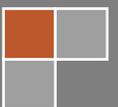


2017

Town of Palm Beach Retirement System Annual Report

Plan Profile, Demographic and Financial Highlights

Jane Le Clainche CPA
Finance Director



May 4, 2018

Board of Trustees and Employees
Town of Palm Beach Retirement System
Palm Beach, FL 33480

Gentlemen and Participants:

It is our pleasure to present The Town of Palm Beach Employee's Retirement System Annual Report. The report represents the financial and actuarial information for the plan as of fiscal year end September 30, 2017. The demographic information presented for the defined contribution plans with ICMA covers the period January 1, 2017 through December 31, 2017.

Copies of this report will be accessible to all Town Employees and interested citizens via the Town's website.

The report includes; a summarized plan description, plan provisions, demographic information for both the defined benefit plans as well as the defined contribution plans, fiscal year-end financial statements, a listing of professional service providers for the plan, and current investment managers.

Sincerely,

Jane Le Clainche, CPA
Finance Director

William Hanes
Plan Administrator

Danielle Olson
Human Resource Director

Town of Palm Beach Retirement System

Retirement Board Members

Dan Stanton, Chairman
Gerald Goldsmith, Vice Chairman
Brett Madison, General Employee Representative, Secretary
Jeffrey Amling, Trustee
C. Edward Carter, Trustee
Brad Kaufman, Trustee
Kirk Blouin, Town Manager
Lieutenant Michael Marx, Firefighter Representative
Sergeant Daniel Wilkinson, Police Representative

Employees' Pension System

The Town of Palm Beach's employee pension plan was created in 1947.

The funds were overseen by a single Retirement System Board of Trustees until 1999. The board included citizens appointed by the Town Council, and police officer, firefighter, and general employee representatives elected by their respective peers. The Mayor, Town Council President, and Town Manager served ex officio. The 1999 State Legislature authorized police officers and firefighters to more independently oversee their pension funds (if their local plan was receiving the Chapter 175/185 subsidy), and the Town's single board was divided into a General Employees' Retirement Board of Trustees and a Public Safety Retirement Board of Trustees. In 2004, the Public Safety Retirement Board of Trustees further divided into a Police Officers' Retirement Board of Trustees and a Firefighters' Retirement Board of Trustees.

The plans were separately managed by 3 pension boards from 2004 until April 1, 2012, when 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, including the Town's Retirement Savings Account (RSA). An outside pension consultant serves as investment advisor to the Board. The Board also has contracted out a portion of the plan administration services.

On May 1, 2012, the retirement benefits for most Town employees were changed from a defined benefit plan to a hybrid pension plan. Employees who were eligible to retire on or before that date were grandfathered into the legacy defined benefit plan, and the accrued benefits for all other employees were frozen as of May 1, 2012. Benefits accrued after that date by those not grandfathered were in a new hybrid pension plan that contained a defined benefit component and a defined contribution component. In addition, the Town ceased participation in the State of Florida's Chapter 175 and 185 programs for firefighters and police officers. Approximately 290 active employees and 418 retirees are covered by the Town's retirement plan.

During 2016, the Town Council approved benefit changes for non-union public safety officers. The changes included the elimination of the hybrid option and included an enhanced DB plan with an

increased multiplier and reduced retirement age. The changes are described in more detail in the Summary of Plan Description section of this document.

During 2017, the Town Council approved benefit changes for union firefighters, general employees and lifeguards. The union firefighters have an enhanced DB plan with an increased multiplier and reduced retirement age. The plan is the same as was approved for the non-union public safety officers in 2016. The Town Council approved a change to the hybrid plan for the General Employees that included an increase in the multiplier and reduced retirement age for the DB plan partially offset by reduced Town DC contributions.

The Town Council approved a new policy requiring annual extraordinary contributions of \$5,420,000 allocated to the Town's retirement system each year. The investment return assumption was decreased to 7.3% in fiscal year 2017 and will be decreased by .1% each subsequent year until a 7% assumption is achieved in 2020.

Investment Objective: The long-term objectives of the Fund are to invest System contributions and assets to ensure that there will be no principal erosion of funds or the purchasing power thereof. Investments are managed in a prudent and professional manner in compliance with all applicable statutes and regulations such as Florida Statutes Section 215.47. Though not regulated by the Employee Retirement Income Security Act of 1974, the Trustees and other fiduciaries are subject to fiduciary standards of the Act.

Investment Strategy: The Fund has adopted an investment strategy emphasizing broad diversification. Diversification helps to reduce portfolio volatility (variability of returns) and maximize investment returns at appropriate levels of risk over time.

AndCo Consulting: The Board of Trustees has retained AndCo Consulting, an independent investment consultant for the purpose of assisting the Board in developing and attaining the fund objectives. AndCo assists in establishing objectives, offers alternative models for asset allocation, identifies and recommends appropriate managers or funds, and produces timely quarterly reports that monitor performance of individual managers against similar managers as well as performance of the funds against objectives and appropriate indices.

Asset Allocation Policy: Industry and academic studies have consistently found that asset allocation is the primary driver of risk (volatility) and return. The Fund seeks to meet or exceed the System's actuarial rate of return assumption while looking for opportunities to reduce volatility through diversification.

Rebalancing Policy: Portfolio rebalancing is an important discipline for portfolio risk management. The Fund has established long-term asset allocation targets with ranges. Rebalancing is reviewed not less than quarterly and is required when actual allocation falls outside prescribed ranges. Where possible, rebalancing is coordinated with normal Fund contributions/withdrawals.

Plan Administration: William P. Hanes Consulting, Inc., is the administrator of the plan and processes all requests by employees for filing benefit claims and information on plan benefits. The plan administrator processes investment transactions between the investment consultant, consultant, and managers as directed by the board of trustees.

Professional Service Providers as of December 31, 2017

Plan Administrator	Contact	
William P. Hanes Consulting, Inc. P.O. Box 2112 Palm Beach, FL 33480	William P. Hanes (561)906-5885 whanes@townofpalmbeach.com	
Board Attorney	Contact	
Lewis, Longman and Walker 315 South Calhoun Street, Suite 830 Tallahassee, Florida 32301	James W. Linn, Board Counsel (850)222-5702 jlinn@llw-law.com	
Investment Consultant	Consultant	
AndCo Consulting 4901 Vineland Road Suite 600 Orlando, FL 32811	Dave West (866)240-7932 davew@andcoconsulting.com	
Actuary	Contact	
Gabriel Roeder Smith & Company One East Broward Blvd Suite 505 Ft. Lauderdale, FL 33301-1804	Pete Strong FSA, EA, MAAA, FCA (954)713-2102 Pete.strong@grsconsulting.com	
Custodial Bank	Contact	
State Street Global Services 801 Pennsylvania Ave Kansas City, MO 64105	Kaylee Payne (816)871-3512 kpayne@statestreet.com	
Independent Auditors	Contact	
Marcum One SE Third Avenue 16 th Floor Miami, FL 33131	Michael Futterman, CPA Partner (305)995-9610 Michael.futterman@marcumllp.com	
Deferred Compensation	Contact	Contact
ICMA-RC Service, LLC 2655 LeJeune Road, Suite 545 Coral Gables, FL 33134	Joe Teague (202)962-4644 jteague@icmarc.org	Steven Feigelis (202)701-5969 or (561)963-1681 sfeigelis@icmarc.org
Financial and Accounting Services	Contact	
Town of Palm Beach 360 South County Road Palm Beach, FL 33480	Jane Le Clainche, Finance Director (561)227-6330 jstruder@townofpalmbeach.com	
Human Resources Enrollment/Training	Contact	
Town of Palm Beach 360 South County Road Palm Beach, FL 33480	Danielle Olson, Human Resource Director (561)227-6322 dolson@townofpalmbeach.com	

Investment Managers and Investments as of December 31, 2017

Domestic Equity

SSgA S&P 500 Flagship Fund
Thompson Siegel & Walmsley SMID Cap Value
Geneva Mid Cap Growth

International Equity

Artisan International Growth Fund
Harris/Oakmark International Value Fund
Wells Capital Berkeley Street Emerging Markets Equity Fund

Private Equity

Landmark Equity Partners
Private Equity Investment Fund
HarbourVest Private Equity
Pomona Capital
JP Morgan Venture Capital Fund

Hedge Fund of Funds

Weatherlow Offshore Fund I Ltd.
Blackrock Multi Asset Income Fund

Fixed Income

Goldman Sachs Core Plus Fixed Income
Vanguard Total Bond Market Index

Real Estate

Gerding Edlen Green Cities II
Westport Real Estate Fund IV
Gerding Edlen Green Cities III
Long Wharf Real Estate Partners
JP Morgan Strategic Property

Liquid Capital

State Street STIF Account

Summary of Plan Provisions

Grandfathered Benefits: The benefits consist of the prior defined benefit plan (Plan A - see below) including future accruals in Plan A for employees that were eligible to retire on or before May 1, 2012 (grandfather).

Plan A Benefits: The accrued benefits prior to May 1, 2012 in the legacy defined benefit plan (frozen benefits).

Plan B Benefits: The accrued benefits on and after May 1, 2012.

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 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 if employed or participating in DROP on May 1, 2017. If not employed or participating in DROP on May 1, 2017, retirement eligibility age is 65 with 10 or more years of service. Employees hired on or after May 1, 2017 are eligible to retire at age 62 with 10 or more years of service.

Police and non-bargaining Firefighters: Age 56 with 10 or more years of service if employed on or participating in DROP on October 1, 2016. If not employed or participating in DROP on October 1, 2016, retirement eligibility age is 65 with 10 or more years of service. Employees hired on or after October 1, 2016 are eligible to retire at age 56 with 10 or more years of service.

Bargaining - Firefighters: Age 56 with 10 or more years of service if employed on or participating in DROP on August 12, 2017. If not employed or participating in DROP on August 12, 2017, retirement eligibility age of 65 with 10 or more years of service. Employees hired on or after August 12, 2017 are eligible to retire at age 56 with 10 or more years of service.

PENSION AMOUNT

Plan A

- a) *General*: Average final compensation times the sum of a) 2.75% for service earned after September 30, 1990, to a maximum of 82.5%, plus 2.35% for service earned on or before September 30, 1990 for the first 30 years of service, plus, b) 1.0% for service in excess of 30 years.
- b) *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%, plus, b) 1.0% for service in excess of 25 years.
- c) *Police Officers and Firefighters*: Average final compensation multiplied by the sum of a) 3.5% per year of credited service to a maximum of 87.5 percent, plus, b) 2.0% per year of credited service, if any, in excess of 43.75 years.

Plan B

General and Ocean Rescue: The normal form of pension is a pension payable for life. Also see Automatic Death Benefit. Average final compensation multiplied by 1.25% per year of credited service from May 1, 2012, through April 30, 2017 and multiplied by 1.70% per year on and after May 1, 2017.

Bargaining Firefighters: The normal form of pension is a pension payable for life. Also see Automatic Death Benefit. Average final compensation multiplied by 1.25% per year of credited service from May 1, 2012 to August 12, 2017. Average final compensation multiplied by 2.75% per year of credited service on and after August 12, 2017.

Police and non-union Firefighters: The normal form of pension is a pension payable for life. Also see Automatic Death Benefit. Average final compensation multiplied by 1.25% per year of credited service from May 1, 2012 to October 1, 2016. Average final compensation multiplied by 2.75% per year of credited service on and after October 1, 2016.

Members can elect an optional survivorship benefit with an actuarial reduction in benefit.

Average Final Compensation:

Plan A

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

Plan B

Average annual compensation after April 30, 2012, is the average of the final 5 years of credited service.

DROP Retirement: Both Plan A and Plan B

Eligibility - Same as Normal Retirement. Participation must be terminated within 5 years of DROP commencement.

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.

The rate of return credit for the DROP and Share accounts is calculated based on a five-year trailing average annual return of the plan, and applied to the DROP and Share balances at the end of each quarter on the average daily balance for the quarter.

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.

Early Retirement (General Employees Only):**ELIGIBILITY****Plan A**

Age 50 with 10 or more years of credited service based on a monthly reduction from normal retirement date as explained below.

Plan B

Early retirement at age 60 with 10 or more years of credited service, based on a monthly reduction from normal retirement date based on actuarial equivalency.

PENSION AMOUNT**Plan A**

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 normal retirement date.

Deferred Retirement (Vested Termination Benefit): Both Plan A and Plan B

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

System; failure to do so results in forfeiture of the vested benefit. Frozen accrued benefits as of April 30, 2012 are vested immediately.

Pension Amount - Computed as for normal retirement, based upon Plan A frozen benefit, or Plan B service and average final compensation at time of termination.

Duty Disability Retirement: Both Plan A and Plan B

Eligibility - No age or service requirements.

General Employees and Ocean Rescue: Payment of sixty percent of the monthly final average compensation (greater of Plan A or B); or if the member retires prior to attaining the age for normal retirement, the amount of the monthly pension shall be computed as if the member has continued to accrue credited service until the date the member would have attained the age for normal retirement provided that the member has been in receipt of the disability benefit for at least five years.

Police Officers and Firefighters: Payment of sixty percent of the monthly average final compensation (greater of Plan A or B); or if the member retires prior to attaining the age for normal retirement, the amount of the monthly pension shall be computed as if the member has continued to accrue credited service until the date the member would have attained the age for normal retirement provided that the member has been in receipt of the disability benefit for at least five years.

Non-Duty Disability Before Retirement: Both Plan A and Plan B

Eligibility - 10 or more years of service (waived for frozen benefit).

Pension Amount - Computed as for normal retirement. For Police and Firefighter benefit groups, the disability pension benefit shall not be less than a payment of 30 percent of the member's average final compensation at the time of disability.

Duty Death Before Retirement: Both Plan A and Plan B

Eligibility - No age or service requirements.

Pension Amount - A pension to each surviving child of 25% of the member's average final compensation not to exceed an equal share of 75% of the deceased member's AFC when there are 4 or more surviving children being paid. A pension to the surviving spouse, if any, of the difference, if any, between 75% of the retiree's AFC and the aggregate amount paid to children for the month.

Non-Duty Death Before Retirement: Both Plan A and Plan B

Eligibility - 10 or more years of service (waived for frozen benefit).

Pension Amount - 75% of normal retirement benefit to a surviving spouse or equal shares of 25% not to exceed 75% of the normal retirement benefit to surviving unmarried children under 18, or to age 25 if not payable to a surviving spouse.

Automatic Death After Retirement Pension:

Plan A

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 surviving spouse.

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 B

Reduced option forms of payment are available for survivorship benefits.

Post-Retirement Cost-of-Living Adjustments:

Plan A

Pensions are increased 2.0% annually based on the total pension payable subsequent to an initial 3-year deferral period.

Plan B

None.

Purchase of Service Credit: Both Plan A and Plan B

A vested member who has not purchased service credit under Prior Governmental Service, including Military Service elsewhere may purchase years or fractional parts of years of service, not to exceed 5 years, 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.

Purchase of service by members of benefit group firefighter may only be based upon actual prior service as a firefighter or service in the military and purchase of service by a member of benefit group police officer may only be based upon actual prior service as a police officer or service in the military.

Fiscal Year End Financial Statements

Town of Palm Beach Retirement System Statement of Fiduciary Net Position September 30, 2017

	2017
ASSETS	
Cash and cash equivalents	\$ 111,225
Interest and dividends receivable	38,609
Due from broker for securities sold	515,099
Prepaid expenses and other assets	20,848
Investments, at fair value	
Short term investment fund	6,566,160
Domestic fixed income funds	24,207,768
Common Stock	20,282,997
Domestic equity funds	49,814,659
International equity funds	53,856,662
Hedge funds	12,858,855
Private equity funds	17,895,688
Real estate funds	23,959,422
Total Investments	209,442,211
Total Assets	210,127,992
 LIABILITIES	
Accounts payable and accrued liabilities	109,901
Due to broker for securities purchased	195,363
Total Liabilities	305,264
 TOTAL LIABILITIES	 305,264
 NET POSITION HELD IN TRUST FOR PENSION BENEFITS	 \$ 209,822,728

**Town of Palm Beach Retirement System
Statement of Changes in Fiduciary Net Position
Year ended September 30, 2017**

	2017
ADDITIONS	
Contributions	
Town	\$ 10,887,085
Member	963,707
Total contributions	11,850,792
Investment income (loss)	
Net depreciation in fair value of investments	21,560,863
Interest and dividends	1,016,043
Other	3,309
Total investment income/(loss)	22,580,215
Less investment expense	(509,681)
Total additions	33,921,326
DEDUCTIONS	
Benefit payments	16,258,261
Share account distributions	-
DROP distributions	1,355,787
Refunds of participants' contributions	69,245
Administrative expense	425,985
Total deductions	18,109,278
Net increase	15,812,048
Net position held in trust for pension Benefits	
Beginning of Year Net Position	194,010,680
NET POSITION HELD IN TRUST FOR PENSION END OF YEAR	\$ 209,822,728

Town and Employee Contributions

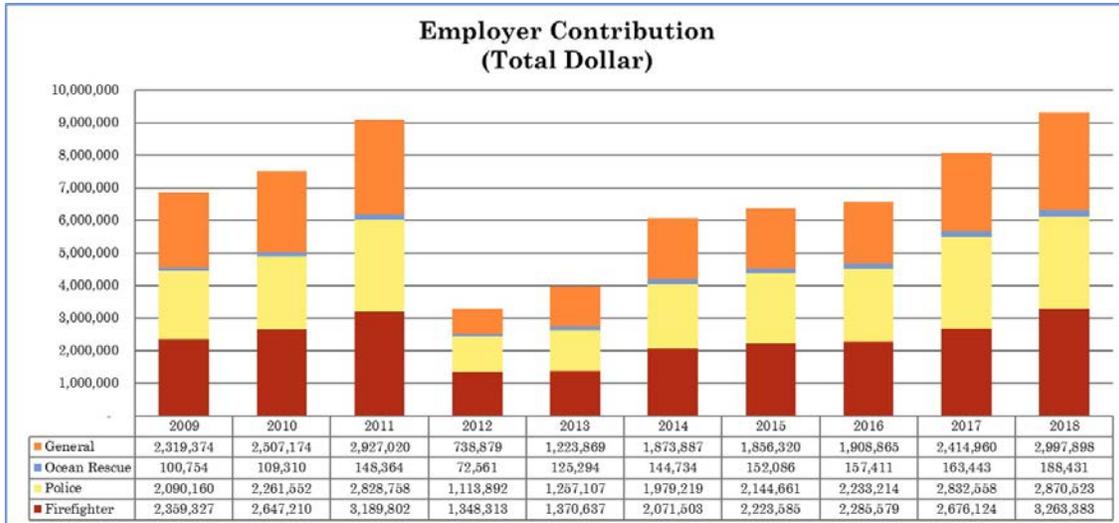
The contribution requirements of the Plan members are established and may be amended by the Town Council. Plan members are required to contribute a percentage of their annual pensionable wages as described in the following table. The member contribution rates for the FY18 budget year (presented as a percentage of the employees' annual compensation) vary by benefit group, and are shown below (along with the Town's matching contribution rates for the 401(a) plan):

Benefit Group	Defined Benefit Plan Employee Contribution	401(a) Defined Contribution Plan			
		Mandatory Contribution		Voluntary Contribution (post tax)	
		Employee	Employer	Employee	Employer
General Employees	3.5%	3%	3%	Voluntary up to the maximum allowable under IRS regulations	Up to 2.0%
Lifeguard Employees	3.5%	3%	3%		Up to 2.0%
Firefighter Union	10% Variable				
Firefighter Non-Union	10% Variable				
Police Officer	10% Variable				

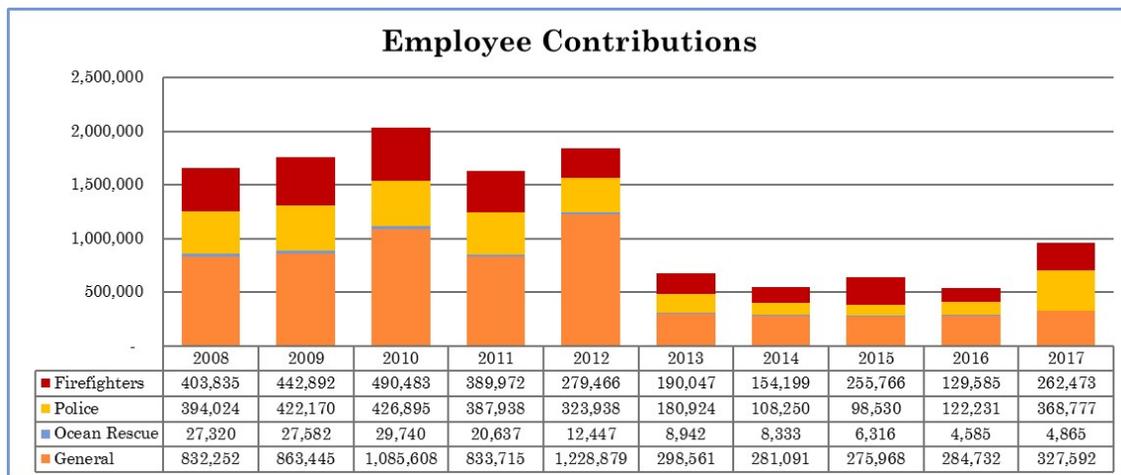
The Town's annual appropriation for the defined benefit pension plan is based upon the actuaries' determined rate. The defined contribution appropriation is based upon salary estimates and employer matching contribution rates including the discretionary contribution. In addition, the Town Council adopted a policy that provides for an annual appropriation of \$5,420,000 to begin to fund the UAAL. The Town's actuarial determined contributions for the defined benefit and the defined contribution plans and the percent of budgeted payroll for the defined benefit plan and total Town contribution for FY18 are shown in the table below and do not include the extraordinary \$5,420,000 contribution:

	DB Contribution	DC Contribution	Total Town Contribution	% of Payroll (DB Plan)	% of Payroll (overall)
General Employees	\$2,997,898	\$626,050	\$3,623,948	28.42%	34.35%
Lifeguards	188,431	8,778	197,209	114.09%	119.40%
Police	2,870,523	0	2,870,523	80.65%	80.65%
Fire-Rescue	3,263,383	0	3,263,383	94.38%	94.38%
Total	\$9,320,235	\$634,828	\$9,955,063	52.56%	56.14%

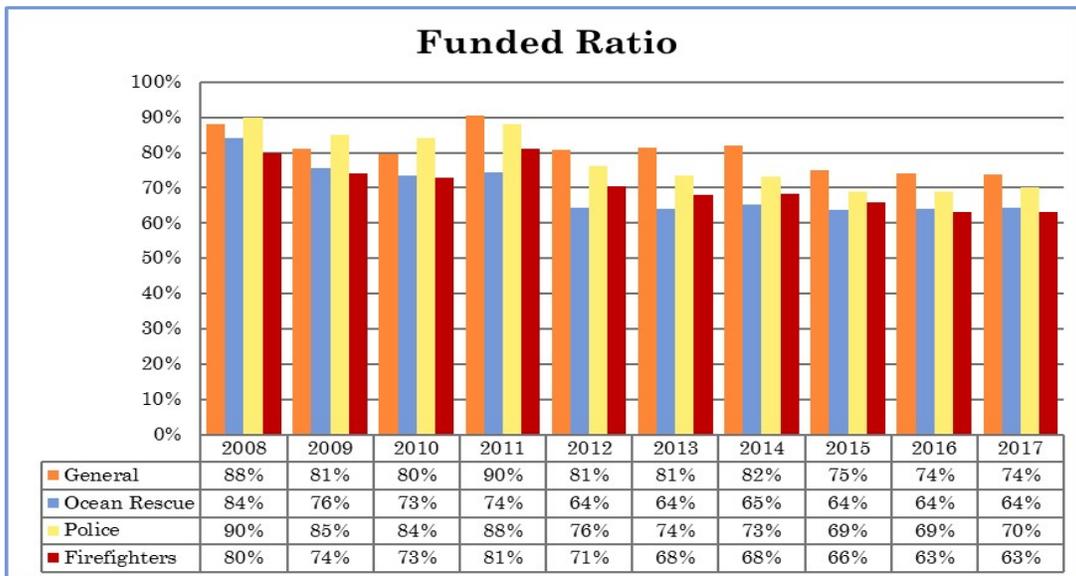
The employer funding history in total dollar contribution for the defined benefit plan for the past 10 years through FY18 budget is as follows:



Employee Contribution history for the past 10 years through FY17 actual is shown below. The FY17 contributions increased due to the increase in the Police and non-union firefighter contributions. FY18 will show an increase due to the increase in the General Employee and union firefighter contribution increases.



The ten-year historical funded ratio through 2017 for the four member groups is as follows:



The table below shows the breakdown in costs between Normal Cost and the amortization of the UAAL by benefit tier (Plan B and Legacy), for the plan as a whole and each employee group. A small number of grandfathered employees continue to accrue benefits under the legacy plan and their normal cost is included in the legacy plan below.

Actuarially Determined Contribution Breakdown by Benefit Tier					
Valuation Date: September 30, 2017					
	Total Plan	General	Ocean Rescue	Police	Firefighters
Participants	290	174	4	54	58
Total Plan					
Employer Normal Cost	7.95%	6.65%	7.42%	9.91%	9.75%
Amortization of UAAL	41.35%	20.00%	100.84%	62.76%	78.90%
Total	49.30%	26.65%	108.26%	72.67%	88.65%
Town Contribution	\$ 9,631,447	\$3,041,335	\$ 191,588	\$ 2,936,040	\$ 3,462,484
Plan B - Ongoing Plan					
Employer Normal Cost	7.69%	6.33%	7.42%	9.55%	9.75%
Amortization of UAAL	0.51%	0.49%	0.36%	0.48%	0.59%
Total	8.20%	6.82%	7.78%	10.03%	10.34%
Town Contribution	\$ 1,601,171	\$ 778,308	\$ 13,768	\$ 405,236	\$ 403,859
Plan A - Legacy Plan					
Employer Normal Cost	0.26%	0.32%	0.00%	0.36%	0.00%
Amortization of UAAL	40.84%	19.51%	100.48%	62.28%	78.31%
Total	41.10%	19.83%	100.48%	62.64%	78.31%
Town Contribution	\$ 8,030,276	\$2,263,027	\$ 177,820	\$ 2,530,804	\$ 3,058,625

The Town Council has committed to lowering the investment return assumption from the current 7.3% to 7% by .1% per year. As of the September 30, 2017 valuation date, the cost to lower the assumption to 7% immediately would increase the Town Contribution for FY19 by \$674,955 and increase the UAAL by \$11,092,789. The details are shown in the chart below.

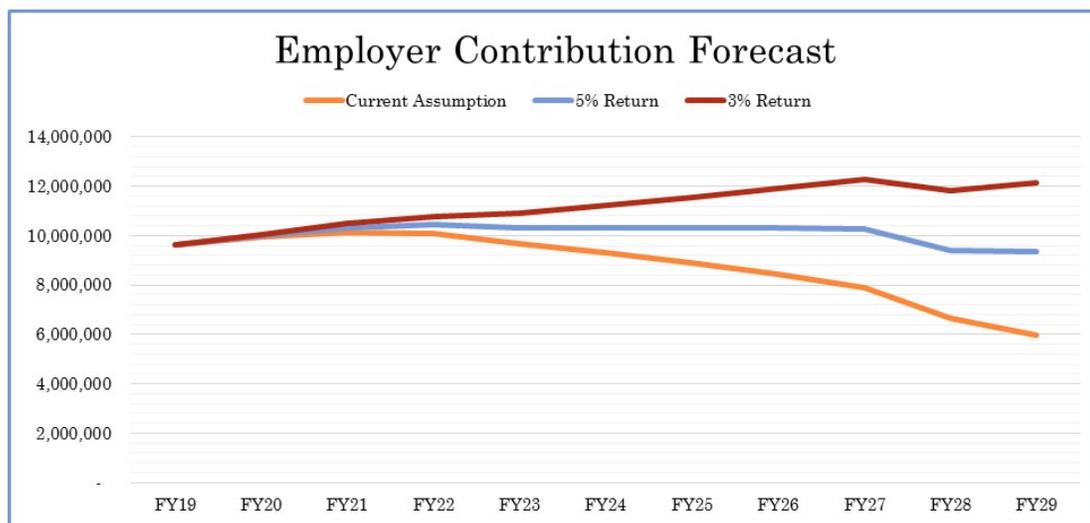
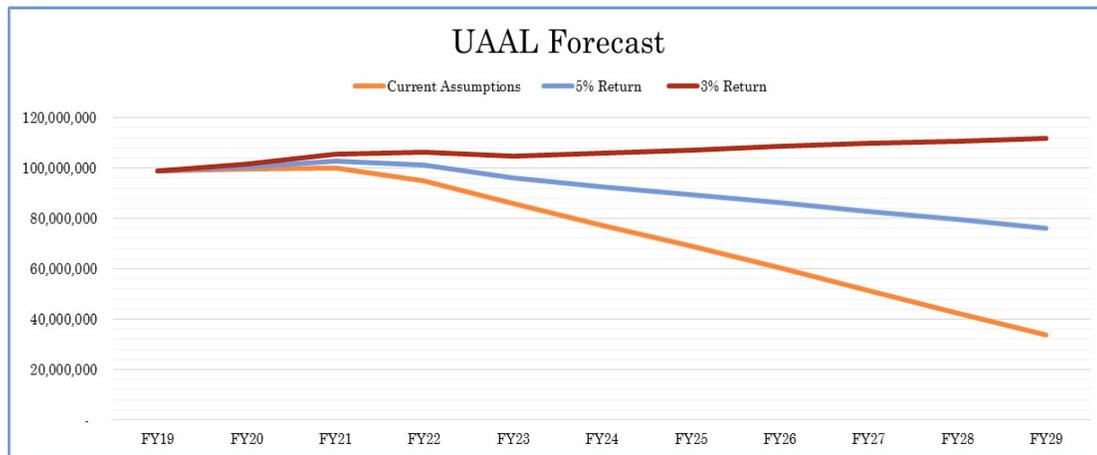
	Total Plan
Current Rate of 7.3%	
Employer Normal Cost	7.95%
Amortization of UAAL	41.35%
Total	49.30%
Town Contribution	\$ 9,631,447
UAAL	\$ 98,995,141
Funded Ratio	68.90%
Assumption Change to 7%	
Employer Normal Cost	8.70%
Amortization of UAAL	44.06%
Total	52.76%
Town Contribution	\$ 10,306,402
UAAL	\$ 110,087,930
Funded Ratio	66.60%
Difference	
Town Contribution	\$ 674,955
UAAL	\$ 11,092,789
Funded Ratio	-2.30%

UAAL and Employer Contribution Forecast

A ten-year forecast of the Unfunded Actuarial Accrued Liability (UAAL) and Employer Contribution has been prepared by the actuary. The current assumptions include the reduction in investment return by .01% per year from 7.3% used in the September 30, 2017, Actuarial Valuation Report to 7.0% as of September 30, 2020 and the payroll growth assumption is assumed to decrease by .25% per year from 3% used in the September 30, 2017 report to 2.75% as of September 30, 2018.

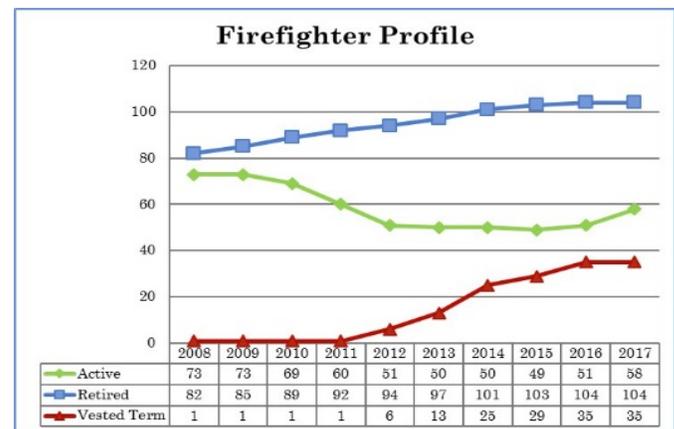
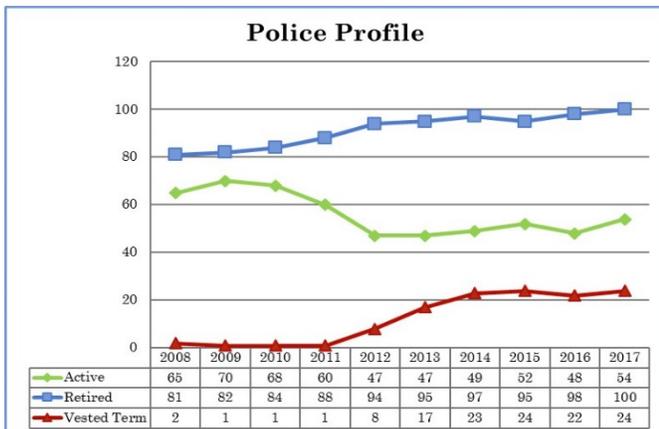
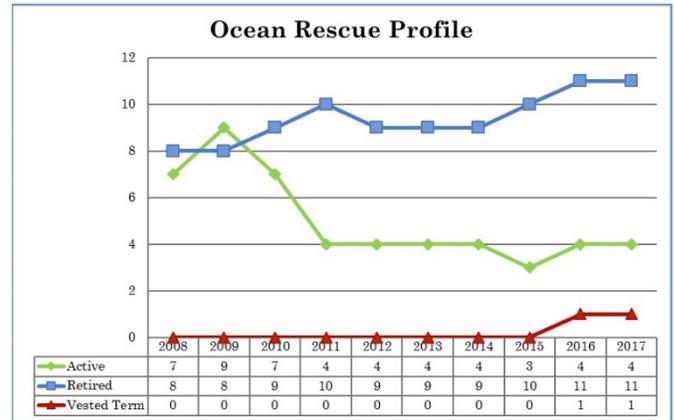
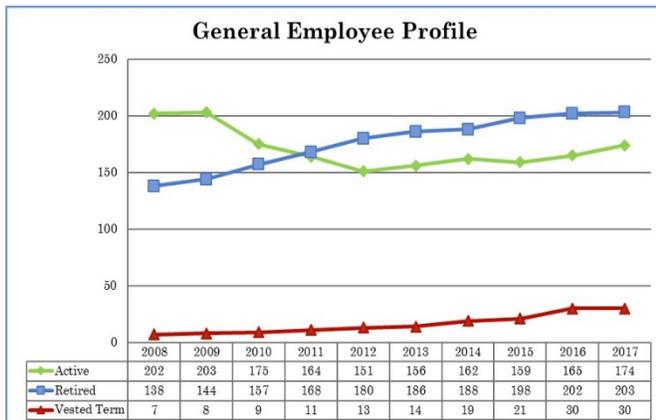
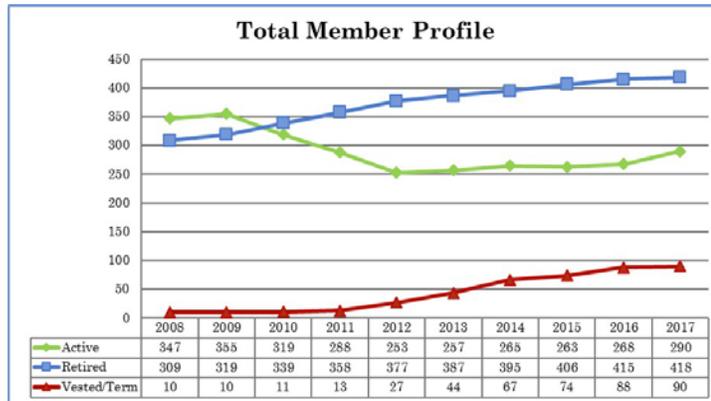
This forecast was stress tested using an estimated actual return on the market value of assets of 5% per year and 3% per year. The results are shown on the following charts for UAAL and Employer Contribution.

Since these forecasts were prepared last year, there has been significant improvement in both forecasts due mainly to the Town's commitment to contribute an additional \$5,420,000 per year to the system, which has been included in the forecast.

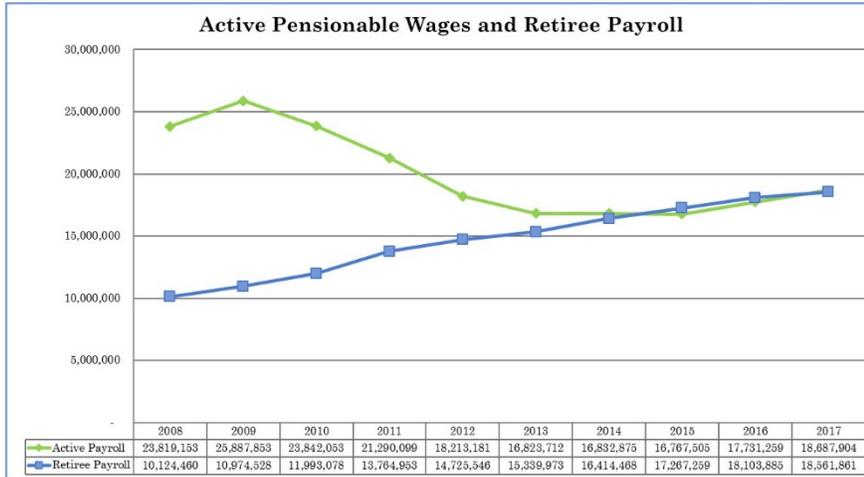


Demographic Information

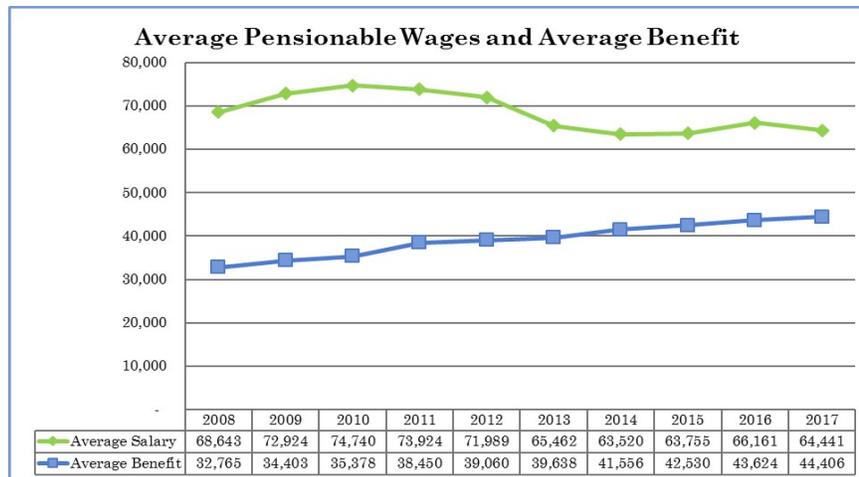
The following charts depict the System membership (Active, Retired and Vested Terminated Members) for the past 10 years. The first chart shows the total membership for all three funds. It is followed by charts depicting the membership for each separate benefit group. Information extracted from the September 30, 2017 Actuarial Report.



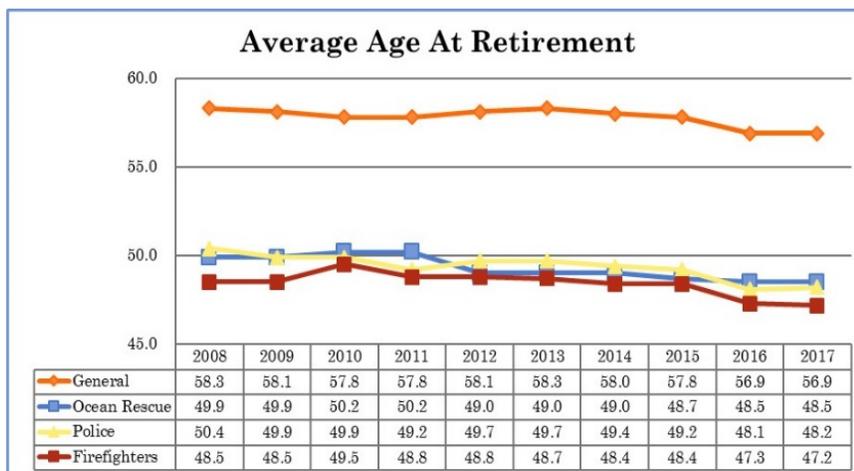
The following chart depicts the ten-year trend for total active employee salary and total retiree pension payroll information.



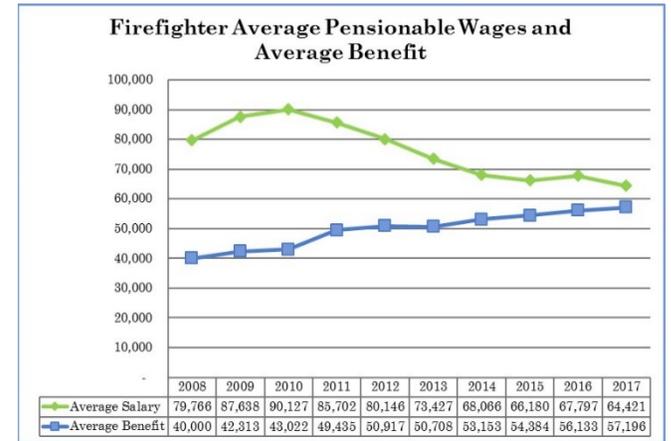
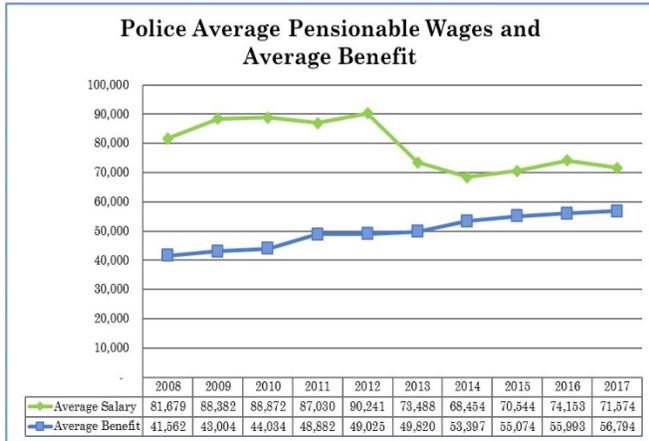
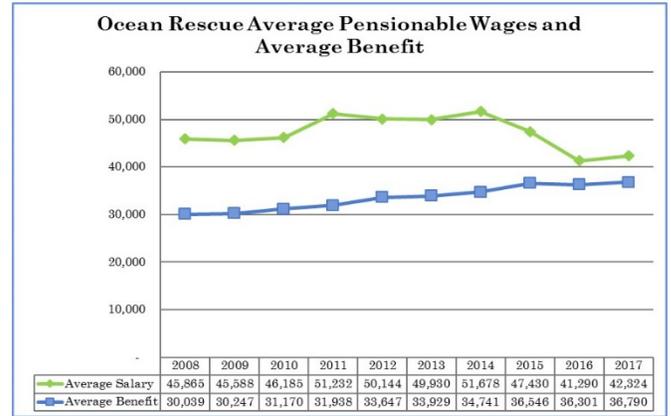
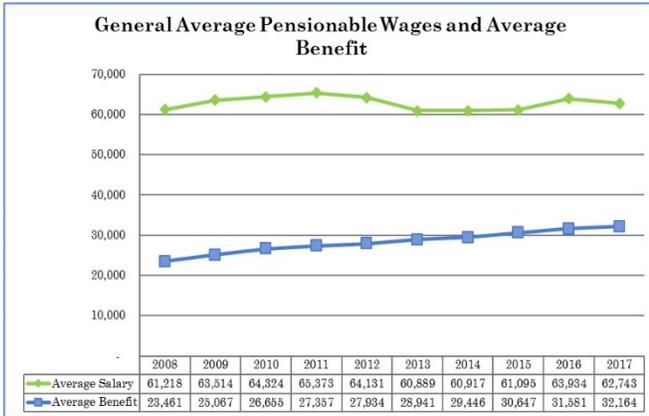
The following chart depicts the ten-year trend for average active salary and average pension benefit for the entire fund.



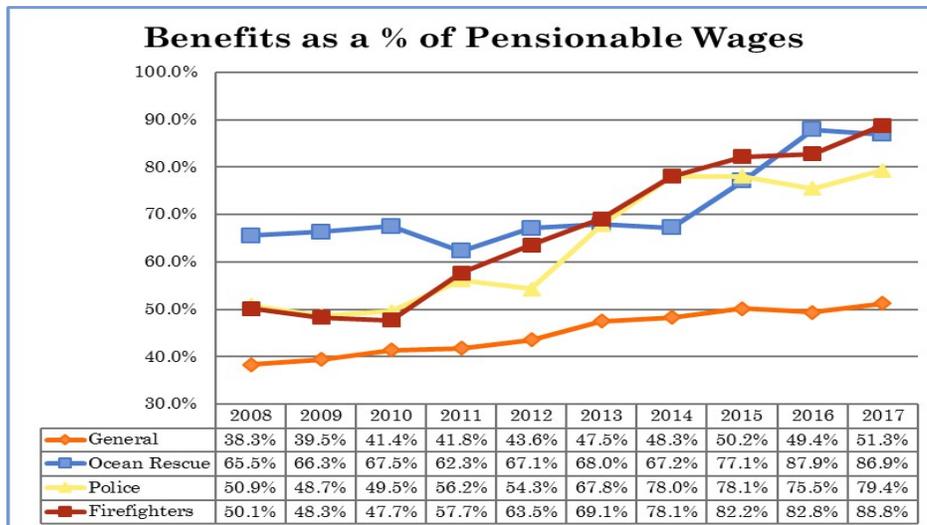
The following chart depicts the ten-year trend of average age at retirement.



The following charts depict the average salary and average benefit for each of the member groups.



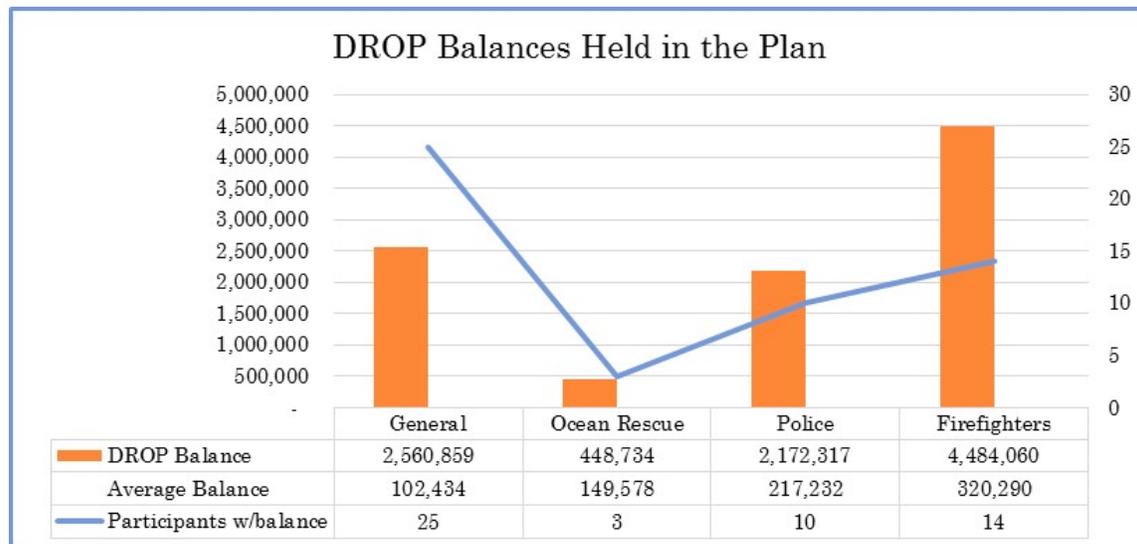
The following chart depicts the ten-year trend of retirement benefits as a percent of pensionable wages.



Demographic Information for the DROP and Share Accounts Held in the Plan

DROP information as of December 31, 2017

Total DROP Assets Held In the Plan	\$9,665,971
Total Participants with a Balance	52
Total Contributing Participants	41
Average Account Balance	\$185,884



Drop Entry Year for Contributing Participants

	2013	2014	2015	2016	2017	Total
General	5	3	5	5	3	21
Ocean Rescue	0	0	1	1	0	2
Police	0	4	1	3	1	9
Firefighters	0	4	4	1	0	9
Total	5	11	11	10	4	41

Firefighter Share Accounts

Firefighter Share Account information as of December 31, 2017

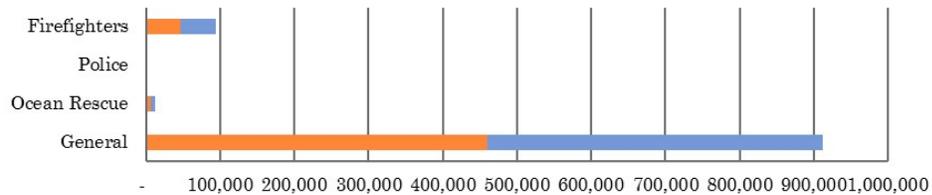
Total Share Assets Held In the Plan	\$797,536
Total Participants with a Balance	64
Total Contributing Participants	0
Average Account Balance	\$12,461

Demographic Information for the 401(a) Defined Contribution Plan

Plan Snapshot as of December 31, 2017 Provided by ICMA-RC

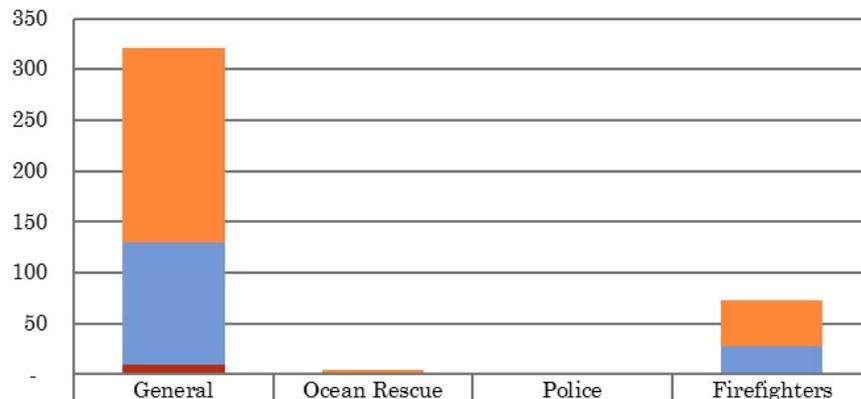
Total Assets	\$10,182,716
Total Participants with a Balance	363
Total Contributing Participants	178
Average Account Balance	\$28,052

Total 401(a) DC Contributions Employee and Employer January 1, 2017 - December 31, 2017



	General	Ocean Rescue	Police	Firefighters
Employee Contribution	460,306	6,203	-	47,424
Employer Contribution	452,575	6,203	-	47,424
Ave Employee Contribution	1,434	1,551	-	650

401 (a) DC Participation

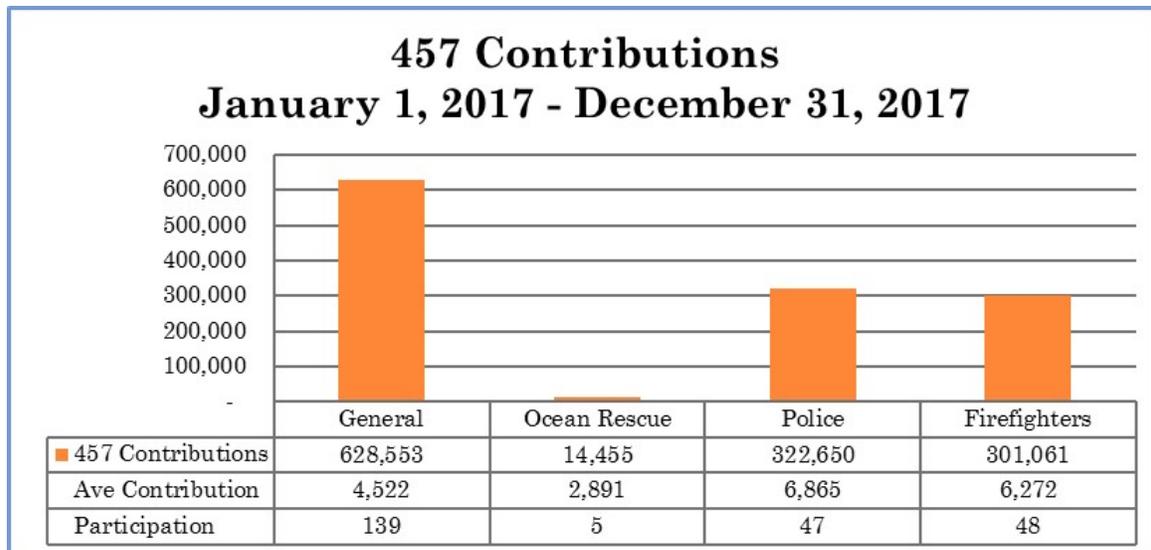


	General	Ocean Rescue	Police	Firefighters
Mandatory	191	4	-	45
Voluntary	121	1	-	28
Voluntary no match	9	-	-	-

Demographic Information for the 457 Deferred Compensation Plan

Plan Snapshot as of December 31, 2017 Provided by ICMA-RC

Total Assets	\$36,278,294
Total Participants with a Balance	363
Total Contributing Participants	211
Average Account Balance	\$99,940

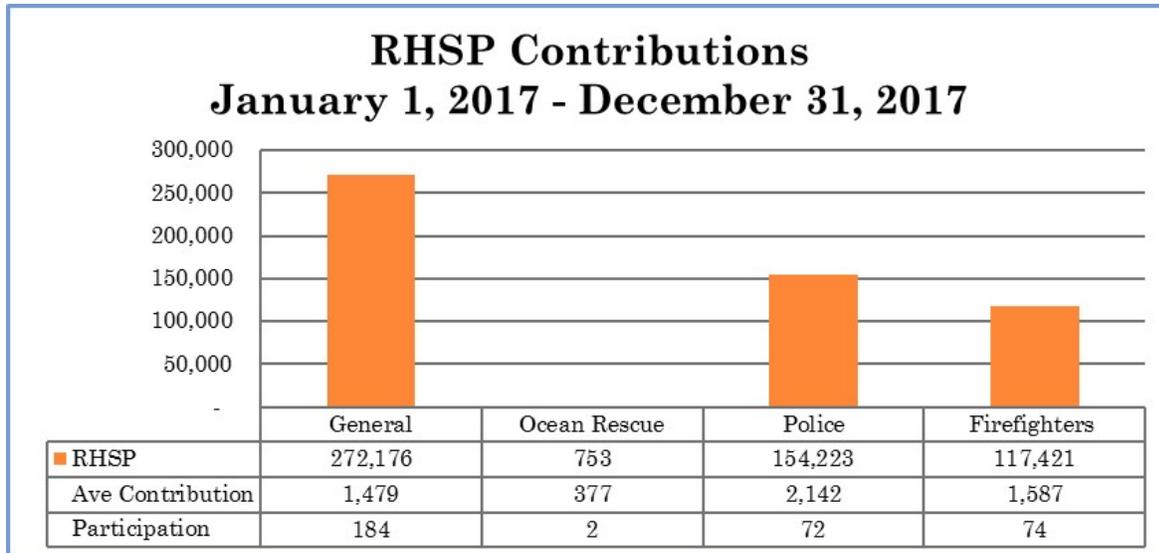


Above contributions, represent employee contributions only. The Town does not provide matching contributions to the 457 Deferred Compensation Plan.

Demographic Information for the Retirement Health Savings Plan (RHSP)

Plan Snapshot as of December 31, 2017 Provided by ICMA-RC

Total Assets	\$2,899,891
Total Participants with a Balance	458
Total Contributing Participants	293
Average Account Balance	\$6,332



Above contributions represent employee contributions only. The Town does not provide matching contributions to the RHSP Plan. RHSP Contributions during the employee's career are based on different formulas for employee groups based on hire dates, and years of service and a percent of base pay. Contributions at retirement consist of a portion of accrued employee sick time and vacation leave balances at the time of retirement.

Demographic Information for Other ICMA-RC Plans

Plan Snapshot for Roth IRA Plan (705765) as of December 31, 2017, Provided by ICMA-RC

Total Assets	\$386,086
Total Participants with a Balance	52
Total Contributing Participants	39
Average Account Balance	\$7,425

Plan Snapshot for 401 DROP Plan for General Employees (108334) as of December 31, 2017, Provided by ICMA-RC (Discontinued)

Total Assets	\$32,005
Total Participants with a Balance	2
Total Contributing Participants	0
Average Account Balance	\$16,002

Plan Snapshot for 401 DROP Plan for Police Officers (108335) as of December 31, 2017, Provided by ICMA-RC (Discontinued)

Total Assets	\$71,398
Total Participants with a Balance	1
Total Contributing Participants	0
Average Account Balance	\$71,398

Plan Snapshot for 401 Old DROP Plan for Firefighters (108552) as of December 31, 2017, Provided by ICMA-RC (Discontinued)

Total Assets	\$43,994
Total Participants with a Balance	4
Total Contributing Participants	0
Average Account Balance	\$10,998

Plan Snapshot for 401 Firefighter SHARE Plan (106796) as of December 31, 2017, Provided by ICMA-RC (Discontinued)

Total Assets	\$2,399,786
Total Participants with a Balance	46
Total Contributing Participants	0
Average Account Balance	\$52,169

Plan Snapshot for RHS Plan (Discontinued) (800533) as of December 31, 2017, Provided by ICMA-RC

Total Assets	\$536,009
Total Participants with a Balance	57
Average Account Balance	\$9,404