TOWN OF SURFSIDE, FLORIDA

RETIREMENT PLAN FOR THE EMPLOYEES OF THE TOWN OF SURFSIDE

A Pension Trust Fund of the Town of Surfside

Comprehensive Annual Financial Report
For the Fiscal Years Ended September 30, 2013
and 2012

COMPREHENSIVE ANNUAL FINANCIAL REPORT
RETIREMENT PLAN FOR EMPLOYEES OF THE
TOWN OF SURFSIDE, FLORIDA
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2013 AND 2012

TABLE OF CONTENTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT
RETIREMENT PLAN FOR EMPLOYEES OF THE TOWN OF SURFSIDE, FLORIDA
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2013 AND 2012
TABLE OF CONTENTS (continued)

TOWN OF SURFSIDE

9293 HARDING AVENUE
SURFSIDE, FLORIDA 33154
(305) 861-4863 • FAX: (305) 861-1302
WWW.TOWNOFSURFSIDEFL.GOV

May 22, 2014

Chairman Michael Feldman and
Pension Board Members
Retirement Plan for Employees of the
Town of Surfside
Surfside, Florida 33154

I am pleased to submit to you the Comprehensive Annual Financial Report (CAFR) for the Town of Surfside Retirement Plan for Employees of the Town for the fiscal years ended September 30, 2013, and 2012. This report is a full and complete disclosure of the structure and financial status of the Plan. It has been prepared by the Town's Finance Department in accordance with accounting principles generally accepted in the United States of America established by the Governmental Accounting Standards Board (GASB).

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Plan. I believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly present the Net Position Restricted for Pension Benefits, and the Changes in the Net Position Restricted for Pension Benefits.

The CAFR is divided into five sections. These sections are described below:

Introductory Section - includes this Letter of Transmittal, which includes a description of the Plan's administrative structure, a summary of major Plan provisions and a listing of the Board members (Trustees), and Pension Consultants.

Financial Section - includes the independent auditor's report, Management's Discussion and Analysis, financial statements for the Plan and certain required supplementary information related to the Plan.

The Management's Discussion and Analysis (MD&A) (starting on page 5) summarizes the Fiduciary Net Position available for Plan Benefits and Changes in the Fiduciary Net Position available for Plan benefits, and reviews the changes from the beginning to the end of the current year to the two prior years. The actual financial statements (in detail) are presented on pages 9 and 10. Also, presented in the MD&A on page 7 is a discussion of the funding status and a schedule of the Funded Progress Ratio showing the five previous years.

Investment Section - includes the investment activity report, a summary of investment policies, and reports related to investment performance and various other investment related schedules of the Plan.

Actuarial Section - contains the consulting actuary's Certification Letter as well as the results of the annual actuarial valuation report for the Plan.

Statistical Section - includes trend information that is considered statistical and/or financial in nature.

Plan History and Description

The Retirement Plan was established by a Town Ordinance approved by the Commission and became effective January 1, 1962. The benefit provisions, amendments thereto, and all other requirements are established by Town Ordinance.

The Plan is a contributory defined benefit single-employer retirement plan covering substantially all employees of the Town of Surfside.

The employee contributions originally were established at 5% with a benefit rate of 1-2/3% of average final covered compensation multiplied by the number of years of service. The maximum benefit allowable was established as 60% of the average final covered compensation . Effective January 1, 1980, members had the option to increase their contributions to 7% of covered compensation to receive increased benefits. All employees hired subsequent to January 1, 1980, had the irrevocable option to contribute either 5% or 7%. For members who elected to contribute 7% the benefit rate was increased to 2% of the average final covered compensation multiplied by the number of years of service after January 1, 1980.

Effective July 1, 1996, employees were given the option to increase their contributions to 8%. For all members who elected to increase their contribution rate to 8% the benefit rate was increased to 2-1/2% for all service rendered after July 1, 1996.

Employee contributions were reduced to 6% for all employees previously contributing 7% or 8% effective February 1, 2003. The accrual rate was increased to 2.5% for all creditable service rendered after that date. Employees previously contributing 5% were given the one-time option to continue contributing at the 5% rate with an accrual benefit of 2%.

The maximum benefit allowable for general employees is 60% of the average final covered compensation (the average of five years for General Employees). Effective October 1, 2006, the maximum benefit allowable for Police Officers was increased to 90% of the average final covered compensation (the average of three years for all Police Officers). Police officers contribute at the rate of 8% of pensionable wages with a benefit accrual rate of 3.5% effective October 1, 2006.

Vesting in the employer contributions and earnings begins after achieving five years of credited service at 50% with 10% vesting for each additional year until reaching 100% vesting upon attaining ten years of credited service for all general employees. Effective October 1, 2007, the Plan was amended whereby Police Officers are 100% vested after five years of credited service.

If a member terminates employment prior to attaining vesting rights, the member receives a refund of contributions plus interest at the rate of 4% per annum.

The Town established a Deferred Retirement Option Program (DROP) initially for Police Officers and dispatchers only. During the year ended September 30, 2013, the Town Commission passed an ordinance, which made the DROP available to the general employees. Eligibility is the attainment of normal retirement date with a maximum period of participation in the DROP of five years. An employee's account in the DROP program is to be credited with interest based upon the actual Fund investment return. No payment may be made from the DROP until the employee actually separates from service from the Town. As of year end, there was one Police Officer who participated in the DROP. His account total in the DROP was $20,621, which includes the monthly payment plus interest computed in accordance with the DROP agreement. Subsequent to year end, three general employees enrolled in the DROP.

The Town's funding policy provides for annual actuarially determined periodic contributions at rates that, for individual employees along with the employees' contributions, increase gradually over time so that sufficient assets will be available to pay benefits when due.

The Plan provides for a 1.5% automatic annual cost of living benefit increase for all current and future retirees, disableds, beneficiaries, and vested terminated members who have been retired at least one year.

Normal retirement for members who are sworn Police Officers is the earliest of the date when you:

1. Reach age fifty-two and complete twenty years of creditable service;
2. Complete twenty-five years of creditable service;
3. Reach age 62, and have completed five years of creditable service.

All other members may retire at the age of sixty-two with 15 years of service, or at age 65 and the completion of ten years of creditable service.

Eligibility for early retirement is the earlier of age 55 and 15 years of creditable service or 20 years of creditable service.

Disability Benefits

Disability retirement is subject to approval by the Pension Board. To be eligible for a service connected disability, the disability must result from performance of service to the Town, and general employees must be approved by the Federal Social Security System for disability benefits. Members who become disabled because of a service incurred disability will receive benefits at the rate of 75% of your monthly compensation in effect on your date of disability. However, if such service connected disability was not a direct result of physical injury, the amount of the benefit is 45% of your rate of monthly compensation in effect on your date of disability.

Plan Administration

The Plan is a single employer defined benefit plan covering substantially all employees of the Town of Surfside. The administration and responsibility functions for the Plan are vested with the Pension Board of Trustees. The Pension Board includes two Town residents who are appointed by the Town Commission, the Town Manager, one member of the Police Department who is elected by that department, and one general employee who is elected by the general employees. One of the members appointed by the Town Commission serves as the Chairman of this Board of Trustees.

The Board has a fiduciary responsibility to the Plan and its participants and, as such must exercise prudent judgment in its oversight and administration of the Trust Fund.

The Pension Board of Trustees meets at least quarterly with its Performance Measurement Consultant, and the Investment Manager. Additionally, the Board employs an enrolled Actuarial Consultant (the "Actuary") to perform the annual actuarial valuation of the Plan to determine the funded status, current funding requirements and to monitor trends related to assumptions, expectations, and actual results. The Actuary presents the Actuarial Valuation to the Board of Trustees on an annual basis.

Board Action

During the year, the Pension Board closely monitored the portfolio performance and targeted asset allocations. The Board reviews the Investment Policy on a periodic basis to determine the propriety of the asset allocations. The Board approved an amended Investment Policy on September 12, 2013, with an effective date of date of October 13, 2013. The prior Investment Policy was dated November 11, 2011. This Investment Policy utilizes separate investment approaches, each having a target allocation and range (based on market values). The asset allocations are reviewed annually. International equities are limited to a ten percent (at cost) target maximum of the total investments.

FINANCIAL INFORMATION

Controls

In developing and evaluating the Plan's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the following:

- Safeguarding of
- assets against loss from unauthorized use or disposition; and,
- Reliability and adequacy of the accounting records.

The concept of reasonable assurance recognizes that the cost of controls should not exceed the benefits likely to be derived. Reasonable assurance also recognizes that valuation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. The Plan's internal accounting controls adequately safeguard assets and provide assurance that financial transactions are properly recorded.

Assets, liabilities, revenues, and expenses are recorded using the accrual basis method of accounting. Revenues and expenses are recorded when earned or incurred, regardless of collection or disbursement. The Plan is actuarially evaluated using the entry age normal method.

Revenues and Expenses

Revenues essential to the sound funding of the Plan are from contributions and net investment earnings. Contributions are made to the Plan from the following:

Budgeted Town Funds - which are based on the actuarially determined rates in accordance with Florida Statutes (F.S.) Chapter 112.

Active Plan Participant Contributions - For the year ended September 30, 2012, the general employees contributed at the rates of 6%, of pensionable salary (or 5% for those who were grandfathered in at that rate). Police Officers contributed at the rate of 8% in accordance with the Police bargaining contract.

The Plan experienced an actuarial gain of $29,559 (.6%) for the year ended September 30, 2013, and an actuarial loss of $594,852 (13.6%) for the year ended September 30, 2012.

Market Smoothing

The Board, as recommended by the consultants, adopted a market smoothing approach for actuarial asset valuation purposes. This approach spreads cyclical market variations over a rolling five-year period. This method of market asset valuation is known as the five-year smoothed market actuarial method.

Variations in investment return on an actuarial basis from year to year reflect investment gains and losses and the effects of market smoothing. Therefore, annual fluctuations in investment return as used in the Actuary's annual funding calculations, are not necessarily indicative of good or poor investment results for the current period.

INVESTMENTS

The responsibility of oversight of Plan investments and policy-making decisions is given to the Trustees of the Retirement Plan. The Board meets quarterly to evaluate the fund's investment performance in aggregate and at the fund manager detail level.

With the support of the custodian and the performance measurement consultant the Board reviews the Investment Policy periodically, establish the proper asset allocation mix for the Plan, and set performance objectives and specific investment guidelines for the investment manager based on State Statutes and policy restrictions. The Board monitors and evaluates risk and volatility associated with the investments based on performance benchmark expectations, policy limitations regarding standard deviation, and sector diversification.

OTHER INFORMATION

Independent Audit

Florida Statutes require an annual independent audit of the Plan's financial statements. A.M. Jones, C.P.A., P.A. performed an audit on the financial statements, and has issued an unqualified opinion. Please refer to the auditor's report on page 1.

Professional Services

Professional consultants are appointed by the Pension Board to perform professional services considered essential to the effective and efficient operation of the Plan. The letter from the Actuary is included in this report. The type of consultants appointed and their respective expenses are listed on page 26 of this CAFR.

Acknowledgments

On behalf of the Board of Trustees, I would like to take this opportunity to express my gratitude to the staff of the Finance Support Services Department who were involved in the preparation of this report.

Sincerely,

Donald S. Nelson

Donald Nelson,
Finance Director

TOWN OF SURFSIDE, FLORIDA
RETIREMENT PLAN FOR EMPLOYEES OF THE
TOWN OF SURFSIDE
September 30, 2013

ADMINISTRATIVE

Finance Department:

Donald Nelson, Finance Director	Mayte D. Gamiotea, Controller

LIST OF CONSULTANTS

Performance Measurement Consultants	Burgess Chambers & Associates
Custodian	SunTrust Bank
Investment Manager	ICC Capital Management
Actuary	Gabriel, Roeder, Smith & Company
Attorney	Robert Klausner, Esq. Klausner & Kaufman, P.A.
Third Party Administrator	Mayte Gamiotea

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

A.M. JONES, C.P.A., P.A.
certified public accountants
Alyce M. Jones, C.P.A., P.F.S.

3421 North Powerline Road, Pompano Beach, FL 33069 Broward: 954-973-3421 • Dade: 305-948-5608 • FAX: 954-968-8215

Report of Independent Certified Public Accountants

Members of the Pension Board of Trustees
Retirement Plan for Employees of the
Town of Surfside, Florida

Report on the Financial Statements

We have audited the accompanying Statements of Fiduciary Net Position of the Retirement Plan for Employees of the Town of Surfside as of September 30, 2013 and 2012, and the related Statements of Changes in Net Fiduciary Position for the years then ended, and the related Notes to Financial Statements, which collectively comprise the Retirement Plan for Employees of the Town of Surfside's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in ***Governmental Auditing Standards,*** issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Retirement Plan for the Employees of the Town of Surfside' preparation and fair presentation of the financial statements 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 Retirement Plan for Employees of the Town of Surfside's internal control. Accordingly, we express no such opinion. An audit also includes assessing the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Retirement Plan for Employees at September 30, 2013 and 2012, and changes in fiduciary net position for the years then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of a Matter

As discussed in Note 1, the financial statements present the financial position and the changes in financial position of only that portion of the reporting entity of the Town of Surfside that is attributable to the transactions of the Retirement Fund for Employees of the Town of Surfside. They do not purport to, and do not, present fairly the financial position of the Town of Surfside as of September 30, 2013, and 2012, and the changes in its financial position and of its cash flows, where applicable, for the years then ended in conformity with U.S. generally accepted accounting principles.

Other matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Schedule of Funding Progress and the Schedule of Employer Contributions on pages 5 through 8, and on page 25, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, 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 basic financial statements and other knowledge we obtained during our audits of the basic 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 opinions on the financial statements that collectively comprise Retirement Plan for Employees of the Town of Surfside's basic financial statements. The supplementary information included on **page 26** is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

We did not audit the data included in the introduction, investments, actuarial, statistical and plan summary sections and, accordingly, we express no opinion on the information presented in those sections.

Other Reporting Required by *Government Auditing Standards*

Our report on the Retirement Plan for Employees of the Town of Surfside's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters required by ***Government Auditing Standards*** is included on page **three**. The purpose of that report is 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 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 Retirement Plan for Employees of the Town of Surfside's internal control over financial reporting and compliance.

A. M. Jones CPA, PA

A.M. Jones, C.P.A., P.A.
Pompano Beach, Florida
May 22, 2014

(This page left blank intentionally).

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

This discussion and analysis of the Retirement Plan for Employees of the Town of Surfside provides an overview of the financial activities and funding conditions for the fiscal years ended September 30, 2013 and 2012. Please review this discussion and analysis in conjunction with the transmittal letter (see pages i through v) and the financial statements which begin on page 9.

FINANCIAL HIGHLIGHTS

The Retirement Plan implemented GASB No. 63, ***Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*** during the fiscal year ended September 30, 2013. The Plan did not have any deferred outflows or inflows of resources to report during the year; however, the Plan did change the prior terminology of Net Assets Available for Plan Benefits to the Fiduciary Net Position Available for Plan Benefits as required by GASB No. 63.

The Plan's Fiduciary Net Position available for Plan benefits held in trust increased by $1,950,230 from $12,556,125 for the year ended September 30, 2012, to $14,506,355 for the year ended September 30, 2013, (an increase of 15.53% over the prior year) as a result of the current year's activities.

The required contribution from the Town for the year ended September 30, 2013, increased by $18,769 to $534,209, an increase of approximately 3.6%. Additionally, the Town made a contribution of $130,185 on behalf of Police who had previously terminated his employment with the Town. This Police Officer was reinstated during the year ended September 30, 2013. Also, there were contributions totaling $108,273 to the Plan to buy back service time from the date of his termination to the date of his reinstatement. Employee contributions include $34,311 made upon the reinstatement of this Police Officer. Employee contributions including this additional contribution increased by $54,120 to $375,295, an increase of approximately 16.88% over the prior year. The total net increase in the Town required contribution and employee contributions was $72,959 or 8.72%.

The Plan's investments had net investment income for the fiscal year ended September 30, 2013, of $1,468,957 compared with the net investment income of $1,927,598 for the fiscal year ended September 30, 2012, a decrease of $458,641.

Benefit payments for the year ended September 30, 2013, decreased to $533,907 a decrease of $16,359 or 2.97% from the year ended September 30, 2012.

PLAN HIGHLIGHTS

During the fiscal year ended September 30, 2013, the total Plan investments earned 11.6%, net of management fees, and trading costs. The total Plan performance trailed the Hybrid Benchmark of 12.2% by .6%, but outperformed the Actuarial Assumption rate of return, which is 7.5%. Investments reported investment income of $1,468,957, net of management fees, and trading costs. The best performing asset categories were small cap stocks, large cap stocks, and international stocks.

The equity performance for equities under management for the fiscal ended September 30, 2013, was a positive return of 21.39% compared with the index of 19.34%. The fixed income performance for the fiscal year ended September 30, 2013, was a negative 2.49% compared with the Benchmark index performance of a negative 1.68%. (Refer to the Investment Section for more information).

The Actuarial Value of Assets as of the October 1, 2013, Actuarial Valuation Report was $14,125,280 with an Actuarial Accrued Liability of $15,767,546, which resulted in an Actuarial Accrued Unfunded Liability (UAAL) of $1,642,266. The funded ratio as of that date was 89.6%. As of the Actuarial Report dated October 1, 2012, the funded ratio was 89.4% with the Actuarial Value of Assets of $12,768,477, and an Unfunded Accrued Actuarial Liability of $14,287,456 for an Unfunded Actuarial Accrued Liability of $1,518,979. (Refer to the Actuarial Section for more information).

USING THE ANNUAL REPORT

The financial statements, which reflect the activities of the Retirement Plan, are reported in the Statements of Plan Net Assets (see page 9). These statements are presented on a full accrual basis and reflect all trust activities as incurred.

A discussion of the actual components of this annual report, including the financial statements, is presented in the transmittal letter on page i. The table below shows a comparative summary of Plan Net Assets:

TABLE 1

FIDUCIARY NET POSITION	September 30		
	2013	2012	2011
Cash & Cash Equivalents`	$ 506,582	$ 641,774	$ 227,811
Receivables and other	192,987	2,493,715	78,692
Investments	13,959,965	11,946,398	10,229,594
Total Assets	14,659,534	15,081,887	10,536,097
Liabilities	153,179	2,525,762	80,436
Prior period adjustment	-	-	8,320
Net Position Held in Trust for Pension Benefits	$14,506,355	$12,556,125	$10,463,981

There were net increases in the Fiduciary Net Position of $1,950,230 and $2,092,144 for years ended September 30, 2013 and 2012, respectively. There was a net decrease in the Fiduciary Net position for the year ended December 31, 2011, of $187,040.

CHANGES IN PLAN NET ASSETS

The table below shows a comparative summary of the changes in the Fiduciary Net Position and reflects the activities of the trust.

TABLE 2
CHANGES IN NET ASSETS

	For the fiscal years ended:		
Additions:	2013	2012	2011
Contributions			
Employer	$ 664,394	$ 515,440	$ 625,963
Plan members	340,964	321,155	284,950
Buy back of contributions	142,584	12,982	-
Total contributions	1,147,942	849,577	910,913
Investment Income			
Net Income from Investing Activities	1,468,957	1,927,598	(338,591)
Total additions (deductions)	2,616,899	2,777,175	572,322
Deductions:			
Benefits	533,907	550,266	580,747
Refunds of contributions	63,484	59,355	106,499
Administrative expenses	69,278	75,410	73,016
Total deductions	666,669	685,031	760,262
Net increase (decrease)	1,950,230	2,092,144	(187,940)
Net Position Held in Trust for Pension Benefits:			
Beginning of Year	12,556,125	10,463,981	10,643,601
Prior period adjustment	-	-	8,320
End of Year	$14,506,355	$12,556,125	$10,463,981

The benefit payments are a function of the changes in payments to retirees, their beneficiaries (if the retiree is deceased), and, new entrants during the period.

PLAN MEMBERSHIP

The table below reflects the Plan membership as of the beginning and the ending of the year.

TABLE 3
CHANGES IN PLAN MEMBERSHIP

Current employees	September 30 2013	2012	Change
Fully Vested	37	33	4
Partially vested	14	12	2
Non-vested	40	34	6
	91	79	12

RETIREES, BENEFICIARIES, AND DISABLED

As of September 30, 2013, there were thirty-three (33) retirees including one Police Officer who is in the DROP program, beneficiaries and disableds receiving benefits.

As of September 30, 2013, there were seven employees who had separated from service who were entitled to benefits, but were not yet receiving them. As of September 30, 2012, there were eight employees who had separated from service, and were entitled to benefits, but were not receiving them.

FUNDING STATUS

Of primary concern to most pension plan participants is the amount of money available to pay benefits. Historically, defined benefit pension plans have been underfunded when the employer failed to make annual actuarially required contributions to the Plan. The Town has traditionally contributed the annual required contribution (ARC) as determined by the Plan's Actuary. Therefore, a net pension obligation (NPO) has not been required for the Plan. This is due in large part to implementation of conservative business practices and to the fund requirements established in Florida law.

In 1968, Florida became the first state to constitutionally require local governments to fund pension obligations in a reasonable and systematic manner. Additionally, Florida Statutes, Chapter 112 requires local pension plans to be funded based upon actuarial valuations prepared in conformance to industry standards and by enrolled actuaries. To ensure this, the State has engaged the services of an actuary. Each actuarial report must be submitted to and accepted by the State. State acceptance must be obtained before the actuarial report and its proposed contribution rate is authorized for use.

For Plan funding progress, the Retirement Plan for Employees of the Town of Surfside utilizes the Entry Age Actuarial Cost Method. The Funded Ratios are presented below.

October 1,	Funded Ratio
2008	106.7%
2009	100.3%
2010	99.1%
2011	94.1%
2012	89.4%
2013*	89.8%
2013**	89.6%

* Prior to Plan Amendment.
** After Plan Amendment.

The Actuary uses a five-year smoothed market to establish the actuarial value of the assets (used to determine the funded ratio). As of September 30, 2013, 2012, actual Market Value of the Investments and Cash Equivalents exceeded the Actuarial Value of the Assets by approximately $341,267. As of September 30, 2012, the Actuarial Value of the Assets were higher than the Market Value by $180,305, as a result of this methodology.

ASSET ALLOCATION

The following table indicates the actual asset allocations as of September 30, 2013 and 2012.

TABLE 5
ASSET ALLOCATIONS AT MARKET

	September 30, 2013		2012	
Cash and Cash Equivalents	$ 506,582	3.5%	$ 641,774	5.1%
U.S. government securities	918,851	6.4%	1,033,760	8.2%
U.S. government agency bonds	738,272	5.1%	245,160	1.9%
Mortgage backed securities	307,965	2.1%	503,085	4.0%
Corporate bonds	2,816,043	19.5%	2,585,576	20.5%
Municipal obligations	32,744	.2%	35,481	.3%
Equities and mutual funds	2,117,088	14.6%	2,443,576	19.5%
Exchange traded funds-ETFs	7,029,002	48.6%	5,099,760	40.5%
	$14,466,547	100.0%	$12,588,172	100.0%

Included in above listings are the exchange traded funds, Ishares and ETSs, which are not under the investment management of the ICC Capital Management.

INVESTMENT ACTIVITIES

Investment income is vital to the Plan's current and continued financial stability. Therefore, the Trustees have 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 Investment Policy was amended September 12, 2013, with an effective date of October 13, 2013. The prior Investment Policy was dated November 17, 2011.

The Board and its Consultants review portfolio performance quarterly. Performance is evaluated individually by money manager style, collectively by investment type and for the aggregate portfolio. Investment types included domestic and international equities, and fixed income.

The total fund investment performance for the investments under management for the fiscal years ended 2013 and 2012 was approximately 6.51% and 17.18%, respectively. The actuarial return assumption target is 7.5%.

During the year ended September 30, 2013, an additional investment of approximately $1,8 million at cost was made in the exchange traded/IShares funds adding to the beginning fair value of $5,099,760. The Plan sold 4,153 shares of the IShares Cohen and Steers Realty Fund and 4,200 shares of the IShares Russell 2000 Index fund during the year for gains of approximately $86,055 and $31,350, respectively. The exchange traded/IShares funds had a total fair value of $7,029,002 as of September 30, 2013. These funds in total realized appreciation in value of approximately $765 thousand during the year ended September 30, 2013. The investment performance listed below is for the investments under management.

TABLE 6
INVESTMENT RETURN

	September 30, 2013 Rate	2012 Rate
Equity		
Portfolio Equities	21.39%	28.81%
Benchmark objective	19.34%	30.20%
Fixed Income		
Portfolio	(2.49%)	5.34%
Benchmark objective	(1.68%)	5.16%
Total		
Portfolio	6.51%	17.18%
Benchmark objective	8.46%	17.35%
Difference	(1.95%)	(.17%)

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 Finance Director, 9293 Harding Avenue, Surfside, Florida 33154.

FINANCIAL STATEMENTS

RETIREMENT PLAN FOR EMPLOYEES OF THE
TOWN OF SURFSIDE, FLORIDA
STATEMENTS OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2013 AND 2012

	2013	2012
ASSETS:		
Cash and cash equivalents	$ 506,582	$ 641.774
Receivables -		
Plan members' contributions	39,564	24,251
Accrued investment income	38,710	34,785
Due from brokers for unsettled investment sales	84,559	2,425,263
Prepaid expenses	9,533	9,416
Drop Plan assets	20,621	-
Total receivables	192,987	2,493,715
Investments, at fair value		
United States Government Securities	918,851	1,033,760
U.S. Government agency bonds	738,272	245,160
Mortgage backed securities	307,965	503,085
Corporate bonds	2,816,043	2,585,576
Municipal obligations	32,744	35,481
Common stocks	2,117,088	2,443,576
Exchange traded funds (ETFs)/IShares	7,029,002	5,099,760
Total investments	13,959,965	11,946,398
Total assets	14,659,534	15,081,887
LIABILITIES:		
Accounts payable	11,796	24,524
Due to broker for unsettled investment purchases	119,654	2,491,445
Refunds of contributions payable	1,108	9,793
Drop Plan liability	20,621	-
Total liabilities	153,179	2,525,762
Net position held in trust for pension benefits	$14,506,355	$12,556,125

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

RETIREMENT PLAN FOR EMPLOYEES OF THE
TOWN OF SURFSIDE, FLORIDA
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	2013	2012
ADDITIONS:		
Contributions		
Employer	$ 664,394	$ 515,440
Plan members	375,275	321,155
Buy back of contributions	108,273	12,982
Total contributions	1,147,942	849,577
NET INVESTMENT INCOME:		
Net appreciation (depreciation) in fair value of investments	1,222,215	1,672,581
Interest	112,203	146,721
Dividends and other	207,056	181,101
Total investment earnings	1,541,474	2,000,403
Less investment expenses	72,517	72,805
Net investment Income	1,468,957	1,927,598
Total additions	2,616,899	2,777,175
DEDUCTIONS:		
Benefit payments	533,907	550,266
Refunds of contributions	63,484	59,355
Administrative expenses	69,278	75,410
Total deductions	666,669	685,031
Net increase	1,950,230	2,092,144
Net position held in trust for pension benefits Beginning of year	12,556,125	10,463,981
Net position held in trust for pension benefits End of year	**$14,506,355**	**$12,556,125**

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND MATTERS

The financial statements of the Retirement Plan for Employees of the Town of Surfside, Florida (the "Town") have been prepared 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 standard setting body for governmental accounting and financial reporting.

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 retirement plan covering substantially all employees of the Town of Surfside. All full-time employees became members of the Plan immediately upon employment. 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 Board of Trustees, which is subject to the ultimate authority of the Town Commission.

Reporting Entity - These financial statements presented are only for the Retirement Plan for Employees of the Town of Surfside, and are not intended to present the financial statements of the Town.

The financial statements for the Retirement Plan for Employees of the Town are included in the Town of Surfside's Comprehensive Annual Financial Report (CAFR) for the years ended September 30, 2013 and 2012, which are separately issued documents. Anyone wishing further information about the Town is referred to the CAFR for the respective year in which the Retirement Plan has been included. The CAFR for the Town is available at Town Hall located at 9293 Harding Avenue, Surfside, Florida.

New Accounting Pronouncements- The Retirement Plan has implemented GASB Statement No. 63, ***Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.*** This Statement is effective for all reporting periods beginning after December 15, 2011. GASB Concepts Statement No. 4, Elements of Financial Statements, introduces and defines deferred outflows of resources and deferred inflows of resources as a consumption or acquisition of net assets, respectively, that is applicable to a future reporting period. These transactions are distinct from assets and liabilities and GASB Statement No. 63 establishes standards for reporting these financial statement elements and related disclosures. Incorporation of deferred inflows of resources and deferred outflows of resources into the financial statements also results in a change in terminology from net assets to net position for the residual of all other elements presented in a statement of financial position. The Retirement Plan does not have any deferred inflows of resources or deferred outflows of resources to report for the fiscal year ended September 30, 2013.

GASB Statement No. 65, ***Items Previously Reported as Assets and Liabilities***, was issued March 2012. This Statement reclassifies certain items previously reported as assets and liabilities to deferred outflows/inflows of resources or to outflows/inflows of resources and provides financial reporting guidance related to the impact of these outflows/inflows to financial statement

New Accounting Pronouncements (continued)

elements. The requirements of this Statement will be implemented in fiscal year ending September 30, 2014.

GASB Statement No. 67, ***Financial Reporting for Pension Plans***, an amendment of GASB 25 was issued June 2012 and is effective for fiscal years beginning after June 15, 2013. This Statement amends GASB Statement No. 25 and GASB Statement No. 50, as they relate to pension plans administered through trusts that meet certain criteria. This Statement establishes standards for financial reporting and amends note disclosure and supplemental information requirements for defined benefit pension plans administered through qualified trusts. The requirements of this Statement will be implemented in the fiscal year ending September 30, 2014.

GASB Statement No. 68, ***Accounting and Financial Reporting for Pensions***, was issued June 2012, and is effective for fiscal years beginning after June 15, 2014. This statement amends GASB Statement 27 as well as the requirements of GASB Statement No. 50 as they relate to governmental employers that provide pensions through trusts. This Statement establishes procedures for measuring and recognizing the obligations associated with pensions as well as identifies methods for attributing the associated costs to appropriate period as they are earned over an employee's career, Also, included in this Statement are amendments to notes and required supplementary information requirements as well as details to address special funding situations. This Statement will be implemented in the fiscal year ending September 30, 2015.

Basis of Accounting - The Retirement Plan for Employees of the Town of Surfside's financial statements are prepared on the accrual basis of accounting, reflecting income when earned and contributions for the year (regardless of when received) and expenses and other obligations when incurred (regardless of when paid). Benefit payments and refunds of contributions are recorded as they become due.

The contributions received from the Town of Surfside are actuarially determined in accordance with F.S. 112 (2), and are recognized as revenues when due.

Employee contributions are recognized when due as the payroll deductions are made.

Benefit payments are recognized when due and payable in accordance with the terms of the Plan.

Contribution refunds are recognized when due and payable in accordance with the terms of the Plan and the Town's procedures for terminations.

Method Used to Value Investments - The Retirement Plan investments are reported at fair value, and are managed by a third-party money manager. The Retirement Plan's Custodian and the individual money manager price each instrument using closing prices from the national securities exchange markets on the last business day of the Retirement Plan's year. Investments that do not have an established market are reported at estimated fair value.

NET POSITION RESTRICTED FOR PENSION BENEFITS - The Net Position restricted for pension benefits is the differences between the total plan assets and the total plan liabilities, and is held in trust for pension benefits.

CONTRIBUTIONS - Contributions are received from the Town at actuarially determined rates, and from active plan participants.

The Town has traditionally contributed the annual required contribution (ARC) and, thus, does not have to report, a net pension obligation (NPO).

Average Final Compensation - The average of basic compensation during the highest three years (five years for general employees) of the ten years preceding termination.

INVESTMENT INCOME - Both realized and unrealized gains/losses are recognized under Net Appreciation (Depreciation) in the Fair Value of Investments.

MONTHLY BENEFIT PAYMENTS - The Plan's monthly pension benefit payments are transmitted to each recipient prior to the last business day of the month for the following month.

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 benefits of the Retirement Plan.

ESTIMATES - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results may differ from management's estimates.

DATE OF MANAGEMENT'S REVIEW - Subsequent events have been evaluated through May 22, 2014, which is the date the financial statements were available to be issued.

NOTE 2 - DESCRIPTION OF THE PLAN

The Plan is a single employer defined benefit pension plan for all eligible employees of the Town who customarily work more than thirty-two hours per week.

The Florida Constitution requires local governments to make the actuarially determined contribution. The Florida Division of Retirement reviews each local government's actuarial report prior to its use for funding purposes.

Characteristics of Participants included in the Actuarial Valuation Reports
The Actuarial Report as of October 1, indicated the Retirement Plan's membership consisted of:

	2013	2012
Retirees, beneficiaries, & disabled currently receiving benefits	33	32
Terminated employees entitled to future benefits	7	8
Active Plan Participants		
Vested	37	33
Partially vested	14	12
Non-vested	40	34
	91	79

Contributions - Funding of the Plan is provided by contributions from the Town and the employees. 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. Employees were required to contribute either 5% of their covered compensation or after October 1, 1979, members had the irrevocable option to increase their contributions to 7% of covered compensation to receive increased benefits. Effective July 1, 1996, each member had the irrevocable option to increase his (her) contribution rate from 5% to 7% or 8% of covered compensation.

Effective January 31, 2003, employee contributions were reduced to 6% for employees previously contributing 7% or 8%. Employees previously contributing 5% were given the one-time option to increase contributions to 6%. The Police Officers' contribution rate was increased to 8% effective October 1, 2005, with increased benefit multipliers.

Cost of Living Adjustment - Beginning January 1, 2004, and each January 1 thereafter a 1.5% automatic annual cost of living benefit increase is provided for all current and future retirees, disableds, beneficiaries and vested terminated members who had been receiving benefits for at least one year.

Service Retirement Benefits - Members who are sworn Police Officers may retire at the age of 52 with 20 years of creditable service or at age 62 with 5 years of creditable service, upon completion of 25 years of creditable service, or completion of 15 years and four months of creditable service if hired on a full-time basis in March 2003. The Town Manager is eligible at age 64 with 7 years of creditable service. General employees may retire at the age of 62 with 15 years of creditable service, or at the age of 65 and the completion of ten years of creditable service.

Annual retirement benefits are as follows for General Employers and Police Officers:

For service rendered prior to October 1, 1979, 1-2/3% of the average final covered compensation for each year of service multiplied by the number of years of creditable service rendered prior to October 1, 1979.

The benefit accrual for members who contributed 5% of covered compensation from October 1, 1979 to June 30, 1996, is 1-2/3% of average final compensation for each year of service multiplied by the number of years of creditable service rendered from September 30, 1979.

The benefit accrual for members who contributed 7% of covered compensation from October 1, 1979 to June 30, 1996, is 2% of the average final compensation for each year of service multiplied by the number of years of creditable service rendered after September 30, 1979.

Members who contributed 5%, 7%, or 8% of covered compensation from July 1, 1996 to January 31, 2003, are entitled to a benefit accruals of 1-2/3%, 2.0%, or 2.5%, respectively, of the average final compensation for each year of service multiplied by the number of years of creditable service rendered after July 1, 1996.

For General Employees who contributed 5% or 6% of covered compensation from February 1, 2003, the benefit accruals are 2% and 2.5%, respectively, of the average final compensation for each year of service rendered after that date multiplied by the number of years of creditable service. Police Officers who contributed 5% and 6% from February 1, 2003 to September 30, 2005, respectively, 2% and 2.5% of the average final compensation for each year of service multiplied by the number of years of creditable service rendered during that period.

The maximum benefit allowable for general employee members is sixty percent of the average final compensation.

POLICE OFFICERS - The following Retirement Plan provisions are only for certified law enforcement members of the Plan:

Contributions - Effective October 1, 2005 to September 30, 2006, Police Officers contributed eight percent (8%) of earnable compensation to the Plan and receive a benefit accrual of 3.0%.

The Retirement Plan multiplier for creditable service rendered on or after October 1, 2006, is 3.5% of the monthly average final compensation multiplied by the number of years of creditable service on or after September 30, 2006.

At a multiplier of 3-1/2%, the maximum total annuity payable to a Police Officer is ninety percent of average final compensation.

The Town maintains a five-year Deferred Retirement Option (DROP) Program initially for Police Officers and dispatchers only. The eligibility requirement is attainment of normal retirement date. The maximum period of participation in the DROP is five 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 Police Officer participated in the DROP plan as of year end. The amount of his pension benefits for the year ended September 30, 2013, totaled $19,407 with the earnings $1,214 for a total account balance for this Police Officer of $20,621. This amount is included in these financial statements as an asset and a pension liability for $20,621.

GENERAL EMPLOYEES - DEFERRED OPTION RETIREMENT OPTION - Effective August 13, 2013, the Town Commission passed an Ordinance, which amended the Deferred Option Retirement option plan (DROP) to include all members of the retirement 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 sixty months. Subsequent to year end three general employees made the election to participate in the DROP plan.

Vested Benefits - The Plan has a ten year graded vesting schedule for all general employees whereby a member is fifty percent vested after five years of creditable service. Such vesting increases by ten percent each year thereafter until one-hundred percent vesting is attained at ten years of creditable service. Effective October 1, 2007, in accordance with Ordinance Number 08-1492, Police Officers are one-hundred percent vested after five years of creditable service.

If separated from service after the member is fully vested, such vested member shall be entitled to a service retirement annuity commencing at age 65 for General Employees or the date that the would have been the Normal Retirement date had the member continued in employment as a Police Officer. Such members shall not have applied for or received a refund of their contributions to the Plan.

Employee Contributions - The Town Commission passed an Ordinance amending the tax treatment of the employee contributions effective January 1, 2009. As of that date the employee contributions were changed from post-tax to pre-tax contributions as permitted by Section 414(h) of the Internal Revenue Code.

Early Retirement - Members are eligible for early retirement at the earlier of age 55 with 15 years of creditable service, or 20 years of creditable service regardless of age. The benefit is the same as the normal retirement benefit using the average final compensation and creditable service as of the early retirement date, but payable at the normal retirement date assuming continued employment. If the employee elects to receive the benefit prior to the normal retirement, the rate is reduced because the benefit will be received sooner, and over a longer period of time.

Termination of Employment - If a member terminates employment prior to attaining vested rights, the member receives a refund of his(her) accumulated contributions plus interest of 4% per annum on such contributions made on or after January 1, 1979.

DISABILITY BENEFITS:

Service Connected - Any member who becomes totally disabled as a direct result of performance of service to the Town shall receive 75% of monthly compensation in effect on the date of the disability. If such service connected disability was not a direct result of physical injury, the amount of the benefit is 45% of the rate of monthly compensation in effect on the date of the disability. For General Employees the benefit is reduced by any monthly disability benefits to which the employee is entitled to from Workers' Compensation and the Federal Social Security System to the extent permitted by law.

Non-Service Connected - In order for a member to be eligible for a non-service disability benefit at least two of the following must certify in writing that the member is wholly prevented from engaging in any occupation for wages or profits, and that he is likely to remain so disabled continuously and permanently: 1) A duly licensed physician selected by and paid for by the Board; 2) A duly licensed physician selected by and paid for by the member; 3) A duly licensed physician mutually agreeable to by these physicians and paid by the Board.

Pension Board Approval - Disability retirement from the Plan is subject to approval by the Pension Board. The Pension board has the right to require physical exams certifying the disability prior to the commencement of the disability benefits and after disability benefits commence for continuance of disability.

Termination - Upon termination of the Plan for any reason, the Pension Trust Fund shall be apportioned and distributed to participants in accordance with the provisions of the Plan. Those provisions include giving a priority right to Pensioners to receive the present value of their pensions. The active members are entitled to receive a pro rata share of the remainder.

Death Benefits - If death occurs prior to the Normal Retirement Date, the Accumulated Employee Contributions plus interest are refunded to the member's beneficiary or estate. If a member dies after reaching the Normal Retirement Date but before the member has retired, survivor benefits will be paid as though the member had retired immediately before death. Upon reaching Normal Retirement Date the member may select which type of survivor benefits would be payable in the event the death occurs before actually retiring.

Related Parties - There are no investments in, loans to, or leases with parties related to the Retirement Plan.

Plan Expenses - In accordance with the provisions of the Plan, investment and administrative expenses of the Plan may be paid either by the Town or the Plan. The established policy is that the Retirement Plan pays all of the investment and administration expenses of the Plan as well as the Actuarial fees for the Annual Actuarial Valuation. It has been the Town's policy to pay the fees for any additional actuarial services provided.

Funding Policy - Contributions of funds are received from the Town at actuarially determined rates in accordance with F.S. Chapter 112 (2) the State of Florida.

Active members contribute a percentage of pensionable pay at rates of 5% or 6% for general employees, and 8% for Police Officers.

The Town has traditionally contributed the annual required contribution (ARC) and, thus, has never had or needed to report, a net pension obligation (NPO).

Three-year Trend Information for the Retirement Plan is presented below:

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9/30/2011	628,266	100%	(217,686)
9/30/2012	523,734	98%	(207,392)
9/30/2013	551,895	97%	(189,706)

Funded Status and Funding Progress

The schedule of funding progress presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability of benefits. See page 25.

FUNDED STATUS AND FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded (Overfunded) AAL UAAL (b-a)	Funded Ratio (a/b)	Covered Payroll c	UAAL as a Percentage of Covered Payroll (b-a)/c
10/01/2013*	$14,125,280	$15,732,302	$1,607,022	89.8%	$5,181,920	31.0%
10/01-2013**	$14,125,280	$15,767,546	$1,642,266	89.6%	$5,181,920	31.7%

* Prior to Plan Amendment

**After Plan Amendment

This schedule is derived from the Actuarial Report dated October 1, 2013. The actuarial methods and assumptions for the Retirement Plan are presented on page 18.

Actuarial assumptions include an actuarial method of entry age, with level dollar amount, closed amortization period with 30 years remaining in the amortization period. The asset valuation method is a five-year smoothed market. The actuarial investment rate of return assumption is 7.5%.

The Schedule of Funding Progress immediately following the Notes to the Basic Financial Statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability.

The information presented in the required supplementary schedules was determined as part of the actuarial assumptions at the dates indicated. Additional information as of the latest actuarial valuation follows:

Actuarial Valuation:	
Frequency	Annual
Actuarial valuation date	October 1, 2012
Contribution rates:	
Employer	14.0%
Plan members	6.8%
Actuarial cost method	Entry age
Annual pension cost	$551,895
Amortization method	Level dollar amount, closed
Remaining amortization period	30 years
Asset Valuation Method	Five year smoothed market
Actuarial assumptions:	
Investment rate of return*	7.5%
Projected salary increase*	4.0% - 13.5%
Cost of living adjustments	1.5%
* Includes inflation at	4.0%

Actuarial Valuation - Actuarial valuations are prepared each year as of October 1, to facilitate budgetary planning needs employer contribution requirements are provided for the fiscal year that commences following that fiscal year end. For example, the Actuarial Valuation Report dated October 1, 2011, included the required Town contribution of $534,209 for the year ended September 30, 2013. Additionally, the Town made a contribution of $130,185 for a Police Officer who was reinstated during the year ended December 31, 2013. The Actuarial Report advised the Town its minimum required contribution to the Plan for the year ending September 30, 2015, is $727,022.

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the dates indicated. Additional information as of the latest actuarial valuation is located in the Actuarial Section.

NOTE 4 - CONTRIBUTIONS

During the year ended September 30, 2013, the Town entered into an agreement with a Police Officer who had separated from service. The terms of the agreement included the reinstatement of the Officer without a break in service. The Town made contributions to the Plan totaling $664,394 for the year ended September 30, 2013, which includes the Actuarially determined contribution of $534,209, and $130,185 on behalf of this Police Officer as a contribution in accordance with the agreement. Additionally, included in these financial statements is a buy back of contributions for this Police Officer of $108,273. The employee contributions include $34,311 made upon the reinstatement of this Police Officer.

NOTE 3 - INVESTMENTS

The investment activity of the Plan is directed by an investment advisory firm. All investments made or held by the Fund shall be limited to the following:

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.

   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.

4. 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 ETF exchange-traded funds

5. Commingled equity, bond 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 Fund assets at market, and no more than 5% at cost of the equities may be invested in a single company.

As of September 30, 2013 and 2012, the percentage of investments in equities, excluding the cash, ETF and IShares funds totaled approximately 15.2% and 20.5% of the total investments, respectively. The ETF and IShares funds are not under management. The cost and fair value of Fiduciary Net Position held in trust for Plan benefits at September 30, follows:

	2013		2012	
	Cost	Fair Value	Cost	Fair Value
Cash and Cash Equivalents:				
Cash and cash equivalents	$ 506,582	$ 506,582	$ 641,774	$ 641,774
Investments:				
U.S. Government Securities	895,755	918,851	995,833	1,033,760
Government Agency bonds	739,708	738,272	244,922	245,160
Mortgage backed Securities	294,362	307,965	471,905	503,085
Corporate bonds	2,860,110	2,816,043	2,452,961	2,585,576
Municipal bonds	30,000	32,744	30,000	35,481
Common stocks	1,718,657	2,117,088	2,452,961	2,443,576
ETF/IShares	6,293,160	7,029,002	5,145,184	5,099,760
	12,831,752	13,959,965	11,793,766	11,946,398
	$13,338,334	$14,466,547	$12,455,540	$12,588,172

As of September 30, 2013, the Plan had the following investment types:

Investment Type	Fair Value	Weighted Average Maturity (Years)
U.S. Treasuries	$ 918,851	4.808
Government Agency Bonds	738,272	1.997
Mortgage backed securities	307,965	1.997
Corporate bonds	2,816,043	5.205
Build America bonds (Municipal obligations)	32,744	6.890
Total fair value	$4,813,875	
Portfolio weighted average maturity		4.253

Interest Rate Risk. In accordance with its investment policy, the Plan manages its exposure to declines in the fair market value of its securities through a conservative approach of managing portfolio exposure to duration, maturity and sector relative to market indices.

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 Town's policy to limit its investments in this investment type to the top two ratings issued by NRSROs. As of September 30, 2013, the Plan's investments in the U.S. Treasury Portfolio (cash and cash equivalents) were rated AAA by Standard & Poor's, and Aaa by Moody's Investors Service. 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 (Standards & Poor, Moody's or Fitch). The corporate bonds held by the Plan were in the top three rating classifications. The mortgage backed securities were ranked AAA and Aaa by Standard & Poor's, and Moody's respectively.

Concentration of credit risk. The Town's investment policy does not allow for an investment in any one issuer, other that U.S. Government securities, that is in excess of five percent of the government's total investments. No investment in any one organization represents five percent or more of the total investments.

Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the securities, whether fixed or equities are held in the name of the Plan.

The rate of interest earned fluctuates during the year based on market conditions. Also, there is no stated maturity date for these types of investments. Funds may be invested, withdrawn, or reinvested at the discretion of the Plan.

Sales and purchases of investments - As of September 30, 2013 and 2012, there were sales and purchases of investments that had been executed, but not settled as of year end. These amounts are included in the investments in the financial statements as due to the broker for purchases, and due from the broker for sales as follows:

	2013	2012
Purchases:		
Corporate bonds	$ 61,261	$ 145,944
U.S. Government Agency Bonds	-	149,943
Exchange traded funds	-	2,195,558
Common stocks	58,393	-
Due to broker for unsettled trades	$119,654	$2,491,445

Sales and purchases of investments (continued)

	2013	2012
Sales:		
U.S. Government Securities	$ 64,720	$ 239,400
Common stocks	19,839	2,185,863
Due from broker for unsettled trades	$ 84,559	$2,425,263

Net appreciation (depreciation) in fair value of the investments - include the current year realized gains and losses, which are calculated independently of the calculation of the appreciation (depreciation) in net assets. The unrealized gains (losses) included in the net appreciation (depreciation) in fair value of the investments as of September 30 is as follows:

	2013	2012
Investments:		
U.S. Government Securities	$ (28,355)	$ (58,137)
Government agency bonds	(1,674)	(3,234)
Mortgage backed securities	(17,338)	(4,214)
Corporate bonds	(94,464)	22,902
Municipal obligations	(2 736)	947
Common stocks	376,108	804,251
Exchange traded funds - I Shares	803,187	514,660
	$ 1,034,728	$ 1,277,175

The calculation of realized gains and losses is independent of the calculation of net appreciation (depreciation) in the fair value of plan investments. Unrealized gains and losses on investments sold in the current year that have been held for more than one year were included in the net appreciation (depreciation) reported in the prior year and the current year.

The realized gains (losses) included in the net appreciation (depreciation) of the fair value of the investments as of September 30 are as follows:

	2013	2012
Investments:		
U.S. Government Securities	$ (15,721)	$ 59,316
Government agency bonds	-	1,782
Mortgage backed securities	(8,298)	(8,796)
Corporate bonds	(68,527)	73,002
Municipal obligations	-	888
Common stocks	200,607	269,214
IShares - ETFs	79,426	-
	$ 187,487	$ 395,406

NOTE 4 - FAIR VALUE MEASUREMENTS

The *Fair Value Measurements and Disclosures* Topic of the FASB Accounting Standards Codification established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Basis of Fair Value Measurement

Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly.

NOTE 4 - FAIR VALUE MEASUREMENTS (continued)

Level 3 Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable

The methods used to measure fair value may produce an amount that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, although the Plan believes the valuation methods are appropriate an consistent with those of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth, by level within the fair value hierarchy, the Plan's investment assets at fair value as of September 30, 2013 and 2012.

		Fair Value Measurements as of 9/30/2013 using		
	Total	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs Level (2)	Significant Unobservable Inputs (Level 3)
Equities:				
Common stocks	$ 2,117,088	$ 2,117,088	-	-
Exchange traded funds - IShares:				
IShares Cohen & Steers Realty Majors	$ 660,169	$ 660,169	-	-
IShares Core S&P Mid-Cap ETF	757,875	757,875	-	-
IShares Russell 2000 - ETF	768,871	768,871	-	-
SPDR Barclay's Capital Convertible Securities	745,393	745,393	-	-
IShares - MSCI EAFE - ETF	1,524,461	1,524,461	-	-
SPDR S&P 500 - ETF Trust	2,572,233	2,572,233	-	-
	$ 7,029,002	$ 7,029,002		
Money Market Fund				
Cash and Cash Equivalents	$ 506,582	$ 506,582	-	-
Bonds and notes:				
U.S. Government Securities	$ 918,851	$ 918,851	-	-
U.S. Government Agency Bonds	738,272	738,272	-	-
Mortgage Backed Securities	307,965	-	307,965	-
Corporate Bonds	2,816,043	-	2,816,043	-
Municipal Obligations	32,744	-	32,744	-
	$ 4,813,875	$ 1,657,123	$ 3,156,752	$ -
	$14,466,547	$11,309,795	$ 3,156,752	$ -

NOTE 4 - FAIR VALUE MEASUREMENTS (continued)

		Fair Value Measurements as of 9/30/2012 using		
	Total	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs Level (2)	Significant Unobservable Inputs (Level 3)
Equities:				
Common stocks	$ 2,443,576	$ 2,443,576	-	-
Exchange traded funds - IShares:				
IShares Cohen & Steers Realty ETF	$ 991,809	$ 991,809	-	
IShares Russell 2000 ETF	952,217	952,217	-	
SPDR Barclay's Capital Convertible Securities	261,228	261,228	-	
IShares - MSCI EAFE - ETF	690,325	690,325		
SPDR S&P 500 - ETF Trust	2,204,181	2,204,181	-	
	$ 5,099,760	$ 5,099,760		
Money Market Fund				
Cash and Cash Equivalents	$ 641,774	$ 641,774	-	
Bonds and notes:				
U.S. Government Securities	$ 1,033,760	$ 1,033.760	-	
U.S. Government Agency Bonds	245,160	245,160 -	-	
Mortgage Backed Securities	503,085	- -	503,085	
Corporate Bonds	2,585,576	-	2,585,576	-
Municipal Obligations	35,481	-	35,481	-
	$ 4,403,062	1,278,920	3,124,142	-
	$12,588,172	$ 9,464,030	$ 3,124,142	$ -

(This page left blank intentionally).

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

RETIREMENT PLAN FOR EMPLOYEES OF THE
TOWN OF SURFSIDE, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

SCHEDULE OF FUNDING PROGRESS
SEPTEMBER 30, 2013

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll 'c	UAAL as % Covered Payroll (b-a)/c
10/01/2008	$11,701,487	$10,971,286	$ (730,201)	106.7%	$4,568,544	(16.0%)
10/01/2009	11,697,998	11,662,297	(35,701)	100.3%	4,059,522	(0.9%)
10/01/2010	12,304,770	12,414,859	110,089	99.1%	4,016,852	2.7%
10/01/2011	12,487,404	13,272,023	784,619	94.1%	4,053,208	19.4%
10/01/2012	12,768,477	14,287,456	1,518,979	89.4%	4,359,957	34.8%
10/01/2013*	14,125,280	15,732,302	1,607,022	89.8%	5,181,920	31.0%
10/01/2013**	14,125,280	15,767,546	1,642,266	89.6%	5,181,920	31.7%

* Prior to Plan Amendment

** After Plan Amendment

SCHEDULE OF EMPLOYER CONTRIBUTIONS
SEPTEMBER 30, 2013

Year Ended September 30,	Annual Required Contribution (ARC)	Percentage Contributed	Actual Employer Contributions Made
2008	$384,905	100.00%	$384,905
2009	423,747	100.00%	423,747
2010	553,919	100.00%	553,919
2011	625,963	100.00%	625,963
2012	515,440	100.00%	515,440
2013	534,209	100.00%	534,209

SUPPORTING SCHEDULES

RETIREMENT PLAN FOR EMPLOYEES OF THE
TOWN OF SURFSIDE, FLORIDA

SCHEDULE OF ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	2013	2012
Professional Services:		
Actuarial	$ 15,524	$ 23,330
Attorney	12,769	12,743
Auditing services	23,500	23,500
Secretarial and other	2,103	2,518
Plan Administrator	10,890	8,100
Total Professional Services	64,786	70,191
Insurance expense:		
Fiduciary liability insurance	4,492	4,756
Other administrative expenses:		
Convention and seminars	-	43
Office supplies	-	420
Total other administrative	-	463
TOTAL ADMINISTRATIVE EXPENSES	$ 69,278	$ 75,410

SCHEDULE OF INVESTMENT MANAGER, CONSULTANT, AND CUSTODIAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2013

Investment Manager		
ICC Capital Management	$ 33,747	$ 36,244
Investment Consultant Fees		
Burgess Chambers	22,000	22.000
Custodian fees		
SunTrust Bank	16,770	14,561
	$ 72,517	$ 72,805

INVESTMENT SECTION

INVESTMENT POLICY – BACKGROUND

The administration and responsibility functions of the Plan are vested with the Pension Board of Trustees. It is the responsibility of the Board to manage a defined benefit retirement program that remains actuarially sound. The Board delegates certain responsibilities to qualified professionals who include: the investment manager, performance monitor, actuary, attorney and administrator. The Investment Policy of the Plan is designed principally to provide for:

Investment Return Goals and Objectives – designed to achieve the actuarial interest rate assumption within a prudent level of risk.

Diversification – investment portfolio designed to spread the risk and limit exposure to any particular type of asset class or security.

Performance Measurement Standards and Accountability – requires the Board to act (as a fiduciary) whenever an investment program is not achieving stated goals and objectives.

The Town's investment approach is conservative and is limited to liquid securities. The bond portion must meet high quality standards. Both the domestic and international equities emphasize large capitalization companies that are priced daily. Both active and passive equity strategies are incorporated into the program.

The Board meets quarterly with its investment manager, performance measurement consultant, and other consultants. The performance of the investment manager(s) is evaluated on a quarterly basis.

The investment activity of the Plan is contained in the SunTrust Custodian bank statements.

INVESTMENT GOALS AND OBJECTIVES

During the Fiscal Year, the total Plan earned 11.6%, net of management fees and trading costs. The best performing asset categories were: small-cap stocks (+30.4%), large-cap stocks (+26.4%) and international stocks (+24.4%). The total Plan performance trailed the Hybrid Benchmark (+12.2%), and outperformed the Actuarial Assumption (+7.5%).

ASSET ALLOCATION STRATEGY

The asset allocation determines the expected investment return and associated volatility risk. It is mean variance based and assumes that the long-term average (or mean) returns of asset classes is a predictor of future returns. Asset classes have varying correlations to each other. By blending asset classes with different correlations, volatility risk is reduced. The investment monitor prepares asset allocation studies for the Board to better understand the means necessary to achieve an expected return. The result is a target allocation which identifies the recommended weightings of asset classes. The target allocation considers value and growth styles, capitalization, domestic equity, international equity, equity real estate, and fixed-income. Several key restrictions to the asset allocation strategy places a limitation on equities to 70% (at market), no more than 5% of the equities may be invested in a single company (at cost).

The performance of each asset class was compared to a corresponding index. The active equity and fixed-income portions were also compared to their respective peer groups.

TARGET ALLOCATION

	Target	Mkt. Range
Domestic Large Cap Equity	32%	25-40%
Convertibles	5%	3-8%
Domestic Mid Cap Equity	5%	3-8%
Domestic Small Cap Equity	5%	3-8%
International Equity	10%	5-15%
Real Estate	5%	3-8%
Fixed Income	35%	N/A
Cash	3%	0-5%
Total	100%	

The Hybrid Benchmark objective is as follows:

S&P500	32%
ML Convertible	5%
Russell Mid Cap	5%
Russell 2000 Value	5%
MSCI EAFE*	10%
Wilshire Real Estate Sec. Index	5%
Barclays Intermediate Aggregate	35%
90-day Treasury	3%
Total	100%

*Morgan Stanley Capital International Europe Australia Far East

Since market conditions will favor one approach over another, during 12 to 36 month time periods, the asset allocation will require periodic rebalancing. Because the long-term approach of the fund is to achieve blended returns of five separate investment approaches, it is essential that weightings remain within the above ranges. Accordingly, at least once a year the asset allocation shall be reviewed and any necessary action will be recommended.

PERFORMANCE MEASUREMENT AND INDEX COMPARISONS

The following performance measures are used as objective criteria for evaluating the effectiveness of the Investment Manager:

1. Total Fund Performance – the goal is to achieve an average annual rate of return over all three-year periods that meets or exceeds the actuarial assumed rate of return of 7.5%.

2. Core Large-Cap Value Performance – this section in the portfolio is expected to perform at a rate of that achieved by the S&P500 Stock Index, and is in the top 40% of a nationally recognized large-cap core equity manager universe.

3. Mid-Cap Core Index Performance- This portion of the portfolio is expected to perform at a rate that achieves the Russell Mid-Cap Index.

4. Convertibles Index- This portion of the portfolio is expected to perform at a rate that achieves the Merrill Lynch Convertible Index

5. Small-Cap Value Index Performance - This portion of the portfolio is expected to perform at a rate that achieves the Russell 2000 Value Index.

6. International Equity Index Performance - This portion of the portfolio is expected to perform at a rate that achieves the MSCI EAFE Index.

7. Real Estate Investment Trust (REIT) Index Performance - This portion of the portfolio is expected to perform at a rate that achieves the Dow Jones Wilshire REIT Index.

8. Fixed Income Performance - The bond portion of the portfolio, defined as fixed income and preferred stocks, is expected to perform at a rate that exceeds the Barclays Capital Aggregate Bond Index and is in the top 40% of a nationally recognized broad market fixed income manager universe.

The investment monitor prepares the investment returns and takes into account cash flows and the date of occurrence. The returns are linked monthly to measure the time-weighted total return.

TOWN OF SURFSIDE
RETIREMENT PLAN FOR EMPLOYEES
OF THE TOWN OF SURFSIDE, FLORIDA

INVESTMENT RESULTS (%)
FISCAL YEAR ENDED SEPTEMBER 30, 2013

TOTAL FUND PERFORMANCE		Avg	Avg
Composite	2013	3 years	5 years
Universe Ranking	52nd	73rd	78th
Total Fund (gross)	12.0	9.2	6.8
Hybrid Benchmark	12.2	10.5	8.0
Actuarial Assumption	7.5	7.5	7.5
EQUITY PERFORMANCES			
ICC Capital Equity	26.4	14.5	8.6
SPDR S&P 500*	19.3	N/A	N/A
I-Share Mid Cap*	N/A	N/A	N/A
I-Share Russell 2000	30.4	18.1	11.0
I-Share MSCI EAFE	24.4	8.8	6.0
Cohen & Steers REIT	2.2	12.3	4.9
FIXED INCOME PERFORMANCE			
ICC Capital Fixed Income	-2.7	3.2	5.6

*Half of ICC Equity was replaced by SPDR S&P500 ETF during the 3Q2012. I-Share Mid Cap was added during 2Q2013.

Note: The basis for the calculation is a time-weighted rate of return based on the market value of return.

TOWN OF SURFSIDE
RETIREMENT PLAN FOR EMPLOYEES
OF THE TOWN OF SURFSIDE, FLORIDA

SCHEDULE OF FEES FISCAL YEAR
ENDED SEPTEMBER 30, 2013

Investment Services	Total Assets	Fees & Expense Ratios
ICC Capital Management	$7,428,790	$31,522 (0.22%)
Other Investment Service Fees Custodian – SunTrust Bank		$16,198 (0.11%)
Investment Performance Measurement Consultant Burgess Chambers & Associates (BCA)		$22,000 (0.18%)
Total	**$14,470,778**	**$69,720 (0.48%)**

Please note: The Retirement Plan for Employees of the Town of Surfside has one active Investment Manager, ICC Capital Management, which manages the portfolio. For the fiscal year ending September 30, 2013, ICC traded through Cantor Fitzgerald, Direct Access Partners, Cuttone & Co., Griswold Company, MND Partners, FBN Securities, Ivy Securities, Jones Trading and Edgetrade 2, which generated a total commission of $1,727.56

During the fiscal year ended September 30, 2013, the Plan invested in I-Shares and SPDR Index Funds, which are not included in the portfolio managed by ICC Capital Management.

Burgess Chambers & Associates is the Investment Performance Measurement Consultant.

TOWN OF SURFSIDE
RETIREMENT PLAN FOR EMPLOYEES OF
THE TOWN OF SURFSIDE, FLORIDA

ICC PORTFOLIO SUMMARY
FISCAL YEAR ENDED SEPTEMBER 30, 2013

Security Type	Market Value	Pct. Assets	Cur. Yield
CASH AND EQUIVALENTS	**487,007**	**6.5**	**-**
COMMON STOCK			
MATERIALS	78,492	1.1	2.3
INDUSTRIALS	215,031	2.9	1.7
TELECOMMUNICATIONS	33,820	0.5	5.3
CONSUMER DISCRETIONARY	323,611	4.3	1.8
CONSUMER STAPLES	138,828	1.9	2.1
ENERGY	256,589	3.4	1.3
FINANCIALS	560,048	7.5	1.7
HEALTH CARE	251,643	3.4	2.0
INFORMATION TECHNOLOGY	160,068	2.2	2.1
UTILITIES	98,958	1.3	3.9
COMMON STOCK	**2,117,088**	**28.4**	**1.9**
FIXED INCOME			
CORPORATE BONDS	2,816,045	37.8	2.5
MUNICIPAL BONDS	33,242	0.4	5.1
GOVERNMENT BONDS	918,789	12.3	1.0
MORTGAGE POOLS	307,966	4.1	5.3
GOVERNMENT SPONSORED BOND	738,272	9.9	0.6
Accrued Interest	23,042	0.3	
FIXED INCOME	**4,837,357**	**65.0**	**2.2**
TOTAL PORTFOLIO	**7,441,452**	**100.0**	**1.9**

ACTUARIAL SECTION

GRS
Gabriel Roeder Smith & Company
Consultants & Actuaries
One East Broward Blvd.
Suite 505
Ft. Lauderdale, FL 33301-1804
954.527.1616 phone
954.525.0083 fax
www.gabrielroeder.com

May 14, 2014

Board of Trustees
Retirement Plan for Employees of the
Town of Surfside, Florida
Surfside, Florida 33154

Dear Trustees:

The funding objective of the Plan is to establish contribution rates, expressed as percents of active member payroll, that will remain approximately level from year to year. Changes in Plan benefits, actuarial assumptions and methods and differences between actual and expected experience will cause the contribution rate to change.

Contributions that satisfy the funding objective are determined by annual actuarial valuations. These valuations determine a normal (current service) cost as a level percentage of payroll, plus level amortization of the unfunded actuarial accrued liability.

The information provided is compiled from annual actuarial valuations, including the most recent as of October 1, 2013. In performing these valuations, the Town provides certain data and the plan auditor submits financial statements. We rely on the accuracy of this information and we have performed a number of checks for reasonableness of the data.

The data being provided includes the following:

- Summary of actuarial assumptions and methods
- Schedule of active and retired member data
- Solvency tests
- Analysis of financial experience
- Summary of plan provisions and changes
- Schedule of revenue by source and expenses by type
- Schedule of benefit expenses by type
- Schedule of retired members by type of benefit
- Schedule of average benefit payments
- Schedule of funding progress and
- Accounting disclosure exhibit

We compiled all of the above information.

To the best of our knowledge, the assumptions and methods being utilized conform to the Government Accounting Standards Board (GASB) Statement No. 27.

On the basis of the October 1, 2013 Actuarial Valuation, in our opinion the Retirement Plan for Employees of the Town of Surfside, Florida continues to fund its pension obligations in a manner consistent with the stated funding objective and with generally accepted actuarial principles.

Sincerest regards,

L. F. Wilson

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

RETIREMENT PLAN FOR EMPLOYEES OF THE TOWN OF SURFSIDE, FLORIDA

Summary of Actuarial Assumptions and Methods

A. Mortality

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

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

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

B. Investment Return

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

C. Allowances for Expenses or Contingencies

Estimated expenses for upcoming year, not including investment related expenses.

D. Employee Withdrawal Rates

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

General Employees	
Age	Withdrawal Rate
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

Summary Actuarial Assumptions and Methods (Continued)

D. Employee Withdrawal Rates (cont'd)

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%		

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 – 7	4.5%
7 & over	4.0%

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%

Summary Actuarial Assumptions and Methods (Continued)

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. 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%

I. Marriage Assumption

100% of all members are assumed to be married. Wives are assumed to be years younger than their husbands.

Summary Actuarial Assumptions and Methods (Continued)

J. Treatment of Actuarial Gains and Losses

Gains and losses are amortized over a period of 30 years.

K. Inflation

4.0% per year.

L. Cost of Living Adjustment

A 1.5% automatic annual cost of living increase is provided for all current and future retirees, disabled members, beneficiaries and vested terminated members.

M. 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 actuarial accrued liability over the actuarial value of assets of the Plan.

N. Changes From Previous Report

None.

Summary Actuarial Assumptions and Methods (Continued)

O. Choice of Assumptions and Methods

The actuarial assumptions and methods are recommended by the actuary and adopted by the Board of Trustees at various times. Unless otherwise indicated (below) the actuarial assumptions were adopted prior to 1998. The recommendations are based on a review of actual plan experience. A formal experience study was performed for the five (5) year period ended September 30, 2006.

Prior to October 1, 1999 the investment return assumption was 7.0%, compounded annually; net rate after investment related expenses.

Prior to October 1, 1999 the mortality assumption was the 1983 Group Annuity Mortality Tables with separate rates for males and females.

Prior to October 1, 2003 there was no cost of living adjustment benefit assumption.

Prior to October 1, 2004 the asset value was four-year smoothed average.

Prior to October 1, 2007 the mortality assumption was the 1994 Group Annuity Static Mortality Table with separate rates for males and females.

Prior to October 1, 2007 the salary increase assumption was 6.0% per year.

Prior to October 1, 2007 75% of disabilities were assumed to be service related for Police Officers.

Prior to October 1, 2007 the withdrawal rates for males and females were used in accordance with the following illustrative example:

	Annual Rate of Employment Termination	
Age	General Employees	Police Officers
20	12.4%	6.0%
30	10.5%	5.0%
40	5.7%	2.6%
50	1.5%	0.8%
60	0.5%	0.2%

Summary Actuarial Assumptions and Methods (Continued)

Prior to October 1, 2010 the salary increase assumption was as follows:

General Employees		Police Officers	
Service	Salary Increase	Service	Salary Increase
0 – 3	8%	0 - 2	15%
3 – 7	7%	2 - 3	14%
7 & over	6%	3 - 4	12%
		4 - 5	10%
		5 - 6	8%
		6 & over	6%

Prior to October 1, 2012 the mortality assumption was the 1994 UP Mortality Table Projected to 2007 with separate rates for males and females for healthy lives and the RP 2000 Disabled Mortality Table Projected to 2007 with separate rates for males and females for disabled lives.

Retirement Plan for Employees of the
Town of Surfside, Florida

Schedule of Active and Retiree Valuation Data

Active Members				
Valuation Date	Number	Annual Payroll	Average Pay	% Increase
10/01/2008	96	$ 4,568,544	$ 47,589	7.7 %
10/01/2009	79	4,059,522	51,386	8.0
10/01/2010	77	4,016,852	52,167	1.5
10/01/2011	78	4,053,208	51,964	(0.4)
10/01/2012	79	4,359,957	55,189	6.2
10/01/2013	91	5,181,920	56,944	3.2

	Retirant and Beneficiary Data			Annual Allowances					
Valuation Date	Number Added	Number Removed	Number	Added to Roll	Removed from Roll	COLA	Total	% Increase in Annual Allowances	Average Annual Allowances
10/01/2008	0	3	29	$ 0	$ 25,193	$ 6,327	$ 510,774	(3.6) %	$ 17,613
10/01/2009	10	3	36	145,401	53,888	7,820	610,107	19.4	16,947
10/01/2010	3	0	39	35,996	0	7,284	653,387	7.1	16,754
10/01/2011	3	2	40	24,258	51,153	8,962	635,454	(2.7)	15,886
10/01/2012	4	4	40	56,890	45,855	8,206	654,695	3.0	16,367
10/01/2013	4	4	40	54,205	77,851	8,034	639,083	(2.4)	15,977

Retirement Plan for Employees of the Town of Surfside, Florida

Solvency Test

Valuation Date	(1) Active Member Contributions	(2) Retirants and Beneficiaries	(3) Active Members (Employer Financed Portion)	Smoothed Actuarial Value of Assets	Portion of Accrued Liability Covered by Assets (1)	(2)	(3)
10/01/2008	$ 1,528,506	$ 5,298,777	$ 4,144,003	$ 11,701,487	100.0 %	100.0 %	100.0 %
10/01/2009	1,437,003	6,228,781	3,996,513	11,697,998	100.0	100.0	100.0
10/01/2010	1,708,876	6,445,415	4,260,568	12,304,770	100.0	100.0	97.4
10/01/2011	1,918,025	6,246,414	5,107,584	12,487,404	100.0	100.0	84.6
10/01/2012	2,127,095	6,243,748	5,916,613	12,768,477	100.0	100.0	74.3
10/01/2013	2,455,482	6,212,773	7,099,291	14,125,280	100.0	100.0	76.9

Retirement Plan for Employees of the Town of Surfside, Florida

Analysis of Financial Experience

Year	Gain (or Loss) During Year From Financial Experience	Gain (or Loss) During Year Due to Liabilities	Composite Gain (or Loss) During Year
2008	$ (324,963)	$ 112,171	$ (212,792)
2009	(962,971)	387,434	(575,537)
2010	(417,823)	(332,096)	(749,919)
2011	(896,524)	75,429	(821,095)
2012	(826,199)	230,955	(595,244)
2013	(100,153)	129,712	29,559

RETIREMENT PLAN FOR EMPLOYEES OF THE TOWN OF SURFSIDE, FLORIDA

Summary of Plan Provisions and Changes

A. Effective Date

January 1, 1962

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.

C. Creditable Service

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

D. Average Final Compensation (AFC):

The average of basic compensation during the highest three years (five years for General Employees) of the ten years preceding termination of employment; does not include bonuses, overtime, lump sum payments of unused leave or other non-regular payments.

E. Normal Retirement

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) completion of 15 years and 4 months of Creditable 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.

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.

Summary of Plan Provisions and Changes (Continued)

Form of Payment -
Straight life annuity with guaranteed refund of Accumulated Contributions (with optional forms of payment available).

F. Early Retirement

Eligibility -
The earlier of (a) age 55 with 15 years of Creditable Service, or (b) 20 years of Creditable Service regardless of age.

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

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.

H. Disability

1. Service Connected

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.

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.

Summary of Plan Provisions and Changes (Continued)

2. Non-Service Connected

   Eligibility -
   Total and permanent disability not incurred as a direct result of performance of service to the Town.

   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. Refund of Accumulated Contributions.
2. Benefit as for normal retirement using AFC and creditable service as of date of termination multiplied the applicable percentage on the table below, commencing at age 62 (65 for General Employees).

Summary of Plan Provisions and Changes (Continued)

Years of Credited Service	Percentage	
	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, disabled members, 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

Normal retirement eligibility was:

For sworn Police Officers, the earliest of (1) age 52 with 20 years of Creditable Service, (2) age 62 with 5 years of Creditable Service or (3) completion of 25 years of Creditable Service. For the Town Manager, age 64 with 7 years of Creditable Service. For all other employees, the earlier of (1) age 62 with 15 years of Creditable Service or (2) age 65 with 10 years of Creditable Service.

Only Police Officers were eligible to enter the DROP.

STATISTICAL SECTION

Retirement Plan for Employees of the Town of Surfside, Florida

Schedule of Revenue by Source and Expenses by Type

Revenue by Source

Year Ending	Member Contributions	Employer Contributions Amount	Employer Contributions % of Annual Covered Payroll	Investment Income	Total
9/30/2008	$ 280,595	$ 384,416	8.4 %	$ (1,593,976)	$ (928,965)
9/30/2009	318,692	423,747	10.4	(206,640)	535,799
9/30/2010	281,069	553,919	13.8	753,346	1,588,334
9/30/2011	284,950	625,963	15.4	(338,591)	572,322
9/30/2012	334,137	515,440	11.8	1,927,598	2,777,175
9/30/2013	340,964	534,209	10.3	1,468,957	2,344,130

Expenses by Type

Year Ending	Benefit Payments	Administrative Expenses	Refunds	Miscellaneous	Total
9/30/2008	$ 501,137	$ 75,895	$ 102,545	$ 0	$ 679,577
9/30/2009	483,668	78,049	101,811	0	663,528
9/30/2010	574,121	69,101	49,843	0	693,065
9/30/2011	580,747	73,016	106,499	0	760,262
9/30/2012	550,266	75,410	59,355	0	685,031
9/30/2013	533,907	69,278	63,484	0	666,669

STATISTICAL SECTION

Retirement Plan for Employees of the Town of Surfside, Florida

Schedule of Benefit Expenses by Type

Year Ending	Age & Service Benefits: Retirants	Age & Service Benefits: Survivors	Death in Service Benefits	Disability Benefits: Retirants	Disability Benefits: Survivors	Refunds: Death	Refunds: Separation	Total
2008	$ 399,746	$ 38,255	$ 0	$ 63,136	$ 0	$ 0	$ 102,545	$ 603,682
2009	366,341	53,244	0	64,083	0	0	101,811	585,479
2010	422,116	86,961	0	65,044	0	0	49,843	623,964
2011	420,855	93,872	0	66,020	0	0	106,499	687,246
2012	413,538	89,269	0	47,459	0	0	59,355	609,621
2013	400,478	96,103	0	37,326	0	0	63,484	597,391

STATISTICAL SECTION

Retirement Plan for Employees of the Town of Surfside, Florida

Schedule of Retired Members by Type
October 1, 2013

Amount of Monthly Benefit	Number of Retirants	Type of Retirement**			Option Selected #		
		1	2	3	Life	Opt. 1	Opt. 2
Deferred	7	0	0	7	6	1	0
$1-500	3	3	0	0	3	0	0
501-1,000	10	10	0	0	5	4	1
1,001-1,500	6	6	0	0	4	1	1
1,501-2,000	7	7	0	0	2	3	2
2,001-2,500	3	3	0	0	3	0	0
2,501-3,000	3	3	0	0	3	0	0
3,001-3,500	1	0	1	0	0	1	0
3,501-4,000	0	0	0	0	0	0	0
Over 4,000	0	0	0	0	0	0	0
Totals	40	32	1	7	26	10	4

** Type of Retirement

1 - Normal and Early retirement including survivor beneficiaries
2 - Disability retirement
3 - Former member with deferred future benefit

Option Selected

Life Annuity - Normal Form
Opt. 1 - Joint & Survivor
Opt. 2 - 10 years certain & life

STATISTICAL SECTION

Retirement Plan for Employees of the Town of Surfside, Florida

Schedule of Average Benefit Payments

RETIREMENT EFFECTIVE DATES For Fiscal Years ended September 30:	YEARS OF CREDITED SERVICE 0-5	5-10	10-15	15-20	20-25	25-30	30+	Total
2008								
Average Monthly Benefit	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Monthly Average Final Salary	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Number of Active Retirants	-	-	-	-	-	-	-	-
2009								
Average Monthly Benefit	$ 761	$ -	$ -	$ 1,243	$ -	$ 616	$ 1,772	$ 1,127
Monthly Average Final Salary	$6,767	$ -	$ -	$ 3,133	$ -	$2,020	$ 2,954	$ 3,601
Number of Active Retirants	1	-	-	2	-	1	1	5
2010								
Average Monthly Benefit	$ -	$ -	$1,541	$ -	$ -	$ -	$ -	$ 1,541
Monthly Average Final Salary	$ -	$ -	$6,406	$ -	$ -	$ -	$ -	$ 6,406
Number of Active Retirants	-	-	1	-	-	-	-	1
2011								
Average Monthly Benefit	$ -	$ -	$ 877	$ -	$ -	$ -	$ -	$ 877
Monthly Average Final Salary	$ -	$ -	$3,499	$ -	$ -	$ -	$ -	$ 3,499
Number of Active Retirants	-	-	2	-	-	-	-	2
2012								
Average Monthly Benefit	$ -	$ -	$ 517	$ -	$ -	$ -	$ -	$ 517
Monthly Average Final Salary	$ -	$ -	$2,419	$ -	$ -	$ -	$ -	$ 2,419
Number of Active Retirants	-	-	1	-	-	-	-	1
2013								
Average Monthly Benefit	$ -	$ 1,138	$ -	$ -	$1,214	$ -	$ -	$ 1,163
Monthly Average Final Salary	$ -	$ 4,758	$ -	$ -	$2,641	$ -	$ -	$ 4,052
Number of Active Retirants	-	2	-	-	1	-	-	3

Retirement Plan for Employees of the
Town of Surfside, Florida

Schedule of Funding Progress

Schedule of Funding Progress

Actuarial Valuation Date	Smoothed Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
10/01/2008	$ 11,701,487	$ 10,971,286	$ (730,201)	106.7%	$ 4,568,544	(16.0%)
10/01/2009	$ 11,697,998	$ 11,662,297	$ (35,701)	100.3%	$ 4,059,522	(0.9%)
10/01/2010	$ 12,304,770	$ 12,414,859	$ 110,089	99.1%	$ 4,016,852	2.7%
10/01/2011	$ 12,487,404	$ 13,272,023	$ 784,619	94.1%	$ 4,053,208	19.4%
10/01/2012	$ 12,768,477	$ 14,287,456	$ 1,518,979	89.4%	$ 4,359,957	34.8%
10/01/2013	$ 14,125,280	$ 15,767,546	$ 1,642,266	89.6%	$ 5,181,920	31.7%

Retirement Plan for Employees of the Town of Surfside, Florida

Accounting Disclosure Exhibit

Historical Trend Information

Schedule of Employer Costs (GASB No. 27)

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
09/30/2008	$ 387,284	99%	$ (224,308)
09/30/2009	$ 425,917	99%	$ (222,138)
09/30/2010	$ 556,068	100%	$ (219,989)
09/30/2011	$ 628,266	100%	$ (217,686)
09/30/2012	$ 525,734	98%	$ (207,392)
09/30/2013	$ 551,895	97%	$ (189,706)

Annual Pension Cost and Net Pension Asset (GASB No. 27)

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

Retirement Plan for Employees of the Town of Surfside, Florida

Accounting Disclosure Exhibit

Actuarial Assumptions and Methods

Actuarial valuation date	10/01/12
Actuarial cost method	Entry Age
Amortization method	Level dollar amount, closed
Remaining amortization period	30 years
Asset valuation method	Five year smoothed market
Actuarial assumptions:	
Investment rate of return *	7.5%
Projected salary increases *	4.0% - 13.5%
Cost of living adjustments	1.5%
* Includes inflation at	4.0%

STATISTICAL SECTION (UNAUDITED)

TOWN OF SURFSIDE, FLORIDA
RETIREMENT PLAN FOR EMPLOYEES OF THE
TOWN OF SURFSIDE, FLORIDA

STATISTICAL SECTION
(Unaudited)

This part of the Retirement Plan for Employees of the Town of Surfside's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Fund's overall financial health.

CONTENTS

TOWN OF SURFSIDE, FLORIDA
RETIREMENT PLAN FOR EMPLOYEES OF THE
TOWN OF SURFSIDE

SCHEDULE OF CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS

	2004	2005	2006	2007
Additions				
Contributions				
Employer	$ 102,410	$ 102,410	$ 230,812	$ 264,370
Plan Members	157,645	171,061	235,140	257,583
Plan Member Buybacks	-	-	21,764	-
Total Contributions	260,055	273,471	487,716	521,953
Investment Income				
Total Net Income from Investing activities	687,204	746,242	659,441	1,434,365
Total Additions to Plan Net Assets	947,259	1,019,713	1,147,157	1,956,318
Deductions				
Benefits	300,085	393,306	447,086	482,119
Refunds of Contributions	102,925	59,377	28,715	286,050
Administrative Expenses	39,396	39,960	38,323	39,112
Total Deductions from Plan Net Assets	442,406	492,643	514,124	807,281
Changes in Net Assets	504,853	527,070	632,033	1,149,037
Benefits:				
Beginning of Year	8,670,610	9,175,463	9,702,533	10,335,566
Prior period adjustment	-	-	-	-
End of Year	$9,175,463	$9,702,533	$10,335,566	$11,484,603

Source: Town of Surfside
Finance Department

2008	2009	2010	2011	2012	2013
$ 384,416	$ 423,747	$ 553,919	$ 625,963	$ 515,440	$ 664,394
280,595	318,692	281,069	284,950	321,155	340,964
-	-	-	-	12,982	142,584
665,011	742,439	834,988	910,913	849,577	1,147,942
(1,593,976)	(206,753)	753,346	(338,591)	1,927,598	1,468,957
(928,965)	535,686	1,588,334	572,322	2,777,175	2,616,899
501,137	483,668	574,121	580,747	550,266	533,907
81,234	123,009	49,843	106,499	59,355	63,484
75,895	78,049	69,101	73,016	75,410	69,278
658,266	684,726	693,065	760,262	685,031	666,669
(1,587,231)	(149,040)	895,269	(187,940)	2,092,144	1,950,230
11,484,603	9,897,372	9,748,332	10,643,601	10,463,981	12,556,125
-	-	-	8,320	-	-
$ 9,897,372	$ 9,748,332	$10,643,601	$10,463,981	$12,556,125	$14,506,355

TOWN OF SURFSIDE, FLORIDA
RETIREMENT PLAN FOR EMPLOYEES OF THE
TOWN OF SURFSIDE

SCHEDULE OF BENEFIT EXPENSES BY TYPE
LAST TEN FISCAL YEARS

Year Ended	Age & Service Benefits Retirants	Age & Service Benefits Survivors	Disability Benefits	Refunds Separation	Total
2004	214,901	24,251	60,933	102,925	403,010
2005	298,846	32,613	61,847	59,377	452,683
2006	323,113	33,102	90,871	28,715	475,801
2007	372,859	26,639	82,621	286,050	768,169
2008	399,746	38,255	63,136	102,545	603,682
2009	366,341	53,244	64,083	101,811	585,479
2010	393,639	95,569	84,913	49,843	623,964
2011	417,725	97,002	66,020	106,499	687,246
2012	384,669	97,668	67,929	59,355	609,621
2013	377,652	105,103	51,152	63,484	597,391

Source: Town of Surfside
Finance Department

TOWN OF SU7RFSIDE, FLORIDA

RETIREMENT PLAN FOR EMPLOYEES OF THE

TOWN OF SURFSIDE

SCHEDULE OF RETIRED MEMBERS BY TYPE OF BENEFIT

SEPTEMBER 30, 2013

Amount of Monthly Benefit	Number of Retirants	Type of Retirement** 1	2	3	Option Selected *** Life	Opt 1	Opt 2
Deferred	7	0	0	7	6	1	0
$ 1 - 500	3	3	0	0	3	0	0
501 - 1,000	10	10	0	0	5	4	1
1,001 - 1,500	6	6	0	0	4	1	1
1,501 - 2,000	7	7	0	0	2	3	2
2,001 - 2,500	3	3	0	0	3	0	0
2,501 - 3,000	3	3	0	0	3	0	0
3,001 - 3,500	1	0	1	0	0	1	0
3,501 - 4,000	0	0	0	0	0	0	0
4,001 - 4.500	0	0	0	0	0	0	0
	40	32	1	7	26	10	4

** Type of Retirement

1 Normal and Early retirement including survivor beneficiaries
2 Disability retirement
3 Former member with deferred future benefit

*** Option Selected

Life Annuity - Normal Form
Opt. 1 - Joint & Survivor
Opt. 2 - 10 years certain and life

RETIREMENT PLAN FOR EMPLOYEES OF THE TOWN OF SURFSIDE

Distribution of Plan Participants by Attained Age Groups and Service Groups
September 30, 2013

General Employees

Completed Years of Service Since Hire

Attained Age Group	0-4	5-9	10-14	15-19	20-24	25-29	30-34	Total
0-24	1	-	-	-	-	-	-	1
25-29	10	-	-	-	-	-	-	10
30-34	5	3	-	-	-	-	-	8
35-39	6	2	1	1	-	-	-	10
40-44	2	1	1	1	-	-	-	5
45-49	4	3	1	1	-	-	-	9
50-54	2	3	2	-	1	-	-	8
55-59	2	2	-	-	1	-	-	5
60-64	3	-	1	-	-	2	1	7
65-69	-	-	-	-	-	-	1	1
TOTALS	35	14	6	3	2	2	2	64

Average pay General Employees year ended September 30, 2013 $47,417

Police Officers

Attained Age Group	0-4	5-9	10-14	15-19	20-24	25-29	30-34	Total
0-24	1	-	-	-	-	-	-	1
25-29	-	2	-	-	-	-	-	2
30-34	1	2	1	-	-	-	-	4
35-39	1	6	-	-	-	-	-	7
40-44	-	1	1	-	-	-	-	2
45-49	1	3	-	-	1	-	-	5
50-54	-	2	1	-	-	-	-	3
55-59	-	1	-	-	-	-	-	1
60-64	1	-	-	-	-	1	-	2
65-69	-	-	-	-	-	-	-	-
TOTALS	5	17	3	-	1	1	-	27

Average pay Police Officers year ended September 30, 2013 $76,637

REPORTING SECTION

REPORT OF INDEPENDENT CERTIFIED PUBIC ACCOUNTANTS 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*

A.M. JONES, C.P.A., P.A.
certified public accountants
Alyce M. Jones, C.P.A., P.F.S.
3421 North Powerline Road, Pompano Beach, FL 33069 Broward: 954-973-3421 • Dade: 305-948-5608 • FAX: 954-968-8215

Report of Independent Certified Public Accountants 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*

Chairman Michael Feldman and
Pension Board Members
Retirement Plan for Employees of the
Town of Surfside
Surfside, Florida 33154

We have audited, in accordance with the auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in ***Government Auditing Standards,*** issued by the Comptroller General of the United States, the financial statements of the Retirement Plan for Employees of the Town of Surfside, Florida (the Plan), which comprise the Statement of Fiduciary Net Position as of September 30, 2013, and the related statement of Changes in Fiduciary Net Position for the year ended September 30. 2013, and the related notes to the financial statements, and have issued our report thereon dated May 22, 2014.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Plan's internal control over financial reporting as (internal control) to determine the 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 misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or 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 of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses. However, material weaknesses may exist that have not been identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Plan's financial statements are free of 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 determination of the financial statements amounts. 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.***

This report is intended 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 Plan's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A.M. Jones, CPA, PA

A.M. Jones, C.P.A., P.A.
Pompano Beach, Florida
May 22, 2014

MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES OF THE AUDITOR GENERAL

OF THE STATE OF FLORIDA

A.M. JONES, C.P.A., P.A.
certified public accountants
Alyce M. Jones, C.P.A., P.F.S.

3421 North Powerline Road, Pompano Beach, FL 33069 Broward: 954-973-3421 • Dade: 305-948-5608 • FAX: 954-968-8215

MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Chairman Michael Feldman, and
Pension Board Members
Retirement Plan for Employees of the
Town of Surfside, Florida

We have audited the financial statements of the Retirement Plan for Employees of the Town of Surfside, Florida (the Plan) as of and for the fiscal year ended September 30, 2013, and have issued our report dated May 22, 2014.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards. Disclosures in that report, which is dated May 22, 2014, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports or schedule:

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings and recommendations made in the preceding annual financial report.

- Section 10,554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Plan complied with Section 218.415, Florida Statutes.

- Section 10.554(1)(i)3., Rules of the Auditor General requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

- Section 10.554(1)(i)4., Rules of the Auditor General requires that we address noncompliance with provisions of contracts and grant agreements, or abuse, that have occurred or are likely to have occurred that have an effect on the financial statements that is less than material but which warrants the attention of those charged charged with governance. In connection with our audit, we did not have any such findings.

- Section 10.554(1)(i)5., Rules of the Auditor General requires that name or official title and authority for the name of each reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. the Retirement Plan for Employees of the Town of Surfside, as disclosed in the footnotes to the financial statements, was established by a Town Ordinance approved by the Town Commissioners and effective January 1, 1962.

- Section 10.554(1)(i)6.a., Rules of the Auditor General requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Plan did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

- Pursuant to Sections 10.554(1)(i)6.c., and 10.556(7), Rules of the Auditor General we applied financial condition assessment procedures. It is management's responsibility to monitor the Plan's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Our management letter is intended solely for the information and use of the Legislative Auditing committee, members of the Florida Senate and Florida House of Representatives, the Florida Auditor General, the Florida Division of Retirement, Chairman of the Pension Board, Members of the Pension Board, the Honorable Mayor, Members of the Town Commission, and Management, and is not intended to be and should not be used by anyone that these specified parties.

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of our audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

A. M. Jones, CPA, PA

A.M. Jones, C.P.A., P.A.
Pompano Beach, FL
May 22, 2014

RETIREMENT PLAN FOR EMPLOYEES OF THE

TOWN OF SURFSIDE, FLORIDA

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

SIGNIFICANT DEFICIENCY DEFINED ON PAGE 3

2013-01 INTERNAL CONTROL OVER FINANCIAL REPORTING - PURCHASES AND SALES OF INVESTMENTS

CRITERIA

The accounting for the purchases and sales of investments should be made in accordance with the accrual method of accounting, which is the required method of accounting for the Retirement Plan.

CONDITION

There were in excess of $2.4 million in sales and $2.4 million in purchases of investments, for the year ended September 30, 2012, which were properly accrued as of that year end; however, the investment schedules for the year ended September 30, 2013, reported these sales and purchases as transactions for the year ended September 30, 2013. Additionally, there were sales and purchases of approximately $85 thousand, and $120 thousand, respectively, during the year ended September 30, 2013, that were made, but not settled as of September 30, 2013. In accordance with the reporting on the accrual basis of accounting these sales and investments should have been reported in the year they were made. The sales become a receivable from the brokerage firm, and the purchases become an obligation of the Plan to pay for such purchases.

CAUSE

The improper recording of the sales and purchases of investments results in the gains and losses on the sales of investments as well as the increases and decreases in the fair market value of the investments to be improperly reported.

EFFECT

Without the proper reporting of the gains and losses, and increase in the fair market value of investments the financial statements will be not recorded in accordance with the accrual method of accounting in accordance with Generally Accepted Accounting Principles (GAAP). Additionally, the values of the investments on the financial statements will not be properly reflected.

RECOMMENDATION

We recommend that the activity in the investment schedules be reported in accordance with GAAP. Additionally, these schedules should be reviewed and reconciled on a timely basis to ensure the propriety of all of the information included on the schedules.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTION

The accounting for the purchases and sales of investments in the Retirement Plan will be made in accordance with the accrual method as required under Generally Accepted Accounting Principles (GAAP) for the fiscal year ending September 30, 2014. This will provide the proper reporting of gains and losses on investment transactions and the proper values of the investments in the financial statements

TOWN OF SURFSIDE

FLORIDA

MIAMI-DADE COUNTY