

RETIREMENT PLAN FOR THE  
EMPLOYEES OF THE  
TOWN OF SURFSIDE  
FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR  
ENDED SEPTEMBER 30, 2024



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

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# **INDEPENDENT AUDITORS' REPORT**

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## **Independent Auditors' Report**

To the Pension Board and Plan Administrator  
**Retirement Plan for Employees of the Town of Surfside**

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of the Retirement Plan for Employees of the Town of Surfside (the "Plan"), which comprise of the statement of fiduciary net position as of September 30, 2024 and the related statement of changes in fiduciary net position for the year then ended and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Plan as of September 30, 2024, and the changes in its fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control—related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in the Town's net pension liability and related ratios, schedule of Town contributions, schedule of investment returns on pages 4-7 and 26-28 be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of

management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Plan's financial statements. The schedule of administrative and investment expenses is presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of administrative and investment expenses is fairly stated, in all material respects, in relation to the financial statements as a whole.

### ***Other Matter - Report on Summarized Comparative Information***

The financial statements of the Plan as of and for the year ended September 30, 2023, were audited by Marcum LLP whose report dated June 18, 2024 expressed an unmodified opinion. The summarized comparative information presented herein as of and for the year ended September 30, 2023 was derived from the 2023 financial statements.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2026 on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plan's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control over financial reporting and compliance.

***CBIZ CPAs P.C.***

Miami, Florida  
March 25, 2026

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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## **MANAGEMENT’S DISCUSSION AND ANALYSIS**

This discussion and analysis of the Retirement Plan for Employees of the Town of Surfside (the “Plan”) provides an overview of the financial activities and funding conditions for the fiscal years ended September 30, 2024, and 2023. Please review this discussion and analysis in conjunction with the financial statements and the notes to the financial statements which follow this discussion.

### **OVERVIEW OF FINANCIAL STATEMENTS**

#### ***Financial Statements***

The Plan presents select comparative financial information as of and for the fiscal years ended September 30, 2024, and 2023. The financial statements are prepared using the accrual basis of accounting in accordance with the *Governmental Accounting Standards Board* (“GASB”) pronouncements. The two financial statements are the statement of fiduciary net position and the statement of changes in fiduciary net position.

The statement of fiduciary net position presents information on all of the Plan’s assets and liabilities with the difference between the two reported as net position restricted for pension benefits. This represents the value of net position held in trust to pay pension benefits. The Plan did not have any deferred outflows or inflows as of September 30, 2024, or 2023.

By contrast, the statement of changes in fiduciary net position presents information showing how the Plan’s net position changed, on a comparative basis, with additions (revenues) and deductions (expenses) for the fiscal year.

#### ***Notes to Financial Statements***

The notes to financial statements are an integral part of the financial statements and provide additional information and schedules that are essential for a full understanding of the Plan provided in the financial statements. Among other things, information in the notes discloses the method used to value investments, a general description of the Plan, contribution information, and investment information.

#### ***Required Supplementary Information***

Because of the long-term nature of a defined benefit plan, the Plan provides three required schedules of historical trends based on the actuarial valuations performed by the Plan’s actuary, for contributions, and one analysis of investment returns by the Plan’s investment consultant.

#### ***Other Supplementary Information***

Other schedules provided are the schedules of administrative and investment expenses (supplementary information) incurred by the Plan.

## FINANCIAL HIGHLIGHTS

The Plan's fiduciary net position restricted for pension benefits held in trust increased by \$7,375,016 from \$32,008,726 (fiscal year ended September 30, 2023), to \$39,383,742 for the fiscal year ended September 30, 2024, (an increase of 23% over the prior year) as a result of the current year's activities.

The contribution from the Town (inclusive of the state contribution) for the fiscal year ended September 30, 2024, increased by \$87,091 to \$1,595,366, an increase of approximately 5.8% based on the annual required contribution delineated in the October 1, 2022, actuarial valuation and additional contributions that the Town had budgeted at the beginning fiscal year 2024.

The Plan's investments had net investment income for the fiscal year ended September 30, 2024, of \$6,696,961 compared with the net investment income of \$2,635,090 for the fiscal year ended September 30, 2023, an increase of \$4,061,871 or 154.1%, due to positive market conditions during fiscal year 2024.

Benefit payments for the fiscal year ended September 30, 2024, were \$1,285,872, an increase of \$84,883 or 7.1% from the fiscal year ended September 30, 2023.

## FINANCIAL ANALYSIS

The total fund investment performance for the investments under management for the fiscal years ended 2024 and 2023 was 20.67% and 9.68%, respectively. The actuarial assumed investment rate of return was unchanged at 7.25%.

## PLAN NET POSITION

The table below shows a comparative summary of Fiduciary Net Position:

	September 30,		Increase (Decrease) 2023 to 2024	
	2024	2023	Amount	Percent
Investments	\$ 39,376,236	\$ 32,009,639	\$ 7,366,597	23.0%
Other assets	166,166	75,290	90,876	120.7%
<b>Total Assets</b>	<b>39,542,402</b>	<b>32,084,929</b>	<b>7,457,473</b>	<b>23.2%</b>
<b>Total Liabilities</b>	<b>158,660</b>	<b>76,203</b>	<b>82,457</b>	<b>108.2%</b>
<b>Net Position Restricted for Pension Benefits</b>	<b>\$ 39,383,742</b>	<b>\$ 32,008,726</b>	<b>\$ 7,375,016</b>	<b>23.0%</b>

Plan investments increased as expected due to employee and Town contributions as well as overall market performance.

## CHANGES IN PLAN NET POSITION

The table below shows a comparative summary of the changes in the fiduciary net position and reflects the activities of the Plan.

	2024	2023	Increase (Decrease)	
			2023 to 2024	
			Amount	Percent
Employer contributions	\$ 1,533,538	\$ 1,397,281	\$ 136,257	9.8%
State contributions	61,828	110,994	(49,166)	N/A
Member contributions	741,044	582,508	158,536	27.2%
Net investment income (loss)	<u>6,696,961</u>	<u>2,635,090</u>	<u>4,061,871</u>	154.1%
<b>Total Additions</b>	<b><u>\$ 9,033,371</u></b>	<b><u>\$ 4,725,873</u></b>	<b><u>\$ 4,307,498</u></b>	91.1%

	2024	2023	#	Increase (Decrease)	
				2023 to 2024	
				Amount	Percent
Benefit payments	\$ 1,285,872	\$ 1,200,989		\$ 84,883	7.1%
Refund of contributions	226,565	406,600		(180,035)	-44.3%
Administrative expenses	<u>145,918</u>	<u>137,756</u>		<u>8,162</u>	5.9%
<b>Total Deductions</b>	<b><u>\$ 1,658,355</u></b>	<b><u>\$ 1,745,345</u></b>		<b><u>\$ (86,990)</u></b>	-5.0%

Effective October 1, 2022, the Plan entered the State of Florida Chapter 185 Program which covers Police Officers. As such, the Plan recognized State contributions related to the Program in fiscal year 2024. The Plan incurred a positive return of the fair value of its investments in 2024 20.67%, a significant increase when compared to a return of 9.68% in 2023. This fluctuation created an increase in net investment income in 2024 as compared to 2023. Administrative expenses increased by 5.9% as expected due to the increase in management fees due to the increase in the portfolio returns when compared to prior year.

Refunds of contributions decreased due to less employees terminating or leaving the retirement Plan during fiscal year 2024. The refunds of contributions are the employee's 8% contribution with the interest gained during the years of employment. Once these refunds are paid these employees are no longer eligible for any benefits from the Plan in the future.

## PLAN MEMBERSHIP

The table below reflects the Plan membership as of the actuarial valuation dates noted below:

### CHANGES IN PLAN MEMBERSHIP

Plan Membership	October 1,		Change
	2023	2022	
Inactive plan members and beneficiaries currently receiving benefits	58	54	4
Inactive plan members entitled but not yet receiving benefits	6	10	(4)
Active plan members	<u>97</u>	<u>93</u>	<u>4</u>
<b>Total</b>	<b><u>161</u></b>	<b><u>157</u></b>	<b><u>4</u></b>

## FUNDING PROGRESS

Of primary concern to most Plan participants is the amount of money available to pay benefits. The Town has traditionally contributed the annual required contribution as determined by the Plan's Actuary, as required by state law. The Town frequently contributes more than actually required amounts in order to ultimately lessen the Town's future contributions.

## ASSET ALLOCATION

The following table indicates the asset allocations at reported value as of September 30, 2024, and 2023.

	September 30,			
	2024		2023	
Money market funds	\$ 363,278	0.9%	\$ 128,166	0.4%
U.S. treasury securities	2,615,620	6.6%	1,770,631	5.5%
Municipal obligations	266,647	0.7%	243,411	0.8%
Corporate bonds	4,555,933	11.6%	4,040,105	12.6%
Mortgage backed securities	1,646,167	4.2%	1,568,128	4.9%
Equities:				
Common stock, ADR's, and EFT's	8,391,299	21.3%	6,678,913	20.9%
Mutual funds	15,102,482	38.4%	11,371,931	35.5%
Real estate investment trusts	149,999	0.4%	119,913	0.4%
Collective investment trusts	3,634,614	9.2%	2,828,903	8.8%
Core real estate fund	2,650,197	6.7%	3,259,538	10.2%
<b>Total Investments</b>	<b>\$ 39,376,236</b>	<b>100.0%</b>	<b>\$ 32,009,639</b>	<b>100.0%</b>

## INVESTMENT ACTIVITIES

Investment income is vital to the Plan's continued financial stability. Therefore, the Board of Trustees has a fiduciary responsibility to act prudently and discretely when making Plan investment decisions. To assist the Board in this area, a comprehensive formal Investment Policy is reviewed periodically. The last amendment to the Investment Policy was on August 3, 2023.

The Board reviews portfolio performance quarterly. Performance is evaluated and monitored by an independent investment consultant as to manager style, collectively by investment type, and for the aggregate portfolio. Investment types include domestic and international equities and fixed income obligations.

## CONTACTING THE PLAN'S FINANCIAL MANAGEMENT

The financial report is designed to provide residents, taxpayers, Plan participants, and other interested parties with an overview of the Plan's finances and the prudent exercise of the Board's oversight. If you have any questions regarding this report or need additional financial information, please contact the Plan Administrator, Foster & Foster, 2503 Del Prado Blvd. S. Suite 502, Cape Coral, FL 33904

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# **FINANCIAL STATEMENTS**

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

**STATEMENT OF FIDUCIARY NET POSITION**

**SEPTEMBER 30, 2024  
(WITH COMPARATIVE TOTALS AS OF SEPTEMBER 30, 2023)**

	2024	2023
<b>Assets</b>		
Money market funds	\$ 363,278	\$ 128,166
U.S. treasury securities	2,615,620	1,770,631
Local government obligations	266,647	243,411
Corporate bonds	4,555,933	4,040,105
Mortgage backed securities	1,646,167	1,568,128
Equities:		
Common stock and American depository receipts and exchange traded funds	8,391,299	6,678,913
Mutual funds	15,102,482	11,371,931
Real estate investment trusts	149,999	119,913
Collective investment trust	3,634,614	2,828,903
Core real estate funds	<u>2,650,197</u>	<u>3,259,538</u>
<b>Total Investments</b>	<u>39,376,236</u>	<u>32,009,639</u>
<b>Receivables</b>		
Accrued interest and dividends	60,130	50,241
Employee contributions	44,208	25,049
Other receivables	<u>61,828</u>	<u>--</u>
<b>Total Receivables</b>	<u>166,166</u>	<u>75,290</u>
<b>Total Assets</b>	<u>39,542,402</u>	<u>32,084,929</u>
<b>Liabilities</b>		
Accounts payable	126,880	52,215
Refunds due to members	<u>31,780</u>	<u>23,988</u>
<b>Total Liabilities</b>	<u>158,660</u>	<u>76,203</u>
<b>Net Position Restricted for Pension Benefits</b>	<u>\$ 39,383,742</u>	<u>\$ 32,008,726</u>

*The accompanying notes are an integral part of these financial statements.*

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

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024  
(WITH COMPARATIVE TOTALS FOR FISCAL YEAR ENDED SEPTEMBER 30, 2023)**

	2024	2023
<b>Additions</b>		
<b>Contributions</b>		
Plan members	\$ 741,044	\$ 582,508
State	61,828	110,994
Town	<u>1,533,538</u>	<u>1,397,281</u>
<b>Total Contributions</b>	<u>2,336,410</u>	<u>2,090,783</u>
<b>Investment Income</b>		
Net appreciation in fair value of investments	6,168,169	2,089,283
Interest and dividends	<u>678,824</u>	<u>673,469</u>
	6,846,993	2,762,752
Less: investment expenses	<u>(150,032)</u>	<u>(127,662)</u>
<b>Net Investment Income</b>	<u>6,696,961</u>	<u>2,635,090</u>
<b>Total Additions</b>	<u>9,033,371</u>	<u>4,725,873</u>
<b>Deductions</b>		
Benefit payments	1,285,872	1,200,989
Refunds of contributions	226,565	406,600
Administrative expenses	<u>145,918</u>	<u>137,756</u>
<b>Total Deductions</b>	<u>1,658,355</u>	<u>1,745,345</u>
<b>Change in Net Position</b>	7,375,016	2,980,528
<b>Net Position Restricted for Pension Benefits</b>		
Beginning	<u>32,008,726</u>	<u>29,028,198</u>
Ending	<u>\$ 39,383,742</u>	<u>\$ 32,008,726</u>

*The accompanying notes are an integral part of these financial statements.*

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## **NOTES TO FINANCIAL STATEMENTS**

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# RETIREMENT PLAN FOR EMPLOYEES OF THE TOWN OF SURFSIDE

## NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *BASIS OF ACCOUNTING*

The accompanying financial statements of the Retirement Plan for Employees of the Town of Surfside (the “Plan”) are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”) as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body establishing governmental accounting and financial reporting principles. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

#### *METHOD USED TO VALUE INVESTMENTS AND INVESTMENT INCOME RECOGNITION*

Investments are reported at fair value with the exception of money market funds which are at amortized cost. Net appreciation (depreciation) in fair value of investments includes realized and unrealized gains and losses. Realized gains and losses are determined on the basis of average cost. Purchases and sales of securities are recorded on the trade-date basis. Interest and dividends are recorded as earned on the accrual basis. For more detail regarding the methods used to measure the fair value of investments refer to the fair value hierarchy in Note 3.

Within certain limitations as specified in the Plan and state law, the investment policy is determined by the pension Board of Trustees (the “Board”) and is implemented by its investment manager.

#### *CONTRIBUTION REFUNDS*

The defined benefit plan is contributory and employee contributions are one hundred percent refundable with interest at the rate of four percent per annum to terminated non-vested participants as well as vested former participants who elect to forfeit all rights to any other benefits of the Plan.

#### *NET POSITION RESTRICTED FOR PENSION BENEFITS*

The net position restricted for pension benefits is the difference between the total plan assets and the total plan liabilities, and is held in trust for pension benefits.

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***PLAN EXPENSES***

In accordance with the provisions of the Plan, investment and administrative expenses of the Plan may be paid either by the Town of Surfside, Florida (the “Town”) or the Plan. The established policy is that the Plan pays all of the investment and administrative expenses of the Plan as well as the actuarial fees for annual actuarial valuations. It has been the Town’s practice to pay the fees for any additional actuarial services provided.

***USE OF ESTIMATES***

The preparation of financial statements in conformity with GAAP requires the Plan to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

***COMPARATIVE INFORMATION***

The financial statements include certain prior-year summarized comparative information. Such summarized information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Plan’s financial statements for the fiscal year ended September 30, 2023, from which the information was derived.

**NOTE 2 – PLAN DESCRIPTION**

***PLAN DESCRIPTION***

The Retirement Plan was established by a Town Ordinance approved by the Commissioners and effective January 1, 1962. The Plan is subject to certain provisions of Chapter 112, Florida Statutes. The benefit provisions, amendments thereto, and all other requirements are established by Town Ordinance. Participants should refer to the Plan document for more complete information.

The Retirement Plan is a contributory defined benefit single-employer pension plan covering substantially all employees of the Town of Surfside. To be eligible to participate in the Plan you must be a police officer or other employee and be a regular full-time employee whose customary employment is for 32 hours or more per week, and for six (6) months or more of the year. During 2011, the Town passed Ordinance 11-1580, which grants the right to Charter Officers to opt out of the Plan at any time. The administration of the Plan is under the responsibility of a five-member pension Board, which is subject to the ultimate authority of the Town Commission.

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

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**NOTE 2 – PLAN DESCRIPTION (CONTINUED)**

***PLAN DESCRIPTION (CONTINUED)***

The Plan is administered by a pension Board comprised of:

- a. Two permanent residents of the Town appointed by Town Commission
- b. An elected representative of the police department
- c. An elected representative of the other employees of the Town
- d. The Town Manager (a permanent member of the Board)
- e. The Finance Director as a non-voting officer representative

Membership consisted of the following as of October 1, 2023, the date of the latest actuarial valuation:

Inactive plan members and beneficiaries currently receiving benefits	58
Inactive plan members entitled but not yet receiving benefits	6
Active plan members	<u>97</u>
<b>Total Members</b>	<u><u>161</u></u>

***CONTRIBUTIONS AND FUNDING POLICY***

Funding of the Plan is provided by contributions from the Town, State and the employees. Effective October 1, 2022, pursuant to Chapter 185 of the Florida Statutes, a premium tax on certain property and casualty insurance contracts written on Town properties is collected by the State and is remitted to the Plan. The Town’s funding policy provides for annual actuarially determined periodic contributions at rates that, for individual employees, increase gradually over time so that sufficient assets will be available to pay benefits when due.

Effective October 1, 2016, the employee contribution for general employees and senior management increased from 6% to 8%. The employee previously contributing 5% of their covered compensation is now required to contribute 7%. Police officers continue to contribute 8%.

***BENEFITS PROVIDED***

The Plan provides normal retirement, early retirement, delayed retirement, disability retirement, death benefits, and termination benefits. The Plan considers creditable service and average final compensation as part of the benefit calculation.

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

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**NOTE 2 – PLAN DESCRIPTION (CONTINUED)**

***BENEFITS PROVIDED (CONTINUED)***

***Creditable Service***

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

***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 compensation for non-sworn personnel and up to 75 hours of overtime for sworn police personnel.

***Normal Retirement***

Eligibility – For sworn police officers that retired on or before February 1, 2020, 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 sworn police officers that retired after February 1, 2020, the earliest of (1) after age 50 with 20 years of creditable service, (2) age 59 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 as of March 2003. For the Town Manager, age 64 with 7 years of creditable service. For the Town Attorney, if employed by the Town on a full-time basis, the earlier of (1) age 62 with 15 years of creditable service, or (2) age 64 with 7 years of creditable service. For all other employees that retired before January 1, 2020, the earlier of (1) age 62 with 15 years of creditable service, or (2) age 65 with 10 years of creditable service. For all other employees that retired on or after January 1, 2020, the earliest of (1) age 50 with 20 years of creditable service, (2) age 52 with 15 years of creditable service, or (3) age 55 with 10 years of creditable service.

<u>Period of Service</u>	Benefit Accrual Rate per Year of Service Based on Employee Contribution Rate of			
	<u>5%</u>	<u>6%</u>	<u>7%</u>	<u>8%</u>
Before 10/1/1979***	N/A	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%*
10/1/2006 - 9/30/2016	2%	2.5%	N/A	3.5%*
After 10/1/16	N/A	N/A	2.65%	3.5%**

\* For police officers only.

\*\* 3.5% for police officers, 3.0% for Senior Management and 2.8% for general employees

\*\*\* Before 10/1/1979 employee contributions were not required to receive the 1 2/3% multiplier

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

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**NOTE 2 – PLAN DESCRIPTION (CONTINUED)**

***BENEFITS PROVIDED (CONTINUED)***

***Normal Retirement (continued)***

Effective October 1, 2006, the maximum benefit is 90% of AFC for sworn police officers. Effective October 1, 2016, the maximum benefit is 68% for general employees and senior management. Effective January 1, 2020, the maximum benefit is 80% of AFC for general employees and senior management.

Senior Management – The senior management tier includes the town manager, assistant town manager, town attorney, town clerk and all directors.

***Early Retirement***

Eligibility – For police officers and for a participating Town Manager or Town attorney, is the earlier of the date when you:

- a) reach age 55 and complete 15 years of creditable service, or
- b) Complete 20 years of creditable service

Eligibility – For all other members, early retirement is the date when you complete 20 years of creditable service.

Benefit – 15 years of creditable service, or (b) 20 years of creditable service 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 retired.

***Delayed Retirement***

Eligibility – Retirement after normal retirement date.

Benefit – Calculated in the same manner as normal retirement benefit using AFC and creditable service as of delayed retirement date.

***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 pre-retirement salary.

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

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**NOTE 2 – PLAN DESCRIPTION (CONTINUED)**

***BENEFITS PROVIDED (CONTINUED)***

***Disability Retirement (continued)***

2. Non-Service Connected:

- a) Eligibility – Total and permanent disability not incurred as a direct result of performance of service to the Town.
- b) Benefit – Accrued pension benefit.

***Death Benefit***

1. Pre-Retirement – Refund of accumulated contributions plus interest.
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.

***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 plus interest.
2. The benefit as for normal retirement using AFC and creditable service as of date of termination multiplied by the applicable percentage, commencing upon the earliest date a member would have attained normal retirement had the member remained in service (age 65 for general employees).

***Cost-of-Living Adjustment***

Beginning January 1, 2020, and each January 1st thereafter, a 2.0% automatic annual cost of living increase is provided for all current and future retirees, disabled, beneficiaries and vested terminated members.

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

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**NOTE 2 – PLAN DESCRIPTION (CONTINUED)**

***INVESTMENT POLICY***

The following was the Board’s adopted asset allocation policy target allocation during the fiscal year ended September 30, 2024:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Equity	42%
Convertibles	5
Infrastructure	5
International Equity	10
Private Real Estate & Credit	10
Fixed Income	25
Cash	<u>3</u>
<b>Total</b>	<u>100%</u>

***Rate of Return***

For the fiscal year ended September 30, 2024, the annual money-weighted rate of return on Plan investments, net of pension plan investment expense, was 20.67%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. Inputs to the dollar-weighted rate of return calculation are determined on a monthly basis.

***DEFERRED RETIREMENT OPTION PROGRAM***

***Police Officers***

The Town maintains a Deferred Retirement Option Program (“DROP”) initially for police officers and communications operators only. The eligibility requirement is attainment of normal retirement date. The maximum period of participation in the DROP is six years. A police officer’s account shall be credited with interest based upon the actual fund investment return. No payments may be made from the DROP until the employee actually separates from service with the Town. One (1) police officer is currently participating in the DROP as of September 30, 2024.

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

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**NOTE 2 – PLAN DESCRIPTION (CONTINUED)**

***DEFERRED RETIREMENT OPTION PROGRAM (CONTINUED)***

***General Employees***

Effective August 13, 2013, the Town Commission passed an Ordinance which amended the Deferred Retirement Option Program to include all members of the Plan who reach the earliest normal retirement age whereby such member shall be eligible to participate in the DROP plan. The maximum period of participation in the DROP is six years for general employees not covered under the American Federation of State, County and Municipal Employees' ("AFSCME") bargaining agreement. For those employees covered under the AFSCME the maximum period of participation in the DROP is five years. Eleven (11) general employees are currently participating in the DROP as of September 30, 2024.

As of September 30, 2024, the combined balance in the DROP account was approximately \$1,114,000. These amounts are included in the total investment balance presented on the statement of fiduciary net position.

**NOTE 3 – INVESTMENTS**

The investment activity of the Plan is directed by an investment consultant. All investments made or held by the Plan shall be limited to the following, as per the Plan's investment policy:

1. Cash equivalents.
2. Obligations issued by the United States Government or obligations guaranteed as to principal and interest by the United States Government or by an agency of the United States Government.
3. Bonds issued by the State of Israel. Foreign equity investments shall not exceed 10% of the Plan assets.
4. Bonds or other evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the United States or any state, organized territory of the United States, or District of Columbia provided the corporation is listed on the recognized national stock exchanges or on the National Market System of the NASDAQ stock market, the issuer has an investment quality rating within the top three rating classifications by at least two major services (Standard and Poor's, Moody's or Fitch). Up to 10% of the bond portfolio may be invested in the fourth rating classification (by two of the above rating services).

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

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**NOTE 3 – INVESTMENTS (CONTINUED)**

5. Equity investments (common stock, convertible bonds and preferred stocks) in a corporation listed on one or more of the recognized national exchanges or on the National Market System of the NASDAQ stock market and exchange-traded funds.
6. Commingled equity, bond, real estate, or money market funds whose investments are restricted to securities meeting the criteria of this section. Investments in equities are not to exceed 70% of the Plan assets at market, and no more than 5% at cost of the equities may be invested in a single company.
7. Collective Investment Trust.
8. Core real estate funds.

Investments held in trust for Plan benefits consisted of the following as of September 30:

	<u>2024</u>
<b>Investments</b>	
Money market funds	\$ 363,278
U.S. treasury securities	2,615,620
Municipal obligations	266,647
Corporate bonds	4,555,933
Mortgage backed securities	1,646,167
Equities:	
Common stock and American depository receipts and exchange traded funds	8,391,299
Mutual funds	15,102,482
Real estate investment trusts	149,999
Collective investment trust	3,634,614
Core real estate funds	<u>2,650,197</u>
<b>Total</b>	<u><u>\$ 39,376,236</u></u>

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

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**NOTE 3 – INVESTMENTS (CONTINUED)**

***INTEREST RATE RISK***

Interest rate risk refers to the portfolio’s exposure to fair value losses arising from increasing interest rates. In accordance with its investment policy, the Plan manages its exposure to declines in the fair value of its securities through a conservative approach of managing portfolio exposure to duration, maturity, and sector relative to market indices.

As of September 30, 2024, the Plan had the following investments and maturities subject to interest rate risk:

Investment Type	Fair Value	Sector Distribution
Corporate bonds	\$ 4,555,933	50.2%
U.S. treasury securities	2,615,620	28.8%
Mortgage backed securities	1,646,167	18.1%
Municipal obligations	266,647	2.9%
<b>Total Fair Value</b>	<b>\$ 9,084,367</b>	<b>100.0%</b>

Maturity Distribution		Credit Quality Distribution	
Years	% of Fixed Income Securities	Rating	% of Fixed Income Securities
0-1	1.5%	AAA	4.3%
1-5	29.1%	AA	5.7%
5-10	29.5%	A	13.4%
10+	39.9%	BBB	11.4%
	<u>100.0%</u>	Not Rated	65.2%
			<u>100.0%</u>

***CUSTODIAL CREDIT RISK***

Custodial credit risk is defined as the risk that the Plan may not recover cash and investments held by another party in the event of financial failure. Custodial credit risk is limited since investments are held in independent custodial safekeeping accounts in the name of the Plan.

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

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**NOTE 3 – INVESTMENTS (CONTINUED)**

***CREDIT RISK***

State law limits investments in commercial paper to the two top ratings issued by nationally recognized statistical rating organizations (NRSROs). It is the Plan's policy to limit its investments in this investment type to the top two ratings issued by NRSROs. The Investment Policy of the Plan states it is permitted to invest in corporate bonds with an investment quality rating with the top three rating classifications by at least two major rating services (Standard & Poor's (S&P), Moody's or Fitch) and up to 10% of the bond portfolio may be invested in the 4<sup>th</sup> rating classification (by two of the noted rating services). The corporate bonds held by the Plan met the rating classifications and ranged from BBB to AAA under S&P and from BAA1 to A1 under Moody's. The mortgagebacked securities were rated AA+ and Aaa by S&P and Moody's, respectively. U.S. Government Agency obligations or obligations guaranteed by an agency of the U.S. Government are not subject to credit risk.

***CONCENTRATION OF CREDIT RISK***

The Plan's investment policy does not allow for an investment in any one issuer, other than U.S. Government securities, that is in excess of five percent (5%) of the Plan's total investments. No investment in any one organization represents five percent (5%) or more of the fiduciary net position restricted for pension benefits.

***RISKS AND UNCERTAINTIES***

The Plan has investments in a combination of stocks, bonds, government securities, and other investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term could materially affect balances and the amounts reported in the statement of fiduciary net position and the statement of changes in fiduciary net position. The Plan, through its investment consultant, monitors the Plan's investments and the risks associated therewith on a regular basis, which the Plan believes minimizes these risks.

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

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**NOTE 3 – INVESTMENTS (CONTINUED)**

***FAIR VALUE HIERARCHY***

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 - Investments' fair values based on prices quoted in active markets for identical assets.

Level 2 - Investments' fair values based on observable inputs for the assets either directly or indirectly, other than those considered Level 1 inputs, which may include quoted prices for identical assets in markets that are not considered to be active, and quoted prices of similar assets in active or inactive markets.

Level 3 - Investments' fair values based upon unobservable inputs.

The following is a description of the fair value techniques for the Plan's investments. Level 1 and 2 prices are obtained from various pricing sources by the Plan's custodian bank:

Equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. This includes domestic and foreign common stock, American depository receipts ("ADR"), and exchange traded funds ("ETF").

Debt securities classified in Level 2 of the fair value hierarchy are valued using pricing inputs that reflect the assumptions market participants would use to price an asset or liability and are developed based on market data obtained from sources independent of the reporting entity. This includes U.S. Treasury and corporate bonds, municipal bonds, and mortgage-backed securities.

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

**NOTE 3 – INVESTMENTS (CONTINUED)**

***FAIR VALUE HIERARCHY (CONTINUED)***

The following is a summary of the fair value hierarchy of investments as of September 30, 2024:

	Fair Value Measurements Using			
	September 30, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by Fair Value Level</b>				
Debt securities:				
U.S. Treasury securities	\$ 2,615,620	\$ --	\$ 2,615,620	\$ --
Corporate bonds	4,555,933	--	4,555,933	--
Municipal obligations	266,647	--	266,647	--
Mortgage backed securities	1,646,167	--	1,646,167	--
Total debt securities	<u>9,084,367</u>	<u>--</u>	<u>9,084,367</u>	<u>--</u>
Equity securities:				
Common stock, ADR's, and ETF's	8,391,299	8,391,299	--	--
Mutual funds	15,102,482	15,102,482	--	--
Real Estate Investment Trusts	149,999	149,999	--	--
Total equity securities	<u>23,643,780</u>	<u>23,643,780</u>	<u>--</u>	<u>--</u>
Total investments by fair value level	<u>32,728,147</u>	<u>\$ 23,643,780</u>	<u>\$ 9,084,367</u>	<u>\$ --</u>
<b>Investments Measured at Net Asset Value (NAV)</b>				
Core real estate funds	2,650,197			
Collective investment trust	3,634,614			
Total investments measured at NAV	<u>6,284,811</u>			
Money market funds (exempt)	363,278			
Total investments	<u>\$ 39,376,236</u>			

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

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**NOTE 3 – INVESTMENTS (CONTINUED)**

***FAIR VALUE HIERARCHY (CONTINUED)***

The following table summarizes investments for which fair value is measured using the net asset value per share practical expedient, including their related unfunded commitments and redemption restrictions.

<b>Investments Measured at NAV</b>	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Core Real Estate Funds <sup>(1)</sup>	\$ 2,650,197	\$ --	Quarterly	N/A
Collective Investment Trust <sup>(2)</sup>	<u>3,634,614</u>	<u>--</u>	5 Day Notice	N/A
Total Investments Measured at NAV	<u>\$ 6,284,811</u>	<u>\$ --</u>		

- (1) *Core Real Estate Funds. These funds are an open-end core real estate fund with a diversified portfolio of income producing institutional properties throughout the U.S. These investments are valued at NAV and are redeemable on a quarterly basis.*
- (2) *Collective Investment Trust. This fund investment objective is to seek to achieve maximum total return by investing globally in publicly traded infrastructure companies. This investment is valued at NAV and is redeemable with 5-day notice.*

**NOTE 4 – TAX STATUS**

It is the Board’s position that the Plan is currently being operated in compliance with the applicable requirements of the Internal Revenue Code.

**NOTE 5 – NET PENSION LIABILITY OF THE TOWN**

The components of the Town’s net pension liability at September 30, 2024:

Total pension liability	\$ 46,522,506
Less Plan fiduciary net position	<u>(39,383,742)</u>
<b>Net Pension Liability</b>	<u>\$ 7,138,764</u>
Plan fiduciary net position as a percentage of the total pension liability	84.66%

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

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**NOTE 5 – NET PENSION LIABILITY OF THE TOWN (CONTINUED)**

***SIGNIFICANT ACTUARIAL ASSUMPTIONS***

The total pension liability was determined by an actuarial valuation as of October 1, 2023, rolled forward to September 30, 2024, using the following actuarial assumptions applied to all measurement periods.

Inflation	2.50%
Investment rate of return	7.25%

For healthy general employees, PUB-2010 headcount weighted general employee with fully generational mortality improvements projected to each future decrement date with Scale MP-2018 – sex distinct. For healthy police officers, PUB-2010 headcount weighted safety employee with fully generational mortality improvements projected to each future decrement date with Scale MP-2018 – sex distinct., PUB For disabled general employees, PUB-2010 headcount weighted general disabled retiree mortality table – Sex distinct. For disabled police officers, 80% PUB-2010 headcount weighted general disabled retiree mortality table & 20% PUBC-2010 headcount weighted safety disabled retiree mortality table – sex distinct.

***LONG-TERM EXPECTED RATE OF RETURN***

The long-term expected rate of return on Plan investments was determined based upon the historical average (means returns) which best-estimate ranges of expected future real rates of return. In order to determine the real rates of return, it is necessary to subtract the expected inflation rate from the nominal investment return and investment expenses. The long-term expected rate of return for the Plan was calculated by weighting the expected future rates of return of each asset class by the corresponding target allocation percentages.

Best estimates of real rates of return for each major asset class included in the Plan’s target asset allocation as of September 30, 2024, is summarized in the following table:

Asset Class	Long-Term Expected of Return
Domestic Equity	9.70%
International Equity	5.40%
Convertibles	8.40%
Infrastructure	7.60%
Fixed Income	4.20%
Real Estate	6.50%
Cash	2.40%

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

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**NOTE 5 – NET PENSION LIABILITY OF THE TOWN (CONTINUED)**

***DISCOUNT RATE***

The discount rate for September 30, 2024, used to measure the total pension liability was 7.25%. This discount rate was based on the expected rate of return on Plan investment. The projection of cash flow used to determine this discount rate assumed that Plan member contributions will be made at the current contribution rate and that 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 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 of the Town.

***SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE***

The following presents the Town’s net pension liability of the Plan sponsor for September 30, 2024, calculated using the following discount rates below:

	Net Pension Liability		
	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
<b>Net Pension Liability</b>	\$ 13,560,411	\$ 7,138,764	\$ 1,898,488

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**REQUIRED SUPPLEMENTARY INFORMATION**

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

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CHANGES IN THE  
TOWN'S NET PENSION LIABILITY AND RELATED RATIOS**

Measurement Date, September 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>										
Service cost	\$ 1,505,850	\$ 1,364,748	\$ 1,337,655	\$ 1,313,601	\$ 1,317,790	\$ 1,113,128	\$ 1,002,537	\$ 1,052,014	\$ 932,365	\$ 901,998
Interest	3,299,939	2,803,653	2,517,336	2,433,741	2,186,887	1,870,676	1,745,881	1,646,114	1,458,652	1,336,817
Benefit changes	888,534	--	--	--	2,630,481	--	--	282,066	--	--
Difference between actual and expected experience	1,650,844	(107,688)	255,935	525,596	(293,683)	388,826	(348,726)	297,252	(35,527)	100,031
Changes of assumptions	--	--	--	--	(617,989)	--	--	93,312	402,653	--
Benefit payments, including refunds of member contributions	(1,512,437)	(1,607,589)	(1,032,365)	(991,925)	(877,926)	(1,308,821)	(819,116)	(651,287)	(602,692)	(665,019)
<b>Net Change in Total Pension Liability</b>	5,832,730	2,453,124	3,078,561	3,281,013	4,345,560	2,063,809	1,580,576	2,719,471	2,155,451	1,673,827
<b>Total Pension Liability - Beginning</b>	40,689,776	38,236,652	35,158,091	31,877,078	27,531,518	25,467,709	23,887,133	21,167,662	19,012,211	17,338,384
<b>Total Pension Liability - Ending (a)</b>	<u>\$46,522,506</u>	<u>\$40,689,776</u>	<u>\$38,236,652</u>	<u>\$35,158,091</u>	<u>\$31,877,078</u>	<u>\$27,531,518</u>	<u>\$25,467,709</u>	<u>\$23,887,133</u>	<u>\$21,167,662</u>	<u>\$19,012,211</u>
<b>Plan Fiduciary Net Position</b>										
Contributions - Town & State	\$ 1,595,366	\$ 1,508,275	\$ 1,480,712	\$ 1,420,078	\$ 1,141,115	\$ 817,472	\$ 917,274	\$ 797,359	\$ 757,304	\$ 727,022
Contributions - Members	741,044	587,808	624,222	489,986	696,438	498,404	459,190	462,846	383,619	387,678
Net investment income (loss)	6,726,961	2,588,885	(5,203,486)	6,244,885	1,267,297	990,373	1,579,816	2,017,750	1,850,415	(128,796)
Benefit payments, including refunds of member contributions	(1,512,437)	(1,607,589)	(1,032,365)	(991,925)	(877,926)	(1,308,821)	(819,116)	(651,287)	(602,690)	(665,019)
Administrative expense	(175,918)	(137,756)	(128,010)	(133,124)	(108,170)	(118,212)	(120,389)	(85,518)	(130,686)	(85,426)
Other income (expenses)	40,905	5,649	1,847	--	(57,617)	--	--	--	--	--
<b>Net Change in Plan Fiduciary Net Position</b>	7,415,921	3,032,363	(4,257,080)	7,029,900	2,061,137	879,216	2,016,775	2,541,150	2,257,962	235,459
<b>Plan Fiduciary Net Position - Beginning</b>	31,967,821	29,022,549	33,279,629	26,249,729	24,188,592	23,309,376	21,292,601	18,751,451	16,493,489	16,258,030
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$39,383,742</u>	<u>\$31,967,821</u>	<u>\$29,022,549</u>	<u>\$33,279,629</u>	<u>\$26,249,729</u>	<u>\$24,188,592</u>	<u>\$23,309,376</u>	<u>\$21,292,601</u>	<u>\$18,751,451</u>	<u>\$16,493,489</u>
<b>Net Pension Liability - Ending (a) - (b)</b>	<u>\$ 7,138,764</u>	<u>\$ 8,721,955</u>	<u>\$ 9,214,103</u>	<u>\$ 1,878,462</u>	<u>\$ 5,627,349</u>	<u>\$ 3,342,926</u>	<u>\$ 2,158,333</u>	<u>\$ 2,594,532</u>	<u>\$ 2,416,211</u>	<u>\$ 2,518,722</u>
Plan Fiduciary Net Position as a Percentage of the										
Total Pension Liability	84.66%	78.56%	75.90%	94.66%	82.35%	87.86%	91.53%	89.14%	88.59%	86.75%
Covered Payroll	\$ 7,568,075	\$ 7,180,412	\$ 6,206,128	\$ 6,360,884	\$ 6,702,791	\$ 6,239,285	\$ 5,849,505	\$ 5,766,823	\$ 5,710,172	\$ 5,321,296
Net Pension Liability as a Percentage of Covered Payroll	94.33%	121.47%	148.47%	29.53%	83.96%	53.58%	36.90%	44.99%	42.31%	47.33%

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

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF TOWN CONTRIBUTIONS**

Fiscal Year End 9/30	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	\$ 727,022	\$ 727,022	\$ --	\$ 5,321,296	13.66%
2016	757,304	757,304	--	5,710,172	13.26%
2017	797,359	797,359	--	5,766,823	13.83%
2018	917,274	917,274	--	5,849,505	15.68%
2019	817,472	817,472	--	6,239,285	13.10%
2020	945,871	1,141,115	(195,244)	6,702,791	17.02%
2021	1,264,960	1,420,078	(155,118)	6,360,884	22.33%
2022	1,326,786	1,480,712	(153,926)	6,206,128	23.86%
2023	1,333,275	1,508,275	(175,000)	7,180,412	21.01%
2024	1,446,473	1,595,366	(148,893)	7,568,075	21.08%

**Notes to the Schedule**

Actuarially determined contribution rates are calculated as of October 1st, two years prior to the end of the fiscal year in which contributions are reported.

Significant methods and assumptions based on the October 1, 2022, actuarial valuation were used to determine contribution rates for fiscal year end September 30, 2024:

Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Asset valuation method	5-year smoothed market
Salary increases	4.0% - 8.0%
Inflation	2.5%
Cost of living adjustments	1.5%/2.0%
Investment rate of return	7.25%

For healthy general employees, PUB-2010 headcount weighted general employee with fully generational mortality improvements projected to each future decrement date with Scale MP-2018 – sex distinct. For healthy police officers, PUB-2010 headcount weighted safety employee with fully generational mortality improvements projected to each future decrement date with Scale MP-2018 – sex distinct., PUB For disabled general employees, PUB-2010 headcount weighted general disabled retiree mortality table – Sex distinct. For disabled police officers, 80% PUB-2010 headcount weighted general disabled retiree mortality table and 20% PUBC-2010 headcount weighted safety disabled retiree mortality table – sex distinct.

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

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF INVESTMENT RETURNS**

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<b>September 30,</b>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual money-weighted rate of return, net of investment expense	20.67%	9.68%	(14.91%)	23.38%	5.38%	4.34%	7.64%	10.87%	11.30%	(0.30%)

*This schedule is presented as required by accounting principles generally accepted in the United States of America.*

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## **SUPPLEMENTARY INFORMATION**

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

**SCHEDULES OF ADMINISTRATIVE AND INVESTMENT EXPENSES**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

**(WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023)**

	2024	2023
<b>Administrative Expenses</b>		
<b>Professional Services</b>		
Actuarial	\$ 49,208	\$ 42,185
Attorney	33,761	34,984
Plan Administrator	41,431	33,300
Auditing services	11,125	15,875
Write-off and other	4,119	3,478
Secretarial	--	1,598
	139,644	131,420
<b>Total Professional Services</b>		
	139,644	131,420
<b>Insurance Expense</b>		
Fiduciary liability insurance	6,274	6,336
	6,274	6,336
<b>Total Administrative Expenses</b>	\$ 145,918	\$ 137,756
 <b>Investment Expenses</b>		
<b>Investment Manager Fees</b>		
Highland Capital Management	\$ 61,618	\$ 57,463
New Tower Trust	13,956	15,991
Terra Cap	13,307	3,750
Bloomfield Capital	14,690	--
	103,571	77,204
<b>Total Investment Manager Fees</b>		
	103,571	77,204
<b>Investment Consultant Fees</b>		
Burgess Chambers	30,000	30,000
	30,000	30,000
<b>Custodian Fees</b>		
Truist Bank	16,461	20,458
	16,461	20,458
<b>Total Investment Expenses</b>	\$ 150,032	\$ 127,662

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## **REPORTING SECTION**

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**Independent Auditors' Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with Government Auditing Standards**

To the Pension Board and Plan Administrator  
**Retirement Plan for Employees of the Town of Surfside**

We have audited, in accordance with auditing standards generally accepted in the United States of America (“GAAS”) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (“*Government Auditing Standards*”), the financial statements of the Retirement Plan for the Employees of the Town of Surfside (the “Plan”) as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Plan’s financial statements, and have issued our report thereon dated March 25, 2026.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Plan’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plan’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan’s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Plan’s financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item MW20204-001 that we consider to be a material weakness.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Plan’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### ***Plan's Response to Findings***

*Government Auditing Standards* requires the auditor to perform limited procedures on the Plan's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Plan's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plan's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

***CBIZ CPAs P.C.***

Miami, Florida  
March 25, 2026

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

**SCHEDULE OF FINDINGS AND RESPONSES**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

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***MATERIAL WEAKNESSES***

**MW2024-001 – LACK OF INTERNAL CONTROLS OVER FINANCIAL CLOSE AND REPORTING**

***Criteria***

The Plan should implement Accounting Policies and Procedures to ensure the financial statement closing process is completed in a timely manner. Such policies and procedures should consider establishing proper controls which are designed and implemented to address the financial close and reporting process of the Plan.

***Condition***

The Plan is currently not performing its monthly and annual financial reporting closing process in a timely manner. An initial working trial balance ("WTB") was produced by the Plan Administrator on November 3, 2025, for the fiscal year ended September 30, 2024, and provided to the auditor. A fully-adjusted final trial balance was provided on January 20, 2026, which was used to perform fieldwork procedures. Ultimately this led to a delay in the completion of the audit procedures. These factors further delayed the financial statements completion and issuance date.

***Cause***

Due to significant turnover in the Plan's administration, there was a lack of timely review of account reconciliations and schedules for timely completion of the Plan's year-end close. The Plan's internal controls did not detect or prevent the errors.

***Effect***

A lack of completing required closing and lack of internal controls may lead to current and future accounting errors.

***Recommendation***

We recommend the Plan establish adequate controls and strengthen month-end and year-end reconciliation and closing procedures to ensure financial accounts are reviewed and approved by management on a timely basis. We suggest that the Plan establish effective review and reconciliation policies and procedures as a customary part of the accounting process, to ensure accounts are reconciled with general ledger accounts on a timely basis.

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

**SCHEDULE OF FINDINGS AND RESPONSES**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

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***MATERIAL WEAKNESSES (CONTINUED)***

**MW2024-001 – LACK OF INTERNAL CONTROLS OVER FINANCIAL CLOSE AND REPORTING  
(CONTINUED)**

***View of Responsible Officials***

The current plan year was during a difficult transition of Plan Administrators. During the plan year, the prior Plan Administrator resigned, and the records were turned over to a new Plan Administrator, Foster and Foster, whom the Board engaged. The new Plan Administrator had difficulties in timely receiving plan information needed for its annual audit. Additionally, the Plan Sponsor became aware of reconciling issues and its effect on participant contributions and pensionable earnings. These issues needed to be corrected before actuarial information could be provided and the audit could be commenced.