

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

*PROJECTION ACTUARIAL VALUATION AS OF OCTOBER 1, 2014*

This Valuation Determines the Annual Contribution for the Plan and Fiscal Year October 1, 2015 through September 30, 2016 to Be Paid in Fiscal Year October 1, 2015 through September 30, 2016

May 26, 2015



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

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May 26, 2015

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, 2014 Projection Actuarial Valuation**

We are pleased to present our October 1, 2014 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, 2016 is **\$1,106,592 (21.7%)**. The figure in parentheses is the Plan cost expressed as a percentage of covered annual payroll (\$5,098,304) as of October 1, 2014.

This total cost is to be met by Member and Town contributions. We anticipate Member contributions will be **\$349,288 (6.9%)**. The resulting minimum required Town contribution to be paid in **fiscal year ending September 30, 2016** is **\$757,304 (14.9%)**. This Actuarial Valuation assumes Town contributions will be made on the first day of the Plan Year.

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

Plan provisions remain 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.

Government Accounting Standards Board Statement Number 68 (GASB No. 68) expense and projected disclosures are included.

### **Comparison of October 1, 2013 and October 1, 2014 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, 2013. The right columns indicate the costs as calculated for October 1, 2014.

Comparing the left and right columns of Table II shows the effect of Plan experience during the year. The number of active participants decreased by approximately 8% while covered payroll decreased by approximately 2%. Total normal cost increased both as a dollar amount and 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.

Assets exceed the value of vested accrued benefits resulting in a Vested Benefit Security Ratio (VBSR) of 119.8%. This is an increase from 118.2% as of the October 1, 2013 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 **\$68,556** (1.3%). 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 assumption. During 2013-2014, the fund experienced a smoothed actuarial value return of approximately 8.9%. This return exceeds the assumed 7.5% rate of return. Investment return was a source of actuarial gain this year. The average smoothed actuarial value return over the last three, five and ten years is 5.4%, 4.1% and 4.5%, respectively. The one, three, five and ten-year average market value returns are 9.5%, 13.1%, 8.5% and 5.3%, respectively.

Table XIV also provides salary increase experience for the Plan in comparison to assumed salary increases. Salary increases averaged 10.7% and 3.9%, respectively for General Employees and Police Officers this year. General Employee average annual salary increases for the three, five and ten-year

periods are 7.3%, 6.2% and 6.4%, respectively. Police Officer average annual salary increases for the three, five and ten-year periods are 4.2%, 5.7% and 9.7%, respectively. The average salary increase assumption is 4.9% per annum for General Employees and 5.8% per annum for Police Officers. Salary increases were generally an offsetting source of actuarial loss for General Employees and a source of actuarial gain for Police Officers.

Employee turnover this year was 130% of the assumed turnover for General Employees - there was no turnover for Police Officers. General Employee turnover for the three, five and ten-year periods are 140%, 150% and 190%, respectively of expected turnover. Police Officer turnover for the three, five and ten-year periods are 40%, 50% and 130%, respectively of expected turnover. Employee turnover was generally a source of actuarial gain for General Employees and an offsetting source of actuarial loss for Police Officers.

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

The Member census data as of October 1, 2014 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, 2014 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, 2014 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 valuation reports. These reports will also continue to monitor emerging experience of the Plan.

The actuarial assumptions used in this Actuarial Valuation are as adopted by the Board of Trustees. The economic and demographic actuarial assumptions are based on the results of actuarial Experience Studies for the periods October 1, 2001 - September 30, 2006 and October 1, 2007 - September 30, 2010. Each assumption represents an estimate of future Plan experience.

If all actuarial assumptions are met and if all future minimum required contributions are paid, Plan assets will be sufficient to pay all Plan benefits. Plan minimum required contributions are determined in compliance with the requirements of the Florida Protection of Public Employee Retirement Benefits Act with normal cost determined as a level percent of covered payroll and a level dollar amortization payment using an initial amortization period of 30 years.

The VBSR may be appropriate for assessing the sufficiency of Plan assets to meet the estimated cost of settling benefit obligations based upon funding assumptions but may not be appropriate for assessing the need for or the amount of future contributions.

The GASB Plan Fiduciary Net Position as a Percentage of Total Pension Liability may not be appropriate for assessing the sufficiency of Plan assets to meet the estimated cost of settling benefit obligations but may be appropriate for assessing the need for or the amount of future contributions.

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 anticipated under 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 upon 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 plans. 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 Plan sponsor.

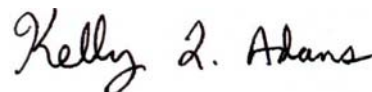
The undersigned are Members of the American Academy of Actuaries and meet the qualification standards of the American Academy of Actuaries to render the actuarial opinions contained in this report. We are available to respond to any questions with regards to matters covered in this report.

Very truly yours,



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



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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, 2014**

	<b><u>Cost Data</u></b>	<b><u>% of Payroll</u></b>
A. Participant Data Summary (Table III)		
1. Active Employees	84	N/A
2. Terminated Vested	6	N/A
3. Receiving Benefits (including DROPs)	37	N/A
4. Annual Payroll of Active Employees	\$ 5,098,304	100.0%
B. Total Normal Cost		
1. Age Retirement Benefits	\$ 700,066	13.7%
2. Deferred Vesting Benefits	88,458	1.7%
3. Disability Benefits	103,160	2.0%
4. Return of Employee Contributions	10,314	0.2%
5. Administrative Expenses	80,194	1.6%
6. Total Annual Normal Cost	<u>\$ 982,192</u>	19.3%
C. Total Actuarial Accrued Liability		
1. Active Employees	\$ 9,662,332	189.5%
2. Service Retirees and Beneficiaries (including DROPs)	6,598,865	129.4%
3. Disabilities	528,828	10.4%
4. Terminated Vested Members	647,997	12.7%
5. Miscellaneous Liability	393	0.0%
6. Total Actuarial Accrued Liability	<u>\$ 17,438,415</u>	342.0%
D. Plan Assets		
1. Smoothed Actuarial Value	\$ 15,746,681	308.9%
2. Market Value	\$ 16,258,030	318.9%
E. Unfunded Actuarial Accrued Liability (C-D.1.)	\$ 1,691,734	33.2%
F. Minimum Required Contribution		
1. Total Normal Cost	\$ 982,192	19.3%
2. Amortization of Unfunded Liability	112,215	2.2%
3. Interest Adjustment	12,185	0.2%
4. Total Contribution	<u>\$ 1,106,592</u>	21.7%



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

**Both Groups Combined**

**Summary of Retirement Plan Costs as of October 1, 2014**

	<b><u>Cost Data</u></b>	<b><u>% of Payroll</u></b>
G. Expected Payroll of Active Employees for 2015 - 2016 Plan Year (\$5,098,304 x 1.000)	\$ 5,098,304	100.0%
H. Expected Contribution Sources (percent of expected 2015 - 2016 payroll)		
1. Town	\$ 757,304	14.9%
2. Employees	349,288	6.9%
I. Years to Which Contribution Applies:		
1. Plan Year Ending		September 30, 2016
2. Town Fiscal Year Ending		September 30, 2016
3. Assumed Dates of Town Contribution	October 1, 2015 - September 30, 2016	
J. Actuarial Gain / (Loss) (Table VI)	\$ 68,556	1.3%
K. Actuarial Present Value of Vested Accrued Benefits		
1. Members Currently Receiving Benefits (including DROPs)	\$ 7,127,693	139.8%
2. Terminated Vested Members Entitled to Future Benefits and Miscellaneous	648,390	12.7%
3. Active Employees	<u>5,793,156</u>	113.6%
4. Total Actuarial Present Value of Vested Accrued Benefits	\$ 13,569,239	266.2%
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.)	119.8%	N/A

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

**General Employees**

**Summary of Retirement Plan Costs as of October 1, 2014**

	<b><u>Cost Data</u></b>	<b><u>% of Payroll</u></b>
A. Participant Data Summary (Table III)		
1. Active Employees	57	N/A
2. Terminated Vested	3	N/A
3. Receiving Benefits (including DROPs)	24	N/A
4. Annual Payroll of Active Employees	\$ 2,909,978	100.0%
B. Total Normal Cost		
1. Age Retirement Benefits	\$ 288,400	9.9%
2. Deferred Vesting Benefits	30,985	1.1%
3. Disability Benefits	39,735	1.4%
4. Return of Employee Contributions	6,879	0.2%
5. Administrative Expenses	31,752	1.1%
6. Total Annual Normal Cost	<u>\$ 397,751</u>	13.7%
C. Total Actuarial Accrued Liability		
1. Active Employees	\$ 2,854,700	98.1%
2. Service Retirees and Beneficiaries (including DROPs)	3,640,612	125.1%
3. Disabilities	0	0.0%
4. Terminated Vested Members	217,400	7.5%
5. Miscellaneous Liability	0	0.0%
6. Total Actuarial Accrued Liability	<u>\$ 6,712,712</u>	230.7%
D. Plan Assets		
1. Smoothed Actuarial Value	\$ 6,192,702	212.8%
2. Market Value	\$ 6,393,800	219.7%
E. Unfunded Actuarial Accrued Liability (C-D.1.)	\$ 520,010	17.9%
F. Minimum Required Contribution		
1. Total Normal Cost	\$ 397,751	13.7%
2. Amortization of Unfunded Liability	41,953	1.4%
3. Interest Adjustment	6,078	0.2%
4. Total Contribution	<u>\$ 445,782</u>	15.3%

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

**General Employees**

**Summary of Retirement Plan Costs as of October 1, 2014**

	<b><u>Cost Data</u></b>	<b><u>% of Payroll</u></b>
G. Expected Payroll of Active Employees for 2015 - 2016 Plan Year (\$2,909,978 x 1.000)	\$ 2,909,978	100.0%
H. Expected Contribution Sources (percent of expected 2015 - 2016 payroll)		
1. Town	\$ 271,560	9.3%
2. Employees	174,222	6.0%
I. Years to Which Contribution Applies:		
1. Plan Year Ending		September 30, 2016
2. Town Fiscal Year Ending		September 30, 2016
3. Assumed Date of Town Contribution		October 1, 2015 - September 30, 2016
J. Actuarial Gain / (Loss) (Table VI)	\$ (81,201)	(2.8%)
K. Actuarial Present Value of Vested Accrued Benefits		
1. Members Currently Receiving Benefits (including DROPs)	\$ 3,640,612	125.1%
2. Terminated Vested Members Entitled to Future Benefits and Miscellaneous	217,400	7.5%
3. Active Employees	<u>1,529,034</u>	52.5%
4. Total Actuarial Present Value of Vested Accrued Benefits	\$ 5,387,046	185.1%
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.)	118.7%	N/A

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

**Police Officers**

**Summary of Retirement Plan Costs as of October 1, 2014**

	<b><u>Cost Data</u></b>	<b><u>% of Payroll</u></b>
A. Participant Data Summary (Table III)		
1. Active Employees	27	N/A
2. Terminated Vested	3	N/A
3. Receiving Benefits (including DROPs)	13	N/A
4. Annual Payroll of Active Employees	\$ 2,188,326	100.0%
B. Total Normal Cost		
1. Age Retirement Benefits	\$ 411,666	18.8%
2. Deferred Vesting Benefits	57,473	2.6%
3. Disability Benefits	63,425	2.9%
4. Return of Employee Contributions	3,435	0.2%
5. Administrative Expenses	48,442	2.2%
6. Total Annual Normal Cost	<u>\$ 584,441</u>	26.7%
C. Total Actuarial Accrued Liability		
1. Active Employees	\$ 6,807,632	311.1%
2. Service Retirees and Beneficiaries (including DROPs)	2,958,253	135.2%
3. Disabilities	528,828	24.2%
4. Terminated Vested Members	430,597	19.7%
5. Miscellaneous Liability	393	0.0%
6. Total Actuarial Accrued Liability	<u>\$ 10,725,703</u>	490.1%
D. Plan Assets		
1. Smoothed Actuarial Value	\$ 9,553,979	436.6%
2. Market Value	\$ 9,864,230	450.8%
E. Unfunded Actuarial Accrued Liability (C-D.1.)	\$ 1,171,724	53.5%
F. Minimum Required Contribution		
1. Total Normal Cost	\$ 584,441	26.7%
2. Amortization of Unfunded Liability	70,262	3.2%
3. Interest Adjustment	6,107	0.3%
4. Total Contribution	<u>\$ 660,810</u>	30.2%

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

**Police Officers**

**Summary of Retirement Plan Costs as of October 1, 2014**

	<b><u>Cost Data</u></b>	<b><u>% of Payroll</u></b>
G. Expected Payroll of Active Employees for 2015 - 2016 Plan Year (\$2,188,326 x 1.000)	\$ 2,188,326	100.0%
H. Expected Contribution Sources (percent of expected 2015 - 2016 payroll)		
1. Town	\$ 485,744	22.2%
2. Employees	175,066	8.0%
I. Years to Which Contribution Applies:		
1. Plan Year Ending		September 30, 2016
2. Town Fiscal Year Ending		September 30, 2016
3. Assumed Date of Town Contribution		October 1, 2015 - September 30, 2016
J. Actuarial Gain / (Loss) (Table VI)	\$ 149,757	6.8%
K. Actuarial Present Value of Vested Accrued Benefits		
1. Members Currently Receiving Benefits (including DROPs)	\$ 3,487,081	159.3%
2. Terminated Vested Members Entitled to Future Benefits and Miscellaneous	430,990	19.7%
3. Active Employees	<u>4,264,122</u>	194.9%
4. Total Actuarial Present Value of Vested Accrued Benefits	\$ 8,182,193	373.9%
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.)	120.6%	N/A

Table II

**Retirement Plan for Employees of the  
Town of Surfside, Florida  
Both Groups Combined**

**Comparison of Cost Data of October 1, 2013 and October 1, 2014 Valuations**

	October 1, 2013		October 1, 2014	
	Cost Data	% of Annual Compensation	Cost Data	% of Annual Compensation
A. Participants				
1. Active Employees	91	N/A	84	N/A
2. Terminated Vested	7	N/A	6	N/A
3. Receiving Benefits (including DROPs)	33	N/A	37	N/A
4. Annual Payroll of Active Employees	\$ 5,181,920	100.0%	\$ 5,098,304	100.0%
B. Total Normal Costs	\$ 958,266	18.5%	\$ 982,192	19.3%
C. Total Actuarial Accrued Liability	\$ 15,767,546	304.3%	\$ 17,438,415	342.0%
D. Smoothed Actuarial Value of Assets	\$ 14,125,280	272.6%	\$ 15,746,681	308.9%
E. Unfunded Actuarial Accrued Liability	\$ 1,642,266	31.7%	\$ 1,691,734	33.2%
F. Net Town Minimum Funding Payment	\$ 727,022	14.0%	\$ 757,304	14.9%
G. Actuarial Gain / (Loss)	\$ 29,559	0.6%	\$ 68,556	1.3%
H. Unfunded Actuarial Present Value of Vested Accrued Benefits	\$ 0	0.0%	\$ 0	0.0%
I. Vested Benefit Security Ratio	118.2%	N/A	119.8%	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, 2013 and October 1, 2014 Valuations**

	October 1, 2013		October 1, 2014	
	Cost Data	% of Annual Compensation	Cost Data	% of Annual Compensation
A. Participants				
1. Active Employees	64	N/A	57	N/A
2. Terminated Vested	4	N/A	3	N/A
3. Receiving Benefits (including DROPs)	20	N/A	24	N/A
4. Annual Payroll of Active Employees	\$ 3,034,703	100.0%	\$ 2,909,978	100.0%
B. Total Normal Costs	\$ 392,218	12.9%	\$ 397,751	13.7%
C. Total Actuarial Accrued Liability	\$ 6,013,506	198.2%	\$ 6,712,712	230.7%
D. Smoothed Actuarial Value of Assets	\$ 5,634,818	185.7%	\$ 6,192,702	212.8%
E. Unfunded Actuarial Accrued Liability	\$ 378,688	12.5%	\$ 520,010	17.9%
F. Net Town Minimum Funding Payment	\$ 247,176	8.1%	\$ 271,560	9.3%
G. Actuarial Gain / (Loss)	\$ (69)	(0.0%)	\$ (81,201)	(2.8%)
H. Unfunded Actuarial Present Value of Vested Accrued Benefits	\$ 0	0.0%	\$ 0	0.0%
I. Vested Benefit Security Ratio	118.6%	N/A	118.7%	N/A

**Table II  
(Cont'd)**

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

**Police Officers**

**Comparison of Cost Data of October 1, 2013 and October 1, 2014 Valuations**

	<u>October 1, 2013</u>		<u>October 1, 2014</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
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%	\$ 2,188,326	100.0%
B. Total Normal Costs	\$ 566,048	26.4%	\$ 584,441	26.7%
C. Total Actuarial Accrued Liability	\$ 9,754,040	454.3%	\$ 10,725,703	490.1%
D. Smoothed Actuarial Value of Assets	\$ 8,490,462	395.4%	\$ 9,553,979	436.6%
E. Unfunded Actuarial Accrued Liability	\$ 1,263,578	58.8%	\$ 1,171,724	53.5%
F. Net Town Minimum Funding Payment	\$ 479,846	22.3%	\$ 485,744	22.2%
G. Actuarial Gain / (Loss)	\$ 29,628	1.4%	\$ 149,757	6.8%
H. Unfunded Actuarial Present Value of Vested Accrued Benefits	\$ 0	0.0%	\$ 0	0.0%
I. Vested Benefit Security Ratio	117.9%	N/A	120.6%	N/A



Table III

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

**Characteristics of Participants in Actuarial  
Valuation as of October 1, 2014**

	<b><u>General Employees</u></b>	<b><u>Police Officers</u></b>	<b><u>Total</u></b>
<b>A. <u>Active Plan Participants Summary</u></b>			
1. Active Participants Vested	13	22	35
2. Active Participants Partially Vested	16	0	16
3. Active Participants Non-Vested	28	5	33
4. Total Active Participants	57	27	84
5. Annual Payroll of Active Participants	\$ 2,909,978	\$ 2,188,326	\$ 5,098,304
<b>B. <u>Retired and Terminated Vested Participant Summary</u></b>			
1. Service Retirees Receiving Benefits (including DROPs)	19	9	28
2. Beneficiaries Receiving Benefits	5	3	8
3. Disabled Participants Receiving Benefits	0	1	1
4. Terminated Vested Participants Entitled to Future Benefits	3	3	6

**Table IV****Retirement Plan for Employees of the  
Town of Surfside, Florida****Statement of Assets as of October 1, 2014**

	<b><u>Market Value</u></b>
<b><u>Investments</u></b>	
Cash and Cash Equivalents	\$ 494,567
United States Government Securities	680,403
Government Agency Bonds	888,880
Corporate Bonds	2,984,564
Municipal Obligations	190,939
Common Stocks	3,222,336
Mutual Funds	7,716,011
Total Investments	<u>\$ 16,177,700</u>
<b><u>Receivables</u></b>	
Accrued Interest	\$ 39,977
Other Receivable	21,972
Employee Contributions	39,904
Due from Broker	0
Prepaid Insurance / Expenses	17,215
Total Receivables	<u>\$ 119,068</u>
<b><u>Liabilities</u></b>	
Refunds Payable	\$ 3,743
Accounts Payable	31,460
Due to Broker	3,535
Total Liabilities	<u>\$ 38,738</u>
<b><u>Net Assets Available For Benefits</u></b>	<b>\$ 16,258,030</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, 2013</u>	\$ 14,506,355
B. <u>Receipts During Period</u>	
1. Employee Contributions	\$ 349,600
2. Service Purchase Contributions	0
3. Town Contributions	631,584
4. Net Investment Return	1,396,431
5. Total Receipts During Period	\$ 2,377,615
C. <u>Disbursements During Period</u>	
1. Benefit Payments	\$ 504,547
2. DROP Distributions	0
3. Contribution Refunds	41,199
4. Administrative Expenses	80,194
5. Total Disbursements During Period	\$ 625,940
D. <u>Value of Assets as of September 30, 2014</u>	\$ 16,258,030
E. <u>Approximate Rate of Return:</u> (Net of Investment Expense)	9.5%
F. <u>Reconciliation of DROP Account Balances</u>	
1. DROP Accounts Balance as of October 1, 2013	\$ 20,621
2. Benefit Payments into DROP Accounts during Year	77,094
3. Investment Gains (Losses) during Year	3,259
4. Distributions from DROP Accounts during Year	0
5. DROP Accounts Balance as of September 30, 2014	\$ 100,974

**Table V  
(Cont'd)**

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

**Allocation of Smoothed 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, 2013</u>	\$ 5,634,818	\$ 8,490,462	\$ 14,125,280
B. <u>Receipts During Period</u>			
1. Employee Contributions	\$ 174,606	\$ 174,994	\$ 349,600
2. Service Purchases	0	0	0
3. Town Contributions	187,530	444,054	631,584
4. Net Investment Return	<u>501,323</u>	<u>764,834</u>	<u>1,266,157</u>
5. Total Receipts During Period	\$ 863,459	\$ 1,383,882	\$ 2,247,341
C. <u>Disbursements During Period</u>			
1. Pension Benefit Payments	\$ 234,119	\$ 270,428	\$ 504,547
2. DROP Distributions	0	0	0
3. Contribution Refunds	39,704	1,495	41,199
4. Administrative Expenses	<u>31,752</u>	<u>48,442</u>	<u>80,194</u>
5. Total Disbursements During Period	\$ 305,575	\$ 320,365	\$ 625,940
D. <u>Value of Assets as of September 30, 2014</u>	\$ 6,192,702	\$ 9,553,979	\$ 15,746,681

Retirement Plan for Employees of the  
Town of Surfside, Florida

Development of Smoothed Actuarial Value of Assets as of September 30

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
A. Preliminary smoothed actuarial value from prior year	12,768,477	14,125,280	15,746,681			
B. Market value end of year	14,506,355	16,258,030				
C. Market beginning of year	12,556,125	14,506,355	16,258,030			
D. Non-investment net cash flow	481,273	355,244				
E. Investment return						
1. Total market value return: B. - C. - D.	1,468,957	1,396,431				
2. Amount for immediate recognition (7.5%)	959,757	1,101,298				
3. Amount for phased-in recognition: E.1. - E.2.	509,200	295,133				
F. Phased-in recognition of investment return						
1. Current year: 20% of E.3.	101,840	59,027				
2. First prior year	229,115	101,840	59,027			
3. Second prior year	(228,502)	229,115	101,840	59,027		
4. Third prior year	3,380	(228,502)	229,115	101,840	59,027	
5. Fourth prior year	(190,060)	3,379	(228,502)	229,113	101,840	59,025
6. Total phased-in recognition of investment return	(84,227)	164,859	161,480	389,980	160,867	59,025
G. Smoothed actuarial value end of year						
1. Preliminary smoothed actuarial value end of year:						
A. + D. + E.2. + F.6.	14,125,280	15,746,681				
2. Upper corridor limit: 120% of B.	17,407,626	19,509,636				
3. Lower corridor limit: 80% of B.	11,605,084	13,006,424				
4. Smoothed actuarial value end of year:						
G.1., not more than G.2., nor less than G.3.	14,125,280	15,746,681				
H. Difference between market value and smoothed actuarial value	381,075	511,349				
I. Smoothed actuarial value rate of return	6.7%	8.9%				
J. Market value rate of return	11.5%	9.5%				

Table VI

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

**Actuarial Gain / (Loss) for Plan Year Ended September 30, 2014**

	<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	\$ 210,494	\$ 394,271	\$ 604,765
2. Unfunded actuarial accrued liability (UAAL) previous actuarial valuation	378,688	1,263,578	1,642,266
3. Town contributions previous year	187,530	444,054	631,584
4. Interest on:			
(a) Town normal cost	\$ 15,787	\$ 29,570	\$ 45,357
(b) Unfunded actuarial accrued liability	28,402	94,768	123,170
(c) Town contribution	7,032	16,652	23,684
(d) Net total: (a) + (b) - (c)	<u>\$ 37,157</u>	<u>\$ 107,686</u>	<u>\$ 144,843</u>
5. Expected unfunded actuarial accrued liability current year (1. + 2. - 3. + 4.)	\$ 438,809	\$ 1,321,481	\$ 1,760,290
6. Actual unfunded actuarial accrued liability current year	520,010	1,171,724	1,691,734
7. Actuarial gain / (loss): (5. - 6.)	\$ (81,201)	\$ 149,757	\$ 68,556
<b>B. <u>Approximate Portion of Gain / (Loss) due to Investments</u></b>			
1. Smoothed actuarial value of assets previous year	\$ 5,634,818	\$ 8,490,462	\$ 14,125,280
2. Contributions during period	362,136	619,048	981,184
3. Benefits and administrative expenses during period	305,575	320,365	625,940
4. Expected appreciation for period	424,732	647,985	1,072,717
5. Expected smoothed actuarial value of assets current year (1. + 2. - 3. + 4.)	\$ 6,116,111	\$ 9,437,130	\$ 15,553,241
6. Actual smoothed actuarial value of assets current year	6,192,702	9,553,979	15,746,681
7. Approximate gain / (loss) due to investments: (6. - 5.)	\$ 76,591	\$ 116,849	\$ 193,440
<b>C. <u>Approximate Portion of Gain / (Loss) due to Liabilities: A. - B.</u></b>	\$ (157,792)	\$ 32,908	\$ (124,884)

**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>
10/01/2014	\$ 1,691,734	\$ 112,215
10/01/2015	\$ 1,697,983	\$ 112,215
10/01/2016	\$ 1,704,701	\$ 112,215
10/01/2017	\$ 1,711,922	\$ 112,215
10/01/2018	\$ 1,719,685	\$ 112,215
...	...	...
10/01/2044	\$ 0	\$ 0

Table VIII

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

**Both Groups Combined**

**Accounting Disclosure Exhibit**

I. <u>Financial Accounting Standards Board Allocation as of</u>	<u>10/01/2013</u>	<u>10/01/2014</u>
A. <u>Statement of Accumulated Plan Benefits</u>		
1. Actuarial present value of accumulated vested plan benefits		
a. Participants currently receiving benefits	\$ 5,600,731	\$ 7,127,693
b. Other participants	6,676,851	6,441,546
c. Total	\$ 12,277,582	\$ 13,569,239
2. Actuarial present value of accumulated non-vested plan benefits	758,100	760,295
3. Total actuarial present value of accumulated plan benefits	\$ 13,035,682	\$ 14,329,534
B. <u>Statement of Change in Accumulated Plan Benefits</u>		
1. Actuarial present value of accumulated plan benefits as of October 1, 2013		\$ 13,035,682
2. Increase (decrease) during year attributable to:		
a. Change in plan provisions and actuarial assumptions		\$ 0
b. Benefits paid (includes refunds and DROP distributions)		(545,746)
c. Other, including benefits accumulated, increase for interest due to decrease in the discount period		1,839,598
d. Net increase		\$ 1,293,852
3. Actuarial present value of accumulated plan benefits as of October 1, 2014		\$ 14,329,534
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		None.



**Table VIII  
(Cont'd)**

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

**General Employees**

**Accounting Disclosure Exhibit**

I. <u>Financial Accounting Standards Board Allocation as of</u>	<u>10/01/2013</u>	<u>10/01/2014</u>
A. <u>Statement of Accumulated Plan Benefits</u>		
1. Actuarial present value of accumulated vested plan benefits		
a. Participants currently receiving benefits	\$ 2,442,280	\$ 3,640,612
b. Other participants	2,438,530	1,746,434
c. Total	<u>\$ 4,880,810</u>	<u>\$ 5,387,046</u>
2. Actuarial present value of accumulated non-vested plan benefits	<u>612,785</u>	<u>603,480</u>
3. Total actuarial present value of accumulated plan benefits	\$ 5,493,595	\$ 5,990,526
B. <u>Statement of Change in Accumulated Plan Benefits</u>		
1. Actuarial present value of accumulated plan benefits as of October 1, 2013		\$ 5,493,595
2. Increase (decrease) during year attributable to:		
a. Change in plan provisions and actuarial assumptions		\$ 0
b. Benefits paid (includes refunds and DROP distributions)		(273,823)
c. Other, including benefits accumulated, increase for interest due to decrease in the discount period		770,754
d. Net increase		<u>\$ 496,931</u>
3. Actuarial present value of accumulated plan benefits as of October 1, 2014		\$ 5,990,526
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		None.

**Table VIII  
(Cont'd)**

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

**Police Officers**

**Accounting Disclosure Exhibit**

<u>I. Financial Accounting Standards Board Allocation as of</u>	<u>10/01/2013</u>	<u>10/01/2014</u>
<u>A. Statement of Accumulated Plan Benefits</u>		
1. Actuarial present value of accumulated vested plan benefits		
a. Participants currently receiving benefits	\$ 3,158,451	\$ 3,487,081
b. Other participants	4,238,321	4,695,112
c. Total	<u>\$ 7,396,772</u>	<u>\$ 8,182,193</u>
2. Actuarial present value of accumulated non-vested plan benefits	<u>145,315</u>	<u>156,815</u>
3. Total actuarial present value of accumulated plan benefits	\$ 7,542,087	\$ 8,339,008
<u>B. Statement of Change in Accumulated Plan Benefits</u>		
1. Actuarial present value of accumulated plan benefits as of October 1, 2013		\$ 7,542,087
2. Increase (decrease) during year attributable to:		
a. Change in plan provisions and actuarial assumptions		\$ 0
b. Benefits paid (includes refunds and DROP distributions)		(271,923)
c. Other, including benefits accumulated, increase for interest due to decrease in the discount period		1,068,844
d. Net increase		<u>\$ 796,921</u>
3. Actuarial present value of accumulated plan benefits as of October 1, 2014		\$ 8,339,008
<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.

**Table VIII  
(Cont'd)**

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

**Accounting Disclosure Exhibit**

II. Net Pension Liability and Related Ratios (GASB No. 67 & No. 68)

	Actual 9/30/2014	Projected 9/30/2015 *
Measurement date		
<b>A. <u>Total Pension Liability (TPL)</u></b>		
Service Cost	\$ 888,988	\$ 901,998
Interest	1,227,596	1,354,189
Benefit Changes	35,244	0
Difference Between Actual and Expected Experience	170,264	100,031
Assumption Changes	0	0
Benefit Payments, including Refunds of Member Contributions	(545,746)	(569,116)
Net Change in Total Pension Liability	\$ 1,776,346	\$ 1,787,102
Total Pension Liability (TPL) - (beginning of year)	15,562,038	17,338,384
Total Pension Liability (TPL) - (end of year)	\$ 17,338,384	\$ 19,125,486
<b>B. <u>Plan Fiduciary Net Position</u></b>		
Contributions - Town	\$ 631,584	\$ 727,022
Contributions - Member	349,600	349,288
Net Investment Income	1,396,431	1,235,365
Benefit Payments, including Refunds of Member Contributions	(545,746)	(569,116)
Administrative Expenses	(80,194)	(80,194)
Other	0	0
Net Change in Plan Fiduciary Net Position	\$ 1,751,675	\$ 1,662,365
Plan Fiduciary Net Position - (beginning of year)	14,506,355	16,258,030
Plan Fiduciary Net Position - (end of year)	\$ 16,258,030	\$ 17,920,395
<b>C. <u>Net Pension Liability (NPL) - (end of year): (A) - (B)</u></b>	\$ 1,080,354	\$ 1,205,091
<b>D. <u>Plan Fiduciary Net Position as a Percentage of TPL: (B) / (A)</u></b>	93.77 %	93.70 %
<b>E. <u>Covered Employee Payroll</u> **</b>	\$ 5,305,109	\$ 5,341,016
<b>F. <u>NPL as a Percentage of Covered Employee Payroll: (C) / (E)</u></b>	20.36 %	22.56 %
<b>G. <u>Notes to Schedule:</u></b>		
Valuation Date	10/01/2013	10/01/2014
Update procedures used to roll forward TPL excluding DROP account balances to the measurement dates - actual DROP account balances as of measurement dates included in TPL.		
No benefit or assumption changes during 2015.		
See Table VIII., Item IV. for benefit changes in FYE 2014. No assumption changes in FYE 2014.		

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

\*\* As reported for valuation - GASB No. 67 & No. 68 reference total payroll

**Table VIII  
(Cont'd)**

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

**Accounting Disclosure Exhibit**

III. Schedule of Employer Contributions (GASB No. 67 & No. 68)

<u>Fiscal Year End 9/30</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll<sup>1,2,3</sup></u>	<u>Actual Contribution as a % of Covered Payroll</u>
2005	\$ 0	\$ 102,410	(102,410)	\$ 2,857,045	3.58%
2006	203,274	230,812	(27,538)	3,170,278	7.28%
2007	264,370	264,370	0	3,653,048	7.24%
2008	384,905	384,416	489	3,978,291	9.66%
2009	423,747	423,747	0	4,568,544	9.28%
2010	553,919	553,919	0	4,059,522	13.64%
2011	625,963	625,963	0	4,016,852	15.58%
2012	515,440	515,440	0	4,053,208	12.72%
2013	534,209	534,209	0	4,359,957	12.25%
2014	631,584	631,584	0	5,305,109	11.91%
2015 <sup>4</sup>	727,022	727,022	0	5,341,016	13.61%

<sup>1</sup> Projected prior to fiscal year ended September 30, 2014

<sup>2</sup> Excludes DROP payroll, if any, prior to fiscal year ended September 30, 2014

<sup>3</sup> As reported for valuation - GASB No. 67 & No. 68 reference total payroll

<sup>4</sup> Projected - actual amounts will be available after fiscal year end

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

**Accounting Disclosure Exhibit**

IV. Notes to Schedule of Contributions (GASB No. 67 & No. 68)

**Valuation Date:** Actuarially determined contributions are calculated as of October 1st - two years 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	3.5%
Salary Increases	4.0% - 13.5%
Investment Rate of Return	7.5%
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:**

**Benefit Changes**

2013: Police Officers - normal retirement eligibility updated to include completion of 15 years and 4 months of service if hired on a full time basis in March 2003; General Employees - may enter DROP upon attainment of normal retirement. 2012: Police Officers -normal retirement eligibility updated to 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. 2011: Town Manager and Town Attorney allowed to opt out of Plan. 2009: Member contributions *picked-up* by the Town. 2006: Police Officers - vesting percentages updated.

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

**Accounting Disclosure Exhibit**

IV. Notes to Schedule of Contributions (GASB No. 67 & No. 68) (continued)

Assumption Changes

2012: Mortality assumption for healthy General Employees updated to RP 2000 Combined Mortality Table (RP 2000 Disabled Mortality Table for disabled lives) with separate rates for males and females and 15 years generational projection from valuation date for actives - 7 years generational projection from valuation date for inactives with Scale AA; mortality assumption for healthy Police Officer participants updated to RP 2000 Combined Mortality Table with Blue Collar Adjustment with separate rates for males and females and 15 years generational projection from valuation date for actives - 7 years generational projection from valuation date for inactives with Scale AA. 2010: Salary increase factors updated. 2007: Mortality assumption for healthy participants updated to 1994 UP Mortality Table (RP 2000 Disabled Mortality Table for Disabled Lives) projected to 2007 with separate rates for males and females, salary increase, withdrawal and service related disability assumptions updated.

Retirement Plan for Employees of the  
Town of Surfside, Florida

Accounting Disclosure Exhibit

V. Discount Rate (GASB No. 67 & No. 68)

A discount rate of 7.5% was used to measure the TPL. 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 member contribution rate and employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member contribution rate. Based on these assumptions, the pension Plan's fiduciary net position was projected to be available to make all projected future expected 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 TPL.

VI. Sensitivity of the NPL to the Discount Rate Assumption (GASB No. 67 & No. 68)

Measurement date: 9/30/2014

	1% Decrease	Current Discount Rate	1% Increase
Discount Rate	6.5%	7.5%	8.5%
NPL	\$ 3,451,113	\$ 1,080,354	\$ (876,671)

Measurement date: 9/30/2015 \*

	1% Decrease	Current Discount Rate	1% Increase
Discount Rate	6.5%	7.5%	8.5%
NPL	\$ 3,822,395	\$ 1,205,091	\$ (953,972)

\* 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. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (GASB No. 68)**

Pension Expense for Fiscal Year Ending September 30, 2015 \$ 746,078

Summary of Outstanding Deferred Inflows and Outflows of Resources as of September 30, 2015

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience on liabilities	146,283	0
Changes of assumptions or other inputs	0	0
Net difference between projected and actual earnings on pension plan investments	0	236,106
Total	\$ 146,283	\$ 236,106

Summary of Deferred Outflows and Inflows of Resources that will be Recognized in Pension Expense in Future Years.

Year Ending 30-Sep	Amount
2016	\$ (35,046)
2017	(35,046)
2018	(35,046)
2019	(35,044)
2020	23,981
Thereafter	26,378



**Table VIII  
(Cont'd)**

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

**Accounting Disclosure Exhibit**

The following information is not required to be disclosed but is provided for informational purposes.

**VIII. Components of Pension Expense (GASB No. 68)**

Measurement Date	<u>9/30/2014</u>	<u>Projected 9/30/2015*</u>
Service Cost	\$ 888,988	\$ 901,998
Interest on Total Pension Liability	1,227,596	1,354,189
Current-Period Benefit Changes	35,244	0
Contributions - Member	(349,600)	(349,288)
Projected Earnings on Plan Investments	(1,101,298)	(1,235,365)
Administrative Expenses	80,194	80,194
Other Changes in Plan Fiduciary Net Position	0	0
Recognition of Beginning Deferred Outflows / (Inflows) due to Liabilities	23,981	38,691
Recognition of Beginning Deferred Outflows / (Inflows) due to Assets	(59,027)	(59,027)
Total Pension Expense	<u>\$ 746,078</u>	<u>\$ 731,392</u>

\* Projected - actual amounts will be available after measurement date

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

**Accounting Disclosure Exhibit**

The following information is not required to be disclosed but is provided for informational purposes.

**IX. Recognition of Deferred Outflows and (Inflows) due to Liabilities (GASB No. 68)**

Recognition of Deferred Outflows due to Differences Between Actual and Expected Experience on Liabilities

Established	Initial Balance	Initial Recognition Period	Remaining Recognition Period as of 9/30/2014	Recognition Amount for 2013 / 2014	Balance as of 9/30/2014
2013 / 2014	\$ 170,264	7.1	6.1	\$ 23,981	\$ 146,283
TOTAL				\$ 23,981	\$ 146,283

Recognition of Deferred (Inflows) due to Differences Between Actual and Expected Experience on Liabilities

Established	Initial Balance	Initial Recognition Period	Remaining Recognition Period as of 9/30/2014	Recognition Amount for 2013 / 2014	Balance as of 9/30/2014
2013 / 2014	\$ 0	7.1	6.1	\$ 0	\$ 0
TOTAL				\$ 0	\$ 0

Recognition of Deferred Outflows due to Changes of Assumptions or Other Inputs

Established	Initial Balance	Initial Recognition Period	Remaining Recognition Period as of 9/30/2014	Recognition Amount for 2013 / 2014	Balance as of 9/30/2014
2013 / 2014	\$ 0	7.1	6.1	\$ 0	\$ 0
TOTAL				\$ 0	\$ 0

Recognition of Deferred (Inflows) due to Changes of Assumptions or Other Inputs

Established	Initial Balance	Initial Recognition Period	Remaining Recognition Period as of 9/30/2014	Recognition Amount for 2013 / 2014	Balance as of 9/30/2014
2013 / 2014	\$ 0	7.1	6.1	\$ 0	\$ 0
TOTAL				\$ 0	\$ 0

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

**Accounting Disclosure Exhibit**

The following information is not required to be disclosed but is provided for informational purposes.

X. Recognition of Deferred Outflows and (Inflows) Due to Assets (GASB No. 68)

Recognition of Deferred Outflows / (Inflows) due to Difference Between Projected and Actual Earnings on Pension Plan Investments

Established	Initial Balance	Initial Recognition Period	Remaining Recognition Period as of 9/30/2014	Recognition Amount for 2013 / 2014	Balance as of 9/30/2014
2013 / 2014	\$ (295,133)	5	4	\$ (59,027)	\$ (236,106)
			TOTAL	\$ (59,027)	\$ (236,106)

**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 calendar 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

None.

**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.

Age	Annual Rate of Disability	
	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**

Age	Annual Rate of Retirement	
	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, 2014**

**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	8	-	-	-	-	-	-	-	-	8
30-34	4	2	1	-	-	-	-	-	-	7
35-39	4	3	1	1	-	-	-	-	-	9
40-44	2	1	1	1	-	-	-	-	-	5
45-49	2	1	1	1	-	-	-	-	-	5
50-54	3	6	2	-	1	-	-	-	-	12
55-59	3	2	1	-	-	1	-	-	-	7
60-64	1	1	1	-	-	-	-	-	-	3
65-69	-	-	-	-	-	-	-	-	-	0
70+	=	=	=	=	=	=	=	=	=	0
<b>TOTAL</b>	<b>28</b>	<b>16</b>	<b>8</b>	<b>3</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>57</b>

	<u>Prior Year</u>	<u>Current Year</u>
Average Pay	\$ 47,417	\$ 51,052
Average Service	6.83 years	6.46 years
Percent Female	40.6%	38.6%

**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, 2014**

**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	1	1	-	-	-	-	-	-	-	2
30-34	1	2	1	-	-	-	-	-	-	4
35-39	-	3	3	-	-	-	-	-	-	6
40-44	-	3	1	-	-	-	-	-	-	4
45-49	1	3	-	-	1	-	-	-	-	5
50-54	-	1	-	-	-	-	-	-	-	1
55-59	-	1	1	-	-	-	-	-	-	2
60-64	1	-	-	-	-	-	-	-	-	1
65-69	-	-	-	-	-	1	-	-	-	1
70+	=	=	=	=	=	=	=	=	=	<u>0</u>
<b>TOTAL</b>	<b>5</b>	<b>14</b>	<b>6</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>27</b>

	<u>Prior Year</u>	<u>Current Year</u>
Average Pay	\$ 79,527	\$ 81,049
Average Service	8.38 years	8.96 years
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, 2014**

**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	-	-	-	-	-	-	-	-	-	0
55-59	-	-	1	-	-	-	-	-	-	1
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>
										Average Pay \$ 37,674

**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	8	-	-	-	-	-	-	-	-	8
30-34	4	2	1	-	-	-	-	-	-	7
35-39	4	3	1	1	-	-	-	-	-	9
40-44	2	1	1	1	-	-	-	-	-	5
45-49	2	1	1	1	-	-	-	-	-	5
50-54	3	6	2	-	1	-	-	-	-	12
55-59	3	2	-	-	-	1	-	-	-	6
60-64	1	1	1	-	-	-	-	-	-	3
65-69	-	-	-	-	-	-	-	-	-	0
70+	-	-	-	-	-	-	-	-	-	0
<b>TOTAL</b>	<b>28</b>	<b>16</b>	<b>7</b>	<b>3</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>56</b>
										Average Pay \$ 51,291

**Table XII**

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

**Both Groups Combined**

**Summary of Participant Data**

	<u>10/01/2013</u>	<u>10/01/2014</u>
<b>Active Participants</b>		
Number: Fully Vested	37	35
Partially Vested	14	16
Non-Vested	40	33
Total	<u>91</u>	<u>84</u>
Average Attained Age	42.50 years	42.37 years
Average Years of Service	7.29 years	7.26 years
Average Compensation	\$ 56,944	\$ 60,694
 <b>Inactive Participants Receiving Benefits (including DROPs)</b>		
Number	33	37
Average Age at Retirement	60.61 years	60.70 years
Average Annual Benefit	\$ 16,434	\$ 17,557
 <b>Inactive Participants Due Deferred Benefits</b>		
Number	7	6
Average Age at Commencement	60.71 years	60.00 years
Average Annual Benefit	\$ 13,824	\$ 15,311

**Table XII  
(Cont'd)**

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

**General Employees**

**Summary of Participant Data**

	<u>10/01/2013</u>	<u>10/01/2014</u>
<b>Active Participants</b>		
Number: Fully Vested	15	13
Partially Vested	14	16
Non-Vested	35	28
Total	<u>64</u>	<u>57</u>
Average Attained Age	43.11 years	42.93 years
Average Years of Service	6.83 years	6.46 years
Average Compensation	\$ 47,417	\$ 51,052
 <b>Inactive Participants Receiving Benefits (including DROPs)</b>		
Number	20	24
Average Age at Retirement	61.00 years	61.54 years
Average Annual Benefit	\$ 11,993	\$ 13,970
 <b>Inactive Participants Due Deferred Benefits</b>		
Number	4	3
Average Age at Commencement	65.00 years	65.00 years
Average Annual Benefit	\$ 10,838	\$ 12,817



**Table XII  
(Cont'd)**

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

**Police Officers**

**Summary of Participant Data**

	<u>10/01/2013</u>	<u>10/01/2014</u>
<b>Active Participants</b>		
Number: Fully Vested	22	22
Partially Vested	0	0
Non-Vested	5	5
Total	<u>27</u>	<u>27</u>
Average Attained Age	41.04 years	41.20 years
Average Years of Service	8.38 years	8.96 years
Average Compensation	\$ 79,527	\$ 81,049
 <b>Inactive Participants Receiving Benefits (including DROPs)</b>		
Number	13	13
Average Age at Retirement	60.02 years	59.16 years
Average Annual Benefit	\$ 23,265	\$ 24,180
 <b>Inactive Participants Due Deferred Benefits</b>		
Number	3	3
Average Age at Commencement	55.00 years	55.00 years
Average Annual Benefit	\$ 17,806	\$ 17,806

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

**Both Groups Combined**

**Reconciliation of Employee Data**

<b>A. <u>Active Participants</u></b>	
1. Active participants previous year	91
2. Retired during year	(1)
3. Entered DROP	(4)
4. Died during year	0
5. Disabled during year	0
6. Non-vested employment terminations	(6)
7. Vested employment terminations	0
8. Terminated vested paid lump sum	0
9. Leave of absence	0
10. Transfers	0
11. New active participants	4
12. Rehired participant	0
13. Part time employees transferred to full time participants	0
14. Active participants current year	<u>84</u>
<b>B. <u>Participants Receiving Benefits</u></b>	
1. Participants receiving benefits previous year	32
2. New retired participants	1
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>32</u>
<b>C. <u>DROP Participants</u></b>	
1. DROP participants previous year	1
2. Died during year	0
3. Became disabled during year	0
4. Employment terminated and retired during year	0
5. Entered DROP during year	4
6. DROP participants current year	<u>5</u>
<b>D. <u>Terminated Vested Participants Entitled to Future Benefits</u></b>	
1. Terminated vested entitled previous year	7
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>6</u>

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

**General Employees**

**Reconciliation of Employee Data**

<b>A. <u>Active Participants</u></b>	
1. Active participants previous year	64
2. Retired during year	0
3. Entered DROP	(4)
4. Died during year	0
5. Disabled during year	0
6. Non-vested employment terminations	(6)
7. Vested employment terminations	0
8. Terminated vested paid lump sum	0
9. Leave of absence	0
10. Transfers	0
11. New active participants	3
12. Rehired participant	0
13. Part time employees transferred to full time participants	0
14. Active participants current year	57
<b>B. <u>Participants Receiving Benefits</u></b>	
1. Participants receiving benefits previous year	20
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. Former DROPs now receiving benefits	0
7. Died or ceased payment during year	0
8. Retired or terminated vested receiving benefits current year	20
<b>C. <u>DROP Participants</u></b>	
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	4
6. DROP participants current year	4
<b>D. <u>Terminated Vested Participants Entitled to Future Benefits</u></b>	
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	(1)
6. Terminated vested entitled current year	3

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	(1)
3. Entered DROP	0
4. Died during year	0
5. Disabled during year	0
6. Non-vested employment terminations	0
7. Vested employment terminations	0
8. Terminated vested paid lump sum	0
9. Leave of absence	0
10. Transfers	0
11. New active participants	1
12. Rehired participant	0
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	12
2. New retired participants	1
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>12</u>
C. <u>DROP Participants</u>	
1. DROP participants previous year	1
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>1</u>
D. <u>Terminated Vested Participants Entitled to Future Benefits</u>	
1. Terminated vested entitled previous year	3
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>3</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>Smoothed Actuarial Value</u>	<u>Assumed</u>
09/30/2014	9.5%	8.9%	7.5%
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%
Average			
Last 3 Years	13.1%	5.4%	7.5%
Last 5 Years	8.5%	4.1%	7.5%
Last 10 Years	5.3%	4.5%	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>
09/30/2014	10.7%	4.9%	3.9%	5.8%
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%
Average				
Last 3 Years	7.3%	4.9%	4.2%	5.4%
Last 5 Years	6.2%	5.4%	5.7%	6.6%
Last 10 Years	6.4%	5.8%	9.7%	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>
09/30/2014	64	4.8	6	1.3
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
Last 3 Years	167	12.0	17	1.4
Last 5 Years	267	18.4	27	1.5
Last 10 Years	567	36.8	70	1.9

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>
09/30/2014	27	1.4	0	0.0
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
Last 3 Years	81	5.7	2	0.4
Last 5 Years	137	11.3	6	0.5
Last 10 Years	275	21.6	27	1.3

**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
10/01/2014	09/30/2016	\$ 757,304	N/A
10/01/2013	09/30/2015	\$ 727,022	N/A
10/01/2012	09/30/2014	\$ 631,584	\$ 631,584
10/01/2011	09/30/2013	\$ 534,209	\$ 534,209
10/01/2010	09/30/2012	\$ 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	\$ 423,747	\$ 423,747
10/01/2006	09/30/2008	\$ 384,905	\$ 384,416
10/01/2005	09/30/2007	\$ 264,370	\$ 264,370
10/01/2004	09/30/2006	\$ 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

<sup>1</sup> Reflects benefit changes effective October 1, 2013

<sup>2</sup> Reflects assumption and benefit changes effective October 1, 2012

<sup>3</sup> Reflects assumption changes effective October 1, 2010

<sup>4</sup> Reflects assumption changes effective October 1, 2007

<sup>5</sup> Reflects benefit improvement effective October 1, 2007

<sup>6</sup> Reflects benefit improvement effective October 1, 2005

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

**Actuarial Valuation as of October 1, 2014**

**State Required Exhibit**

**All Members**

	<u>10/01/2013</u>	<u>10/01/2014</u>
<b>A. <u>Participant Data</u></b>		
1. Active participants	91	84
2. Retired, disabled and beneficiaries receiving benefits (including DROPs)	33	37
3. Terminated vested participants	7	6
4. Annual payroll of active participants	\$ 5,181,920	\$ 5,098,304
5. Expected payroll of active employees for the following year	\$ 5,181,920	\$ 5,098,304
6. Annual benefits payable to those currently receiving benefits (including DROPs)	\$ 542,312	\$ 649,624
<b>B. <u>Assets</u></b>		
1. Smoothed actuarial value	\$ 14,125,280	\$ 15,746,681
2. Market value	\$ 14,506,355	\$ 16,258,030
<b>C. <u>Liabilities</u></b>		
1. Actuarial present value of future expected benefit payments for active members		
a. Retirement benefits	\$ 14,732,809	\$ 14,861,473
b. Vesting benefits	1,232,766	1,251,292
c. Disability benefits	1,223,289	1,271,273
d. Return of member contributions	130,572	125,952
e. Total	<u>\$ 17,319,436</u>	<u>\$ 17,509,990</u>
2. Actuarial present value of future expected benefit payments for terminated vested members and miscellaneous	\$ 612,042	\$ 648,390
3. Actuarial present value of future expected benefit payments for members currently receiving benefits (including DROPs)	<u>\$ 5,600,731</u>	<u>\$ 7,127,693</u>
4. Total actuarial present value of future expected benefit payments	\$ 23,532,209	\$ 25,286,073
5. Actuarial accrued liabilities	\$ 15,767,546	\$ 17,438,415
6. Unfunded actuarial accrued liabilities	\$ 1,642,266	\$ 1,691,734



Retirement Plan for Employees of the  
Town of Surfside, Florida

Actuarial Valuation as of October 1, 2014

State Required Exhibit

General Employees

	<u>10/01/2013</u>	<u>10/01/2014</u>
<b>A. <u>Participant Data</u></b>		
1. Active participants	64	57
2. Retired, disabled and beneficiaries receiving benefits (including DROPs)	20	24
3. Terminated vested participants	4	3
4. Annual payroll of active participants	\$ 3,034,703	\$ 2,909,978
5. Expected payroll of active employees for the following year	\$ 3,034,703	\$ 2,909,978
6. Annual benefits payable to those currently receiving benefits	\$ 239,868	\$ 335,286
<b>B. <u>Assets</u></b>		
1. Smoothed actuarial value	\$ 5,634,818	\$ 6,192,702
2. Market value	\$ 5,786,835	\$ 6,393,800
<b>C. <u>Liabilities</u></b>		
1. Actuarial present value of future expected benefit payments for active members		
a. Retirement benefits	\$ 5,451,855	\$ 4,937,767
b. Vesting benefits	368,243	379,597
c. Disability benefits	500,765	545,346
d. Return of member contributions	85,418	78,112
e. Total	<u>\$ 6,406,281</u>	<u>\$ 5,940,822</u>
2. Actuarial present value of future expected benefit payments for terminated vested members and miscellaneous	\$ 213,687	\$ 217,400
3. Actuarial present value of future expected benefit payments for members currently receiving benefits (including DROPs)	<u>\$ 2,442,280</u>	<u>\$ 3,640,612</u>
4. Total actuarial present value of future expected benefit payments	\$ 9,062,248	\$ 9,798,834
5. Actuarial accrued liabilities	\$ 6,013,506	\$ 6,712,712
6. Unfunded actuarial accrued liabilities	\$ 378,688	\$ 520,010

Retirement Plan for Employees of the  
Town of Surfside, Florida

Actuarial Valuation as of October 1, 2014

State Required Exhibit

Police Officers

	<u>10/01/2013</u>	<u>10/01/2014</u>
<b>A. <u>Participant Data</u></b>		
1. Active participants	27	27
2. Retired, disabled and beneficiaries receiving benefits (including DROPs)	13	13
3. Terminated vested participants	3	3
4. Annual payroll of active participants	\$ 2,147,217	\$ 2,188,326
5. Expected payroll of active employees for the following year	\$ 2,147,217	\$ 2,188,326
6. Annual benefits payable to those currently receiving benefits	\$ 302,444	\$ 314,338
<b>B. <u>Assets</u></b>		
1. Smoothed actuarial value	\$ 8,490,462	\$ 9,553,979
2. Market value	\$ 8,719,520	\$ 9,864,230
<b>C. <u>Liabilities</u></b>		
1. Actuarial present value of future expected benefit payments for active members		
a. Retirement benefits	\$ 9,280,954	\$ 9,923,706
b. Vesting benefits	864,523	871,695
c. Disability benefits	722,524	725,927
d. Return of member contributions	45,154	47,840
e. Total	<u>\$ 10,913,155</u>	<u>\$ 11,569,168</u>
2. Actuarial present value of future expected benefit payments for terminated vested members and miscellaneous	\$ 398,355	\$ 430,990
3. Actuarial present value of future expected benefit payments for members currently receiving benefits (including DROPs)	<u>\$ 3,158,451</u>	<u>\$ 3,487,081</u>
4. Total actuarial present value of future expected benefit payments	\$ 14,469,961	\$ 15,487,239
5. Actuarial accrued liabilities	\$ 9,754,040	\$ 10,725,703
6. Unfunded actuarial accrued liabilities	\$ 1,263,578	\$ 1,171,724

Retirement Plan for Employees of the  
Town of Surfside, Florida

Actuarial Valuation as of October 1, 2014

State Required Exhibit - All Members

	<u>10/01/2013</u>	<u>10/01/2014</u>
<b>D. <u>Statement of Accumulated Plan Benefits</u></b>		
1. Actuarial present value of accumulated vested benefits		
a. Participants currently receiving benefits	\$ 5,600,731	\$ 7,127,693
b. Terminated vested members and miscellaneous	612,042	648,390
c. Other participants	6,064,809	5,793,156
d. Total	<u>\$ 12,277,582</u>	<u>\$ 13,569,239</u>
2. Actuarial present value of accumulated non-vested plan benefits	<u>758,100</u>	<u>760,295</u>
3. Total actuarial present value of accumulated plan benefits	\$ 13,035,682	\$ 14,329,534
<b>E. <u>Statement of Change in Accumulated Plan Benefits</u></b>		
1. Actuarial present value of accumulated plan benefits as of October 1, 2013		\$ 13,035,682
2. Increase (decrease) during year attributable to:		
a. Change in plan provisions and actuarial assumptions		\$ 0
b. Benefits paid (includes refunds and DROP distributions)		(545,746)
c. Other, including benefits accumulated, increase for interest due to decrease in the discount period		<u>1,839,598</u>
d. Net increase		<u>\$ 1,293,852</u>
3. Actuarial present value of accumulated plan benefits as of October 1, 2014		\$ 14,329,534
<b>F. <u>Pension Cost</u></b>		
1. Total normal cost	\$ 958,266	\$ 982,192
2. Payment required to amortize unfunded liability	109,926	112,215
3. Interest	12,331	12,185
4. Total required contributions	<u>\$ 1,080,523</u>	<u>\$ 1,106,592</u>
5. Item 4 as a percentage of payroll	20.9%	21.7%
6. Estimated employee contributions	\$ 353,501	\$ 349,288
7. Item 6 as a percentage of payroll	6.8%	6.9%
8. Net amount payable by Town	\$ 727,022	\$ 757,304
9. Item 8 as a percentage of payroll	14.0%	14.9%

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

**Actuarial Valuation as of October 1, 2014**

**State Required Exhibit - General Employees**

	<u>10/01/2013</u>	<u>10/01/2014</u>
<b>D. <u>Statement of Accumulated Plan Benefits</u></b>		
1. Actuarial present value of accumulated vested benefits		
a. Participants currently receiving benefits	\$ 2,442,280	\$ 3,640,612
b. Terminated vested members and miscellaneous	213,687	217,400
c. Other participants	2,224,843	1,529,034
d. Total	\$ 4,880,810	\$ 5,387,046
2. Actuarial present value of accumulated non-vested plan benefits	612,785	603,480
3. Total actuarial present value of accumulated plan benefits	\$ 5,493,595	\$ 5,990,526
<b>E. <u>Statement of Change in Accumulated Plan Benefits</u></b>		
1. Actuarial present value of accumulated plan benefits as of October 1, 2013		\$ 5,493,595
2. Increase (decrease) during year attributable to:		
a. Change in plan provisions and actuarial assumptions		\$ 0
b. Benefits paid (includes refunds and DROP distributions)		(273,823)
c. Other, including benefits accumulated, increase for interest due to decrease in the discount period		770,754
d. Net increase		\$ 496,931
3. Actuarial present value of accumulated plan benefits as of October 1, 2014		\$ 5,990,526
<b>F. <u>Pension Cost</u></b>		
1. Total normal cost	\$ 392,218	\$ 397,751
2. Payment required to amortize unfunded liability	30,343	41,953
3. Interest	6,339	6,078
4. Total required contributions	\$ 428,900	\$ 445,782
5. Item 4 as a percentage of payroll	14.1%	15.3%
6. Estimated employee contributions	\$ 181,724	\$ 174,222
7. Item 6 as a percentage of payroll	6.0%	6.0%
8. Net amount payable by Town	\$ 247,176	\$ 271,560
9. Item 8 as a percentage of payroll	8.1%	9.3%

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

**Actuarial Valuation as of October 1, 2014**

**State Required Exhibit - Police Officers**

	<u>10/01/2013</u>	<u>10/01/2014</u>
<b>D. <u>Statement of Accumulated Plan Benefits</u></b>		
1. Actuarial present value of accumulated vested benefits		
a. Participants currently receiving benefits	\$ 3,158,451	\$ 3,487,081
b. Terminated vested members and miscellaneous	398,355	430,990
c. Other participants	3,839,966	4,264,122
d. Total	\$ 7,396,772	\$ 8,182,193
2. Actuarial present value of accumulated non-vested plan benefits	145,315	156,815
3. Total actuarial present value of accumulated plan benefits	\$ 7,542,087	\$ 8,339,008
<b>E. <u>Statement of Change in Accumulated Plan Benefits</u></b>		
1. Actuarial present value of accumulated plan benefits as of October 1, 2013		\$ 7,542,087
2. Increase (decrease) during year attributable to:		
a. Change in plan provisions and actuarial assumptions		\$ 0
b. Benefits paid (includes refunds and DROP distributions)		(271,923)
c. Other, including benefits accumulated, increase for interest due to decrease in the discount period		1,068,844
d. Net increase		\$ 796,921
3. Actuarial present value of accumulated plan benefits as of October 1, 2014		\$ 8,339,008
<b>F. <u>Pension Cost</u></b>		
1. Total normal cost	\$ 566,048	\$ 584,441
2. Payment required to amortize unfunded liability	79,583	70,262
3. Interest	5,992	6,107
4. Total required contributions	\$ 651,623	\$ 660,810
5. Item 4 as a percentage of payroll	30.3%	30.2%
6. Estimated employee contributions	\$ 171,777	\$ 175,066
7. Item 6 as a percentage of payroll	8.0%	8.0%
8. Net amount payable by Town	\$ 479,846	\$ 485,744
9. Item 8 as a percentage of payroll	22.3%	22.2%

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

**Actuarial Valuation as of October 1, 2014**

**State Required Exhibit - All Members**

	<u>10/01/2013</u>	<u>10/01/2014</u>
<b>G. <u>Past Contributions</u></b>		
1. Total contribution required (Prior Year)	\$ 934,227	\$ 1,080,523
2. Actual contributions made:		
a. Member	\$ 349,600	N/A
b. Town	631,584	N/A
c. Total	\$ 981,184	N/A
<b>H. <u>Net Actuarial Gain / (Loss)</u></b>		
1. General Employees	\$ (69)	\$ (81,201)
2. Police Officers	29,628	149,757
3. Total	\$ 29,559	\$ 68,556
<b>I. <u>Disclosure of Following Items:</u></b>		
1. Actuarial present value of future salaries - attained age		
a. General Employees	\$ 24,783,755	\$ 24,590,284
b. Police Officers	19,076,190	19,193,230
c. Total	\$ 43,859,945	\$ 43,783,514
2. Actuarial present value of future employee contributions - attained age		
a. General Employees	\$ 1,484,437	\$ 1,472,944
b. Police Officers	1,526,095	1,535,458
c. Total	\$ 3,010,532	\$ 3,008,402
3. Actuarial present value of future contributions from other sources	N/A	N/A
4. Amount of active members' accumulated contributions		
a. General Employees	\$ 1,114,177	\$ 972,312
b. Police Officers	1,341,305	1,494,183
c. Total	\$ 2,455,482	\$ 2,466,495
5. Actuarial present value of future salaries and future benefits at entry age	N/A	N/A
6. Actuarial present value of future employee contributions at entry age	N/A	N/A

Retirement Plan for Employees of the  
Town of Surfside, Florida

Actuarial Valuation as of October 1, 2014


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 *	\$ 1,909	\$ 178	19 years
10/01/2010	Actuarial (Gain) / Loss	211,805	17,437	26 years
10/01/2010	Assumption Changes	(113,792)	(9,368)	26 years
10/01/2011	Actuarial (Gain) / Loss	77,015	6,262	27 years
10/01/2012	Actuarial (Gain) / Loss	149,123	11,986	28 years
10/01/2012	Assumption Changes	112,670	9,056	28 years
10/01/2013	Actuarial (Gain) / Loss	79	6	29 years
10/01/2014	Actuarial (Gain) / Loss	81,201	6,396	30 years
	Total	\$ 520,010	\$ 41,953	
<u>Police Officers</u>				
10/01/2011	Combined Credit Bases *	\$ (5,106,038)	\$ (476,932)	19 years
10/01/2011	Combined Charge Bases *	5,853,044	512,819	22 years
10/01/2012	Actuarial (Gain) / Loss	528,704	42,496	28 years
10/01/2012	Assumption Changes	39,939	3,210	28 years
10/01/2013	Actuarial (Gain) / Loss	(30,769)	(2,447)	29 years
10/01/2013	Plan Amendment	36,601	2,911	29 years
10/01/2014	Actuarial (Gain) / Loss	(149,757)	(11,795)	30 years
	Total	\$ 1,171,724	\$ 70,262	

\* 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: May 26, 2015

  
Lawrence F. Wilson, A.S.A.