GRS
Gabriel Roeder Smith & Company
Consultants & Actuaries
One East Broward Blvd.
Suite 505
Ft. Lauderdale, FL 33301-1804
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954.525.0083 fax
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October 14, 2016

Ms. Mayte D. Gamiotea
Pension Administrator
Retirement Plan for Employees of the
Town of Surfside
9293 Harding Avenue
Surfside, Florida 33154

Re: Retirement Plan for Employees of the Town of Surfside

Dear Mayte:

As requested, we are pleased to enclose twenty (20) copies of the October 1, 2015 Chapter 112.664 Compliance Report for the Retirement Plan for Employees of the Town of Surfside (Plan).

As required, we will timely upload the required data to the State's online portal prior to the filing deadline.

Please note we understand the following items must be posted on the Plan's website and must be posted on any website containing budget information relating to the Town or actuarial or performance information relating to the Plan:

- this compliance report
- the most recent financial statement
- the most recent actuarial valuation report
- a link to the Division of Retirement Actuarial Summary Fact Sheet
  http://www.dms.myflorida.com/workforce_operations/retirement/local_retirement_plans/local_retirement_section/actuarial_summary_fact_sheets
- for the previous five years - a side-by-side comparison of the Plan's assumed rate of return compared to the actual rate of return as well as the percentages of cash, equity, bond and alternative investments in the Plan's portfolio
- the Plan's funded ratio as determined in the most recent actuarial valuation – 85.1% on a market value of assets basis as of October 1, 2015.

We appreciate the opportunity to work with the Board on this important assignment.

If you should have any questions concerning the above, please do not hesitate to contact us.

Sincerest regards,

L. F. Wilson

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

Enclosures

Gabriel Roeder Smith & Company
Consultants & Actuaries

RETIREMENT PLAN FOR EMPLOYEES OF THE TOWN OF SURFSIDE

CHAPTER 112.664, F.S. COMPLIANCE REPORT

In Connection with the October 1, 2015 Funding Actuarial Valuation Report
and the Plan's Financial Reporting for the Year Ended September 30, 2015

GRS
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October 14, 2016

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, 2015 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, 2015. 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 an actuarial Experience Study for the five-year period ended September 30, 2014. The assumptions 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. The inclusion of the additional 2% higher assumption shows a more complete assessment of the range of potential 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, 2015 is 85.1% defined as the ratio of the market value of Plan assets to the actuarial accrued liability.

The Plan's funded ratio and the GASB Net Pension Liability may not be appropriate for assessing the sufficiency of Plan assets to meet the estimated cost of settling benefit obligations but may be appropriate for assessing the need for or the amount of future contributions.

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

By _____
Jennifer M. Borregard, M.A.A.A
Enrolled Actuary No. 14-07624
Consultant & Actuary

Date: October 14, 2016

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SECTION A

CHAPTER 112.664, F.S. RESULTS

Retirement Plan for Employees of the Town of Surfside, Florida

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

	Measurement Date	September 30, 2015
A.	Total Pension Liability (TPL)	
	Service Cost	$ 901,998
	Interest	1,336,817
	Benefit Changes	0
	Difference Between Actual and Expected Experience	100,031
	Assumption Changes	0
	Benefit Payments	(577,500)
	Contribution Refunds	(87,521)
	Other	0
	Net Change in Total Pension Liability	$ 1,673,825
	Total Pension Liability (TPL) - (beginning of year)	17,338,384
	Total Pension Liability (TPL) - (end of year)	$ 19,012,209
B.	Plan Fiduciary Net Position	
	Contributions - Town	$ 727,022
	Contributions - State	0
	Contributions - Member	391,213
	Net Investment Income	(132,329)
	Benefit Payments	(577,500)
	Contribution Refunds	(87,521)
	Administrative Expenses	(85,426)
	Other	0
	Net Change in Plan Fiduciary Net Position	$ 235,459
	Plan Fiduciary Net Position - (beginning of year)	16,258,030
	Plan Fiduciary Net Position - (end of year)	$ 16,493,489
C.	Net Pension Liability (NPL) - (end of year): (A) - (B)	$ 2,518,720
	Valuation Date	October 1, 2014

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.

Retirement Plan for Employees of the Town of Surfside, Florida

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

	Measurement Date		September 30, 2015
A.	Total Pension Liability (TPL)		
	Service Cost	$	955,579
	Interest		1,373,153
	Benefit Changes		0
	Difference Between Actual and Expected Experience		37,984
	Assumption Changes		0
	Benefit Payments		(577,500)
	Contribution Refunds		(87,521)
	Other		0
	Net Change in Total Pension Liability	$	1,701,695
	Total Pension Liability (TPL) - (beginning of year)		17,831,326
	Total Pension Liability (TPL) - (end of year)	$	19,533,021
B.	Plan Fiduciary Net Position		
	Contributions - Town	$	727,022
	Contributions - State		0
	Contributions - Member		391,213
	Net Investment Income		(132,329)
	Benefit Payments		(577,500)
	Contribution Refunds		(87,521)
	Administrative Expenses		(85,426)
	Other		0
	Net Change in Plan Fiduciary Net Position	$	235,459
	Plan Fiduciary Net Position - (beginning of year)		16,258,030
	Plan Fiduciary Net Position - (end of year)	$	16,493,489
C.	Net Pension Liability (NPL) - (end of year): (A) - (B)	$	3,039,532
	Valuation Date		October 1, 2014

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.

Retirement Plan for Employees of the Town of Surfside, Florida

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

	Measurement Date		September 30, 2015
A.	Total Pension Liability (TPL)		
	Service Cost	$	1,455,110
	Interest		1,345,629
	Benefit Changes		0
	Difference Between Actual and Expected Experience		144,019
	Assumption Changes		0
	Benefit Payments		(577,500)
	Contribution Refunds		(87,521)
	Other		0
	Net Change in Total Pension Liability	$	2,279,737
	Total Pension Liability (TPL) - (beginning of year)		23,400,417
	Total Pension Liability (TPL) - (end of year)	$	25,680,154
B.	Plan Fiduciary Net Position		
	Contributions - Town	$	727,022
	Contributions - State		0
	Contributions - Member		391,213
	Net Investment Income		(132,329)
	Benefit Payments		(577,500)
	Contribution Refunds		(87,521)
	Administrative Expenses		(85,426)
	Other		0
	Net Change in Plan Fiduciary Net Position	$	235,459
	Plan Fiduciary Net Position - (beginning of year)		16,258,030
	Plan Fiduciary Net Position - (end of year)	$	16,493,489
C.	Net Pension Liability (NPL) - (end of year): (A) - (B)	$	9,186,665
	Valuation Date		October 1, 2014

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.

Retirement Plan for Employees of the Town of Surfside, Florida

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

Measurement Date		September 30, 2015
A. Total Pension Liability (TPL)		
Service Cost	$	656,313
Interest		1,348,949
Benefit Changes		0
Difference Between Actual and Expected Experience		(24,275)
Assumption Changes		0
Benefit Payments		(577,500)
Contribution Refunds		(87,521)
Other		0
Net Change in Total Pension Liability	$	1,315,966
Total Pension Liability (TPL) - (beginning of year)		14,073,543
Total Pension Liability (TPL) - (end of year)	$	15,389,509
B. Plan Fiduciary Net Position		
Contributions - Town	$	727,022
Contributions - State		0
Contributions - Member		391,213
Net Investment Income		(132,329)
Benefit Payments		(577,500)
Contribution Refunds		(87,521)
Administrative Expenses		(85,426)
Other		0
Net Change in Plan Fiduciary Net Position	$	235,459
Plan Fiduciary Net Position - (beginning of year)		16,258,030
Plan Fiduciary Net Position - (end of year)	$	16,493,489
C. Net Pension Liability (NPL) - (end of year): (A) - (B)	$	(1,103,980)
Valuation Date		October 1, 2014

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.

Retirement Plan for Employees of the Town of Surfside, Florida

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)
2016	$ 16,326,334	$ 1,156,243	$ 705,682	$ 16,776,895
2017	16,776,895	1,185,436	795,064	17,167,267
2018	17,167,267	1,213,731	795,236	17,585,762
2019	17,585,762	1,241,284	867,000	17,960,046
2020	17,960,046	1,267,133	900,122	18,327,057
2021	18,327,057	1,292,319	936,723	18,682,653
2022	18,682,653	1,316,201	985,589	19,013,265
2023	19,013,265	1,338,910	1,018,040	19,334,135
2024	19,334,135	1,361,252	1,041,746	19,653,641
2025	19,653,641	1,382,932	1,079,946	19,956,627
2026	19,956,627	1,402,372	1,144,969	20,214,030
2027	20,214,030	1,418,297	1,215,416	20,416,911
2028	20,416,911	1,430,138	1,289,241	20,557,808
2029	20,557,808	1,437,230	1,369,618	20,625,420
2030	20,625,420	1,438,670	1,458,724	20,605,366
2031	20,605,366	1,435,552	1,501,571	20,539,347
2032	20,539,347	1,429,916	1,523,437	20,445,826
2033	20,445,826	1,422,731	1,533,839	20,334,718
2034	20,334,718	1,414,610	1,535,531	20,213,797
2035	20,213,797	1,406,053	1,530,142	20,089,708
2036	20,089,708	1,397,407	1,521,105	19,966,010
2037	19,966,010	1,388,683	1,514,841	19,839,852
2038	19,839,852	1,379,740	1,509,591	19,710,001
2039	19,710,001	1,370,623	1,501,959	19,578,665
2040	19,578,665	1,361,851	1,482,642	19,457,874
2041	19,457,874	1,352,905	1,487,503	19,323,276

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 Town, Members or State: 99.99

Certain Key Assumptions

Investment return assumption 7.25%

Mortality Table:

For healthy male participants, RP 2000 Annuitant Male Mortality Table, with 10% White Collar / 90% Blue Collar Adjustment for Police Officers - 50% White Collar / 50% Blue Collar Adjustment for General Employees and fully generational mortality improvements projected to each future decrement date with Scale BB. For healthy female participants, RP 2000 Annuitant Female Mortality Table, with White Collar Adjustment and fully generational mortality improvements projected to each future decrement date with Scale BB. For disabled male Police Officers, 60% RP 2000 Disabled Male Mortality Table setback four years / 40% RP 2000 Annuitant Male Mortality Table, with White Collar Adjustment and no setback, without projected mortality improvements. For disabled female Police Officers, 60% RP 2000 Disabled Female Mortality Table set forward two years / 40% RP 2000 Annuitant Female Mortality Table, with White Collar Adjustment, without projected mortality improvements. For disabled male General Employees, RP 2000 Disabled Male Mortality Table, setback four years, without projected mortality improvements. For disabled female General Employees, RP 2000 Disabled Female Mortality Table, set forward two years, without projected mortality improvements.

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 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.

Retirement Plan for Employees of the Town of Surfside, Florida

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)
2016	$ 16,326,334	$ 1,156,256	$ 705,346	$ 16,777,244
2017	16,777,244	1,185,482	794,530	17,168,196
2018	17,168,196	1,213,835	794,305	17,587,726
2019	17,587,726	1,241,455	866,255	17,962,926
2020	17,962,926	1,267,356	899,747	18,330,535
2021	18,330,535	1,292,567	936,832	18,686,270
2022	18,686,270	1,316,423	986,629	19,016,064
2023	19,016,064	1,339,026	1,020,273	19,334,817
2024	19,334,817	1,361,188	1,044,672	19,651,333
2025	19,651,333	1,382,617	1,083,741	19,950,209
2026	19,950,209	1,401,656	1,151,433	20,200,432
2027	20,200,432	1,416,939	1,225,001	20,392,369
2028	20,392,369	1,427,826	1,302,942	20,517,253
2029	20,517,253	1,433,568	1,388,202	20,562,619
2030	20,562,619	1,433,182	1,482,799	20,513,002
2031	20,513,002	1,427,784	1,529,155	20,411,631
2032	20,411,631	1,419,466	1,554,064	20,277,033
2033	20,277,033	1,409,235	1,566,236	20,120,032
2034	20,120,032	1,397,731	1,569,378	19,948,385
2035	19,948,385	1,385,453	1,565,080	19,768,758
2036	19,768,758	1,372,766	1,556,424	19,585,100
2037	19,585,100	1,359,656	1,551,149	19,393,608
2038	19,393,608	1,345,938	1,546,909	19,192,636
2039	19,192,636	1,331,614	1,540,568	18,983,682
2040	18,983,682	1,317,181	1,522,114	18,778,750
2041	18,778,750	1,302,022	1,529,893	18,550,878

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 Town, Members or State: 99.99

Certain Key Assumptions

Investment return assumption 7.25%

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 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.

Retirement Plan for Employees of the Town of Surfside, Florida

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)
2016	$ 16,326,334	$ 837,231	$ 705,346	$ 16,458,219
2017	16,458,219	841,639	794,530	16,505,328
2018	16,505,328	844,118	794,305	16,555,141
2019	16,555,141	844,703	866,255	16,533,589
2020	16,533,589	842,627	899,747	16,476,469
2021	16,476,469	838,582	936,832	16,378,219
2022	16,378,219	832,019	986,629	16,223,609
2023	16,223,609	822,952	1,020,273	16,026,288
2024	16,026,288	811,904	1,044,672	15,793,520
2025	15,793,520	798,582	1,083,741	15,508,361
2026	15,508,361	781,701	1,151,433	15,138,629
2027	15,138,629	760,214	1,225,001	14,673,842
2028	14,673,842	733,614	1,302,942	14,104,514
2029	14,104,514	701,319	1,388,202	13,417,631
2030	13,417,631	662,588	1,482,799	12,597,420
2031	12,597,420	618,219	1,529,155	11,686,484
2032	11,686,484	569,692	1,554,064	10,702,112
2033	10,702,112	517,669	1,566,236	9,653,545
2034	9,653,545	462,531	1,569,378	8,546,698
2035	8,546,698	404,543	1,565,080	7,386,161
2036	7,386,161	343,859	1,556,424	6,173,596
2037	6,173,596	280,348	1,551,149	4,902,795
2038	4,902,795	213,750	1,546,909	3,569,636
2039	3,569,636	143,938	1,540,568	2,173,006
2040	2,173,006	71,136	1,522,114	722,028
2041	722,028	7,341	1,529,893	-

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 Town, Members or State: 25.42

Certain Key Assumptions

Investment return assumption 5.25%

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 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.

Retirement Plan for Employees of the Town of Surfside, Florida

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)
2016	$ 16,326,334	$ 1,475,323	$ 705,346	$ 17,096,311
2017	17,096,311	1,542,137	794,530	17,843,918
2018	17,843,918	1,611,302	794,305	18,660,915
2019	18,660,915	1,683,318	866,255	19,477,978
2020	19,477,978	1,757,241	899,747	20,335,472
2021	20,335,472	1,834,726	936,832	21,233,366
2022	21,233,366	1,915,320	986,629	22,162,057
2023	22,162,057	1,999,561	1,020,273	23,141,345
2024	23,141,345	2,088,939	1,044,672	24,185,612
2025	24,185,612	2,183,603	1,083,741	25,285,474
2026	25,285,474	2,281,994	1,151,433	26,416,035
2027	26,416,035	2,382,935	1,225,001	27,573,969
2028	27,573,969	2,486,192	1,302,942	28,757,219
2029	28,757,219	2,591,428	1,388,202	29,960,445
2030	29,960,445	2,698,051	1,482,799	31,175,697
2031	31,175,697	2,808,170	1,529,155	32,454,712
2032	32,454,712	2,925,248	1,554,064	33,825,896
2033	33,825,896	3,051,481	1,566,236	35,311,141
2034	35,311,141	3,188,711	1,569,378	36,930,474
2035	36,930,474	3,338,712	1,565,080	38,704,106
2036	38,704,106	3,503,200	1,556,424	40,650,882
2037	40,650,882	3,683,538	1,551,149	42,783,271
2038	42,783,271	3,880,993	1,546,909	45,117,355
2039	45,117,355	4,097,210	1,540,568	47,673,997
2040	47,673,997	4,334,611	1,522,114	50,486,494
2041	50,486,494	4,594,383	1,529,893	53,550,984

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 Town, Members or State: 99.99

Certain Key Assumptions

Investment return assumption 9.25%

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 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.

Retirement Plan for Employees of the Town of Surfside, Florida

ACTUARIALLY DETERMINED CONTRIBUTION

	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% on Investment Return Assumption	
A. Valuation Date	October 1, 2015		October 1, 2015		October 1, 2015		October 1, 2015	
B. Actuarial Determined Contribution to Be Paid During Fiscal Year Ending	September 30, 2017		September 30, 2017		September 30, 2017		September 30, 2017	
C. Annual Payroll of Active Employees	$ 5,484,903		$ 5,484,903		$ 5,484,903		$ 5,484,903	
D. Total Minimum Funding Requirement								
1. Total Normal Cost	$ 1,017,791		$ 1,065,043		$ 1,593,347		$ 754,914	
2. Annual Payment to Amortize Unfunded Actuarial Liability	142,839		151,089		523,196		(202,469)	
3. Interest Adjustment	12,708		12,708		9,377		15,917	
4. Total Minimum Funding Requirement (1. + 2. + 3., not less than 1.)	$ 1,173,338		$ 1,228,840		$ 2,125,920		$ 754,914	
E. Expected Payroll of Active Employees for Following Plan Year ($ / % of pay) (C x 1.000)	$ 5,484,903	100.00%	$ 5,484,903	100.00%	$ 5,484,903	100.00%	$ 5,484,903	100.00%
F. Expected Contribution Sources ($ / % of pay)								
1. Town	$ 797,359	14.54%	$ 852,861	15.55%	$ 1,749,941	31.90%	$ 378,935	6.91%
2. Member	375,979	6.85%	375,979	6.85%	375,979	6.85%	375,979	6.85%
3. State	0	0.00%	0	0.00%	0	0.00%	0	0.00%
4. Total	$ 1,173,338	21.39%	$ 1,228,840	22.40%	$ 2,125,920	38.76%	$ 754,914	13.76%

Retirement Plan for Employees of the Town of Surfside, Florida

Unfunded Actuarial Accrued Liabilities Bases and Amortization Payments

			Amortization Payment				
	Amortization Base	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%	Remaining Funding Period
10/01/2009	Combined Bases * - General Employees	$ 1,984	$ 187	$ 187	$ 164	$ 211	18 years
10/01/2010	Actuarial (Gain) / Loss - General Employees	220,977	18,080	18,080	15,272	21,011	25 years
10/01/2010	Assumption Changes - General Employees	(118,720)	(9,714)	(9,714)	(8,205)	(11,288)	25 years
10/01/2011	Actuarial (Gain) / Loss - General Employees	80,380	6,484	6,484	5,450	7,564	26 years
10/01/2011	Combined Charge Bases * - Police Officers	5,870,436	515,346	515,346	444,655	588,915	21 years
10/01/2011	Combined Credit Bases * - Police Officers	(5,096,907)	(481,003)	(481,003)	(422,402)	(541,755)	18 years
10/01/2012	Actuarial (Gain) / Loss - General Employees	155,693	12,398	12,398	10,371	14,514	27 years
10/01/2012	Actuarial (Gain) / Loss - Police Officers	533,421	42,477	42,477	35,533	49,726	27 years
10/01/2012	Assumption Changes - General Employees	117,634	9,367	9,367	7,836	10,966	27 years
10/01/2012	Assumption Changes - Police Officers	40,295	3,209	3,209	2,684	3,756	27 years
10/01/2013	Actuarial (Gain) / Loss - General Employees	83	7	7	5	8	28 years
10/01/2013	Actuarial (Gain) / Loss - Police Officers	(31,065)	(2,444)	(2,444)	(2,035)	(2,871)	28 years
10/01/2013	Plan Amendment - Police Officers	36,953	2,908	2,908	2,421	3,416	28 years
10/01/2014	Actuarial (Gain) / Loss - General Employees	84,829	6,602	6,602	5,472	7,780	29 years
10/01/2014	Actuarial (Gain) / Loss - Police Officers	(151,292)	(11,774)	(11,774)	(9,760)	(13,876)	29 years
10/01/2015	Actuarial (Gain) / Loss - General Employees	148,934	11,473	11,473	9,469	13,564	30 years
10/01/2015	Actuarial (Gain) / Loss - Police Officers	(152,951)	(11,783)	(11,783)	(9,724)	(13,930)	30 years
10/01/2015	Assumption Changes - General Employees	138,259	10,651	10,651	8,790	12,592	30 years
10/01/2015	Assumption Changes - Police Officers	264,396	20,368	20,368	16,810	24,080	30 years
10/01/2015	Assumption Change - 112.664(1)(a), F.S. Assumptions	107,092	N/A	8,250	N/A	N/A	30 years
10/01/2015	Assumption Change - 112.664(1)(b), F.S. Assumptions	6,454,799	N/A	N/A	410,390	N/A	30 years
10/01/2015	Assumption Change - 112.664(1)(a), F.S. Assumptions Plus 2%	(4,137,743)	N/A	N/A	N/A	(376,852)	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, 2015)

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:

	Benefit Accrual Rate per Year of Service Based on Employee Contribution Rate of			
Period of Service	**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.

E. Normal Retirement (cont'd):

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.

H. Disability Retirement (cont'd):

2. Non-Service Connected (cont'd):

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).

	Percentage	
Years of Credited Service	General Employees	Police Officers
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%

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, 2015)

A. Mortality

For healthy male participants, RP 2000 Annuitant Male Mortality Table, with 10% White Collar / 90% Blue Collar Adjustment for Police Officers - 50% White Collar / 50% Blue Collar Adjustment for General Employees and fully generational mortality improvements projected to each future decrement date with Scale BB. For healthy female participants, RP 2000 Annuitant Female Mortality Table, with White Collar Adjustment and fully generational mortality improvements projected to each future decrement date with Scale BB.

For disabled male Police Officers, 60% RP 2000 Disabled Male Mortality Table setback four years / 40% RP 2000 Annuitant Male Mortality Table, with White Collar Adjustment and no setback, without projected mortality improvements. For disabled female Police Officers, 60% RP 2000 Disabled Female Mortality Table set forward two years / 40% RP 2000 Annuitant Female Mortality Table, with White Collar Adjustment, without projected mortality improvements.

For disabled male General Employees, RP 2000 Disabled Male Mortality Table, setback four years, without projected mortality improvements. For disabled female General Employees, RP 2000 Disabled Female Mortality Table, set forward two years, without projected mortality improvements.

B. Investment Return

7.25%, 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:

General Employees	
Age	Withdrawal Rate
Under 25	30.0%
25 - 29	20.0%
30 - 34	15.0%
35 - 39	10.0%
40 - 44	9.0%
45 - 49	8.0%
50 - 54	7.0%
55 - 60	6.0%
60 & over	5.0%

D. Employee Withdrawal Rates (cont'd)

Police Officers	
Service	Withdrawal Rate
0 - 4	12.0%
5 - 6	10.0%
7	5.0%
8	2.0%
9 & over	1.0%

E. Salary Increase Factors

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

General Employees	
Service	Salary Increase
0 - 4	6.5%
4 - 5	6.0%
6	5.0%
7 - 9	4.5%
10 & over	4.0%

Police Officers	
Service	Salary Increase
0 - 3	8.0%
3	7.0%
4 - 5	6.0%
6	5.0%
7 & over	4.0%

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 & over	1%	1%
NRA	40%	50%
Past NRA	50%	50%

100% of members are assumed to retire upon reaching age 70 for General Employees and age 65 for Police Officers.

* For Employees who meet the age and service eligibility requirements for normal or early retirement

Retirement Plan for Employees of the Town of Surfside, Florida

Actuarial Assumptions and Actuarial Cost Methods Used in the Valuation (as of October 1, 2015)

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

1. Mortality was:

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

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

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

2. Investment Return was:

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

K. Change From Previous Valuation (cont'd)

3. Employee Withdrawal Rates were:

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

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

Police Officers			
Service	Withdrawal Rate	Service	Withdrawal Rate
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%		

4. Salary Increase Factors were:

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

General Employees	
Service	Salary Increase
0 - 4	6.5%
4 - 7	4.5%
7 & over	4.0%

K. Change From Previous Valuation (cont'd)

4. Salary Increase Factors were (cont'd):

Police Officers	
Service	Salary Increase
0 - 2	13.5%
2 - 3	12.5%
3 - 4	10.5%
4 - 5	8.5%
5 - 6	6.5%
6 & over	4.5%

5. Assumed Retirement Age was:

	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%

GLOSSARY

Actuarial Accrued Liability	The difference between the Actuarial Present Value of Future Benefits, and the Actuarial Present Value of Future Normal Costs.
Actuarial Assumptions	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.
Actuarial Cost Method	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.
Actuarial Equivalent	Of equal Actuarial Present Value, determined as of a given date and based on a given set of Actuarial Assumptions.
Actuarial Present Value	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.
Actuarial Present Value of Future Benefits	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.
Actuarial Valuation	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.
Actuarial Value of Assets	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.

Amortization Method	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.
Amortization Payment	That portion of the plan contribution which is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability.
Amortization Period	The period used in calculating the Amortization Payment.
Annual Required Contribution	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.
Closed Amortization Period	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.
Employer Normal Cost	The portion of the Normal Cost to be paid by the employer. This is equal to the Normal Cost less expected member contributions.
Equivalent Single Amortization Period	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.
Experience Gain/Loss	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.
Funded Ratio	The ratio of the Actuarial Value of Assets to the Actuarial Accrued Liability.
GASB	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.