

RETIREMENT PLAN FOR EMPLOYEES OF THE TOWN OF SURFSIDE

PROJECTION ACTUARIAL VALUATION AS OF OCTOBER 1, 2013

This Valuation Determines the Annual Contribution for the Plan and Fiscal Year October 1, 2014 through September 30, 2015 to Be Paid in Fiscal Year October 1, 2014 through September 30, 2015

April 28, 2014

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

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April 28, 2014

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, 2013 Projection Actuarial Valuation

We are pleased to present our October 1, 2013 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, 2015 is **\$1,080,523 (20.9%)**. The figure in parentheses is the Plan cost expressed as a percentage of covered annual payroll (\$5,181,920) as of October 1, 2013.

This total cost is to be met by Member and Town contributions. We anticipate that Member contributions will be **\$353,501 (6.8%)**. The resulting minimum required Town contribution to be paid in **fiscal year ending September 30, 2015** is **\$727,022 (14.0%)**. 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. DROP eligibility has been updated to include General Employees. The remaining plan provisions are unchanged from the previous actuarial valuation. Plan benefits are summarized on Table IX.

The actuarial assumptions and methods remain unchanged from the previous valuation. The actuarial assumptions and methods are outlined on Table X.

Projected Government Accounting Standards Board Statement Number 67 (GASB 67) disclosures are included.

Comparison of October 1, 2012 and October 1, 2013 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, 2012. The center columns indicate the costs as calculated for October 1, 2013 prior to the change in Plan provisions. The right columns indicate the costs as calculated for October 1, 2013 after the change in 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 15% while covered payroll increased by approximately 19%. Total normal cost increased as a dollar amount but decreased as a percentage of covered payroll. The unfunded actuarial accrued liability increased as a dollar amount but decreased as a percentage of covered payroll. The net Town minimum funding requirement also increased as a dollar amount but decreased as a percentage of covered payroll.

Comparing the center and right columns of Table II shows the effect of the Plan provision changes. The total normal cost, unfunded actuarial accrued liability and net Town minimum funding requirement increased as both a dollar amount and as a percentage of covered payroll.

Assets exceed the value of vested accrued benefits resulting in a Vested Benefit Security Ratio of 118.2% (118.8% prior to change in Plan provisions). This is an increase from 108.0% as of the October 1, 2012 Actuarial Valuation. The Vested Benefit Security Ratio is based upon the market value of assets.

Actuarial Gains (Losses)

The Plan experienced an actuarial gain of **\$29,559** (0.6%). 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 2012-2013, the fund experienced a smoothed actuarial value return of approximately 6.7%. This return is less than the assumed 7.5% rate of return. Investment return was a source of actuarial loss this year. The average smoothed actuarial value rate of return over the last three, five and ten years is 2.6%, 2.2% and 4.2%, respectively. The one, three, five and ten-year average market value returns are 11.5%, 8.5%, 6.1% and 5.2%, respectively.

Table XIV also provides salary increase experience for the Plan in comparison to assumed salary increases. Salary increases averaged 6.6% and 4.6%, respectively for General Employees and Police Officers this year. General Employee average annual salary increases for the three, five and ten-year periods are 6.6%, 4.7% and 5.7%, respectively. Police Officer average annual salary increases for the three, five and ten-year periods are 4.6%, 7.6% and 10.4%, respectively. The average salary increase assumption is 5.0% per

annum for General Employees and 5.1% per annum for Police Officers. Salary increases were generally a source of actuarial gain for Police Officers and an offsetting source of actuarial loss for General Employees.

Employee turnover this year was 90% of the assumed turnover for General Employees and 50% of the assumed turnover for Police Officers. General Employee turnover for the three, five and ten-year periods are 170%, 210% and 210%, respectively of expected turnover. Police Officer turnover for the three, five and ten-year periods are 70%, 70% and 160%, respectively of expected turnover. Employee turnover was generally an offsetting source of actuarial loss for both General Employees and Police Officers.

Member Census and Financial Data

The Member census data as of October 1, 2013 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, 2013 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, 2013 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.

This report may be provided to parties other than the Board only in its entirety and only with the permission of an approved representative of the Board.

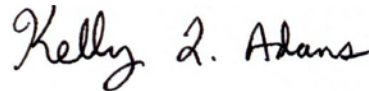
The signing actuaries are independent of the system sponsor.

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,



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



Kelly L. Adams, A.S.A.
Consultant and Actuary

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

Both Groups Combined

Summary of Retirement Plan Costs as of October 1, 2013

	<u>Prior</u>		<u>Current</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>
A. Participant Data Summary (Table III)				
1. Active Employees	91	N/A	91	N/A
2. Terminated Vested	7	N/A	7	N/A
3. Receiving Benefits (including DROPs)	33	N/A	33	N/A
4. Annual Payroll of Active Employees	\$ 5,181,920	100.0%	\$ 5,181,920	100.0%
B. Total Normal Cost				
1. Age Retirement Benefits	\$ 684,695	13.2%	\$ 686,734	13.3%
2. Deferred Vesting Benefits	88,733	1.7%	89,745	1.7%
3. Disability Benefits	101,648	2.0%	100,990	1.9%
4. Return of Employee Contributions	11,524	0.2%	11,519	0.2%
5. Administrative Expenses	69,278	1.3%	69,278	1.3%
6. Total Annual Normal Cost	<u>\$ 955,878</u>	18.4%	<u>\$ 958,266</u>	18.5%
C. Total Actuarial Accrued Liability				
1. Active Employees	\$ 9,519,529	183.7%	\$ 9,554,773	184.4%
2. Service Retirees and Beneficiaries (including DROPs)	5,073,597	97.9%	5,073,597	97.9%
3. Disabilities	527,134	10.2%	527,134	10.2%
4. Terminated Vested Members	612,042	11.8%	612,042	11.8%
5. Miscellaneous Liability	0	0.0%	0	0.0%
6. Total Actuarial Accrued Liability	<u>\$ 15,732,302</u>	303.6%	<u>\$ 15,767,546</u>	304.3%
D. Plan Assets				
1. Smoothed Actuarial Value	\$ 14,125,280	272.6%	\$ 14,125,280	272.6%
2. Market Value	\$ 14,506,355	279.9%	\$ 14,506,355	279.9%
E. Unfunded Actuarial Accrued Liability (C-D.1.)	\$ 1,607,022	31.0%	\$ 1,642,266	31.7%
F. Minimum Required Contribution				
1. Total Normal Cost	\$ 955,878	18.4%	\$ 958,266	18.5%
2. Amortization of Unfunded Liability	107,150	2.1%	109,926	2.1%
3. Interest Adjustment	12,331	0.2%	12,331	0.2%
4. Total Contribution	<u>\$ 1,075,359</u>	20.8%	<u>\$ 1,080,523</u>	20.9%

Retirement Plan for Employees of the
Town of Surfside, Florida

Both Groups Combined

Summary of Retirement Plan Costs as of October 1, 2013

	<u>Prior</u>		<u>Current</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 2014 - 2015 Plan Year (\$5,181,920 x 1.000)	\$ 5,181,920	100.0%	\$ 5,181,920	100.0%
H. Expected Contribution Sources (percent of expected 2014 - 2015 payroll)				
1. Town	\$ 721,858	13.9%	\$ 727,022	14.0%
2. Employees	353,501	6.8%	353,501	6.8%
I. Years to Which Contribution Applies:				
1. Plan Year Ending	September 30, 2015		September 30, 2015	
2. Town Fiscal Year Ending	September 30, 2015		September 30, 2015	
3. Assumed Date of Town Contribution	October 1, 2014 - September 30, 2015			
J. Actuarial Gains (Losses) (Table VI)	\$ 29,559	0.6%	\$ 29,559	0.6%
K. Actuarial Present Value of Vested Accrued Benefits				
1. Members Currently Receiving Benefits (including DROPs)	\$ 5,600,731	108.1%	\$ 5,600,731	108.1%
2. Terminated Vested Members Entitled to Future Benefits and Miscellaneous	612,042	11.8%	612,042	11.8%
3. Active Employees	<u>5,995,437</u>	<u>115.7%</u>	<u>6,064,809</u>	<u>117.0%</u>
4. Total Actuarial Present Value of Vested Accrued Benefits	\$ 12,208,210	235.6%	\$ 12,277,582	236.9%
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.)	118.8%	N/A	118.2%	N/A

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

General Employees

Summary of Retirement Plan Costs as of October 1, 2013

	<u>Cost Data</u>	<u>% of Payroll</u>
A. Participant Data Summary (Table III)		
1. Active Employees	64	N/A
2. Terminated Vested	4	N/A
3. Receiving Benefits (including DROPs)	20	N/A
4. Annual Payroll of Active Employees	\$ 3,034,703	100.0%
B. Total Normal Cost		
1. Age Retirement Benefits	\$ 284,470	9.4%
2. Deferred Vesting Benefits	33,327	1.1%
3. Disability Benefits	38,098	1.3%
4. Return of Employee Contributions	8,259	0.3%
5. Administrative Expenses	28,064	0.9%
6. Total Annual Normal Cost	\$ 392,218	12.9%
C. Total Actuarial Accrued Liability		
1. Active Employees	\$ 3,357,539	110.6%
2. Service Retirees and Beneficiaries (including DROPs)	2,442,280	80.5%
3. Disabilities	0	0.0%
4. Terminated Vested Members	213,687	7.0%
5. Miscellaneous Liability	0	0.0%
6. Total Actuarial Accrued Liability	\$ 6,013,506	198.2%
D. Plan Assets		
1. Smoothed Actuarial Value	\$ 5,634,818	185.7%
2. Market Value	\$ 5,786,835	190.7%
E. Unfunded Actuarial Accrued Liability (C-D.1.)	\$ 378,688	12.5%
F. Minimum Required Contribution		
1. Total Normal Cost	\$ 392,218	12.9%
2. Amortization of Unfunded Liability	30,343	1.0%
3. Interest Adjustment	6,339	0.2%
4. Total Contribution	\$ 428,900	14.1%

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

General Employees

Summary of Retirement Plan Costs as of October 1, 2013

	<u>Cost Data</u>	<u>% of Payroll</u>
G. Expected Payroll of Active Employees for 2014 - 2015 Plan Year (\$3,034,703 x 1.000)	\$ 3,034,703	100.0%
H. Expected Contribution Sources (percent of expected 2014 - 2015 payroll)		
1. Town	\$ 247,176	8.1%
2. Employees	181,724	6.0%
I. Years to Which Contribution Applies:		
1. Plan Year Ending		September 30, 2015
2. Town Fiscal Year Ending		September 30, 2015
3. Assumed Date of Town Contribution	October 1, 2014 -	September 30, 2015
J. Actuarial Gains (Losses) (Table VI)	\$ (69)	0.0%
K. Actuarial Present Value of Vested Accrued Benefits		
1. Members Currently Receiving Benefits (including DROPs)	\$ 2,442,280	80.5%
2. Terminated Vested Members Entitled to Future Benefits and Miscellaneous	213,687	7.0%
3. Active Employees	<u>2,224,843</u>	73.3%
4. Total Actuarial Present Value of Vested Accrued Benefits	\$ 4,880,810	160.8%
L. Unfunded Actuarial Present Value of Vested Accrued Benefits (K. - D.2., not less than zero)	\$ 0	0.0%
M. Vested Benefit Security Ratio (D.2. ÷ K.)	118.6%	N/A

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

Police Officers

Summary of Retirement Plan Costs as of October 1, 2013

	<u>Prior</u>		<u>Current</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>
A. Participant Data Summary (Table III)				
1. Active Employees	27	N/A	27	N/A
2. Terminated Vested	3	N/A	3	N/A
3. Receiving Benefits (including DROPs)	13	N/A	13	N/A
4. Annual Payroll of Active Employees	\$ 2,147,217	100.0%	\$ 2,147,217	100.0%
B. Total Normal Cost				
1. Age Retirement Benefits	\$ 400,225	18.6%	\$ 402,264	18.7%
2. Deferred Vesting Benefits	55,406	2.6%	56,418	2.6%
3. Disability Benefits	63,550	3.0%	62,892	2.9%
4. Return of Employee Contributions	3,265	0.2%	3,260	0.2%
5. Administrative Expenses	41,214	1.9%	41,214	1.9%
6. Total Annual Normal Cost	<u>\$ 563,660</u>	26.3%	<u>\$ 566,048</u>	26.4%
C. Total Actuarial Accrued Liability				
1. Active Employees	\$ 6,161,990	287.0%	\$ 6,197,234	288.6%
2. Service Retirees and Beneficiaries (including DROPs)	2,631,317	122.5%	2,631,317	122.5%
3. Disabilities	527,134	24.5%	527,134	24.5%
4. Terminated Vested Members	398,355	18.6%	398,355	18.6%
5. Miscellaneous Liability	0	0.0%	0	0.0%
6. Total Actuarial Accrued Liability	<u>\$ 9,718,796</u>	452.6%	<u>\$ 9,754,040</u>	454.3%
D. Plan Assets				
1. Smoothed Actuarial Value	\$ 8,490,462	395.4%	\$ 8,490,462	395.4%
2. Market Value	\$ 8,719,520	406.1%	\$ 8,719,520	406.1%
E. Unfunded Actuarial Accrued Liability (C-D.1.)	\$ 1,228,334	57.2%	\$ 1,263,578	58.8%
F. Minimum Required Contribution				
1. Total Normal Cost	\$ 563,660	26.3%	\$ 566,048	26.4%
2. Amortization of Unfunded Liability	76,807	3.6%	79,583	3.7%
3. Interest Adjustment	5,992	0.3%	5,992	0.3%
4. Total Contribution	<u>\$ 646,459</u>	30.1%	<u>\$ 651,623</u>	30.3%

Retirement Plan for Employees of the
Town of Surfside, Florida

Police Officers

Summary of Retirement Plan Costs as of October 1, 2013

	<u>Prior</u>		<u>Current</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 2014 - 2015 Plan Year (\$2,147,217 x 1.000)	\$ 2,147,217	100.0%	\$ 2,147,217	100.0%
H. Expected Contribution Sources (percent of expected 2014 - 2015 payroll)				
1. Town	\$ 474,682	22.1%	\$ 479,846	22.3%
2. Employees	171,777	8.0%	171,777	8.0%
I. Years to Which Contribution Applies:				
1. Plan Year Ending	September 30, 2015		September 30, 2015	
2. Town Fiscal Year Ending	September 30, 2015		September 30, 2015	
3. Assumed Date of Town Contribution	October 1, 2014 - September 30, 2015			
J. Actuarial Gains (Losses) (Table VI)	\$ 29,628	1.4%	\$ 29,628	1.4%
K. Actuarial Present Value of Vested Accrued Benefits				
1. Members Currently Receiving Benefits (including DROPs)	\$ 3,158,451	147.1%	\$ 3,158,451	147.1%
2. Terminated Vested Members Entitled to Future Benefits and Miscellaneous	398,355	18.6%	398,355	18.6%
3. Active Employees	<u>3,770,594</u>	<u>175.6%</u>	<u>3,839,966</u>	<u>178.8%</u>
4. Total Actuarial Present Value of Vested Accrued Benefits	\$ 7,327,400	341.3%	\$ 7,396,772	344.5%
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.)	119.0%	N/A	117.9%	N/A

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

Both Groups Combined

Comparison of Cost Data of October 1, 2012 and October 1, 2013 Valuations

	<u>October 1, 2012</u>		<u>Prior Plan Provisions October 1, 2013</u>		<u>Current Plan Provisions October 1, 2013</u>	
	Cost Data	% of Annual Compensation	Cost Data	% of Annual Compensation	Cost Data	% of Annual Compensation
A. Participants						
1. Active Employees	79	N/A	91	N/A	91	N/A
2. Terminated Vested	8	N/A	7	N/A	7	N/A
3. Receiving Benefits (including DROPs)	32	N/A	33	N/A	33	N/A
4. Annual Payroll of Active Employees	\$ 4,359,957	100.0%	\$ 5,181,920	100.0%	\$ 5,181,920	100.0%
B. Total Normal Costs	\$ 821,638	18.8%	\$ 955,878	18.4%	\$ 958,266	18.5%
C. Total Actuarial Accrued Liability	\$ 14,287,456	327.7%	\$ 15,732,302	303.6%	\$ 15,767,546	304.3%
D. Smoothed Actuarial Value of Assets	\$ 12,768,477	292.9%	\$ 14,125,280	272.6%	\$ 14,125,280	272.6%
E. Unfunded Actuarial Accrued Liability	\$ 1,518,979	34.8%	\$ 1,607,022	31.0%	\$ 1,642,266	31.7%
F. Net Town Minimum Funding Payment	\$ 631,584	14.5%	\$ 721,858	13.9%	\$ 727,022	14.0%
G. Actuarial Gain (Loss)	\$ (595,244)	(13.7%)	\$ 29,559	0.6%	\$ 29,559	0.6%
H. Unfunded Actuarial Present Value of Vested Accrued Benefits	\$ 0	0.0%	\$ 0	0.0%	\$ 0	0.0%
I. Vested Benefit Security Ratio	108.0%	N/A	118.8%	N/A	118.2%	N/A

**Table II
(Cont'd)**

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

Comparison of Cost Data of October 1, 2012 and October 1, 2013 Valuations

	October 1, 2012		October 1, 2013	
	Cost Data	% of Annual Compensation	Cost Data	% of Annual Compensation
A. Participants				
1. Active Employees	52	N/A	64	N/A
2. Terminated Vested	4	N/A	4	N/A
3. Receiving Benefits (including DROPs)	19	N/A	20	N/A
4. Annual Payroll of Active Employees	\$ 2,290,751	100.0%	\$ 3,034,703	100.0%
B. Total Normal Costs	\$ 293,590	12.8%	\$ 392,218	12.9%
C. Total Actuarial Accrued Liability	\$ 5,590,633	244.1%	\$ 6,013,506	198.2%
D. Smoothed Actuarial Value of Assets	\$ 5,259,451	229.6%	\$ 5,634,818	185.7%
E. Unfunded Actuarial Accrued Liability	\$ 331,182	14.5%	\$ 378,688	12.5%
F. Net Town Minimum Funding Payment	\$ 187,530	8.2%	\$ 247,176	8.1%
G. Actuarial Gain (Loss)	\$ (112,674)	(4.9%)	\$ (69)	(0.0%)
H. Unfunded Actuarial Present Value of Vested Accrued Benefits	\$ 0	0.0%	\$ 0	0.0%
I. Vested Benefit Security Ratio	106.0%	N/A	118.6%	N/A

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

Police Officers

Comparison of Cost Data of October 1, 2012 and October 1, 2013 Valuations

	<u>October 1, 2012</u>		<u>Prior Plan Provisions October 1, 2013</u>		<u>Current Plan Provisions October 1, 2013</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	4	N/A	3	N/A	3	N/A
3. Receiving Benefits (including DROPs)	13	N/A	13	N/A	13	N/A
4. Annual Payroll of Active Employees	\$ 2,069,206	100.0%	\$ 2,147,217	100.0%	\$ 2,147,217	100.0%
B. Total Normal Costs	\$ 528,048	25.5%	\$ 563,660	26.3%	\$ 566,048	26.4%
C. Total Actuarial Accrued Liability	\$ 8,696,823	420.3%	\$ 9,718,796	452.6%	\$ 9,754,040	454.3%
D. Smoothed Actuarial Value of Assets	\$ 7,509,026	362.9%	\$ 8,490,462	395.4%	\$ 8,490,462	395.4%
E. Unfunded Actuarial Accrued Liability	\$ 1,187,797	57.4%	\$ 1,228,334	57.2%	\$ 1,263,578	58.8%
F. Net Town Minimum Funding Payment	\$ 444,054	21.5%	\$ 474,682	22.1%	\$ 479,846	22.3%
G. Actuarial Gain (Loss)	\$ (482,570)	(23.3%)	\$ 29,628	1.4%	\$ 29,628	1.4%
H. Unfunded Actuarial Present Value of Vested Accrued Benefits	\$ 0	0.0%	\$ 0	0.0%	\$ 0	0.0%
I. Vested Benefit Security Ratio	109.4%	N/A	119.0%	N/A	117.9%	N/A

Table III

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

**Characteristics of Participants in Actuarial
Valuation as of October 1, 2013**

	<u>General Employees</u>	<u>Police Officers</u>	<u>Total</u>
A. <u>Active Plan Participants Summary</u>			
1. Active Participants Vested	15	22	37
2. Active Participants Partially Vested	14	0	14
3. Active Participants Non-Vested	35	5	40
4. Total Active Participants	64	27	91
5. Annual Payroll of Active Participants	\$ 3,034,703	\$ 2,147,217	\$ 5,181,920
B. <u>Retired and Terminated Vested Participant Summary</u>			
1. Service Retirees Receiving Benefits (including DROPs)	15	9	24
2. Beneficiaries Receiving Benefits	5	3	8
3. Disabled Participants Receiving Benefits	0	1	1
4. Terminated Vested Participants Entitled to Future Benefits	4	3	7

Table IV**Retirement Plan for Employees of the
Town of Surfside, Florida****Statement of Assets as of October 1, 2013**

	<u>Market Value</u>
<u>Investments</u>	
Cash and Cash Equivalents	\$ 506,582
United States Government Securities	918,851
Government Agency Bonds	1,046,237
Corporate Bonds	2,816,043
Municipal Obligations	32,744
Common Stocks	2,117,088
Mutual Funds	7,029,002
Total Investments	<u>\$ 14,466,547</u>
<u>Receivables</u>	
Accrued Interest	\$ 38,710
Beneficiary's Estate	0
Employee Contributions	39,564
Due from Broker	84,559
Prepaid Insurance	9,533
Total Receivables	<u>\$ 172,366</u>
<u>Liabilities</u>	
Refunds Payable	\$ 1,108
Accounts Payable	11,796
Due to Broker	119,654
Total Liabilities	<u>\$ 132,558</u>
<u>Net Assets Available For Benefits</u>	\$ 14,506,355

Table V

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

Reconciliation of Plan Assets

	<u>Market Value</u>
A. <u>Value of Assets as of October 1, 2012</u>	\$ 12,556,125
B. <u>Receipts During Period</u>	
1. Employee Contributions	\$ 340,964
2. Service Purchase Contributions (Settlement Agreement) *	272,769
3. Town Contributions	534,209
4. Net Investment Return	<u>1,468,957</u>
5. Total Receipts During Period	\$ 2,616,899
C. <u>Disbursements During Period</u>	
1. Benefit Payments	\$ 533,907
2. DROP Distributions	0
3. Contribution Refunds	63,484
4. Administrative Expenses	<u>69,278</u>
5. Total Disbursements During Period	\$ 666,669
D. <u>Value of Assets as of September 30, 2013</u>	\$ 14,506,355
E. <u>Approximate Rate of Return:</u> (Net of Investment Expense)	11.5%
F. <u>Reconciliation of DROP Account Balances</u>	
1. DROP Accounts Balance as of October 1, 2012	\$ 0
2. Benefit Payments into DROP Accounts during Year	19,407
3. Investment Gains (Losses) during Year	1,214
4. Distributions from DROP Accounts during Year	<u>0</u>
5. DROP Accounts Balance as of September 30, 2013	\$ 20,621

* Per Settlement Agreement: Town - \$74,769, Member - \$198,000

**Table V
(Cont'd)**

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

Allocation of Actuarial Value of Assets for Budget Purposes

	<u>General Employees</u>	<u>Police Officers</u>	<u>Total</u>
A. <u>Value of Assets as of October 1, 2012</u>	\$ 5,259,451	\$ 7,509,026	\$ 12,768,477
B. <u>Receipts During Period</u>			
1. Employee Contributions	\$ 167,042	\$ 173,922	\$ 340,964
2. Service Purchase Contributions	0	272,769	272,769
3. Town Contributions	140,358	393,851	534,209
4. Net Investment Return	<u>354,664</u>	<u>520,866</u>	<u>875,530</u>
5. Total Receipts During Period	\$ 662,064	\$ 1,361,408	\$ 2,023,472
C. <u>Disbursements During Period</u>			
1. Pension Benefit Payments	\$ 230,954	\$ 302,953	\$ 533,907
2. DROP Distributions	0	0	0
3. Contribution Refunds	27,679	35,805	63,484
4. Administrative Expenses	<u>28,064</u>	<u>41,214</u>	<u>69,278</u>
5. Total Disbursements During Period	\$ 286,697	\$ 379,972	\$ 666,669
D. <u>Value of Assets as of September 30, 2013</u>	\$ 5,634,818	\$ 8,490,462	\$ 14,125,280

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

Development of Smoothed Actuarial Value of Assets as of September 30

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
A. Preliminary smoothed actuarial value from prior year	12,487,404	12,768,477	14,125,280			
B. Market value end of year	12,556,125	14,506,355				
C. Market begining of year	10,455,661	12,556,125	14,506,355			
D. Non-investment net cash flow	164,546	481,273				
E. Investment return						
1. Total market value return: B. - C. - D.	1,935,918	1,468,957				
2. Amount for immediate recognition (7.5%)	790,345	959,757				
3. Amount for phased-in recognition: E.1. - E.2.	1,145,573	509,200				
F. Phased-in recognition of investment return						
1. Current year: 20% of E.3.	229,115	101,840				
2. First prior year	(228,502)	229,115	101,840			
3. Second prior year	3,380	(228,502)	229,115	101,840		
4. Third prior year	(190,061)	3,380	(228,502)	229,115	101,840	
5. Fourth prior year	(487,750)	(190,060)	3,379	(228,502)	229,113	101,840
6. Total phased-in recognition of investment return	<u>(673,818)</u>	<u>(84,227)</u>	<u>105,832</u>	<u>102,453</u>	<u>330,953</u>	<u>101,840</u>
G. Smoothed actuarial value end of year						
1. Preliminary smoothed actuarial value end of year:						
A. + D. + E.2. + F.6.	12,768,477	14,125,280				
2. Upper corridor limit:120% of B.	15,067,350	17,407,626				
3. Lower corridor limit: 80% of B.	10,044,900	11,605,084				
4. Smoothed actuarial value end of year:						
G.1., not more than G.2., nor less than G.3.	12,768,477	14,125,280				
H. Difference between market value and smoothed actuarial value	(212,352)	381,075				
I. Smoothed actuarial value rate of return	0.9%	6.7%				
J. Market value rate of return	18.4%	11.5%				

Table VI

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

Actuarial Gains (Losses) for Plan Year Ended September 30, 2013

	<u>General Employees</u>	<u>Police Officers</u>	<u>Total</u>
A. <u>Derivation of Actuarial Gain (Loss)</u>			
1. Town normal cost previous actuarial valuation	\$ 156,483	\$ 362,512	\$ 518,995
2. Unfunded actuarial accrued liability (UAAL) previous actuarial valuation	331,182	1,187,797	1,518,979
3. Town contributions previous year	140,358	393,851	534,209
4. Interest on:			
(a) Town normal cost	\$ 11,736	\$ 27,188	\$ 38,924
(b) Unfunded actuarial accrued liability	24,839	89,085	113,924
(c) Town contribution	5,263	14,769	20,032
(d) Net total: (a) + (b) - (c)	<u>\$ 31,312</u>	<u>\$ 101,504</u>	<u>\$ 132,816</u>
5. Increase (decrease) in unfunded actuarial accrued liability due to Plan provision change	\$ 0	\$ 35,244	\$ 35,244
6. Expected unfunded actuarial accrued liability current year (1. + 2. - 3. + 4. + 5.)	\$ 378,619	\$ 1,293,206	\$ 1,671,825
7. Actual unfunded actuarial accrued liability current year	378,688	1,263,578	1,642,266
8. Actuarial gain (loss): (6. - 7.)	\$ (69)	\$ 29,628	\$ 29,559
B. <u>Approximate Portion of Gain (Loss) Due to Investments</u>			
1. Smoothed actuarial value of assets previous year	\$ 5,259,451	\$ 7,509,026	\$ 12,768,477
2. Contributions during period	307,400	840,542	1,147,942
3. Benefits and administrative expenses during period	286,697	379,972	666,669
4. Expected appreciation for period	<u>395,235</u>	<u>580,448</u>	<u>975,683</u>
5. Expected smoothed actuarial value of assets current year (1. + 2. - 3. + 4.)	\$ 5,675,389	\$ 8,550,044	\$ 14,225,433
6. Actual smoothed actuarial value of assets current year	5,634,818	8,490,462	14,125,280
7. Approximate gain (loss) due to investments: (6. - 5.)	\$ (40,571)	\$ (59,582)	\$ (100,153)
C. <u>Approximate Portion of Gain (Loss) Due to Liabilities: A. - B.</u>	\$ 40,502	\$ 89,210	\$ 129,712

Table VII

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

Amortization of Unfunded Actuarial Accrued Liability

<u>Valuation Date</u>	<u>Unfunded Liability</u>	<u>Amortization Payment</u>
10/01/2013	\$ 1,642,266	\$ 109,926
10/01/2014	\$ 1,647,266	\$ 109,926
10/01/2015	\$ 1,652,641	\$ 109,926
10/01/2016	\$ 1,658,419	\$ 109,926
10/01/2017	\$ 1,664,630	\$ 109,926
...
10/01/2043	\$ 0	\$ 0

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

Both Groups Combined

Accounting Disclosure Exhibit

	<u>10/01/2012</u>	<u>Prior Provisions 10/01/2013</u>	<u>Current Provisions 10/01/2013</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	\$ 5,609,823	\$ 5,600,731	\$ 5,600,731
b. Other participants	6,020,452	6,607,479	6,676,851
c. Total	<u>\$ 11,630,275</u>	<u>\$ 12,208,210</u>	<u>\$ 12,277,582</u>
2. Actuarial present value of accumulated non-vested plan benefits	<u>593,252</u>	<u>758,100</u>	<u>758,100</u>
3. Total actuarial present value of accumulated plan benefits	\$ 12,223,527	\$ 12,966,310	\$ 13,035,682
B. <u>Statement of Change in Accumulated Plan Benefits</u>			
1. Actuarial present value of accumulated plan benefits as of October 1, 2012			\$ 12,223,527
2. Increase (decrease) during year attributable to:			
a. Change in plan provisions and actuarial assumptions			\$ 69,372
b. Benefits paid (includes refunds and DROP distributions)			(597,391)
c. Other, including benefits accumulated, increase for interest due to decrease in the discount period			<u>1,340,174</u>
d. Net increase			\$ 812,155
3. Actuarial present value of accumulated plan benefits as of October 1, 2013			\$ 13,035,682
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			None.

**Table VIII
(Cont'd)**

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

General Employees

Accounting Disclosure Exhibit

<u>I. Financial Accounting Standards Board Allocation as of</u>	<u>10/01/2012</u>	<u>10/01/2013</u>
<u>A. Statement of Accumulated Plan Benefits</u>		
1. Actuarial present value of accumulated vested plan benefits		
a. Participants currently receiving benefits	\$ 2,480,638	\$ 2,442,280
b. Other participants	2,397,346	2,438,530
c. Total	<u>\$ 4,877,984</u>	<u>\$ 4,880,810</u>
2. Actuarial present value of accumulated non-vested plan benefits	<u>442,401</u>	<u>612,785</u>
3. Total actuarial present value of accumulated plan benefits	\$ 5,320,385	\$ 5,493,595
<u>B. Statement of Change in Accumulated Plan Benefits</u>		
1. Actuarial present value of accumulated plan benefits as of October 1, 2012		\$ 5,320,385
2. Increase (decrease) during year attributable to:		
a. Change in plan provisions and actuarial assumptions		\$ 0
b. Benefits paid (includes refunds and DROP distributions)		(258,633)
c. Other, including benefits accumulated, increase for interest due to decrease in the discount period		<u>431,843</u>
d. Net increase		\$ 173,210
3. Actuarial present value of accumulated plan benefits as of October 1, 2013		\$ 5,493,595
<u>C. 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		None

Retirement Plan for Employees of the
Town of Surfside, Florida

Police Officers

Accounting Disclosure Exhibit

	<u>10/01/2012</u>	<u>Prior Provisions 10/01/2013</u>	<u>Current Provisions 10/01/2013</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	\$ 3,129,185	\$ 3,158,451	\$ 3,158,451
b. Other participants	3,623,106	4,168,949	4,238,321
c. Total	<u>\$ 6,752,291</u>	<u>\$ 7,327,400</u>	<u>\$ 7,396,772</u>
2. Actuarial present value of accumulated non-vested plan benefits	<u>150,851</u>	<u>145,315</u>	<u>145,315</u>
3. Total actuarial present value of accumulated plan benefits	\$ 6,903,142	\$ 7,472,715	\$ 7,542,087
B. <u>Statement of Change in Accumulated Plan Benefits</u>			
1. Actuarial present value of accumulated plan benefits as of October 1, 2012			\$ 6,903,142
2. Increase (decrease) during year attributable to:			
a. Change in plan provisions and actuarial assumptions			\$ 69,372
b. Benefits paid (includes refunds and DROP distributions)			(338,758)
c. Other, including benefits accumulated, increase for interest due to decrease in the discount period			<u>908,331</u>
d. Net increase			<u>\$ 638,945</u>
3. Actuarial present value of accumulated plan benefits as of October 1, 2013			\$ 7,542,087
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			None.

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

Both Groups Combined

Accounting Disclosure Exhibit

II. Actuarial Assumptions and Methods:

Actuarial valuation date	10/1/2012
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 *	4.0% - 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

III. Historical Trend Information

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>
09/30/2008	\$ 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)
09/30/2013	\$ 551,895	97%	\$ (189,706)

IV. Annual Pension Cost and Net Pension Obligation (GASB No. 27)

<u>Fiscal Year Ended</u>	<u>09/30/2013</u>	<u>09/30/2014</u>
Annual Required Contribution (ARC)	\$ 549,888	\$ 649,193
Interest on Net Pension Obligation (NPO)	(15,554)	(14,228)
Adjustment to ARC	17,561	16,063
APC	<u>\$ 551,895</u>	<u>\$ 651,028</u>
Town Contributions	<u>\$ (534,209)</u>	
Increase (Decrease) in NPO	\$ 17,686	
NPO (beginning of year)	<u>\$ (207,392)</u>	
NPO (end of year)	<u>\$ (189,706)</u>	

**Table VIII
(Cont'd)**

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

Both Groups Combined

Schedule of Funding Progress

V. Schedule of Funding Progress

Actuarial Valuation Date	Smoothed 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)
10/01/2008	\$ 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	\$ 12,768,477	\$ 14,287,456	\$ 1,518,979	89.4%	\$ 4,359,957	34.8%
10/01/2013 ¹	\$ 14,125,280	\$ 15,732,302	\$ 1,607,022	89.8%	\$ 5,181,920	31.0%
10/01/2013 ²	\$ 14,125,280	\$ 15,767,546	\$ 1,642,266	89.6%	\$ 5,181,920	31.7%

¹ Prior to Plan Amendment

² After Plan Amendment

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

Accounting Disclosure Exhibit

VI. Net Pension Liability and Related Ratios (GASB No. 67)

	Projected 9/30/2014 *
Measurement date	
A. <u>Total Pension Liability</u>	
Service Cost	\$ 888,988
Interest	1,228,605
Benefit Changes	35,244
Difference Between Actual and Expected Experience	170,264
Assumption Changes	0
Benefit Payments, including Refunds of Member Contributions	(550,265)
Net Change in Total Pension Liability	1,772,836
Total Pension Liability (TPL) - (beginning of year)	15,562,038
Total Pension Liability (TPL) - (end of year)	<u>\$ 17,334,874</u>
B. <u>Plan Fiduciary Net Position</u>	
Contributions - City and State	\$ 631,584
Contributions - Member	353,501
Net Investment Income	1,101,684
Benefit Payments, including Refunds of Member Contributions	(550,265)
Administrative Expenses	(69,278)
Other	0
Net Change in Plan Fiduciary Net Position	1,467,226
Plan Fiduciary Net Position - (beginning of year)	14,506,355
Plan Fiduciary Net Position - (end of year)	<u>\$ 15,973,581</u>
C. <u>Net Pension Liability (NPL) - (end of year): (A) - (B)</u>	1,361,293
D. <u>Plan Fiduciary Net Position as a Percentage of TPL: (B) / (A)</u>	92.15 %
E. <u>Covered Employee Payroll</u>	\$ 5,181,920
F. <u>NPL as a Percentage of Covered Employee Payroll: (C) / (E)</u>	26.27 %
G. <u>Notes to Schedule:</u>	
Valuation Date	10/01/2013
Update procedures were used to roll forward the total pension liability to the measurement date	
See Table IX., Item N. for benefit changes during the year.	
No assumption or method changes during the year.	

* Projected - actual amounts will be available after fiscal year end

**Table VIII
(Cont'd)**

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

Accounting Disclosure Exhibit

VII. Schedule of the Employer's Net Pension Liability (GASB No. 67)

<u>Measurement Date</u>	<u>Pension Liability</u>	<u>Plan Net Position</u>	<u>Net Pension Liability</u>	<u>Plan Net Position as a % of Total Pension Liability</u>	<u>Covered Payroll</u>	<u>Net Pension Liability as a % of Covered Payroll</u>
9/30/2014 *	\$ 17,334,874	\$ 15,973,581	\$ 1,361,293	92.15%	5,181,920 *	26.27% *

* Projected - actual amounts will be available after fiscal year end

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

Accounting Disclosure Exhibit

VIII. Schedule of Employer Contributions (GASB No. 67)

<u>Fiscal Year End</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Actual Contribution as a % of Covered Payroll</u>
9/30/2014 *	\$ 631,584	\$ 631,584	\$ 0	5,181,920 *	12.19% *

* Projected - actual amounts will be available after fiscal year end

IX. Notes to Schedule of Contributions (GASB No. 67)

Valuation Date: Actuarially determined contributions are calculated as of October 1st - one year prior the fiscal year end in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level dollar amount, Closed
Amortization Period	30 years
Asset Valuation Method	5-year smoothed market
Inflation	4.00%
Salary Increases	4.0% - 13.5%
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
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.
Cost of Living Adjustment	1.5%

Other Information:

Notes See Table IX., Item N. for benefit changes during the year.
No assumption or method changes during the year.

Retirement Plan for Employees of the
Town of Surfside, Florida

Accounting Disclosure Exhibit

X. Discount Rate (GASB No. 67)

A discount rate of 7.5% was used to measure the total pension liability. This discount rate was based on the expected rate of return on Plan investments of 7.5%. The projection of cash flows used to determine this discount rate assumed member contributions will be made at the current contribution rate and employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

XI. Sensitivity of the Net Pension Liability to the Discount Rate Assumption (GASB No. 67)

Measurement date: 9/30/2014 *

	1% Decrease	Current Discount Rate	1% Increase
Discount Rate	6.50%	7.50%	8.50%
Net Pension Liability	\$ 3,731,483	\$ 1,361,293	\$ (595,163)

* Projected - actual amounts will be available after fiscal year end

**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: 13-1603.

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, (3) completion of 25 years of Creditable Service or (4) the completion of 15 years and 4 months of service if hired on a full time basis in March 2003. 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)

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

1. Normal Retirement Eligibility was:

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. Only Police Officers were eligible to enter the DROP.

**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>
0 - 2	13.5%
2 - 3	12.5%
3 - 4	10.5%
4 - 5	8.5%
5 - 6	6.5%
6 & over	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. Smoothed Actuarial Value of Assets

The method used for determining the smoothed actuarial value of assets phases in the deviation between the expected and actual return on assets at the rate of 20% per year. The smoothed 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 smoothed actuarial accrued liability over the actuarial value of assets of the Plan.

K. Change From Previous Valuation

None.

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, 2013**

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	10	-	-	-	-	-	-	-	-	10
30-34	5	3	-	-	-	-	-	-	-	8
35-39	6	2	1	1	-	-	-	-	-	10
40-44	2	1	1	1	-	-	-	-	-	5
45-49	4	3	1	1	-	-	-	-	-	9
50-54	2	3	2	-	1	-	-	-	-	8
55-59	2	2	-	-	1	-	-	-	-	5
60-64	3	-	1	-	-	2	1	-	-	7
65-69	-	-	-	-	-	-	1	-	-	1
70+	=	=	=	=	=	=	=	=	=	<u>0</u>
TOTAL	35	14	6	3	2	2	2	0	0	64

	<u>Prior Year</u>	<u>Current Year</u>
Average Pay	\$ 44,053	\$ 47,417
Percent Female	38.5%	40.6%

**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, 2013**

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	1	-	-	-	-	-	-	-	-	1
25-29	-	2	-	-	-	-	-	-	-	2
30-34	1	2	1	-	-	-	-	-	-	4
35-39	1	6	-	-	-	-	-	-	-	7
40-44	-	1	1	-	-	-	-	-	-	2
45-49	1	3	-	-	1	-	-	-	-	5
50-54	-	2	1	-	-	-	-	-	-	3
55-59	-	1	-	-	-	-	-	-	-	1
60-64	1	-	-	-	-	1	-	-	-	2
65-69	-	-	-	-	-	-	-	-	-	0
70+	-	-	-	-	-	-	-	-	-	0
TOTAL	5	17	3	0	1	1	0	0	0	27

	<u>Prior Year</u>	<u>Current Year</u>
Average Pay	\$ 76,637	\$ 79,527
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, 2013**

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
TOTAL	0	0	1	0	0	0	0	0	0	1
										Average Pay \$ 35,861

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	10	-	-	-	-	-	-	-	-	10
30-34	5	3	-	-	-	-	-	-	-	8
35-39	6	2	1	1	-	-	-	-	-	10
40-44	2	1	1	1	-	-	-	-	-	5
45-49	4	3	1	1	-	-	-	-	-	9
50-54	2	3	1	-	1	-	-	-	-	7
55-59	2	2	-	-	1	-	-	-	-	5
60-64	3	-	1	-	-	2	1	-	-	7
65-69	-	-	-	-	-	-	1	-	-	1
70+	-	-	-	-	-	-	-	-	-	0
TOTAL	35	14	5	3	2	2	2	0	0	63
										Average Pay \$ 47,601

Table XII

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

Both Groups Combined

Summary of Participant Data

	<u>10/01/2012</u>	<u>10/01/2013</u>
Active Participants		
Number: Fully Vested	33	37
Partially Vested	12	14
Non-Vested	34	40
Total	<u>79</u>	<u>91</u>
Average Attained Age	43.41 years	42.50 years
Average Years of Service	7.79 years	7.29 years
Average Compensation	\$ 55,189	\$ 56,944
 Inactive Participants Receiving Benefits (including DROPs)		
Number	32	33
Average Age at Retirement	60.28 years	60.61 years
Average Annual Benefit	\$ 17,065	\$ 16,434
 Inactive Participants Due Deferred Benefits		
Number	8	7
Average Age at Commencement	59.63 years	60.71 years
Average Annual Benefit	\$ 13,575	\$ 13,824

**Table XII
(Cont'd)**

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

General Employees

Summary of Participant Data

	<u>10/01/2012</u>	<u>10/01/2013</u>
Active Participants		
Number: Fully Vested	12	15
Partially Vested	12	14
Non-Vested	28	35
Total	<u>52</u>	<u>64</u>
Average Attained Age	44.81 years	43.11 years
Average Years of Service	8.02 years	6.83 years
Average Compensation	\$ 44,053	\$ 47,417
 Inactive Participants Receiving Benefits (including DROPs)		
Number	19	20
Average Age at Retirement	60.67 years	61.00 years
Average Annual Benefit	\$ 12,345	\$ 11,993
 Inactive Participants Due Deferred Benefits		
Number	4	4
Average Age at Commencement	65.00 years	65.00 years
Average Annual Benefit	\$ 10,838	\$ 10,838

**Table XII
(Cont'd)**

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

Police Officers

Summary of Participant Data

	<u>10/01/2012</u>	<u>10/01/2013</u>
Active Participants		
Number: Fully Vested	21	22
Partially Vested	0	0
Non-Vested	6	5
Total	<u>27</u>	<u>27</u>
Average Attained Age	40.71 years	41.04 years
Average Years of Service	7.34 years	8.38 years
Average Compensation	\$ 76,637	\$ 79,527
 Inactive Participants Receiving Benefits (including DROPs)		
Number	13	13
Average Age at Retirement	59.72 years	60.02 years
Average Annual Benefit	\$ 23,964	\$ 23,265
 Inactive Participants Due Deferred Benefits		
Number	4	3
Average Age at Commencement	54.25 years	55.00 years
Average Annual Benefit	\$ 16,312	\$ 17,806

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

Both Groups Combined

Reconciliation of Employee Data

A. <u>Active Participants</u>	
1. Active participants previous year	79
2. Retired during year	(2)
3. Entered DROP	(1)
4. Died during year	0
5. Disabled during year	0
6. Non-vested employment terminations	(4)
7. Vested employment terminations	0
8. Terminated vested paid lump sum	0
9. Leave of absence	0
10. Transfers	0
11. New active participants	14
12. Rehired participant	1
13. Part time employees transferred to full time participants	4
14. Active participants current year	<u>91</u>
B. <u>Participants Receiving Benefits</u>	
1. Participants receiving benefits previous year	32
2. New retired participants	2
3. New terminated vested receiving benefits	0
4. New disabled receiving benefits	0
5. New beneficiaries receiving benefits	1
6. Former DROPs now receiving benefits	0
7. Died or ceased payment during year	(3)
8. Retired or terminated vested receiving benefits current year	<u>32</u>
C. <u>DROP Participants</u>	
1. DROP participants previous year	0
2. Died during year	0
3. Became disabled during year	0
4. Employment terminated and retired during year	0
5. Entered DROP during year	1
6. DROP participants current year	<u>1</u>
D. <u>Terminated Vested Participants Entitled to Future Benefits</u>	
1. Terminated vested entitled previous year	8
2. Died during year	0
3. Commenced receiving benefits during year	0
4. New terminated vested	0
5. Terminated vested paid lump sum	(1)
6. Terminated vested entitled current year	<u>7</u>

Retirement Plan for Employees of the
Town of Surfside, Florida

General Employees

Reconciliation of Employee Data

A. <u>Active Participants</u>	
1. Active participants previous year	52
2. Retired during year	(2)
3. Entered DROP	0
4. Died during year	0
5. Disabled during year	0
6. Non-vested employment terminations	(3)
7. Vested employment terminations	0
8. Terminated vested paid lump sum	0
9. Leave of absence	0
10. Transfers	(1)
11. New active participants	14
12. Rehired participant	0
13. Part time employees transferred to full time participants	4
14. Active participants current year	<u>64</u>
B. <u>Participants Receiving Benefits</u>	
1. Participants receiving benefits previous year	19
2. New retired participants	2
3. New terminated vested receiving benefits	0
4. New disabled receiving benefits	0
5. New beneficiaries receiving benefits	0
6. Former DROPs now receiving benefits	0
7. Died or ceased payment during year	(1)
8. Retired or terminated vested receiving benefits current year	<u>20</u>
C. <u>DROP Participants</u>	
1. DROP participants previous year	0
2. Died during year	0
3. Became disabled during year	0
4. Employment terminated and retired during year	0
5. Entered DROP during year	0
6. DROP participants current year	<u>0</u>
D. <u>Terminated Vested Participants Entitled to Future Benefits</u>	
1. Terminated vested entitled previous year	4
2. Died during year	0
3. Commenced receiving benefits during year	0
4. New terminated vested	0
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

Police Officers

Reconciliation of Employee Data

A. <u>Active Participants</u>	
1. Active participants previous year	27
2. Retired during year	0
3. Entered DROP	(1)
4. Died during year	0
5. Disabled during year	0
6. Non-vested employment terminations	(1)
7. Vested employment terminations	0
8. Terminated vested paid lump sum	0
9. Leave of absence	0
10. Transfers	1
11. New active participants	0
12. Rehired participant	1
13. Part time employees transferred to full time participants	0
14. Active participants current year	<u>27</u>
B. <u>Participants Receiving Benefits</u>	
1. Participants receiving benefits previous year	13
2. New retired participants	0
3. New terminated vested receiving benefits	0
4. New disabled receiving benefits	0
5. New beneficiaries receiving benefits	1
6. Former DROPs now receiving benefits	0
7. Died or ceased payment during year	<u>(2)</u>
8. Retired or terminated vested receiving benefits current year	12
C. <u>DROP Participants</u>	
1. DROP participants previous year	0
2. Died during year	0
3. Became disabled during year	0
4. Employment terminated and retired during year	0
5. Entered DROP during year	<u>1</u>
6. DROP participants current year	1
D. <u>Terminated Vested Participants Entitled to Future Benefits</u>	
1. Terminated vested entitled previous year	4
2. Died during year	0
3. Commenced receiving benefits during year	0
4. New terminated vested	0
5. Terminated vested paid lump sum	<u>(1)</u>
6. Terminated vested entitled current year	3

**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>Smoothed Actuarial Value</u>	<u>Assumed</u>
09/30/2013	11.5%	6.7%	7.5%
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%
Average			
Last 3 Years	8.5%	2.6%	7.5%
Last 5 Years	6.1%	2.2%	7.5%
Last 10 Years	5.2%	4.2%	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>
09/30/2013	6.6%	5.0%	4.6%	5.1%
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%
Average				
Last 3 Years	6.6%	5.0%	4.6%	5.3%
Last 5 Years	4.7%	5.7%	7.6%	7.8%
Last 10 Years	5.7%	5.9%	10.4%	7.5%

* 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>
09/30/2013	52	3.5	3	0.9
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
Last 3 Years	153	10.3	18	1.7
Last 5 Years	269	18.5	38	2.1
Last 10 Years	549	34.2	73	2.1

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>
09/30/2013	27	2.0	1	0.5
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
Last 3 Years	81	6.7	5	0.7
Last 5 Years	140	13.6	9	0.7
Last 10 Years	281	21.1	33	1.6

**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
10/01/2013	09/30/2015	¹	\$ 727,022	N/A
10/01/2012	09/30/2014	²	\$ 631,584	N/A
10/01/2011	09/30/2013		\$ 534,209	\$ 534,209
10/01/2010	09/30/2012	³	\$ 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	⁴	\$ 423,747	\$ 423,747
10/01/2006	09/30/2008	⁵	\$ 384,905	\$ 384,416
10/01/2005	09/30/2007		\$ 264,370	\$ 264,370
10/01/2004	09/30/2006	⁶	\$ 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

¹ Reflects benefit changes effective October 1, 2013

² Reflects assumption and benefit changes effective October 1, 2012

³ Reflects assumption changes effective October 1, 2010

⁴ Reflects assumption changes effective October 1, 2007

⁵ Reflects benefit improvement effective October 1, 2007

⁶ Reflects benefit improvement effective October 1, 2005

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

Actuarial Valuation as of October 1, 2013

State Required Exhibit

All Members

	<u>10/01/2012</u>	Prior Plan Provisions <u>10/01/2013</u>	Current Plan Provisions <u>10/01/2013</u>
A. <u>Participant Data</u>			
1. Active participants	79	91	91
2. Retired, disabled and beneficiaries receiving benefits (including DROPs)	32	33	33
3. Terminated vested participants	8	7	7
4. Annual payroll of active participants	\$ 4,359,957	\$ 5,181,920	\$ 5,181,920
5. Expected payroll of active employees for the following year	\$ 4,359,957	\$ 5,181,920	\$ 5,181,920
6. Annual benefits payable to those currently receiving benefits (including DROPs)	\$ 546,094	\$ 542,312	\$ 542,312
B. <u>Assets</u>			
1. Smoothed actuarial value	\$ 12,768,477	\$ 14,125,280	\$ 14,125,280
2. Market value	\$ 12,556,125	\$ 14,506,355	\$ 14,506,355
C. <u>Liabilities</u>			
1. Actuarial present value of future expected benefit payments for active members			
a. Retirement benefits	\$ 12,578,180	\$ 14,720,261	\$ 14,732,809
b. Vesting benefits	1,094,476	1,223,003	1,232,766
c. Disability benefits	1,047,188	1,248,558	1,223,289
d. Return of member contributions	102,943	131,705	130,572
e. Total	<u>\$ 14,822,787</u>	<u>\$ 17,323,527</u>	<u>\$ 17,319,436</u>
2. Actuarial present value of future expected benefit payments for terminated vested members and miscellaneous	\$ 633,925	\$ 612,042	\$ 612,042
3. Actuarial present value of future expected benefit payments for members currently receiving benefits (including DROPs)	<u>\$ 5,609,823</u>	<u>\$ 5,600,731</u>	<u>\$ 5,600,731</u>
4. Total actuarial present value of future expected benefit payments	\$ 21,066,535	\$ 23,536,300	\$ 23,532,209
5. Actuarial accrued liabilities	\$ 14,287,456	\$ 15,732,302	\$ 15,767,546
6. Unfunded actuarial accrued liabilities	\$ 1,518,979	\$ 1,607,022	\$ 1,642,266

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

Actuarial Valuation as of October 1, 2013

State Required Exhibit

General Employees

	<u>10/01/2012</u>	<u>10/01/2013</u>
A. <u>Participant Data</u>		
1. Active participants	52	64
2. Retired, disabled and beneficiaries receiving benefits (including DROPs)	19	20
3. Terminated vested participants	4	4
4. Annual payroll of active participants	\$ 2,290,751	\$ 3,034,703
5. Expected payroll of active employees for the following year	\$ 2,290,751	\$ 3,034,703
6. Annual benefits payable to those currently receiving benefits	\$ 234,564	\$ 239,868
B. <u>Assets</u>		
1. Smoothed actuarial value	\$ 5,259,451	\$ 5,634,818
2. Market value	\$ 5,171,981	\$ 5,786,835
C. <u>Liabilities</u>		
1. Actuarial present value of future expected benefit payments for active members		
a. Retirement benefits	\$ 4,461,347	\$ 5,451,855
b. Vesting benefits	294,136	368,243
c. Disability benefits	388,236	500,765
d. Return of member contributions	57,964	85,418
e. Total	\$ 5,201,683	\$ 6,406,281
2. Actuarial present value of future expected benefit payments for terminated vested members and miscellaneous	\$ 198,226	\$ 213,687
3. Actuarial present value of future expected benefit payments for members currently receiving benefits (including DROPs)	\$ 2,480,638	\$ 2,442,280
4. Total actuarial present value of future expected benefit payments	\$ 7,880,547	\$ 9,062,248
5. Actuarial accrued liabilities	\$ 5,590,633	\$ 6,013,506
6. Unfunded actuarial accrued liabilities	\$ 331,182	\$ 378,688

Retirement Plan for Employees of the
Town of Surfside, Florida

Actuarial Valuation as of October 1, 2013

State Required Exhibit

Police Officers

		Prior	Current
		Plan Provisions	Plan Provisions
	<u>10/01/2012</u>	<u>10/01/2013</u>	<u>10/01/2013</u>
A. <u>Participant Data</u>			
1. Active participants	27	27	27
2. Retired, disabled and beneficiaries receiving benefits (including DROPs)	13	13	13
3. Terminated vested participants	4	3	3
4. Annual payroll of active participants	\$ 2,069,206	\$ 2,147,217	\$ 2,147,217
5. Expected payroll of active employees for the following year	\$ 2,069,206	\$ 2,147,217	\$ 2,147,217
6. Annual benefits payable to those currently receiving benefits	\$ 311,530	\$ 302,444	\$ 302,444
B. <u>Assets</u>			
1. Smoothed actuarial value	\$ 7,509,026	\$ 8,490,462	\$ 8,490,462
2. Market value	\$ 7,384,144	\$ 8,719,520	\$ 8,719,520
C. <u>Liabilities</u>			
1. Actuarial present value of future expected benefit payments for active members			
a. Retirement benefits	\$ 8,116,833	\$ 9,268,406	\$ 9,280,954
b. Vesting benefits	800,340	854,760	864,523
c. Disability benefits	658,952	747,793	722,524
d. Return of member contributions	44,979	46,287	45,154
e. Total	\$ 9,621,104	\$ 10,917,246	\$ 10,913,155
2. Actuarial present value of future expected benefit payments for terminated vested members and miscellaneous	\$ 435,699	\$ 398,355	\$ 398,355
3. Actuarial present value of future expected benefit payments for members currently receiving benefits (including DROPs)	\$ 3,129,185	\$ 3,158,451	\$ 3,158,451
4. Total actuarial present value of future expected benefit payments	\$ 13,185,988	\$ 14,474,052	\$ 14,469,961
5. Actuarial accrued liabilities	\$ 8,696,823	\$ 9,718,796	\$ 9,754,040
6. Unfunded actuarial accrued liabilities	\$ 1,187,797	\$ 1,228,334	\$ 1,263,578

**Retirement Plan for Employees of the
Town of Surfside, Florida**
Actuarial Valuation as of October 1, 2013
State Required Exhibit - All Members

	<u>10/01/2012</u>	Prior Plan Provisions <u>10/01/2013</u>	Current Plan Provisions <u>10/01/2013</u>
D. <u>Statement of Accumulated Plan Benefits</u>			
1. Actuarial present value of accumulated vested benefits			
a. Participants currently receiving benefits	\$ 5,609,823	\$ 5,600,731	\$ 5,600,731
b. Terminated vested members and miscellaneous	633,925	612,042	612,042
c. Other participants	5,386,527	5,995,437	6,064,809
d. Total	\$ 11,630,275	\$ 12,208,210	\$ 12,277,582
2. Actuarial present value of accumulated non-vested plan benefits	593,252	758,100	758,100
3. Total actuarial present value of accumulated plan benefits	\$ 12,223,527	\$ 12,966,310	\$ 13,035,682
E. <u>Statement of Change in Accumulated Plan Benefits</u>			
1. Actuarial present value of accumulated plan benefits as of October 1, 2012			\$ 12,223,527
2. Increase (decrease) during year attributable to:			
a. Change in plan provisions and actuarial assumptions			\$ 69,372
b. Benefits paid (includes refunds and DROP distributions)			(597,391)
c. Other, including benefits accumulated, increase for interest due to decrease in the discount period			1,340,174
d. Net increase			\$ 812,155
3. Actuarial present value of accumulated plan benefits as of October 1, 2013			\$ 13,035,682
F. <u>Pension Cost</u>			
1. Total normal cost	\$ 821,638	\$ 955,878	\$ 958,266
2. Payment required to amortize unfunded liability	102,032	107,150	109,926
3. Interest	10,557	12,331	12,331
4. Total required contributions	\$ 934,227	\$ 1,075,359	\$ 1,080,523
5. Item 4 as a percentage of payroll	21.4%	20.8%	20.9%
6. Estimated employee contributions	\$ 302,643	\$ 353,501	\$ 353,501
7. Item 6 as a percentage of payroll	6.9%	6.8%	6.8%
8. Net amount payable by Town	\$ 631,584	\$ 721,858	\$ 727,022
9. Item 8 as a percentage of payroll	14.5%	13.9%	14.0%

**Retirement Plan for Employees of the
Town of Surfside, Florida**
Actuarial Valuation as of October 1, 2013
State Required Exhibit - General Employees

	<u>10/01/2012</u>	<u>10/01/2013</u>
D. <u>Statement of Accumulated Plan Benefits</u>		
1. Actuarial present value of accumulated vested benefits		
a. Participants currently receiving benefits	\$ 2,480,638	\$ 2,442,280
b. Terminated vested members and miscellaneous	198,226	213,687
c. Other participants	2,199,120	2,224,843
d. Total	\$ 4,877,984	\$ 4,880,810
2. Actuarial present value of accumulated non-vested plan benefits	442,401	612,785
3. Total actuarial present value of accumulated plan benefits	\$ 5,320,385	\$ 5,493,595
E. <u>Statement of Change in Accumulated Plan Benefits</u>		
1. Actuarial present value of accumulated plan benefits as of October 1, 2012		\$ 5,320,385
2. Increase (decrease) during year attributable to:		
a. Change in plan provisions and actuarial assumptions		\$ 0
b. Benefits paid (includes refunds and DROP distributions)		(258,633)
c. Other, including benefits accumulated, increase for interest due to decrease in the discount period		431,843
d. Net increase		\$ 173,210
3. Actuarial present value of accumulated plan benefits as of October 1, 2013		\$ 5,493,595
F. <u>Pension Cost</u>		
1. Total normal cost	\$ 293,590	\$ 392,218
2. Payment required to amortize unfunded liability	26,264	30,343
3. Interest	4,783	6,339
4. Total required contributions	\$ 324,637	\$ 428,900
5. Item 4 as a percentage of payroll	14.2%	14.1%
6. Estimated employee contributions	\$ 137,107	\$ 181,724
7. Item 6 as a percentage of payroll	6.0%	6.0%
8. Net amount payable by Town	\$ 187,530	\$ 247,176
9. Item 8 as a percentage of payroll	8.2%	8.1%

**Retirement Plan for Employees of the
Town of Surfside, Florida
Actuarial Valuation as of October 1, 2013
State Required Exhibit - Police Officers**

	<u>10/01/2012</u>	Prior Plan Provisions <u>10/01/2013</u>	Current Plan Provisions <u>10/01/2013</u>
D. <u>Statement of Accumulated Plan Benefits</u>			
1. Actuarial present value of accumulated vested benefits			
a. Participants currently receiving benefits	\$ 3,129,185	\$ 3,158,451	\$ 3,158,451
b. Terminated vested members and miscellaneous	435,699	398,355	398,355
c. Other participants	3,187,407	3,770,594	3,839,966
d. Total	\$ 6,752,291	\$ 7,327,400	\$ 7,396,772
2. Actuarial present value of accumulated non-vested plan benefits	150,851	145,315	145,315
3. Total actuarial present value of accumulated plan benefits	\$ 6,903,142	\$ 7,472,715	\$ 7,542,087
E. <u>Statement of Change in Accumulated Plan Benefits</u>			
1. Actuarial present value of accumulated plan benefits as of October 1, 2012			\$ 6,903,142
2. Increase (decrease) during year attributable to:			
a. Change in plan provisions and actuarial assumptions			\$ 69,372
b. Benefits paid (includes refunds and DROP distributions)			(338,758)
c. Other, including benefits accumulated, increase for interest due to decrease in the discount period			908,331
d. Net increase			\$ 638,945
3. Actuarial present value of accumulated plan benefits as of October 1, 2013			\$ 7,542,087
F. <u>Pension Cost</u>			
1. Total normal cost	\$ 528,048	\$ 563,660	\$ 566,048
2. Payment required to amortize unfunded liability	75,768	76,807	79,583
3. Interest	5,774	5,992	5,992
4. Total required contributions	\$ 609,590	\$ 646,459	\$ 651,623
5. Item 4 as a percentage of payroll	29.5%	30.1%	30.3%
6. Estimated employee contributions	\$ 165,536	\$ 171,777	\$ 171,777
7. Item 6 as a percentage of payroll	8.0%	8.0%	8.0%
8. Net amount payable by Town	\$ 444,054	\$ 474,682	\$ 479,846
9. Item 8 as a percentage of payroll	21.5%	22.1%	22.3%

Retirement Plan for Employees of the
Town of Surfside, Florida

Actuarial Valuation as of October 1, 2013

State Required Exhibit

		Prior Assumptions / Plan Provisions	Current Assumptions / Plan Provisions
	<u>10/01/2012</u>	<u>10/01/2013</u>	<u>10/01/2013</u>
G. <u>Past Contributions</u>			
1. Total contribution required (Prior Year)	\$ 817,488	\$ 934,227	\$ 934,227
2. Actual contributions made:			
a. Member	\$ 340,964	N/A	N/A
b. Town	534,209	N/A	N/A
c. Total	<u>\$ 875,173</u>	<u>N/A</u>	<u>N/A</u>
H. <u>Net Actuarial Gain (Loss)</u>			
1. General Employees	\$ (112,674)	\$ (69)	\$ (69)
2. Police Officers	(482,570)	29,628	29,628
3. Total	<u>\$ (595,244)</u>	<u>\$ 29,559</u>	<u>\$ 29,559</u>
I. <u>Disclosure of Following Items:</u>			
1. Actuarial present value of future salaries - attained age			
a. General Employees	\$ 18,681,159	\$ 24,783,755	\$ 24,783,755
b. Police Officers	18,389,249	19,305,436	19,076,190
c. Total	<u>\$ 37,070,408</u>	<u>\$ 44,089,191</u>	<u>\$ 43,859,945</u>
2. Actuarial present value of future employee contributions - attained age			
a. General Employees	\$ 1,118,222	\$ 1,484,437	\$ 1,484,437
b. Police Officers	1,471,140	1,544,435	1,526,095
c. Total	<u>\$ 2,589,362</u>	<u>\$ 3,028,872</u>	<u>\$ 3,010,532</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	\$ 1,015,838	\$ 1,114,177	\$ 1,114,177
b. Police Officers	1,111,257	1,341,305	1,341,305
c. Total	<u>\$ 2,127,095</u>	<u>\$ 2,455,482</u>	<u>\$ 2,455,482</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, 2013

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 *	\$ 1,629	\$ 149	20 years
10/01/2010	Actuarial (Gain) Loss	182,592	14,846	27 years
10/01/2010	Assumption Changes	(98,097)	(7,976)	27 years
10/01/2011	Actuarial (Gain) Loss	66,448	5,341	28 years
10/01/2012	Actuarial (Gain) Loss	128,761	10,241	28 years
10/01/2012	Assumption Changes	97,286	7,737	28 years
10/01/2013	Actuarial (Gain) Loss	69	5	30 years
	Total	\$ 378,688	\$ 30,343	
<u>Police Officers</u>				
10/01/2011	Combined Credit Bases *	\$ (4,944,209)	\$ (451,152)	20 years
10/01/2011	Combined Charge Bases *	5,654,428	486,729	23 years
10/01/2012	Actuarial (Gain) Loss	509,272	40,504	28 years
10/01/2012	Assumption Changes	38,471	3,060	28 years
10/01/2013	Actuarial (Gain) Loss	(29,628)	(2,334)	30 years
10/01/2013	Plan Amendment	35,244	2,776	30 years
	Total	\$ 1,263,578	\$ 79,583	

* 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: 14-02802

Date: April 28, 2014



Lawrence F. Wilson, A.S.A.