

CITY OF HALLANDALE BEACH
POLICE OFFICERS' AND FIREFIGHTERS'
RETIREMENT TRUST FUND

ACTUARIAL VALUATION REPORT
AS OF OCTOBER 1, 2010

CONTRIBUTIONS APPLICABLE TO THE CITY'S
PLAN/FISCAL YEAR ENDING SEPTEMBER 30, 2012



July 6, 2011

Board of Trustees
City of Hallandale Beach
Police Officers' and Firefighters' Retirement Trust Fund
c/o Ms. Audrey Ross
The Resource Centers, LLC
4360 Northlake Blvd, Suite 206
Palm Beach Gardens, FL 33410

Re: City of Hallandale Beach
Police Officers' and Firefighters' Retirement Trust Fund

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Hallandale Beach Police Officers' and Firefighters' Retirement Trust Fund. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and to develop the appropriate funding requirements for the applicable plan year.

The valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board, and reflects laws and regulations issued to date pursuant to the provisions of Chapters 112, 175 and 185, Florida Statutes, as well as applicable federal laws and regulations. In our opinion, the assumptions used in this valuation, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience.

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by the Board of Trustees, financial reports prepared by the custodian bank, Salem Trust, and the actuarial assumptions and methods described in the Actuarial Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

The undersigned is familiar with the immediate and long-term aspects of pension valuations, and meets the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the actuarial opinions.

Board of Trustees

July 6, 2011

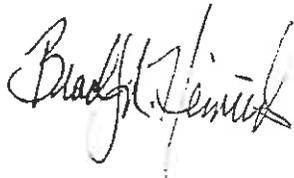
Page Two

To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the City of Hallandale Beach, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the City of Hallandale Beach Police Officers' and Firefighters' Retirement Trust Fund. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

If there are any questions, concerns, or comments about any of the items contained in this report, please contact me at 239-433-5500.

Respectfully submitted,

Foster & Foster, Inc.

A handwritten signature in black ink, appearing to read "Bradley R. Heinrichs". The signature is written in a cursive style with a large, stylized initial "B".

By:

Bradley R. Heinrichs, FSA, EA, MAAA
Enrolled Actuary #11-6901

BRH/lsw

Enclosures

TABLE OF CONTENTS

Section	Title	Page
I	Introduction	
	a. Summary of Report	1
	b. Changes since Prior Report	4
	c. Requirements of Chapter 112, Part VII, Florida Statutes	5
II	Valuation Information	
	a. Reconciliation of Unfunded Actuarial Accrued Liability	10
	b. Actuarial Assumptions and Funding Methods	11
	c. Valuation Notes	13
	d. Excess State Monies Reserve	15
III	Trust Fund	16
IV	Member Statistics	
	a. Eligibility for Retirement	22
	b. Statistical Data	23
	c. Age and Service Distribution	24
	d. Member Reconciliation	25
V	Summary of Plan Provisions	26
VI	Governmental Accounting Standards Board Disclosure Information	30

SECTION I
INTRODUCTION

SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Hallandale Beach Police Officers' and Firefighters' Retirement Trust Fund, performed as of October 1, 2010, has been completed, and the results are presented in this Report. The contribution amounts developed in this valuation are applicable to the plan/fiscal year ended September 30, 2012.

The contribution requirements, compared with amounts developed in the August 3, 2010, Actuarial Impact Statement (as performed by the prior actuary, Gabriel Roeder Smith & Company), are as follows:

Valuation Date Applicable Plan/Fiscal Yr. End	10/1/2009 <u>9/30/2011</u>	10/1/2010 <u>9/30/2012</u>
Total Required Contribution % of Total Annual Payroll	77.58%	85.12%
Member Contributions % of Total Annual Payroll (1)	9.58%	9.50%
City and State Required Contribution % of Total Annual Payroll	68.00%	75.62%
State Contribution (1) % of Total Annual Payroll	642,505 5.44%	642,505 5.44%
Balance from City (1) % of Total Annual Payroll	62.56%	70.18%

(1) The City may use up to \$1,534,241 in State Contributions for determining its minimum funding requirements. For budgeting purposes, the required Sponsor Contribution (City and State) is 75.62% of Pensionable Earnings for the fiscal year ending September 30, 2012. The precise City requirement for the year is this amount, less actual State Contributions (up to the maximum \$1,534,241).

Please note that the estimated Member Contribution rate for the fiscal year ending September 30, 2011 is 9.58%. This reflects the reduction in the Firefighter Member Contribution rate from 10.0% to 9.5%, effective February 16, 2011.

As can be seen, the Total Required Contribution has increased when expressed as a percentage of Total Annual Payroll. This increase is the result of net unfavorable actuarial experience during the past year, relative to the Plan's actuarial assumptions. The primary components of unfavorable experience included a 2.6% investment return (Actuarial Asset basis), falling short of the 8.0% assumption, and lower than expected employee turnover. These losses were partially offset by average increases in Pensionable Compensation that were less than the assumption by more than 2%.

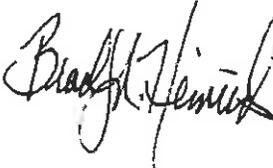
For informational purposes, the City's funding requirement, when expressed as a percentage of payroll (including an estimate of the annual pay for DROP participants), is approximately 60% for the Fiscal Year ending September 30, 2012. Similarly, the City's funding requirement for the 2011 Fiscal Year is approximately 53% when an estimate for the DROP payroll is included. It is important to note that these funding rates are for illustration purposes only. The City should budget based on the percentages shown on page 1.

In conjunction with this valuation of the Plan, the mortality assumption was changed from the 1983 Group Annuity Mortality basis to rates according to the RP 2000 Combined Healthy Mortality Table (with no projection). This assumption change is responsible for approximately 25% of the increased funding rate shown on page 1.

The balance of this Report presents additional details of the actuarial valuation and the general operation of the Fund. The undersigned would be pleased to meet with the Board to discuss the Report and answer any questions concerning its contents.

Respectfully submitted,

FOSTER & FOSTER, INC.



By: _____
Bradley R. Heinrichs, FSA, EA, MAAA

By:  _____
Douglas H. Lozen

Plan Changes Since Prior Valuation

As described in the August 3, 2010 Actuarial Impact Statement (performed by the prior actuary, Gabriel Roeder Smith & Company), the following benefit changes are currently being valued, based on results of the October 1, 2009 actuarial valuation:

- A reduction in the Member Contribution Rate from 10.0% to 9.5%.
- Removal of Outside Duty Detail Compensation from Pensionable Compensation.
- A reversion to Plan earnings for DROP balances once a Member exits the DROP.

Actuarial Assumption/Method Changes Since Prior Valuation

In conjunction with this valuation of the Plan, the mortality assumption has been changed from rates set forth in the 1983 Group Annuity Mortality Table to those in the RP 2000 Combined Healthy Table. Details of the impact of this change are presented in the body of this report, beginning on page 4.

Comparative Summary of Principal Valuation Results

	New Assumption <u>10/1/2010</u>	Prior Assumption <u>10/1/2010</u>	Prior Assumption <u>10/1/2009</u>
A. Participant Data			
Number Included			
Actives	147	147	142
Service Retirees	126	126	120
Beneficiaries	12	12	11
Terminated Vested	3	3	4
Disability Retirees	10	10	10
DROP Retirees	20	20	24
Total	<u>318</u>	<u>318</u>	<u>311</u>
Total Annual Payroll	\$11,995,957	\$11,995,957	\$11,034,615
Payroll Under Assumed Ret. Age	11,813,839	11,813,839	10,803,455
Annual Rate of Payments to:			
Service Retirees	5,744,879	5,744,879	5,281,045
Beneficiaries	261,719	261,719	205,418
Terminated Vested	68,928	68,928	90,708
Disability Retirees	349,441	349,441	349,441
DROP Retirees	1,491,298	1,491,298	1,680,744
B. Assets			
Actuarial Value	73,356,988	73,356,988	71,435,726
Market Value	64,197,638	64,197,638	58,111,296
C. Liabilities			
Present Value of Benefits			
Active Members			
Retirement Benefits	65,037,229	63,441,372	58,880,644
Disability Benefits	2,533,294	2,365,214	2,154,646
Death Benefits	712,008	1,027,979	756,912
Vested Benefits	2,400,423	2,338,032	2,796,580
Refund of Contributions	425,019	424,800	607,197
Service Retirees	69,906,941	69,081,374	65,113,387
Beneficiaries	2,355,163	2,422,934	1,653,917
Terminated Vested	463,273	465,224	650,998
Disability Retirees	3,078,044	2,624,913	2,697,538
DROP Retirees *	21,457,718	21,274,451	23,982,683
Excess State Monies Reserve	0	0	0
Total	<u>168,369,112</u>	<u>165,466,293</u>	<u>159,294,502</u>

* Liabilities shown represent present value of future payments. Assets in item B., above, do not include accumulated DROP account balances.

	New Assumption <u>10/1/2010</u>	Prior Assumption <u>10/1/2010</u>	Prior Assumption <u>10/1/2009</u>
C. Liabilities - (Continued)			
Present Value of Future Salaries	101,731,874	101,572,621	102,532,349
Present Value of Future Normal Costs (FIL Basis)	56,239,163	55,691,722	51,397,649
Present Value of Future Normal Costs (Entry Age Basis)	24,990,834	24,443,393	N/A
Normal Cost (FIL, Level Percent)	6,530,897	6,477,464	5,415,580
Present Value of Future Member Contributions	9,664,528	9,649,399	9,949,894
Actuarial Accrued Liability (FIL Basis)	112,129,949	109,774,571	107,896,853
Actuarial Accrued Liability (Entry Age Basis)	143,378,278	141,022,900	N/A
Unfunded Actuarial Accrued Liability (UAAL)	38,772,961	36,417,583	36,461,127
D. Actuarial Present Value of Accrued Benefits			
Vested Accrued Benefits			
Inactives	97,261,139	95,868,896	94,098,523
Actives	9,577,282	9,260,323	16,270,880
Member Contributions	8,055,242	8,055,242	7,253,911
Total	114,893,663	113,184,461	117,623,314
Non-vested Accrued Benefits	6,465,356	6,246,829	2,801,727
Total Present Value Accrued Benefits	121,359,019	119,431,290	120,425,041
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:			
Plan Amendments	0	0	
Assumption Changes	1,927,729	0	
New Accrued Benefits	0	(4,315,908)	
Benefits Paid (net of DROP lump sums)	0	(6,069,083)	
Interest	0	9,391,240	
Other	0	0	
Total:	1,927,729	(993,751)	

Valuation Date Applicable to Fiscal Year Ending	New Assumption 10/1/2010 <u>9/30/2012</u>	Prior Assumption 10/1/2010 <u>9/30/2012</u>	Prior Assumption 10/1/2009 <u>9/30/2011</u>
--	--	--	--

E. Pension Cost

Normal Cost (with interest) % of Total Annual Payroll*	57.49	57.02	50.91
Administrative Expense (with interest) % of Total Annual Payroll*	1.40	1.40	1.17
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 29 years (as of 10/1/10) % of Total Annual Payroll*	26.23	24.80	25.50
Total Required Contribution % of Total Annual Payroll*	85.12	83.22	77.58
Expected Member Contributions % of Total Annual Payroll*	9.50	9.50	9.58
Expected City & State Contrib. % of Total Annual Payroll*	75.62	73.72	68.00

F. Past Contributions

Plan Years Ending:	<u>9/30/2010</u>
Total Required Contribution	8,431,896
City and State Requirement	7,320,389
Actual Contributions Made:	
Members	1,210,820
City	6,907,038
State	642,505
Total	<u>8,760,363</u>

G. Net Actuarial Gain (Loss) N/A

* Contributions developed as of 10/1/10 are expressed as a percentage of total annual payroll at 10/1/10 of \$11,813,839

H. Schedule Illustrating the Amortization of the Total Unfunded Actuarial Accrued Liability as of:

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2010	\$38,772,961
2011	38,657,357
2012	38,396,087
2013	37,971,713
2014	37,365,159
2024	17,319,587
2039	0

I. (i) 3 Year Comparison of Actual and Assumed Increases in Pensionable Earnings.

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2010	5.5%	7.7%
Year Ended	9/30/2009	3.9%	8.0%
Year Ended	9/30/2008	-0.1%	7.7%

(ii) 3 Year Comparison of Investment Return on Actuarial Value

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2010	2.6%	8.0%
Year Ended	9/30/2009	3.0%	8.0%
Year Ended	9/30/2008	5.4%	8.0%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2010	\$11,995,957
	10/1/2000	7,495,000
(b) Total Increase		60.1%
(c) Number of Years		10.00
(d) Average Annual Rate		4.8%

Statement by Enrolled Actuary

This actuarial valuation was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.



Bradley R. Heinrichs, EA, MAAA
Enrolled Actuary #11-6901

A copy of this Report is to be furnished to the Division of Retirement within 60 days of receipt from the actuary at the following address:

Patricia Shoemaker
Municipal Police and Fire
Pension Trust Funds
Division of Retirement
Post Office Box 3010
Tallahassee, FL 32315-3010

Mr. Keith Brinkman
Bureau of Local
Retirement Systems
Post Office Box 9000
Tallahassee, FL 32315-9000

SECTION II
VALUATION INFORMATION

Reconciliation of Unfunded Actuarial Accrued Liabilities

(1)	Unfunded Actuarial Accrued Liability as of October 1, 2009	\$36,461,127
(2)	Sponsor Normal Cost developed as of October 1, 2009	4,380,609
(3)	Expected Administrative Expenses during the year ending September 30, 2010	129,166
(4)	Interest on (1), (2) and (3)	3,272,506
(5)	Sponsor Contributions to the System during the year ending September 30, 2010	7,549,543
(6)	Interest on (5)	276,282
(7)	Expected Unfunded Accrued Liability as of October 1, 2010 (1)+(2)+(3)+(4)-(5)-(6)	36,417,583
(8)	New UAAL due to Change in Mortality Assumption	2,355,378
(9)	Unfunded Accrued Liability as of October 1, 2010	\$38,772,961

	Date Established	Years Remaining	10/1/2010 Amount	Amortization Amount
Plan Amendment	10/1/1993	13	9,912,186	934,871
Assumption Change	10/1/1994	14	896,398	79,796
Method Change	10/1/1994	14	(2,059,158)	(183,303)
Assumption Change	10/1/1995	15	(891,608)	(75,289)
Assumption Change	10/1/1996	16	220,587	17,746
Plan Amendment	10/1/1997	17	3,205,710	246,641
Assumption Change	10/1/1999	19	317,894	22,588
Plan Amendment	10/1/2000	20	1,764,332	120,982
Plan Amendment	10/1/2001	21	5,442,638	361,021
Asset Method Change	10/1/2002	22	(2,853,046)	(183,466)
Assumption Change	10/1/2002	22	(1,568,001)	(100,831)
Plan Amendment	10/1/2002	22	11,045,979	710,314
Plan Amendment	10/1/2007	17	11,928,403	917,749
Plan Amendment	10/1/2009	29	(944,731)	(51,220)
Assumption Change	10/1/2010	20	2,355,378	161,511
			38,772,961	2,979,110

ACTUARIAL ASSUMPTIONS AND FUNDING METHODS

Assumptions

<u>Mortality Rate</u>	<p>Current: RP2000, Combined Healthy Mortality Table without projection. Disabled Members set forward 5 years.</p> <p>Prior: 1983 Group Annuity Mortality Table. Disabled Members set forward 5 years.</p>
<u>Interest Rate</u>	8% per year compounded annually, net of investment related expenses.
<u>Retirement Rates</u>	
Early Retirement	Upon attainment of Early Retirement eligibility (age 45 with 10 years of Credited Service), Members are assumed to retire according to the termination rates shown on the next page.
Normal Retirement	<p>100% assumed retired at the earlier of:</p> <p>a) Age 54 with 12 years of Credited Service, b) Age 52 with 20 years of Credited Service, or c) The attainment of 25 years of Credited Service, regardless of age.</p>
<u>Disability Rate</u>	See table on the following page. 75% of disabilities are assumed to be service-incurred.
<u>Termination Rate</u>	See table on the following page.
<u>Salary Increases</u>	10.0% for less than 10 years of Credited Service. For 10 or more years of Credited Service, the assumption is 4.5%.
<u>Post Retirement COLA</u>	2% per year for Normal Retirement.
<u>Payroll Growth</u>	4.24%.
<u>Administrative Expenses</u>	\$159,295.

ACTUARIAL ASSUMPTIONS AND FUNDING METHODS
(continued)

<u>Age</u>	<u>% Becoming Disabled During the Year</u>	<u>% Terminating During the Year</u>
20	0.14%	6.0%
25	0.15%	5.7%
30	0.18%	5.0%
35	0.23%	3.8%
40	0.30%	2.6%
45	0.51%	1.6%
50	1.00%	0.8%
55	1.00%	0.3%

Funding Method

Frozen Initial Liability Actuarial Cost Method

VALUATION NOTES

Total Annual Payroll is the projected annual rate of pay as of the valuation date of all covered Members.

Present Value of Benefits is the single sum value on the valuation date of all future benefits to be paid to current Members, Retirees, Beneficiaries, Disability Retirees and Vested Terminations.

Normal (Current Year's) Cost Rate is determined in the aggregate as the ratio of (a) and (b) as follows:

- (a) The present value of benefits for all Plan participants, less the actuarial value of assets, less the Unfunded Actuarial Accrued Liability (UAAL).
- (b) The present value of future compensation over the anticipated number of years of participation, determined as of the valuation date.

The Normal Cost dollar requirement is the ratio of (a) and (b), multiplied by the Total Annual Payroll as of the valuation date.

Frozen Initial Liability Funding Method (Level Percent of Compensation) is the method used to determine required contributions under the Plan. The use of this method involves the systematic funding of the Normal Cost (described above) and the Unfunded Actuarial Accrued Liability (UAAL). The UAAL is reconciled each valuation with charges and credits as follows:

- (a) Charges: the Normal Cost for the prior year, in addition to interest (at the valuation assumption of 8%) on the Normal Cost and prior year's UAAL balance.
- (b) Credits: Sponsor contributions with interest at the valuation assumption of 8%.

VALUATION NOTES (Continued)

New UAAL bases will be created only for changes in methods, assumptions, or benefits. Actuarial gains and losses are funded as part of the Normal Cost.

Total Required Contribution is equal to the Normal Cost plus an amount sufficient to amortize the Unfunded Accrued Liability over no more than 30 years. The required amount is adjusted for interest according to the timing of sponsor contributions during the year.

Excess State Monies Reserve

	Firefighters' Distribution				Police Officers' Distribution				
	Actual State Contribution	Regular Distribution Applicable "Frozen" Amount	Excess State Monies Reserve	Actual State Contribution	Special Distribution Applicable "Frozen" Amount	Excess State Monies Reserve	Actual State Contribution	Applicable "Frozen" Amount	Excess State Monies Reserve
1998 - 2009	*	*	*	*	*	*	*	*	*
2010	393,106.07	759,862.66	0.00	4,719.34	4,719.34	0.00	244,679.51	769,659.00	0.00
			0.00			0.00			0.00
Firefighters' Regular Excess			0.00						
Firefighters' Special Excess			0.00						
Police Officers' Excess			0.00						
Total State Monies Reserve			0.00			0.00			0.00

* Accumulated Excess State Monies Prior to 2010 Utilized for Benefit Improvements.

SECTION III
TRUST FUND

City of Hallandale Beach
Police Officers' and Firefighters' Retirement Trust Fund

BALANCE SHEET
September 30, 2010

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Prepaid Expenses	7,994.00	7,994.00
Money Market	1,826,403.64	1,826,403.64
Pending Trades Receivable	853,785.11	853,785.11
Pending Trades Payable	(122,795.96)	(122,795.96)
Cash	681.92	681.92
Total Cash and Equivalents	2,566,068.71	2,566,068.71
Receivable:		
City Contributions in Transit	1,248,420.42	1,248,420.42
State Contributions	637,785.58	637,785.58
Accrued Income	160,837.84	160,837.84
Total Receivable	2,047,043.84	2,047,043.84
Investments:		
U S Govt/Govt Sponsored/Agency	4,870,454.57	5,248,758.06
Corporate Bonds/CMOs/REMICs	7,721,870.38	8,225,375.28
Corporate Stocks/REITs	40,036,570.18	43,881,839.48
Foreign/ADR Securities	7,507,441.60	8,864,725.73
Hedge Fund of Funds International	2,475,000.00	2,516,891.00
Hedge Fund of Funds	4,950,000.00	5,038,141.00
Mutual Funds:		
U.S. Property Fund	3,137,569.33	3,137,569.33
Total Investments	70,698,906.06	76,913,299.88
TOTAL ASSETS	75,312,018.61	81,526,412.43
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Payable:		
Unpaid Investment Expenses	88,758.50	88,758.50
Unpaid Administrative Expenses	9,714.60	9,714.60
Due To Another Pension Fund	4,075.45	4,075.45
Prepaid City Contribution	0.00	0.00
Total Liabilities	102,548.55	102,548.55
Net Assets:		
Active and Retired Members' Equity	57,983,243.96	64,197,637.78
DROP Plan Benefits	17,226,226.10	17,226,226.10
Total Net Assets	75,209,470.06	81,423,863.88
TOTAL LIABILITIES AND NET ASSETS	75,312,018.61	81,526,412.43

City of Hallandale Beach
 Police Officers' and Firefighters' Retirement Trust Fund
 CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
 September 30, 2010
 Market Value Basis

INCOME		
Contributions:		
Member	1,105,075.51	
City	6,907,038.42	
State	637,785.58	
Total Contributions		8,755,644.45
Earnings from Investments		
Interest & Dividends	1,591,192.07	
Net Realized Gain (Loss)	3,402,891.97	
Unrealized Gain (Loss)	1,884,375.88	
Total Earnings and Investment Gains		6,878,459.92
EXPENSES		
Administrative Expenses:		
Investment Related*	443,886.85	
Other	159,294.81	
Total Expenses		603,181.66
Distributions to Members:		
Benefit Payments	6,021,982.85	
Lump Sum or Partial DROP Balances	723,063.01	
Termination Payments	47,099.97	
Total Distributions		6,792,145.83
DROP Account Net Change		2,152,434.70
Change in Net Assets for the Year		6,086,342.18
Net Assets Beginning of the Year		58,111,295.60
Net Assets End of the Year		64,197,637.78

*Investment Related expenses include investment advisory, custodial and performance monitoring fees.

City of Hallandale Beach
Police Officers' and Firefighters' Retirement Trust Fund

ACTUARIAL ASSET VALUATION
September 30, 2010

Actuarial Assets for funding purposes are developed by recognizing the total actuarial investment gain or loss for each Plan Year over a five year period. In the first year, 20% of the gain or loss is recognized. In the second year 40%, in the third year 60%, in the fourth year 80%, and in the fifth year 100% of the gain or loss is recognized. The actuarial investment gain or loss is defined as the actual return on investments minus the actuarial assumed investment return.

Plan Year Ending	Gain/Loss	<u>Gains/Losses Not Yet Recognized</u>				
		Amounts Not Yet Recognized by Valuation Year				
		2010	2011	2012	2013	2014
9/30/2006	(251,946)	0	0	0	0	0
9/30/2007	5,557,443	1,111,489	0	0	0	0
9/30/2008	(18,916,926)	(7,566,770)	(3,783,385)	0	0	0
9/30/2009	(5,183,578)	(3,110,147)	(2,073,431)	(1,036,716)	0	0
9/30/2010	507,598	406,078	304,559	203,039	101,520	0
Total		(9,159,350)	(5,552,258)	(833,676)	101,520	0

Development of Investment Gain/Loss

Market Value of Assets, 9/30/2009	73,185,087
Contributions Less Benefit Payments & Admin Expenses	1,804,204
Expected Investment Earnings*	5,926,975
Actual Net Investment Earnings	6,434,573
2010 Actuarial Investment Gain/(Loss)	<u>507,598</u>

*Expected Investment Earnings = $0.08 * (73,185,087 + .5 * 1,804,204)$

Development of Actuarial Value of Assets

Market Value of Assets, including DROP, 9/30/2010	81,423,864
(Gains)/Losses Not Yet Recognized	<u>9,159,350</u>
Actuarial Value of Assets, including DROP, 9/30/2010	90,583,214
(A) 9/30/2009 Actuarial Assets:	86,509,517
(I) Net Investment Income:	
1. Interest and Dividends	1,591,192
2. Realized Gains (Losses)	3,402,892
3. Change in Actuarial Value	(2,280,705)
4. Investment Expenses	<u>(443,887)</u>
Total	2,269,493
(B) 9/30/2010 Actuarial Assets:	90,583,214
Actuarial Asset Rate of Return = $2I/(A+B-I)$:	2.6%
10/01/10 Limited Actuarial Assets, net of DROP: (Lesser of Actuarial Assets or 120% of Market Value)	73,356,988

City of Hallandale Beach
Police Officers' and Firefighters' Retirement Trust Fund

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
September 30, 2010
Actuarial Asset Basis

INCOME		
Contributions:		
Member	1,105,075.51	
City	6,907,038.42	
State	637,785.58	
Total Contributions		8,755,644.45
Earnings from Investments		
Interest & Dividends	1,591,192.07	
Net Realized Gain (Loss)	3,402,891.97	
Change in Actuarial Value	(2,280,704.52)	
Total Earnings and Investment Gains		2,713,379.52
EXPENSES		
Administrative Expenses:		
Investment Related*	443,886.85	
Other	159,294.81	
Total Administrative Expenses		603,181.66
Distributions to Members:		
Benefit Payments	6,021,982.85	
Lump Sum or Partial DROP Balances	723,063.01	
Termination Payments	47,099.97	
Total Distributions		6,792,145.83
DROP Account Net Change		2,152,434.70
Change in Net Assets for the Year		1,921,261.78
Net Assets Beginning of the Year		71,435,726.00
Net Assets End of the Year**		73,356,987.78

*Investment Related expenses include investment advisory, custodial and performance monitoring fees.

**Net Assets may be limited for actuarial consideration

City of Hallandale Beach
 Police Officers' and Firefighters' Retirement Trust Fund
 DEFERRED RETIREMENT OPTION PLAN ACTIVITY
 October 1, 2009 through September 30, 2010

Name	9/30/09 Balance	Additions	Investment Return	Distributions	9/30/10 Balance
Police					
Ahem, Jr., Stewart C.	205,268.43	0.00	14,639.25	(30,000.00)	189,907.68
Allen, Richard	316,867.26	0.00	25,349.99	0.00	342,217.25
Bieger, Norman	321,646.46	0.00	25,440.94	(15,000.00)	332,087.40
Cardoso, Jose Manuel	296,235.08	80,030.76	27,127.57	0.00	403,393.41
Chidsey, Janine E.	7,451.91	0.00	596.17	0.00	8,048.08
Cowley, Kenneth	0.00	81,346.87	3,209.71	0.00	84,556.58
Currey, P Francis	436,573.91	0.00	34,926.76	0.00	471,500.67
Derflinger, Timothy	20,649.61	40,774.02	1,739.38	(63,163.01)	0.00
Eddy, Mark	178,989.99	0.00	12,931.66	(32,400.00)	159,521.65
English, Michael	75,828.55	62,372.28	8,738.20	0.00	146,939.03
Flourmoy, Dwayne	178,755.93	83,679.96	17,885.31	0.00	280,321.20
Furnell, Dr., Linda A	417,686.13	0.00	33,415.70	0.00	451,101.83
Garrett, William	55,835.29	0.00	3,866.92	(7,500.00)	52,202.21
Gobel, Francisco	36,147.00	0.00	2,891.83	0.00	39,038.83
Golden, Timothy	201,960.10	69,507.96	19,134.62	0.00	290,602.68
Harrell, Michael	129,172.34	0.00	10,334.03	0.00	139,506.37
Hock, Christopher	350,145.36	0.00	28,012.30	0.00	378,157.66
Honan, Thomas	14,969.19	88,960.44	5,008.27	0.00	108,937.90
Hopke, Richard	306,548.06	0.00	24,524.43	0.00	331,072.49
Kirchoff, James	392,134.49	0.00	31,371.51	0.00	423,506.00
Lilly, Anthony	330,376.20	0.00	25,916.70	(12,000.00)	344,292.90
Llinas, Jimmy	187,143.55	0.00	14,579.54	(10,000.00)	191,723.09
Mangan, Jr., A Dermot	403,028.18	0.00	32,243.03	0.00	435,271.21
Marchese, Melanie	94,092.48	0.00	7,527.58	0.00	101,620.06
Matias, Rafael	0.00	60,207.72	2,579.04	0.00	62,786.76
O'Connell, D. Daniel	91,117.95	0.00	6,818.84	(12,000.00)	85,936.79
Owens, William T.	328,275.22	0.00	26,262.65	0.00	354,537.87
Risi, Nicholas	365,870.89	0.00	28,289.59	(25,000.00)	369,160.48
Roaden, Marsha	304,743.83	68,847.84	27,329.25	0.00	400,920.92
Rogers, Robert E.	347,291.25	0.00	27,783.97	0.00	375,075.22
Semkow, Daniel	217,593.17	0.00	15,920.77	(26,900.00)	206,613.94
Shorkey, J. Martin	334,769.93	0.00	26,782.24	0.00	361,552.17
Terrones, David	55,502.12	0.00	4,440.28	0.00	59,942.40
Varone, Robin	120,667.15	0.00	4,080.33	(85,400.00)	39,347.48
Watkins-Semkow, Jamie	129,684.81	0.00	9,780.83	(10,000.00)	129,465.64
White, Dennis	233,676.37	0.00	18,180.52	(12,000.00)	239,856.89
Winters, Paul	0.00	22,605.54	291.18	0.00	22,896.72
(See following page for Fire Personnel)					
Total	7,486,698.19	658,333.39	609,950.89	(341,363.01)	8,413,619.46

FIRE

City of Hallandale Beach
 Police Officers' and Firefighters' Retirement Trust Fund
 DEFERRED RETIREMENT OPTION PLAN ACTIVITY
 October 1, 2009 through September 30, 2010

Name	9/30/09 Balance	Additions	Investment Return	Distributions	9/30/10 Balance
FIRE					
Baird, Alexander	13,022.00	77,388.48	4,356.79	0.00	94,767.27
Bousquet, Arthur	250,416.50	67,652.40	22,931.74	0.00	341,000.64
Cordero, Keith	78,776.46	60,333.12	8,886.69	0.00	147,996.27
Foreman, Jeff	308,995.60	0.00	24,720.25	0.00	333,715.85
Fowler, Michael	86,617.34	71,245.56	9,981.42	0.00	167,844.32
Griswold, Bruce C.	434,500.26	0.00	34,760.86	0.00	469,261.12
Growick, Robert	48,466.27	0.00	3,877.39	0.00	52,343.66
Henderson, Aaron	290,319.80	44,900.73	25,597.83	0.00	360,818.36
Hirth, Michael	378,060.37	5,501.67	30,686.18	0.00	414,248.22
Hodge, Kenneth L.	366,393.40	0.00	31,541.20	0.00	397,934.60
Hunter, R Jeffrey	242,576.11	0.00	9,897.07	(218,000.00)	34,473.18
Johnson, James	250,845.80	67,768.44	22,971.06	0.00	341,585.30
Kenny, Daniel	111,195.73	70,420.08	11,912.38	0.00	193,528.19
Kuhns, Edwin L.	248,953.23	0.00	19,402.70	(12,000.00)	256,355.93
Lovell, Gary	342,421.68	0.00	25,451.70	(100,000.00)	267,873.38
Martinez, Aramis	36,931.62	0.00	2,954.60	0.00	39,886.22
McCluskey, Scot	23,452.02	55,210.44	4,241.19	0.00	82,903.65
McManus, H. Thomas	309,040.80	0.00	24,723.86	0.00	333,764.66
Moran, Thomas	262,792.34	0.00	21,023.89	0.00	283,816.23
Panico, Thomas	182,583.15	67,386.36	17,493.55	0.00	267,463.06
Parker, Kenneth	141,204.74	84,486.00	14,915.68	0.00	240,606.42
Phelps, James	296,076.71	58,536.50	26,388.39	0.00	381,001.60
Quinn, Norman J.	256,420.78	0.00	20,514.16	0.00	276,934.94
Radler, Joseph	228,376.26	45,151.59	20,354.46	0.00	293,882.31
Sabatino, Leonard	217,206.58	0.00	16,760.11	(14,400.00)	219,566.69
Selvanik, P. Michael	415,101.01	0.00	33,208.88	0.00	448,309.89
Silverberg, David	142,024.06	44,597.00	14,017.18	0.00	200,638.24
Sistrunk, Scott	337,486.05	0.00	26,999.53	0.00	364,485.58
Slater, Anthony	247,850.85	0.00	19,828.55	0.00	267,679.40
Smith, Brian	225,500.95	57,725.04	20,513.20	0.00	303,739.19
Smith, David W.	37,313.99	0.00	270.42	(37,300.00)	284.41
Sullivan, Daniel	509,719.60	0.00	40,778.54	0.00	550,498.14
Zeller, Jeffrey A.	266,451.15	91,703.76	25,244.81	0.00	383,399.72
Total Fire	7,587,093.21	970,007.17	637,206.26	(381,700.00)	8,812,606.64
Total Police and Fire	15,073,791.40	1,628,340.56	1,247,157.15	(723,063.01)	17,226,226.10

SECTION IV
MEMBER STATISTICS

ELIGIBILITY FOR RETIREMENT

Members are eligible for Normal Retirement based upon the following criteria:

- 1) Attained Age 52 with 10 Years of Credited Service or
- 2) 25 Years of Credited Service regardless of Age

Members are eligible for Early Retirement based upon the following criteria:

- 1) Attained Age 45 with 10 Years of Credited Service

As of the date of this valuation, the following list of Members are eligible for:

Normal Retirement	Early Retirement
<p>ALEMAN, Miguel BEUKERS, Ronald WARREN, Alan</p>	<p>ALFORD, Daniel CARSON, Jeffrey CICATELLO, Mario DUBUISSON, Marc GOMEZ, Juan HEISER, Paul IVES, Darin LEON, Julio MCGLYNN, JR, James MILTNOVICH, Michael PEREZ, Raul REIFENBERG, Dwight ROS, Robert RYAN, John SHIELDS, Robert STRICKLAND, Virgil TAYLOR, Wayne WILEY, Timothy WILLIAMS, Lori</p>

STATISTICAL DATA

	<u>10/1/2007</u>	<u>10/1/2008</u>	<u>10/1/2009</u>	<u>10/1/2010</u>
Number	129	137	142	147
Average Current Age	37.7	37.4	37.1	37.4
Average Age at Employment	29.5	29.8	29.7	29.3
Average Past Service	8.2	7.6	7.4	8.1
Average Annual Salary	\$84,690	\$79,942	\$77,709	\$81,605

AGE AND SERVICE DISTRIBUTION

PAST SERVICE

AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	2	1	0	1	0	0	0	0	0	0	0	4
25 - 29	5	6	7	3	3	3	0	0	0	0	0	27
30 - 34	0	1	3	4	4	10	0	0	0	0	0	22
35 - 39	2	1	4	6	3	8	9	0	0	0	0	33
40 - 44	0	1	0	1	4	4	11	9	2	0	0	32
45 - 49	1	0	1	0	1	2	4	8	1	0	0	18
50 - 54	0	0	0	0	1	0	4	4	0	0	0	9
55 - 59	0	0	0	0	1	0	1	0	0	0	0	2
60 - 64	0	0	0	0	0	0	0	0	0	0	0	0
65+	0	0	0	0	0	0	0	0	0	0	0	0
Total	10	10	15	15	17	27	29	21	3	0	0	147

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/09	142
b. Terminations	
i. Vested (partial or full) with deferred benefits (including non-vested terminated members awaiting a refund of member contributions)	0
ii. Non-vested or full lump sum distribution received	3
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	0
f. Entered DROP	2
g. Continuing participants	137
h. New entrants	10
i. Total active life participants in valuation	147

2. Non-Active lives (including beneficiaries receiving benefits)

	<u>Service Retirees, Vested Receiving Benefits</u>	<u>Receiving Death Benefits</u>	<u>Receiving Disability Benefits</u>	<u>Vested Deferred</u>	<u>DROP</u>	<u>Total</u>
a. Number prior valuation	120	11	10	4	24	169
b. In	7	1	0	0	2	10
c. Out	1	0	0	1	6	8
d. Number current valuation	126	12	10	3	20	171

SECTION V
SUMMARY OF PLAN PROVISIONS

SUMMARY OF PLAN PROVISIONS

<u>Eligibility</u>	Full-time employees who are classified as Police Officers or Firefighters participate as a condition of employment.
<u>Credited Service</u>	Total years and fractional parts of years of employment with the City as a Police Officer or Firefighter.
<u>Pensionable Earnings</u>	Base salary, including Pick-Up Amounts, for all straight time hours worked, overtime, assignment pay, premium pay, state educational incentive payments and payments received for vacation, sick leave and bereavement leave taken in lieu of pay for actual services rendered. Basic Compensation shall not include bonuses, commissions, uniform or expense allowance, Outside Service Duty Detail Compensation, or payments for accrued sick leave, vacation, sick leave buyback amounts, or compensatory leave paid as a lump sum upon separation of service.
<u>Final Average Compensation</u>	Average of Pensionable Earnings for the two most recent completed calendar years prior to retirement or termination with the City.
<u>Member Contributions</u>	10.0% of Salary. Effective July 8, 2010, the rate is 9.5% for Police Officers. Effective February 16, 2011, the rate is 9.5% for Firefighters.
<u>City and State Contributions</u>	Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Part VII, Chapter 112, F.S.
<u>Normal Retirement</u>	
Date	Earlier of: 1) Age 52 with 10 years of Credited Service, or 2) the completion of 25 years of Credited Service, regardless of age.
Benefit	3.20% of Final Average Compensation for all years of Credited Service.
Maximum Benefit	80% of Final Average Compensation.

Form of Benefit	Ten Year Certain and Life Annuity (options available).
<u>Early Retirement</u>	
Eligibility	Age 45 with 10 years of Credited Service.
Benefit	Accrued benefit, reduced 6% per year that the benefit commencement date precedes age 52.
<u>Vesting</u>	
Less than 5 Years	Refund of Member contributions without interest.
More than 5 but less than 10 years	Refund of Member contributions with 3% interest through the termination date.
10 or more years	Greater of a refund of Member contributions with 3% interest and the accrued benefit, payable at the Normal Retirement Date.
<u>Disability</u>	
Eligibility	
Service Incurred	Covered from Date of Employment.
Non-Service Incurred	10 years of Credited Service.
Exclusions	Disability resulting from use of drugs, illegal participation in riots, service in military, etc.
Benefit	
Service Incurred	75% of Pensionable Earnings, less 64% of Social Security Disability Benefits received, further reduced by 33% of Workers' Compensation Benefits received, plus outside income to the extent that the sum of the Workers' Compensation Benefit and Disability Retirement benefit exceed 100% of Basic Compensation.
	In no case will the Disability Retirement Benefit be less than the greater of the accrued Normal Retirement Benefit and 42% of Basic Compensation.

Non-Service Incurred

Accrued Benefit, less 64% of Social Security Disability Benefits received.

In no case will the Disability Retirement Benefit be less than 25% of Final Average Compensation, nor more than 50% of Final Average Compensation as of the date of disability.

Duration

Payable for life (with 120 payments guaranteed) or until recovery (as determined by the Board). Optional forms of payment are available.

Death Benefits**Eligibility****Service Incurred**

Covered from Date of Employment.

Non-Service Incurred

10 years of Credited Service.

Benefit (Pre-Retirement)**Service Incurred**

Accrued Benefit, but not less than 30% of Basic Compensation.

Non-Service Incurred

Accrued Benefit.

Benefit (Post-Retirement)

Benefits payable to beneficiary in accordance with option selected at retirement.

Form of Benefit

10 Year Certain and Life Annuity.

Health Care Stipend**Eligibility**

Date of Employment prior to January 1, 1996. The stipend is payable for all types of retirement benefits; DROP retirees do not receive the stipend while participating in the DROP.

Benefit

\$10 per month for each year of Credited Service, up to a maximum of \$200 per month.

Form of Benefit

Payable for the life of the retiree and any survivor, if a joint and survivor option is chosen by the Retiree.

Cost of Living Increases

Up to 2% increase or decrease effective each January 1st in accordance with the Consumer Price Index, applied to Normal and DROP Retirees. The Health Care Stipend is not subject to the COLA.

Deferred Retirement Option Plan

Eligibility

Earlier of: 1) Age 52 with 20 years of Credited Service, 2) the completion of 25 years of Credited Service, regardless of age, or 3) the date when the maximum benefit is earned.

Participation

Not to exceed 60 months.

Rate of Return

Plan Earnings, less 0.5% per year for administrative expenses. A one-time election to credit DROP accounts with the valuation assumption for investment return has been allowed since 2002. Upon exit from the DROP, interest credit reverts to Plan earnings on DROP balances.

Form of Distribution Cash lump sum (options available) at termination of employment.

SECTION VI

**GOVERNMENTAL ACCOUNTING STANDARDS
BOARD DISCLOSURE INFORMATION**

**DISCLOSURE INFORMATION PER STATEMENT NO. 25 OF THE
GOVERNMENTAL ACCOUNTING STANDARDS BOARD**

The schedule provided below has been prepared in accordance with the requirements of paragraph 37 of Statement No. 25 of the Governmental Accounting Standards Board.

SCHEDULE OF FUNDING PROGRESS

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 a % of Covered Payroll ((b-a)/c)
10/01/10	73,356,988 *	112,129,949	38,772,961	65.42%	11,995,957	323.22%
10/01/09	86,509,517	123,895,500	37,385,983	69.82%	11,034,615	338.81%
10/01/08	81,971,425	119,650,221	37,678,796	68.51%	10,952,057	344.03%
10/01/07	76,343,243	113,210,892	36,867,649	67.43%	10,925,018	337.46%
10/01/06	66,840,954	91,787,363	24,946,409	72.82%	8,926,355	279.47%

* Actuarial asset values prior to 2010 included accumulated DROP balances.

The schedule provided below has been prepared in accordance with the requirements of paragraph 38 of Statement No. 25 of the Governmental Accounting Standards Board.

SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER AND OTHER CONTRIBUTING ENTITIES

Year Ended September 30	Annual Required Contribution	City Contribution	State Contribution	Percentage Contributed
2010	7,320,389	6,907,038	642,505	103.13%
2009	7,527,340	7,016,066	511,274	100.00%
2008	5,842,140	5,417,116	632,261	103.55%
2007	5,451,304	4,999,857	519,201	101.24%
2006	3,871,871	3,523,896	425,024	101.99%

** Frozen per Chapters 175 and 185, Florida Statutes, as amended.

DISCLOSURE INFORMATION PER STATEMENT NO. 27 OF THE
GOVERNMENTAL ACCOUNTING STANDARDS BOARD

ANNUAL PENSION COSTS AND RELATED INFORMATION

Contribution rates as of 9/30/10

City	61.40%
Plan Members	10.00%

Actuarially Determined Contribution	6,677,884
Contributions made	6,907,038
Actuarial valuation date	10/1/2008
Actuarial cost method	Frozen Entry Age
Amortization method	Level Percent, Closed
Remaining amortization period	29 Years as of 10/1/2010
Asset valuation method	5 Year Smooth (Market)
Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increase*	4.5% to 10% based on service
* Includes inflation at	4.0%
Post Retirement COLA	2% per year for Normal and DROP Retirees on and after 10/1/2002

THREE YEAR TREND INFORMATION

<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
9/30/2010	7,335,519	102.92%	(732,519)
9/30/2009	7,546,026	99.75%	(518,495)
9/30/2008	5,854,973	103.32%	(537,181)

DISCLOSURE INFORMATION PER STATEMENT NO. 27 OF THE
GOVERNMENTAL ACCOUNTING STANDARDS BOARD

DEVELOPMENT OF NET PENSION OBLIGATION (NPO)

This municipal Defined Benefit Plan has been subject to the minimum funding standards since the adoption of the "Florida Protection of Public Employee Retirement Benefits Act" (Part VII of Chapter 112, Florida Statutes) in 1980. Accordingly, the sponsor has funded the actuarially determined required contributions for all years from October 1, 1987, through the transition date, October 1, 1997. Thus, the NPO on October 1, 1997, is 0.

The recent development of the Net Pension Obligation is as follows:

	<u>9/30/08</u>	<u>9/30/09</u>	<u>9/30/10</u>
Actuarially Determined			
Contribution (A)	5,842,140	7,527,340	7,320,389
Interest on NPO	(27,422)	(42,974)	(41,480)
Adjustment to (A)	40,255	61,660	56,610
	-----	-----	-----
Annual Pension Cost	5,854,973	7,546,026	7,335,519
Contributions Made	6,049,377	7,527,340	7,549,543
	-----	-----	-----
Increase in NPO	(194,404)	18,686	(214,024)
NPO Beginning of Year	(342,777)	(537,181)	(518,495)
	-----	-----	-----
NPO End of Year	(537,181)	(518,495)	(732,519)