



August 3, 2015

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

Re: October 1, 2014 Chapter 112.664 Compliance Report

Dear Board Members:

Gabriel, Roeder, Smith & Company (GRS) has been engaged by the Board of Trustees (Board) of the Retirement Plan for Employees of the Town of Surfside (Plan) to prepare a disclosure report to satisfy the requirements set forth in Chapter 112.664, F.S. and as further required pursuant to Chapter 60T-1.0035, F.A.C.

This report was prepared at the request of the Board and is intended for use by the Board and those designated or approved by the Board. This report may be provided to parties other than the Board only in its entirety and only with the permission of the Board.

The purpose of the report is to provide the required information specified in Chapter 112.664, F.S. and to supplement this information with additional exhibits. This report should not be relied on for any purpose other than the purpose described above.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. The scope of this engagement does not include an analysis of the potential range of such measurements.

This report was based upon information furnished by the Town and the Board concerning Plan benefits, Plan provisions and Plan members as used in the corresponding Actuarial Valuation Reports for the Valuation Dates indicated. Financial information was provided by the Town and Board as of September 30, 2014. We reviewed the information provided for internal and year-to-year consistency, but did not otherwise audit the data. We are not responsible for the accuracy or completeness of the information provided by the Town and Board.

Except where specific assumptions are required by Chapter 112.664, F.S, this report was prepared using actuarial assumptions adopted by the Board as described in Section C. The Board's 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 and represent an estimate of future Plan experience. The investment return assumption of 2% higher than the investment return assumption utilized in the Actuarial Valuation Report does not represent an estimate of future Plan experience nor observation of the estimates inherent in market data. This assumption is provided as a counterpart to the Chapter 112.664, F.S. requirement to utilize an investment return assumption of 2% lower than the investment return assumption utilized in the Actuarial Valuation Report. Inclusion of an investment return 2% higher than the investment return assumption utilized in the Actuarial Valuation Report shows a more complete assessment of the range of results as opposed to the one-sided range required by statute.

If all actuarial assumptions are met and if all current and 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 Plan's funded ratio as of October 1, 2014 is 93.2% defined as the ratio of the market value of Plan assets to the actuarial accrued liability.


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 herein. The signing actuaries are independent of the Plan sponsor.

This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. To the best of our knowledge the information contained in this report is accurate and presents the actuarial position of the Plan as of the valuation date as required by statute. 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.

With respect to the reporting standards for defined benefit retirement plans or systems contained in Section 112.664(1), F.S., the actuarial disclosures required under this section were 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, meet the requirements of Section 112.664(1), F.S., and Section 60T-1.0035, F.A.C.

Respectfully submitted,

GABRIEL, ROEDER, SMITH AND COMPANY

By 
Lawrence F. Wilson, M.A.A.A
Enrolled Actuary No. 14-02802
Senior Consultant & Actuary
Date: August 3, 2015

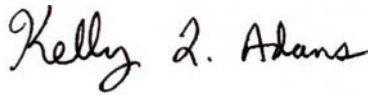
By 
Kelly L. Adams, M.A.A.A
Enrolled Actuary No. 14-06857
Consultant & Actuary

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SECTION A
CHAPTER 112.664, F.S. RESULTS

Net Pension Liability
Using Financial Reporting Assumptions per GASB Statements No. 67 and No. 68

Measurement Date	9/30/2014
A. <u>Total Pension Liability (TPL)</u>	
Service Cost	\$ 888,988
Interest	1,227,596
Benefit Changes	35,244
Difference Between Actual and Expected Experience	170,264
Assumption Changes	0
Benefit Payments	(504,547)
Contribution Refunds	(41,199)
Other	0
Net Change in Total Pension Liability	1,776,346
Total Pension Liability - (beginning of year)	15,562,038
Total Pension Liability - (end of year)	\$ 17,338,384
 B. <u>Plan Fiduciary Net Position</u>	
Contributions - Employer	\$ 631,584
Contributions - State	0
Contributions - Member	349,600
Net Investment Income	1,396,431
Benefit Payments	(504,547)
Contribution Refunds	(41,199)
Administrative Expenses	(80,194)
Other	0
Net Change in Plan Fiduciary Net Position	1,751,675
Plan Fiduciary Net Position - (beginning of year)	14,506,355
Plan Fiduciary Net Position - (end of year)	\$ 16,258,030
 C. <u>Net Pension Liability (NPL) - (end of year): (A) - (B)</u>	
	\$ 1,080,354
 Valuation Date	 10/1/2013

Certain Key Assumptions

Investment Return Assumption 7.5%

Mortality Table:

Healthy Members: General Employees - RP-2000 Combined Healthy Participant Mortality Tables, separate rates for males and females, with 15 years generational projection from valuation date for actives and 7 years generational projection from valuation date for inactives with Scale AA. Police Officers - RP-2000 Combined Healthy Participant Mortality Tables with Blue Collar Adjustment, separate rates for males and females, with 15 years generational projection from valuation date for actives and 7 years generational projection from valuation date for inactives with Scale AA. Disabled Members: RP-2000 Disabled Mortality Tables, separate rates for males and females, with 15 years generational projection from valuation date for actives and 7 years generational projection from valuation date for inactives with Scale AA.

Net Pension Liability
Using Assumptions Required Under 112.664(1)(a), F.S.

Measurement Date	9/30/2014
A. <u>Total Pension Liability (TPL)</u>	
Service Cost	\$ 942,797
Interest	1,261,987
Benefit Changes	31,206
Difference Between Actual and Expected Experience	143,543
Assumption Changes	0
Benefit Payments	(504,547)
Contribution Refunds	(41,199)
Other	0
Net Change in Total Pension Liability	1,833,787
Total Pension Liability - (beginning of year)	15,997,539
Total Pension Liability - (end of year)	\$ 17,831,326
 B. <u>Plan Fiduciary Net Position</u>	
Contributions - Employer	\$ 631,584
Contributions - State	0
Contributions - Member	349,600
Net Investment Income	1,396,431
Benefit Payments	(504,547)
Contribution Refunds	(41,199)
Administrative Expenses	(80,194)
Other	0
Net Change in Plan Fiduciary Net Position	1,751,675
Plan Fiduciary Net Position - (beginning of year)	14,506,355
Plan Fiduciary Net Position - (end of year)	\$ 16,258,030
 C. <u>Net Pension Liability (NPL) - (end of year): (A) - (B)</u>	 \$ 1,573,296
 Valuation Date	 10/1/2013

Certain Key Assumptions

Investment Return Assumption 7.5%

Mortality Table:

RP-2000 Combined Healthy Participant Mortality Tables, separate rates for males and females, with fully generational mortality improvements projected to each future payment date with Scale AA.

Net Pension Liability
Using Assumptions Required Under 112.664(1)(b), F.S.

Measurement Date	9/30/2014
A. <u>Total Pension Liability (TPL)</u>	
Service Cost	\$ 1,437,392
Interest	1,234,157
Benefit Changes	30,299
Difference Between Actual and Expected Experience	264,668
Assumption Changes	0
Benefit Payments	(504,547)
Contribution Refunds	(41,199)
Other	0
Net Change in Total Pension Liability	2,420,770
Total Pension Liability - (beginning of year)	20,979,647
Total Pension Liability - (end of year)	\$ 23,400,417
B. <u>Plan Fiduciary Net Position</u>	
Contributions - Employer	\$ 631,584
Contributions - State	0
Contributions - Member	349,600
Net Investment Income	1,396,431
Benefit Payments	(504,547)
Contribution Refunds	(41,199)
Administrative Expenses	(80,194)
Other	0
Net Change in Plan Fiduciary Net Position	1,751,675
Plan Fiduciary Net Position - (beginning of year)	14,506,355
Plan Fiduciary Net Position - (end of year)	\$ 16,258,030
C. <u>Net Pension Liability (NPL) - (end of year): (A) - (B)</u>	\$ 7,142,387
Valuation Date	10/1/2013

Certain Key Assumptions

Investment Return Assumption 5.5%

Mortality Table:

RP-2000 Combined Healthy Participant Mortality Tables, separate rates for males and females, with fully generational mortality improvements projected to each future payment date with Scale AA.

Net Pension Liability

Using Assumptions Required Under 112.664(1)(a), F.S. Plus 2% on Investment Return Assumption

Measurement Date	<u>9/30/2014</u>
A. <u>Total Pension Liability (TPL)</u>	
Service Cost	\$ 647,338
Interest	1,242,509
Benefit Changes	32,815
Difference Between Actual and Expected Experience	46,792
Assumption Changes	0
Benefit Payments	(504,547)
Contribution Refunds	(41,199)
Other	<u>0</u>
Net Change in Total Pension Liability	1,423,708
Total Pension Liability - (beginning of year)	<u>12,649,835</u>
Total Pension Liability - (end of year)	<u><u>\$ 14,073,543</u></u>
B. <u>Plan Fiduciary Net Position</u>	
Contributions - Employer	\$ 631,584
Contributions - State	0
Contributions - Member	349,600
Net Investment Income	1,396,431
Benefit Payments	(504,547)
Contribution Refunds	(41,199)
Administrative Expenses	(80,194)
Other	<u>0</u>
Net Change in Plan Fiduciary Net Position	1,751,675
Plan Fiduciary Net Position - (beginning of year)	<u>14,506,355</u>
Plan Fiduciary Net Position - (end of year)	<u><u>\$ 16,258,030</u></u>
C. <u>Net Pension Liability (NPL) - (end of year): (A) - (B)</u>	\$ (2,184,487)
Valuation Date	10/1/2013

Certain Key Assumptions

Investment Return Assumption 9.5%

Mortality Table:

RP-2000 Combined Healthy Participant Mortality Tables, separate rates for males and females, with fully generational mortality improvements projected to each future payment date with Scale AA.

Asset and Benefit Payment Projection
Not Reflecting Any Future Contributions
Using Financial Reporting Assumptions per GASB Statements No. 67 and No. 68

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2015	16,157,056	1,184,441	680,456	16,661,041
2016	16,661,041	1,218,939	762,623	17,117,357
2017	17,117,357	1,252,401	781,574	17,588,185
2018	17,588,185	1,287,714	781,549	18,094,350
2019	18,094,350	1,320,525	909,768	18,505,108
2020	18,505,108	1,351,408	907,889	18,948,626
2021	18,948,626	1,383,780	930,074	19,402,332
2022	19,402,332	1,415,895	977,682	19,840,546
2023	19,840,546	1,448,182	992,116	20,296,611
2024	20,296,611	1,481,009	1,026,405	20,751,216
2025	20,751,216	1,513,405	1,068,692	21,195,929
2026	21,195,929	1,543,795	1,142,454	21,597,270
2027	21,597,270	1,571,072	1,212,747	21,955,594
2028	21,955,594	1,595,649	1,269,929	22,281,314
2029	22,281,314	1,616,558	1,357,539	22,540,333
2030	22,540,333	1,633,186	1,427,185	22,746,334
2031	22,746,334	1,647,938	1,444,573	22,949,698
2032	22,949,698	1,663,660	1,432,876	23,180,482
2033	23,180,482	1,681,087	1,429,938	23,431,631
2034	23,431,631	1,700,207	1,422,859	23,708,979
2035	23,708,979	1,721,645	1,407,007	24,023,617
2036	24,023,617	1,745,639	1,397,153	24,372,103
2037	24,372,103	1,771,716	1,398,637	24,745,181
2038	24,745,181	1,799,761	1,397,035	25,147,907
2039	25,147,907	1,830,834	1,375,425	25,603,316
2040	25,603,316	1,866,141	1,346,749	26,122,709
2041	26,122,709	1,905,061	1,347,608	26,680,162
2042	26,680,162	1,948,059	1,318,026	27,310,194
2043	27,310,194	1,996,651	1,284,681	28,022,164

Number of years for which current market value of assets are adequate to sustain the payment of expected retirement benefits reflecting no future contributions from the Employer, Employee or State: 99.99

Certain Key Assumptions

Investment return assumption 7.5%

Mortality Table:

Healthy Members: General Employees - RP-2000 Combined Healthy Participant Mortality Tables, separate rates for males and females, with 15 years generational projection from valuation date for actives and 7 years generational projection from valuation date for inactive with Scale AA. Police Officers - RP-2000 Combined Healthy Participant Mortality Tables with Blue Collar Adjustment, separate rates for males and females, with 15 years generational projection from valuation date for actives and 7 years generational projection from valuation date for inactive with Scale AA. Disabled Members: RP-2000 Disabled Mortality Tables, separate rates for males and females, with 15 years generational projection from valuation date for actives and 7 years generational projection from valuation date for inactive with Scale AA.

Note: As required in Section 112.664(c) of the Florida Statutes, the projection of Plan assets does not include future contributions from the Town or from the Members. For this reason, this projection should not be viewed as representative of the amount of time the Plan can sustain benefit payments. Under the Government Accounting Standards Board standards which include Town and Member contributions, the Plan is expected to be able to pay all future benefit payments.

Asset and Benefit Payment Projection
Not Reflecting Any Future Contributions
Using Assumptions Required Under 112.664(1)(a), F.S.

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2015	16,157,056	1,184,430	680,723	16,660,763
2016	16,660,763	1,218,868	763,856	17,115,775
2017	17,115,775	1,252,188	783,922	17,584,041
2018	17,584,041	1,287,259	785,140	18,086,161
2019	18,086,161	1,319,700	915,027	18,490,833
2020	18,490,833	1,350,047	915,098	18,925,783
2021	18,925,783	1,381,701	939,173	19,368,311
2022	19,368,311	1,412,892	988,923	19,792,281
2023	19,792,281	1,444,003	1,006,011	20,230,273
2024	20,230,273	1,475,377	1,042,755	20,662,895
2025	20,662,895	1,506,014	1,087,795	21,081,114
2026	21,081,114	1,534,285	1,164,843	21,450,555
2027	21,450,555	1,559,039	1,238,356	21,771,239
2028	21,771,239	1,580,648	1,299,163	22,052,723
2029	22,052,723	1,598,085	1,390,598	22,260,211
2030	22,260,211	1,610,690	1,464,188	22,406,713
2031	22,406,713	1,620,812	1,485,732	22,541,794
2032	22,541,794	1,631,243	1,478,273	22,694,764
2033	22,694,764	1,642,652	1,479,866	22,857,550
2034	22,857,550	1,654,960	1,477,400	23,035,111
2035	23,035,111	1,668,729	1,466,158	23,237,681
2036	23,237,681	1,684,133	1,460,903	23,460,911
2037	23,460,911	1,700,632	1,466,958	23,694,584
2038	23,694,584	1,718,050	1,469,622	23,943,011
2039	23,943,011	1,737,359	1,452,777	24,227,593
2040	24,227,593	1,759,668	1,428,750	24,558,510
2041	24,558,510	1,784,294	1,433,546	24,909,258
2042	24,909,258	1,811,612	1,408,368	25,312,502
2043	25,312,502	1,843,018	1,379,411	25,776,109

Number of years for which current market value of assets are adequate to sustain the payment of expected retirement benefits reflecting no future contributions from the Employer, Employee or State: 99.99

Certain Key Assumptions

Investment return assumption 7.5%

Mortality Table:

RP-2000 Combined Healthy Participant Mortality Tables, separate rates for males and females, with fully generational mortality improvements projected to each future payment date with Scale AA.

Note: As required in Section 112.664(c) of the Florida Statutes, the projection of Plan assets does not include future contributions from the Town or from the Members. For this reason, this projection should not be viewed as representative of the amount of time the Plan can sustain benefit payments. Under the Government Accounting Standards Board standards which include Town and Member contributions, the Plan is expected to be able to pay all future benefit payments.

Asset and Benefit Payment Projection
Not Reflecting Any Future Contributions
Using Assumptions Required Under 112.664(1)(b), F.S.

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2015	16,157,056	868,524	680,723	16,344,857
2016	16,344,857	876,397	763,856	16,457,397
2017	16,457,397	881,994	783,922	16,555,469
2018	16,555,469	887,351	785,140	16,657,680
2019	16,657,680	889,135	915,027	16,631,788
2020	16,631,788	887,709	915,098	16,604,400
2021	16,604,400	885,491	939,173	16,550,718
2022	16,550,718	881,069	988,923	16,442,864
2023	16,442,864	874,632	1,006,011	16,311,485
2024	16,311,485	866,320	1,042,755	16,135,051
2025	16,135,051	855,286	1,087,795	15,902,541
2026	15,902,541	840,221	1,164,843	15,577,919
2027	15,577,919	820,195	1,238,356	15,159,758
2028	15,159,758	795,399	1,299,163	14,655,995
2029	14,655,995	764,990	1,390,598	14,030,387
2030	14,030,387	728,407	1,464,188	13,294,607
2031	13,294,607	687,303	1,485,732	12,496,178
2032	12,496,178	643,610	1,478,273	11,661,514
2033	11,661,514	597,656	1,479,866	10,779,305
2034	10,779,305	549,208	1,477,400	9,851,113
2035	9,851,113	498,489	1,466,158	8,883,444
2036	8,883,444	445,423	1,460,903	7,867,963
2037	7,867,963	389,392	1,466,958	6,790,397
2038	6,790,397	330,047	1,469,622	5,650,823
2039	5,650,823	267,869	1,452,777	4,465,914
2040	4,465,914	203,409	1,428,750	3,240,572
2041	3,240,572	135,873	1,433,546	1,942,899
2042	1,942,899	65,245	1,408,368	599,776
2043	599,776	5,774	1,379,411	-

Number of years for which current market value of assets are adequate to sustain the payment of expected retirement benefits reflecting no future contributions from the Employer, Employee or State: 28.42

Certain Key Assumptions

Investment return assumption 5.5%

Mortality Table:

RP-2000 Combined Healthy Participant Mortality Tables, separate rates for males and females, with fully generational mortality improvements projected to each future payment date with Scale AA.

Note: As required in Section 112.664(c) of the Florida Statutes, the projection of Plan assets does not include future contributions from the Town or from the Members. For this reason, this projection should not be viewed as representative of the amount of time the Plan can sustain benefit payments. Under the Government Accounting Standards Board standards which include Town and Member contributions, the Plan is expected to be able to pay all future benefit payments.

Asset and Benefit Payment Projection
Not Reflecting Any Future Contributions
Using Assumptions Required Under 112.664(1)(a), F.S. Plus 2% on Investment Return Assumption

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2015	16,157,056	1,500,377	680,723	16,976,710
2016	16,976,710	1,574,026	763,856	17,786,879
2017	17,786,879	1,649,973	783,922	18,652,931
2018	18,652,931	1,732,187	785,140	19,599,977
2019	19,599,977	1,815,565	915,027	20,500,515
2020	20,500,515	1,901,112	915,098	21,486,529
2021	21,486,529	1,993,562	939,173	22,540,918
2022	22,540,918	2,091,204	988,923	23,643,200
2023	23,643,200	2,195,054	1,006,011	24,832,243
2024	24,832,243	2,306,149	1,042,755	26,095,637
2025	26,095,637	2,423,885	1,087,795	27,431,727
2026	27,431,727	2,546,904	1,164,843	28,813,788
2027	28,813,788	2,674,470	1,238,356	30,249,903
2028	30,249,903	2,807,815	1,299,163	31,758,554
2029	31,758,554	2,946,497	1,390,598	33,314,453
2030	33,314,453	3,090,573	1,464,188	34,940,838
2031	34,940,838	3,243,986	1,485,732	36,699,093
2032	36,699,093	3,411,399	1,478,273	38,632,219
2033	38,632,219	3,594,965	1,479,866	40,747,318
2034	40,747,318	3,796,025	1,477,400	43,065,943
2035	43,065,943	4,016,864	1,466,158	45,616,649
2036	45,616,649	4,259,448	1,460,903	48,415,194
2037	48,415,194	4,525,003	1,466,958	51,473,239
2038	51,473,239	4,815,382	1,469,622	54,818,998
2039	54,818,998	5,134,084	1,452,777	58,500,304
2040	58,500,304	5,485,027	1,428,750	62,556,581
2041	62,556,581	5,870,130	1,433,546	66,993,165
2042	66,993,165	6,292,883	1,408,368	71,877,680
2043	71,877,680	6,758,381	1,379,411	77,256,651

Number of years for which current market value of assets are adequate to sustain the payment of expected retirement benefits reflecting no future contributions from the Employer, Employee or State: 99.99

Certain Key Assumptions

Investment return assumption 9.5%

Mortality Table:

RP-2000 Combined Healthy Participant Mortality Tables, separate rates for males and females, with fully generational mortality improvements projected to each future payment date with Scale AA.

Note: As required in Section 112.664(c) of the Florida Statutes, the projection of Plan assets does not include future contributions from the Town or from the Members. For this reason, this projection should not be viewed as representative of the amount of time the Plan can sustain benefit payments. Under the Government Accounting Standards Board standards which include Town and Member contributions, the Plan is expected to be able to pay all future benefit payments.

ACTUARIAL DETERMINED CONTRIBUTION

	<u>Valuation Assumptions</u>	<u>112.664(1)(a), F.S. Assumptions</u>	<u>112.664(1)(b), F.S. Assumptions</u>	<u>112.664(1)(a), F.S. Assumptions Plus 2% on Investment Return Assumption</u>
A. Valuation Date	October 1, 2014	October 1, 2014	October 1, 2014	October 1, 2014
B. Actuarial Determined Contribution to Be Paid During Fiscal Year Ending	9/30/2016	9/30/2016	9/30/2016	9/30/2016
C. Annual Payroll of Active Employees	\$ 5,098,304	\$ 5,098,304	\$ 5,098,304	\$ 5,098,304
D. Total Minimum Funding Requirement				
1. Total Normal Cost	\$ 982,192	\$ 1,035,773	\$ 1,535,304	\$ 736,507
2. Annual Payment to Amortize Unfunded Actuarial Liability	112,215	146,154	486,040	(176,930)
3. Interest Adjustment	<u>12,185</u>	<u>12,185</u>	<u>9,106</u>	<u>15,153</u>
4. Total Minimum Funding Requirement (1. + 2. + 3., not less than 1.)	\$ 1,106,592	\$ 1,194,112	\$ 2,030,450	\$ 736,507
E. Expected Payroll of Active Employees for Following Plan Year (\$ / % of pay) (C x 1.000)	\$ 5,098,304 100.00%	\$ 5,098,304 100.00%	\$ 5,098,304 100.00%	\$ 5,098,304 100.00%
F. Expected Contribution Sources (\$ / % of pay)				
1. Town	\$ 757,304 14.85%	\$ 844,824 16.57%	\$ 1,681,162 32.97%	\$ 387,219 7.60%
2. Member	349,288 6.85%	349,288 6.85%	349,288 6.85%	349,288 6.85%
3. State	0 0.00%	0 0.00%	0 0.00%	0 0.00%
4. Total	<u>\$ 1,106,592 21.71%</u>	<u>\$ 1,194,112 23.42%</u>	<u>\$ 2,030,450 39.83%</u>	<u>\$ 736,507 14.45%</u>

Unfunded Actuarial Accrued Liabilities Bases and Amortization Payments

<u>Amortization Base</u>	Amortization Payment					Remaining Funding Period
	Current Unfunded Liabilities	Valuation Assumptions	112.664(1)(a), F.S. Assumptions	112.664(1)(b), F.S. Assumptions	112.664(1)(a), F.S. Assumptions Plus 2%	
10/01/2009 Combined Bases * - General Employees	\$ 1,909	\$ 178	\$ 178	\$ 156	\$ 202	19 years
10/01/2010 Actuarial (Gain) / Loss - General Employees	211,805	17,437	17,437	14,694	20,293	26 years
10/01/2010 Assumption Changes - General Employees	(113,792)	(9,368)	(9,368)	(7,895)	(10,902)	26 years
10/01/2011 Actuarial (Gain) / Loss - General Employees	77,015	6,262	6,262	5,253	7,312	27 years
10/01/2011 Combined Credit Bases * - Police Officers	(5,106,038)	(476,932)	(476,932)	(416,953)	(539,108)	19 years
10/01/2011 Combined Charge Bases * - Police Officers	5,853,044	512,819	512,819	440,899	587,591	22 years
10/01/2012 Actuarial (Gain) / Loss - General Employees	149,123	11,986	11,986	10,010	14,044	28 years
10/01/2012 Actuarial (Gain) / Loss - Police Officers	528,704	42,496	42,496	35,488	49,792	28 years
10/01/2012 Assumption Changes - General Employees	112,670	9,056	9,056	7,563	10,611	28 years
10/01/2012 Assumption Changes - Police Officers	39,939	3,210	3,210	2,681	3,761	28 years
10/01/2013 Actuarial (Gain) / Loss - General Employees	79	6	6	5	7	29 years
10/01/2013 Actuarial (Gain) / Loss - Police Officers	(30,769)	(2,447)	(2,447)	(2,035)	(2,876)	29 years
10/01/2013 Plan Amendment - Police Officers	36,601	2,911	2,911	2,420	3,422	29 years
10/01/2014 Actuarial (Gain) / Loss - General Employees	81,201	6,396	6,396	5,296	7,540	30 years
10/01/2014 Actuarial (Gain) / Loss - Police Officers	(149,757)	(11,795)	(11,795)	(9,767)	(13,906)	30 years
10/01/2014 Assumption Change - 112.664(1)(a), F.S. Assumptions	430,895	N/A	33,939	N/A	N/A	30 years
10/01/2014 Assumption Change - 112.664(1)(b), F.S. Assumptions	6,106,021	N/A	N/A	398,225	N/A	30 years
10/01/2014 Assumption Change - 112.664(1)(a), F.S. Assumptions Plus 2%	(3,389,147)	N/A	N/A	N/A	(314,713)	30 years

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

SECTION B
SUMMARY OF PLAN PROVISIONS

Retirement Plan for Employees of the Town of Surfside, Florida

Outline of Principal Provisions of the Retirement Plan
(as of October 1, 2014)

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 (as of October 1, 2014)

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
(as of October 1, 2014)

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
(as of October 1, 2014)

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.

SECTION C
ACTUARIAL ASSUMPTIONS AND COST METHODS
USED FOR FUNDING

Retirement Plan for Employees of the Town of Surfside, Florida

Actuarial Assumptions and Actuarial Cost Methods Used in the Valuation
(as of October 1, 2014)

A. Mortality

For healthy General Employee participants, RP-2000 Combined Healthy Participant Mortality Tables, separate rates for males and females, with 15 years generational projection from valuation date for actives and 7 years generational projection from valuation date for inactive with Scale AA.

For healthy Police Officer participants, RP-2000 Combined Healthy Participant Mortality Tables with Blue Collar Adjustment, separate rates for males and females, with 15 years generational projection from valuation date for actives and 7 years generational projection from valuation date for inactive with Scale AA.

For disabled participants, RP-2000 Disabled Mortality Tables, separate rates for males and females, with 15 years generational projection from valuation date for actives and 7 years generational projection from valuation date for inactive 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
(as of October 1, 2014)

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
(as of October 1, 2014)

F. Disability Benefits

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

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

G. Smoothed Actuarial Value of Assets

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

H. Assumed Retirement Age

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

Retirement Plan for Employees of the Town of Surfside, Florida
Actuarial Assumptions and Actuarial Cost Methods Used in the Valuation
(as of October 1, 2014)

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.

GLOSSARY

<i>Actuarial Accrued Liability</i>	The difference between the Actuarial Present Value of Future Benefits, and the Actuarial Present Value of Future Normal Costs.
<i>Actuarial Assumptions</i>	Assumptions about future plan experience that affect costs or liabilities, such as: mortality, withdrawal, disablement, and retirement; future increases in salary; future rates of investment earnings; future investment and administrative expenses; characteristics of members not specified in the data, such as marital status; characteristics of future members; future elections made by members and other items.
<i>Actuarial Cost Method</i>	A procedure for allocating the Actuarial Present Value of Future Benefits between the Actuarial Present Value of Future Normal Costs and the Actuarial Accrued Liability.
<i>Actuarial Equivalent</i>	Of equal Actuarial Present Value, determined as of a given date and based on a given set of Actuarial Assumptions.
<i>Actuarial Present Value</i>	The amount of funds required to provide a payment or series of payments in the future. It is determined by discounting the future payments with an assumed interest rate and with the assumed probability each payment will be made.
<i>Actuarial Present Value of Future Benefits</i>	The Actuarial Present Value of amounts which are expected to be paid at various future times to active members, retired members, beneficiaries receiving benefits and inactive, non-retired members entitled to either a refund or a future retirement benefit. Expressed another way, it is the value that would have to be invested on the valuation date so that the amount invested plus investment earnings would provide sufficient assets to pay all projected benefits and expenses when due.
<i>Actuarial Valuation</i>	The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for a plan. An Actuarial Valuation for a governmental retirement system typically also includes calculations of items needed for compliance with GASB No. 67.
<i>Actuarial Value of Assets</i>	The value of the assets as of a given date, used by the actuary for valuation purposes. This may be the market or fair value of plan assets or a smoothed value in order to reduce the year-to-year volatility of calculated results, such as the funded ratio and the actuarially required contribution.

<i>Amortization Method</i>	A method for determining the Amortization Payment. The most common methods used are level dollar and level percentage of payroll. Under the Level Dollar method, the Amortization Payment is one of a stream of payments, all equal, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the Amortization Payment is one of a stream of increasing payments, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the stream of payments increases at the rate at which total covered payroll of all active members is assumed to increase.
<i>Amortization Payment</i>	That portion of the plan contribution which is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability.
<i>Amortization Period</i>	The period used in calculating the Amortization Payment.
<i>Annual Required Contribution</i>	The employer's periodic required contributions, expressed as a dollar amount or a percentage of covered plan compensation. The annual required contribution consists of the Employer Normal Cost and Amortization Payment plus interest adjustment.
<i>Closed Amortization Period</i>	A specific number of years that is reduced by one each year, and declines to zero with the passage of time. For example if the amortization period is initially set at 30 years, it is 29 years at the end of one year, 28 years at the end of two years, etc.
<i>Employer Normal Cost</i>	The portion of the Normal Cost to be paid by the employer. This is equal to the Normal Cost less expected member contributions.
<i>Equivalent Single Amortization Period</i>	For plans that do not establish separate amortization bases (separate components of the UAAL), this is the same as the Amortization Period. For plans that do establish separate amortization bases, this is the period over which the UAAL would be amortized if all amortization bases were combined upon the current UAAL payment.
<i>Experience Gain/Loss</i>	A measure of the difference between actual experience and that expected based upon a set of Actuarial Assumptions, during the period between two actuarial valuations. To the extent that actual experience differs from that assumed, Unfunded Actuarial Accrued Liabilities emerge which may be larger or smaller than projected. Gains are due to favorable experience, e.g., the assets earn more than projected, salaries do not increase as fast as assumed, members retire later than assumed, etc. Favorable experience means actual results produce actuarial liabilities not as large as projected by the actuarial assumptions. Losses are the result of unfavorable experience, i.e., actual results that produce Unfunded Actuarial Accrued Liabilities which are larger than projected.
<i>Funded Ratio</i>	The ratio of the Actuarial Value of Assets to the Actuarial Accrued Liability.
<i>GASB</i>	Governmental Accounting Standards Board.

***GASB No. 67 and
GASB No. 68***

These are the governmental accounting standards that set the accounting rules for public retirement plans and the employers that sponsor or contribute to them. Statement No. 67 sets the accounting rules for the plans themselves, while Statement No. 68 sets the accounting rules for the employers that sponsor or contribute to public retirement plans.

Normal Cost

The annual cost assigned, under the Actuarial Cost Method, to the current plan year.

Open Amortization Period

An open amortization period is one which is used to determine the Amortization Payment but which does not change over time. In other words, if the initial period is set as 30 years, the same 30-year period is used in determining the Amortization Period each year. In theory, if an Open Amortization Period is used to amortize the Unfunded Actuarial Accrued Liability, the UAAL will never completely disappear, but will become smaller each year, either as a dollar amount or in relation to covered payroll.

Unfunded Actuarial Accrued Liability

The difference between the Actuarial Accrued Liability and Actuarial Value of Assets.

Valuation Date

The date as of which the Actuarial Present Value of Future Benefits are determined. The benefits expected to be paid in the future are discounted to this date.