

TOWN OF INDIAN RIVER SHORES
GENERAL EMPLOYEES'
DEFINED BENEFIT PLAN

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2015

DETERMINES THE CONTRIBUTION
FOR THE 2015/16 FISCAL YEAR



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December 29, 2015

Introduction

This report presents the October 1, 2015 actuarial valuation of the Town of Indian River Shores General Employees' Defined Benefit Plan. The report is based on the participant data and asset information provided by the pension plan administrator and, except for a cursory review for reasonableness including a comparison to the data provided for the previous valuation, we have not attempted to verify the accuracy of this information.

The primary purpose of this report is to provide a summary of the funded status of the plan as of October 1, 2015 and to determine the minimum required contribution under Chapter 112, Florida Statutes, for the 2015/16 plan year. In addition, this report provides a projection of the long-term funding requirements of the plan, statistical information concerning the assets held in the trust, statistical information concerning the participant population, and a summary of any recent plan changes.

The liabilities and cost presented in this report are based on numerous assumptions concerning the cost of benefits to be provided in the future, long-term investment returns, and the future demographic experience of the current participants. Anyone referring to this report should remember that the cost developed herein is only an estimate of the true cost of providing post-employment pension benefits. No one can predict with certainty whether the true cost will be higher or lower than the cost presented in this report. The calculated cost is entirely dependent upon the assumptions that are described in Table IV-A. If any of the assumptions is changed, then the cost shown in this report will change accordingly. Likewise, if any of the assumptions is not completely realized, then the cost shown in this report will change in the future.

Certain assumptions play a bigger role than others in determining the cost of the post-employment pension benefits. In some cases, relatively small changes in a particular assumption can have a dramatic impact on the anticipated cost of benefits. Although a thorough analysis of the impact of such changes is beyond the scope of this report, Table I-B illustrates the impact that alternative long-term investment returns would have on the normal cost rate.

Minimum Required Contribution

Table I-A shows the development of the minimum required contribution for the 2015/16 plan year. The minimum required contribution rate is 41.45% of covered payroll, which represents an increase of 1.97% of payroll from the prior valuation.

Table I-C provides a breakdown of the sources of change in the contribution rate. Significantly, the rate increased by 2.15% of payroll due to investment losses and decreased by 0.18% of payroll due to demographic experience. The market value of assets lost 0.10% during the 2014/15 plan year, whereas a 5.90% annual investment return was required to maintain a stable contribution rate.



Chapter 112, Florida Statutes, sets forth the rules concerning the minimum required contribution for public pension plans within the state. Essentially, the Town must contribute an amount equal to the annual normal cost of the plan minus the expected employee contributions plus an amortization payment towards the unfunded liability, where the amortization period is no longer than 30 years and where all amounts are adjusted as necessary for administrative expenses and to reflect interest on any delayed payment of the contribution beyond the valuation date. On this basis, the Town's 2015/16 minimum required contribution will be equal to 41.45% multiplied by the total pensionable earnings for the 2015/16 fiscal year for the active employees who are covered by the plan.

Based on the current assets, participant data, and actuarial assumptions and methods that are used to value the plan, the present-day value of the total long-term funding requirement is \$1,364,783 excluding any adjustments for future administrative expenses. As illustrated in Table I-A, current assets are sufficient to cover \$590,990 of this amount, the employer's 2015/16 expected contribution will cover \$106,952 of this amount, and future employee contributions are expected to cover \$149,245 of this amount, leaving \$517,596 to be covered by future employer funding beyond the 2015/16 fiscal year. Again, demographic and investment experience that differs from that assumed will either increase or decrease the future employer funding requirement.

Amortization of the Unfunded Liability

This plan uses the entry age normal cost method to develop an unfunded liability each year. The unfunded liability is then amortized or "paid off" over a period of time. The period over which the unfunded liability is amortized is often referred to as the "funding period" of the plan. Although under Chapter 112 the maximum allowable funding period is 30 years, the unfunded liability should be paid off within a period that does not exceed the expected future working life of the active employees who are covered by the plan or, if there are no active employees covered by the plan, the expected future lifetime of the retired participants. Table I-I shows the various components of the unfunded liability and the respective funding period for each component. We have used a closed 10-year funding period beginning October 1, 2013 to amortize all components of the unfunded liability.

Contents of the Report

Tables I-D through I-I provide a detailed breakdown of various liability amounts by type of benefit and by participant group. Tables II-A through II-F provide information concerning the assets of the trust fund. Specifically, Table II-A shows the development of the actuarial value of assets, which is based on the market value. Tables III-A through III-G provide statistical information concerning the plan's participant population. In particular, Table III-G gives a 10-year projection of the cash that is expected to be required from the trust fund in order to pay benefits to the current group of participants. Finally, Tables IV-A through V-B provide a summary of the actuarial assumptions and methods that are used to value the plan's benefits and of the relevant plan provisions as of October 1, 2015, as well as a summary of the changes that have occurred since the previous valuation report was prepared.



Certification

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

For the firm,



Charles T. Carr
Consulting Actuary
Southern Actuarial Services Company, Inc.

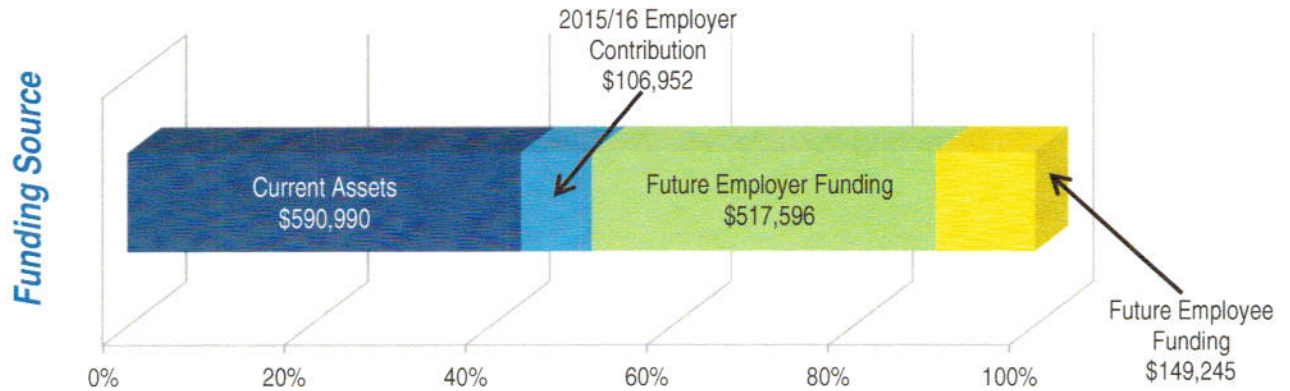
Enrolled Actuary No. 14-04927

The individual above is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.



Minimum Required Contribution

Table I-A



For the 2015/16 Plan Year

| | |
|--|-------------|
| Entry Age Normal Cost | \$80,990 |
| Unfunded Liability Amortization Payment | \$42,551 |
| Expense Allowance | \$3,500 |
| Expected Employee Contribution | (\$23,221) |
| <hr/> | |
| Employer Contribution as of the Beginning of the Plan Year | \$103,820 |
| Adjustment to Reflect Semi-Monthly Employer Contributions | \$3,132 |
| <hr/> | |
| Preliminary Employer Contribution | \$106,952 |
| Expected Payroll | ÷ \$258,006 |

Minimum Required Contribution Rate **41.45%**

(The actual contribution should be based on the minimum required contribution rate multiplied by the actual payroll for the year.)

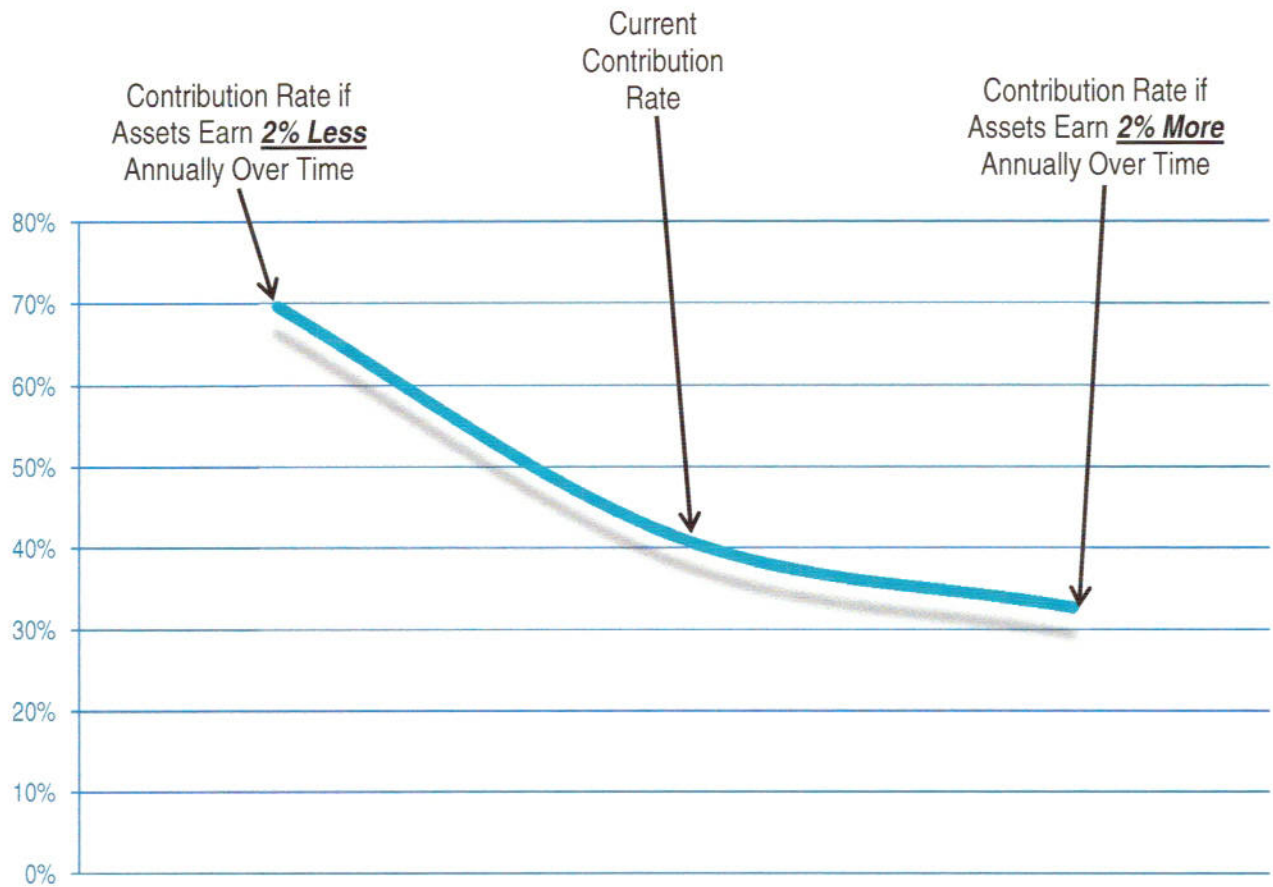
Additional Disclosures

| | |
|--|-------------|
| Present Value of Future Compensation | \$1,658,278 |
| Present Value of Future Employer Contributions | \$624,548 |
| Present Value of Future Employee Contributions | \$149,245 |



Sensitivity Analysis

Table I-B



The line above illustrates the sensitivity of the contribution rate to changes in the long-term investment return.



Gain and Loss Analysis

Table I-C

Source of Change in the Contribution Rate

| | |
|---|---------------|
| Previous minimum required contribution rate | 39.48% |
| Increase (decrease) due to investment gains and losses | 2.15% |
| Increase (decrease) due to demographic experience | -0.18% |
| Increase (decrease) due to plan amendments | 0.00% |
| Increase (decrease) due to actuarial assumption changes | 0.00% |
| Increase (decrease) due to actuarial method changes | 0.00% |
| Current minimum required contribution rate | <u>41.45%</u> |

Source of Change in the Unfunded Liability

| | |
|--|------------------|
| Previous unfunded liability | \$261,617 |
| Increase due to employer normal cost for the prior year | \$60,570 |
| Increase due to interest on normal cost and unfunded liability | \$19,009 |
| Decrease due to employer contributions | (\$97,010) |
| Decrease due to interest on employer contributions | (\$5,724) |
| Expected unfunded liability | <u>\$238,462</u> |
| Increase (decrease) due to plan experience | \$42,473 |
| Increase (decrease) due to plan amendments | \$0 |
| Increase (decrease) due to actuarial assumption changes | \$0 |
| Increase (decrease) due to actuarial method changes | \$0 |
| Current unfunded liability | <u>\$280,935</u> |



Present Value of Future Benefits

Table I-D

| | Old Assumptions <u>Old Plan</u> | Old Assumptions <u>New Plan</u> | New Assumptions <u>New Plan</u> |
|--|------------------------------------|------------------------------------|------------------------------------|
| <u>Actively Employed Participants</u> | | | |
| Retirement benefits | \$892,095 | \$892,095 | \$892,095 |
| Termination benefits | \$0 | \$0 | \$0 |
| Disability benefits | \$0 | \$0 | \$0 |
| Death benefits | \$0 | \$0 | \$0 |
| Refund of employee contributions | \$0 | \$0 | \$0 |
| Sub-total | \$892,095 | \$892,095 | \$892,095 |
| <u>Deferred Vested Participants</u> | | | |
| Retirement benefits | \$0 | \$0 | \$0 |
| Termination benefits | \$0 | \$0 | \$0 |
| Disability benefits | \$0 | \$0 | \$0 |
| Death benefits | \$0 | \$0 | \$0 |
| Refund of employee contributions | \$0 | \$0 | \$0 |
| Sub-total | \$0 | \$0 | \$0 |
| <u>Due a Refund of Contributions</u> | \$0 | \$0 | \$0 |
| <u>Deferred Beneficiaries</u> | \$0 | \$0 | \$0 |
| <u>Retired Participants</u> | | | |
| Service retirements | \$469,188 | \$469,188 | \$469,188 |
| Disability retirements | \$0 | \$0 | \$0 |
| Beneficiaries receiving | \$0 | \$0 | \$0 |
| DROP participants | \$0 | \$0 | \$0 |
| Sub-total | \$469,188 | \$469,188 | \$469,188 |
| <u>Grand Total</u> | <u>\$1,361,283</u> | <u>\$1,361,283</u> | <u>\$1,361,283</u> |
| Present Value of Future Payroll | \$1,658,278 | \$1,658,278 | \$1,658,278 |
| Present Value of Future Employee Contribs. | \$149,245 | \$149,245 | \$149,245 |
| Present Value of Future Employer Contribs. | \$624,548 | \$624,548 | \$624,548 |



Present Value of Accrued Benefits

Table I-E

| | Old Assumptions <u>Old Plan</u> | Old Assumptions <u>New Plan</u> | New Assumptions <u>New Plan</u> |
|---------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| <u>Actively Employed Participants</u> | | | |
| Retirement benefits | \$263,004 | \$263,004 | \$263,004 |
| Termination benefits | \$0 | \$0 | \$0 |
| Disability benefits | \$0 | \$0 | \$0 |
| Death benefits | \$0 | \$0 | \$0 |
| Refund of employee contributions | \$0 | \$0 | \$0 |
| Sub-total | \$263,004 | \$263,004 | \$263,004 |
| <u>Deferred Vested Participants</u> | | | |
| Retirement benefits | \$0 | \$0 | \$0 |
| Termination benefits | \$0 | \$0 | \$0 |
| Disability benefits | \$0 | \$0 | \$0 |
| Death benefits | \$0 | \$0 | \$0 |
| Refund of employee contributions | \$0 | \$0 | \$0 |
| Sub-total | \$0 | \$0 | \$0 |
| <u>Due a Refund of Contributions</u> | \$0 | \$0 | \$0 |
| <u>Deferred Beneficiaries</u> | \$0 | \$0 | \$0 |
| <u>Retired Participants</u> | | | |
| Service retirements | \$469,188 | \$469,188 | \$469,188 |
| Disability retirements | \$0 | \$0 | \$0 |
| Beneficiaries receiving | \$0 | \$0 | \$0 |
| DROP participants | \$0 | \$0 | \$0 |
| Sub-total | \$469,188 | \$469,188 | \$469,188 |
| <u>Grand Total</u> | <u>\$732,192</u> | <u>\$732,192</u> | <u>\$732,192</u> |



Present Value of Vested Benefits

Table I-F

| | Old Assumptions <u>Old Plan</u> | Old Assumptions <u>New Plan</u> | New Assumptions <u>New Plan</u> |
|---------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| <u>Actively Employed Participants</u> | | | |
| Retirement benefits | \$168,757 | \$168,757 | \$168,757 |
| Termination benefits | \$0 | \$0 | \$0 |
| Disability benefits | \$0 | \$0 | \$0 |
| Death benefits | \$0 | \$0 | \$0 |
| Refund of employee contributions | \$0 | \$0 | \$0 |
| Sub-total | \$168,757 | \$168,757 | \$168,757 |
| <u>Deferred Vested Participants</u> | | | |
| Retirement benefits | \$0 | \$0 | \$0 |
| Termination benefits | \$0 | \$0 | \$0 |
| Disability benefits | \$0 | \$0 | \$0 |
| Death benefits | \$0 | \$0 | \$0 |
| Refund of employee contributions | \$0 | \$0 | \$0 |
| Sub-total | \$0 | \$0 | \$0 |
| <u>Due a Refund of Contributions</u> | \$0 | \$0 | \$0 |
| <u>Deferred Beneficiaries</u> | \$0 | \$0 | \$0 |
| <u>Retired Participants</u> | | | |
| Service retirements | \$469,188 | \$469,188 | \$469,188 |
| Disability retirements | \$0 | \$0 | \$0 |
| Beneficiaries receiving | \$0 | \$0 | \$0 |
| DROP participants | \$0 | \$0 | \$0 |
| Sub-total | \$469,188 | \$469,188 | \$469,188 |
| <u>Grand Total</u> | <u>\$637,945</u> | <u>\$637,945</u> | <u>\$637,945</u> |



Entry Age Normal Accrued Liability

Table I-G

| | Old Assumptions <u>Old Plan</u> | Old Assumptions <u>New Plan</u> | New Assumptions <u>New Plan</u> |
|---------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| <u>Actively Employed Participants</u> | | | |
| Retirement benefits | \$402,737 | \$402,737 | \$402,737 |
| Termination benefits | \$0 | \$0 | \$0 |
| Disability benefits | \$0 | \$0 | \$0 |
| Death benefits | \$0 | \$0 | \$0 |
| Refund of employee contributions | \$0 | \$0 | \$0 |
| Sub-total | \$402,737 | \$402,737 | \$402,737 |
| <u>Deferred Vested Participants</u> | | | |
| Retirement benefits | \$0 | \$0 | \$0 |
| Termination benefits | \$0 | \$0 | \$0 |
| Disability benefits | \$0 | \$0 | \$0 |
| Death benefits | \$0 | \$0 | \$0 |
| Refund of employee contributions | \$0 | \$0 | \$0 |
| Sub-total | \$0 | \$0 | \$0 |
| <u>Due a Refund of Contributions</u> | \$0 | \$0 | \$0 |
| <u>Deferred Beneficiaries</u> | \$0 | \$0 | \$0 |
| <u>Retired Participants</u> | | | |
| Service retirements | \$469,188 | \$469,188 | \$469,188 |
| Disability retirements | \$0 | \$0 | \$0 |
| Beneficiaries receiving | \$0 | \$0 | \$0 |
| DROP participants | \$0 | \$0 | \$0 |
| Sub-total | \$469,188 | \$469,188 | \$469,188 |
| <u>Grand Total</u> | <u>\$871,925</u> | <u>\$871,925</u> | <u>\$871,925</u> |
| less Actuarial Value of Assets | (\$590,990) | (\$590,990) | (\$590,990) |
| <u>Unfunded Accrued Liability</u> | <u>\$280,935</u> | <u>\$280,935</u> | <u>\$280,935</u> |



Entry Age Normal Cost

Table I-H

| | Old Assumptions <u>Old Plan</u> | Old Assumptions <u>New Plan</u> | New Assumptions <u>New Plan</u> |
|---------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| <u>Actively Employed Participants</u> | | | |
| Retirement benefits | \$80,990 | \$80,990 | \$80,990 |
| Termination benefits | \$0 | \$0 | \$0 |
| Disability benefits | \$0 | \$0 | \$0 |
| Death benefits | \$0 | \$0 | \$0 |
| Refund of employee contributions | \$0 | \$0 | \$0 |
| Sub-total | \$80,990 | \$80,990 | \$80,990 |
| <u>Deferred Vested Participants</u> | | | |
| Retirement benefits | \$0 | \$0 | \$0 |
| Termination benefits | \$0 | \$0 | \$0 |
| Disability benefits | \$0 | \$0 | \$0 |
| Death benefits | \$0 | \$0 | \$0 |
| Refund of employee contributions | \$0 | \$0 | \$0 |
| Sub-total | \$0 | \$0 | \$0 |
| <u>Due a Refund of Contributions</u> | \$0 | \$0 | \$0 |
| <u>Deferred Beneficiaries</u> | \$0 | \$0 | \$0 |
| <u>Retired Participants</u> | | | |
| Service retirements | \$0 | \$0 | \$0 |
| Disability retirements | \$0 | \$0 | \$0 |
| Beneficiaries receiving | \$0 | \$0 | \$0 |
| DROP participants | \$0 | \$0 | \$0 |
| Sub-total | \$0 | \$0 | \$0 |
| <u>Grand Total</u> | <u>\$80,990</u> | <u>\$80,990</u> | <u>\$80,990</u> |



Unfunded Liability Bases

Table I-I

| <u>Description</u> | <u>Original Amount</u> | <u>Outstanding Balance</u> | <u>Amortization Payment</u> | <u>Years Rem.</u> |
|-------------------------|----------------------------|---|---|-----------------------|
| Total | | \$280,935 | \$42,551 | |
| | |  |  | |
| 10/1/2013 Fresh Start | \$316,208 | \$255,012 | \$38,625 | 8 |
| 2013/14 Experience Gain | (\$18,157) | (\$16,550) | (\$2,507) | 8 |
| 2014/15 Experience Loss | \$42,473 | \$42,473 | \$6,433 | 8 |



Actuarial Value of Assets

Table II-A

| | |
|--|-------------------------|
| Market Value of Assets as of October 1, 2014 | \$590,990 |
| Minus DROP account balances | \$0 |
| Minus advance employer contributions | \$0 |
| Actuarial Value of Assets as of October 1, 2015 | <u>\$590,990</u> |

Historical Actuarial Value of Assets

| | |
|-----------------|-----------|
| October 1, 2006 | N/A |
| October 1, 2007 | \$365,780 |
| October 1, 2008 | \$286,072 |
| October 1, 2009 | \$285,177 |
| October 1, 2010 | \$283,068 |
| October 1, 2011 | \$274,505 |
| October 1, 2012 | \$286,905 |
| October 1, 2013 | \$422,700 |
| October 1, 2014 | \$526,361 |
| October 1, 2015 | \$590,990 |

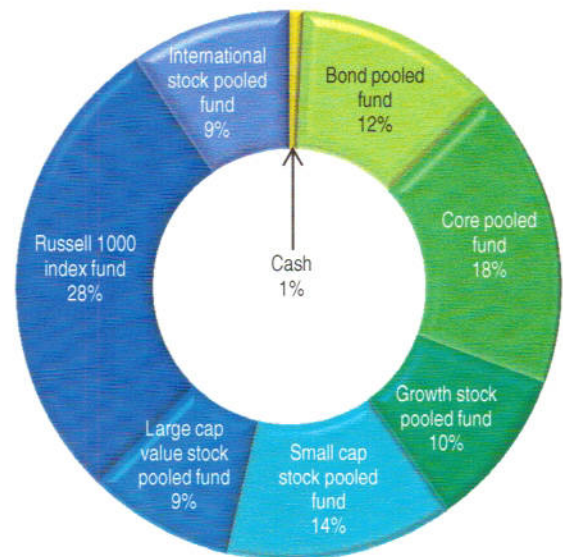


Market Value of Assets

Table II-B

As of October 1, 2015

| | |
|-----------------------------------|-------------------------|
| Market Value of Assets | <u>\$590,990</u> |
| Cash | \$4,728 |
| Bond pooled fund | \$71,510 |
| Core pooled fund | \$104,605 |
| Growth stock pooled fund | \$56,735 |
| Small cap stock pooled fund | \$79,784 |
| Large cap value stock pooled fund | \$51,416 |
| Russell 1000 index fund | \$166,068 |
| International stock pooled fund | \$56,144 |

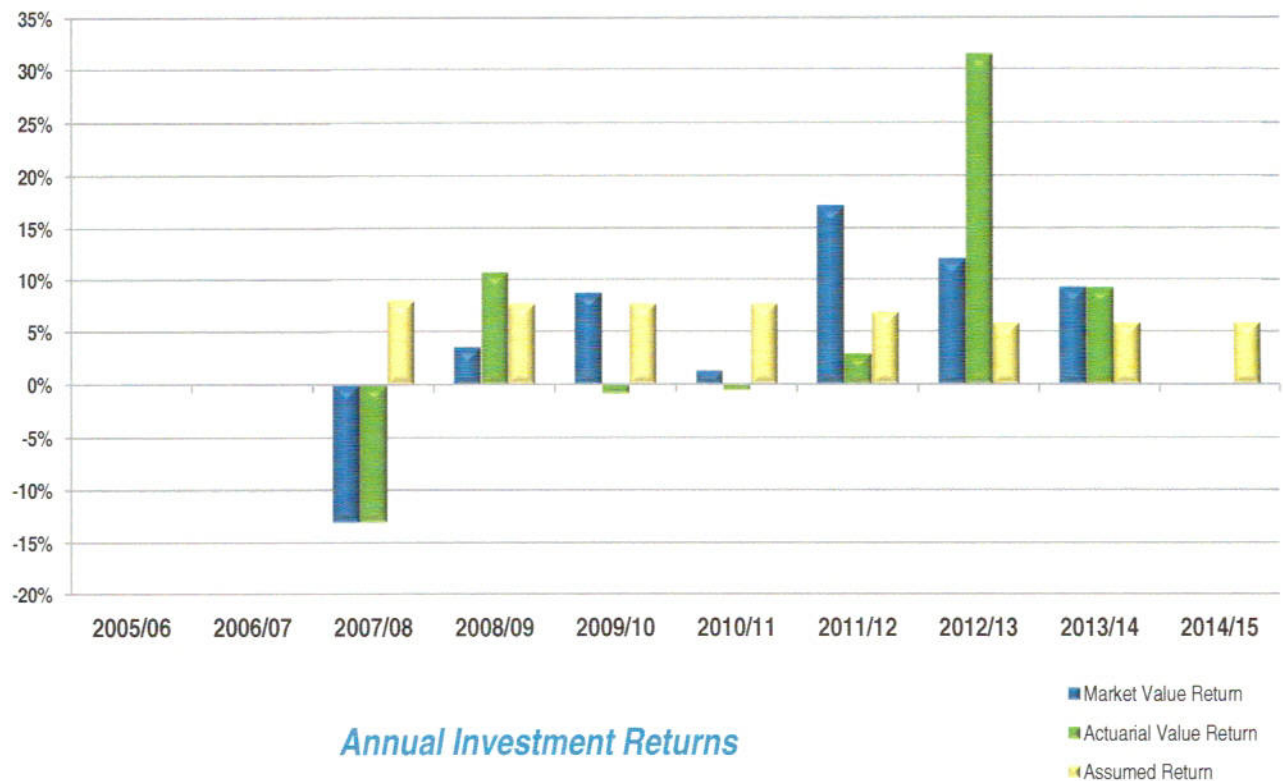
Historical Market Value of Assets

| | |
|-----------------|-----------|
| October 1, 2006 | N/A |
| October 1, 2007 | \$365,780 |
| October 1, 2008 | \$286,072 |
| October 1, 2009 | \$265,658 |
| October 1, 2010 | \$289,307 |
| October 1, 2011 | \$286,201 |
| October 1, 2012 | \$339,952 |
| October 1, 2013 | \$422,700 |
| October 1, 2014 | \$526,361 |
| October 1, 2015 | \$590,990 |



Investment Return

Table II-C



| Plan Year | Market Value Return | Actuarial Value Return | Assumed Return |
|--------------|---------------------------|------------------------------|-------------------|
| 2005/06 | N/A | N/A | N/A |
| 2006/07 | N/A | N/A | N/A |
| 2007/08 | -13.03% | -13.03% | 8.00% |
| 2008/09 | 3.57% | 10.77% | 7.75% |
| 2009/10 | 8.75% | -0.88% | 7.75% |
| 2010/11 | 1.29% | -0.63% | 7.75% |
| 2011/12 | 17.16% | 2.94% | 6.90% |
| 2012/13 | 12.08% | 31.47% | 5.90% |
| 2013/14 | 9.32% | 9.32% | 5.90% |
| 2014/15 | -0.10% | -0.10% | 5.90% |
| 8yr. Avg. | 4.51% | 4.32% | 6.98% |



Asset Reconciliation

Table II-D

| | <u>Market Value</u> | <u>Actuarial Value</u> |
|----------------------------------|--------------------------|--------------------------|
| As of October 1, 2014 | \$526,361 | \$526,361 |
| <i>Increases Due To:</i> | | |
| Employer Contributions | \$97,010 | \$97,010 |
| Chapter 175/185 Contributions | \$0 | \$0 |
| Employee Contributions | \$22,115 | \$22,115 |
| Service Purchase Contributions | \$0 | \$0 |
| Total Contributions | <u>\$119,125</u> | <u>\$119,125</u> |
| Interest and Dividends | \$0 | |
| Realized Gains (Losses) | \$0 | |
| Unrealized Gains (Losses) | <u>(\$580)</u> | |
| Total Investment Income | <u>(\$580)</u> | <u>(\$580)</u> |
| Other Income | \$0 | |
| Total Income | <u>\$118,545</u> | <u>\$118,545</u> |
| <i>Decreases Due To:</i> | | |
| Monthly Benefit Payments | (\$48,395) | (\$48,395) |
| Refund of Employee Contributions | \$0 | \$0 |
| DROP Credits | | \$0 |
| Total Benefit Payments | <u>(\$48,395)</u> | <u>(\$48,395)</u> |
| Investment Expenses | \$0 | |
| Administrative Expenses | (\$5,521) | (\$5,521) |
| Advance Employer Contribution | | \$0 |
| Total Expenses | <u>(\$53,916)</u> | <u>(\$53,916)</u> |
| As of October 1, 2015 | <u>\$590,990</u> | <u>\$590,990</u> |



Historical Trust Fund Detail

Table II-E

Income

| <u>Plan</u> | <u>Employer</u> | <u>Employee</u> | <u>Service</u> | <u>Interest /</u> | <u>Realized</u> | <u>Unrealized</u> | <u>Other</u> |
|-------------|------------------|------------------|------------------|-------------------|-----------------|-------------------|---------------|
| <u>Year</u> | <u>Contribs.</u> | <u>Contribs.</u> | <u>Purchase</u> | <u>Dividends</u> | <u>Gains /</u> | <u>Gains /</u> | <u>Income</u> |
| | | | <u>Contribs.</u> | | <u>Losses</u> | <u>Losses</u> | |
| 2005/06 | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| 2006/07 | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| 2007/08 | \$17,233 | \$4,933 | \$0 | \$0 | \$0 | -\$45,415 | \$0 |
| 2008/09 | \$12,177 | \$6,983 | \$0 | \$0 | \$0 | \$9,663 | \$0 |
| 2009/10 | \$42,621 | \$7,259 | \$0 | \$0 | \$0 | \$23,259 | \$0 |
| 2010/11 | \$34,961 | \$7,475 | \$0 | \$0 | \$0 | \$3,699 | \$0 |
| 2011/12 | \$47,940 | \$7,947 | \$0 | \$0 | \$0 | \$49,489 | \$0 |
| 2012/13 | \$76,706 | \$12,716 | \$0 | \$0 | \$0 | \$43,434 | \$0 |
| 2013/14 | \$103,810 | \$21,529 | \$0 | \$0 | \$0 | \$42,265 | \$0 |
| 2014/15 | \$97,010 | \$22,115 | \$0 | \$0 | \$0 | -\$580 | \$0 |

Expenses

| <u>Plan</u> | <u>Monthly</u> | <u>Contrib.</u> | <u>Admin.</u> | <u>Invest.</u> | <u>Other Actuarial Adjustments</u> | <u>Advance</u> |
|-------------|-----------------|-----------------|-----------------|-----------------|------------------------------------|------------------|
| <u>Year</u> | <u>Benefit</u> | <u>Refunds</u> | <u>Expenses</u> | <u>Expenses</u> | <u>DROP</u> | <u>Employer</u> |
| | <u>Payments</u> | | | | <u>Credits</u> | <u>Contribs.</u> |
| 2005/06 | N/A | N/A | N/A | N/A | N/A | N/A |
| 2006/07 | N/A | N/A | N/A | N/A | N/A | N/A |
| 2007/08 | \$48,395 | \$6,594 | \$1,470 | \$0 | \$0 | \$0 |
| 2008/09 | \$48,395 | \$0 | \$842 | \$0 | \$0 | \$0 |
| 2009/10 | \$48,395 | \$0 | \$1,095 | \$0 | \$0 | \$0 |
| 2010/11 | \$48,395 | \$0 | \$846 | \$0 | \$0 | \$0 |
| 2011/12 | \$48,395 | \$0 | \$3,230 | \$0 | \$0 | \$0 |
| 2012/13 | \$48,395 | \$0 | \$1,713 | \$0 | \$0 | \$0 |
| 2013/14 | \$48,395 | \$0 | \$15,548 | \$0 | \$0 | \$0 |
| 2014/15 | \$48,395 | \$0 | \$5,521 | \$0 | \$0 | \$0 |

Note: Information was not available to separate the investment expenses from the investment income nor was information available to separate the investment income by source.



Other Reconciliations

Table II-F

DROP Account Reconciliation

| | |
|------------------------------------|-----|
| DROP Balance as of October 1, 2014 | \$0 |
| DROP Benefit Credits | \$0 |
| DROP Investment Credits | \$0 |
| DROP Benefits Paid Out | \$0 |
| Net DROP Credit | \$0 |
| DROP Balance as of October 1, 2015 | \$0 |

Advance Employer Contribution

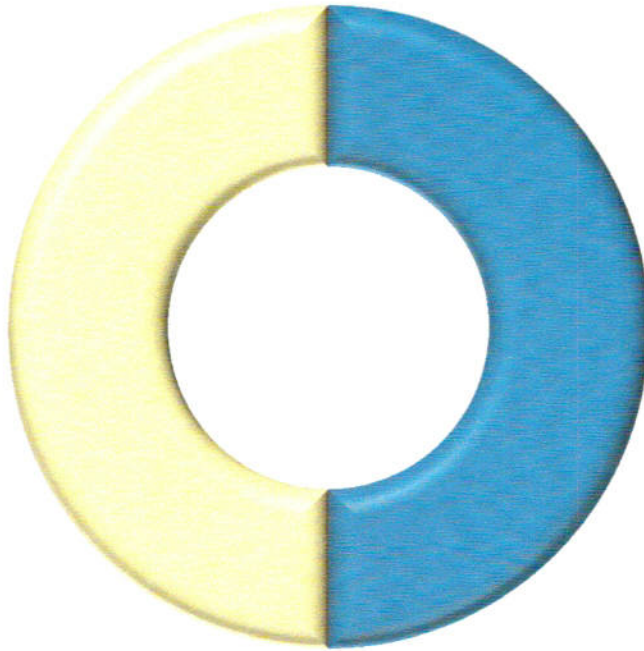
| | |
|---|------------|
| Advance Employer Contribution as of October 1, 2014 | \$0 |
| Additional Employer Contribution | \$97,010 |
| Minimum Required Contribution | (\$97,010) |
| Net Increase in Advance Employer Contribution | \$0 |
| Advance Employer Contribution as of October 1, 2015 | \$0 |



Summary of Participant Data

Table III-A

As of October 1, 2015

*Participant Distribution by Status*Actively Employed Participants

| | |
|-----------------------|---|
| ◆ Active Participants | 3 |
| ◆ DROP Participants | 0 |

Inactive Participants

| | |
|---------------------------------|---|
| ◆ Deferred Vested Participants | 0 |
| ◆ Due a Refund of Contributions | 0 |
| ◆ Deferred Beneficiaries | 0 |

Participants Receiving a Benefit

| | |
|---------------------------|---|
| ◆ Service Retirements | 3 |
| ◆ Disability Retirements | 0 |
| ◆ Beneficiaries Receiving | 0 |

Total Participants 6Number of Participants Included in Prior Valuations

| | <i>Active</i> | <i>DROP</i> | <i>Inactive</i> | <i>Retired</i> | <i>Total</i> |
|-----------------|---------------|-------------|-----------------|----------------|--------------|
| October 1, 2006 | N/A | N/A | N/A | N/A | N/A |
| October 1, 2007 | 1 | 0 | 0 | 3 | 4 |
| October 1, 2008 | 2 | 0 | 0 | 3 | 5 |
| October 1, 2009 | 2 | 0 | 0 | 3 | 5 |
| October 1, 2010 | 2 | 0 | 0 | 3 | 5 |
| October 1, 2011 | 2 | 0 | 0 | 3 | 5 |
| October 1, 2012 | 2 | 0 | 0 | 3 | 5 |
| October 1, 2013 | 3 | 0 | 0 | 3 | 6 |
| October 1, 2014 | 3 | 0 | 0 | 3 | 6 |
| October 1, 2015 | 3 | 0 | 0 | 3 | 6 |



Data Reconciliation

Table III-B

| | <u>Active</u> | <u>DROP</u> | <u>Deferred Vested</u> | <u>Due a Refund</u> | <u>Def. Benef.</u> | <u>Service Retiree</u> | <u>Disabled Retiree</u> | <u>Benef. Rec'v.</u> | <u>Total</u> |
|----------------------------|---------------|-------------|----------------------------|-------------------------|------------------------|----------------------------|-----------------------------|--------------------------|--------------|
| <u>October 1, 2014</u> | 3 | 0 | 0 | 0 | 0 | 3 | 0 | 0 | 6 |
| <u>Change in Status</u> | | | | | | | | | |
| Re-employed | | | | | | | | | |
| Terminated | | | | | | | | | |
| Retired | | | | | | | | | |
| <u>Participation Ended</u> | | | | | | | | | |
| Transferred Out | | | | | | | | | |
| Cashed Out | | | | | | | | | |
| Died | | | | | | | | | |
| <u>Participation Began</u> | | | | | | | | | |
| Newly Hired | | | | | | | | | |
| Transferred In | | | | | | | | | |
| New Beneficiary | | | | | | | | | |
| <u>Other Adjustment</u> | | | | | | | | | |
| <u>October 1, 2015</u> | 3 | 0 | 0 | 0 | 0 | 3 | 0 | 0 | 6 |

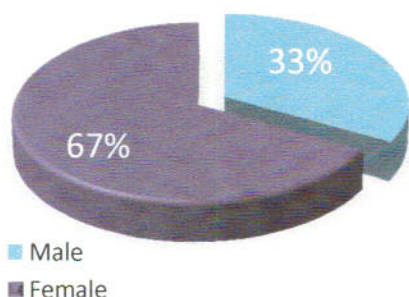


Active Participant Data

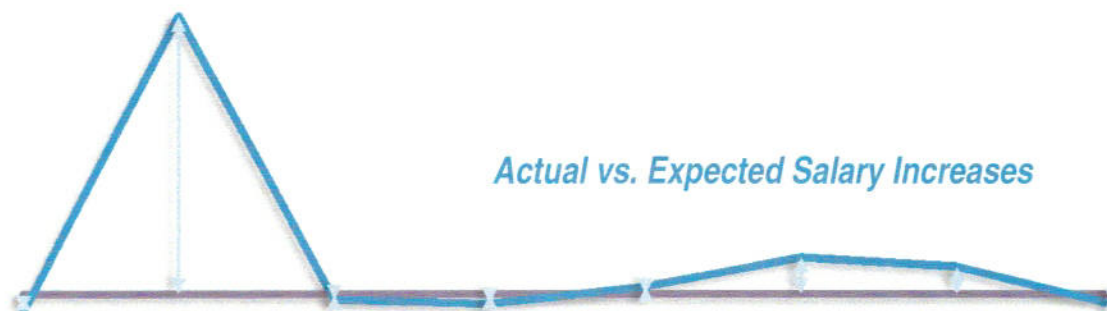
Table III-C

As of October 1, 2015

Gender Mix



| | |
|--|------------|
| Average Age | 51.0 years |
| Average Service | 7.0 years |
| Total Annualized Compensation for the Prior Year | \$245,721 |
| Total Expected Compensation for the Current Year | \$258,006 |
| Average Increase in Compensation for the Prior Year | 2.91% |
| Expected Increase in Compensation for the Current Year | 5.00% |



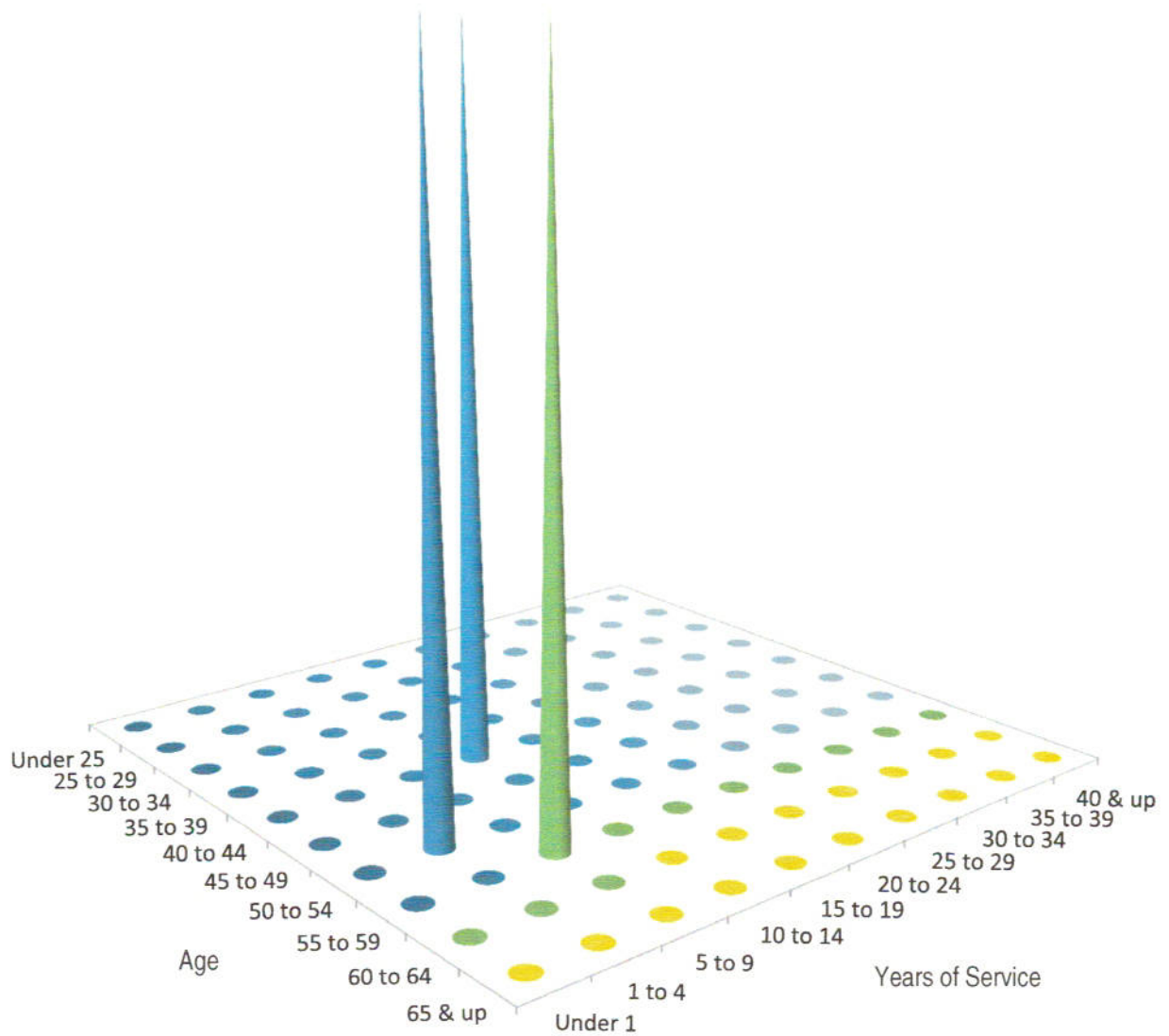
Active Participant Statistics From Prior Valuations

| | Average Age | Average Service | Average Salary | Average Expected Salary Increase | Average Actual Salary Increase |
|-----------------|-------------|-----------------|----------------|----------------------------------|--------------------------------|
| October 1, 2006 | N/A | N/A | N/A | N/A | N/A |
| October 1, 2007 | 34.1 | 3.4 | \$37,752 | 5.00% | 8.95% |
| October 1, 2008 | 43.0 | 2.5 | \$27,403 | 5.00% | 1.40% |
| October 1, 2009 | 44.0 | 3.5 | \$38,796 | 5.00% | 62.67% |
| October 1, 2010 | 45.0 | 4.5 | \$40,325 | 5.00% | 3.87% |
| October 1, 2011 | 46.0 | 5.5 | \$41,531 | 5.00% | 2.99% |
| October 1, 2012 | 47.0 | 6.5 | \$44,152 | 5.00% | 6.55% |
| October 1, 2013 | 48.7 | 5.0 | \$47,097 | 5.00% | 12.59% |
| October 1, 2014 | 50.0 | 6.0 | \$79,736 | 5.00% | 10.72% |
| October 1, 2015 | 51.0 | 7.0 | \$81,907 | 5.00% | 2.91% |



Active Age-Service Distribution

Table III-D



- ▲ Eligible to retire
- ▲ May be eligible to retire
- ▲ Not eligible to retire



Active Age-Service-Salary Table

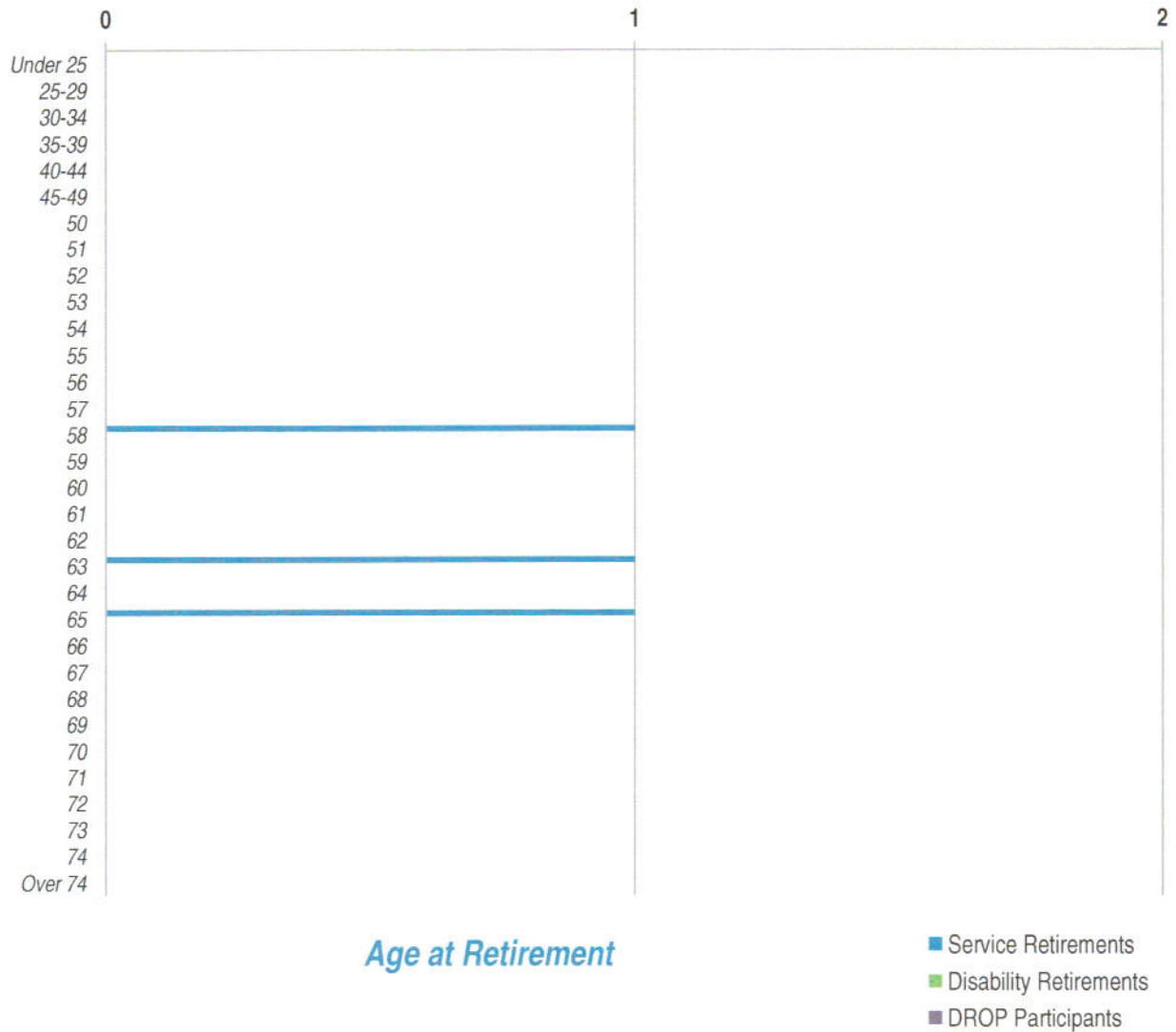
Table III-E

| Attained Age | Completed Years of Service | | | | | | | | | | Total |
|--------------|----------------------------|---------|--------|----------|----------|----------|----------|----------|----------|---------|---------|
| | Under 1 | 1 to 4 | 5 to 9 | 10 to 14 | 15 to 19 | 20 to 24 | 25 to 29 | 30 to 34 | 35 to 39 | 40 & up | |
| Under 25 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Avg.Pay | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 25 to 29 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Avg.Pay | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 30 to 34 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Avg.Pay | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 35 to 39 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Avg.Pay | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 40 to 44 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| Avg.Pay | 0 | 0 | 0 | 54,147 | 0 | 0 | 0 | 0 | 0 | 0 | 54,147 |
| 45 to 49 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Avg.Pay | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 50 to 54 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| Avg.Pay | 0 | 132,790 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 132,790 |
| 55 to 59 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| Avg.Pay | 0 | 0 | 58,784 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 58,784 |
| 60 to 64 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Avg.Pay | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 65 & up | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Avg.Pay | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 0 | 1 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 3 |
| Avg.Pay | 0 | 132,790 | 58,784 | 54,147 | 0 | 0 | 0 | 0 | 0 | 0 | 81,907 |



Inactive Participant Data

Table III-F

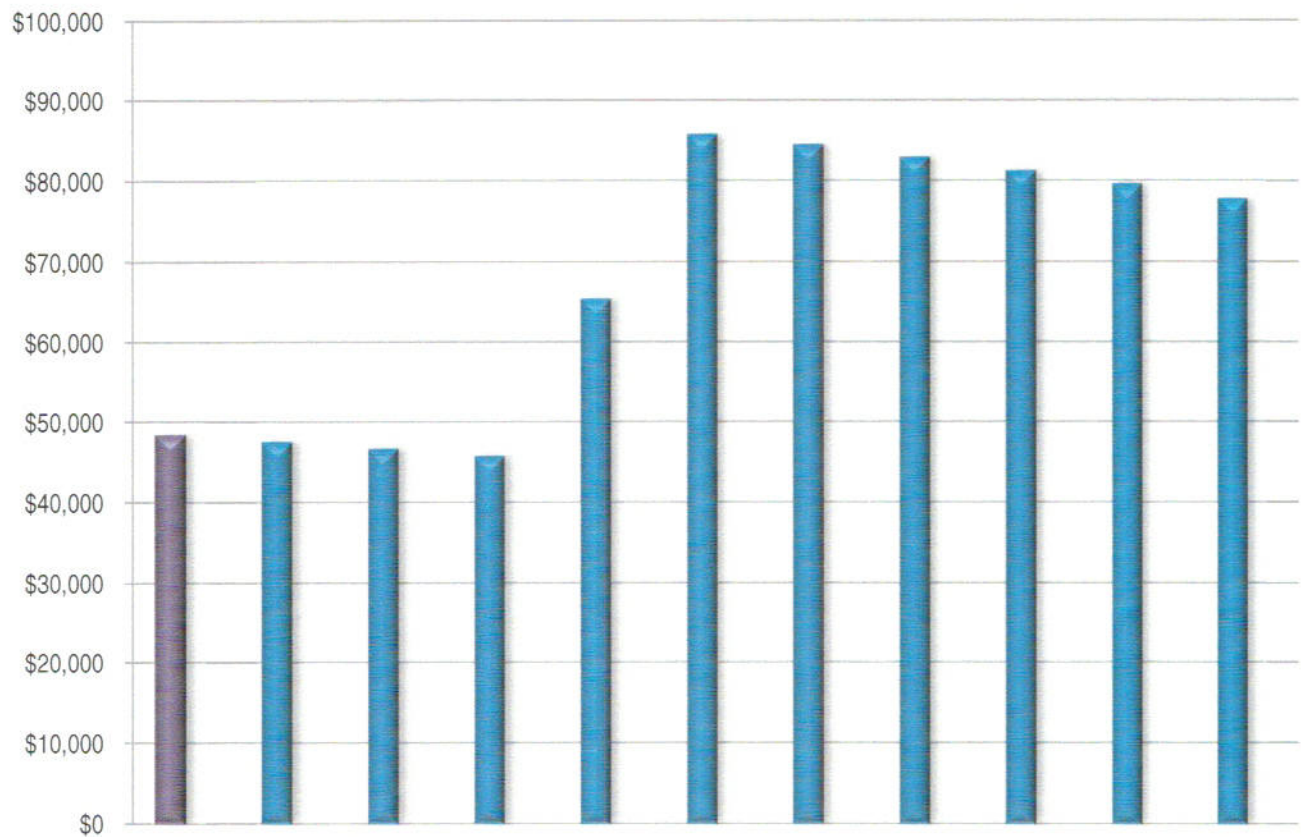
Average Monthly Benefit

| | |
|------------------------------|----------------|
| Service Retirements | \$1,344.30 |
| Disability Retirements | Not applicable |
| Beneficiaries Receiving | Not applicable |
| DROP Participants | Not applicable |
| Deferred Vested Participants | Not applicable |
| Deferred Beneficiaries | Not applicable |



Projected Benefit Payments

Table III-G

Actual

For the period October 1, 2014 through September 30, 2015

\$48,395

Projected

For the period October 1, 2015 through September 30, 2016

\$47,605

For the period October 1, 2016 through September 30, 2017

\$46,753

For the period October 1, 2017 through September 30, 2018

\$45,835

For the period October 1, 2018 through September 30, 2019

\$65,539

For the period October 1, 2019 through September 30, 2020

\$85,776

For the period October 1, 2020 through September 30, 2021

\$84,424

For the period October 1, 2021 through September 30, 2022

\$82,961

For the period October 1, 2022 through September 30, 2023

\$81,373

For the period October 1, 2023 through September 30, 2024

\$79,675

For the period October 1, 2024 through September 30, 2025

\$77,854



Summary of Actuarial Methods and Assumptions

Table IV-A

1. Actuarial Cost Method

Individual entry age normal cost method. Under this actuarial cost method, a level funding cost is developed with respect to each benefit for each participant. The level funding cost for each benefit applies to the period beginning when the participant's service commences and ending when the participant is assumed to cease active participation due to each respective decrement. The actuarial accrued liability is equal to the accumulated level funding cost to the valuation date for all participants. The normal cost is equal to the level funding cost for the year immediately following the valuation date for all active participants.

2. Amortization Method

The unfunded actuarial accrued liability is amortized as a level dollar amount over a closed period of 10 years from October 1, 2013.

3. Asset Method

The actuarial value of assets is equal to the market value of assets.

4. Interest (or Discount) Rate

5.90% per annum

5. Salary Increases

Plan compensation is assumed to increase at the rate of 5.00% per annum, unless actual plan compensation is known for a prior plan year.

6. Decrements

- Pre-retirement mortality: None is assumed.
- Post-retirement mortality: Sex-distinct rates set forth in the RP-2000 Mortality Table for annuitants, projected to 2015 by Scale AA and set back two years, as published by the Internal Revenue Service (IRS) for purposes of Internal Revenue Code (IRC) section 430; future generational improvements in mortality have not been reflected.
- Disability: None is assumed.
- Termination: None is assumed.



Summary of Actuarial Methods and Assumptions

Table IV-A

(continued)

- Retirement: Retirement is assumed to occur at the later of normal retirement age or one year after the valuation date.

7. Form of Payment

Future retirees have been assumed to select the single life annuity.

8. Expenses

Administrative expenses are assumed to be \$3,500 per year. In addition, the interest rate set forth in item 4. above is assumed to be net of investment expenses and commissions.

9. Benefits Payable from the Town of Indian River Shores Pension Plan

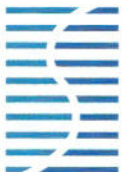
For purposes of determining any applicable benefit offsets under this plan, no employer-paid benefits are assumed to be payable from the Town of Indian River Shores Pension Plan.



Changes in Actuarial Methods and Assumptions

Table IV-B

No assumptions or methods have been changed since the previous valuation was prepared.



Summary of Plan Provisions

Table V-A

1. Benefit Formula

2.75% of Average Monthly Earnings multiplied by Credited Service, reduced by the monthly benefit that can be provided by the participant's employer-paid defined contribution account for those individuals who are eligible to receive a benefit from the Town of Indian River Shores Pension Plan

2. Service Retirement

Normal retirement: Age 55 with at least five years of credited service (Town Manager), or
Age 62 (all other participants)

Early retirement: Age 55 with at least seven years of credited service

Note: In the case of early retirement, the participant's benefit is reduced by 2% for each year by which the participant's early retirement age precedes his normal retirement age. In the case of retirement after normal retirement age (a "late" retirement), the participant receives the greater of his monthly accrued benefit calculated at his late retirement age or his monthly accrued benefit calculated at his normal retirement age but multiplied by a late retirement adjustment factor as shown in the following table (the factor is pro-rated for non-integer years):

| <u>Number of Years Between The Normal Retirement Date And the Late Retirement Date</u> | <u>Late Retirement Adjustment Factor</u> |
|--|--|
| One | 1.06 |
| Two | 1.12 |
| Three | 1.19 |
| Four | 1.26 |
| Five | 1.34 |
| Six | 1.42 |
| Seven | 1.50 |
| Eight | 1.59 |
| Nine | 1.69 |
| 10 | 1.79 |



Summary of Plan Provisions

Table V-A

(continued)

3. Disability Retirement

Service-based disability: Participant must be disabled during the course of his employment with the Town.

Non-service disability: Participant must have earned at least 10 years of credited service.

The disability benefit is a monthly 10-year certain and life annuity equal to the larger of the monthly accrued benefit or either 42% of average monthly earnings (for service-based disability) or 25% of average monthly earnings (for non-service disability), but offset as necessary to preclude the total of the participant's worker's compensation, disability benefit, and other Town-provided disability compensation from exceeding his average monthly earnings.

(A participant is disabled if he is found to have a mental or physical condition resulting from bodily injury, disease, or a mental disorder that renders him incapable of employment.)

4. Deferred Vested Retirement

A vested participant who terminates employment before becoming eligible for retirement receives a deferred vested retirement benefit payable at the participant's early or normal retirement age. If the benefit is payable prior to normal retirement age, then the benefit is reduced by 2% for each year by which the participant's early retirement age precedes his normal retirement age.

A non-vested participant who terminates employment receives his accumulated contributions.

5. Vesting

A participant becomes 100% vested upon the attainment of seven years of credited service. Alternatively, a participant becomes partially vested upon the attainment of three years of credited service in accordance with the following table:

| <u>Years of Credited Service</u> | <u>Vested Percentage</u> |
|------------------------------------|--------------------------|
| Less than three | 0% |
| At least three, but less than four | 20% |
| At least four, but less than five | 40% |
| At least five, but less than six | 60% |
| At least six, but less than seven | 80% |
| At least seven | 100% |



Summary of Plan Provisions

Table V-A

(continued)

6. Pre-Retirement Death Benefit

If a vested, married participant dies prior to retirement, the participant's surviving spouse may choose to receive either one-half of the participant's 50% joint and contingent annuity or a 10-year certain and life annuity equal to the participant's monthly accrued benefit, payable in either case beginning at the participant's early or normal retirement age.

If a vested, unmarried participant dies prior to retirement, the participant's beneficiary receives a 10-year certain and life annuity equal to the participant's monthly accrued benefit, payable beginning at the participant's early or normal retirement age.

If a non-vested participant dies prior to retirement, the participant's beneficiary receives the participant's accumulated contributions.

7. Form of Payment

Single life annuity (*normal form of payment*);

Actuarially reduced 10-year certain and life annuity (*optional*);

Actuarially reduced 50% joint and contingent annuity (*optional*);

Actuarially reduced 66 $\frac{2}{3}$ % joint and contingent annuity (*optional*);

Actuarially reduced 75% joint and contingent annuity (*optional*);

Actuarially reduced 100% joint and contingent annuity (*optional*); or

Actuarially equivalent single lump sum distribution (*automatic and only available if the single sum value of the participant's benefit is less than or equal to \$5,000 or the monthly annuity is less than \$100*)

(Note: All forms of payment guarantee at least the return of the participant's accumulated contributions. Furthermore, a participant may change his joint annuitant up to two times after retirement subject to an actuarially equivalent adjustment.)



Summary of Plan Provisions

Table V-A

(continued)

8. Average Monthly Earnings

Average monthly earnings during the last five years of compensation immediately preceding the determination or career average earnings if higher. Earnings include total cash remuneration for services rendered, but exclude overtime pay. Earnings cannot exceed the maximum amount allowed under Internal Revenue Code (IRC) section 401(a)(17).

9. Credited Service

The elapsed time from the participant's date of hire until his date of termination, retirement, or death. For purposes of calculating the amount of a participant's benefit, credited service excludes periods during which the participant does not make the required employee contribution.

10. Employee Contribution

Employees must contribute a variable contribution rate that is based in part on the funding cost of the plan. The basic employee contribution rate is 5.00% of earnings. The basic employee contribution rate is adjusted to reflect 31.25% of the total minimum required contribution below 14.50% of payroll or above 16.00% of payroll. The employee contribution rate is capped at 9.00% of earnings. Employee contributions are accumulated with interest at the rate of 5.00% per annum and interest is credited from the end of the plan year during which the contribution is made until the first day of the month before the determination.

11. Town Contribution

The Town is required to make periodic contributions at least on a quarterly basis as determined under Chapter 112, Florida Statutes.

12. Participant Requirement

All full-time general employees of the Town of Indian River Shores who were hired prior to May 1, 2013 may optionally become a participant in the plan as of the April 1 or October 1 following a 12-month period during which the employee earns at least 1,000 hours of service; in addition, the Town Manager may participate in the plan.



Summary of Plan Provisions

Table V-A

(continued)

13. Actuarial Equivalence

Based on 5.90% interest per annum and the unisex mortality table promulgated by the Internal Revenue Service (IRS) for purposes of determining lump sum distributions pursuant to Internal Revenue Code (IRC) section 417(e)(3)

14. Plan Effective Date

The plan was originally effective on May 1, 1999.



Summary of Plan Amendments

Table V-B

No significant plan changes were adopted since the completion of the previous valuation.

