, since Fund B made a significant distribution early in the life of the investment, both funds report an IRR of **+11.84%**.

Date	Fund A	Fund B	Description	
12/31/2010	($5,000,000)	($5,000,000)	Contribution	
2/20/2011	$150,000	$3,000,000	Distribution	
6/8/2011	($250,000)	$0	Contribution	
12/9/2011	($500,000)	$0	Contribution	
3/6/2012	$375,000	$500,000	Distribution	
3/12/2012	$0	($400,000)	Contribution	
9/19/2012	$500,000	$250,000	Distribution	
4/4/2013	($250,000)	($600,000)	Contribution	
5/21/2013	$0	$200,000	Distribution	
8/14/2013	$0	$150,000	Distribution	
12/14/2013	$0	$0	Contribution	
4/18/2014	$150,000	$0	Distribution	
9/18/2014	$1,000,000	$500,000	Distribution	
10/30/2014	$1,000,000	$0	Distribution	
1/16/2015	$4,650,000	$1,575,000	Distribution	
3/31/2015	**$1,000,000**	**$1,000,000**	**Ending Balance**	
	11.84%	**11.84%**	**IRR**	**= IRR**
	1.47	**1.20**	**TVPI Multiple**	**≠ Cash Flow**
	($6,000,000)	**($6,000,000)**	**Total Contributions**	**= Ending Value**
	$7,825,000	**$6,175,000**	**Total Distributions**	**≠ TVPI**

- Using our second example, if both fund terms had a hurdle rate set at an 8% IRR before a 20% carry by the GP, investors in Fund A would not accrue the 20% carry until Fund A's final distribution, while investors in Fund B would have accrued a 20% carry for virtually the entire investment period, lowering the net realized IRR and cash flows received on Fund B.

- In both examples, it is important to note the true IRR of the investment will not be achieved until the investment is fully liquidated.

*The math of the IRR calculation treats the residual value of the fund as a cash flow, essentially the fund's final distribution.

Key Terms - Valuation Multiple Definitions

Total Value to Paid in Multiple (TVPI)

- The TVPI is a fund's investment multiple. It measures the total value created by a fund. It can be calculated in two ways: (1) By dividing cumulative distributions, plus any residual value, by the investment's paid in capital; and (2) By adding together the DPI and RVPI. The TVPI multiple is commonly referred to as the Net Multiple.

Distributed to Paid in Capital (DPI)

- The DPI is a fund's realization multiple. The DPI measures the amount that has been paid out to investors. It is calculated by dividing cumulative distributions by paid in capital. Investors like this multiple because it tells them how much money they got back. The DPI is better for evaluating a fund later in its life because there are more distributions to measure against.

Residual Value to Paid in Capital (RVPI)

- Early in a fund, the RVPI, or the unrealized multiple, is more representative of future returns than DPI. The RVPI measures the remaining market value of the fund's capital which has not yet been realized. It is calculated by dividing the residual value (or fair market value) by paid in capital. Investors need to keep in mind the residual value is only an estimate of the ultimate value that may be realized.

Paid in Capital (PIC)

- The PIC multiple measures how invested the fund is. It is calculated by dividing paid in capital by committed capital. Investors can use this to measure a fund's investment pace during its investment period. It can also be used to gauge the GP's ability to fully invest their fund. For many investors, the PIC helps evaluate when a fund is coming back to market. A high PIC signifies the fund is near the end of its life and has invested most of committed capital.

Alternative Methods to More Effectively Evaluate Private Investments

Public Market Equivalent Calculations:
Answering the Question *"Was it Worth All the Trouble?"*

- One of the largest challenges for clients, consultants, and fund managers is creating effective comparisons of private investment returns against public market benchmarks. Despite this seemingly simple premise, it is easy to get overwhelmed in a jumble of alternative approaches, each of which is trying to overcome perceived shortcomings of other methods and provide a better representation of the private investment's return relative to a public benchmark. Common approaches to this problem include ICM (Long and Nickels, 1995), PME+ (Rouvinez, 2003), and mPME (Cambridge Associates, 2013). Although each calculation varies in its methodology, each approach attempts to create an effective comparison using an appropriate daily-valued market benchmark and creating a hypothetical public market portfolio based on the private investment's cash flow stream. The resulting IRR from this public market portfolio is then compared to the private investment's actual IRR. The "IRR spread" between the two numbers is a representation of the approximate value created by the private investment.

- Beyond the heuristic approaches in the first bullet that involve the creation of a hypothetical public market portfolio, the Direct Alpha (Griffiths, 2009, 2010) and KS-PME (Kaplan and Schoar, 2005) measures attempt to create more direct representations of "value-added" from private investments by removing the impact of public market returns from the private investment return calculation.

- For the purposes of this presentation, we will focus on an analysis of ICM/PME, Direct Alpha, and KS-PME methods and describe how they can be used to gauge the effectiveness of a private investment.

Understanding Public Market Equivalent Methodologies: ICM/PME Definitions

Index Comparison Method / Public Market Equivalent (ICM/PME)

- Of the various "market portfolio" methodologies, ICM/PME is the most intuitive. ICM/PME builds a hypothetical public market portfolio by "purchasing" the private fund's contributions into a daily-valued public benchmark index and "selling" the private fund's distributions from the same daily-valued public benchmark index. While the public market portfolio is created with identical cash flows to that of the private investment, the final reported net asset value (NAV) of the private investment and the public market portfolio will be different due to the underlying performance of the benchmark index. The basic process and application of ICM/PME is as follows:

  1. Find the future value of the contributions and distributions purchased and sold from the benchmark index at the time of their occurrence to arrive at the final NAV of the hypothetical public market portfolio.

  2. Find the IRR of the hypothetical public market portfolio. This portfolio has the private investment's actual contributions and distributions along with the resulting final NAV (sum of benchmark index purchases, sales, and growth) which corresponds with the private investment's final valuation date.

  3. Compare the spread between the private investment's actual IRR and the hypothetical public market portfolio's IRR.

  4. Assuming the benchmark index is an appropriate proxy of the private investment opportunity, if the private investment's actual IRR is higher than the ICM/PME calculated IRR, it can be interpreted that the client was better off in the private investment than allocating the private investment's contributions and distributions to the benchmark index. However, it is important to note the IRR spread between the private investment's IRR and the ICM/PME's IRR only represents an indirect estimate of relative alpha due to the non-additive nature of compound returns.

  5. In summary, the ICM/PME process takes the traditional TWR of a market benchmark and converts it into an IRR based on the cash flows of the underlying private investment for the purpose of creating an estimated "apples-to-apples" comparison with the private investment's IRR.

- While extremely intuitive and easy to calculate, the largest shortcoming of the ICM/PMC methodology is the potential of the calculation to result in a "net short" position in the benchmark index (negative NAV). This occurs if the realized performance of the benchmark index during the evaluation period, coupled with the associated pattern of contributions to and distributions from, the benchmark index results in a negative NAV. This condition effectively prevents the calculation of the ICM/PME.

Understanding Public Market Equivalent Methodologies: Direct Alpha & KS-PME Definitions

Direct Alpha

- Unlike the various PME approaches involving the creation of a public market portfolio for comparison to a private investment's IRR, the Direct Alpha methodology attempts to define the true "alpha" added by a private investment over a public market benchmark by removing the impact of the benchmark index's performance (beta) from the performance of the private investment (beta + alpha). In removing the impact of the benchmark index's performance, the Direct Alpha methodology produces a "rate of return of outperformance" rather than the IRR spread comparisons common to the traditional PME measures. The basic process and application of Direct Alpha is as follows:

  1. Find the present value (PV) or future value (FV) of the contributions and distributions at the time of their occurrence along with the PV of the private investment's final NAV, or simply the actual NAV if capitalizing FV, according to the reference benchmark index.

  2. It is important to note that capitalizing the PV of all cash flows and the final NAV or capitalizing the FV of all cash flows combined with the actual final NAV to the same point in time will yield identical results for the Direct Alpha calculation. This is because the PV and FV calculations differ by a single constant factor - the final level of the market benchmark.

  3. Find the IRR for the resulting sequence of PV cash flows and PV NAV (or FV cash flows and final NAV).

  4. Assuming the benchmark index is an appropriate proxy of the private investment opportunity, the Direct Alpha IRR represents the annualized return of return, over and above the designated benchmark index, that is solely attributable to the private investment.

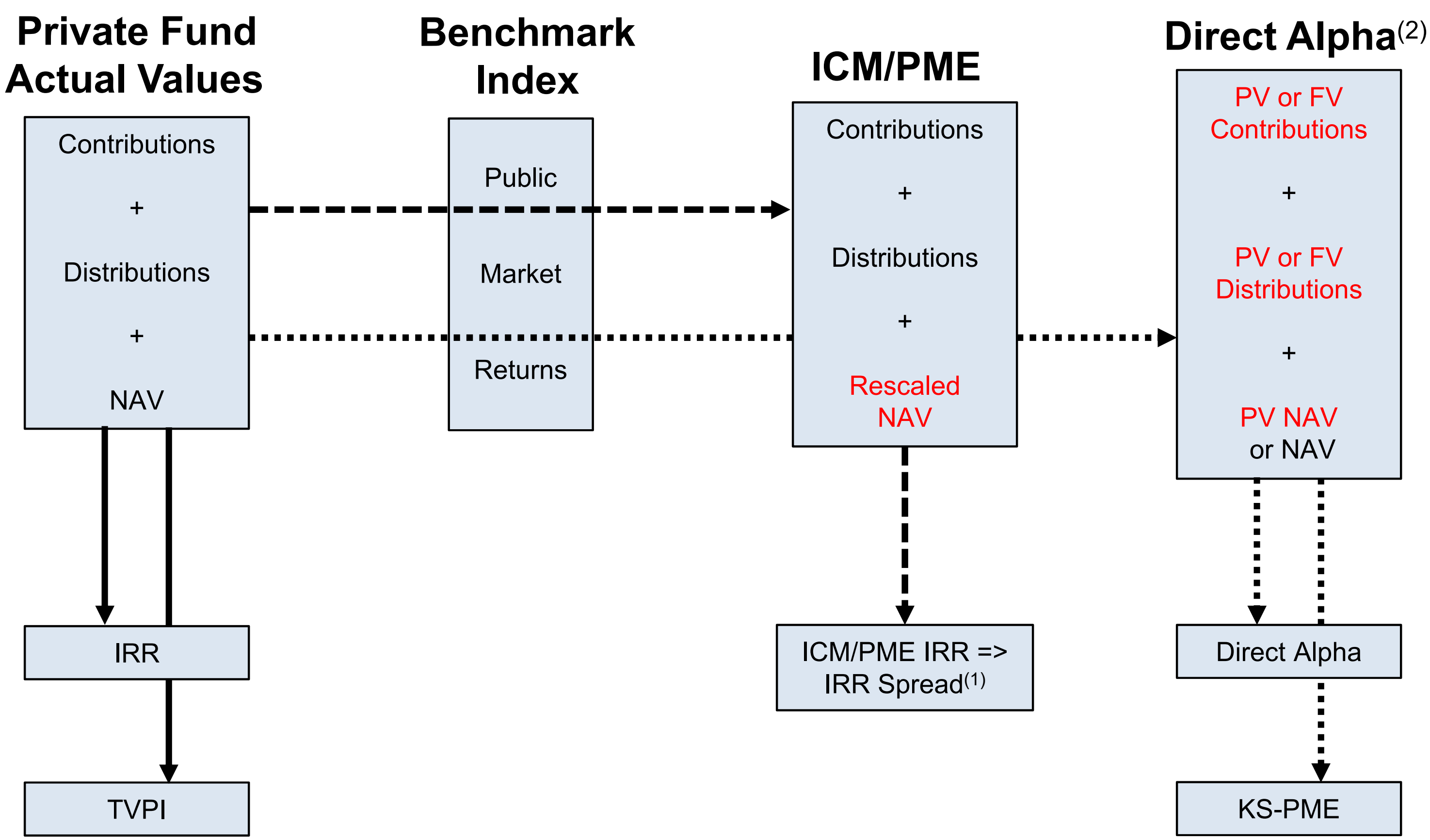
  5. In summary, the Direct Alpha process removes the impact of the market benchmark from the private investment IRR. What remains is a measure of absolute outperformance (or underperformance) of the private investment rather than a relative spread comparison to the private investment's IRR.

KS-PME

- The KS-PME multiple is a close relative of the traditional TVPI investment multiple of a private investment. In fact, the basic calculation methodologies are identical with only the factors used in the numerator and denominator being different. Whereas the TVPI ([total distributions + NAV] / total contributions) measures the total value created by a private investment in an absolute sense, the KS-PME measures the wealth multiple above and beyond what would have been achieved in the market benchmark. Put another way, KS-PME is an "outperformance multiple" rather than a total value multiple. To calculate the KS-PME, the TVPI formula is simply applied to the capitalized contributions, distributions, and final NAV resulting from the Direct Alpha methodology.

Understanding Public Market Equivalent Methodologies: Relationship of Private Fund Values, ICM/PME, Direct Alpha, and KS-PME

The chart below illustrates how the ICM/PME, Direct Alpha, and KS-PME calculations flow from a private investment structure's cash flows and NAV through the public market benchmark index and the resulting output.



1. It is important to note the IRR spread between the private fund IRR and ICM/PME IRR only represents an estimate of relative alpha due to the non-additive nature of compound returns.
2. Capitalizing the present value of all cash flows and the final NAV or capitalizing the future value of all cash flows along with the actual NAV yields identical results for Direct Alpha and KS-PME.

Town of Palm Beach Retirement System Exhibits

Exhibit A: Current IPS Target Allocation and Benchmark Assignment

Exhibit B: Private Investment IRR and TWR Performance

Exhibit C: Live Example of JPMorgan Venture Capital Fund V

Current Target Allocation and Benchmark Assignment:

The Board has established the following asset allocation targets for the total fund:

Asset Class	Target	Range	Benchmark Index
Domestic Equity	35%	30% - 40%	Russell 3000
International Equity	20%	15% - 25%	MSCI-ACWI ex US
Total Equity	***55%***	***45% - 65%***	
Broad Market Fixed Income	12.5%	10% - 25%	BB-Barclays Aggregate.
Non-Core Fixed Income[1]	5%	0% - 10%	BB-Barclays Multiverse
Total Fixed Income	***17.5%***	***10% - 25%***	
Real Estate Core / Value-Added Real Estate[1]	10%	0% - 20%	NFI-ODCE Fund Index (EW)
Hedge Fund[2]	5%	0% -15%	Strategy Index[2]
Global Macro Allocation[2]	5%	0% -15%	Strategy Index[2]
Pvt. Equity[2]	7.5%	0% -15%	S & P 500 + 3%
Total Non-Traditional Assets	***27.5%***	***0% - 35%***	

Note: Allocation to Pvt. Equity shall be based on invested capital.

1. Absent of a full allocation, all or a portion of the target allocation will remain in domestic fixed income with the corresponding allowable range adjustment around the revised domestic fixed income target.
2. Absent of a full allocation, all or a portion of the target allocation will remain in domestic equity with the corresponding allowable range adjustment around the revised domestic equity target.
3. The "strategy index" for alternative assets is defined as the most appropriate index, combination of indices, or absolute return target for the investment(s) in question. The strategy index will be determined at the time of engagement based on the specific investment's long-term objective, prospectus, and/or governing documents and reflected in performance evaluation reports.

Comparative Performance - IRR

	QTD	1 YR	3 YR	5 YR	Inception	Inception Date
Private Equity						
Landmark Equity Partners XIV LP	0.00	5.54	-1.27	6.65	10.61	11/12/2009
Private Equity Investment Fund V	0.00	1.59	-21.38	-11.95	-3.44	01/21/2010
HarbourVest Partners IX	2.42	15.57	12.82	N/A	16.07	07/29/2013
Pomona Capital VIII	0.00	16.05	13.45	N/A	21.86	03/25/2014
JPMorgan Venture Capital Fund V	-0.17	4.35	N/A	N/A	6.21	07/31/2015
Real Estate						
Gerding Edlen Green Cities II	0.00	-1.79	8.44	N/A	12.01	08/28/2013
Gerding Edlen Green Cities III	0.00	1.02	N/A	N/A	8.68	03/03/2016
Westport Real Estate Fund IV	0.00	8.37	9.76	N/A	9.03	03/24/2014
Long Wharf Real Estate Partners Fund V	1.85	2.80	N/A	N/A	2.26	11/20/2015

Comparative Performance - TWR

	QTR	1 YR	3 YR	5 YR	Inception	Inception Date
Private Equity						
Landmark Equity Partners XIV LP	0.00	5.53	-1.05	5.01	11.96	11/01/2009
Private Equity Investment Fund V	0.00	4.31	-19.79	-10.89	0.78	01/01/2010
HarbourVest Partners IX	2.48	15.65	12.80	N/A	17.44	07/01/2013
Pomona Capital VIII	0.00	15.69	14.69	N/A	20.78	03/01/2014
JPMorgan Venture Capital Fund V	0.00	4.97	N/A	N/A	7.85	07/01/2015
Real Estate						
Gerding Edlen Green Cities II	0.00	-1.79	8.43	N/A	11.43	08/01/2013
Gerding Edlen Green Cities III	0.50	3.02	N/A	N/A	16.12	03/01/2016
Westport Real Estate Fund IV	0.00	8.22	9.30	N/A	-10.00	03/01/2014
Long Wharf Real Estate Partners Fund V	1.66	1.25	N/A	N/A	-6.43	11/01/2015

Fund Information

Type of Fund:	Fund Of Funds	**Vintage Year:**	2014
Strategy Type:	Venture Capital	**Management Fee:**	Based on Committed Capital (Option 1: 0.72% annual average; Option 2: 0.44% annual average)
Size of Fund:	159,721,789	**Preferred Return:**	8%
Inception:	03/24/2014	**General Partner:**	J.P. Morgan Investment Management Inc.
Final Close:	11/20/2015	**Number of Funds:**	0

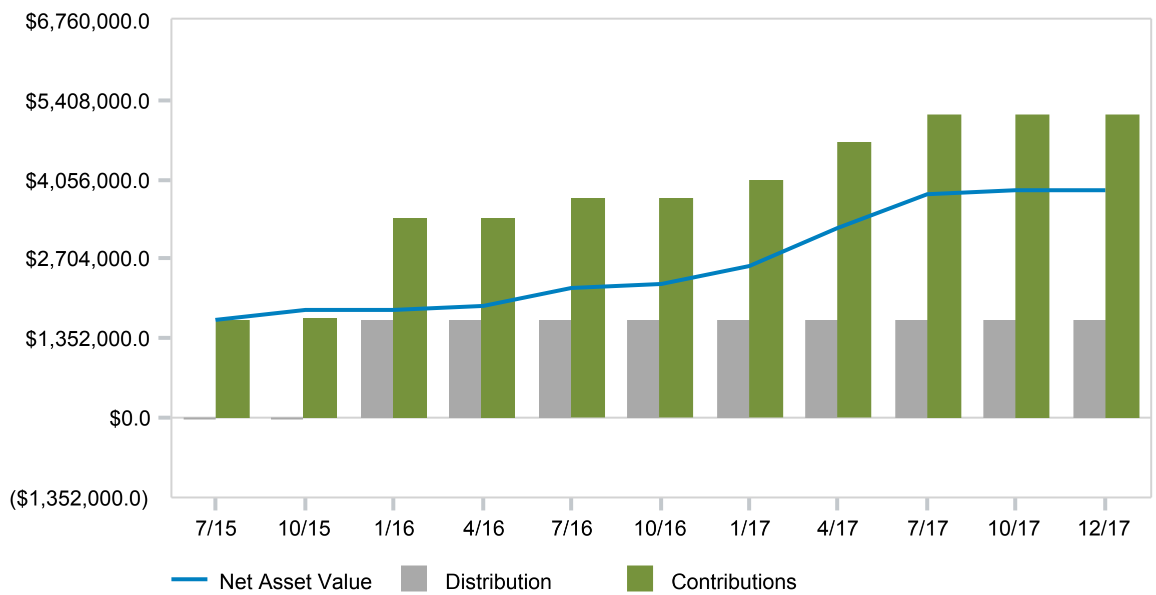
Investment Strategy: PEG Venture Capital Institutional Investors V LLC(the 'Fund') is a Delaware limited liability company, which commenced operations on June 27, 2014. The investment objective of the Fund is to generate capital returns through investing in limited partnerships and other pooled and direct vehicles which, in turn, make equity-oriented investments in venture capital companies. The Fund is expected to terminate on March 31, 2029, unless terminated earlier or extended in accordance with Agreement provisions.

Venture capital investments may include early-stage investments in businesses still in the conceptual stage, businesses where products may not be fully developed and revenues and/or profits may be several years away, and later-stage venture capital investments in more mature companies in need of expansion or growth capital, including capital for growth buyouts. The Fund is the first in a planned series of annual fund of funds, which provides exposure to corporate finance and venture capital on a global basis. The portfolio construction seeks to create appropriate diversification by geography, stage, setor, and vintage year, so there are no predetermined allocations. Investments are expected to be predominately in existing companies in buyout, growth capital, and build-up strategies, as well as special situations with opportunistic mezzanine, distressed equity, and venture capital.

Cash Flow Summary

Capital Committed:	$5,000,000
Capital Invested:	$5,071,526
Management Fees:	$67,126
Expenses:	-
Interest:	$24,226
Total Contributions:	$5,162,878
Remaining Capital Commitment:	$1,572,167
Total Distributions:	$1,667,022
Market Value:	$3,862,082
Inception Date:	07/31/2015
Inception IRR:	6.2
TVPI:	1.1

Cash Flow Analysis



Private Equity Financial Reconciliation

Date	Market Value	Investment	Fees	Fees No Affect	Expenses	Expenses No Affect	Catch-Up Interest	Total	Gain Cash	Gain Stock	Interest	Catch-Up Interest Received	Recallable Capital	Return of Capital Cash	Return of Capital Stock	Total
07/31/2015	1,685,146	1,660,920	-	-	-	-	24,226	1,685,146	-	-	-	-	-	-	-	-
08/31/2015	1,685,146	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
09/30/2015	1,825,646	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10/30/2015	-	-	-	10,262	-	-	-	10,262	-	-	-	-	-	-	-	-
10/31/2015	1,825,646	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11/30/2015	1,825,646	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12/11/2015	-	1,688,864	17,227	-	-	-	-	1,706,091	-	-	-	6,102	1,660,920	-	-	1,667,022
12/31/2015	1,854,895	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
01/29/2016	-	-	-	1,977	-	-	-	1,977	-	-	-	-	-	-	-	-
01/31/2016	1,854,895	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
02/29/2016	1,854,895	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
03/31/2016	1,903,698	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
04/28/2016	-	-	-	3,615	-	-	-	3,615	-	-	-	-	-	-	-	-
04/30/2016	1,903,698	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
05/31/2016	1,903,698	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
06/30/2016	1,892,201	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
07/18/2016	-	313,044	-	-	-	-	-	313,044	-	-	-	-	-	-	-	-
07/25/2016	-	-	-	3,943	-	-	-	3,943	-	-	-	-	-	-	-	-
07/31/2016	2,209,188	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
08/31/2016	2,219,172	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
09/30/2016	2,252,607	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10/28/2016	-	-	-	4,144	-	-	-	4,144	-	-	-	-	-	-	-	-
10/31/2016	2,263,472	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11/30/2016	2,266,269	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12/27/2016	-	313,044	-	4,144	-	-	-	317,188	-	-	-	-	-	-	-	-
12/31/2016	2,599,987	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
01/31/2017	2,597,640	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
02/28/2017	2,601,541	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
03/10/2017	-	313,044	-	4,553	-	-	-	317,597	-	-	-	-	-	-	-	-
03/31/2017	2,938,210	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
04/13/2017	-	313,044	-	-	-	-	-	313,044	-	-	-	-	-	-	-	-
04/20/2017	-	-	-	4,866	-	-	-	4,866	-	-	-	-	-	-	-	-
04/30/2017	3,227,629	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
05/31/2017	3,227,629	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
06/26/2017	-	469,566	-	-	-	-	-	469,566	-	-	-	-	-	-	-	-
06/30/2017	3,805,967	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
07/27/2017	-	-	-	5,715	-	-	-	5,715	-	-	-	-	-	-	-	-
07/31/2017	3,805,967	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
08/31/2017	3,805,967	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
09/30/2017	3,862,082	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Date	Market Value	Investment	Fees	Fees No Affect	Expenses	Expenses No Affect	Catch-Up Interest	Total	Gain Cash	Gain Stock	Interest	Catch-Up Interest Received	Recallable Capital	Return of Capital Cash	Return of Capital Stock	Total
10/09/2017	-	-	-	6,680	-	-	-	6,680	-	-	-	-	-	-	-	-
10/31/2017	3,862,082	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11/30/2017	3,862,082	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12/31/2017	3,862,082	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		**5,071,526**	**17,227**	**49,899**	**-**	**-**	**24,226**	**5,162,878**	**-**	**-**	**-**	**6,102**	**1,660,920**	**-**	**-**	**1,667,022**

As of December 31, 2017	QTR	FYTD	1 YR	3 YR	5 YR	7 YR	10 YR	Inception	Date
Comparative Performance: Trailing Returns: IRR									
JPMorgan Venture Capital Fund V	-0.17	1.15	4.35	N/A	N/A	N/A	N/A	6.21	7/31/2015
Russell 3000 PME	6.34	11.20	21.08	N/A	N/A	N/A	N/A	14.09	
Direct Alpha (Russell 3000)	-6.12	-9.04	-13.82	N/A	N/A	N/A	N/A	-7.03	
KS-PME (Russell 3000)								0.93	
Barclays Aggregate	0.05	0.43	2.09	N/A	N/A	N/A	N/A	1.25	
Direct Alpha (BAGG)	-0.22	0.71	2.21	N/A	N/A	N/A	N/A	4.90	
KS-PME (BAGG)								1.06	

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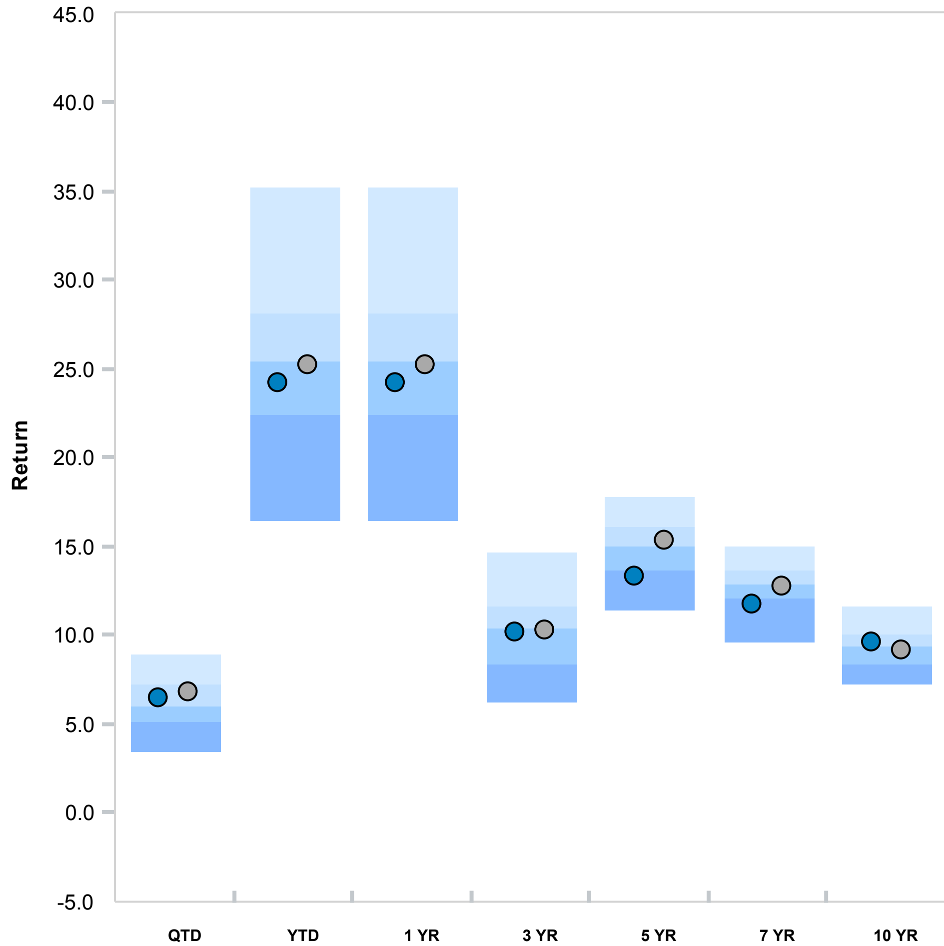
Investment Performance Review
Period Ending December 31, 2017

Town of Palm Beach Retirement System
Manager Review

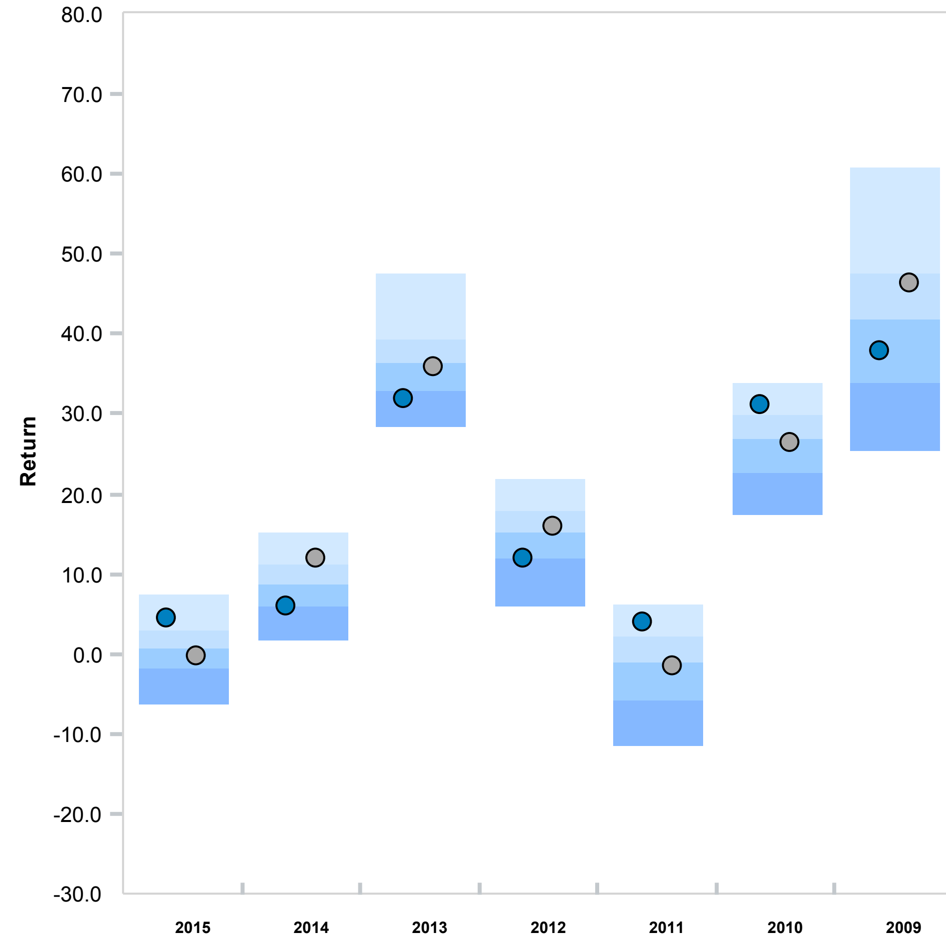
Contents

Peer Group Analysis - IM U.S. Mid Cap Growth Equity (SA+CF)



	QTD		YTD		1 YR		3 YR		5 YR		7 YR		10 YR	
Investment	6.48	(40)	24.26	(57)	24.26	(57)	10.20	(58)	13.33	(86)	11.74	(83)	9.66	(41)
Index	6.81	(36)	25.27	(54)	25.27	(54)	10.30	(55)	15.30	(36)	12.78	(53)	9.10	(57)
Median	6.00		25.47		25.47		10.44		15.04		12.85		9.40	

Peer Group Analysis - IM U.S. Mid Cap Growth Equity (SA+CF)



	2015		2014		2013		2012		2011		2010		2009	
Investment	4.47	(12)	5.99	(74)	31.79	(82)	11.81	(77)	4.04	(15)	31.03	(19)	37.87	(63)
Index	-0.20	(59)	11.90	(23)	35.74	(56)	15.81	(44)	-1.65	(53)	26.38	(54)	46.29	(32)
Median	0.79		8.63		36.40		15.13		-0.95		26.75		41.78	

Comparative Performance

	1 Qtr Ending Sep-2017		1 Qtr Ending Jun-2017		1 Qtr Ending Mar-2017		1 Qtr Ending Dec-2016		1 Qtr Ending Sep-2016		1 Qtr Ending Jun-2016	
Investment	2.20	(91)	7.10	(13)	6.62	(74)	-0.13	(64)	0.40	(100)	3.07	(28)
Index	5.28	(31)	4.21	(58)	6.89	(67)	0.46	(52)	4.59	(52)	1.56	(58)
Median	4.52		4.54		7.56		0.51		4.65		2.29	

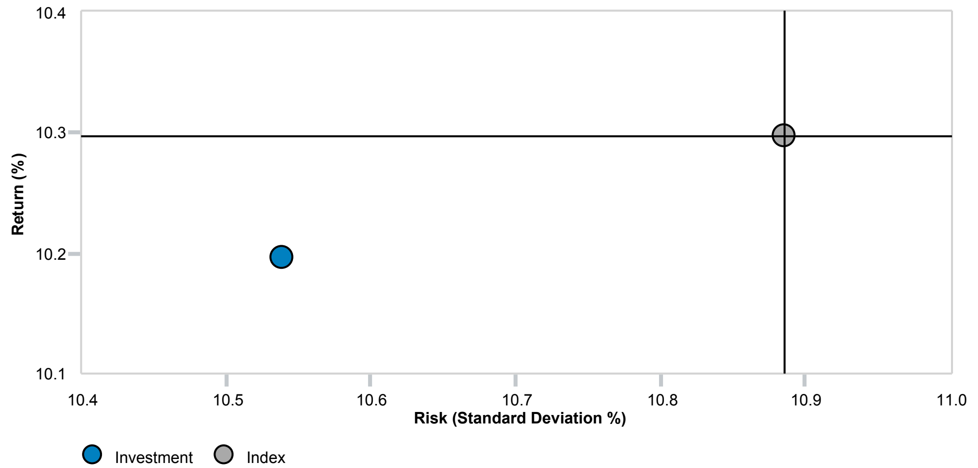
Historical Statistics 3 Years

	Return	Standard Deviation	Sharpe Ratio	Up Market Capture	Up Quarters	Down Market Capture	Down Quarters
Investment	10.20	10.54	0.94	94.64	9	90.05	3
Index	10.30	10.89	0.93	100.00	10	100.00	2

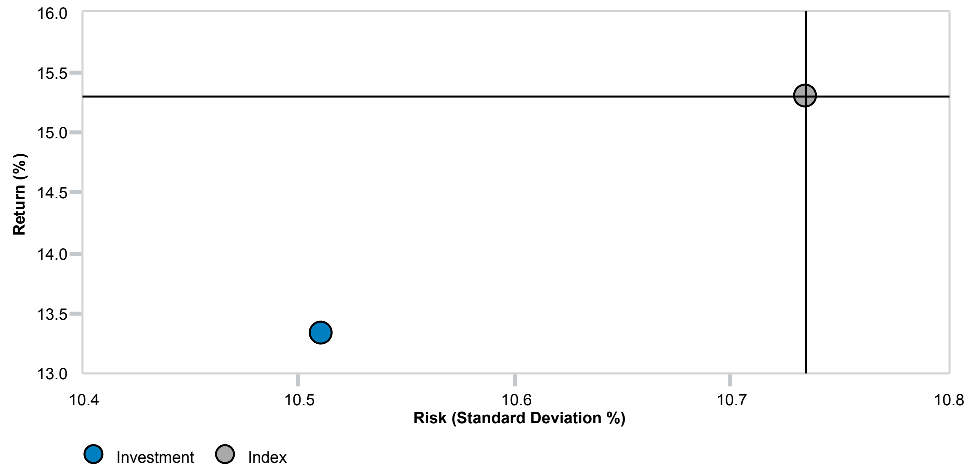
Historical Statistics 5 Years

	Return	Standard Deviation	Sharpe Ratio	Up Market Capture	Up Quarters	Down Market Capture	Down Quarters
Investment	13.33	10.51	1.23	90.02	14	93.42	6
Index	15.30	10.73	1.37	100.00	17	100.00	3

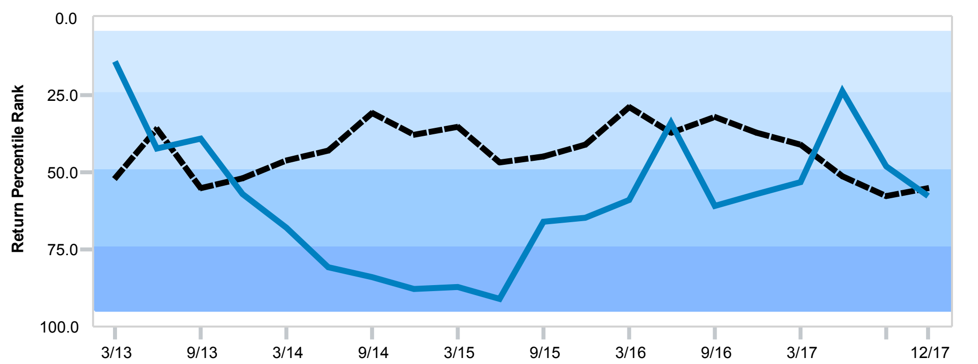
Risk and Return 3 Years



Risk and Return 5 Years

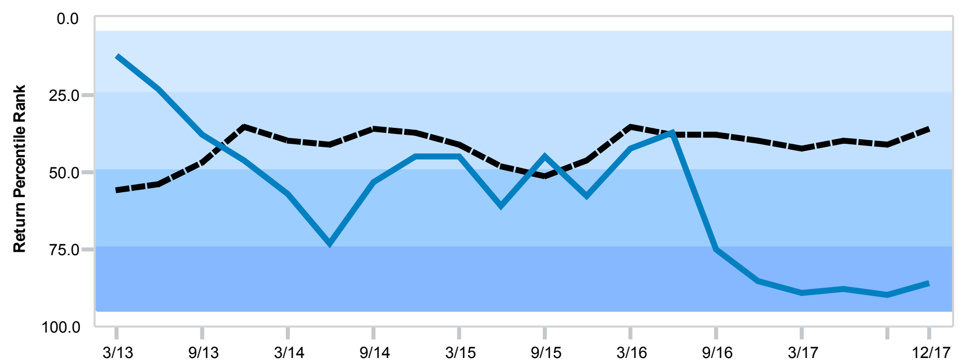


3 Year Rolling Percentile Rank IM U.S. Mid Cap Growth Equity (SA+CF)



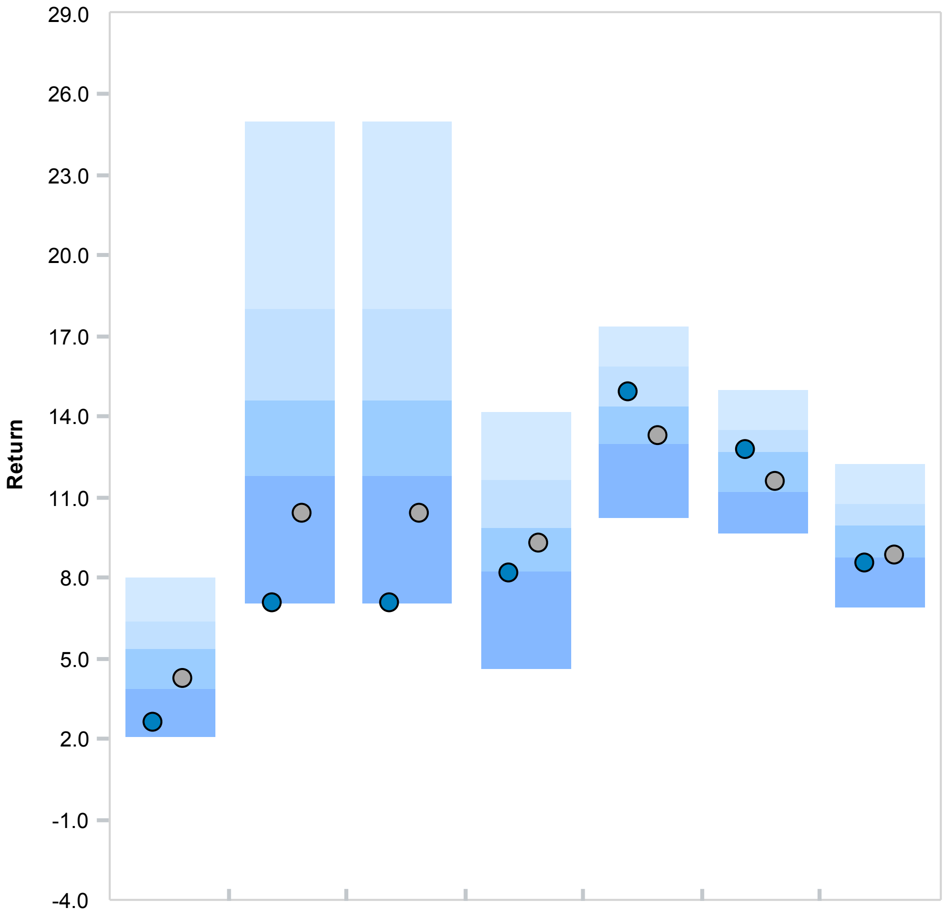
	Total Period	5-25 Count	25-Median Count	Median-75 Count	75-95 Count
Investment	20	2 (10%)	4 (20%)	9 (45%)	5 (25%)
Index	20	0 (0%)	14 (70%)	6 (30%)	0 (0%)

5 Year Rolling Percentile Rank IM U.S. Mid Cap Growth Equity (SA+CF)



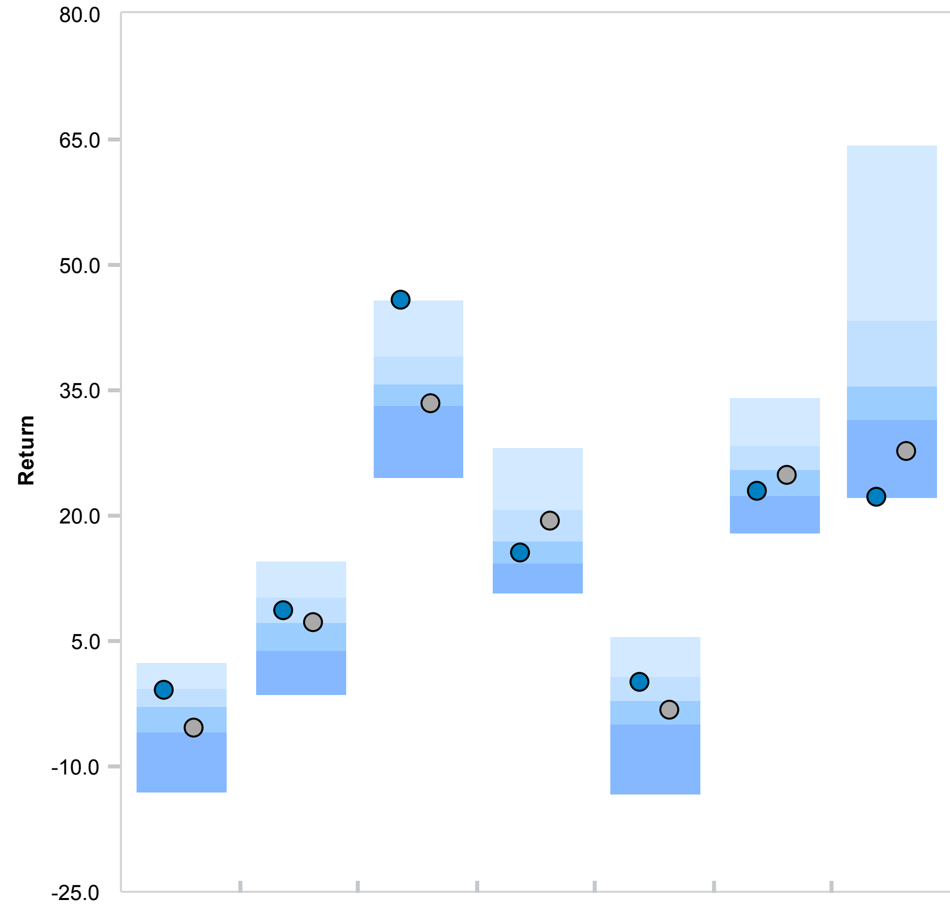
	Total Period	5-25 Count	25-Median Count	Median-75 Count	75-95 Count
Investment	20	2 (10%)	7 (35%)	6 (30%)	5 (25%)
Index	20	0 (0%)	17 (85%)	3 (15%)	0 (0%)

Peer Group Analysis - IM U.S. SMID Cap Value Equity (SA+CF)



	QTD		YTD		1 YR		3 YR		5 YR		7 YR		10 YR	
Investment	2.62	(91)	7.04	(96)	7.04	(96)	8.19	(76)	14.93	(42)	12.74	(46)	8.52	(80)
Index	4.25	(68)	10.36	(85)	10.36	(85)	9.30	(59)	13.27	(73)	11.54	(70)	8.82	(75)
Median	5.31		14.63		14.63		9.84		14.39		12.67		9.96	

Peer Group Analysis - IM U.S. SMID Cap Value Equity (SA+CF)



	2015		2014		2013		2012		2011		2010		2009	
Investment	-0.87	(26)	8.68	(36)	45.72	(6)	15.53	(63)	-0.11	(31)	22.83	(72)	22.10	(96)
Index	-5.49	(70)	7.11	(50)	33.32	(74)	19.21	(36)	-3.36	(63)	24.82	(57)	27.68	(93)
Median	-2.97		7.09		35.75		16.96		-2.10		25.48		35.58	

Comparative Performance

	1 Qtr Ending Sep-2017		1 Qtr Ending Jun-2017		1 Qtr Ending Mar-2017		1 Qtr Ending Dec-2016		1 Qtr Ending Sep-2016		1 Qtr Ending Jun-2016	
Investment	-1.13	(97)	2.53	(26)	2.89	(62)	4.19	(92)	6.19	(50)	3.67	(23)
Index	3.83	(59)	0.32	(70)	1.62	(79)	9.34	(37)	6.18	(50)	4.37	(12)
Median	4.01		1.61		3.78		8.20		6.13		2.37	

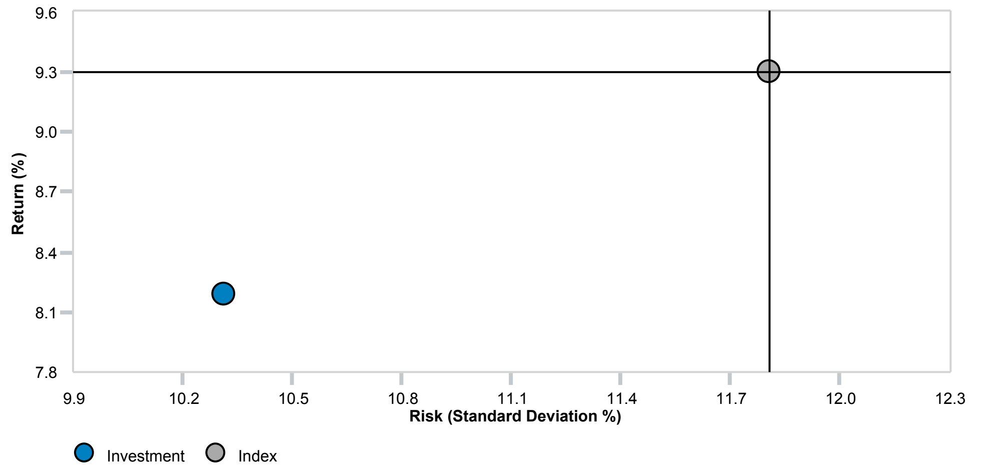
Historical Statistics 3 Years

	Return	Standard Deviation	Sharpe Ratio	Up Market Capture	Up Quarters	Down Market Capture	Down Quarters
Investment	8.19	10.31	0.78	84.24	9	81.33	3
Index	9.30	11.81	0.78	100.00	10	100.00	2

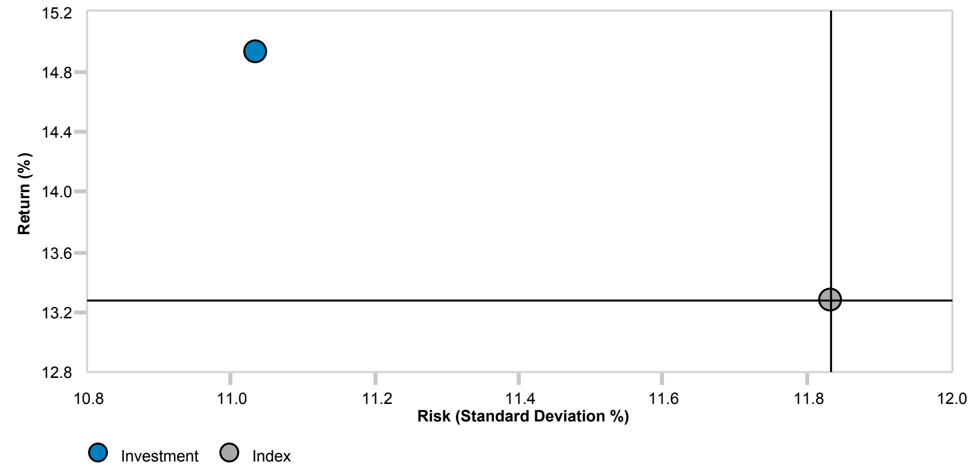
Historical Statistics 5 Years

	Return	Standard Deviation	Sharpe Ratio	Up Market Capture	Up Quarters	Down Market Capture	Down Quarters
Investment	14.93	11.04	1.30	97.11	16	80.50	4
Index	13.27	11.83	1.10	100.00	17	100.00	3

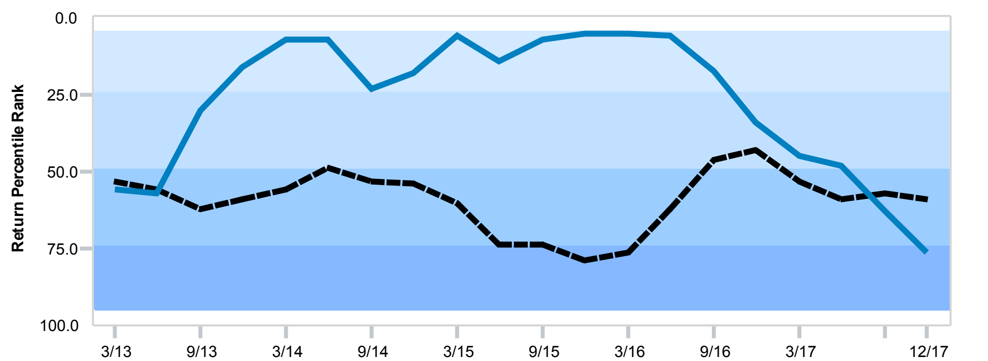
Risk and Return 3 Years



Risk and Return 5 Years

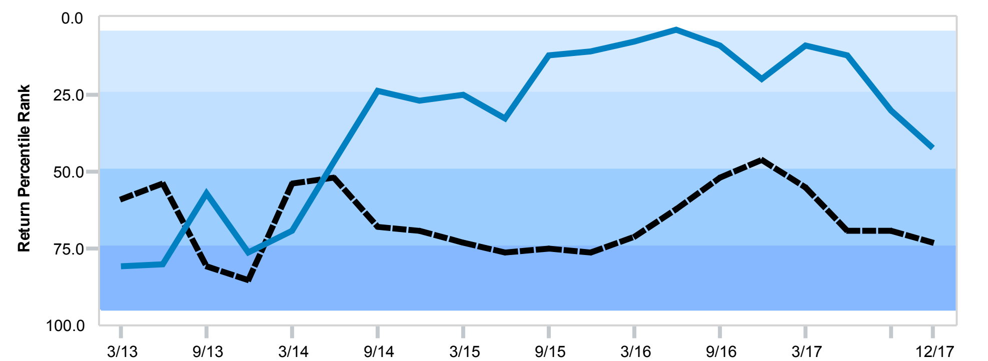


3 Year Rolling Percentile Rank IM U.S. SMID Cap Value Equity (SA+CF)



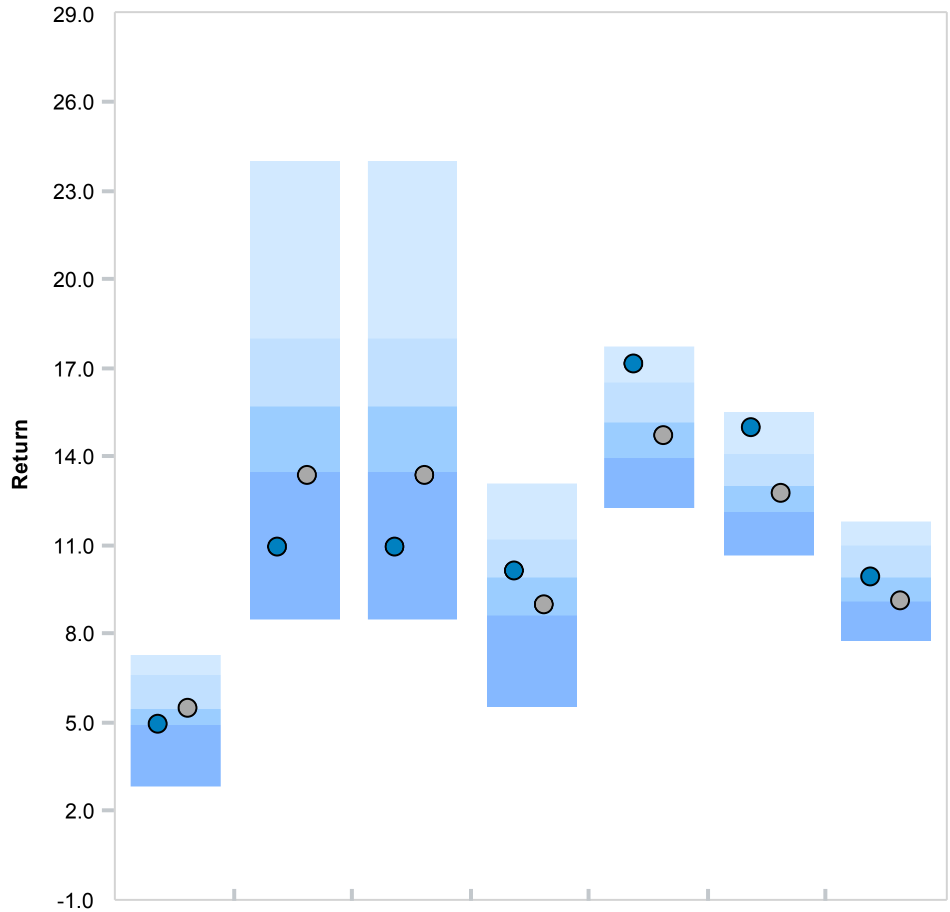
	Total Period	5-25 Count	25-Median Count	Median-75 Count	75-95 Count
Investment	20	12 (60%)	4 (20%)	3 (15%)	1 (5%)
Index	20	0 (0%)	3 (15%)	15 (75%)	2 (10%)

5 Year Rolling Percentile Rank IM U.S. SMID Cap Value Equity (SA+CF)



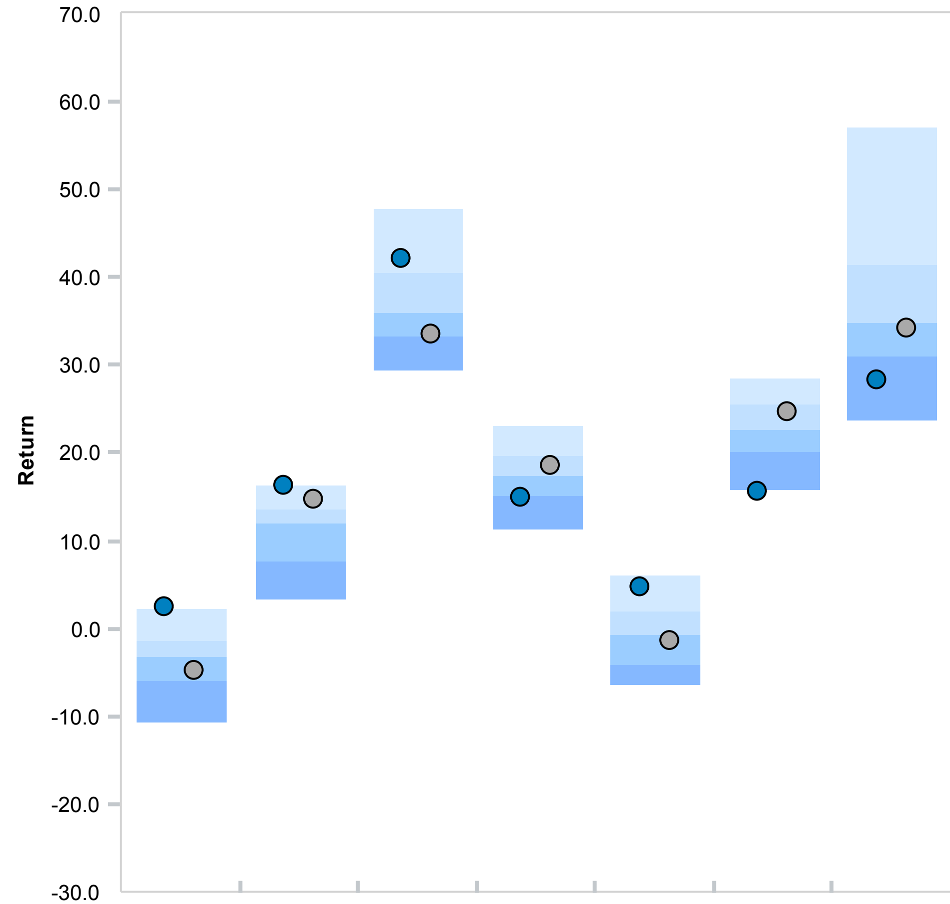
	Total Period	5-25 Count	25-Median Count	Median-75 Count	75-95 Count
Investment	20	10 (50%)	5 (25%)	2 (10%)	3 (15%)
Index	20	0 (0%)	1 (5%)	15 (75%)	4 (20%)

Peer Group Analysis - IM U.S. Mid Cap Value Equity (SA+CF)



	QTD	YTD	1 YR	3 YR	5 YR	7 YR	10 YR
● Investment	4.93 (75)	10.94 (94)	10.94 (94)	10.12 (46)	17.14 (12)	14.97 (11)	9.90 (53)
● Index	5.50 (50)	13.34 (77)	13.34 (77)	9.00 (71)	14.68 (61)	12.76 (58)	9.10 (76)
Median	5.50	15.73	15.73	9.92	15.16	13.05	9.92

Peer Group Analysis - IM U.S. Mid Cap Value Equity (SA+CF)



	2015	2014	2013	2012	2011	2010	2009
● Investment	2.43 (5)	16.22 (5)	42.15 (16)	14.97 (78)	4.69 (10)	15.62 (96)	28.31 (87)
● Index	-4.78 (60)	14.75 (17)	33.46 (72)	18.51 (37)	-1.38 (59)	24.75 (34)	34.21 (55)
Median	-3.21	11.86	36.06	17.38	-0.85	22.64	34.91

Comparative Performance

	1 Qtr Ending Sep-2017	1 Qtr Ending Jun-2017	1 Qtr Ending Mar-2017	1 Qtr Ending Dec-2016	1 Qtr Ending Sep-2016	1 Qtr Ending Jun-2016
Investment	-1.85 (98)	2.13 (30)	5.48 (20)	3.66 (91)	4.66 (64)	2.81 (47)
Index	2.14 (86)	1.37 (54)	3.76 (62)	5.52 (67)	4.45 (71)	4.77 (13)
Median	3.57	1.47	4.16	6.62	5.44	2.58

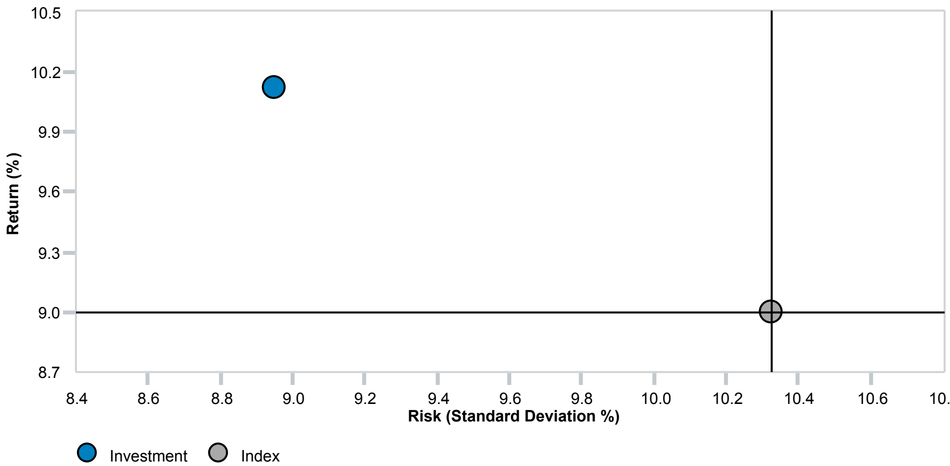
Historical Statistics 3 Years

	Return	Standard Deviation	Sharpe Ratio	Up Market Capture	Up Quarters	Down Market Capture	Down Quarters
Investment	10.12	8.95	1.08	84.81	9	59.98	3
Index	9.00	10.32	0.85	100.00	10	100.00	2

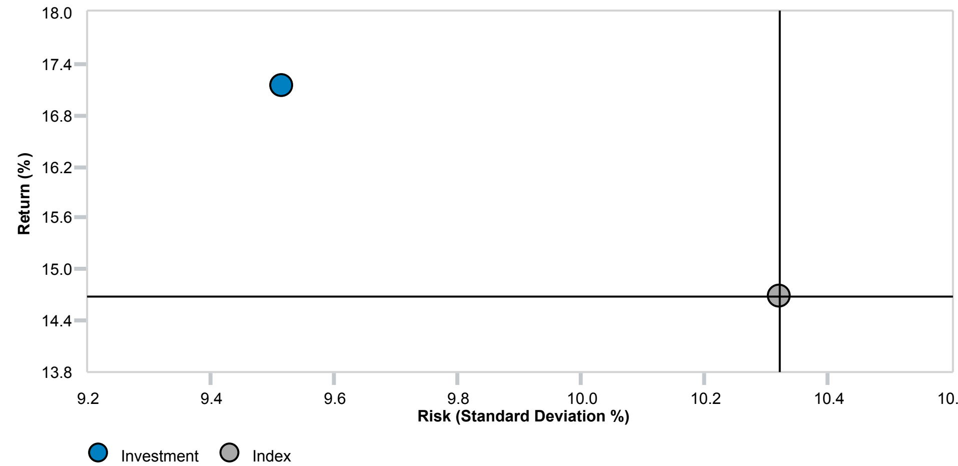
Historical Statistics 5 Years

	Return	Standard Deviation	Sharpe Ratio	Up Market Capture	Up Quarters	Down Market Capture	Down Quarters
Investment	17.14	9.52	1.69	96.40	16	64.64	4
Index	14.68	10.32	1.36	100.00	17	100.00	3

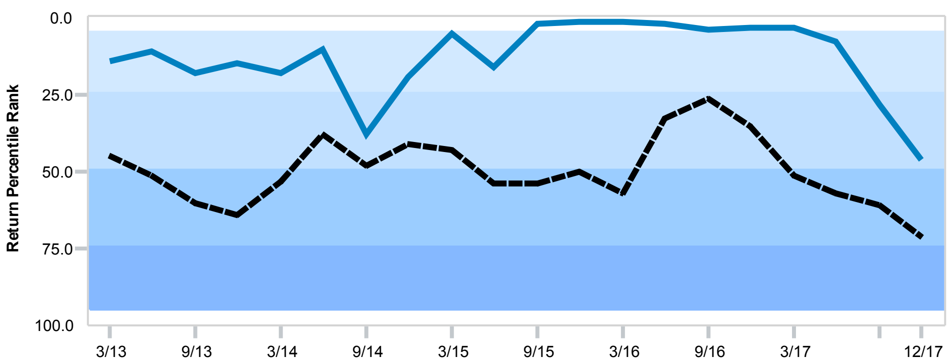
Risk and Return 3 Years



Risk and Return 5 Years

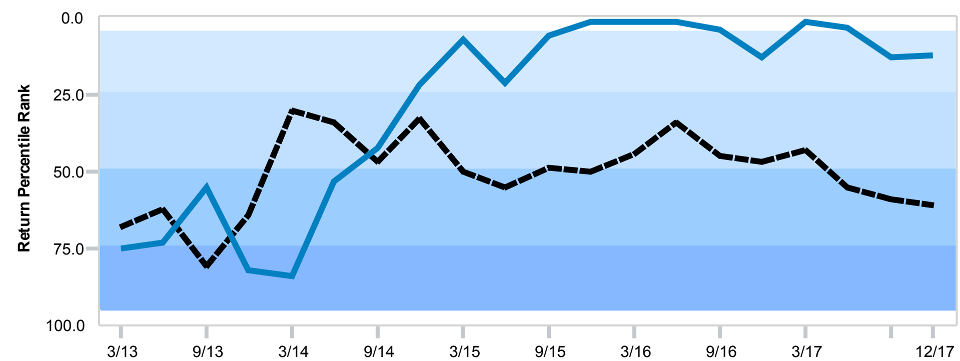


3 Year Rolling Percentile Rank IM U.S. Mid Cap Value Equity (SA+CF)



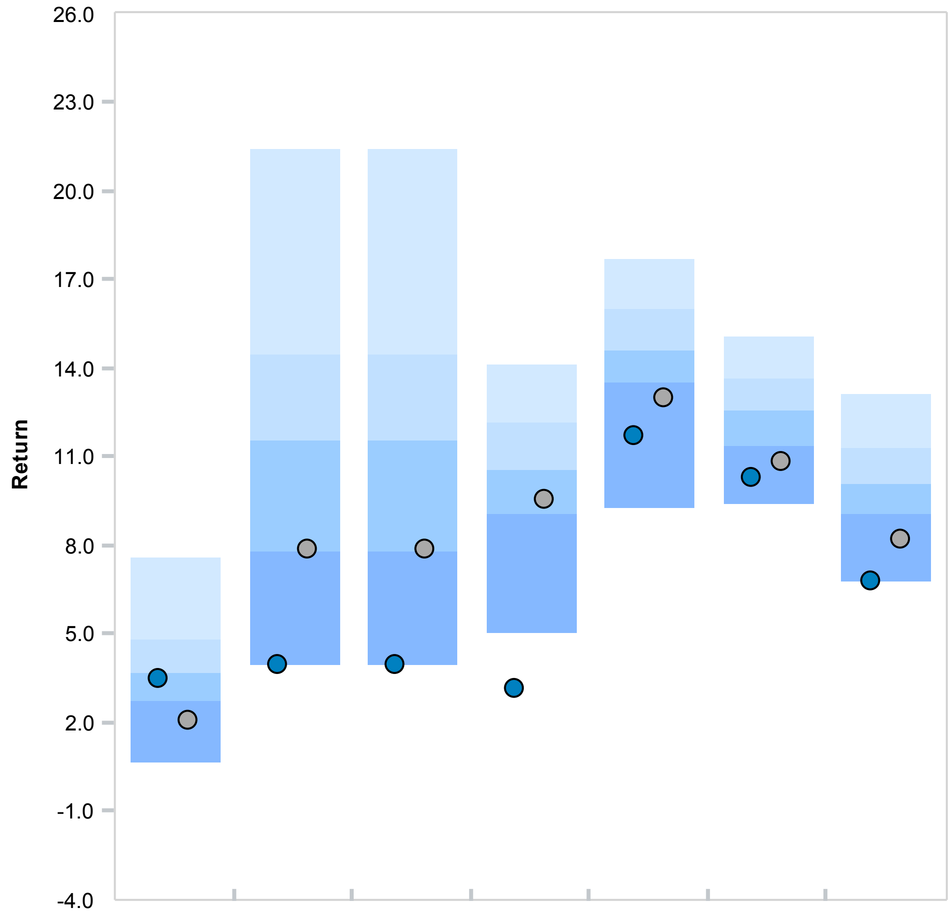
	Total Period	5-25 Count	25-Median Count	Median-75 Count	75-95 Count
Investment	20	17 (85%)	3 (15%)	0 (0%)	0 (0%)
Index	20	0 (0%)	9 (45%)	11 (55%)	0 (0%)

5 Year Rolling Percentile Rank IM U.S. Mid Cap Value Equity (SA+CF)



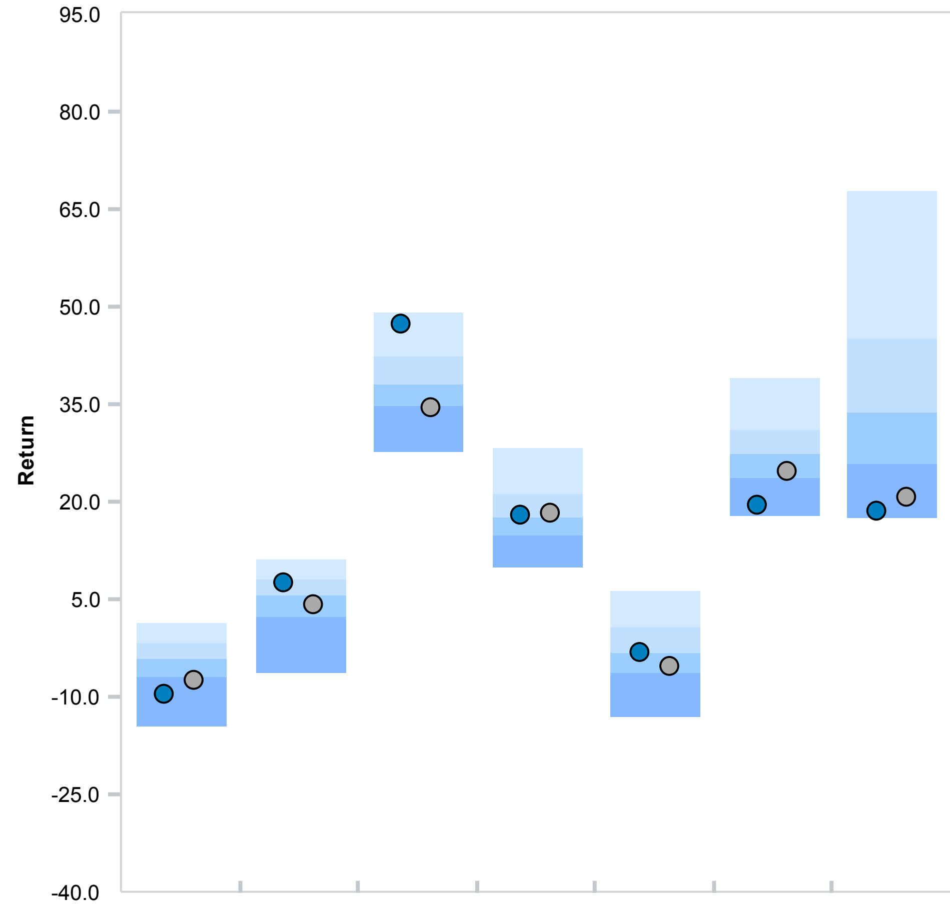
	Total Period	5-25 Count	25-Median Count	Median-75 Count	75-95 Count
Investment	20	13 (65%)	1 (5%)	4 (20%)	2 (10%)
Index	20	0 (0%)	12 (60%)	7 (35%)	1 (5%)

Peer Group Analysis - IM U.S. Small Cap Value Equity (SA+CF)



	QTD		YTD		1 YR		3 YR		5 YR		7 YR		10 YR	
Investment	3.46	(61)	3.93	(96)	3.93	(96)	3.14	(99)	11.69	(89)	10.26	(92)	6.76	(96)
Index	2.05	(82)	7.84	(75)	7.84	(75)	9.55	(71)	13.01	(80)	10.84	(82)	8.17	(89)
Median	3.70		11.59		11.59		10.54		14.59		12.58		10.10	

Peer Group Analysis - IM U.S. Small Cap Value Equity (SA+CF)



	2015		2014		2013		2012		2011		2010		2009	
Investment	-9.74	(85)	7.58	(28)	47.24	(8)	17.82	(48)	-3.26	(52)	19.41	(93)	18.59	(92)
Index	-7.47	(78)	4.22	(66)	34.52	(76)	18.05	(46)	-5.50	(69)	24.50	(71)	20.58	(87)
Median	-4.30		5.71		38.07		17.49		-3.15		27.38		33.83	

Comparative Performance

	1 Qtr Ending Sep-2017		1 Qtr Ending Jun-2017		1 Qtr Ending Mar-2017		1 Qtr Ending Dec-2016		1 Qtr Ending Sep-2016		1 Qtr Ending Jun-2016	
Investment	2.74	(90)	-1.42	(94)	-0.81	(80)	11.10	(65)	5.32	(87)	1.98	(61)
Index	5.11	(54)	0.67	(56)	-0.13	(69)	14.07	(27)	8.87	(26)	4.31	(21)
Median	5.30		0.94		0.77		12.19		7.45		2.52	

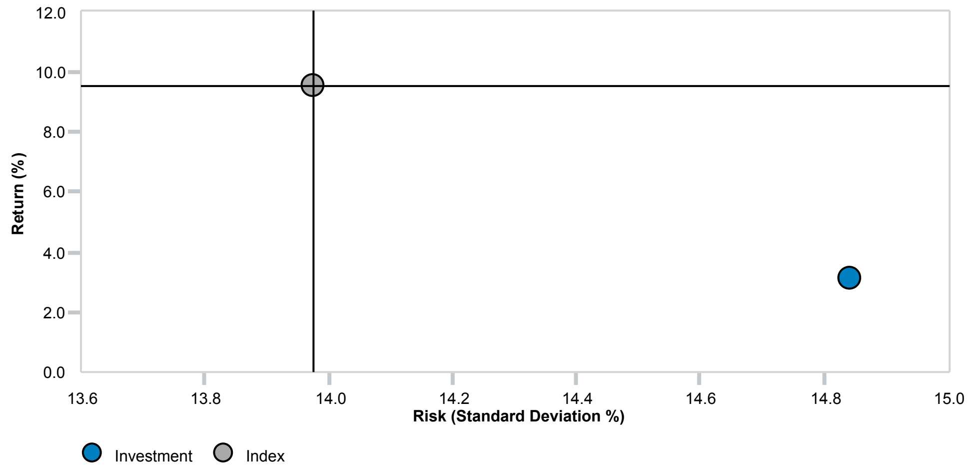
Historical Statistics 3 Years

	Return	Standard Deviation	Sharpe Ratio	Up Market Capture	Up Quarters	Down Market Capture	Down Quarters
Investment	3.14	14.84	0.26	86.08	6	119.19	6
Index	9.55	13.97	0.70	100.00	9	100.00	3

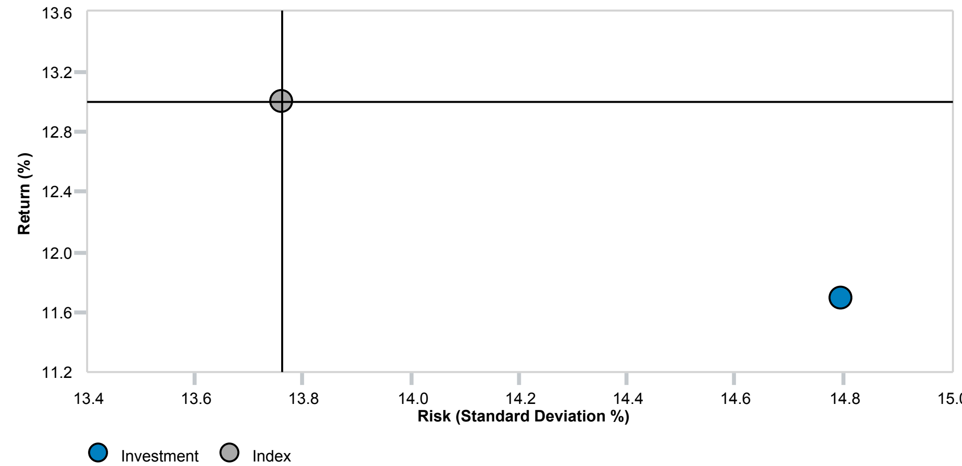
Historical Statistics 5 Years

	Return	Standard Deviation	Sharpe Ratio	Up Market Capture	Up Quarters	Down Market Capture	Down Quarters
Investment	11.69	14.80	0.81	99.26	13	106.38	7
Index	13.01	13.76	0.94	100.00	16	100.00	4

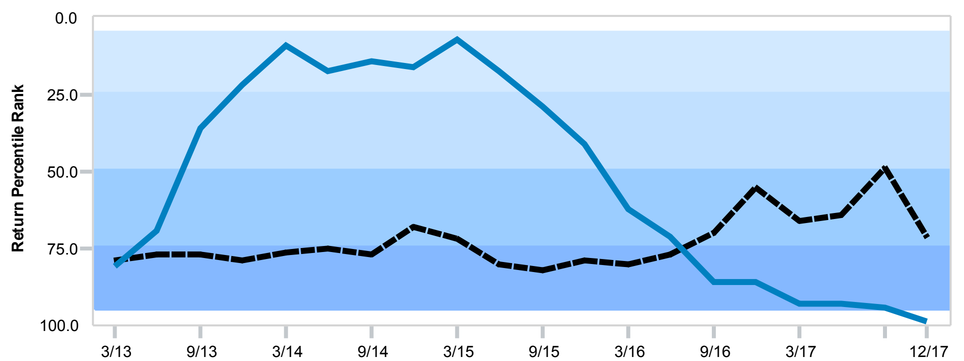
Risk and Return 3 Years



Risk and Return 5 Years

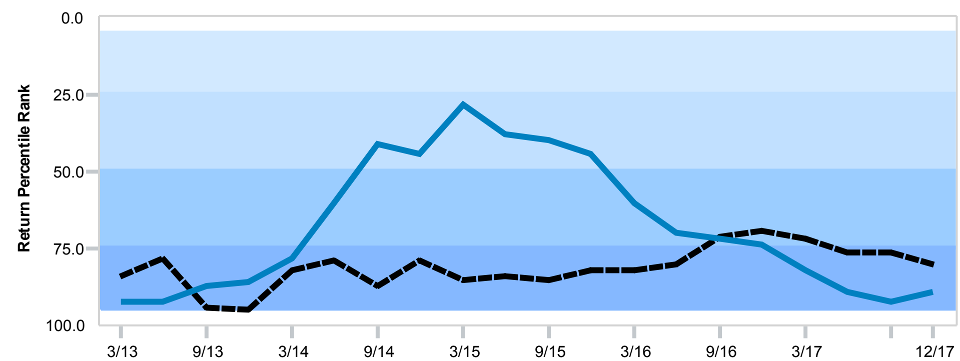


3 Year Rolling Percentile Rank IM U.S. Small Cap Value Equity (SA+CF)



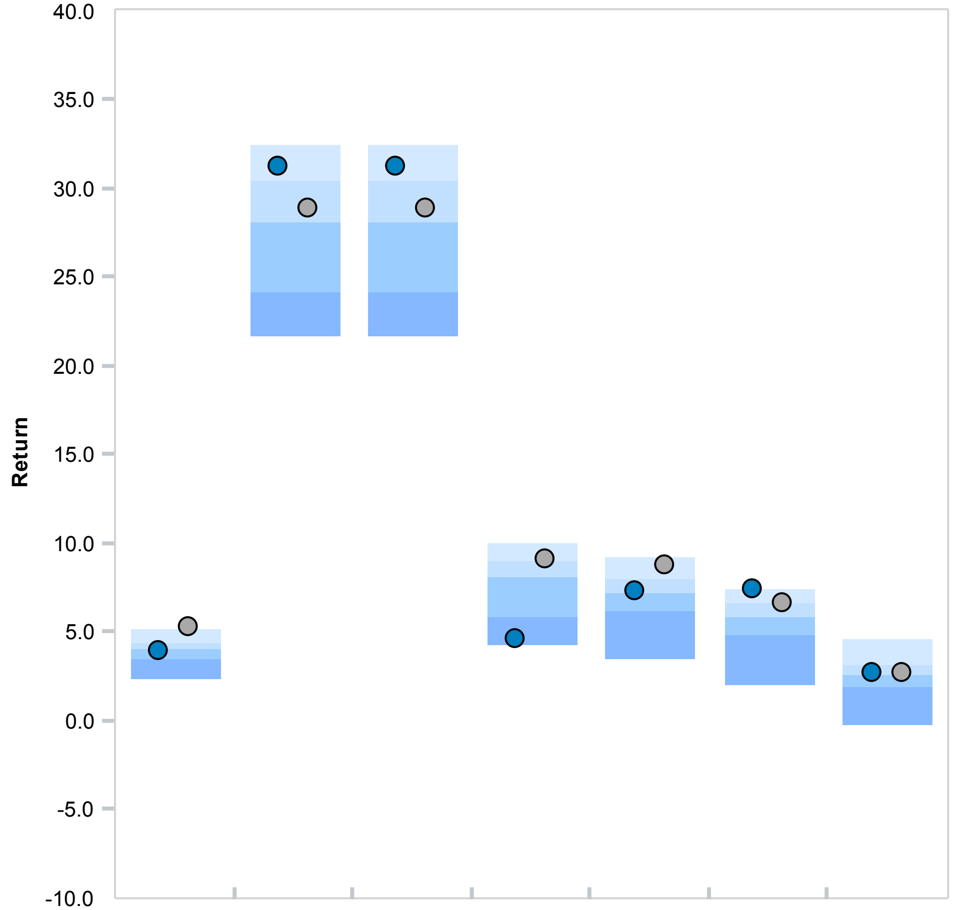
	Total Period	5-25 Count	25-Median Count	Median-75 Count	75-95 Count
Investment	20	7 (35%)	3 (15%)	3 (15%)	7 (35%)
Index	20	0 (0%)	1 (5%)	8 (40%)	11 (55%)

5 Year Rolling Percentile Rank IM U.S. Small Cap Value Equity (SA+CF)



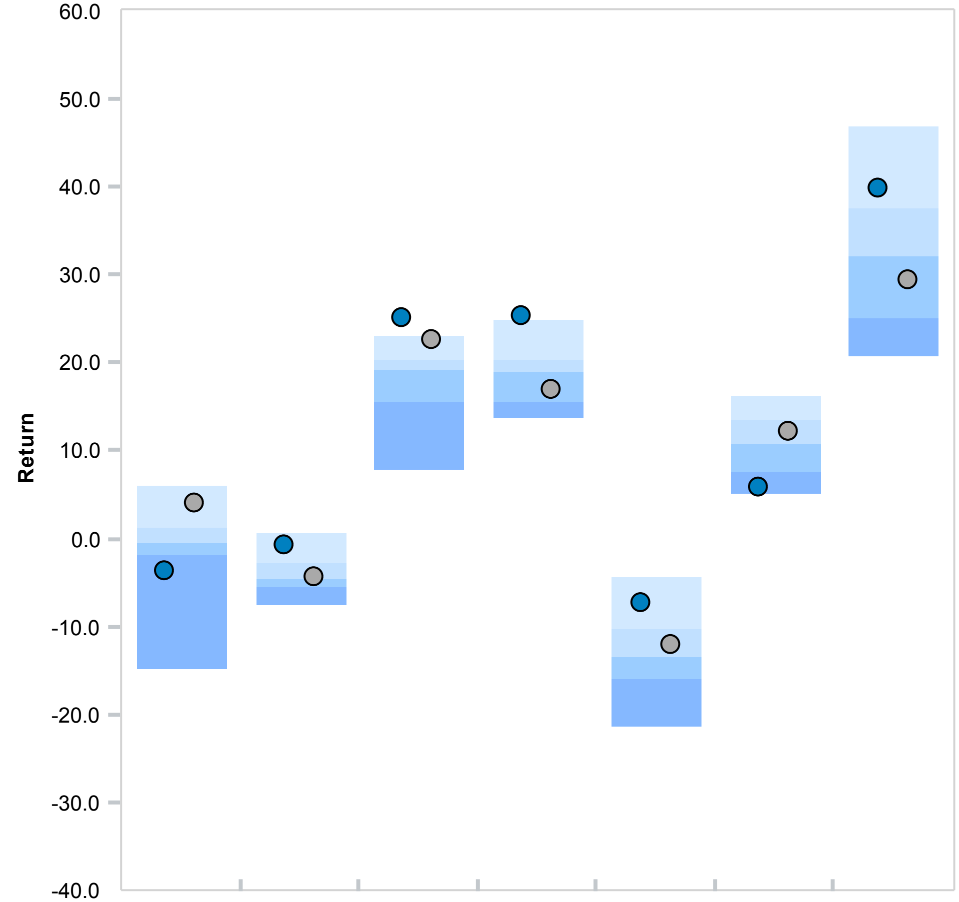
	Total Period	5-25 Count	25-Median Count	Median-75 Count	75-95 Count
Investment	20	0 (0%)	6 (30%)	5 (25%)	9 (45%)
Index	20	0 (0%)	0 (0%)	3 (15%)	17 (85%)

Peer Group Analysis - IM International Large Cap Growth Equity (MF)



	QTD		YTD		1 YR		3 YR		5 YR		7 YR		10 YR	
Investment	3.98	(55)	31.24	(16)	31.24	(16)	4.64	(91)	7.31	(46)	7.46	(5)	2.65	(47)
Index	5.24	(4)	28.86	(44)	28.86	(44)	9.15	(24)	8.78	(11)	6.60	(25)	2.67	(46)
Median	4.07		28.07		28.07		8.11		7.15		5.88		2.57	

Peer Group Analysis - IM International Large Cap Growth Equity (MF)



	2015		2014		2013		2012		2011		2010		2009	
Investment	-3.63	(86)	-0.79	(11)	25.17	(1)	25.39	(4)	-7.26	(14)	5.91	(90)	39.80	(12)
Index	4.09	(9)	-4.43	(44)	22.55	(9)	16.86	(66)	-12.11	(36)	12.25	(40)	29.36	(65)
Median	-0.48		-4.69		19.10		18.96		-13.42		10.89		32.09	

Comparative Performance

	1 Qtr Ending Sep-2017		1 Qtr Ending Jun-2017		1 Qtr Ending Mar-2017		1 Qtr Ending Dec-2016		1 Qtr Ending Sep-2016		1 Qtr Ending Jun-2016	
Investment	5.62	(46)	9.62	(4)	9.01	(35)	-8.36	(94)	3.78	(74)	-1.22	(66)
Index	4.94	(56)	7.52	(33)	8.52	(46)	-5.53	(86)	4.96	(59)	-0.15	(37)
Median	5.26		6.91		8.19		-4.16		5.76		-0.63	

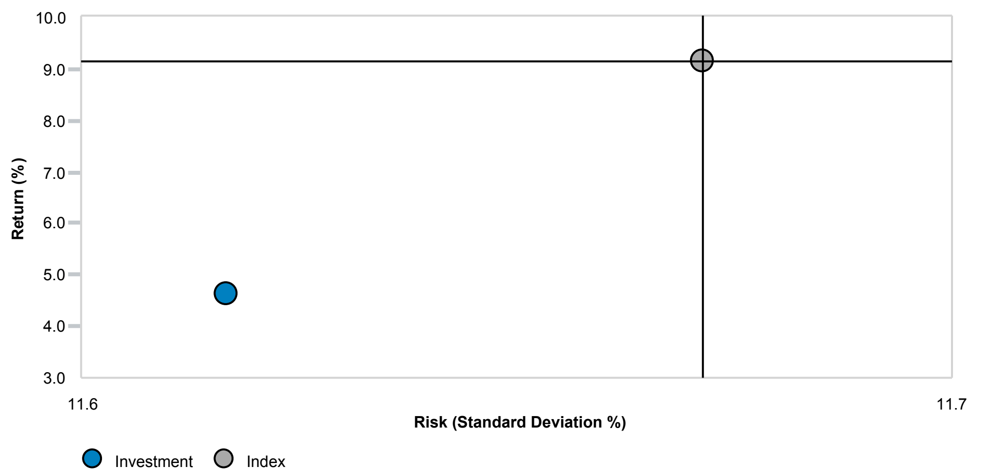
Historical Statistics 3 Years

	Return	Standard Deviation	Sharpe Ratio	Up Market Capture	Up Quarters	Down Market Capture	Down Quarters
Investment	4.64	11.62	0.42	77.19	7	94.45	5
Index	9.15	11.67	0.78	100.00	8	100.00	4

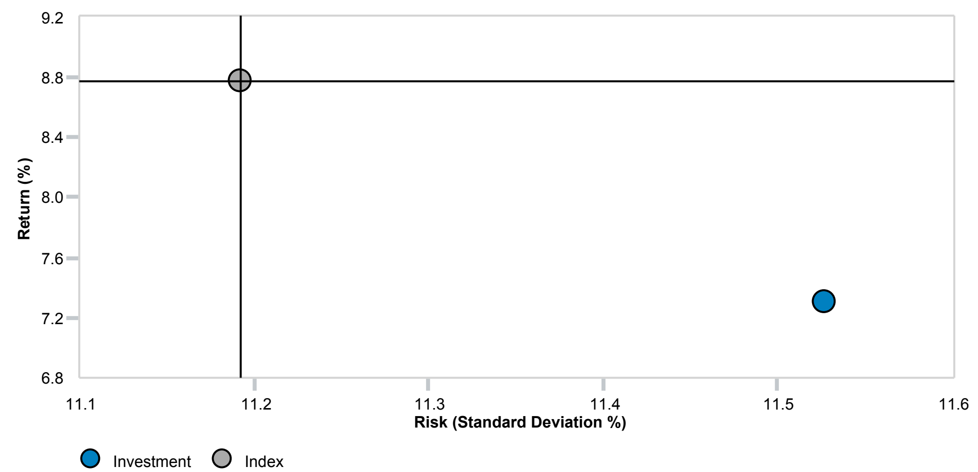
Historical Statistics 5 Years

	Return	Standard Deviation	Sharpe Ratio	Up Market Capture	Up Quarters	Down Market Capture	Down Quarters
Investment	7.31	11.53	0.65	91.66	12	96.60	8
Index	8.78	11.19	0.79	100.00	13	100.00	7

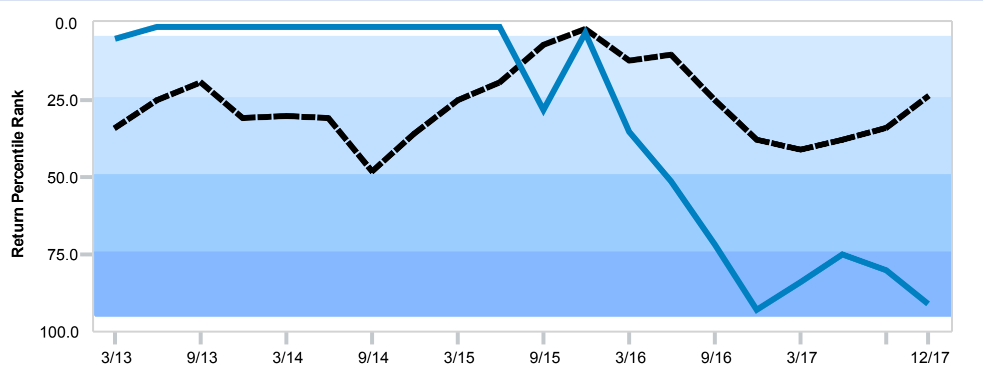
Risk and Return 3 Years



Risk and Return 5 Years

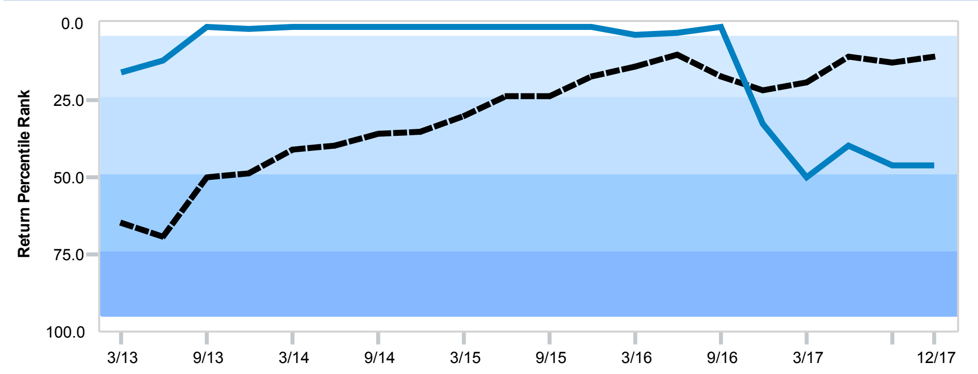


3 Year Rolling Percentile Rank IM International Large Cap Growth Equity (MF)



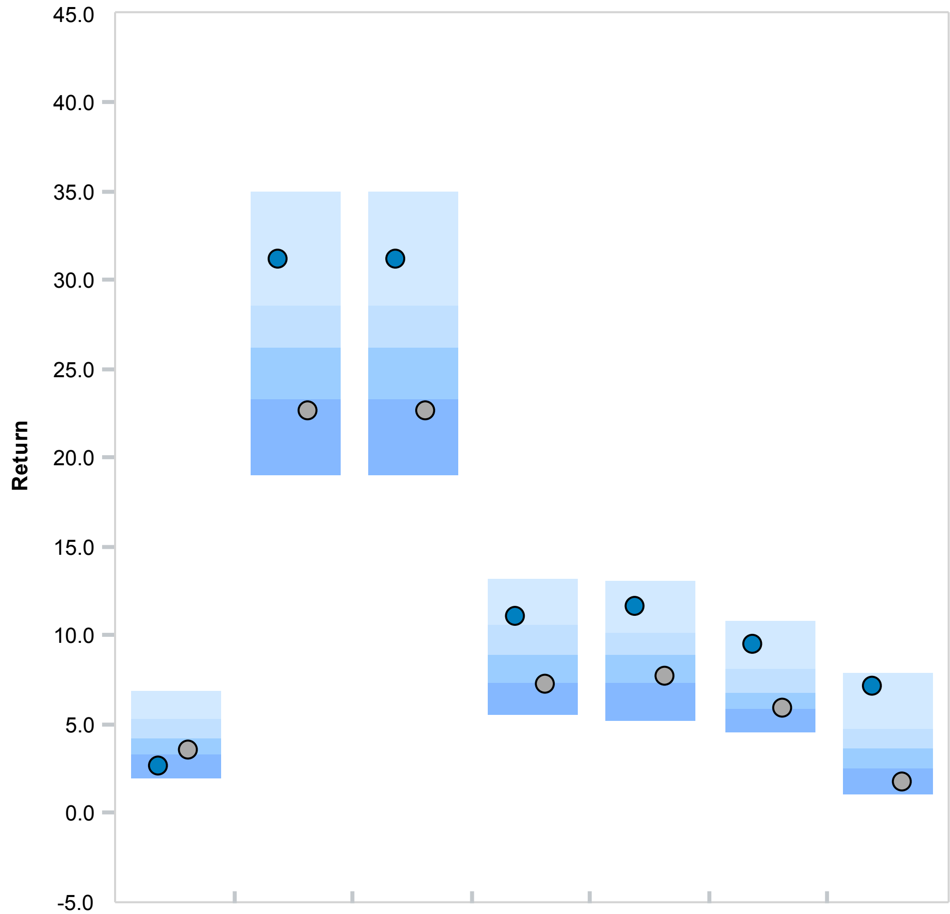
	Total Period	5-25 Count	25-Median Count	Median-75 Count	75-95 Count
Investment	20	11 (55%)	2 (10%)	3 (15%)	4 (20%)
Index	20	10 (50%)	10 (50%)	0 (0%)	0 (0%)

5 Year Rolling Percentile Rank IM International Large Cap Growth Equity (MF)



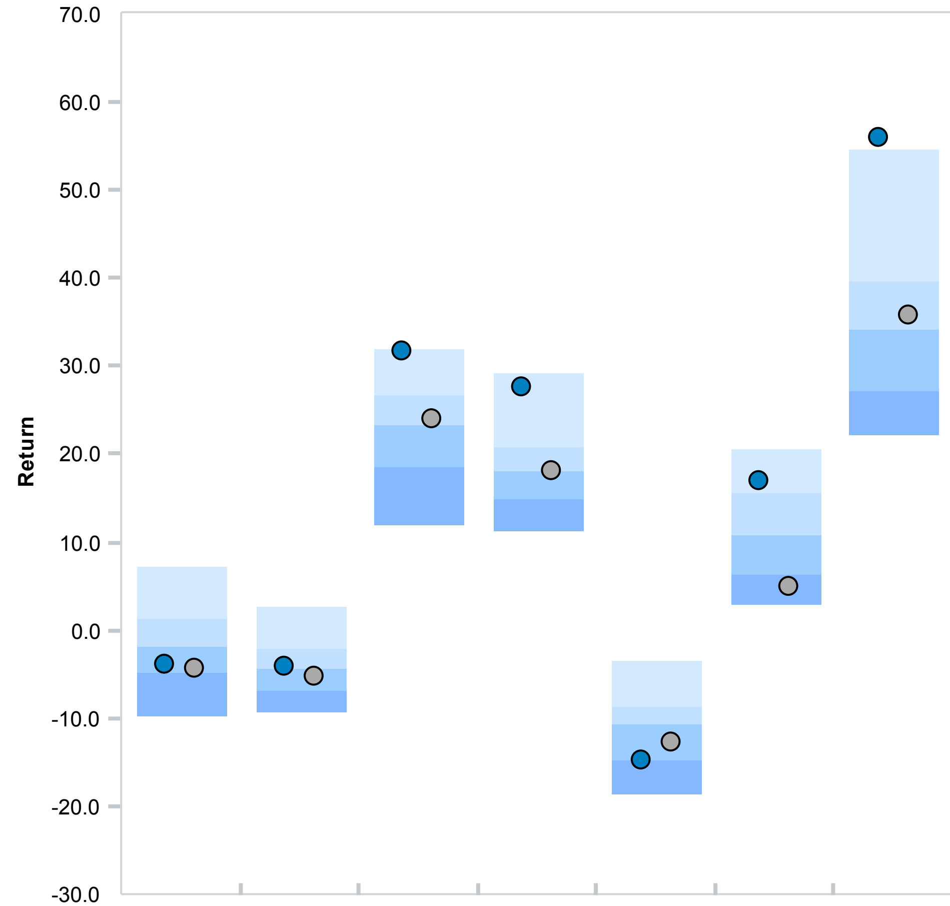
	Total Period	5-25 Count	25-Median Count	Median-75 Count	75-95 Count
Investment	20	15 (75%)	5 (25%)	0 (0%)	0 (0%)
Index	20	11 (55%)	7 (35%)	2 (10%)	0 (0%)

Peer Group Analysis - IM International Large Cap Value Equity (SA+CF)



	QTD		YTD		1 YR		3 YR		5 YR		7 YR		10 YR	
Investment	2.69	(87)	31.23	(12)	31.23	(12)	11.07	(17)	11.59	(11)	9.46	(13)	7.12	(8)
Index	3.58	(70)	22.67	(81)	22.67	(81)	7.27	(76)	7.68	(69)	5.87	(79)	1.71	(94)
Median	4.22		26.27		26.27		8.93		8.96		6.81		3.64	

Peer Group Analysis - IM International Large Cap Value Equity (SA+CF)



	2015		2014		2013		2012		2011		2010		2009	
Investment	-3.83	(66)	-4.17	(49)	31.75	(6)	27.56	(6)	-14.72	(75)	16.96	(18)	56.01	(4)
Index	-4.31	(71)	-5.37	(63)	23.96	(42)	18.12	(48)	-12.85	(64)	4.95	(88)	35.73	(44)
Median	-1.92		-4.28		23.25		18.00		-10.82		10.77		34.16	

Comparative Performance

	1 Qtr Ending Sep-2017		1 Qtr Ending Jun-2017		1 Qtr Ending Mar-2017		1 Qtr Ending Dec-2016		1 Qtr Ending Sep-2016		1 Qtr Ending Jun-2016	
Investment	9.72	(1)	6.23	(47)	9.64	(7)	6.78	(3)	13.78	(1)	-8.09	(100)
Index	6.05	(39)	5.13	(73)	6.23	(91)	3.54	(8)	8.23	(27)	-2.83	(75)
Median	5.66		6.04		7.69		-0.24		7.01		-1.41	

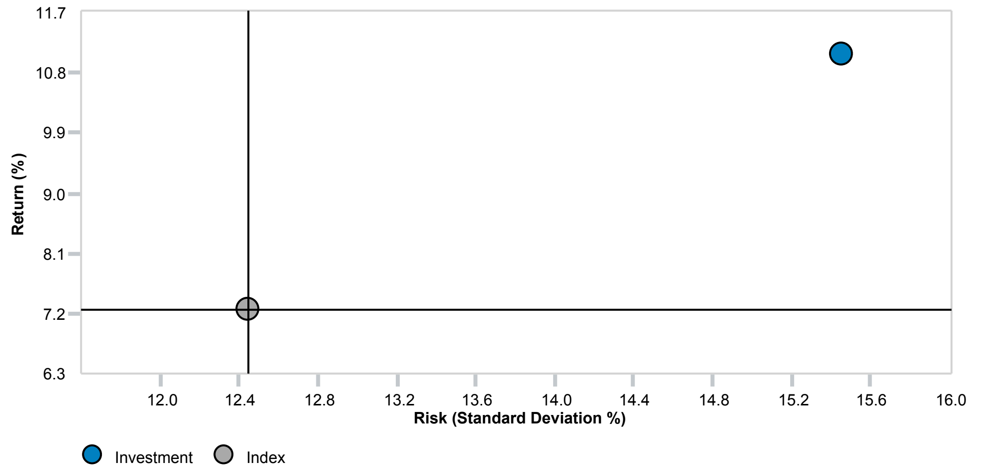
Historical Statistics 3 Years

	Return	Standard Deviation	Sharpe Ratio	Up Market Capture	Up Quarters	Down Market Capture	Down Quarters
Investment	11.07	15.45	0.74	120.85	8	103.71	4
Index	7.27	12.45	0.60	100.00	9	100.00	3

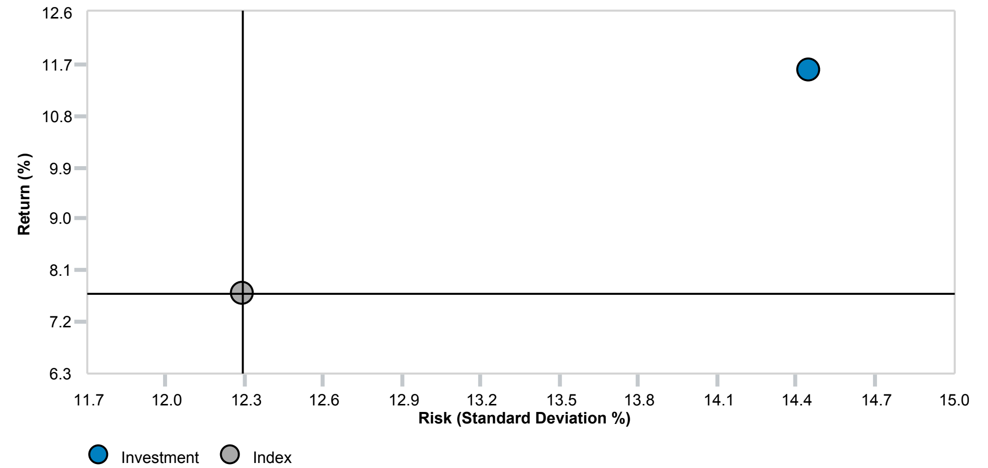
Historical Statistics 5 Years

	Return	Standard Deviation	Sharpe Ratio	Up Market Capture	Up Quarters	Down Market Capture	Down Quarters
Investment	11.59	14.45	0.82	113.51	15	92.37	5
Index	7.68	12.29	0.65	100.00	14	100.00	6

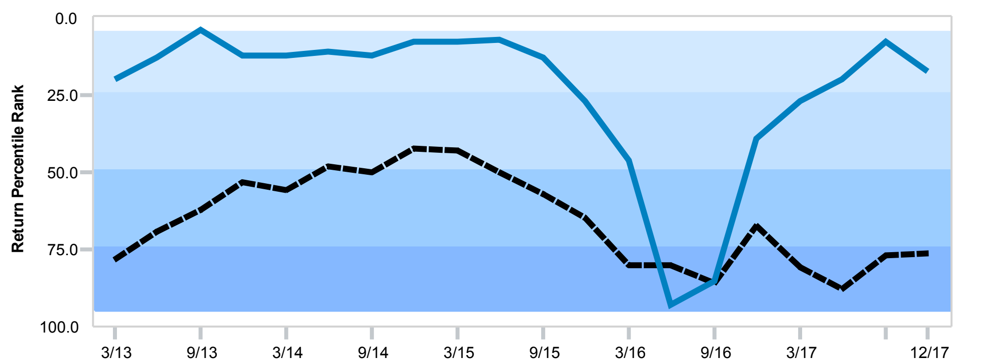
Risk and Return 3 Years



Risk and Return 5 Years

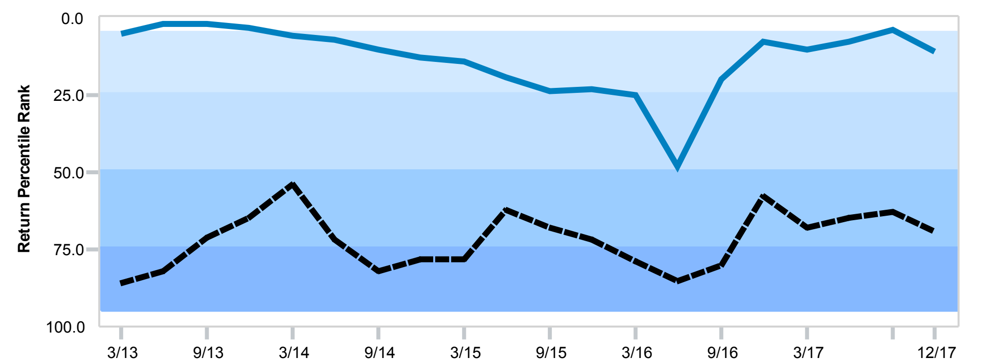


3 Year Rolling Percentile Rank IM International Large Cap Value Equity (SA+CF)



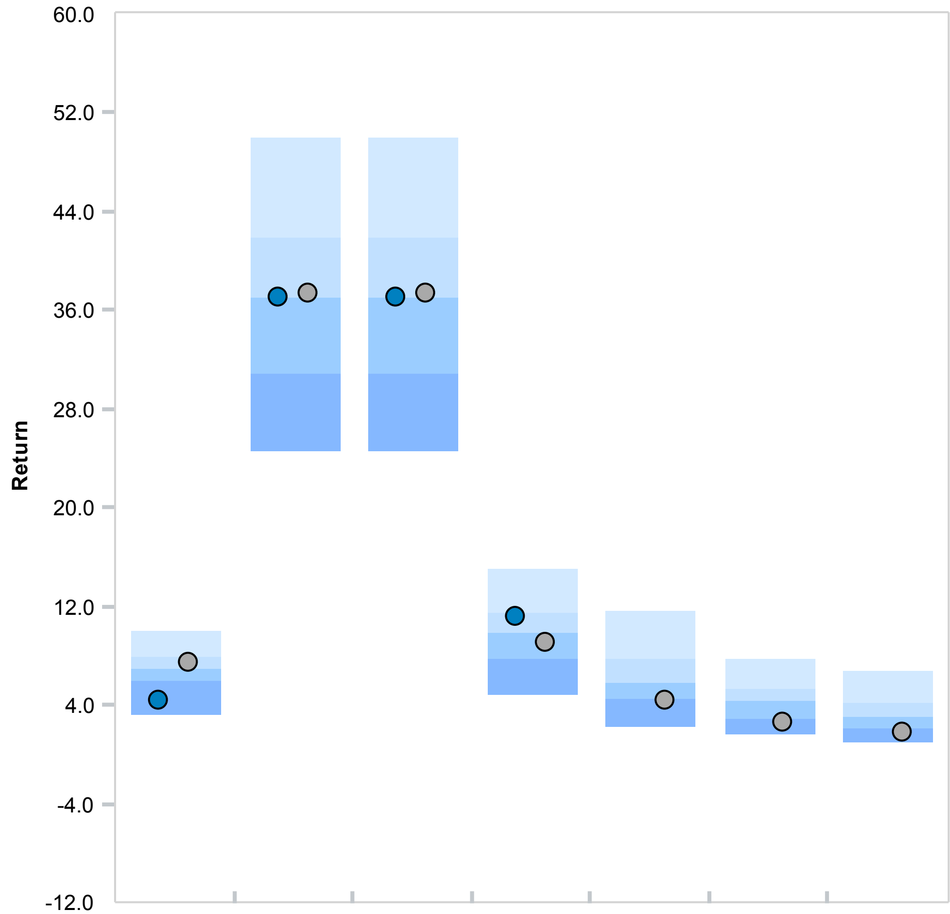
	Total Period	5-25 Count	25-Median Count	Median-75 Count	75-95 Count
Investment	20	14 (70%)	4 (20%)	0 (0%)	2 (10%)
Index	20	0 (0%)	5 (25%)	7 (35%)	8 (40%)

5 Year Rolling Percentile Rank IM International Large Cap Value Equity (SA+CF)



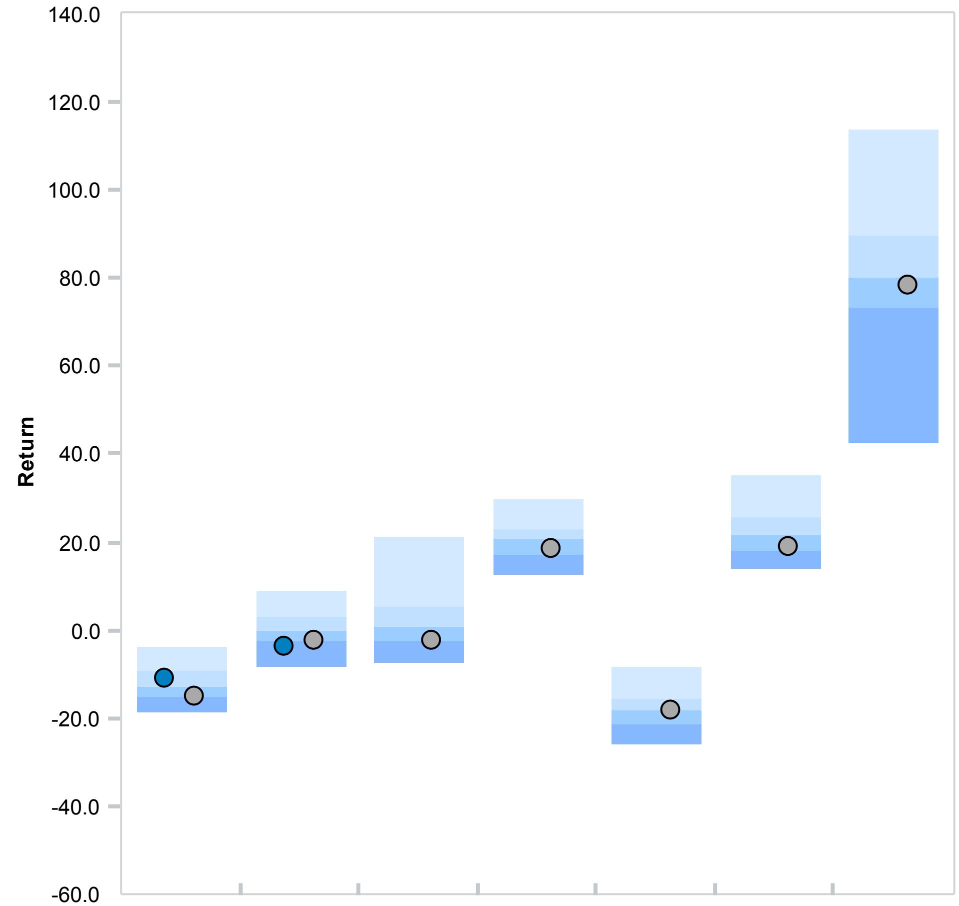
	Total Period	5-25 Count	25-Median Count	Median-75 Count	75-95 Count
Investment	20	19 (95%)	1 (5%)	0 (0%)	0 (0%)
Index	20	0 (0%)	0 (0%)	12 (60%)	8 (40%)

Peer Group Analysis - IM Emerging Markets Equity (SA+CF)



	QTD		YTD		1 YR		3 YR		5 YR		7 YR		10 YR	
Investment	4.38	(91)	37.02	(51)	37.02	(51)	11.06	(31)	N/A		N/A		N/A	
Index	7.44	(37)	37.28	(48)	37.28	(48)	9.10	(61)	4.35	(79)	2.56	(81)	1.68	(86)
Median	6.96		37.03		37.03		9.78		5.84		4.33		3.12	

Peer Group Analysis - IM Emerging Markets Equity (SA+CF)



	2015		2014		2013		2012		2011		2010		2009	
Investment	-11.24	(36)	-3.91	(83)	N/A		N/A		N/A		N/A		N/A	
Index	-14.92	(69)	-2.19	(73)	-2.60	(75)	18.23	(69)	-18.42	(52)	18.88	(70)	78.51	(59)
Median	-12.66		-0.16		0.95		20.53		-18.17		21.83		80.34	

Comparative Performance

	1 Qtr Ending Sep-2017		1 Qtr Ending Jun-2017		1 Qtr Ending Mar-2017		1 Qtr Ending Dec-2016		1 Qtr Ending Sep-2016		1 Qtr Ending Jun-2016	
Investment	8.83	(30)	6.33	(53)	13.44	(24)	-6.72	(80)	9.18	(40)	4.41	(10)
Index	7.89	(44)	6.27	(54)	11.44	(67)	-4.16	(46)	9.03	(44)	0.66	(78)
Median	7.59		6.46		12.22		-4.39		8.69		2.04	

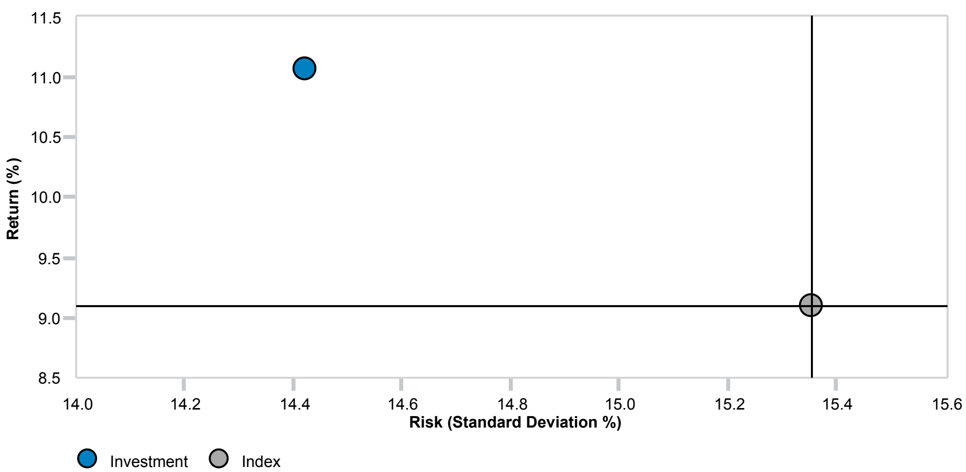
Historical Statistics 3 Years

	Return	Standard Deviation	Sharpe Ratio	Up Market Capture	Up Quarters	Down Market Capture	Down Quarters
Investment	11.06	14.42	0.78	95.62	10	82.71	2
Index	9.10	15.35	0.62	100.00	10	100.00	2

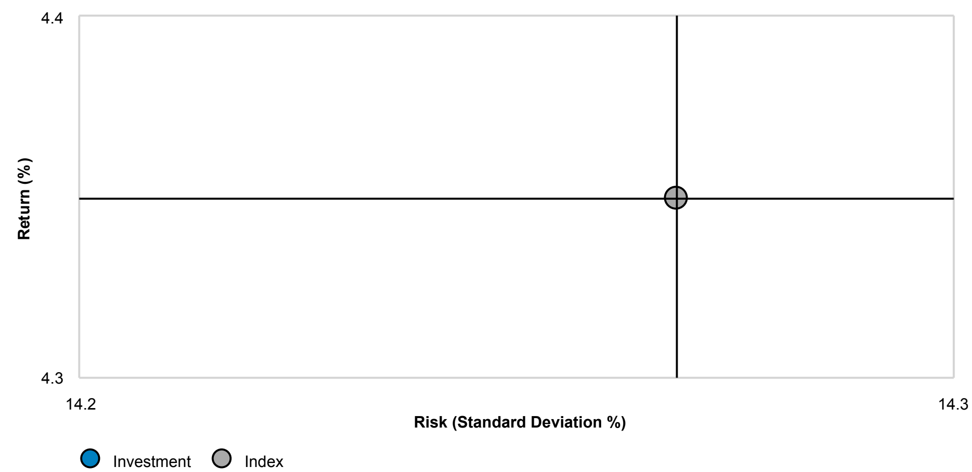
Historical Statistics 5 Years

	Return	Standard Deviation	Sharpe Ratio	Up Market Capture	Up Quarters	Down Market Capture	Down Quarters
Investment	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Index	4.35	14.27	0.35	100.00	13	100.00	7

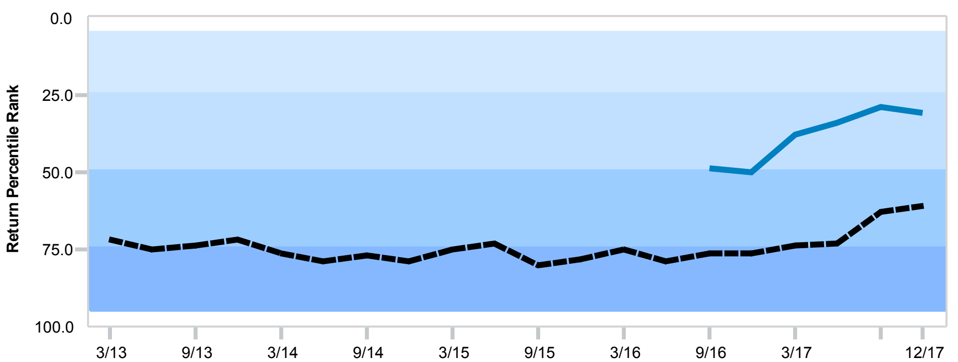
Risk and Return 3 Years



Risk and Return 5 Years

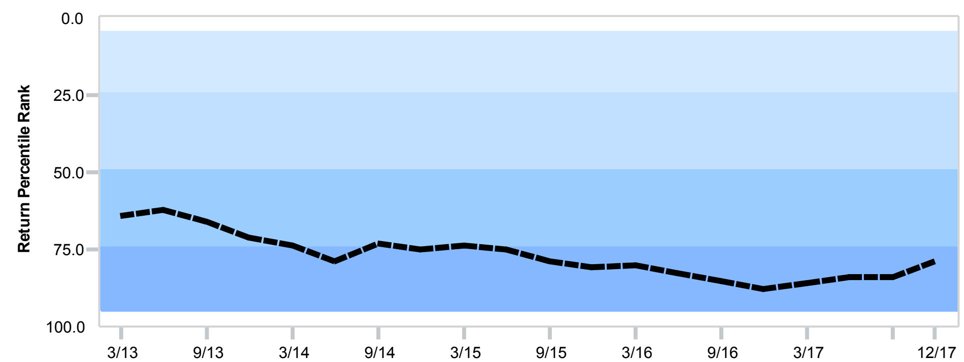


3 Year Rolling Percentile Rank IM Emerging Markets Equity (SA+CF)



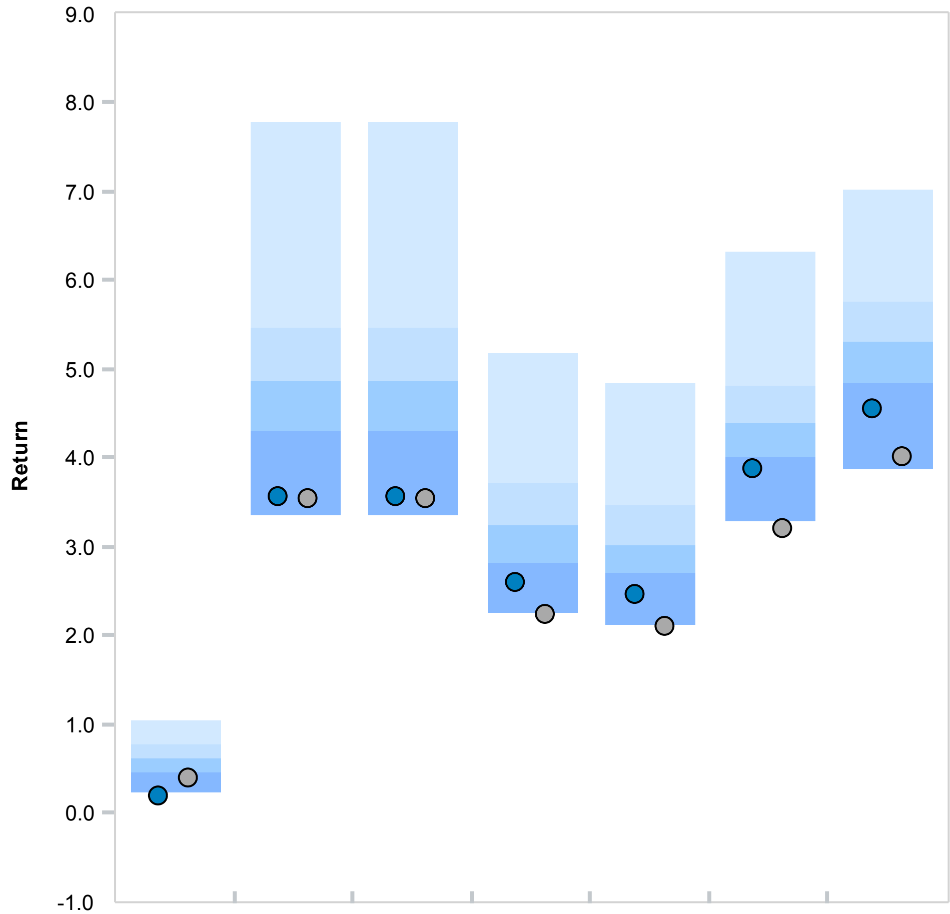
	Total Period	5-25 Count	25-Median Count	Median-75 Count	75-95 Count
Investment	6	0 (0%)	6 (100%)	0 (0%)	0 (0%)
Index	20	0 (0%)	0 (0%)	11 (55%)	9 (45%)

5 Year Rolling Percentile Rank IM Emerging Markets Equity (SA+CF)



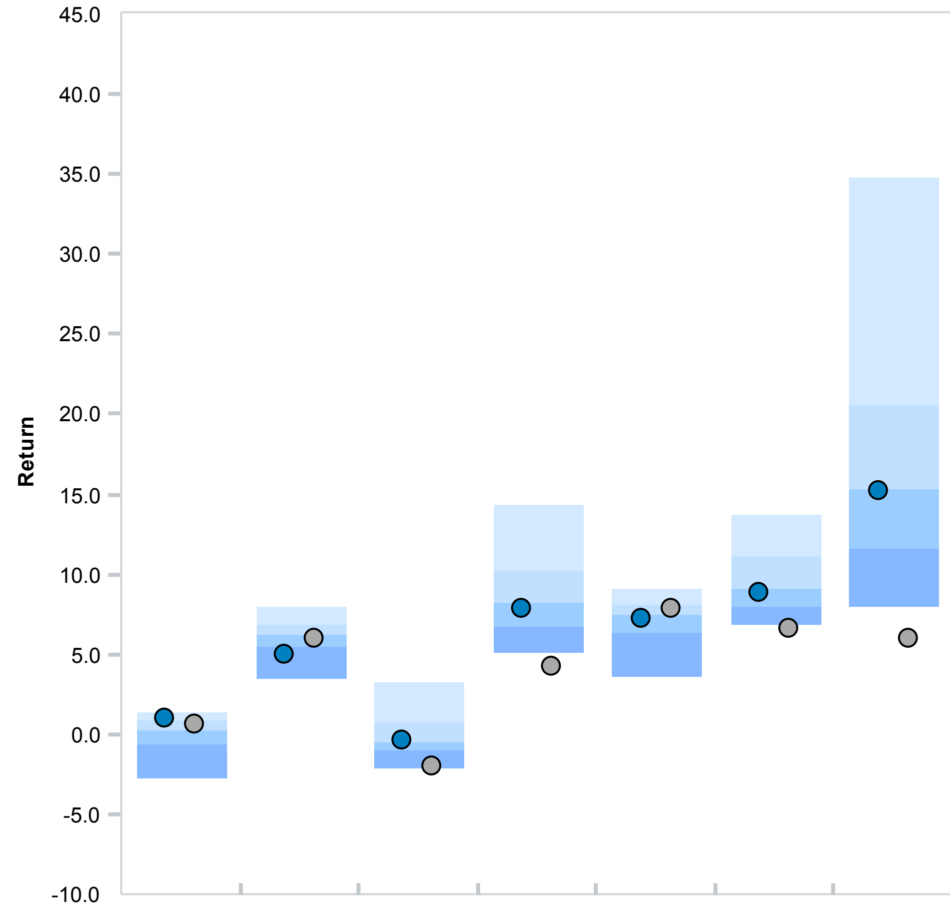
	Total Period	5-25 Count	25-Median Count	Median-75 Count	75-95 Count
Investment	0	0	0	0	0
Index	20	0 (0%)	0 (0%)	9 (45%)	11 (55%)

Peer Group Analysis - IM U.S. Broad Market Core+ Fixed Income (SA+CF)



	QTD	YTD	1 YR	3 YR	5 YR	7 YR	10 YR
Investment	0.18 (98)	3.55 (94)	3.55 (94)	2.60 (87)	2.46 (89)	3.88 (83)	4.55 (88)
Index	0.39 (86)	3.54 (94)	3.54 (94)	2.24 (96)	2.10 (96)	3.20 (96)	4.01 (95)
Median	0.61	4.87	4.87	3.24	3.02	4.39	5.32

Peer Group Analysis - IM U.S. Broad Market Core+ Fixed Income (SA+CF)



	2015	2014	2013	2012	2011	2010	2009
Investment	0.93 (18)	5.02 (87)	-0.45 (49)	7.81 (57)	7.19 (59)	8.86 (57)	15.15 (52)
Index	0.55 (38)	5.97 (61)	-2.02 (94)	4.21 (99)	7.84 (35)	6.54 (99)	5.93 (100)
Median	0.27	6.19	-0.49	8.16	7.42	9.03	15.36

Comparative Performance

	1 Qtr Ending Sep-2017	1 Qtr Ending Jun-2017	1 Qtr Ending Mar-2017	1 Qtr Ending Dec-2016	1 Qtr Ending Sep-2016	1 Qtr Ending Jun-2016
Investment	0.64 (99)	1.53 (73)	1.17 (63)	-2.55 (71)	1.48 (44)	2.03 (95)
Index	0.85 (92)	1.45 (82)	0.82 (97)	-2.98 (97)	0.46 (100)	2.21 (90)
Median	1.16	1.71	1.27	-2.27	1.34	2.72

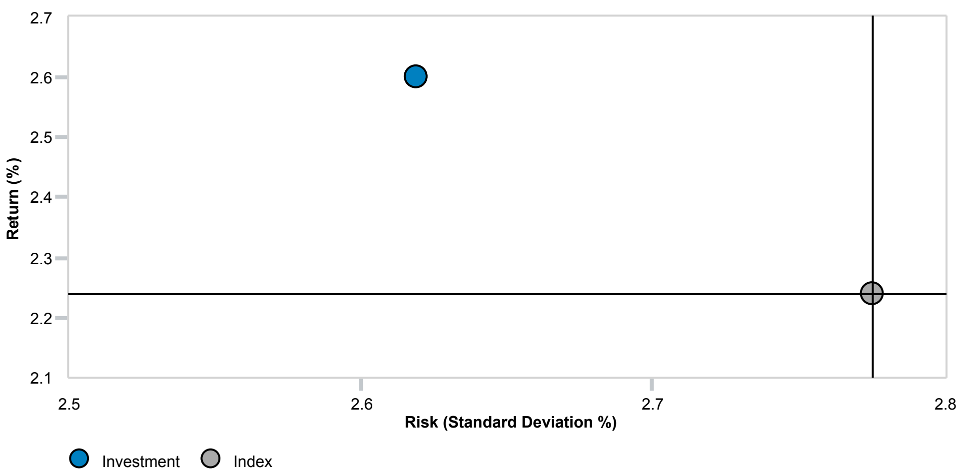
Historical Statistics 3 Years

	Return	Standard Deviation	Sharpe Ratio	Up Market Capture	Up Quarters	Down Market Capture	Down Quarters
Investment	2.60	2.62	0.85	99.83	9	85.54	3
Index	2.24	2.78	0.68	100.00	9	100.00	3

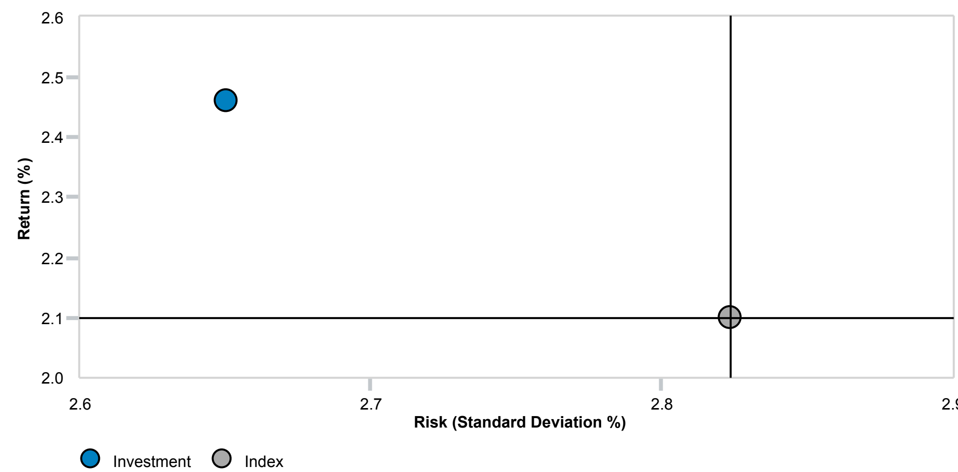
Historical Statistics 5 Years

	Return	Standard Deviation	Sharpe Ratio	Up Market Capture	Up Quarters	Down Market Capture	Down Quarters
Investment	2.46	2.65	0.84	95.34	16	79.38	4
Index	2.10	2.82	0.67	100.00	14	100.00	6

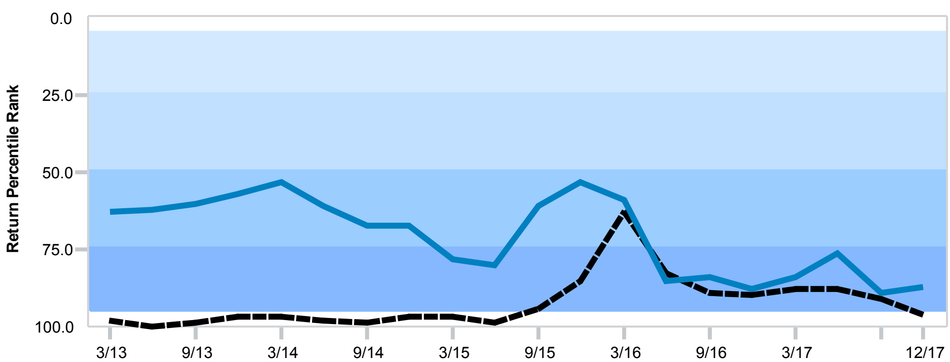
Risk and Return 3 Years



Risk and Return 5 Years

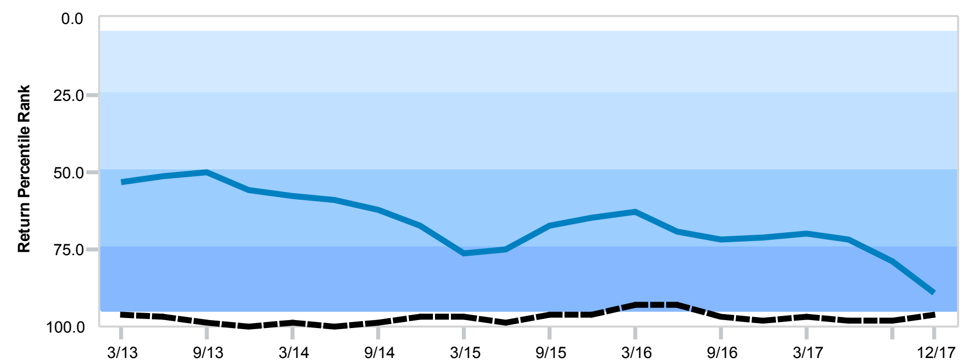


3 Year Rolling Percentile Rank IM U.S. Broad Market Core+ Fixed Income (SA+CF)



	Total Period	5-25 Count	25-Median Count	Median-75 Count	75-95 Count
Investment	20	0 (0%)	0 (0%)	11 (55%)	9 (45%)
Index	20	0 (0%)	0 (0%)	1 (5%)	19 (95%)

5 Year Rolling Percentile Rank IM U.S. Broad Market Core+ Fixed Income (SA+CF)



	Total Period	5-25 Count	25-Median Count	Median-75 Count	75-95 Count
Investment	20	0 (0%)	1 (5%)	16 (80%)	3 (15%)
Index	20	0 (0%)	0 (0%)	0 (0%)	20 (100%)

Putting clients first.

CHICAGO | CLEVELAND | DALLAS | DETROIT | ORLANDO | PITTSBURGH | RENO | TULSA

Town of Palm Beach License Agreement with Ellen Schaffer
March 7, 2016

Revised Attachment 3. Effective Date: March 2, 2018

ANNUAL CHARGES:

1. Annual Support Fee: $5,364 (due on or before October 2)

2. Annual DROP System Support Fee: $2,520 (due on or before July 3)

3. Micro Focus (US) Inc. annual support fee: $600 (due on or before March 12)

   COBOL Server License for one server installation. Additional server installations will incur additional support costs. This fee is the actual amount Licensor is required to pay Micro Focus, and is subject to an annual increase. Licensor agrees to provide documentation of this fee to Licensee with invoice.

   Server for COBOL Support
   Number of server installations: 1
   Serial Number(s): 6000000156638

4. Consulting services and programming enhancements performed by LICENSOR at the request of LICENSEE will be billed at the current hourly rate of LICENSOR ($125/hour), not to exceed $1000.00 annually unless mutually agreed by the parties. (Due within 30 days following Licensee's receipt of bill).

_____________________________ ______________________
Trustee Date

Town of Palm Beach Retirement System
Disbursements
November 10, 2017 - February 21, 2018

Check #	Check Date	Vendor Name	Description	Total Amount
1145558	11/10/2017	GRAY, REBEKAH	R. GRAY PLAN B REFUND	$3,659.16
1145531	11/10/2017	STATE STREET GLOBAL ADVISORS, (SSGA)	INVESTMENT MGMT FEES TOPB GENERAL 7/1/17 - 9/30/17	$5,990.79
1145566	11/10/2017	NOWACKI, ELIZABETH	E. NOWACKI SHARE REFUND	$20,000.00
1145542	11/10/2017	BUCHECK, DERRYL	D. BUCHECK SHARE WITHDRAWAL	$20,000.00
1145588	11/10/2017	VANTAGEPOINT TRSFR AGENTS/457, FBO D BUCHECK / #300786	D BUCHECK ROLLOVER	$48,319.27
1145589	11/10/2017	VANTAGEPOINT TRSFR AGENTS/457, FBO V CLOSE / #300786	V CLOSE DROP ROLLOVER	$229,661.76
1145612	11/17/2017	LEWIS LONGMAN & WALKER P.A.	LEGAL SERVICES - RETIREMENT BOARD OCT /2017	$2,530.00
1145653	11/17/2017	OLIVIER, MAXIMILIAN	M. OLIVIER PLAN B REFUND	$1,436.30
1145728	11/24/2017	FPPTA	2018 MEMBERSHIP DUES (FPPTA)- RE: BILL	$600.00
1145712	11/24/2017	WILLIAM P.HANES CONSULTING INC	PENSION ADMINSTRATOR FEE - NOVEMBER 2017	$13,125.00
1145762	11/24/2017	SWINARSKI, CHRISTOPHER	C. SWINARSKI PLAN B REFUND	$3,625.90
1145797	12/1/2017	STATE STREET BANK & TRUST CO.	EBBC-GENERAL EMPLOYEES RETIREMENT FUND	$5,536.16
1145786	12/1/2017	MARCUM, LLP	AUDIT SERVICES FOR TPB RETIREMENT SYSTEM FY17	$3,899.00
1145816	12/1/2017	DOROW, GLEN	G. DOROW PLAN B REFUND	$3,671.26
1145796	12/1/2017	RODRIGUEZ, ADRIANA	A. RODRIGUEZ PLAN B REFUND	$3,983.84
1145901	12/8/2017	STATE STREET BANK & TRUST CO.	EBBC-GENERAL EMPLOYEES RETIREMENT FUND / SEPT 2017	$5,573.47
1145970	12/8/2017	VANTAGEPOINT TRSFR AGENTS/457, FBO R CALLENIUS / #30078	R CALLENIUS DROP ROLLOVER	$62,044.51
1146002	12/15/2017	MARCUM, LLP	AUDIT SERVICES FOR TPB RETIREMENT SYSTEM FY17	$12,815.00
1145999	12/15/2017	LEWIS LONGMAN & WALKER P.A.	LEGAL SERVICES - RETIREMENT BOARD	$10,033.72
1146127	12/22/2017	WILLIAM P.HANES CONSULTING INC	PENSION ADMINSTRATOR FEE - DECEMBER 2017	$13,125.00
1146297	1/5/2018	VANTAGEPOINT TRSFR AGENTS/457, FBO P. DUDLEY, #300786	P. DUDLEY 261-87-9918 PLAN B ROLLOVER	$2,192.81
1146255	1/5/2018	FINIZIO, JR., RAYMOND	PLAN B REFUND RAYMOND FINIZIO, JR.	$3,462.78
1146296	1/5/2018	VANTAGEPOINT TRSFR AGENTS/457, FBO P DUDLEY/ #300786	P DUDLEY DROP ROLLOVER	$500,616.55
1146296	1/5/2018	VANTAGEPOINT TRSFR AGENTS/457, FBO P DUDLEY/ #300786	P DUDLEY SHARE ROLLOVER	$698.51
1146272	1/5/2018	LANTRY, PATRICK	P. LANTRY PLAN B REFUND	$5,006.35
1146341	1/12/2018	WELLS CAPITAL MGMT, INC.	ACCT: ND25678800 INVESTMENT MGMT FEES 7/1/17-9/30/17	$19,324.56
1146303	1/12/2018	ANDCO CONSULTING, LLC	CONSULTING SERVICES AND PERFORMANCE	$32,500.00
1146316	1/12/2018	GABRIEL,ROEDER,SMITH & CO	PROFESSIONAL ACTUARIAL SERVICES FOR	$3,272.00
1146437	1/19/2018	MARCUM, LLP	AUDIT SERVICES FOR TPB RETIREMENT SYSTEM FY17	$5,173.00
1146453	1/19/2018	THOMPSON,SIEGEL,& WALMSLEY LLC	NVESTMENT MGMT FEES (TOPB RETIREMENT	$16,543.37
1146436	1/19/2018	LEWIS LONGMAN & WALKER P.A.	LEGAL SERVICES - RETIREMENT BOARD - DEC 2017	$1,628.50
1146429	1/19/2018	GOLDMAN SACHS TRUST COMPANY	MG102781 PB EMPLOYEES' RETIREMENT 10/1/17-12/31/17	$12,285.56
1146514	1/19/2018	VENTURE CAPITAL V	MGMT FEES FOR 4TH QTR ENDING 12/31/2017	$6,680.00
1146465	1/19/2018	CHRISTON, CORNELIUS	C. CHRISTON PLAN B REFUND	$6,615.16
1146542	1/26/2018	WELLS CAPITAL MGMT, INC.	ACCT: ND25678800 ADMIN FEES 10/1/17-12/31/17	$20,241.72
1146543	1/26/2018	WILLIAM P.HANES CONSULTING INC	PENSION ADMINSTRATOR FEE - JANUARY 2018	$13,125.00
1146581	1/26/2018	VANTAGEPOINT TNSFR AGENTS/457	L. CANDELIER PLAN 300786 ROLLOVER -	$4,573.84
1146600	2/2/2018	GENEVA CAPITAL MANAGEMENT LTD	QTRLY FEE (10/1/2017 - 12/31/2017):	$10,541.00
1146596	2/2/2018	ELLEN SCHAFFER	8.00 HOURS DATA ENTRY SERVICE~	$325.00
1146724	2/9/2018	STATE STREET BANK & TRUST CO.	EBBC-GENERAL EMPLOYEES RETIREMENT FUND / OCT 2017	$6,120.54
1146725	2/9/2018	STATE STREET GLOBAL ADVISORS, (SSGA)	INVESTMENT MGMT FEES TOPB GENERAL 10/1/17 - 12/31/17	$6,471.67
1146824	2/16/2018	MARCUM, LLP	AUDIT SERVICES FOR TPB RETIREMENT SYSTEM FY17	$2,013.00
1146822	2/16/2018	LEWIS LONGMAN & WALKER P.A.	LEGAL SERVICES - RETIREMENT BOARD - JAN/18	$1,045.00
1146904	2/16/2018	VANTAGEPOINT TRSF AGENTS/457, FBO C. QUEVILLON #307463	C. QUEVILLON XXX-XX-6034 PLAN B ROLLOVER	$799.98
1146875	2/16/2018	NATIONWIDE RETIREMENT SOLUTION	C. COLSON ROLLOVER SSN: 8556 PLAN B	$4,492.49
45	**Total**			**$1,155,378.53**

Secretary

Date

Town of Palm Beach Retirement Board

Administrator's Report of Retirement/DROP Election

as of February 21, 2018

Retirees and/or DROP Participants Since November 07, 2017

Excludes those who move from DROP to retiree status by resignation of employment.

Employee/Retiree Name			Hire Date	Years of Service	Date of Retirement/Drop
LORIE BATES	RET.PD	drop	10/4/99		1/19/18
POLICE OFFICER			*Police - Patrol*		
ROSE CARNICELLI	RETIRED	retiree	3/10/99	11	1/26/18
CORNELIUS CHRISTON	RETIRED	retiree	9/17/01	17	1/1/18
FRANK MAVIGLIANO	RET.FR	drop	12/17/01		1/13/18
THEVENOT NOEL	RETIRED	drop	11/28/05		2/10/18
EQUIPMENT OPERATOR I			*Public Works - Sanitation*		
JOHN PAGE	RETIRED	retiree	11/9/07	10	1/13/18
JAMES PALMER	RETIRED	drop	12/7/87		12/8/17
ASSISTANT INFORMATION TECHNOLOGY MANAGI			*Town Manager - Information Technology*		
JACK ZISHOLTZ	RETIRED	retiree	2/16/98	19	12/23/17

Retirees and/or DROP Participants Since November 07, 2017

Excludes those who move from DROP to retiree status by resignation of employment.

Employee/Retiree Name	Hire Date	Years of Service	Date of Retirement/Drop

Employee Retiree and DROP Participants	
DROP POLICE	9
DROP FIRE	10
DROP OCEAN RESCUE	2
DROP GENERAL	18
	39
RETIRED POLICE	91
RETIRED FIRE RESCUE	96
RETIRED OCEAN RESCUE	9
RETIRED GENERAL	192
	388
	427

Active Employees Contributing to Pension		
A		
	General	*1*
	Police	*1*
		2
B		
	Fire	*41*
	General	*170*
	Lifeguard	*4*
	Police	*49*
		264
		266

DROP Participants Leaving Employment Prior to Next Quarterly Board Meeting

Employee Name	Drop Start Date	Drop End Date
KATHRYN POLLACK	3/16/13	3/15/18
AUSTIN TERICO	3/30/13	3/29/18

Secretary or Trustee

Date