

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

ACTUARIAL VALUATION REPORT
AS OF OCTOBER 1, 2012

CONTRIBUTIONS APPLICABLE TO THE CITY'S
PLAN/FISCAL YEAR ENDING SEPTEMBER 30, 2014

April 5, 2013

Board of Trustees
City of Hallandale Beach
Police Officers' and Firefighters' Personnel Retirement Trust
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' Personnel Retirement Trust

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' Personnel Retirement Trust. 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.

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' Personnel Retirement Trust. 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.

By:



Douglas H. Lozen, EA, MAAA
Enrolled Actuary #11-7778

DHL/lke
Enclosures

TABLE OF CONTENTS

Section	Title	Page
I	Introduction	
	a. Summary of Report	5
	b. Changes since Prior Report	7
	c. Comparative Summary of Principal Valuation Results	8
II	Valuation Information	
	a. Reconciliation of Unfunded Actuarial Accrued Liability	13
	b. Actuarial Assumptions and Methods	14
	c. Valuation Notes	16
	d. Excess State Monies Reserve	18
III	Trust Fund	19
IV	Member Statistics	
	a. Eligibility for Retirement	25
	b. Statistical Data	26
	c. Age and Service Distribution	27
	d. Member Reconciliation	28
V	Summary of Plan Provisions	29
VI	Governmental Accounting Standards Board Disclosure Information	34
VII	Senate Bill 1128 Compliance	37

SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Hallandale Beach Police Officers' and Firefighters' Personnel Retirement Trust, performed as of October 1, 2012, 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, 2014.

The contribution requirements, compared with amounts developed in the October 1, 2011 actuarial valuation (as revised October 29, 2012), are as follows:

Valuation Date	10/1/2011	10/1/2012
Applicable Plan/Fiscal Yr. End	<u>9/30/2013</u>	<u>9/30/2014</u>
Total Required Contribution		\$10,571,677
% of Total Annual Payroll	74.48%	
Member Contributions		\$1,310,180
% of Total Annual Payroll	9.50%	
City and State Required Contribution		\$9,261,497
% of Total Annual Payroll	64.98%	
State Contribution (1)	\$635,011	\$635,011
% of Total Annual Payroll	5.10%	
Balance from City (1)		\$8,626,486
% of Total Annual Payroll	59.88%	

(1) The City may use up to \$1,534,241 in State Contributions for determining its minimum funding requirements.

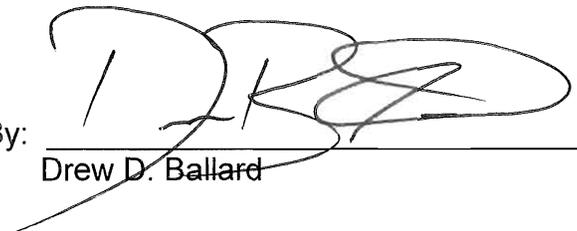
Overall actuarial experience during the past year has been unfavorable, relative to the Plan's actuarial assumptions. The primary components of unfavorable experience included a 2.6% investment return (Actuarial Asset basis), falling short of the 7.75% assumption, lower than expected employee turnover, and lower than expected retiree mortality. These losses were partially offset by average increases in Pensionable Compensation that were less than the assumption by almost 4%.

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: 
Douglas H. Lozen, EA, MAAA

By: 
Drew D. Ballard

Plan Changes Since Prior Valuation

There have been no changes in benefits since the prior valuation.

Actuarial Assumption/Method Changes Since Prior Valuation

As approved by the Board of Trustees, the funding method has been changed from the percentage of payroll method to a fixed dollar contribution.

Additionally, in conjunction with the October 1, 2012 actuarial valuation, accumulated DROP Balances are disclosed as a liability, and are also included in the Market and Actuarial Value of Assets. For the purpose of consistency, this change is made retroactively to October 1, 2011. Accordingly, this change is reflected in both columns of the Comparative Summary section of this report.

Comparative Summary of Principal Valuation Results

	<u>10/1/2012</u>	<u>10/1/2011</u>
A. Participant Data		
Number Included		
Actives	161	149
Service Retirees	133	129
Beneficiaries	13	13
Terminated Vested	4	3
Disability Retirees	9	9
DROP Retirees	11	16
Total	<u>331</u>	<u>319</u>
Total Annual Payroll	\$13,244,476	\$12,199,319
Payroll Under Assumed Ret. Age	12,443,197	12,092,139
Annual Rate of Payments to:		
Service Retirees	6,524,416	6,086,178
Beneficiaries	329,467	328,608
Terminated Vested	68,928	68,928
Disability Retirees	315,618	315,618
DROP Retirees	851,829	1,214,350
B. Assets		
Actuarial Value ¹	97,793,889	93,437,362
Market Value ¹	101,230,756	82,570,549
C. Liabilities		
Present Value of Benefits		
Active Members		
Retirement Benefits	63,166,210	55,996,508
Disability Benefits	1,871,247	1,807,028
Death Benefits	528,189	513,831
Vested Benefits	4,115,195	4,073,241
Refund of Contributions	788,867	708,937
Service Retirees	81,170,610	75,774,142
Beneficiaries	2,420,564	2,535,017
Terminated Vested	603,302	519,113
Disability Retirees	2,749,293	2,814,813
DROP Retirees ¹	32,546,353	36,666,871
Excess State Monies Reserve	0	0
Total	<u>189,959,830</u>	<u>181,409,501</u>

	<u>10/1/2012</u>	<u>10/1/2011</u>
C. Liabilities - (Continued)		
Present Value of Future Salaries	83,589,086	79,144,031
Present Value of Future Member Cont.	7,940,963	7,518,683
Normal Cost (Entry Age)		
Service Ret	1,792,436	n/a
Dis Benefits	166,689	n/a
Death Benefits	41,739	n/a
Vest Benefits	263,023	n/a
Refunds	109,226	n/a
Total Normal Cost	<u>2,373,113</u>	<u>2,253,794</u>
Present Value of Future Normal Costs	15,679,244	14,570,232
Actuarial Accrued Liability		
Service Ret	50,943,020	n/a
Dis Benefits	746,249	n/a
Death Benefits	247,251	n/a
Vest Benefits	2,536,492	n/a
Refunds	317,452	n/a
Inactives ¹	119,490,122	118,309,956
Excess State Monies Reserve	0	0
Total Actuarial Accrued Liability	<u>174,280,586</u>	<u>166,839,269</u>
Unfunded Actuarial Accrued Liability	76,486,697	73,401,907
D. Actuarial Present Value of Accrued Benefits		
Vested Accrued Benefits		
Inactives ¹	119,490,122	118,309,956
Actives	15,138,629	12,494,676
Member Contributions	10,130,704	8,978,018
Total	<u>144,759,455</u>	<u>139,782,650</u>
Non-vested Accrued Benefits	<u>6,306,650</u>	<u>5,444,709</u>
Total Present Value Accrued Benefits	151,066,105	145,227,359
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
New Accrued Benefits	3,251,422	
Benefits Paid	(8,344,449)	
Interest	10,931,773	
Other	0	
Total:	<u>5,838,746</u>	

Valuation Date Applicable to Fiscal Year Ending	10/1/2012 <u>9/30/2014</u>	10/1/2011 <u>9/30/2013</u>
E. Pension Cost		
Normal Cost ² % of Total Annual Payroll	\$2,630,231	19.36
Administrative Expense ² % of Total Annual Payroll	\$143,840	1.27
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 27 years (as of 10/1/12) ² % of Total Annual Payroll	\$7,797,606	53.85
Total Required Contribution % of Total Annual Payroll	\$10,571,677	74.48
Expected Member Contributions ² % of Total Annual Payroll	\$1,310,180	9.50
Expected City & State Contrib. % of Total Annual Payroll	\$9,261,497	64.98

F. Past Contributions

Plan Year Ending:	<u>9/30/2012</u>
Total Required Contribution	10,285,784
City and State Requirement	9,137,817
Actual Contributions Made:	
Members	1,198,243
City	8,509,003
State	635,011
Total	<u>10,342,257</u>

G. Net Actuarial Gain (Loss) (5,528,355)

¹ The asset values and liabilities for DROP Members include accumulated DROP Balances as of 09/30/2011 and 09/30/2012.

² Contributions developed as of 10/1/2012 displayed above have been adjusted to account for assumed salary increase and interest components

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

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2012	\$76,486,697
2013	74,833,826
2014	72,907,030
2015	70,678,901
2016	68,119,641
2026	24,465,720
2039	0

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2012	2.8%	6.6%
Year Ended	9/30/2011	2.0%	7.8%
Year Ended	9/30/2010	5.5%	7.7%

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2012	2.6%	7.75%
Year Ended	9/30/2011	1.8%	8.0%
Year Ended	9/30/2010	2.6%	8.0%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2012	\$13,244,476
	10/1/2002	7,201,000
(b) Total Increase		83.9%
(c) Number of Years		10.00
(d) Average Annual Rate		6.28%

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.


 Douglas H. Lozen, EA, MAAA
 Enrolled Actuary #11-7778

Please let us know when the report is approved by the Board and unless otherwise directed we will provide copies of the report to the following offices to comply with Chapter 112 Florida Statutes:

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

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

Reconciliation of Unfunded Actuarial Accrued Liabilities

(1)	Unfunded Actuarial Accrued Liability as of October 1, 2011	\$73,401,907
(2)	Sponsor Normal Cost developed as of October 1, 2011	1,105,041
(3)	Expected Administrative Expenses during the year ending September 30, 2012	147,745
(4)	Interest on (1), (2) and (3)	5,780,014
(5)	Sponsor Contributions to the System during the year ending September 30, 2012	9,144,014
(6)	Interest on (5)	332,351
(7)	Expected Unfunded Accrued Liability as of October 1, 2012 (1)+(2)+(3)+(4)-(5)-(6)	70,958,342
(8)	Change in UAAL due to (Gain)/Loss	5,528,355
(9)	Unfunded Accrued Liability as of October 1, 2012	\$76,486,697

	<u>Date Established</u>	<u>Years Remaining</u>	<u>10/1/2012 Amount</u>	<u>Amortization Amount</u>
Plan Amendment	10/1/1993	11	9,425,634	1,005,665
Assumption Change	10/1/1994	12	863,301	85,754
Method Change	10/1/1994	12	(1,983,127)	(196,988)
Assumption Change	10/1/1995	13	(868,059)	(80,830)
Assumption Change	10/1/1996	14	216,784	19,034
Plan Amendment	10/1/1997	15	3,176,303	264,286
Assumption Change	10/1/1999	17	319,276	24,159
Plan Amendment	10/1/2000	18	1,782,081	129,276
Plan Amendment	10/1/2001	19	5,525,415	385,421
Asset Method Change	10/1/2002	20	(2,909,739)	(195,691)
Assumption Change	10/1/2002	20	(1,599,160)	(107,550)
Plan Amendment	10/1/2002	20	11,265,478	757,647
Plan Amendment	10/1/2007	15	11,818,975	983,404
Plan Amendment	10/1/2009	27	(985,456)	(54,312)
Assumption Change	10/1/2010	18	2,379,071	172,583
Assumption Change	10/1/2011	19	1,595,257	151,401
Method Change	10/1/2011	19	30,936,308	2,936,064
Actuarial Loss	10/1/2012	10	5,528,355	756,029
			76,486,697	7,035,352

ACTUARIAL ASSUMPTIONS AND METHODS

<u>Mortality Rate</u>	<p>RP2000, Combined Healthy Mortality Table without projection. Disabled Members set forward 5 years.</p> <p>Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements.</p>
<u>Interest Rate</u>	7.75% 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 at the rate of 15% per year.
Normal Retirement	
<u>Number of Years after First Eligibility for Normal Retirement</u>	<u>Probability of Retirement</u>
0	50%
1	50%
2	100%
<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% per year for all bases created prior to 2011, 0.0% for all bases created thereafter.
<u>Administrative Expenses</u>	\$129,779.

Funding Method

Entry Age Normal Actuarial Cost Method. The following loads are utilized for determination of the Total Required Contribution:

- Interest – A half-year, based on the current 8.0% assumption.
- Salary – A full-year, based on the current 6.7% average increase assumption.

Actuarial Asset Method

The Actuarial Value of Assets utilizes a five-year smoothing methodology. The annual difference between expected and actual investment earnings (Market Value, net of investment-related expenses), is phased-in over a five-year period.

<u>Age</u>	<u>% Becoming Disabled During the Year</u>	<u>% Terminating During the Year</u>
20	0.14%	12.0%
25	0.15%	10.4%
30	0.18%	10.0%
35	0.23%	7.6%
40	0.30%	5.2%
45	0.51%	3.2%
50	1.00%	1.6%
55	1.00%	0.6%

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.

Entry Age Normal Cost Method - Under this method, the normal cost is the sum of the individual normal costs for all active participants. For an active participant, the normal cost is the participant's normal cost accrual rate, multiplied by the participant's current compensation.

(a) The normal cost accrual rate equals:

(i) the present value of future benefits for the participant, determined as of the participant's entry age, divided by

(ii) the present value of the compensation expected to be paid to the participant for each year of the participant's anticipated future service, determined as of the participant's entry age.

(b) In calculating the present value of future compensation, the salary scale is applied both retrospectively and prospectively to estimate compensation in years prior to and subsequent to the valuation year based on the compensation used for the valuation.

(c) The accrued liability is the sum of the individual accrued liabilities for all participants and beneficiaries. A participant's accrued liability equals the present value, at the participant's attained age, of future benefits less the present value at the participant's attained age of the individual normal costs payable in the future. A beneficiary's accrued liability equals the present value, at the

beneficiary's attained age, of future benefits. The unfunded accrued liability equals the total accrued liability less the actuarial value of assets.

- (d) Under this method, the entry age used for each active participant is the participant's age at the time he or she would have commenced participation if the plan had always been in existence under current terms, or the age as of which he or she first earns service credits for purposes of benefit accrual under the current terms of the plan.

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		
	Regular Distribution			Special Distribution			Actual State Contribution	Applicable "Frozen" Amount	Excess State Monies Reserve
	Actual State Contribution	Applicable "Frozen" Amount	Excess State Monies Reserve	Actual State Contribution	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
2011	354,398.71	748,591.22	0.00	15,990.78	15,990.78	0.00	211,610.42	769,659.00	0.00
2012	361,394.93	718,657.42	0.00	45,924.58	45,924.58	0.00	227,691.58	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						

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

City of Hallandale Beach
Police Officer's and Firefighter's Personnel Retirement Trust

BALANCE SHEET
September 30, 2012

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Prepaid Expenses	7,595.99	7,595.99
Money Market	4,649,725.20	4,649,725.20
Pending Trades Receivable	832,184.69	832,184.69
Pending Trades Payable	(568,240.14)	(568,240.14)
Cash	880.57	880.57
 Total Cash and Equivalents	 4,922,146.31	 4,922,146.31
Receivable:		
Member Contributions in Transit	46,853.16	46,853.16
City Contributions in Transit	1,679,513.49	1,679,513.49
State Contributions	45,924.58	45,924.58
Accrued Income	203,022.21	203,022.21
 Total Receivable	 1,975,313.44	 1,975,313.44
Investments:		
U S Govt/Govt Sponsored/Agency	8,998,491.53	9,695,890.85
Corporate Bonds/CMOs/REMICs	5,348,369.87	5,682,616.05
Corporate Stocks/REITs	47,615,983.16	55,413,798.09
Foreign/ADR Securities	10,432,943.37	11,394,153.21
Hedge Fund of Funds International	2,475,000.00	2,619,146.94
Hedge Fund of Funds	4,950,000.00	5,499,020.80
Mutual Funds:		
Equity	118,831.19	122,706.00
Pooled/Common/Commingled Funds:		
Equity	4,153,698.45	4,153,698.45
 Total Investments	 84,093,317.57	 94,581,030.39
 TOTAL ASSETS	 90,990,777.32	 101,478,490.14
 <u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Payable:		
Unpaid Investment Expenses	225,270.87	225,270.87
Unpaid Administrative Expenses	22,463.49	22,463.49
 Total Liabilities	 247,734.36	 247,734.36
 Net Assets, including DROP Account Balances	 90,743,042.96	 101,230,755.78
 TOTAL LIABILITIES AND NET ASSETS	 90,990,777.32	 101,478,490.14

City of Hallandale Beach
Police Officer's and Firefighter's Personnel Retirement Trust

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
September 30, 2012
Market Value Basis

REVENUES

Contributions:		
Member	1,147,966.91	
Buy-Back	50,275.90	
City	8,509,003.04	
State	635,011.09	
Total Contributions		10,342,256.94
Earnings from Investments		
Interest & Dividends	1,709,854.03	
Net Realized Gain (Loss)	3,864,833.96	
Unrealized Gain (Loss)	11,732,607.95	
Total Earnings and Investment Gains		17,307,295.94
EXPENDITURES		
Expenses:		
Investment Related ¹	515,117.38	
Administrative	129,779.36	
Total Expenses		644,896.74
Distributions to Members:		
Benefit Payments	6,957,907.59	
Lump Sum or Partial DROP Distributions	1,386,541.37	
Termination Payments	0.00	
Total Distributions		8,344,448.96
Change in Net Assets for the Year		18,660,207.18
Net Assets Beginning of the Year ²		82,570,548.60
Net Assets End of the Year		101,230,755.78

¹Investment Related expenses include investment advisory, custodial and performance monitoring fees.

²Net Assets include DROP account balances at the beginning of the year.

City of Hallandale Beach
Police Officer's and Firefighter's Personnel Retirement Trust

ACTUARIAL ASSET VALUATION
September 30, 2012

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				
		2012	2013	2014	2015	2016
9/30/2008	(18,916,926)	0	0	0	0	0
9/30/2009	(5,183,578)	(1,036,716)	0	0	0	0
9/30/2010	507,598	203,039	101,520	0	0	0
9/30/2011	(6,643,194)	(3,985,916)	(2,657,278)	(1,328,639)	0	0
9/30/2012	10,320,575	8,256,460	6,192,345	4,128,230	2,064,115	0
Total		3,436,867	3,636,587	2,799,591	2,064,115	0

Development of Investment Gain/Loss

Market Value of Assets, 9/30/2011, including DROP Benefits	82,570,549
Contributions Less Benefit Payments & Admin Expenses	1,868,029
Expected Investment Earnings*	6,471,604
Actual Net Investment Earnings	16,792,179
2012 Actuarial Investment Gain/(Loss)	<u>10,320,575</u>

*Expected Investment Earnings = $0.0775 * (82,570,549 + .5 * 1,868,029)$

Development of Actuarial Value of Assets

Net Market Value of Assets, 9/30/2012	101,230,756
(Gains)/Losses Not Yet Recognized	<u>(3,436,867)</u>
Net Actuarial Value of Assets, 9/30/2012	97,793,889
(A) 9/30/2011 Actuarial Assets, including DROP Benefits:	93,437,362
(I) Net Investment Income:	
1. Interest and Dividends	1,709,854
2. Realized Gains (Losses)	3,864,834
3. Change in Actuarial Value	(2,571,072)
4. Investment Expenses	<u>(515,117)</u>
Total	2,488,499
(B) 9/30/2012 Actuarial Assets, including DROP Benefits:	97,793,889
Actuarial Assets Rate of Return = $2I/(A+B-I)$:	2.6%
Market Value of Assets Rate of Return:	20.1%

10/01/12 Limited Actuarial Assets: 97,793,889
(Lesser of Actuarial Assets or 120% of Market Value, but no less than 80% of Market Value)

City of Hallandale Beach
Police Officer's and Firefighter's Personnel Retirement Trust

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
September 30, 2012
Actuarial Asset Basis

REVENUES

Contributions:		
Member	1,147,966.91	
Buy-Back	50,275.90	
City	8,509,003.04	
State	635,011.09	
Total Contributions		10,342,256.94
Earnings from Investments		
Interest & Dividends	1,709,854.03	
Net Realized Gain (Loss)	3,864,833.96	
Change in Actuarial Value	(2,571,072.07)	
Total Earnings and Investment Gains		3,003,615.92
EXPENDITURES		
Expenses:		
Investment Related ¹	515,117.38	
Administrative	129,779.36	
Total Expenses		644,896.74
Distributions to Members:		
Benefit Payments	6,957,907.59	
Lump Sum or Partial DROP Distributions	1,386,541.37	
Termination Payments	0.00	
Total Distributions		8,344,448.96
Change in Net Assets for the Year		4,356,527.16
Net Assets Beginning of the Year ²		93,437,361.62
Net Assets End of the Year ³		97,793,888.78

¹Investment Related expenses include investment advisory, custodial and performance monitoring fees.

²Net Assets include DROP account balances at the beginning of the year.

³Net Assets may be limited for actuarial consideration.

City of Hallandale Beach
Police Officer's and Firefighter's Personnel Retirement Trust

Police Officers

DEFERRED RETIREMENT OPTION PLAN ACTIVITY

October 1, 2011 through September 30, 2012

Name	9/30/11 Balance	Additions	Investment Return	Distributions	9/30/12 Balance
Ahern, Jr., Stewart C.	188,789.83	0.00	13,926.61	(30,000.00)	172,716.44
Allen, Richard	369,595.28	0.00	29,568.33	0.00	399,163.61
Bieger, Norman	343,066.56	0.00	26,245.95	(15,000.00)	354,312.51
Cardoso, Jose Manuel	492,714.43	0.00	39,418.09	0.00	532,132.52
Cowley, Kenneth	185,239.32	91,874.58	18,741.30	0.00	295,855.20
Currey, P Francis	509,221.63	0.00	40,738.71	0.00	549,960.34
Czarneck-Chidsey, Janine	8,691.94	0.00	695.37	0.00	9,387.31
Eddy, Mark	138,495.81	0.00	9,692.06	(32,400.00)	115,787.87
English, Michael	224,704.66	64,573.95	20,733.25	0.00	310,011.86
Flournoy, Dwayne	391,308.21	79,378.88	34,957.55	0.00	505,644.64
Fowler, Michael	256,673.25	73,760.52	23,682.94	0.00	354,116.71
Furnell, Dr., Linda A	487,190.84	0.00	38,976.21	0.00	526,167.05
Garrett, William	18,517.69	0.00	887.24	(10,000.00)	9,404.93
Golden, Timothy	369,460.77	0.00	18,815.40	(160,000.00)	228,276.17
Harrell, Michael	135,764.34	(3,117.65)	9,801.58	(21,000.00)	121,448.27
Hock, Christopher	408,411.00	0.00	32,673.67	0.00	441,084.67
Honan, Thomas	211,802.40	92,100.75	20,876.06	0.00	324,779.21
Hopke, Richard	278,102.39	0.00	22,248.73	0.00	300,351.12
Kirchoff, James	457,387.30	0.00	36,591.85	0.00	493,979.15
Lilly, Anthony	359,322.96	0.00	27,055.55	(42,000.00)	344,378.51
Llinas, Jimmy	174,289.46	0.00	12,659.86	(25,000.00)	161,949.32
Mangan, Jr., A Dermot	470,093.74	0.00	37,608.40	0.00	507,702.14
Marchese, Melanie	109,749.86	0.00	8,780.20	0.00	118,530.06
Matias, Rafael	131,529.30	62,333.07	13,183.37	0.00	207,045.74
O'Connell, D. Daniel	92,811.90	0.00	5,659.72	(45,000.00)	53,471.62
Owens, William T.	382,901.58	0.00	30,632.87	0.00	413,534.45
Raphael, Andrew	11,569.56	69,788.07	3,904.59	0.00	85,262.22
Risi, Nicholas	398,694.03	0.00	31,896.29	0.00	430,590.32
Roaden, Marsha	439,191.68	0.00	25,459.72	(194,000.00)	270,651.40
Rogers, Robert E.	405,081.96	0.00	32,407.34	0.00	437,489.30
Semkow, Daniel	187,979.23	0.00	16,735.44	(28,400.00)	176,314.67
Shorkey, J. Martin	390,477.04	0.00	31,238.92	0.00	421,715.96
Terrones, David	64,737.91	0.00	5,179.15	0.00	69,917.06
Varone, Robin	26,461.03	0.00	1,697.24	(7,800.00)	20,358.27
Villanueva, Alfred	6,185.07	74,859.84	3,690.32	0.00	84,735.23
Watkins-Semkow, Jamie	129,105.45	0.00	7,223.09	(46,500.00)	89,828.54
White, Dennis	246,531.87	0.00	19,209.00	(12,000.00)	253,740.87
Winters, Paul	120,424.67	93,614.04	13,630.20	0.00	227,668.91

(See following page for Fire Personnel)

Total Police	9,622,275.95	699,166.05	767,122.17	(669,100.00)	10,419,464.17
---------------------	---------------------	-------------------	-------------------	---------------------	----------------------

City of Hallandale Beach
 Police Officer's and Firefighter's Personnel Retirement Trust
Firefighters
 DEFERRED RETIREMENT OPTION PLAN ACTIVITY
 October 1, 2011 through September 30, 2012

Name	9/30/11 Balance	Additions	Investment Return	Distributions	9/30/12 Balance
Baird, Alexander	184,251.13	80,120.28	18,160.51	0.00	282,531.92
Bousquet, Arthur	416,506.39	0.00	33,321.31	0.00	449,827.70
Cordero, Keith	363,238.38	20,615.85	74,047.86	(136,000.00)	321,902.09
Foreman, Jeff	360,413.77	0.00	28,833.80	0.00	389,247.57
Griswold, Bruce C.	506,802.91	0.00	40,545.20	0.00	547,348.11
Growick, Robert	56,531.25	0.00	4,522.61	0.00	61,053.86
Henderson, Aaron	389,684.52	0.00	31,175.51	0.00	420,860.03
Hirth, Michael	435,115.81	0.00	33,782.04	(24,000.00)	444,897.85
Hodge, Kenneth L.	276,433.65	0.00	22,115.22	0.00	298,548.87
Hunter, R Jeffrey	30,100.59	0.00	1,695.05	(12,000.00)	19,795.64
Johnson, James	375,011.95	0.00	29,613.14	(20,000.00)	384,625.09
Kenny, Daniel	283,538.30	71,588.61	19,679.47	0.00	374,806.38
Kuhns, Edwin L.	258,234.31	0.00	20,145.21	(12,000.00)	266,379.52
Lovell, Gary	289,303.77	0.00	22,562.05	(30,000.00)	281,865.82
Martinez, Aramis	43,077.19	0.00	3,446.26	0.00	46,523.45
McCluskey, Scot	147,966.81	57,159.42	14,277.57	0.00	219,403.80
McManus, H. T.	360,466.47	0.00	28,838.01	0.00	389,304.48
Moran, Thomas	306,522.07	0.00	24,522.35	0.00	331,044.42
Panico, Thomas	360,177.40	28,868.32	12,495.65	(401,541.37)	0.00
Parker, Kenneth	349,269.19	87,468.39	31,675.94	0.00	468,413.52
Phelps, James	411,482.46	0.00	32,919.39	0.00	444,401.85
Quinn, Norman J.	299,090.27	0.00	23,927.81	0.00	323,018.08
Radler, Joseph	317,393.46	0.00	25,392.08	0.00	342,785.54
Sabatino, Leonard	222,115.62	0.00	16,053.57	(32,900.00)	205,269.19
Selvanik, P. M.	457,175.49	0.00	36,574.91	0.00	493,750.40
Sistrunk, Scott	393,645.12	0.00	31,492.36	0.00	425,137.48
Slater, Anthony	245,466.51	0.00	19,152.12	(25,000.00)	239,618.63
Smith, Brian	346,748.12	0.00	26,712.45	(24,000.00)	349,460.57
Smith, David W.	307.16	0.00	24.57	0.00	331.73
Zeller, Jeffrey A.	511,124.99	31,335.18	110,250.53	0.00	652,710.70
Total Fire	8,997,195.06	377,156.05	817,954.55	(717,441.37)	9,474,864.29
Total Police and Fire	18,619,471.01	1,076,322.10	1,585,076.72	(1,386,541.37)	19,894,328.46

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 BUNCE, James CARSON, Jeffrey MILTNOVICH, Michael PEREZ, Raul WARREN, Alan</p>	<p>ALFORD, Daniel BLATCHFORD, Robert CICALTELLO, Mario DUBUISSON, Marc GOMEZ, Juan HEISER, Paul ICOBELLI, Richard IVES, Darin LABUFF, David LEON, Julio MCGLYNN, JR, James REIFENBERG, Dwight ROS, Robert RYAN, John SHIELDS, Robert SHUSTER, Douglas STRICKLAND, Virgil TAYLOR, Wayne VERA, Alejandro WILEY, Timothy WILLIAMS, Lori WILSON, Mark</p>

STATISTICAL DATA

	<u>10/1/2009</u>	<u>10/1/2010</u>	<u>10/1/2011</u>	<u>10/1/2012</u>
Number	142	147	149	161
Average Current Age	37.1	37.4	37.9	38.3
Average Age at Employment	29.7	29.3	29.1	27.0
Average Past Service	7.4	8.1	8.7	11.3
Average Annual Salary	\$77,709	\$81,605	\$81,155	\$82,264

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	2	0	1	0	0	0	0	0	0	0	5
25 - 29	6	2	6	5	5	6	0	0	0	0	0	30
30 - 34	0	1	1	2	2	19	0	0	0	0	0	25
35 - 39	3	0	1	0	5	13	7	0	0	0	0	29
40 - 44	1	0	1	2	2	7	9	5	6	0	0	33
45 - 49	1	1	0	0	0	2	4	4	5	0	0	17
50 - 54	0	0	1	0	0	2	5	2	9	0	0	19
55 - 59	0	0	0	0	0	1	0	1	0	0	0	2
60 - 64	0	0	0	0	0	0	1	0	0	0	0	1
65+	0	0	0	0	0	0	0	0	0	0	0	0
Total	13	6	10	10	14	50	26	12	20	0	0	161

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/11	149
b. Terminations	
i. Vested (partial or full) with deferred benefits (including non-vested terminated members awaiting a refund of member contributions)	1 *
ii. Non-vested or full lump sum distribution received	0
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	0
f. Entered DROP	0
g. Continuing participants	148
h. New entrants	13
i. Total active life participants in valuation	161

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	129	13	9	3	16	170
b. In	5	0	0	1	0	6
c. Out	1	0	0	0	5	6
d. Number current valuation	133	13	9	4	11	170

* Non-vested Member awaiting a refund on Accumulated Contributions.

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>	9.5% of Salary.
<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).

Early Retirement

Eligibility	Age 45 with 10 years of Credited Service.
Benefit	Accrued benefit, reduced 6% per year that the benefit commencement date precedes age 52.

Vesting

Less than 5 Years	Refund of Member contributions without interest.
5-10 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.

Disability

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)	
Form of Benefit	10 Year Certain and Life Annuity.
<u>Health Care Stipend</u>	
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.
<u>Cost of Living Increases</u>	
	Up to 2% increase or decrease effective each January 1 st 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.

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) - EAN Method (b) *	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
10/01/12	97,793,889	174,280,586	76,486,697	56.11%	13,244,476	577.50%
10/01/11	74,817,891	148,219,798	73,401,907	50.48%	12,199,319	601.69%
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%

* Funding method switched from FIL to Entry Age Normal effective October 1, 2011.

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
2012	9,137,817	8,509,003	635,011	100.07%
2011	8,110,548	7,528,548	582,000	100.00%
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%

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

ANNUAL PENSION COSTS AND RELATED INFORMATION

Contribution rates as of 9/30/12

City and State	75.62%
Plan Members	9.50%
Actuarially Determined Contribution (City and State)	9,137,817
Contributions made (City and State)	9,144,014
Actuarial valuation date	10/1/2010
Actuarial cost method	Frozen Entry Age (as of 10/1/2010)
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% (as of 10/1/2010)
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

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9/30/2012	9,163,610	99.79%	(694,343)
9/30/2011	8,129,129	99.77%	(713,938)
9/30/2010	7,335,519	102.92%	(732,519)

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 contribution 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>9/30/10</u>	<u>9/30/11</u>	<u>9/30/12</u>
Actuarially Determined			
Contribution (A)	7,320,389	8,110,548	9,137,817
Interest on NPO	(41,480)	(58,602)	(57,115)
Adjustment to (A)	56,610	77,183	82,908
	-----	-----	-----
Annual Pension Cost	7,335,519	8,129,129	9,163,610
Contributions Made	7,549,543	8,110,548	9,144,014
	-----	-----	-----
Increase in NPO	(214,024)	18,581	19,595
NPO Beginning of Year	(518,495)	(732,519)	(713,938)
	-----	-----	-----
NPO End of Year	(732,519)	(713,938)	(694,343)

SENATE BILL 1128 COMPLIANCE

Senate Bill 1128 amended Section 112.63 of the Florida Statutes to require that each plan report the plan's accrued vested, non-vested, and total benefits, as adopted by the Financial Accounting Standards Board, using the Florida Retirement System's assumed rate of return, which is currently 7.75%. The bill states that this is to promote comparability of actuarial data between local law plans.

While these calculations are required for compliance purposes, it is the view of Foster & Foster that utilizing this information to compare local law plans is extremely dangerous. There are many other assumptions inherent in the actuarial valuation, and they may differ widely from one plan to another. Additionally, benefit levels, funding policies, asset allocation, and the age of the plan itself all must be considered when comparing defined benefit plans.

Present Value of Accrued Benefits at 7.75% Interest

Vested Accrued Benefits	
Inactives	\$119,490,122
Actives	15,138,629
Member Contributions	<u>10,130,704</u>
Total	144,759,455
Non-Vested Accrued Benefits	<u>6,306,650</u>
Total Present Value of Accrued Benefits	\$151,066,105