

**RETIREMENT PLAN FOR EMPLOYEES OF THE TOWN OF SURFSIDE**

*PROJECTION ACTUARIAL VALUATION AS OF OCTOBER 1, 2012*

This Valuation Determines the Annual Contribution for the Plan and Fiscal Year October 1, 2013 through September 30, 2014 to Be Paid in Fiscal Year October 1, 2013 through September 30, 2014

February 5, 2013



**Retirement Plan for Employees of  
the Town of Surfside**

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February 5, 2013

Pension Board  
Retirement Plan for Employees  
of the Town of Surfside  
c/o Ms. Mayte Gamiotea  
9293 Harding Avenue  
Surfside, Florida 33154

Dear Board Members:

### **October 1, 2012 Projection Actuarial Valuation**

We are pleased to present our October 1, 2012 Projection Actuarial Valuation for the Retirement Plan for Employees of the Town of Surfside. The purpose of this report is to indicate appropriate contribution levels, comment on the actuarial soundness of the Plan and to satisfy State requirements. Gabriel, Roeder, Smith & Company, as Plan actuary, is authorized by the Pension Board to prepare an annual actuarial valuation under Section 2-185(i)(11)(c) of the Plan.

This report consists of this commentary, detailed Tables I through XV, and the State Required Exhibit on Table XVI. The Tables contain basic Plan cost figures plus significant details on the benefits, liabilities and experience of the Plan. We suggest that you thoroughly review the report at your convenience and contact us with any questions that may arise.

### **Pension Plan Costs**

Our Actuarial Valuation develops the required minimum Pension Plan payment under the Florida Protection of Public Employee Retirement Benefits Act and Police Officers Retirement Chapter 185. The minimum payment consists of payment of annual normal costs and amortization of the components of the unfunded actuarial accrued liability over various periods as prescribed by law. The minimum payment for the plan year ending September 30, 2014 is **\$934,227 (21.4%)**. The figure in parentheses is the Plan cost expressed as a percentage of covered annual payroll (\$4,359,957) as of October 1, 2012.

This total cost is to be met by Member and Town contributions. We anticipate that Member contributions will be **\$302,643 (6.9%)**. The resulting minimum required Town contribution to be paid in **fiscal year ending September 30, 2014** is **\$631,584 (14.5%)**. This Actuarial Valuation assumes Town contributions will be made on the first day of the year.

### **Changes in Actuarial Assumptions, Methods and Plan Benefits**

The normal retirement eligibility has been updated for Police Officers. The remaining plan provisions are unchanged from the previous actuarial valuation. Plan benefits are summarized on Table IX.

Healthy and impaired mortality rates have been updated to the rates from more recently published mortality tables with projection for 15 years for actives and 7 years for inactives with Scale AA. The remaining actuarial assumptions and methods are unchanged from the previous valuation. The actuarial assumptions and methods are outlined on Table X.

### **Comparison of October 1, 2011 and October 1, 2012 Valuation Results**

Table II of our report provides information of a comparative nature. The left columns of the Table indicate the costs as calculated the October 1, 2011. The center columns indicate the costs as calculated for October 1, 2012, prior to the change in actuarial assumptions and Plan provisions. The right columns indicate the costs as calculated for October 1, 2012 after the change in actuarial assumptions and Plan provisions.

Comparing the left and center columns of Table II shows the effect of Plan experience during the year. The number of active participants increased by approximately 1% while covered payroll increased by approximately 8%. The total normal cost increased as a dollar amount but remained level as a percentage of covered payroll. The unfunded actuarial accrued liability increased both as a dollar amount and as a percentage of covered payroll. The net Town minimum funding requirement also increased both as a dollar amount and as a percentage of covered payroll.

Comparing the center and right columns of Table II shows the effect of the actuarial assumption and Plan provision changes. The net City minimum funding requirement increased both as a dollar amount and as a percentage of payroll.

Assets exceed the value of vested accrued benefits resulting in a Vested Benefit Security Ratio of 108.0% (108.6% prior to change in actuarial assumptions and Plan provisions). This is an increase from 98.7% as of the October 1, 2011 Actuarial Valuation. The Vested Benefit Security Ratio is based upon the market value of assets.

### **Actuarial Gains (Losses)**

The Plan experienced an actuarial loss of **\$595,244** (13.7%). Our Actuarial Valuation Report tracks the actual experience in areas that are very significant in determining whether a gain or loss occurs. Table XIV presents investment return, salary experience and termination experience.

Table XIV provides the investment experience under the Plan in comparison to the actuarial assumptions. During 2011-2012, the fund experienced an actuarial value return of approximately 0.9%. This return is less than the assumed 7.5% rate of return. Investment return was a significant source of actuarial loss this year. The average actuarial value rate of return over the last three, five and ten years is 1.7%, 1.8% and 3.7%, respectively. The one, three, five and ten year average market value returns are 18.4%, 7.3%, 0.8% and 5.3%, respectively.

Table XIV also provides salary increase experience for the Plan in comparison to assumed salary increases. Salary increases averaged 4.6% and 4.2% respectively for General Employees and Police Officers, this year. General Employee average annual salary increases for the three, five and ten year periods are 4.7%, 4.8% and 5.6%, respectively. Police Officer average annual salary increases for the three, five and ten year periods are 6.7%, 9.6% and 10.7%, respectively. The average salary increase assumption was 4.9% per annum for General Employees and 5.3% per annum for Police Officers. Salary increases were generally an offsetting source of actuarial gain for both General Employees and Police Officers.

Employee turnover this year was 220% of the assumed for General Employees and 40% of the assumed for Police Officers. General Employee turnover for the three, five and ten year periods are 180%, 230% and 230%, respectively of expected turnover. Police Officer turnover for the three, five and ten year periods are 60%, 80% and 170%, respectively of expected turnover. Employee turnover was generally an offsetting source of actuarial gain for General Employees and generally an additional source of actuarial loss for Police Officers.

### **Member Census and Financial Data**

The Member census data as of October 1, 2012 used for this valuation was submitted to us by the Town. This information contains name, Social Security number, date of birth, date of hire, October 1, 2012 rate of pay, actual salary paid and member contributions for the previous fiscal year. Dates of termination and retirement are provided where applicable. Information on inactive participants including retirees, beneficiaries and vested terminees was also provided by the Town.

We were supplied with information on the assets of the Plan as of September 30, 2012 by the Plan Accountant and the Town. We do not audit the member census data and asset information that is provided to us. However, we perform certain reasonableness checks and we have questioned reported data and have been assured the information that we received is reliable.

### **Summary**

In our opinion the benefits provided for under the current Plan will be sufficiently funded through the payment of the amount as indicated in this and future Actuarial Valuation reports. We will continue to update you on the future payment requirements for the Plan through our actuarial reports. These reports will also continue to monitor the future experience of the Plan.

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); and changes in Plan provisions or applicable law. Due to the limited scope of the actuary's assignment, the actuary did not perform an analysis of the potential range of such future measurements.

This report should not be relied on for any purpose other than the purpose described in the primary communication. Determinations of the financial results associated with the benefits described in this report in a manner other than the intended purpose may produce significantly different results.

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 Plan 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.

The signing actuaries are independent of the system sponsor.

The undersigned are Members of the American Academy of Actuaries and meet the qualification standards of the American Academy of Actuaries to render the actuarial opinions contained in this report. We are available to respond to any questions with regards to matters covered in this report.

Very truly yours,



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Lawrence F. Wilson, A.S.A., E.A., M.A.A.A.  
Senior Consultant and Actuary



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Jennifer Borregard, E.A., M.A.A.A.  
Senior Analyst and Actuary

**Retirement Plan for Employees of the  
Town of Surfside, Florida**

**Both Groups Combined**

**Summary of Retirement Plan Costs as of October 1, 2012**

	<b><u>Prior Assumptions / Plan Provisions</u></b>		<b><u>Current Assumptions / Plan Provisions</u></b>	
	<b><u>Cost</u></b>	<b><u>% of</u></b>	<b><u>Cost</u></b>	<b><u>% of</u></b>
	<b><u>Data</u></b>	<b><u>Payroll</u></b>	<b><u>Data</u></b>	<b><u>Payroll</u></b>
<b>A. Participant Data Summary (Table III)</b>				
1. Active Employees	79	N/A	79	N/A
2. Terminated Vested	8	N/A	8	N/A
3. Receiving Benefits	32	N/A	32	N/A
4. Annual Payroll of Active Employees	\$ 4,359,957	100.0%	\$ 4,359,957	100.0%
<b>B. Total Normal Cost</b>				
1. Age Retirement Benefits	\$ 559,570	12.8%	\$ 574,622	13.2%
2. Deferred Vesting Benefits	74,083	1.7%	75,354	1.7%
3. Disability Benefits	81,870	1.9%	87,790	2.0%
4. Return of Employee Contributions	9,013	0.2%	8,462	0.2%
5. Administrative Expenses	75,410	1.7%	75,410	1.7%
6. Total Annual Normal Cost	<u>\$ 799,946</u>	18.3%	<u>\$ 821,638</u>	18.8%
<b>C. Total Actuarial Accrued Liability</b>				
1. Active Employees	\$ 7,855,849	180.2%	\$ 8,043,708	184.5%
2. Service Retirees and Beneficiaries	5,150,991	118.1%	5,084,700	116.6%
3. Disabilities	528,440	12.1%	525,123	12.0%
4. Terminated Vested Members	607,750	13.9%	611,085	14.0%
5. Miscellaneous Liability	22,840	0.5%	22,840	0.5%
6. Total Actuarial Accrued Liability	<u>\$ 14,165,870</u>	324.9%	<u>\$ 14,287,456</u>	327.7%
<b>D. Plan Assets</b>				
1. Actuarial Value	\$ 12,768,477	292.9%	\$ 12,768,477	292.9%
2. Market Value	\$ 12,556,125	288.0%	\$ 12,556,125	288.0%
<b>E. Unfunded Actuarial Accrued Liability (C-D.1.)</b>	<b>\$ 1,397,393</b>	<b>32.1%</b>	<b>\$ 1,518,979</b>	<b>34.8%</b>
<b>F. Minimum Required Contribution</b>				
1. Total Normal Cost	\$ 799,946	18.3%	\$ 821,638	18.8%
2. Amortization of Unfunded Liability	92,456	2.1%	102,032	2.3%
3. Interest Adjustment	32,255	0.7%	10,557	0.2%
4. Total Contribution	<u>\$ 924,657</u>	21.2%	<u>\$ 934,227</u>	21.4%

Retirement Plan for Employees of the  
Town of Surfside, Florida

Both Groups Combined

Summary of Retirement Plan Costs as of October 1, 2012

	<u>Prior Assumptions /</u>		<u>Current Assumptions /</u>	
	<u>Plan Provisions</u>		<u>Plan Provisions</u>	
	<u>Cost</u>	<u>% of</u>	<u>Cost</u>	<u>% of</u>
	<u>Data</u>	<u>Payroll</u>	<u>Data</u>	<u>Payroll</u>
G. Expected Payroll of Active Employees for 2013 - 2014 Plan Year (\$4,359,957 x 1.000)	\$ 4,359,957	100.0%	\$ 4,359,957	100.0%
H. Expected Contribution Sources (percent of expected 2013 - 2014 payroll)				
1. Town	\$ 622,014	14.3%	\$ 631,584	14.5%
2. Employees	302,643	6.9%	302,643	6.9%
I. Years to Which Contribution Applies:				
1. Plan Year Ending	September 30, 2014		September 30, 2014	
2. Town Fiscal Year Ending	September 30, 2014		September 30, 2014	
3. Assumed Date of Town Contribution	October 1, 2013 - September 30, 2014			
J. Actuarial Gains (Losses) (Table VI)	\$ (595,244)	(13.7%)	\$ (595,244)	(13.7%)
K. Actuarial Present Value of Vested Accrued Benefits				
1. Members Currently Receiving Benefits	\$ 5,679,431	130.3%	\$ 5,609,823	128.7%
2. Terminated Vested Members Entitled to Future Benefits and Miscellaneous	630,590	14.5%	633,925	14.5%
3. Active Employees	<u>5,248,193</u>	<u>120.4%</u>	<u>5,386,527</u>	<u>123.5%</u>
4. Total Actuarial Present Value of Vested Accrued Benefits	\$ 11,558,214	265.1%	\$ 11,630,275	266.8%
L. Unfunded Actuarial Present Value of Vested Accrued Benefits (K. - D.2., not less than zero)	\$ 0	0.0%	\$ 0	0.0%
M. Vested Benefit Security Ratio (D.2. ÷ K.)	108.6%	N/A	108.0%	N/A

**Retirement Plan for Employees of the  
Town of Surfside, Florida**

**General Employees**

**Summary of Retirement Plan Costs as of October 1, 2012**

	<u>Prior Assumptions</u>		<u>Current Assumptions</u>	
	<u>Cost Data</u>	<u>% of Payroll</u>	<u>Cost Data</u>	<u>% of Payroll</u>
<b>A. Participant Data Summary (Table III)</b>				
1. Active Employees	52	N/A	52	N/A
2. Terminated Vested	4	N/A	4	N/A
3. Receiving Benefits	19	N/A	19	N/A
4. Annual Payroll of Active Employees	\$ 2,290,751	100.0%	\$ 2,290,751	100.0%
<b>B. Total Normal Cost</b>				
1. Age Retirement Benefits	\$ 197,008	8.6%	\$ 205,662	9.0%
2. Deferred Vesting Benefits	24,127	1.1%	24,385	1.1%
3. Disability Benefits	25,429	1.1%	27,195	1.2%
4. Return of Employee Contributions	5,635	0.2%	5,007	0.2%
5. Administrative Expenses	31,341	1.4%	31,341	1.4%
6. Total Annual Normal Cost	<u>\$ 283,540</u>	12.4%	<u>\$ 293,590</u>	12.8%
<b>C. Total Actuarial Accrued Liability</b>				
1. Active Employees	\$ 2,809,242	122.6%	\$ 2,911,769	127.1%
2. Service Retirees and Beneficiaries	2,498,104	109.1%	2,480,638	108.3%
3. Disabilities	0	0.0%	0	0.0%
4. Terminated Vested Members	198,155	8.7%	198,226	8.7%
5. Miscellaneous Liability	0	0.0%	0	0.0%
6. Total Actuarial Accrued Liability	<u>\$ 5,505,501</u>	240.3%	<u>\$ 5,590,633</u>	244.1%
<b>D. Plan Assets</b>				
1. Actuarial Value	\$ 5,259,451	229.6%	\$ 5,259,451	229.6%
2. Market Value	\$ 5,171,981	225.8%	\$ 5,171,981	225.8%
<b>E. Unfunded Actuarial Accrued Liability (C-D.1.)</b>				
	\$ 246,050	10.7%	\$ 331,182	14.5%
<b>F. Minimum Required Contribution</b>				
1. Total Normal Cost	\$ 283,540	12.4%	\$ 293,590	12.8%
2. Amortization of Unfunded Liability	19,559	0.9%	26,264	1.1%
3. Interest Adjustment	10,955	0.5%	4,783	0.2%
4. Total Contribution	<u>\$ 314,054</u>	13.7%	<u>\$ 324,637</u>	14.2%

Retirement Plan for Employees of the  
Town of Surfside, Florida

General Employees

Summary of Retirement Plan Costs as of October 1, 2012

	<u>Prior Assumptions</u>		<u>Current Assumptions</u>	
	<u>Cost</u>	<u>% of</u> <u>Payroll</u>	<u>Cost</u>	<u>% of</u> <u>Payroll</u>
G. Expected Payroll of Active Employees for 2013 - 2014 Plan Year (\$2,290,751 x 1.000)	\$ 2,290,751	100.0%	\$ 2,290,751	100.0%
H. Expected Contribution Sources (percent of expected 2013 - 2014 payroll)				
1. Town	\$ 176,947	7.7%	\$ 187,530	8.2%
2. Employees	137,107	6.0%	137,107	6.0%
I. Years to Which Contribution Applies:				
1. Plan Year Ending	September 30, 2014		September 30, 2014	
2. Town Fiscal Year Ending	September 30, 2014		September 30, 2014	
3. Assumed Date of Town Contribution	October 1, 2013 - September 30, 2014			
J. Actuarial Gains (Losses) (Table VI)	\$ (112,674)	(4.9%)	\$ (112,674)	(4.9%)
K. Actuarial Present Value of Vested Accrued Benefits				
1. Members Currently Receiving Benefits	\$ 2,498,104	109.1%	\$ 2,480,638	108.3%
2. Terminated Vested Members Entitled to Future Benefits and Miscellaneous	198,155	8.7%	198,226	8.7%
3. Active Employees	<u>2,128,029</u>	<u>92.9%</u>	<u>2,199,120</u>	<u>96.0%</u>
4. Total Actuarial Present Value of Vested Accrued Benefits	\$ 4,824,288	210.6%	\$ 4,877,984	212.9%
L. Unfunded Actuarial Present Value of Vested Accrued Benefits (K. - D.2., not less than zero)	\$ 0	0.0%	\$ 0	0.0%
M. Vested Benefit Security Ratio (D.2. ÷ K.)	107.2%	N/A	106.0%	N/A

**Retirement Plan for Employees of the  
Town of Surfside, Florida**

**Police Officers**

**Summary of Retirement Plan Costs as of October 1, 2012**

	<u>Prior Assumptions /</u>		<u>Current Assumptions /</u>	
	<u>Plan Provisions</u>		<u>Plan Provisions</u>	
	<u>Cost</u>	<u>% of</u>	<u>Cost</u>	<u>% of</u>
	<u>Data</u>	<u>Payroll</u>	<u>Data</u>	<u>Payroll</u>
<b>A. Participant Data Summary (Table III)</b>				
1. Active Employees	27	N/A	27	N/A
2. Terminated Vested	4	N/A	4	N/A
3. Receiving Benefits	13	N/A	13	N/A
4. Annual Payroll of Active Employees	\$ 2,069,206	100.0%	\$ 2,069,206	100.0%
<b>B. Total Normal Cost</b>				
1. Age Retirement Benefits	\$ 362,562	17.5%	\$ 368,960	17.8%
2. Deferred Vesting Benefits	49,956	2.4%	50,969	2.5%
3. Disability Benefits	56,441	2.7%	60,595	2.9%
4. Return of Employee Contributions	3,378	0.2%	3,455	0.2%
5. Administrative Expenses	44,069	2.1%	44,069	2.1%
6. Total Annual Normal Cost	<u>\$ 516,406</u>	25.0%	<u>\$ 528,048</u>	25.5%
<b>C. Total Actuarial Accrued Liability</b>				
1. Active Employees	\$ 5,046,607	243.9%	\$ 5,131,939	248.0%
2. Service Retirees and Beneficiaries	2,652,887	128.2%	2,604,062	125.8%
3. Disabilities	528,440	25.5%	525,123	25.4%
4. Terminated Vested Members	409,595	19.8%	412,859	20.0%
5. Miscellaneous Liability	22,840	1.1%	22,840	1.1%
6. Total Actuarial Accrued Liability	<u>\$ 8,660,369</u>	418.5%	<u>\$ 8,696,823</u>	420.3%
<b>D. Plan Assets</b>				
1. Actuarial Value	\$ 7,509,026	362.9%	\$ 7,509,026	362.9%
2. Market Value	\$ 7,384,144	356.9%	\$ 7,384,144	356.9%
<b>E. Unfunded Actuarial Accrued Liability (C-D.1.)</b>	<b>\$ 1,151,343</b>	<b>55.6%</b>	<b>\$ 1,187,797</b>	<b>57.4%</b>
<b>F. Minimum Required Contribution</b>				
1. Total Normal Cost	\$ 516,406	25.0%	\$ 528,048	25.5%
2. Amortization of Unfunded Liability	72,897	3.5%	75,768	3.7%
3. Interest Adjustment	21,300	1.0%	5,774	0.3%
4. Total Contribution	<u>\$ 610,603</u>	29.5%	<u>\$ 609,590</u>	29.5%

Retirement Plan for Employees of the  
Town of Surfside, Florida

Police Officers

Summary of Retirement Plan Costs as of October 1, 2012

	<u>Prior Assumptions /</u>		<u>Current Assumptions /</u>	
	<u>Cost</u>	<u>% of</u>	<u>Cost</u>	<u>% of</u>
	<u>Data</u>	<u>Payroll</u>	<u>Data</u>	<u>Payroll</u>
G. Expected Payroll of Active Employees for 2013 - 2014 Plan Year (\$2,069,206 x 1.000)	\$ 2,069,206	100.0%	\$ 2,069,206	100.0%
H. Expected Contribution Sources (percent of expected 2013 - 2014 payroll)				
1. Town	\$ 445,067	21.5%	\$ 444,054	21.5%
2. Employees	165,536	8.0%	165,536	8.0%
I. Years to Which Contribution Applies:				
1. Plan Year Ending	September 30, 2014		September 30, 2014	
2. Town Fiscal Year Ending	September 30, 2014		September 30, 2014	
3. Assumed Date of Town Contribution	October 1, 2013 - September 30, 2014			
J. Actuarial Gains (Losses) (Table VI)	\$ (482,570)	(23.3%)	\$ (482,570)	(23.3%)
K. Actuarial Present Value of Vested Accrued Benefits				
1. Members Currently Receiving Benefits	\$ 3,181,327	153.7%	\$ 3,129,185	151.2%
2. Terminated Vested Members Entitled to Future Benefits and Miscellaneous	432,435	20.9%	435,699	21.1%
3. Active Employees	<u>3,120,164</u>	150.8%	<u>3,187,407</u>	154.0%
4. Total Actuarial Present Value of Vested Accrued Benefits	\$ 6,733,926	325.4%	\$ 6,752,291	326.3%
L. Unfunded Actuarial Present Value of Vested Accrued Benefits (K. - D.2., not less than zero)	\$ 0	0.0%	\$ 0	0.0%
M. Vested Benefit Security Ratio (D.2. ÷ K.)	109.7%	N/A	109.4%	N/A

**Retirement Plan for Employees of the  
Town of Surfside, Florida**

**Both Groups Combined**

**Comparison of Cost Data of October 1, 2011 and October 1, 2012 Valuations**

	October 1, 2011		<u>Prior Assumptions / Plan Provisions</u> October 1, 2012		<u>Current Assumptions / Plan Provisions</u> October 1, 2012	
	Cost Data	% of Annual Compensation	Cost Data	% of Annual Compensation	Cost Data	% of Annual Compensation
A. Participants						
1. Active Employees	78	N/A	79	N/A	79	N/A
2. Terminated Vested	6	N/A	8	N/A	8	N/A
3. Receiving Benefits	34	N/A	32	N/A	32	N/A
4. Annual Payroll of Active Employees	\$ 4,053,208	100.0%	\$ 4,359,957	100.0%	\$ 4,359,957	100.0%
B. Total Normal Costs	\$ 742,304	18.3%	\$ 799,946	18.3%	\$ 821,638	18.8%
C. Total Actuarial Accrued Liability	\$ 13,272,023	327.4%	\$ 14,165,870	324.9%	\$ 14,287,456	327.7%
D. Actuarial Value of Assets	\$ 12,487,404	308.1%	\$ 12,768,477	292.9%	\$ 12,768,477	292.9%
E. Unfunded Actuarial Accrued Liability	\$ 784,619	19.4%	\$ 1,397,393	32.1%	\$ 1,518,979	34.8%
F. Net Town Minimum Funding Payment	\$ 534,209	13.2%	\$ 622,014	14.3%	\$ 631,584	14.5%
G. Actuarial Gain (Loss)	\$ (821,095)	(20.3%)	\$ (595,244)	(13.7%)	\$ (595,244)	(13.7%)
H. Unfunded Actuarial Present Value of Vested Accrued Benefits	\$ 140,878	3.5%	\$ 0	0.0%	\$ 0	0.0%
I. Vested Benefit Security Ratio	98.7%	N/A	108.6%	N/A	108.0%	N/A

**Retirement Plan for Employees of the  
Town of Surfside, Florida  
General Employees**

**Comparison of Cost Data of October 1, 2011 and October 1, 2012 Valuations**

	October 1, 2011		Prior Assumptions October 1, 2012		Current Assumptions October 1, 2012	
	Cost Data	% of Annual Compensation	Cost Data	% of Annual Compensation	Cost Data	% of Annual Compensation
A. Participants						
1. Active Employees	51	N/A	52	N/A	52	N/A
2. Terminated Vested	3	N/A	4	N/A	4	N/A
3. Receiving Benefits	20	N/A	19	N/A	19	N/A
4. Annual Payroll of Active Employees	\$ 2,032,553	100.0%	\$ 2,290,751	100.0%	\$ 2,290,751	100.0%
B. Total Normal Costs	\$ 239,853	11.8%	\$ 283,540	12.4%	\$ 293,590	12.8%
C. Total Actuarial Accrued Liability	\$ 5,400,898	265.7%	\$ 5,505,501	240.3%	\$ 5,590,633	244.1%
D. Actuarial Value of Assets	\$ 5,237,010	257.7%	\$ 5,259,451	229.6%	\$ 5,259,451	229.6%
E. Unfunded Actuarial Accrued Liability	\$ 163,888	8.1%	\$ 246,050	10.7%	\$ 331,182	14.5%
F. Net Town Minimum Funding Payment	\$ 140,358	6.9%	\$ 176,947	7.7%	\$ 187,530	8.2%
G. Actuarial Gain (Loss)	\$ (71,257)	(3.5%)	\$ (112,674)	(4.9%)	\$ (112,674)	(4.9%)
H. Unfunded Actuarial Present Value of Vested Accrued Benefits	\$ 275,561	13.6%	\$ 0	0.0%	\$ 0	0.0%
I. Vested Benefit Security Ratio	94.1%	N/A	107.2%	N/A	106.0%	N/A

**Retirement Plan for Employees of the  
Town of Surfside, Florida**

**Police Officers**

**Comparison of Cost Data of October 1, 2011 and October 1, 2012 Valuations**

	<u>October 1, 2011</u>		<u>Prior Assumptions / Plan Provisions October 1, 2012</u>		<u>Current Assumptions / Plan Provisions October 1, 2012</u>	
	<u>Cost Data</u>	<u>% of Annual Compensation</u>	<u>Cost Data</u>	<u>% of Annual Compensation</u>	<u>Cost Data</u>	<u>% of Annual Compensation</u>
A. Participants						
1. Active Employees	27	N/A	27	N/A	27	N/A
2. Terminated Vested	3	N/A	4	N/A	4	N/A
3. Receiving Benefits	14	N/A	13	N/A	13	N/A
4. Annual Payroll of Active Employees	\$ 2,020,655	100.0%	\$ 2,069,206	100.0%	\$ 2,069,206	100.0%
B. Total Normal Costs	\$ 502,451	24.9%	\$ 516,406	25.0%	\$ 528,048	25.5%
C. Total Actuarial Accrued Liability	\$ 7,871,125	389.5%	\$ 8,660,369	418.5%	\$ 8,696,823	420.3%
D. Actuarial Value of Assets	\$ 7,250,394	358.8%	\$ 7,509,026	362.9%	\$ 7,509,026	362.9%
E. Unfunded Actuarial Accrued Liability	\$ 620,731	30.7%	\$ 1,151,343	55.6%	\$ 1,187,797	57.4%
F. Net Town Minimum Funding Payment	\$ 393,851	19.5%	\$ 445,067	21.5%	\$ 444,054	21.5%
G. Actuarial Gain (Loss)	\$ (749,838)	(37.1%)	\$ (482,570)	(23.3%)	\$ (482,570)	(23.3%)
H. Unfunded Actuarial Present Value of Vested Accrued Benefits	\$ 0	0.0%	\$ 0	0.0%	\$ 0	0.0%
I. Vested Benefit Security Ratio	102.3%	N/A	109.7%	N/A	109.4%	N/A

Table III

**Retirement Plan for Employees of the  
Town of Surfside, Florida**

**Characteristics of Participants in Actuarial  
Valuation as of October 1, 2012**

	<b><u>General Employees</u></b>	<b><u>Police Officers</u></b>	<b><u>Total</u></b>
A. <u>Active Plan Participants Summary</u>			
1. Active Participants Vested	12	21	33
2. Active Participants Partially Vested	12	0	12
3. Active Participants Non-Vested	28	6	34
4. Total Active Participants	52	27	79
5. Annual Payroll of Active Participants	\$ 2,290,751	\$ 2,069,206	\$ 4,359,957
B. <u>Retired and Terminated Vested Participant Summary</u>			
1. Service Retirees Receiving Benefits	14	10	24
2. Beneficiaries Receiving Benefits	5	2	7
3. Disabled Participants Receiving Benefits	0	1	1
4. Terminated Vested Participants Entitled to Future Benefits	4	4	8

**Table IV****Retirement Plan for Employees of the  
Town of Surfside, Florida****Statement of Assets as of October 1, 2012**

	<b><u>Market Value</u></b>
<b><u>Investments</u></b>	
Cash and Cash Equivalents	\$ 641,774
United States Government Securities	1,033,760
Government Agency Bonds	748,245
Corporate Bonds	2,585,576
Municipal Obligations	35,481
Common Stocks	2,443,576
Mutual Funds	5,099,760
Total Investments	<u>\$ 12,588,172</u>
<b><u>Receivables</u></b>	
Accrued Interest	\$ 34,785
Beneficiary's Estate	0
Employee Contributions	24,251
Due from Broker	2,425,263
Prepaid Insurance	9,416
Total Receivables	<u>\$ 2,493,715</u>
<b><u>Liabilities</u></b>	
Refunds Payable	\$ 9,793
Accounts Payable	24,524
Due to Broker	2,491,445
Total Liabilities	<u>\$ 2,525,762</u>
<b><u>Net Assets Available For Benefits</u></b>	<b>\$ 12,556,125</b>

Table V

**Retirement Plan for Employees of the  
Town of Surfside, Florida**

**Reconciliation of Plan Assets**

	<b><u>Market Value</u></b>
A. <u>Value of Assets as of October 1, 2011</u>	\$ 10,455,661
Adjustment to Value of Assets as of October 1, 2011	8,320
Value of Assets as of October 1, 2011	\$ 10,463,981
B. <u>Receipts During Period</u>	
1. Employee Contributions	\$ 321,155
2. Service Purchase Contributions	12,982
3. Town Contributions	515,440
4. Net Investment Return	1,927,598
5. Total Receipts During Period	\$ 2,777,175
C. <u>Disbursements During Period</u>	
1. Benefit Payments	\$ 550,266
2. Contribution Refunds	59,355
3. Administrative Expenses	75,410
4. Total Disbursements During Period	\$ 685,031
D. <u>Value of Assets as of September 30, 2012</u>	\$ 12,556,125
E. <u>Approximate Rate of Return:</u> (Net of Investment Expense)	18.4%

**Table V  
(Cont'd)**

**Retirement Plan for Employees of the  
Town of Surfside, Florida**

**Allocation of Actuarial Value of Assets for Budget Purposes**

	<b><u>General Employees</u></b>	<b><u>Police Officers</u></b>	<b><u>Total</u></b>
A. <u>Value of Assets as of October 1, 2011</u>	\$ 5,237,010	\$ 7,250,394	\$ 12,487,404
B. <u>Receipts During Period</u>			
1. Employee Contributions	\$ 132,885	\$ 188,270	\$ 321,155
2. Service Purchase Contributions	0	12,982	12,982
3. Town Contributions	163,756	351,684	515,440
4. Net Investment Return	48,429	68,098	116,527
5. Total Receipts During Period	\$ 345,070	\$ 621,034	\$ 966,104
C. <u>Disbursements During Period</u>			
1. Pension Benefit Payments	\$ 231,933	\$ 318,333	\$ 550,266
2. Contribution Refunds	59,355	0	59,355
3. Administrative Expenses	31,341	44,069	75,410
4. Total Disbursements During Period	\$ 322,629	\$ 362,402	\$ 685,031
D. <u>Value of Assets as of September 30, 2012</u>	\$ 5,259,451	\$ 7,509,026	\$ 12,768,477

**Retirement Plan for Employees of the  
Town of Surfside, Florida**

**Development of Actuarial Value of Assets as of September 30**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
A. Preliminary actuarial value from prior year	12,304,770	12,487,404	12,768,477			
B. Market value end of year	10,455,661	12,556,125				
C. Market beginning of year	10,643,601	10,455,661	12,556,125			
D. Non-investment net cash flow	150,651	164,546				
E. Investment return						
1. Total market value return: B. - C. - D.	(338,591)	1,935,918				
2. Amount for immediate recognition (7.5%)	803,919	790,345				
3. Amount for phased-in recognition: E.1. - E.2.	(1,142,510)	1,145,573				
F. Phased-in recognition of investment return						
1. Current year: 20% of E.3.	(228,502)	229,115				
2. First prior year	3,380	(228,502)	229,115			
3. Second prior year	(190,061)	3,380	(228,502)	229,115		
4. Third prior year	(487,748)	(190,061)	3,380	(228,502)	229,115	
5. Fourth prior year	130,995	(487,750)	(190,060)	3,379	(228,502)	229,113
6. Total phased-in recognition of investment return	<u>(771,936)</u>	<u>(673,818)</u>	<u>(186,067)</u>	<u>3,992</u>	<u>613</u>	<u>229,113</u>
G. Actuarial value end of year						
1. Preliminary actuarial value end of year:						
A. + D. + E.2. + F.6.	12,487,404	12,768,477				
2. Upper corridor limit: 120% of B.	12,546,793	15,067,350				
3. Lower corridor limit: 80% of B.	8,364,529	10,044,900				
4. Actuarial value end of year:						
G.1., not more than G.2., nor less than G.3.	12,487,404	12,768,477				
H. Difference between market value and actuarial value	(2,031,743)	(212,352)				
I. Actuarial value rate of return	0.3%	0.9%				
J. Market value rate of return	(3.2%)	18.4%				

Table VI

**Retirement Plan for Employees of the  
Town of Surfside, Florida**

**Actuarial Gains (Losses) for Plan Year Ended September 30, 2012**

	<b><u>General Employees</u></b>	<b><u>Police Officers</u></b>	<b><u>Total</u></b>
<b>A. <u>Derivation of Actuarial Gain (Loss)</u></b>			
1. Town normal cost previous actuarial valuation	\$ 118,226	\$ 340,799	\$ 459,025
2. Unfunded actuarial accrued liability (UAAL) previous actuarial valuation	163,888	620,731	784,619
3. Town contributions previous year	163,756	351,684	515,440
4. Interest on:			
(a) Town normal cost	\$ 8,867	\$ 25,560	\$ 34,427
(b) Unfunded actuarial accrued liability	12,292	46,555	58,847
(c) Town contribution	6,141	13,188	19,329
(d) Net total: (a) + (b) - (c)	<u>\$ 15,018</u>	<u>\$ 58,927</u>	<u>\$ 73,945</u>
5. Increase (decrease) in unfunded actuarial accrued liability due to Plan provision and assumption changes	\$ 85,132	\$ 36,454	\$ 121,586
6. Expected unfunded actuarial accrued liability current year (1. + 2. - 3. + 4. + 5.)	\$ 218,508	\$ 705,227	\$ 923,735
7. Actual unfunded actuarial accrued liability current year	331,182	1,187,797	1,518,979
8. Actuarial gain (loss): (6. - 7.)	\$ (112,674)	\$ (482,570)	\$ (595,244)
<b>B. <u>Approximate Portion of Gain (Loss) Due to Investments</u></b>			
1. Actuarial value of assets previous year	\$ 5,237,010	\$ 7,250,394	\$ 12,487,404
2. Contributions during period	296,641	552,936	849,577
3. Benefits and administrative expenses during period	322,629	362,402	685,031
4. Expected appreciation for period	<u>391,801</u>	<u>550,925</u>	<u>942,726</u>
5. Expected actuarial value of assets current year (1. + 2. - 3. + 4.)	\$ 5,602,823	\$ 7,991,853	\$ 13,594,676
6. Actual actuarial value of assets current year	5,259,451	7,509,026	12,768,477
7. Approximate gain (loss): (6. - 5.)	\$ (343,372)	\$ (482,827)	\$ (826,199)
<b>C. <u>Approximate Portion of Gain (Loss) Due to Liabilities: A. - B.</u></b>	\$ 230,698	\$ 257	\$ 230,955

**Table VII**

**Retirement Plan for Employees of the  
Town of Surfside, Florida**

**Amortization of Unfunded Actuarial Accrued Liability**

<b><u>Valuation Date</u></b>	<b><u>Unfunded Liability</u></b>	<b><u>Amortization Payment</u></b>
10/01/2012	\$ 1,518,979	\$ 102,032
10/01/2013	\$ 1,523,218	\$ 102,032
10/01/2014	\$ 1,527,775	\$ 102,032
10/01/2015	\$ 1,532,674	\$ 102,032
10/01/2016	\$ 1,537,940	\$ 102,032
...	...	...
10/01/2042	\$ 0	\$ 0

**Retirement Plan for Employees of the  
Town of Surfside, Florida**

**Both Groups Combined**

**Accounting Disclosure Exhibit**

		<b>Prior Assumptions / Provisions 10/01/2012</b>	<b>Current Assumptions / Provisions 10/01/2012</b>
I. <u>Financial Accounting Standards Board Allocation as of</u>	<u>10/01/2011</u>		
A. <u>Statement of Accumulated Plan Benefits</u>			
1. Actuarial present value of accumulated vested plan benefits			
a. Participants currently receiving benefits	\$ 5,786,110	\$ 5,679,431	\$ 5,609,823
b. Other participants	4,810,429	5,878,783	6,020,452
c. Total	<u>\$ 10,596,539</u>	<u>\$ 11,558,214</u>	<u>\$ 11,630,275</u>
2. Actuarial present value of accumulated non-vested plan benefits	<u>781,933</u>	<u>589,232</u>	<u>593,252</u>
3. Total actuarial present value of accumulated plan benefits	\$ 11,378,472	\$ 12,147,446	\$ 12,223,527
B. <u>Statement of Change in Accumulated Plan Benefits</u>			
1. Actuarial present value of accumulated plan benefits as of October 1, 2011			\$ 11,378,472
2. Increase (decrease) during year attributable to:			
a. Change in plan provisions and actuarial assumptions			\$ 76,081
b. Benefits paid			(609,621)
c. Other, including benefits accumulated, increase for interest due to decrease in the discount period			<u>1,378,595</u>
d. Net increase			\$ 845,055
3. Actuarial present value of accumulated plan benefits as of October 1, 2012			\$ 12,223,527
C. <u>Significant Matters Affecting Calculations</u>			
1. Assumed rate of return used in determining actuarial present values			7.5%
2. Change in plan provisions			See Table IX, Item N.
3. Change in actuarial assumptions			See Table X, Item K.

**Table VIII  
(Cont'd)**

**Retirement Plan for Employees of the  
Town of Surfside, Florida**

**General Employees**

**Accounting Disclosure Exhibit**

		<b>Prior Assumptions</b>	<b>Current Assumptions</b>
	<u>10/01/2011</u>	<u>10/01/2012</u>	<u>10/01/2012</u>
I. <u>Financial Accounting Standards Board Allocation as of</u>			
A. <u>Statement of Accumulated Plan Benefits</u>			
1. Actuarial present value of accumulated vested plan benefits			
a. Participants currently receiving benefits	\$ 2,494,022	\$ 2,498,104	\$ 2,480,638
b. Other participants	2,166,470	2,326,184	2,397,346
c. Total	<u>\$ 4,660,492</u>	<u>\$ 4,824,288</u>	<u>\$ 4,877,984</u>
2. Actuarial present value of accumulated non-vested plan benefits	<u>346,600</u>	<u>437,262</u>	<u>442,401</u>
3. Total actuarial present value of accumulated plan benefits	\$ 5,007,092	\$ 5,261,550	\$ 5,320,385
B. <u>Statement of Change in Accumulated Plan Benefits</u>			
1. Actuarial present value of accumulated plan benefits as of October 1, 2011			\$ 5,007,092
2. Increase (decrease) during year attributable to:			
a. Change in plan provisions and actuarial assumptions			\$ 58,835
b. Benefits paid			(291,288)
c. Other, including benefits accumulated, increase for interest due to decrease in the discount period			<u>545,746</u>
d. Net increase			\$ 313,293
3. Actuarial present value of accumulated plan benefits as of October 1, 2012			\$ 5,320,385
C. <u>Significant Matters Affecting Calculations</u>			
1. Assumed rate of return used in determining actuarial present values			7.5%
2. Change in plan provisions			None
3. Change in actuarial assumptions			See Table X, Item K.

Retirement Plan for Employees of the  
Town of Surfside, Florida

Police Officers

Accounting Disclosure Exhibit

		<b>Prior Assumptions / Provisions 10/01/2012</b>	<b>Current Assumptions / Provisions 10/01/2012</b>
I. <u>Financial Accounting Standards Board Allocation as of</u>	<u>10/01/2011</u>		
A. <u>Statement of Accumulated Plan Benefits</u>			
1. Actuarial present value of accumulated vested plan benefits			
a. Participants currently receiving benefits	\$ 3,292,088	\$ 3,181,327	\$ 3,129,185
b. Other participants	2,643,959	3,552,599	3,623,106
c. Total	<u>\$ 5,936,047</u>	<u>\$ 6,733,926</u>	<u>\$ 6,752,291</u>
2. Actuarial present value of accumulated non-vested plan benefits	<u>435,333</u>	<u>151,970</u>	<u>150,851</u>
3. Total actuarial present value of accumulated plan benefits	\$ 6,371,380	\$ 6,885,896	\$ 6,903,142
B. <u>Statement of Change in Accumulated Plan Benefits</u>			
1. Actuarial present value of accumulated plan benefits as of October 1, 2011			\$ 6,371,380
2. Increase (decrease) during year attributable to:			
a. Change in plan provisions and actuarial assumptions			\$ 17,246
b. Benefits paid			(318,333)
c. Other, including benefits accumulated, increase for interest due to decrease in the discount period			<u>832,849</u>
d. Net increase			<u>\$ 531,762</u>
3. Actuarial present value of accumulated plan benefits as of October 1, 2012			\$ 6,903,142
C. <u>Significant Matters Affecting Calculations</u>			
1. Assumed rate of return used in determining actuarial present values			7.5%
2. Change in plan provisions			See Table IX, Item N.
3. Change in actuarial assumptions			See Table X, Item K.

Retirement Plan for Employees of the  
Town of Surfside, Florida

Both Groups Combined

Accounting Disclosure Exhibit

II. Financial Accounting Standards Board Allocation - Florida Statute Chapter 2011-216 Compliance as of October 1, 2012

F.S., Chapter, 2011-216 effective July 1, 2011 mandates each plan report the plan's present value of accrued vested, nonvested and total benefits, as adopted by the Financial Accounting Standards Board, using the Florida Retirement System's assumed rate of return (currently 7.75%) in order to promote the comparability of actuarial data between local plans.

	<u>10/01/2011</u>	<u>Prior Assumptions / Provisions 10/01/2012</u>	<u>Current Assumptions / Provisions 10/01/2012</u>
<b>A. <u>Statement of Accumulated Plan Benefits</u></b>			
1. Actuarial present value of accumulated vested plan benefits			
a. Participants currently receiving benefits	\$ 5,673,327	\$ 5,569,298	\$ 5,502,060
b. Other participants	4,659,621	5,678,844	5,812,890
c. Total	<u>\$ 10,332,948</u>	<u>\$ 11,248,142</u>	<u>\$ 11,314,950</u>
2. Actuarial present value of accumulated non-vested plan benefits	<u>\$ 744,823</u>	<u>\$ 563,023</u>	<u>\$ 566,660</u>
3. Total actuarial present value of accumulated plan benefits	\$ 11,077,771	\$ 11,811,165	\$ 11,881,610
<b>B. <u>Significant Matters Affecting Calculations</u></b>			
1. Assumed rate of return used in determining actuarial present values			7.75%
2. Change in plan provisions			See Table IX, Item N.
3. Change in actuarial assumptions			See Table X, Item K.

Retirement Plan for Employees of the  
Town of Surfside, Florida

General Employees

Accounting Disclosure Exhibit

II. Financial Accounting Standards Board Allocation - Florida Statute Chapter 2011-216 Compliance as of October 1, 2012

F.S., Chapter, 2011-216 effective July 1, 2011 mandates each plan report the plan's present value of accrued vested, nonvested and total benefits, as adopted by the Financial Accounting Standards Board, using the Florida Retirement System's assumed rate of return (currently 7.75%) in order to promote the comparability of actuarial data between local plans.

	<u>10/01/2011</u>	<u>Prior Assumptions 10/01/2012</u>	<u>Current Assumptions 10/01/2012</u>
<b>A. <u>Statement of Accumulated Plan Benefits</u></b>			
1. Actuarial present value of accumulated vested plan benefits			
a. Participants currently receiving benefits	\$ 2,445,513	\$ 2,449,659	\$ 2,432,667
b. Other participants	2,114,541	2,267,797	2,335,595
c. Total	<u>\$ 4,560,054</u>	<u>\$ 4,717,456</u>	<u>\$ 4,768,262</u>
2. Actuarial present value of accumulated non-vested plan benefits	<u>\$ 329,715</u>	<u>\$ 418,527</u>	<u>\$ 423,460</u>
3. Total actuarial present value of accumulated plan benefits	\$ 4,889,769	\$ 5,135,983	\$ 5,191,722
<b>B. <u>Significant Matters Affecting Calculations</u></b>			
1. Assumed rate of return used in determining actuarial present values			7.75%
2. Change in plan provisions			None
3. Change in actuarial assumptions			See Table X, Item K.

Retirement Plan for Employees of the  
Town of Surfside, Florida

Police Officers

Accounting Disclosure Exhibit

II. Financial Accounting Standards Board Allocation - Florida Statute Chapter 2011-216 Compliance as of October 1, 2012

F.S., Chapter, 2011-216 effective July 1, 2011 mandates each plan report the plan's present value of accrued vested, nonvested and total benefits, as adopted by the Financial Accounting Standards Board, using the Florida Retirement System's assumed rate of return (currently 7.75%) in order to promote the comparability of actuarial data between local plans.

	<u>10/01/2011</u>	<u>Prior Assumptions / Provisions 10/01/2012</u>	<u>Current Assumptions / Provisions 10/01/2012</u>
<b>A. <u>Statement of Accumulated Plan Benefits</u></b>			
1. Actuarial present value of accumulated vested plan benefits			
a. Participants currently receiving benefits	\$ 3,227,814	\$ 3,119,639	\$ 3,069,393
b. Other participants	2,545,080	3,411,047	3,477,295
c. Total	<u>\$ 5,772,894</u>	<u>\$ 6,530,686</u>	<u>\$ 6,546,688</u>
2. Actuarial present value of accumulated non-vested plan benefits	<u>\$ 415,108</u>	<u>\$ 144,496</u>	<u>\$ 143,200</u>
3. Total actuarial present value of accumulated plan benefits	\$ 6,188,002	\$ 6,675,182	\$ 6,689,888
<b>B. <u>Significant Matters Affecting Calculations</u></b>			
1. Assumed rate of return used in determining actuarial present values			7.75%
2. Change in plan provisions			See Table IX, Item N.
3. Change in actuarial assumptions			See Table X, Item K.

**Retirement Plan for Employees of the  
Town of Surfside, Florida**

**Both Groups Combined**

**Accounting Disclosure Exhibit**

**III. Annual Pension Cost For Plan Year Commencing October 1, 2012 and Related Information:**

Contribution rates:	
Employer	12.7%
Plan members	6.9%
Annual Pension Cost	\$ 551,895
Contributions made	To be determined
Actuarial valuation date	10/1/2011
Actuarial cost method	Entry Age
Amortization method	Level dollar amount, closed
Remaining amortization period	30 years
Asset valuation method	Five year smoothed market
Actuarial assumptions:	
Investment rate of return *	7.5%
Projected salary increases *	3.0% - 13.5%
Cost of living adjustments	1.5%
* Includes inflation at	4.0%

**Retirement Plan for Employees of the  
Town of Surfside, Florida**

**Both Groups Combined**

**Accounting Disclosure Exhibit**

**IV. Historical Trend Information**

**A. Schedule of Employer Costs (GASB No. 25)**

<u>Fiscal Year Ending</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>
09/30/2007	\$ 264,370	100%
09/30/2008	\$ 384,905	100%
09/30/2009	\$ 423,747	100%
09/30/2010	\$ 553,919	100%
09/30/2011	\$ 625,963	100%
09/30/2012	\$ 523,245	99%

**B. Schedule of Employer Costs (GASB No. 27)**

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
09/30/2007	\$ 266,589	99%	\$ (227,176)
09/30/2008	\$ 387,284	99%	\$ (224,308)
09/30/2009	\$ 425,917	99%	\$ (222,138)
09/30/2010	\$ 556,068	100%	\$ (219,989)
09/30/2011	\$ 628,266	100%	\$ (217,686)
09/30/2012	\$ 525,734	98%	\$ (207,392)

**V. Annual Pension Cost and Net Pension Obligation**

<u>Fiscal Year Ended</u>	<u>09/30/2012</u>	<u>09/30/2013</u>
Annual Required Contribution (ARC)	\$ 523,245	\$ 549,888
Interest on Net Pension Obligation (NPO)	(16,326)	(15,554)
Adjustment to ARC	18,815	17,561
APC	\$ 525,734	\$ 551,895
Town Contributions	\$ (515,440)	
Increase (Decrease) in NPO	\$ 10,294	
NPO (beginning of year)	\$ (217,686)	
NPO (end of year)	\$ (207,392)	

**Table VIII  
(Cont'd)**

**Retirement Plan for Employees of the  
Town of Surfside, Florida**

**Both Groups Combined**

**Schedule of Funding Progress**

VI. Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
10/01/2007	\$ 11,201,453	\$ 10,225,271	\$ (976,182)	109.5%	\$ 3,978,291	(24.5%)
10/01/2008	\$ 11,701,487	\$ 10,971,286	\$ (730,201)	106.7%	\$ 4,568,544	(16.0%)
10/01/2009	\$ 11,697,998	\$ 11,662,297	\$ (35,701)	100.3%	\$ 4,059,522	(0.9%)
10/01/2010	\$ 12,304,770	\$ 12,414,859	\$ 110,089	99.1%	\$ 4,016,852	2.7%
10/01/2011	\$ 12,487,404	\$ 13,272,023	\$ 784,619	94.1%	\$ 4,053,208	19.4%
10/01/2012 <sup>1</sup>	\$ 12,768,477	\$ 14,165,870	\$ 1,397,393	90.1%	\$ 4,359,957	32.1%
10/01/2012 <sup>2</sup>	\$ 12,768,477	\$ 14,287,456	\$ 1,518,979	89.4%	\$ 2,127,095	71.4%

<sup>1</sup> Prior to Plan Amendment and update in actuarial assumptions

<sup>2</sup> After Plan Amendment and update in actuarial assumptions

**Retirement Plan for Employees of the  
Town of Surfside, Florida**

**Outline of Principal Provisions of the Retirement Plan**

A. Effective Date:

January 1, 1962. Most recent amendatory Ordinance considered: 12-1588.

B. Eligibility Requirements:

All regular, full-time employees are eligible upon employment. The Town Manager and Town Attorney have the right to opt out of the Plan at any time.

C. Creditable Service:

All service of a member measured in years and completed months since latest date of hire with the Town.

D. Average Final Compensation (AFC):

The average of basic compensation during the highest three years (five years for General Employees) of the ten years preceding termination of employment; does not include bonuses, overtime, lump sum payments of unused leave or other nonregular payments.

E. Normal Retirement:

1. Eligibility:

For sworn Police Officers, the earliest of (1) age 52 with 20 years of Creditable Service, (2) age 62 with 5 years of Creditable Service or (3) completion of 25 years of Creditable Service. For the Town Manager, age 64 with 7 years of Creditable Service. For all other employees, the earlier of (1) age 62 with 15 years of Creditable Service or (2) age 65 with 10 years of Creditable Service.

2. Benefit:

Period of Service	Benefit Accrual Rate per Year of Service Based on Employee Contribution Rate of			
	5%	6%	7%	8%
Before 10/1/1979	1 2/3%	N/A	N/A	N/A
10/1/1979 - 6/30/1996	1 2/3%	N/A	2%	N/A
7/1/1996 - 1/31/2003	1 2/3%	N/A	2%	2.5%
2/1/2003 - 9/30/2005	2%	2.5%	N/A	N/A
10/1/2005 - 9/30/2006	2%	2.5%	N/A	3% *
After 10/1/2006	2%	2.5%	N/A	3.5% *

Maximum benefit is 90% (75% prior to October 1, 2006) of AFC (60% of AFC for General Employees).

\* For Police Officers only.

**Retirement Plan for Employees of the  
Town of Surfside, Florida**

**Outline of Principal Provisions of the Retirement Plan**

3. Form of Payment:

Straight life annuity with guaranteed refund of Accumulated Contributions (with options available).

F. Early Retirement:

1. Eligibility:

The earlier of (a) age 55 with 15 years of Creditable Service, or (b) 20 years of Creditable Service regardless of age.

2. Benefit:

Same as Normal Retirement Benefit using AFC and Creditable Service as of Early Retirement Date but payable at Normal Retirement Date assuming continued employment. Alternatively, benefits may commence immediately after reduction of 0.5% for each month early.

G. Delayed Retirement:

1. Eligibility:

Retirement after Normal Retirement Date.

2. Benefit:

Calculated in the same manner as Normal Retirement Benefit using AFC and Creditable Service as of delayed retirement date.

H. Disability Retirement:

1. Service Connected:

a) Eligibility:

Total and permanent disability incurred prior to normal retirement date as a direct result of performance of service to the Town and eligible for Social Security disability benefits.

b) Benefit:

75% (if injury) or 45% (if disease) of the rate of pay in effect on date of disability payable for life or until recovery. For General Employees, less Social Security disability benefits; there is an offset for Workers' Compensation to the extent that the disability benefit plus the Workers' Compensation benefit exceed 100% of preretirement salary.

2. Non-Service Connected:

a) Eligibility:

Total and permanent disability not incurred as a direct result of performance of service to the Town.

**Retirement Plan for Employees of the  
Town of Surfside, Florida**

**Outline of Principal Provisions of the Retirement Plan**

b) Benefit:

Accrued pension benefit.

I. Death Benefit:

1. Pre-Retirement:

Refund of Accumulated Contributions

2. After Normal Retirement Date but before Actual Retirement:

Survivor benefit payable in accordance with optional form of benefit chosen by member.

3. After Retirement:

Refund of any remaining Accumulated Contributions or optional survivor's benefits if elected.

J. Accumulated Contributions:

The sum of all amounts contributed by members including 4% interest on contributions made after January 1, 1979. Effective January 1, 2009, member contributions are *picked-up* by the Town.

K. Termination Benefit:

Upon termination prior to normal or early retirement date a member shall be entitled to choose (1) or (2) below, where:

1. A refund of Accumulated Contributions.

2. The benefit as for normal retirement using AFC and creditable service as of date of termination multiplied by the applicable percentage on the table below, commencing upon the earliest date a member would have attained normal retirement had he remained in service (age 65 for General Employees).

<u>Years of Credited Service</u>	<u>Percentage</u>	
	<u>General Employees</u>	<u>Police Officers</u>
Less than 5	0%	0%
5	50%	100%
6	60%	100%
7	70%	100%
8	80%	100%
9	90%	100%
10 or more	100%	100%

**Retirement Plan for Employees of the  
Town of Surfside, Florida**

**Outline of Principal Provisions of the Retirement Plan**

L. Cost of Living Increase

A 1.5% automatic annual cost of living increase is provided for all current and future retirees, disableds, beneficiaries and vested terminated members.

M. Deferred Retirement Option Program (DROP) (Police Officers Only)

1. Eligibility: Attainment of normal retirement date.
2. The maximum period of participation in the DROP is five (5) years.
3. An employee's account in the DROP program shall be credited with interest based upon actual Fund investment return.
4. No payment may be made from DROP until the employee actually separates from service with the Town.

N. Changes From Previous Valuation

Normal Retirement Eligibility was:

For sworn Police Officers, the earliest of (1) age 52 with 20 years of Creditable Service, (2) age 62 or (3) completion of 25 years of Creditable Service. For the Town Manager, age 64 with 7 years of Creditable Service. For all other employees, the earlier of (1) age 62 with 15 years of Creditable Service or (2) age 65 with 10 years of Creditable Service.

**Retirement Plan for Employees of the  
Town of Surfside, Florida**

**Actuarial Assumptions and Actuarial Cost Methods  
Used in the Valuation**

A. Mortality

For healthy General Employee participants, the RP-2000 Combined Mortality Table was used with separate rates for males and females 15 years generational projection from valuation date for actives - 7 years generational projection from valuation date for inactives with Scale AA.

For healthy Police Officer participants, the RP-2000 Combined Mortality Table with Blue Collar Adjustment was used with separate rates for males and females 15 years generational projection from valuation date for actives - 7 years generational projection from valuation date for inactives with Scale AA.

For disabled participants, the RP-2000 Combined Disabled Mortality Table was used with separate rates for males and females 15 years generational projection from valuation date for actives - 7 years generational projection from valuation date for inactives with Scale AA.

B. Investment Return

7.5%, compounded annually; net rate after investment related expenses.

C. Allowances for Expenses or Contingencies

Estimated expenses for upcoming year, not including investment related expenses.

D. Employee Withdrawal Rates

Withdrawal rates for males and females were used in accordance with the following illustrative examples:

<u>General Employees</u>	
<u>Age</u>	<u>Withdrawal Rate</u>
20	18.0%
30	15.2%
40	8.3%
50	2.2%
60	0.7%

**Retirement Plan for Employees of the  
Town of Surfside, Florida**

**Actuarial Assumptions and Actuarial Cost Methods  
Used in the Valuation**

**D. Employee Withdrawal Rates (cont'd)**

<u>Police Officers</u>			
<u>Service</u>	<u>Withdrawal Rate</u>	<u>Service</u>	<u>Withdrawal Rate</u>
1	20.0%	7	6.0%
2	18.0%	8	4.0%
3	15.0%	9	3.0%
4	12.0%	10	2.5%
5	10.0%	11 & over	2.0%
6	8.0%		

**E. Salary Increase Factors**

Current salary is assumed to increase at a rate based on the tables below.

<u>General Employees</u>	
<u>Service</u>	<u>Salary Increase</u>
0 - 4	6.5%
4 - 7	4.5%
7 & over	4.0%

<u>Police Officers</u>		
<u>Service</u>	<u>Salary Increase</u>	
	<u>FY 2013</u>	<u>FY 2014 &amp; Beyond</u>
0 - 2	12.0%	13.5%
2 - 3	11.0%	12.5%
3 - 4	9.0%	10.5%
4 - 5	7.0%	8.5%
5 - 6	5.0%	6.5%
6 & over	3.0%	4.5%

**Retirement Plan for Employees of the  
Town of Surfside, Florida**

**Actuarial Assumptions and Actuarial Cost Methods  
Used in the Valuation**

**F. Disability Benefits**

1. Rates: See Table Below
2. Percent Service Connected: 25% for General, 80% for Police.
3. Assume 50% of Service Connected Disabilities are due to injury and 50% are due to disease.

	Annual Rate of Disability	
Age	General Employees	Police Department
20	0.07%	0.14%
30	0.11%	0.18%
40	0.19%	0.30%
50	0.51%	1.00%
60	1.66%	0.00%

**G. Actuarial Value of Assets**

The method used for determining the actuarial value of assets phases in the deviation between the expected and actual return on assets at the rate of 20% per year. The actuarial value of assets will be further adjusted to the extent necessary to fall within the corridor whose lower limit is 80% of the fair market value of plan assets and whose upper limit is 120% of the fair market value of plan assets.

**H. Assumed Retirement Age**

	Annual Rate of Retirement	
Age	General Employees	Police Officers
40	N/A	3%
41-45	4%	2%
46-47	3%	1%
48-50	2%	1%
51+	1%	1%
NRA	100%	100%

**Retirement Plan for Employees of the  
Town of Surfside, Florida**

**Actuarial Assumptions and Actuarial Cost Methods  
Used in the Valuation**

I. Marriage Assumption

100% of all members are assumed to be married. Wives are assumed to be three years younger than their husbands.

J. Actuarial Funding Method

Normal Retirement, Termination, Disability, and Death Benefits: Entry-Age-Actuarial Cost Method. Under this method the normal cost for each active employee is the amount which is calculated to be a level percentage of pay that would be required annually from his age at hire to his assumed retirement age to fund his estimated benefits, assuming the Plan has always been in effect. The normal cost for the Plan is the sum of such amounts for all employees. The actuarial accrued liability as of any valuation date for each active employee or inactive employee who is eligible to receive benefits under the Plan is the excess of the actuarial present value of estimated future benefits over the actuarial present value of current and future normal costs. The unfunded actuarial accrued liability as of any valuation date is the excess of the actuarial accrued liability over the actuarial value of assets of the Plan.

K. Change From Previous Valuation

Mortality was:

For healthy participants, the 1994 UP Mortality Table Projected to 2007 was used with separate rates for males and females. There is currently no margin for future mortality improvement in the current mortality assumption.

For disabled participants, the RP 2000 Disabled Mortality Table Projected to 2007 was used with separate rates for males and females. There is currently no margin for future mortality improvement in the current mortality assumption.

Table XI

**Retirement Plan for Employees of the  
Town of Surfside, Florida**

**Distribution of Plan Participants by Attained Age Groups  
and Service Groups as of October 1, 2012**

**General Employees**

**Completed Years of Service Since Hire**

<u>Attained Age Group</u>	<u>0-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25-29</u>	<u>30-34</u>	<u>35-39</u>	<u>40+</u>	<u>Total</u>
0-24	1	-	-	-	-	-	-	-	-	1
25-29	6	1	-	-	-	-	-	-	-	7
30-34	2	3	-	-	-	-	-	-	-	5
35-39	4	1	1	-	-	-	-	-	-	6
40-44	2	1	-	2	-	-	-	-	-	5
45-49	4	2	1	-	-	-	-	-	-	7
50-54	5	1	1	-	1	-	-	-	-	8
55-59	3	2	-	-	1	-	-	-	-	6
60-64	1	-	-	-	-	3	-	-	-	4
65-69	-	1	-	-	1	1	-	-	-	3
70+	=	=	=	=	=	=	=	=	=	<u>0</u>
TOTAL	28	12	3	2	3	4	0	0	0	52

	<u>Prior Year</u>	<u>Current Year</u>
Average Pay	\$ 39,854	\$ 44,053
Percent Female	35.3%	38.5%

**Table XI  
(Cont'd)**

**Retirement Plan for Employees of the  
Town of Surfside, Florida**

**Distribution of Plan Participants by Attained Age Groups  
and Service Groups as of October 1, 2012**

**Police Officers**

**Completed Years of Service Since Hire**

<u>Attained Age Group</u>	<u>0-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25-29</u>	<u>30-34</u>	<u>35-39</u>	<u>40+</u>	<u>Total</u>
0-24	-	-	-	-	-	-	-	-	-	0
25-29	2	3	-	-	-	-	-	-	-	5
30-34	-	2	1	-	-	-	-	-	-	3
35-39	1	5	1	-	-	-	-	-	-	7
40-44	1	2	-	1	-	-	-	-	-	4
45-49	1	2	-	-	-	-	-	-	-	3
50-54	-	1	-	-	-	-	-	-	-	1
55-59	-	1	-	-	-	-	-	-	-	1
60-64	1	1	-	-	1	-	-	-	-	3
65-69	-	-	-	-	-	-	-	-	-	0
70+	=	=	=	=	=	=	=	=	=	<u>0</u>
<b>TOTAL</b>	<b>6</b>	<b>17</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>27</b>

	<u>Prior Year</u>	<u>Current Year</u>
Average Pay	\$ 74,839	\$ 76,637
Percent Female	14.8%	14.8%

**Table XI  
(Cont'd)**

**Retirement Plan for Employees of the  
Town of Surfside, Florida**

**Distribution of Plan Participants by Attained Age Groups  
and Service Groups as of October 1, 2012**

**General Employees - 5% Contribution Group**

**Completed Years of Service Since Hire**

<u>Attained Age Group</u>	<u>0-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25-29</u>	<u>30-34</u>	<u>35-39</u>	<u>40+</u>	<u>Total</u>
0-24	-	-	-	-	-	-	-	-	-	0
25-29	-	-	-	-	-	-	-	-	-	0
30-34	-	-	-	-	-	-	-	-	-	0
35-39	-	-	-	-	-	-	-	-	-	0
40-44	-	-	-	-	-	-	-	-	-	0
45-49	-	-	-	-	-	-	-	-	-	0
50-54	-	-	1	-	-	-	-	-	-	1
55-59	-	-	-	-	-	-	-	-	-	0
60-64	-	-	-	-	-	-	-	-	-	0
65-69	-	-	-	-	-	-	-	-	-	0
70+	-	-	-	-	-	-	-	-	-	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
										<b>Average Pay \$ 33,844</b>

**General Employees - 6% Contribution Group**

**Completed Years of Service Since Hire**

<u>Attained Age Group</u>	<u>0-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25-29</u>	<u>30-34</u>	<u>35-39</u>	<u>40+</u>	<u>Total</u>
0-24	1	-	-	-	-	-	-	-	-	1
25-29	6	1	-	-	-	-	-	-	-	7
30-34	2	3	-	-	-	-	-	-	-	5
35-39	4	1	1	-	-	-	-	-	-	6
40-44	2	1	-	2	-	-	-	-	-	5
45-49	4	2	1	-	-	-	-	-	-	7
50-54	5	1	-	-	1	-	-	-	-	7
55-59	3	2	-	-	1	-	-	-	-	6
60-64	1	-	-	-	-	3	-	-	-	4
65-69	-	1	-	-	1	1	-	-	-	3
70+	-	-	-	-	-	-	-	-	-	0
<b>TOTAL</b>	<b>28</b>	<b>12</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>51</b>
										<b>Average Pay \$ 44,253</b>

**Table XII**

**Retirement Plan for Employees of the  
Town of Surfside, Florida**

**Both Groups Combined**

**Summary of Participant Data**

	<u>10/01/2011</u>	<u>10/01/2012</u>
<b>Active Participants</b>		
Number: Fully Vested	30	33
Partially Vested	14	12
Non-Vested	34	34
Total	<u>78</u>	<u>79</u>
Average Attained Age	42.42 years	43.41 years
Average Years of Service	7.54 years	7.79 years
Average Compensation	\$ 51,964	\$ 55,189
 <b>Inactive Participants Receiving Benefits</b>		
Number	34	32
Average Age at Retirement	60.16 years	60.28 years
Average Annual Benefit	\$ 16,491	\$ 17,065
 <b>Inactive Participants Due Deferred Benefits</b>		
Number	6	8
Average Age at Commencement	58.34 years	59.63 years
Average Annual Benefit	\$ 12,460	\$ 13,575

**Table XII  
(Cont'd)**

**Retirement Plan for Employees of the  
Town of Surfside, Florida**

**General Employees**

**Summary of Participant Data**

	<u>10/01/2011</u>	<u>10/01/2012</u>
<b>Active Participants</b>		
Number: Fully Vested	13	12
Partially Vested	14	12
Non-Vested	24	28
Total	<u>51</u>	<u>52</u>
Average Attained Age	43.28 years	44.81 years
Average Years of Service	8.07 years	8.02 years
Average Compensation	\$ 39,854	\$ 44,053
 <b>Inactive Participants Receiving Benefits</b>		
Number	20	19
Average Age at Retirement	60.64 years	60.67 years
Average Annual Benefit	\$ 11,740	\$ 12,345
 <b>Inactive Participants Due Deferred Benefits</b>		
Number	3	4
Average Age at Commencement	65.00 years	65.00 years
Average Annual Benefit	\$ 9,394	\$ 10,838

**Table XII  
(Cont'd)**

**Retirement Plan for Employees of the  
Town of Surfside, Florida**

**Police Officers**

**Summary of Participant Data**

	<u>10/01/2011</u>	<u>10/01/2012</u>
<b>Active Participants</b>		
Number: Fully Vested	17	21
Partially Vested	0	0
Non-Vested	10	6
Total	<u>27</u>	<u>27</u>
Average Attained Age	40.8 years	40.71 years
Average Years of Service	6.53 years	7.34 years
Average Compensation	\$ 74,839	\$ 76,637
 <b>Inactive Participants Receiving Benefits</b>		
Number	14	13
Average Age at Retirement	59.48 years	59.72 years
Average Annual Benefit	\$ 23,279	\$ 23,964
 <b>Inactive Participants Due Deferred Benefits</b>		
Number	3	4
Average Age at Commencement	51.67 years	54.25 years
Average Annual Benefit	\$ 15,526	\$ 16,312

**Retirement Plan for Employees of the  
Town of Surfside, Florida**

**Both Groups Combined**

**Reconciliation of Employee Data**

**A. Active Participants**

1. Active participants previous year	78
2. Retired during year	0
3. Died during year	0
4. Disabled during year	0
5. Non-vested employment terminations	(1)
6. Vested employment terminations	(3)
7. Terminated vested paid lump sum	(5)
8. Leave of absence	0
9. Transfers	0
10. New active participants	10
11. Rehired participant	0
12. Part time employees transferred to full time participants	0
13. Active participants current year	<u>79</u>

**B. Participants Receiving Benefits**

1. Participants receiving benefits previous year	34
2. New retired participants	0
3. New terminated vested receiving benefits	1
4. New disabled receiving benefits	0
5. New beneficiaries receiving benefits	1
6. Died or ceased payment during year	(4)
7. Retired or terminated vested receiving benefits current year	<u>32</u>

**C. Terminated Vested Participants Entitled to Future Benefits**

1. Terminated vested entitled previous year	6
2. Died during year	0
3. Commenced receiving benefits during year	(1)
4. New terminated vested	3
5. Terminated vested paid lump sum	0
6. Adjustment for prior terminated vested not paid lump sum	0
7. Terminated vested entitled current year	<u>8</u>

Retirement Plan for Employees of the  
Town of Surfside, Florida

General Employees

Reconciliation of Employee Data

A. Active Participants

1. Active participants previous year	51
2. Retired during year	0
3. Died during year	0
4. Disabled during year	0
5. Non-vested employment terminations	(1)
6. Vested employment terminations	(2)
7. Terminated vested paid lump sum	(5)
8. Leave of absence	0
9. Transfer to Police	0
10. Transfer from Police	0
11. New active participants	9
12. Rehired participant	0
13. Part time employees transferred to full time participants	0
14. Active participants current year	<u>52</u>

B. Participants Receiving Benefits

1. Participants receiving benefits previous year	20
2. New retired participants	0
3. New terminated vested receiving benefits	1
4. New disabled receiving benefits	0
5. New beneficiaries receiving benefits	1
6. Died or ceased payment during year	(3)
7. Retired or terminated vested receiving benefits current year	<u>19</u>

C. Terminated Vested Participants Entitled to Future Benefits

1. Terminated vested entitled previous year	3
2. Died during year	0
3. Commenced receiving benefits during year	(1)
4. New terminated vested	2
5. Terminated vested paid lump sum	0
6. Adjustment for prior terminated vested not paid lump sum	0
7. Terminated vested entitled current year	<u>4</u>

**Table XIII**  
**(Cont'd)**

**Retirement Plan for Employees of the  
Town of Surfside, Florida**

**Police Officers**

**Reconciliation of Employee Data**

**A. Active Participants**

1. Active participants previous year	27
2. Retired during year	0
3. Died during year	0
4. Disabled during year	0
5. Non-vested employment terminations	0
6. Vested employment terminations	(1)
7. Terminated vested paid lump sum	0
8. Leave of absence	0
9. Transfer from General	0
10. Transfer to General	0
11. New active participants	1
12. Rehired participant	0
13. Active participants current year	<u>27</u>

**B. Participants Receiving Benefits**

1. Participants receiving benefits previous year	14
2. New retired participants	0
3. New terminated vested receiving benefits	0
4. New disabled receiving benefits	0
5. New beneficiaries receiving benefits	0
6. Died or ceased payment during year	(1)
7. Retired or terminated vested receiving benefits current year	<u>13</u>

**C. Terminated Vested Participants Entitled to Future Benefits**

1. Terminated vested entitled previous year	3
2. Died during year	0
3. Commenced receiving benefits during year	0
4. New terminated vested	1
5. Terminated vested paid lump sum	0
6. Terminated vested entitled current year	<u>4</u>

**Retirement Plan for Employees of the  
Town of Surfside, Florida**

**Recent Plan Experience**

**A. Investment Return Experience**

<u>Year Ended</u>	<u>Market Value</u>	<u>Actuarial Value</u>	<u>Assumed</u>
09/30/2012	18.4%	0.9%	7.5%
09/30/2011	(3.2%)	0.3%	7.5%
09/30/2010	7.7%	3.9%	7.5%
09/30/2009	(2.1%)	(0.7%)	7.5%
09/30/2008	(13.8%)	4.6%	7.5%
09/30/2007	13.9%	9.5%	7.5%
09/30/2006	7.0%	6.2%	7.5%
09/30/2005	8.2%	5.2%	7.5%
09/30/2004	8.0%	5.5%	7.5%
09/30/2003	12.6%	1.6%	7.5%
Average			
Last 3 Years	7.3%	1.7%	7.5%
Last 5 Years	0.8%	1.8%	7.5%
Last 10 Years	5.3%	3.7%	7.5%

**B. Review of Recent Salary Experience \***

<u>Year Ended</u>	<u>General Employees</u>		<u>Police Officers</u>	
	<u>Actual</u>	<u>Assumed</u>	<u>Actual</u>	<u>Assumed</u>
09/30/2012	4.6%	4.9%	4.2%	5.3%
09/30/2011	8.6%	5.0%	5.0%	5.5%
09/30/2010	1.0%	7.0%	11.1%	11.4%
09/30/2009	3.0%	6.7%	13.4%	12.1%
09/30/2008	6.8%	6.8%	14.7%	12.4%
09/30/2007	4.8%	6.0%	(0.1%)	6.0%
09/30/2006	9.6%	6.0%	35.2%	6.0%
09/30/2005	8.3%	6.0%	9.0%	6.0%
09/30/2004	4.5%	6.0%	10.3%	6.0%
09/30/2003	4.9%	6.0%	7.2%	6.0%
Average				
Last 3 Years	4.7%	5.6%	6.7%	7.4%
Last 5 Years	4.8%	6.1%	9.6%	9.3%
Last 10 Years	5.6%	6.0%	10.7%	7.6%

\* Participants who have full years of pay for both years considered.

**Retirement Plan for Employees of the  
Town of Surfside, Florida**

**Recent Plan Experience**

C. Recent Termination Experience

General Employees

<u>Year Ended</u>	<u>Number of Employees Previous Valuation</u>	<u>Expected Terminations</u>	<u>Actual Terminations</u>	<u>Ratio of Actual To Expected</u>
09/30/2012	51	3.7	8	2.2
09/30/2011	50	3.1	7	2.3
09/30/2010	50	3.3	3	0.9
09/30/2009	66	4.9	17	3.5
09/30/2008	60	4.2	9	2.1
09/30/2007	65	3.6	9	2.5
09/30/2006	65	3.7	7	1.9
09/30/2005	44	2.0	1	0.5
09/30/2004	46	2.2	9	4.1
09/30/2003	46	2.0	4	2.0
Last 3 Years	151	10.1	18	1.8
Last 5 Years	277	19.2	44	2.3
Last 10 Years	543	32.7	74	2.3

Police Officers

<u>Year Ended</u>	<u>Number of Employees Previous Valuation</u>	<u>Expected Terminations</u>	<u>Actual Terminations</u>	<u>Ratio of Actual To Expected</u>
09/30/2012	27	2.3	1	0.4
09/30/2011	27	2.4	3	1.3
09/30/2010	29	3.2	1	0.3
09/30/2009	30	3.7	3	0.8
09/30/2008	30	4.4	4	0.9
09/30/2007	25	0.7	3	4.3
09/30/2006	19	0.5	2	4.0
09/30/2005	34	1.0	9	9.0
09/30/2004	33	0.9	6	6.7
09/30/2003	27	0.8	1	1.3
Last 3 Years	83	7.9	5	0.6
Last 5 Years	143	16.0	12	0.8
Last 10 Years	281	19.9	33	1.7

**Retirement Plan for Employees of the  
Town of Surfside, Florida**

**Town Contribution Information**

Valuation Date	Contribution Fiscal Year End		Minimum Required Employer Contributions	Actual Employer Contributions Made
10/01/2012	09/30/2014	<sup>1</sup>	\$ 631,584	N/A
10/01/2011	09/30/2013		\$ 534,209	N/A
10/01/2010	09/30/2012	<sup>2</sup>	\$ 515,440	\$ 515,440
10/01/2009	09/30/2011		\$ 625,963	\$ 625,963
10/01/2008	09/30/2010		\$ 553,919	\$ 553,919
10/01/2007	09/30/2009	<sup>3</sup>	\$ 423,747	\$ 423,747
10/01/2006	09/30/2008	<sup>4</sup>	\$ 384,905	\$ 384,416
10/01/2005	09/30/2007		\$ 264,370	\$ 264,370
10/01/2004	09/30/2006	<sup>5</sup>	\$ 203,274	\$ 230,812
10/01/2003	09/30/2005		\$ 0	\$ 102,410
10/01/2002	09/30/2004		\$ 0	\$ 102,410
10/01/2001	09/30/2003		\$ 0	\$ 0
10/01/2000	09/30/2002		\$ 0	\$ 0
10/01/1999	09/30/2001		\$ 0	\$ 0
10/01/1998	09/30/2000		\$ 14,417	\$ 14,417
10/01/1997	09/30/1999		\$ 0	\$ 0
10/01/1996	09/30/1998		\$ 58,833	\$ 58,833
10/01/1995	09/30/1997		\$ 140,751	\$ 140,751
10/01/1994	09/30/1996		\$ 116,992	\$ 116,992
01/01/1994	09/30/1995		\$ 118,566	\$ 118,566
01/01/1993	09/30/1994		\$ 147,703	\$ 167,952
01/01/1992	09/30/1993		\$ 145,740	\$ 167,952
01/01/1991	09/30/1992		\$ 167,483	\$ 167,952
01/01/1990	09/30/1991		\$ 167,981	\$ 167,981
01/01/1989	09/30/1990		\$ 146,829	\$ 162,492

<sup>1</sup> Reflects assumption and benefit changes effective October 1, 2012

<sup>2</sup> Reflects assumption changes effective October 1, 2010

<sup>3</sup> Reflects assumption changes effective October 1, 2007

<sup>4</sup> Reflects benefit improvement effective October 1, 2007

<sup>5</sup> Reflects benefit improvement effective October 1, 2005

**Retirement Plan for Employees of the  
Town of Surfside, Florida**

**Actuarial Valuation as of October 1, 2012**

**State Required Exhibit**

**All Members**

	<u>10/01/2011</u>	<u>Prior Assumptions / Plan Provisions 10/01/2012</u>	<u>Current Assumptions / Plan Provisions 10/01/2012</u>
<b>A. <u>Participant Data</u></b>			
1. Active participants	78	79	79
2. Retired, disabled and beneficiaries receiving benefits	34	32	32
3. Terminated vested participants	6	8	8
4. Annual payroll of active participants	\$ 4,053,208	\$ 4,359,957	\$ 4,359,957
5. Expected payroll of active employees for the following year	\$ 4,053,208	\$ 4,359,957	\$ 4,359,957
6. Annual benefits payable to those currently receiving benefits	\$ 560,694	\$ 546,094	\$ 546,094
<b>B. <u>Assets</u></b>			
1. Actuarial value	\$ 12,487,404	\$ 12,768,477	\$ 12,768,477
2. Market value	\$ 10,455,661	\$ 12,556,125	\$ 12,556,125
<b>C. <u>Liabilities</u></b>			
1. Actuarial present value of future expected benefit payments for active members			
a. Retirement benefits	\$ 10,930,181	\$ 12,250,323	\$ 12,578,180
b. Vesting benefits	1,018,873	1,076,350	1,094,476
c. Disability benefits	902,294	976,985	1,047,188
d. Return of member contributions	106,480	111,688	102,943
e. Total	<u>\$ 12,957,828</u>	<u>\$ 14,415,346</u>	<u>\$ 14,822,787</u>
2. Actuarial present value of future expected benefit payments for terminated vested members and miscellaneous	\$ 460,304	\$ 630,590	\$ 633,925
3. Actuarial present value of future expected benefit payments for members currently receiving benefits	<u>\$ 5,786,110</u>	<u>\$ 5,679,431</u>	<u>\$ 5,609,823</u>
4. Total actuarial present value of future expected benefit payments	\$ 19,204,242	\$ 20,725,367	\$ 21,066,535
5. Actuarial accrued liabilities	\$ 13,272,023	\$ 14,165,870	\$ 14,287,456
6. Unfunded actuarial accrued liabilities	\$ 784,619	\$ 1,397,393	\$ 1,518,979

Retirement Plan for Employees of the  
Town of Surfside, Florida

Actuarial Valuation as of October 1, 2012

State Required Exhibit

General Employees

	<u>10/01/2011</u>	<u>Prior Assumptions 10/01/2012</u>	<u>Current Assumptions 10/01/2012</u>
<b>A. <u>Participant Data</u></b>			
1. Active participants	51	52	52
2. Retired, disabled and beneficiaries receiving benefits	20	19	19
3. Terminated vested participants	3	4	4
4. Annual payroll of active participants	\$ 2,032,553	\$ 2,290,751	\$ 2,290,751
5. Expected payroll of active employees for the following year	\$ 2,032,553	\$ 2,290,751	\$ 2,290,751
6. Annual benefits payable to those currently receiving benefits	\$ 234,793	\$ 234,564	\$ 234,564
<b>B. <u>Assets</u></b>			
1. Actuarial value	\$ 5,237,010	\$ 5,259,451	\$ 5,259,451
2. Market value	\$ 4,384,931	\$ 5,171,981	\$ 5,171,981
<b>C. <u>Liabilities</u></b>			
1. Actuarial present value of future expected benefit payments for active members			
a. Retirement benefits	\$ 3,841,787	\$ 4,284,409	\$ 4,461,347
b. Vesting benefits	279,988	290,483	294,136
c. Disability benefits	328,942	363,677	388,236
d. Return of member contributions	60,179	66,558	57,964
e. Total	<u>\$ 4,510,896</u>	<u>\$ 5,005,127</u>	<u>\$ 5,201,683</u>
2. Actuarial present value of future expected benefit payments for terminated vested members and miscellaneous	\$ 225,368	\$ 198,155	\$ 198,226
3. Actuarial present value of future expected benefit payments for members currently receiving benefits	<u>\$ 2,494,022</u>	<u>\$ 2,498,104</u>	<u>\$ 2,480,638</u>
4. Total actuarial present value of future expected benefit payments	\$ 7,230,286	\$ 7,701,386	\$ 7,880,547
5. Actuarial accrued liabilities	\$ 5,400,898	\$ 5,505,501	\$ 5,590,633
6. Unfunded actuarial accrued liabilities	\$ 163,888	\$ 246,050	\$ 331,182

Retirement Plan for Employees of the  
Town of Surfside, Florida

Actuarial Valuation as of October 1, 2012

State Required Exhibit

Police Officers

		<b>Prior</b>	<b>Current</b>
		<b>Assumptions /</b>	<b>Assumptions /</b>
		<b>Plan Provisions</b>	<b>Plan Provisions</b>
	<u>10/01/2011</u>	<u>10/01/2012</u>	<u>10/01/2012</u>
<b>A. Participant Data</b>			
1. Active participants	27	27	27
2. Retired, disabled and beneficiaries receiving benefits	14	13	13
3. Terminated vested participants	3	4	4
4. Annual payroll of active participants	\$ 2,020,655	\$ 2,069,206	\$ 2,069,206
5. Expected payroll of active employees for the following year	\$ 2,020,655	\$ 2,069,206	\$ 2,069,206
6. Annual benefits payable to those currently receiving benefits	\$ 325,901	\$ 311,530	\$ 311,530
<b>B. Assets</b>			
1. Actuarial value	\$ 7,250,394	\$ 7,509,026	\$ 7,509,026
2. Market value	\$ 6,070,730	\$ 7,384,144	\$ 7,384,144
<b>C. Liabilities</b>			
1. Actuarial present value of future expected benefit payments for active members			
a. Retirement benefits	\$ 7,088,394	\$ 7,965,914	\$ 8,116,833
b. Vesting benefits	738,885	785,867	800,340
c. Disability benefits	573,352	613,308	658,952
d. Return of member contributions	46,301	45,130	44,979
e. Total	\$ 8,446,932	\$ 9,410,219	\$ 9,621,104
2. Actuarial present value of future expected benefit payments for terminated vested members and miscellaneous	\$ 234,936	\$ 432,435	\$ 435,699
3. Actuarial present value of future expected benefit payments for members currently receiving benefits	\$ 3,292,088	\$ 3,181,327	\$ 3,129,185
4. Total actuarial present value of future expected benefit payments	\$ 11,973,956	\$ 13,023,981	\$ 13,185,988
5. Actuarial accrued liabilities	\$ 7,871,125	\$ 8,660,369	\$ 8,696,823
6. Unfunded actuarial accrued liabilities	\$ 620,731	\$ 1,151,343	\$ 1,187,797

**Retirement Plan for Employees of the  
Town of Surfside, Florida**  
**Actuarial Valuation as of October 1, 2012**  
**State Required Exhibit - All Members**

	<u>10/01/2011</u>	<u>Prior Assumptions / Plan Provisions 10/01/2012</u>	<u>Current Assumptions / Plan Provisions 10/01/2012</u>
<b>D. <u>Statement of Accumulated Plan Benefits</u></b>			
1. Actuarial present value of accumulated vested benefits			
a. Participants currently receiving benefits	\$ 5,786,110	\$ 5,679,431	\$ 5,609,823
b. Terminated vested members and miscellaneous	460,304	630,590	633,925
c. Other participants	4,350,125	5,248,193	5,386,527
d. Total	\$ 10,596,539	\$ 11,558,214	\$ 11,630,275
2. Actuarial present value of accumulated non-vested plan benefits	781,933	589,232	593,252
3. Total actuarial present value of accumulated plan benefits	\$ 11,378,472	\$ 12,147,446	\$ 12,223,527
<b>E. <u>Statement of Change in Accumulated Plan Benefits</u></b>			
1. Actuarial present value of accumulated plan benefits as of October 1, 2011			\$ 11,378,472
2. Increase (decrease) during year attributable to:			
a. Change in plan provisions and actuarial assumptions			\$ 76,081
b. Benefits paid			(609,621)
c. Other, including benefits accumulated, increase for interest due to decrease in the discount period			1,378,595
d. Net increase			\$ 845,055
3. Actuarial present value of accumulated plan benefits as of October 1, 2012			\$ 12,223,527
<b>F. <u>Pension Cost</u></b>			
1. Total normal cost	\$ 742,304	\$ 799,946	\$ 821,638
2. Payment required to amortize unfunded liability	46,667	92,456	102,032
3. Interest	28,517	32,255	10,557
4. Total required contributions	\$ 817,488	\$ 924,657	\$ 934,227
5. Item 4 as a percentage of payroll	20.2%	21.2%	21.4%
6. Estimated employee contributions	\$ 283,279	\$ 302,643	\$ 302,643
7. Item 6 as a percentage of payroll	7.0%	6.9%	6.9%
8. Net amount payable by Town	\$ 534,209	\$ 622,014	\$ 631,584
9. Item 8 as a percentage of payroll	13.2%	14.3%	14.5%

Retirement Plan for Employees of the  
Town of Surfside, Florida

Actuarial Valuation as of October 1, 2012

State Required Exhibit - General Employees

	<u>10/01/2011</u>	<u>Prior Assumptions 10/01/2012</u>	<u>Current Assumptions 10/01/2012</u>
<b>D. <u>Statement of Accumulated Plan Benefits</u></b>			
1. Actuarial present value of accumulated vested benefits			
a. Participants currently receiving benefits	\$ 2,494,022	\$ 2,498,104	\$ 2,480,638
b. Terminated vested members and miscellaneous	225,368	198,155	198,226
c. Other participants	1,941,102	2,128,029	2,199,120
d. Total	<u>\$ 4,660,492</u>	<u>\$ 4,824,288</u>	<u>\$ 4,877,984</u>
2. Actuarial present value of accumulated non-vested plan benefits	<u>346,600</u>	<u>437,262</u>	<u>442,401</u>
3. Total actuarial present value of accumulated plan benefits	\$ 5,007,092	\$ 5,261,550	\$ 5,320,385
<b>E. <u>Statement of Change in Accumulated Plan Benefits</u></b>			
1. Actuarial present value of accumulated plan benefits as of October 1, 2011			\$ 5,007,092
2. Increase (decrease) during year attributable to:			
a. Change in plan provisions and actuarial assumptions			\$ 58,835
b. Benefits paid			(291,288)
c. Other, including benefits accumulated, increase for interest due to decrease in the discount period			<u>545,746</u>
d. Net increase			\$ 313,293
3. Actuarial present value of accumulated plan benefits as of October 1, 2012			\$ 5,320,385
<b>F. <u>Pension Cost</u></b>			
1. Total normal cost	\$ 239,853	\$ 283,540	\$ 293,590
2. Payment required to amortize unfunded liability	12,993	19,559	26,264
3. Interest	9,139	10,955	4,783
4. Total required contributions	<u>\$ 261,985</u>	<u>\$ 314,054</u>	<u>\$ 324,637</u>
5. Item 4 as a percentage of payroll	12.9%	13.7%	14.2%
6. Estimated employee contributions	\$ 121,627	\$ 137,107	\$ 137,107
7. Item 6 as a percentage of payroll	6.0%	6.0%	6.0%
8. Net amount payable by Town	\$ 140,358	\$ 176,947	\$ 187,530
9. Item 8 as a percentage of payroll	6.9%	7.7%	8.2%

**Retirement Plan for Employees of the  
Town of Surfside, Florida  
Actuarial Valuation as of October 1, 2012  
State Required Exhibit - Police Officers**

	<u>10/01/2011</u>	<u>Prior Assumptions / Plan Provisions 10/01/2012</u>	<u>Current Assumptions / Plan Provisions 10/01/2012</u>
<b>D. <u>Statement of Accumulated Plan Benefits</u></b>			
1. Actuarial present value of accumulated vested benefits			
a. Participants currently receiving benefits	\$ 3,292,088	\$ 3,181,327	\$ 3,129,185
b. Terminated vested members and miscellaneous	234,936	432,435	435,699
c. Other participants	2,409,023	3,120,164	3,187,407
d. Total	\$ 5,936,047	\$ 6,733,926	\$ 6,752,291
2. Actuarial present value of accumulated non-vested plan benefits	435,333	151,970	150,851
3. Total actuarial present value of accumulated plan benefits	\$ 6,371,380	\$ 6,885,896	\$ 6,903,142
<b>E. <u>Statement of Change in Accumulated Plan Benefits</u></b>			
1. Actuarial present value of accumulated plan benefits as of October 1, 2011			\$ 6,371,380
2. Increase (decrease) during year attributable to:			
a. Change in plan provisions and actuarial assumptions			\$ 17,246
b. Benefits paid			(318,333)
c. Other, including benefits accumulated, increase for interest due to decrease in the discount period			832,849
d. Net increase			\$ 531,762
3. Actuarial present value of accumulated plan benefits as of October 1, 2012			\$ 6,903,142
<b>F. <u>Pension Cost</u></b>			
1. Total normal cost	\$ 502,451	\$ 516,406	\$ 528,048
2. Payment required to amortize unfunded liability	33,674	72,897	75,768
3. Interest	19,378	21,300	5,774
4. Total required contributions	\$ 555,503	\$ 610,603	\$ 609,590
5. Item 4 as a percentage of payroll	27.5%	29.5%	29.5%
6. Estimated employee contributions	\$ 161,652	\$ 165,536	\$ 165,536
7. Item 6 as a percentage of payroll	8.0%	8.0%	8.0%
8. Net amount payable by Town	\$ 393,851	\$ 445,067	\$ 444,054
9. Item 8 as a percentage of payroll	19.5%	21.5%	21.5%

Retirement Plan for Employees of the  
Town of Surfside, Florida

Actuarial Valuation as of October 1, 2012

State Required Exhibit

		Prior Assumptions / Plan Provisions	Current Assumptions / Plan Provisions
	<u>10/01/2011</u>	<u>10/01/2012</u>	<u>10/01/2012</u>
<b>G. <u>Past Contributions</u></b>			
1. Total contribution required (Prior Year)	\$ 795,947	\$ 817,488	\$ 817,488
2. Actual contributions made:			
a. Member	\$ 321,155	N/A	N/A
b. Town	515,440	N/A	N/A
c. Total	<u>\$ 836,595</u>	<u>N/A</u>	<u>N/A</u>
<b>H. <u>Net Actuarial Gain (Loss)</u></b>			
1. General Employees	\$ (71,257)	\$ (112,674)	\$ (112,674)
2. Police Officers	(749,838)	(482,570)	(482,570)
3. Total	<u>\$ (821,095)</u>	<u>\$ (595,244)</u>	<u>\$ (595,244)</u>
<b>I. <u>Disclosure of Following Items:</u></b>			
1. Actuarial present value of future salaries - attained age			
a. General Employees	\$ 16,566,799	\$ 18,629,009	\$ 18,681,159
b. Police Officers	17,329,497	18,305,450	18,389,249
c. Total	<u>\$ 33,896,296</u>	<u>\$ 36,934,459</u>	<u>\$ 37,070,408</u>
2. Actuarial present value of future employee contributions - attained age			
a. General Employees	\$ 991,288	\$ 1,115,105	\$ 1,118,222
b. Police Officers	1,386,360	1,464,436	1,471,140
c. Total	<u>\$ 2,377,648</u>	<u>\$ 2,579,541</u>	<u>\$ 2,589,362</u>
3. Actuarial present value of future contributions from other sources	N/A	N/A	N/A
4. Amount of active members' accumulated contributions			
a. General Employees	\$ 966,346	\$ 1,015,838	\$ 1,015,838
b. Police Officers	951,679	1,111,257	1,111,257
c. Total	<u>\$ 1,918,025</u>	<u>\$ 2,127,095</u>	<u>\$ 2,127,095</u>
5. Actuarial present value of future salaries and future benefits at entry age	N/A	N/A	N/A
6. Actuarial present value of future employee contributions at entry age	N/A	N/A	N/A

Retirement Plan for Employees of the  
Town of Surfside, Florida

Actuarial Valuation as of October 1, 2012

State Required Exhibit

<u>Date</u>	<u>Unfunded Actuarial Accrued Liabilities</u>	<u>Current Unfunded Liabilities</u>	<u>Amortization Payment</u>	<u>Remaining Funding Period</u>
<u>General Employees</u>				
10/01/2009	Combined Bases *	\$ 1,415	\$ 126	21 years
10/01/2010	Actuarial (Gain) Loss	159,586	12,827	28 years
10/01/2010	Assumption Changes	(85,738)	(6,891)	28 years
10/01/2011	Actuarial (Gain) Loss	58,113	4,622	29 years
10/01/2012	Actuarial (Gain) Loss	112,674	8,875	30 years
10/01/2012	Assumption Changes	85,132	6,705	30 years
	Total	\$ 331,182	\$ 26,264	
<u>Police Officers</u>				
10/01/2011	Combined Credit Bases *	\$ (4,696,722)	\$ (419,557)	21 years
10/01/2011	Combined Charge Bases *	5,365,495	454,445	24 years
10/01/2012	Actuarial (Gain) Loss	482,570	38,009	30 years
10/01/2012	Assumption Changes	36,454	2,871	30 years
	Total	\$ 1,187,797	\$ 75,768	

\* Combined per Internal Revenue Code Regulation 1.412(b)-1

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

Enrollment Number: 11-02802

Date: February 5, 2013

  
\_\_\_\_\_  
Lawrence F. Wilson, A.S.A.