



July 6, 2011

Ms. Cathy David
Administrator
Dania Beach Police & Firefighters'
Retirement System
City of Dania Beach
113 S.W. 1st Street
Dania Beach, Florida 33004

Dear Cathy:

As requested, we have prepared the enclosed Actuarial Impact Statement for the proposed ordinance which amends the Plan due to the merger with the Broward Sheriff's Office.

The Statement must be filed with the Division of Retirement before the final public hearing on the ordinance. Please have a member of the Board of Trustees sign the Statement. Then send the Statement along with a copy of the proposed ordinance to Tallahassee.

We welcome your questions and comments.

Sincerely yours,

J. Stephen Palmquist, ASA
Senior Consultant & Actuary

JSP/ta

Enclosures

cc: Ken Harrison



July 6, 2011

Board of Trustees
Dania Beach Police and Firefighters
Retirement System
Dania Beach, Florida

Re: Dania Beach Police and Firefighters Retirement System Actuarial Impact Statement

Dear Board Members:

Presented in this report are the results showing the financial effect of the proposed ordinance which amends the Dania Beach Police and Firefighters Retirement System ("Plan") due to the merger with the Broward Sherriff's Office. Under the proposed ordinance, Firefighters hired after January 6, 2011 participate in the Florida Retirement System, and active firefighters who were participants in the Plan on January 6, 2011 were able to elect to remain in the Plan or transfer to the Florida Retirement System.

The proposed ordinance also allows for a retired member, elected by a majority of active or retired firefighters who are members of the Plan, to become a board member when there are less than ten active members of the Plan. This provision will have no actuarial impact on the Plan.

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

The purpose of this report is to describe the financial effect of the proposed plan changes. No statement in this report is intended to be interpreted as a recommendation in favor of the changes, or in opposition to them. This report should not be relied on for any purpose other than the purpose described above.

The calculations in this report are based upon information furnished by the Plan Administrator for the October 1, 2010 Actuarial Valuation concerning Plan benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We reviewed this information for internal and year-to-year consistency, but did not otherwise audit the data. We are not responsible for the accuracy or completeness of the information provided by the Plan Administrator. The developed findings included in this report consider data and other information through January 25, 2011, the date by which members were able to elect to remain members of the Plan.

The calculations are based upon assumptions regarding future events, which may or may not materialize. They are also based on the assumptions, methods, and present and proposed plan provisions outlined on page 2 of this report. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's

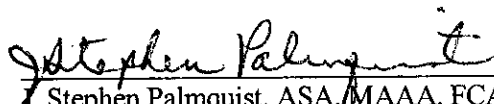
funded status); and changes in plan provisions or applicable law. If you have reason to believe that the assumptions that were used are unreasonable, that the plan provisions are incorrectly described, that important plan provisions relevant to this proposal are not described, or that conditions have changed since the calculations were made, you should contact the author of the report prior to relying on information in the report.

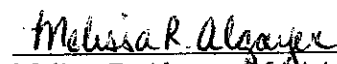
In the event that more than one plan change is being considered, it is very important to remember that the results of separate actuarial valuations cannot generally be added together to produce a correct estimate of the combined effect of all the changes. The total can be considerably greater than the sum of the parts due to the interaction of the various plan provisions with each other, and with the assumptions that must be used.

The undersigned actuaries are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. The undersigned actuaries are independent of the plan sponsor.

This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of the Plan as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board and with applicable statutes.

Respectfully submitted,


Stephen Palmquist, ASA, MAAA, FCA
Enrolled Actuary No. 11-1560


Melissa R. Algayer, MAAA, FCA
Enrolled Actuary No. 11-6467

Dania Beach Police & Firefighters Retirement System**Impact Statement – July 6, 2011****Description of Amendment**

The proposed ordinance amends the Plan due to the merger with the Broward Sheriff's Office. Firefighters hired after January 6, 2011 participate in the Florida Retirement System, and active firefighters who were participants in the Plan on January 6, 2011 were able to elect to remain in the Plan or transfer to the Florida Retirement System.

Funding Implications of Amendment

An actuarial cost estimate is attached showing the effect of the proposed changes.

Certification of Administrator

I believe the amendment is in compliance with Part VII, Chapter 112, Florida Statutes and Section 14, Article X of the Constitution of the State of Florida.

For the Board of Trustees
as Plan Administrator

SUPPLEMENTAL ACTUARIAL VALUATION REPORT

Plan

Dania Beach Police and Firefighters Retirement System

Valuation Date

October 1, 2010

Date of Report

July 6, 2011

Report Requested by

Board of Trustees

Prepared by

J. Stephen Palmquist

Group Valued

All active and inactive Police Officers and Firefighters

Plan Provisions Being Considered for ChangePresent Plan Provision Before Change

All full-time firefighters of the City participate in the Dania Beach Police and Firefighters Retirement System.

Proposed Change

Firefighters hired after January 6, 2011 participate in the Florida Retirement System, and active firefighters who were participants in the Plan on January 6, 2011 were able to elect to remain in the Plan or transfer to the Florida Retirement System.

Participants Affected

Active firefighters who were participants in the Plan on January 6, 2011 and firefighters hired after January 6, 2011. Thirty-five of the 47 active members as of October 1, 2010 have elected to remain in the Plan.

Actuarial Assumptions and Methods

Same as October 1, 2010 Actuarial Valuation Report with no exceptions.

Some of the key assumptions/methods are:

Investment Return – 8.0% (lowered from 8.5% effective as of October 1, 2010)

Salary increase – 6.0 % per year

Cost Method – Entry Age Normal

Amortization Period for Any Change in Actuarial Accrued Liability

30 years for Firefighters (level dollar payments).

Summary of Data Used in Report

See attached page.

Actuarial Impact of Proposal(s)

See attached page(s). Since the System was closed to new members, the annual payment on the unfunded accrued liability will continue to increase as a percentage of covered payroll as such payroll decreases from year to year. Therefore, the overall cost as a percentage of covered payroll will be increasing each year.

Special Risks Involved with the Proposal That the Plan Has Not Been Exposed to Previously

None

Possible Conflicts with IRS Qualification Rules

None

ANNUAL REQUIRED CONTRIBUTION (ARC) -- FIRE			
A. Valuation Date	October 1, 2010 <i>Before Plan Change</i>	October 1, 2010 <i>After Plan Change</i>	<i>Difference</i>
B. ARC to Be Paid During Fiscal Year Ending (Contribution Year)	9/30/2012	9/30/2012	
C. Assumed Dates of Employer Contributions	Quarterly	Quarterly	
D. Annual Payment to Amortize Unfunded Actuarial Liability	\$ 1,081,378	\$ 1,078,653	\$ (2,725)
E. Employer Normal Cost	383,829	336,269	(47,560)
F. ARC if Paid on the Valuation Date: D+E	1,465,207	1,414,922	(50,285)
G. ARC Adjusted for Frequency of Payments	1,536,328	1,483,602	(52,726)
H. ARC as % of Covered Payroll	43.70 %	53.42 %	9.72 %
I. Assumed Rate of Increase in Covered Payroll to Contribution Year	4.00 %	0.00 %	(4.00) %
J. Covered Payroll for Contribution Year*	3,656,117	2,758,105	(898,012)
K. ARC for Contribution Year: H x J	1,597,723	1,473,380	(124,343)
L. Estimated Pick-Up Contribution	767,982	596,358	(171,624)
M. Allowable Chapter 175 Credit in Contribution Year	124,055	124,055	0
N. Total Required Employer Contribution in Contribution Year	2,241,650	1,945,683	(295,967)
O. Total Required Employer Contribution as % of Covered Payroll in Contribution Year: N ÷ J	61.31 %	70.54 %	9.23 %

* Excludes picked-up member contributions.

According to current rules of the Division of Retirement, the actual employer contribution may not be less than the indicated percentages multiplied by the actual payroll during the year.

ACTUARIAL VALUE OF BENEFITS AND ASSETS -- FIRE			
A. Valuation Date	October 1, 2010 <i>Before Plan Change</i>	October 1, 2010 <i>After Plan Change</i>	<i>Difference</i>
B. Actuarial Present Value of All Projected Benefits for			
1. Active Members			
a. Service Retirement Benefits	\$ 22,699,851	\$ 19,777,291	\$ (2,922,560)
b. Vesting Benefits	555,667	369,686	(185,981)
c. Disability Benefits	1,700,569	1,288,399	(412,170)
d. Preretirement Death Benefits	642,074	509,743	(132,331)
e. Return of Member Contributions	64,994	7,337	(57,657)
f. Total	<u>25,663,155</u>	<u>21,952,456</u>	<u>(3,710,699)</u>
2. Inactive Members			
a. Service Retirees & Beneficiaries	19,492,053	19,492,053	-
b. Disability Retirees	2,304,332	2,304,332	-
c. Terminated Vested Members	-	-	-
d. Total	<u>21,796,385</u>	<u>21,796,385</u>	<u>-</u>
3. Total for All Members	47,459,540	43,748,841	(3,710,699)
C. Actuarial Accrued (Past Service) Liability per GASB No. 25			
	37,570,396	36,846,824	(723,572)
D. Actuarial Value of Accumulated Plan Benefits per FASB No. 35			
	N/A	N/A	N/A
E. Plan Assets			
1. Market Value	21,394,240	20,703,801	(690,439)
2. Actuarial Value	25,184,436	24,493,997	(690,439)
F. Unfunded Actuarial Accrued Liability: C - E2			
	12,385,960	12,352,827	(33,133)
G. Actuarial Present Value of Projected Covered Payroll			
	32,067,744	22,393,218	(9,674,526)
H. Actuarial Present Value of Projected Member Contributions			
	7,888,664	5,508,731	(2,379,933)
I. Funded Ratio: E2 ÷ C			
	67.0%	66.5%	(0.5)%

CALCULATION OF EMPLOYER NORMAL COST -- FIRE			
A. Valuation Date	October 1, 2010 <i>Before Plan Change</i>	October 1, 2010 <i>After Plan Change</i>	<i>Difference</i>
B. Normal Cost for			
1. Service Retirement Benefits	\$ 837,331	\$ 662,782	\$ (174,549)
2. Vesting Benefits	63,459	52,675	(10,784)
3. Disability Benefits	122,443	92,459	(29,984)
4. Preretirement Death Benefits	38,317	29,383	(8,934)
5. Return of Member Contributions	29,443	24,481	(4,962)
6. Total for Future Benefits	<u>1,090,993</u>	<u>861,780</u>	<u>(229,213)</u>
7. Assumed Amount for Administrative Expenses	<u>157,648</u>	<u>157,648</u>	<u>-</u>
8. Total Normal Cost	1,248,641	1,019,428	(229,213)
9. Total as % of Covered Payroll	35.52 %	36.71 %	1.19 %
C. Expected Member Contribution	864,812	683,159	(181,653)
D. Employer Normal Cost: B8-C	383,829	336,269	(47,560)
E. Employer Normal Cost as a % of Covered Payroll	10.92 %	12.11 %	1.19 %

PARTICIPANT DATA			
	October 1, 2010 <i>Before Plan Change</i>	October 1, 2010 <i>After Plan Change</i>	<i>Difference</i>
ACTIVE MEMBERS - POLICE			
Number	0	0	0
Covered Annual Payroll	\$ 0	\$ 0	\$ 0
Average Annual Payroll	\$ 0	\$ 0	\$ 0
Average Age	0.0	0.0	0.0
Average Past Service	0.0	0.0	0.0
Average Age at Hire	0.0	0.0	0.0
ACTIVE MEMBERS - FIRE			
Number	47	35	(12)
Covered Annual Payroll*	\$ 3,515,497	\$ 2,777,071	\$ (738,426)
Average Annual Payroll*	\$ 74,798	\$ 79,345	\$ 4,547
Average Age	39.5	41.7	2.2
Average Past Service	11.1	13.7	2.6
Average Age at Hire	28.4	28.0	(0.4)
RETIREEES, BENEFICIARIES & DROP			
Number	49	49	0
Annual Benefits	\$ 2,422,157	\$ 2,422,157	\$ 0
Average Annual Benefit	\$ 49,432	\$ 49,432	\$ 0
Average Age	60.7	60.7	0.0
DISABILITY RETIREEES			
Number	10	10	0
Annual Benefits	\$ 306,799	\$ 306,799	\$ 0
Average Annual Benefit	\$ 30,680	\$ 30,680	\$ 0
Average Age	61.2	61.2	0.0
TERMINATED VESTED MEMBERS			
Number	0	0	0
Annual Benefits	\$ 0	\$ 0	\$ 0
Average Annual Benefit	\$ 0	\$ 0	\$ 0
Average Age	0.0	0.0	0.0

* Excludes picked-up member contributions.